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Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Financial Statements

June 30, 2022 and 2021

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Independent Auditors' Report

To the Board of Trustees of
Intercollegiate Studies Institute, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Intercollegiate Studies Institute, Inc. and Subsidiary (the Institute), which comprise the consolidated statements of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Institute as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
January 27, 2023

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	$ 6,809,529	$ 6,519,744
Publications receivable, net of $21,747 and $57,382 allowance as of 2022 and 2021, respectively	128,544	114,308
Inventory	120,865	216,829
Contributions receivable, current	1,710,000	447,178
Prepaid expenses	-	42,246
Total current assets	8,768,938	7,340,305
Other Assets		
Contributions receivable, long-term	5,529,594	996,401
Investments	6,553,322	8,223,601
Charitable remainder trust	20,000	20,000
Land, buildings and equipment, net	5,834,774	3,944,116
Total other assets	17,937,690	13,184,118
Total assets	$ 26,706,628	$ 20,524,423
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 558,282	$ 385,616
Current maturities of capital lease payable	13,168	14,748
Liability for funds held for others	265,663	33,844
Total current liabilities	837,113	434,208
Long-Term Liabilities		
Capital lease payable, net of current maturities	29,484	40,557
Total liabilities	866,597	474,765
Net Assets		
Without donor restrictions	15,731,804	11,520,277
With donor restrictions	10,108,227	8,529,381
Total net assets	25,840,031	20,049,658
Total liabilities and net assets	$ 26,706,628	$ 20,524,423

See notes to consolidated financial statements

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	$ 8,218,629	$ 5,340,265	$ 13,558,894
Programs	217,180	-	217,180
Publication sales	239,534	-	239,534
Investment income	71,342	58,826	130,168
Rental income	113,834	-	113,834
Satisfaction of program restrictions	3,315,564	(3,315,564)	-
Total revenue, gains and other support	12,176,083	2,083,527	14,259,610
Expenses			
Program:			
Alumni	857,302	-	857,302
Collegiate network	1,119,752	-	1,119,752
Education	2,711,792	-	2,711,792
Marketing	362,028	-	362,028
Publications and modern age	779,109	-	779,109
Total program expenses	5,829,983	-	5,829,983
Program support services:			
General and administrative	651,674	-	651,674
Development	640,411	-	640,411
Total program support services	1,292,085	-	1,292,085
Total expenses	7,122,068	-	7,122,068
Change in net assets from operating activities	5,054,015	2,083,527	7,137,542
Nonoperating Activities			
Net realized gains on investments	91,496	37,251	128,747
Net unrealized losses on investments	(576,621)	(541,932)	(1,118,553)
Change in value of split-interest agreements	(357,363)	-	(357,363)
Change in net assets from nonoperating activities	(842,488)	(504,681)	(1,347,169)
Change in net assets	4,211,527	1,578,846	5,790,373
Net Assets, Beginning	11,520,277	8,529,381	20,049,658
Net Assets, Ending	$ 15,731,804	$ 10,108,227	$ 25,840,031

See notes to consolidated financial statements

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	$ 2,535,745	$ 3,274,086	$ 5,809,831
Programs	191,966	-	191,966
Publication sales	589,111	-	589,111
Investment income	74,792	59,904	134,696
Rental income	108,955	-	108,955
Satisfaction of program restrictions	3,685,103	(3,685,103)	-
Total revenue, gains and other support	7,185,672	(351,113)	6,834,559
Expenses			
Program:			
Alumni	497,539	-	497,539
Collegiate network	1,000,273	-	1,000,273
Education	1,531,698	-	1,531,698
Marketing	173,685	-	173,685
Publications and modern age	1,484,301	-	1,484,301
Total program expenses	4,687,496	-	4,687,496
Program support services:			
General and administrative	744,492	-	744,492
Development	884,405	-	884,405
Total program support services	1,628,897	-	1,628,897
Total expenses	6,316,393	-	6,316,393
Change in net assets from operating activities	869,279	(351,113)	518,166
Nonoperating Activities			
Net realized gains on investments	195,580	168,598	364,178
Net unrealized gains on investments	616,044	561,175	1,177,219
Change in value of split-interest agreements	69,426	-	69,426
Change in net assets from nonoperating activities	881,050	729,773	1,610,823
Change in net assets	1,750,329	378,660	2,128,989
Net Assets, Beginning	9,769,948	8,150,721	17,920,669
Net Assets, Ending	$ 11,520,277	$ 8,529,381	$ 20,049,658

