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Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years 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, 2023 and 2022, and the changes in their net assets and their cash flows for the years 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 consolidated 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
December 5, 2023

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 1,650,912	$ 6,809,529
Publications receivable, net of $21,747 allowance as of 2022	-	128,544
Inventory	-	120,865
Contributions receivable, current	2,685,000	1,710,000
Prepaid expenses	144,376	-
Total current assets	4,480,288	8,768,938
Other Assets		
Contributions receivable, long-term	5,627,126	5,529,594
Investments	12,422,003	6,553,322
Charitable remainder trust	20,000	20,000
Right of use asset	29,484	-
Land, buildings and equipment, net	12,351,355	5,834,774
Total other assets	30,449,968	17,937,690
Total assets	$ 34,930,256	$ 26,706,628
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,918,918	$ 558,282
Current maturities of finance lease payable	13,705	13,168
Liability for funds held for others	209,321	265,663
Total current liabilities	2,141,944	837,113
Long-Term Liabilities		
Finance lease payable, net of current maturities	15,779	29,484
Total liabilities	2,157,723	866,597
Net Assets		
Without donor restrictions	18,318,485	15,731,804
With donor restrictions	14,454,048	10,108,227
Total net assets	32,772,533	25,840,031
Total liabilities and net assets	$ 34,930,256	$ 26,706,628

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue, Gains and Other Support			
Contributions	$ 6,823,718	$ 5,617,518	$ 12,441,236
Programs	268,491	-	268,491
Publication sales	257,145	-	257,145
Investment income	131,664	89,246	220,910
Rental income	99,106	-	99,106
Satisfaction of program restrictions	1,844,671	(1,844,671)	-
Total revenue, gains and other support	9,424,795	3,862,093	13,286,888
Expenses			
Program:			
Alumni	1,561,914	-	1,561,914
Collegiate network	1,229,648	-	1,229,648
Education	2,220,728	-	2,220,728
Marketing	391,383	-	391,383
Publications and modern age	441,177	-	441,177
Total program expenses	5,844,850	-	5,844,850
Supporting services:			
General and administrative	894,850	-	894,850
Development	734,494	-	734,494
Total supporting services	1,629,344	-	1,629,344
Total expenses	7,474,194	-	7,474,194
Change in net assets from operating activities	1,950,601	3,862,093	5,812,694
Nonoperating Activities			
Net realized gains on investments	26,211	22,003	48,214
Net unrealized gains on investments	304,694	461,725	766,419
Gain on sale of ISI books	285,226	-	285,226
Change in value of split-interest agreements	19,949	-	19,949
Change in net assets from nonoperating activities	636,080	483,728	1,119,808
Change in net assets	2,586,681	4,345,821	6,932,502
Net Assets, Beginning	15,731,804	10,108,227	25,840,031
Net Assets, Ending	$ 18,318,485	$ 14,454,048	$ 32,772,533

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
Operating Activities			
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
Supporting services:			
General and administrative	651,674	-	651,674
Development	640,411	-	640,411
Total supporting 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 Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ 6,932,502	$ 5,790,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	154,785	125,267
Bad debt expense	-	21,747
Unrealized (gains) losses on investments	(766,419)	1,118,553
Realized (gains) on investments	(48,214)	(128,747)
Change in value of split-interest agreements	(19,949)	357,363
Contributions restricted for long-term purposes	(4,117,518)	-
(Gain) on sale of ISI books	(285,226)	-
Changes in assets and liabilities:		
Publications receivable	128,544	(35,983)
Inventory	(18,909)	95,964
Contributions receivable	(1,072,532)	(5,796,015)
Prepaid expenses	(144,376)	42,246
Accounts payable	108,197	(280,862)
Liability for funds held for others	(56,342)	(42,593)
Net cash provided by operating activities	794,543	1,267,313
Cash Flows From Investing Activities		
Proceeds from sale of ISI books	425,000	-
Purchases of property and equipment	(5,448,411)	(1,562,397)
Purchases of investments	(5,525,522)	(121,771)
Proceeds from sale of investments	491,423	719,293
Net cash used in investing activities	(10,057,510)	(964,875)
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	4,117,518	-
Net payments on capital lease payable	(13,168)	(12,653)
Net cash provided by (used in) financing activities	4,104,350	(12,653)
Net (decrease) increase in cash	(5,158,617)	289,785
Cash, Beginning	6,809,529	6,519,744
Cash, Ending	$ 1,650,912	$ 6,809,529
Supplemental Disclosures of Cash Flow Information		
Fixed assets in accounts payable	$ 1,252,439	$ 453,528

See notes to consolidated financial statements

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 (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, 2023 and 2022, 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, 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 $0 and $21,747 as of June 30, 2023 and 2022, 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. The Institute agreed to the sale of all unsold, finished book inventory in the Institute's possession as of December 16, 2022 for $425,000. The Institute recorded a nonoperating gain without donor restrictions on the sale of books of $285,226 on the consolidated statement of activities.