See notes to consolidated financial statements

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ 5,790,373	$ 2,128,989
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	125,267	140,039
Bad debt expense	21,747	57,382
Unrealized losses (gains) on investments	1,118,553	(1,177,219)
Realized gains on investments	(128,747)	(364,178)
Change in value of split-interest agreements	357,363	(69,426)
Changes in assets and liabilities:		
Publications receivable	(35,983)	(96,506)
Inventory	95,964	22,035
Contributions receivable	(5,796,015)	793,209
Prepaid expenses	42,246	(39,046)
Accounts payable	(280,862)	210,683
Liability for funds held for others	(42,593)	(42,066)
Net cash provided by operating activities	1,267,313	1,563,896
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,562,397)	(255,611)
Purchases of investments	(121,771)	(628,084)
Proceeds from sale of investments	719,293	42,066
Net cash used in investing activities	(964,875)	(841,629)
Cash Flows From Financing Activities		
Principal payments on long-term debt	-	(333,577)
Net payments on capital lease payable	(12,653)	(14,748)
Net cash used in financing activities	(12,653)	(348,325)
Net increase in cash	289,785	373,942
Cash, Beginning	6,519,744	6,145,802
Cash, Ending	$ 6,809,529	$ 6,519,744
Supplemental Disclosures of Cash Flow Information		
Fixed assets in accounts payable	$ 453,528	$ -

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Intercollegiate Studies Institute, Inc., a not-for-profit organization, was founded in 1953 and is located in Wilmington, Delaware. The Institute's mission is to inspire Institute students to discover, embrace and advance the principles and virtues that make America free and prosperous.

Collegiate Network, Inc. is a wholly owned subsidiary founded to enhance the educational opportunities of Institute students by providing materials, advice and assistance to teachers and students involved with the production and writing of student newspapers and journals.

The above organizations are collectively referred to as the Institute.

Principles of Consolidation

The consolidated financial statements include the accounts of Intercollegiate Studies Institute, Inc. and Collegiate Network Inc. All material intercompany balances and transactions have been eliminated.

Basis of Presentation

The Institute's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Institute reports total assets, liabilities and net assets in a consolidated statement of financial position; reports the change in net assets in a consolidated statement of activities and reports the sources and uses of cash in a consolidated statement of cash flows.

Net Assets

Net assets and revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor, grantor or other outside party restrictions. The Board of Trustees may designate, from net assets without donor restrictions, net assets for specific use in a future period. As of June 30, 2022 and 2021, there have been no net assets designated for specific use by the Board of Trustees.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and as satisfaction of program restrictions.

Financial Instruments and Risk Concentration

The Institute's principal financial instruments subject to credit risk are its cash, accounts receivable, contributions receivable, investments and investments in charitable gift annuities. Investment securities and investments in charitable gift annuities are exposed to various risks, such as interest rate and market credit risks.

Due to the level of risk associated with certain investment securities and investments in charitable gift annuities and the level of uncertainty related to changes in the value of investment securities and investments in charitable gift annuities, it is at least reasonably possible that changes in the value of investments and investments in charitable gift annuities in the near term would materially affect the amounts reported in the consolidated statements of financial position and the consolidated statements of activities.

The Institute maintains cash balances in major financial institutions in excess of the federally insured limit by the Federal Deposit Insurance Corporation (FDIC). Historically, the Institute has not experienced any losses and management believes it is not exposed to any significant credit risk.

Publications Receivable

Publications receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. Follow-up correspondence is made if unpaid publications receivable go beyond 30 days. Payments of publications receivable are applied to the earliest unpaid invoice. The stated balance of publications receivable is based upon the amount management has determined to be reasonably collectible. Bad debts are charged to expense when determined to be uncollectible by management. Bad debt expense was $21,747 and $57,382 as of June 30, 2022 and 2021, respectively.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Intentions to give are not recorded until the contribution is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received beyond twelve months are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgement including such factors as prior collection history, type of contribution and nature of the fund raising activity.

Contributions with donor-imposed restrictions that are met in the same year as received or earned are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions that are not met win the same year as received or earned are reported as net assets with donor restrictions and reclassified to net assets without when an expenditure is incurred that satisfies the donor-imposed restriction. Contributions restricted for the acquisition of plant and equipment are reported as net assets with donor restrictions. These contributions are reclassified to net assets without donor restrictions when the asset is placed in service.

Inventory

Inventory, which consists primarily of books, is valued at the lower of cost (first-in, first-out) or market.

Prepaid Expenses

Prepaid expenses include pre-press expenses that are amortized as publications are sold. Amortization expense at June 30, 2022 and 2021 is included within book expenses in the consolidated statements of activities.

Investments

Investments in equity and debt securities are recorded at fair value in the consolidated statements of financial position. Any unrealized gains and losses on investments are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is with donor restriction or restricted in perpetuity by explicit donor stipulations, in which case unrealized gains or losses will affect net assets with donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets with or without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Land, Buildings, Equipment and Depreciation

Buildings, equipment and furniture are recorded at cost. Provisions for depreciation are made over the estimated useful lives of the respective assets (generally five years for equipment and furniture and 40 years for buildings) using the straight-line method. Land is recorded at cost.

Upon retirement or disposition of equipment and furniture, the related cost and accumulated depreciation are removed from the accounts any resulting gain or loss is included in the consolidated statements of activities. The Institute capitalizes all expenditures for property and equipment in excess of $5,000. Lesser amounts are expensed.

Collections

The Institute holds a collection of rare books valued at $51,550. The collection is valued at the fair market value at the date of acquisition or date of gift. Fair market value was determined by an independent appraisal.

Gains or losses on the deaccession of collection items are classified on the consolidated statements of activities as with or without donor restrictions depending upon the existence of a donor restriction, if any, placed on the item at the time of accession. There were no deaccessions of the collection recorded in the years ended June 30, 2022 or 2021.

Operating and Nonoperating Classifications

Revenue, gains and other support and expenses are classified in the consolidated statements of activities as operating and nonoperating. The operating classification includes revenue from contributions, programs, publications and investment income. The nonoperating classification includes realized and unrealized gains and losses on investments and change in value of split-interest agreements.

Income Taxes

Intercollegiate Studies Institute, Inc. and Collegiate Network, Inc. are not-for-profit entities that are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, have made no provision for federal or state income tax in the accompanying consolidated financial statements. In addition, both organizations have been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC.

The Institute accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2022 and 2021.

The Institute's policy is to recognize interest related to unrecognized tax benefits and obligations in interest expense and penalties in operating expenses. There were no unrecognized tax benefits recorded during the periods presented in the accompanying consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications were made to the 2021 amounts to conform to 2022 presentation.

Subsequent Events

Subsequent events were evaluated through January 27, 2023, which is the date the consolidated financial statements were available to be issued.

Accounting Standards Adopted in Current Year

During 2022, the Institute adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Institute retroactively adopted ASU No. 2020-07 effective July 1, 2021 and determined there were no significant changes to their financial statements from applying the new guidance.

Recent Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. The ASU is effective for fiscal year 2023. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Institute is assessing the impact this standard will have on its consolidated financial statements.

2. Contributions Receivable

As of June 30, 2022 and 2021, contributors to the Institute have made written unconditional promises to give. These contributions receivable are included in the consolidated financial statements at their estimated net realizable value for unconditional promises to give that are expected to be collected or paid in less than one year and at their net present value for promises expected to be collected or paid in one year or more. Based upon payment schedules that are either specified by donors or estimated by the Institute, payments on pledges are due as follows as of June 30, 2022 and 2021:

	2022	2021
Amounts due in less than one year	$ 1,710,000	$ 447,178
Amounts due between one and five years	5,928,924	1,059,918
Total value of contributions receivable	7,638,924	1,507,096
Less discount on contributions receivable	399,330	63,517
Reported value of contributions receivable	$ 7,239,594	$ 1,443,579

No allowance for doubtful contributions receivable as of June 30, 2022 and 2021 was required. Discount rates range from 0.16% and 3.00%.

3. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following as of June 30:

	2022	2021
Land	$ 768,320	$ 768,320
Buildings and improvements	4,556,117	4,556,117
Office furniture and equipment	338,034	337,814
Rare books	51,550	51,550
Construction in process	2,903,631	887,926
	8,617,652	6,601,727
Less accumulated depreciation	2,782,878	2,657,611
Net	$ 5,834,774	$ 3,944,116

Included in the above is equipment under capital lease at June 30:

	2022	2021
Office furniture and equipment	$ 77,427	$ 77,427
Less accumulated depreciation	36,870	22,122
Net	$ 40,557	$ 55,305

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, otherwise known as the exit price, in an orderly transaction between market participants at the measurement date. The Institute uses the three-tier fair value hierarchy as a basis for its assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted market prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value:

Short-term funds, equity funds, bond funds and other marketable securities and annuity investments are valued at the quoted net asset value of shares held at year-end, which are considered Level 1 inputs.