Prepaid Expenses

Prepaid expenses include pre-press expenses that are amortized as publications are sold. Amortization expense at June 30, 2023 and 2022 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 without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Right-of-use Assets

Right-of-use assets represent the Institute's right to use an underlying asset for the lease term, while lease liabilities represent the Institute's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

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 included in land, buildings and equipment, net on the statement of financial position. 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, 2023 or 2022.

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 gain on sale of books, 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, 2023 and 2022.

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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events were evaluated through December 5, 2023, which is the date the consolidated financial statements were available to be issued.

Accounting Standards Adopted in Current Year

Effective July 1, 2022, the Institute adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (as Amended) (Topic 842)*. Accounting Standards Codification (ASC) Topic 842 (ASC 842) was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. In accordance with ASC 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the consolidated statement of financial position.

The Institute elected to transition to ASC 842 using the modified retrospective method. Prior period amounts are not adjusted and continue to be reported in accordance with historical accounting under previous lease guidance, ASC Topic 840, *Leases* (ASC 840). The Institute also elected the package of practical expedients, which permits the Institute to not reassess their prior conclusions about lease identification, classification and initial direct costs. In addition, the Institute elected three other policy elections; 1) to combine lease and nonlease components; 2) the short-term lease recognition exemption for all leases that qualify under ASC 842; and 3) to elect the risk-free discount rate for leases if the implicit rate is unknown and the lessee is not a public business entity.

The adoption of ASU No. 2016-02 (as amended) impacted the Institute's consolidated financial statements by the recognition of new right-of-use assets and lease liabilities on their consolidated statement of financial position for finance leases and providing significant new disclosures about leasing activities. Upon adoption, the Institute recognized finance lease liabilities of $42,652 based on the present value of the remaining minimum rental payments as determined in accordance with ASC 842 for leases that had historically been accounted for as capital leases under Topic 840. The Institute recognized the corresponding right-of-use assets of $42,652 based on the finance lease liabilities adjusted for existing straight line lease liabilities. The adoption of the standard had no impact on net assets as of July 1, 2022.

Recent Issued Accounting Standards Not Yet Adopted

During March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. The Institute may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The Institute is currently assessing the effect that electing the optional expedients and exceptions included in ASU No. 2020-04 would have on its changes in net assets, financial position, and cash flows.

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 (as amended) is effective for the Institute in fiscal 2024. The Institute is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its changes in net assets, financial position and cash flows.

2. Contributions Receivable

As of June 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Amounts due in less than one year	$ 2,685,000	$ 1,710,000
Amounts due between one and five years	6,138,461	5,928,924
Total value of contributions receivable	8,823,461	7,638,924
Less discount on contributions receivable	511,335	399,330
Reported value of contributions receivable	$ 8,312,126	$ 7,239,594

No allowance for doubtful contributions receivable as of June 30, 2023 and 2022 was required. Discount rates range from 0.16% and 5.40%.

3. Land, Buildings and Equipment

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

	2023	2022
Land	$ 768,320	$ 768,320
Buildings and improvements	4,556,117	4,556,117
Office furniture and equipment	278,094	338,034
Rare books	51,550	51,550
Construction in process	9,515,111	2,903,631
	15,169,192	8,617,652
Less accumulated depreciation	2,817,837	2,782,878
Net	$ 12,351,355	$ 5,834,774

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, 2023:

	Total Fair Value	Level 1	Level 2	Level 3
Short-term funds	$ 3,759,781	$ 3,759,781	$ -	$ -
Equity funds	7,001,027	7,001,027	-	-
Bonds funds	1,274,756	1,274,756	-	-
Annuity investments	386,439	386,439	-	-
Total investments	$ 12,422,003	$ 12,422,003	$ -	$ -
Charitable remainder trust	$ 20,000	$ -	$ -	$ 20,000

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

5. Charitable Remainder Trust

The Institute is a beneficiary of a charitable remainder trust with a value of $20,000 at both June 30, 2023 and 2022.