Charitable remainder trusts are valued based on the Institute's interest in the fair value of the underlying assets, which approximates the present value of the estimated future cash flows to be received from the trusts, which are considered Level 3 inputs.

The following table presents the assets measured at fair value as of June 30, 2022:

	Total Fair Value	Level 1	Level 2	Level 3
Short-term funds	$ 58,011	$ 58,011	$ -	$ -
Equity funds	4,939,979	4,939,979	-	-
Bonds funds	1,052,418	1,052,418	-	-
Annuity investments	502,914	502,914	-	-
Total investments	$ 6,553,322	$ 6,553,322	$ -	$ -
Charitable remainder trust	$ 20,000	$ -	$ -	$ 20,000

The following table presents the assets measured at fair value as of June 30, 2021:

	Total Fair Value	Level 1	Level 2	Level 3
Short-term funds	$ 55,278	$ 55,278	$ -	$ -
Equity funds	6,236,397	6,236,397	-	-
Bonds funds	1,333,791	1,333,791	-	-
Annuity investments	598,135	598,135	-	-
Total investments	$ 8,223,601	$ 8,223,601	$ -	$ -
Charitable remainder trust	$ 20,000	$ -	$ -	$ 20,000

5. Charitable Remainder Trust

The Institute is a beneficiary of a charitable remainder trust with a value of $20,000 at both June 30, 2022 and 2021.

In addition to the charitable remainder trust obligation, included in the liability funds held for others are amounts relating to charitable gift annuities established to benefit the Institute totaling $265,663 and $33,844 as of June 30, 2022 and 2021, respectively. The charitable gift annuities' assets are held in investments and totaled $502,914 and $598,135 as of June 30, 2022 and 2021, respectively.

6. Demand Note Payable, Bank

For the years ended June 30, 2022 and 2021, the demand note payable drawn against both lines of credit amounted to $0, bearing interest at each bank's prime rate (average of 2.27% and 2.32% as of June 30, 2022 and 2021, respectively). The unused balance of these commitments amounted to $3,500,000 at June 30, 2022 and 2021. The lines of credit have been designated for working capital purposes, are due on demand and are collateralized by the investment assets of the Institute.

7. Capital Lease Payable

The Institute has entered into an agreement to lease certain assets, which is accounted for as a capital lease. The assets are recorded at the lesser of the fair value of the asset or at the present value of minimum lease payments and included in land, buildings and equipment. Depreciation of assets under capital leases is included in depreciation expense.

The following is a schedule of future minimum lease payments under this lease, together with the present value of the net minimum lease payments as of June 30, 2022:

Years ending June 30:	
2023	$ 13,168
2024	14,748
2025	16,197
Total minimum lease payments	44,113
Less amount representing interest	1,461
Present value of net minimum lease payments	$ 42,652

8. Net Assets

Net assets with donor restrictions are available for the following purposes at June 30:

	2022	2021
Capital campaign, Bean Center	$ 5,548,799	$ 3,248,799
Conferences	420,247	-
Honors program	249,761	631,012
Unexpended gains	431,231	1,191,381
Fellowship and books endowment	3,458,189	3,458,189
Total	$ 10,108,227	$ 8,529,381

9. Satisfaction of Program Restrictions

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	2022	2021
Capital campaign, Bean Center	$ -	$ 253,527
Publication programs	-	375,000
Conferences	-	311,000
Operations	1,840,000	2,034,086
Unexpended gains	314,295	-
Honors program	1,161,269	711,490
Total	$ 3,315,564	$ 3,685,103

10. Endowment

The Institute's investable assets include an endowment that consists of a donor-restricted fund established for fellowships. As required by authoritative guidance, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Institute has interpreted the state of Delaware's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as net assets restricted in perpetuity the original value of gifts donated to the endowment and the remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with or without donor restrictions in accordance with the direction of the donor gift instrument. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Institute and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Institute;
7. The investment policies of the Institute.

Changes in endowment net assets for the years ended June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, July 1, 2021	$ -	$ 4,649,570	$ 4,649,570
Additions	-	-	-
Investment return:			
Investment income	-	58,826	58,826
Net appreciation (depreciation) (realized and unrealized)	-	(504,681)	(504,681)
Total investment return	-	(445,855)	(445,855)
Amounts released	-	314,295	314,295
Endowment net assets, June 30, 2022	$ -	$ 3,889,420	$ 3,889,420

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, July 1, 2020	$ -	$ 3,359,894	$ 3,359,894
Additions	-	500,000	500,000
Investment return:			
Investment income	-	59,904	59,904
Net appreciation (realized and unrealized)	-	729,772	729,772
Total investment return	-	789,676	789,676
Amounts released	-	-	-
Endowment net assets, June 30, 2021	$ -	$ 4,649,570	$ 4,649,570

Funds With Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. There were no such amounts as of June 30, 2022 or 2021.

11. Retirement Plan

The Institute sponsors a 403(b) defined contribution retirement plan covering substantially all employees. The plan allows eligible employees to defer compensation on a pre-tax basis. Also, the Institute makes matching contributions for eligible employees who elect to participate.

Eligible employees of the Institute have established individual accounts with a qualified plan custodian and are 100% vested in their contributions. The Institute will make a matching contribution on their employee's behalf in an amount equal to 100% of their contributions that are not in excess of 3%, plus 50% of the amount of contributions that exceed 3% of compensation but that do not exceed 5% of compensation. The amount of expenses recognized from employer contributions to the 403(b) accounts for the years ended June 30, 2022 and 2021 were $69,186 and $70,283, respectively.

12. Related-Party Transactions

The Institute received contributions from staff and Board members, totaling $1,971,959 and $1,081,453 during the years ended June 30, 2022 and 2021, respectively.

13. Liquidity and Availability of Resources

The following reflects the Institute's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2022	2021
Cash and cash equivalents	$ 6,809,529	$ 6,519,744
Publications receivable, net	128,544	114,308
Contributions receivable, current	7,239,594	1,443,579
Investments	6,553,322	8,223,601
Total financial assets	20,730,989	16,301,232
Less resources unavailable for general expenditure within one year due to contractual or donor restrictions:		
Capital campaign, Bean Center	5,548,799	3,248,799
Honors program	420,247	631,012
Other long-term contributions	-	19,918
Unexpended gains	431,231	1,191,381
Principal endowment investments	3,458,189	3,458,189
Financial assets available to meet cash needs for general expenditures within one year	$ 10,872,523	$ 7,751,933

The Institute's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity-need, the Institute could also draw upon $3,500,000 of available lines of credit. There have been no draws on the lines of credit for the years then ended June 30, 2022 and 2021 (as further discussed in Note 6).

The Institute is substantially supported by contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Institute must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year.

14. Functional Classification of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Institute. These expenses include depreciation and amortization, salaries and wages, employee benefits, services, supplies, other, occupancy, utilities and maintenance. Depreciation is allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

Expenses by functional classification for the years ended June 30, 2022 and 2021 consist of the following:

	2022			
	Program Services	General and Administration	Development	Total Expenses
Salaries and wages	$ 1,877,444	$ 209,860	$ 206,233	$ 2,293,537
Employee benefits	266,441	29,783	29,268	325,492
Events costs	1,096,223	6,837	17,294	1,120,354
Travel and transportation	232,481	14,819	96,425	343,725
Program and academic advances	1,427,275	8,342	8,411	1,444,028
Professional fees and services	177,805	178,576	128,345	484,726
Services, supplies and other	526,560	178,222	129,636	834,418
Occupancy, utilities and maintenance	123,213	13,773	13,535	150,521
Depreciation	102,541	11,462	11,264	125,267
Total expenses	$ 5,829,983	$ 651,674	$ 640,411	$ 7,122,068

	2021			
	Program Services	General and Administration	Development	Total Expenses
Salaries and wages	$ 1,773,261	$ 281,638	$ 334,567	$ 2,389,466
Employee benefits	268,688	42,827	51,613	363,128
Event costs	357,811	2,982	16,744	377,537
Travel and transportation	208,658	6,222	110,319	325,199
Program and academic advances	950,185	591	10,350	961,126
Professional fees and services	103,686	185,378	159,460	448,524
Services, supplies and other	752,723	181,577	149,941	1,084,241
Occupancy, utilities and maintenance	168,559	26,771	31,803	227,133
Depreciation	103,925	16,506	19,608	140,039
Total expenses	$ 4,687,496	$ 744,492	$ 884,405	$ 6,316,393

15. Contingencies and Commitments

In the normal conduct of business, the Institute can become subject to various claims and litigations. Management is not aware of any such claims or litigations.

The Institute has entered into a construction contract with an unrelated party for $7,150,000 to expand the Institute's facilities (Linda L. Bean Conference Center). As of June 30, 2022, the Institute incurred $1,355,109 of the contract costs. The Institute plan to fund the remaining portion through the funds previously raised from the capital campaign and obtain a bridge loan as needed.

16. Subsequent Event

The Institute agreed to sale of all unsold, finished book inventory in the Institute's possession as of December 16th, 2022 for $425,000.