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 $209,321 and $265,663 as of June 30, 2023 and 2022, respectively. The charitable gift annuities' assets are held in investments and totaled $386,439 and $502,914 as of June 30, 2023 and 2022, respectively.

6. Demand Note Payable, Bank

The Institute has lines of credit with two banks totaling $3,500,000. For the years ended June 30, 2023 and 2022, the demand note payable drawn against both lines of credit amounted to $0, bearing interest at each bank's prime rate (average of 7.37% and 2.27% as of June 30, 2023 and 2022, respectively). In September 2022 the Institute drew $1,000,000 on the line of credit for capital expenditures, the balance was paid back in full in January 2023.The balance available was $3,500,000 at June 30, 2023 and 2022. 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. Finance Lease Payable

The Institute has entered into an agreement to lease certain assets, which is accounted for as a finance lease. The right-of-use assets and lease liabilities were calculated using a discount rate of 4.0%. As of June 30, 2023, the remaining lease term was 1.75 years. Rent expense for finance lease was $13,119 in 2023. Amortization of right-of-use assets under finance leases is included in depreciation expense and amortization 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, 2023:

Years ending June 30:	
2024	$ 14,748
2025	16,197
Total minimum lease payments	30,945
Less present value discount	1,461
Present value of net minimum lease payments	29,484
Less current portion	13,705
Total long-term finance lease payable	$ 15,779

8. Net Assets

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

	2023	2022
Capital campaign, Bean Center	$ 5,548,799	$ 5,548,799
Conferences	420,247	420,247
Honors program	80,727	249,761
Unexpended gains	828,568	431,231
Fellowship and books endowment	7,575,707	3,458,189
Total	$ 14,454,048	$ 10,108,227

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:

	2023	2022
Operations	$ -	1,840,000
Unexpended gains	175,637	314,295
Honors program	1,669,034	1,161,269
Total	$ 1,844,671	$ 3,315,564

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, 2023 and 2022:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, July 1, 2022	$ -	$ 3,889,420	$ 3,889,420
Additions	-	4,117,518	4,117,518
Investment return:			
Investment income	-	89,246	89,246
Net appreciation (realized and unrealized)	-	483,728	483,728
Total investment return	-	572,974	572,974
Amounts released	-	175,637	175,637
Endowment net assets, June 30, 2023	$ -	$ 8,404,275	$ 8,404,275

	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 (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

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, 2023 or 2022.

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, 2023 and 2022 were $76,271 and $69,186, respectively.

12. Related-Party Transactions

The Institute received contributions from staff and Board members, totaling $275,227 and $1,971,959 during the years ended June 30, 2023 and 2022, respectively. Outstanding contributions receivable from members of the Board of the Institute total $675,500 and $900,000 at June 30, 2023 and 2022, 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.

	2023	2022
Cash and cash equivalents	$ 1,650,912	$ 6,809,529
Publications receivable, net	-	128,544
Contributions receivable	8,312,126	7,239,594
Investments	12,422,003	6,553,322
Total financial assets	22,385,041	20,730,989
Less resources unavailable for general expenditure within one year due to contractual or donor restrictions:		
Capital campaign, Bean Center	5,548,799	5,548,799
Honors program	80,727	420,247
Other long-term contributions	1,228,665	-
Unexpended gains	828,568	431,231
Principal endowment investments	7,575,707	3,458,189
Financial assets available to meet cash needs for general expenditures within one year	$ 7,122,575	$ 10,872,523

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.

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, 2023 and 2022 consist of the following:

	2023			
	Program Services	General and Administration	Development	Total Expenses
Salaries and wages	$ 1,795,347	$ 274,869	$ 225,613	$ 2,295,829
Employee benefits	261,326	40,009	32,839	334,174
Events costs	985,372	6,423	13,120	1,004,915
Travel and transportation	131,235	49,579	77,196	258,010
Program and academic advances	1,697,684	12,342	26,111	1,736,137
Professional fees and services	391,494	293,942	296,464	981,900
Services, supplies and other	288,775	172,733	26,253	487,761
Occupancy, utilities and maintenance	172,575	26,421	21,687	220,683
Depreciation and amortization	121,042	18,532	15,211	154,785
Total expenses	$ 5,844,850	$ 894,850	$ 734,494	$ 7,474,194

	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
Event 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 and amortization	102,541	11,462	11,264	125,267
Total expenses	$ 5,829,983	$ 651,674	$ 640,411	$ 7,122,068

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 $8,539,318 to expand the Institute's facilities (Linda L. Bean Conference Center). As of June 30, 2023, the Institute incurred $7,240,889 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.