Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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
November 8, 2024

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	$ 1,277,439	$ 1,650,912
Contributions, bequests and trusts receivable, current	4,264,414	2,685,000
Prepaid expenses	148,492	144,376
Total current assets	5,690,345	4,480,288
Other Assets		
Contributions, bequests and trusts receivable, long-term	5,132,317	5,627,126
Investments	12,726,902	12,422,003
Charitable remainder trust	20,000	20,000
Right-of-use asset	15,780	29,484
Land, buildings and equipment, net	14,571,270	12,351,355
Total other assets	32,466,269	30,449,968
Total assets	$ 38,156,614	$ 34,930,256
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other liabilities	$ 471,901	$ 1,918,918
Current lease liability, financing	15,780	13,705
Lines of credit	2,000,000	-
Liability for funds held for others	182,396	209,321
Total current liabilities	2,670,077	2,141,944
Long-Term Liabilities		
Lease liability, financing, net of current maturities	-	15,779
Total liabilities	2,670,077	2,157,723
Net Assets		
Without donor restrictions	25,545,988	18,318,485
With donor restrictions	9,940,549	14,454,048
Total net assets	35,486,537	32,772,533
Total liabilities and net assets	$ 38,156,614	$ 34,930,256

Intercollegiate Studies Institute, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue, Gains and Other Support			
Contributions, bequests and trusts	$ 9,442,990	$ 400,000	$ 9,842,990
Programs	98,550	-	98,550
Publication sales	37,802	-	37,802
Investment income	72,113	188,078	260,191
Rental income	107,589	-	107,589
Satisfaction of program restrictions	6,236,005	(6,236,005)	-
Total revenue, gains and other support	15,995,049	(5,647,927)	10,347,122
Expenses			
Program:			
Alumni	840,767	-	840,767
Collegiate network	1,941,147	-	1,941,147
Education	3,002,598	-	3,002,598
Marketing	666,514	-	666,514
Publications and modern age	430,612	-	430,612
Total program expenses	6,881,638	-	6,881,638
Supporting services:			
General and administrative	1,193,937	-	1,193,937
Development	1,033,460	-	1,033,460
Total supporting services	2,227,397	-	2,227,397
Total expenses	9,109,035	-	9,109,035
Change in net assets from operating activities	6,886,014	(5,647,927)	1,238,087
Nonoperating Activities			
Net realized gains on investments	156,031	212,320	368,351
Net unrealized gains on investments	221,428	922,108	1,143,536
Change in value of split-interest agreements	(35,970)	-	(35,970)
Change in net assets from nonoperating activities	341,489	1,134,428	1,475,917
Change in net assets	7,227,503	(4,513,499)	2,714,004
Net Assets, Beginning	18,318,485	14,454,048	32,772,533
Net Assets, Ending	$ 25,545,988	$ 9,940,549	$ 35,486,537

See notes to consolidated financial statements

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, bequests and trusts	$ 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 Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 2,714,004	$ 6,932,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	359,653	154,785
Unrealized gains on investments	(1,143,536)	(766,419)
Realized gains on investments	(368,351)	(48,214)
Change in value of split-interest agreements	35,970	(19,949)
Contributions restricted for long-term purposes	(100,000)	(4,117,518)
Gain on sale of ISI books	-	(285,226)
Changes in assets and liabilities:		
Publications receivable	-	128,544
Inventory	-	(18,909)
Contributions, bequests and trusts receivable	(1,084,605)	(1,072,532)
Prepaid expenses	(4,116)	(144,376)
Accounts payable and other liabilities	(291,795)	108,197
Liability for funds held for others	(26,925)	(56,342)
Net cash provided by operating activities	90,299	794,543
Cash Flows From Investing Activities		
Proceeds from sale of ISI books	-	425,000
Purchases of land, buildings and equipment	(3,721,086)	(5,448,411)
Purchases of investments	(742,453)	(5,525,522)
Proceeds from sale of investments	1,913,471	491,423
Net cash used in investing activities	(2,550,068)	(10,057,510)
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	100,000	4,117,518
Proceeds from draw on lines of credit	2,000,000	-
Net payments on finance lease payable	(13,704)	(13,168)
Net cash provided by financing activities	2,086,296	4,104,350
Net decrease in cash	(373,473)	(5,158,617)
Cash, Beginning	1,650,912	6,809,529
Cash, Ending	$ 1,277,439	$ 1,650,912
Supplemental Disclosures of Cash Flow Information		
Fixed assets in accounts payable and other liabilities	$ 97,217	$ 1,252,439
Interest paid	$ 83,405	$ -

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, 2024 and 2023, 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.

Contributions, Bequests and Trusts Receivable

Contributions, including unconditional promises to give, are recognized as revenues when the contribution or promise to give is made. 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 fundraising 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 land, buildings, 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.

Bequests and trusts are recorded at their estimated fair value in the year the Institute is notified the associated will is valid and has been admitted to probate, and an estimated value is provided by an executor. For the years ended June 30, 2024 and 2023, the Institute recorded $3,192,555 and $0, respectively, included within contributions, bequests, and trusts for bequests and trusts.

Prepaid Expenses

Prepaid expenses include insurance and event costs that are amortized over the period of coverage or when the event occurs. Expense is included in the relevant categories at June 30, 2024 and 2023, respectively.

Investments

Investments in marketable securities with readily determined fair values are valued at their fair value based on quoted market values in the consolidated statements of financial position. Investment income, realized and unrealized gains and losses, are included in the consolidated statements of activities as changes in net assets without donor restrictions, unless their use is restricted in perpetuity by the donor.

Leases

The Institute has entered into an equipment lease. The finance lease is included in right-of-use asset and lease liability, financing on the consolidated statements of financial position.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liability represent the obligation to make lease payments arising from the lease. Finance lease right-of-use asset and liability is recognized at commencement date based on the present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position and are recognized as lease expense on a straight-line basis over the lease term. The lease recorded on the consolidated statement of financial position did not provide an implicit lease rate, therefore, the Organization has utilized an incremental borrowing rate as the basis to calculate the present value of future lease payments at lease commencement. The incremental borrowing rate represents the rate that would have to be paid to borrow funds on a collateralized bases over a similar term and in a similar economic environment.

Land, Buildings, Equipment and Depreciation

Buildings, equipment and furniture are recorded at cost or at fair market value at date of donation in the case of gifts. 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.

Collections

The Institute holds a collection of rare books valued at $51,550 included in land, buildings and equipment, net on the consolidated statements 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, 2024 or 2023.

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, 2024 and 2023.

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.

Accounting Standards Adopted in Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the Institute adopted the ASU using the modified retrospective approach. The adoption of ASU No. 2016-13 had no impact on the financial statements for the year ended June 30, 2024.

Reclassifications

Reclassifications have been reflected in the current period presentation for prior year balances. Such reclassifications are for comparative purposes only and do not restate the prior year financial statements.

Subsequent Events

Subsequent events were evaluated through November 8, 2024, which is the date the consolidated financial statements were available to be issued.

2. Contributions, Bequests, and Trusts Receivable

As of June 30, 2024 and 2023, 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. 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, 2024 and 2023:

	2024	2023
Amounts due in less than one year	$ 4,264,414	$ 2,685,000
Amounts due between one and five years	5,448,623	6,138,461
Total value of contributions receivable	9,713,037	8,823,461
Less discount on contributions receivable	316,306	511,335
Reported value of contributions receivable	$ 9,396,731	$ 8,312,126

No allowance for doubtful contributions receivable as of June 30, 2024 and 2023 was recorded. Discount rates range from 1.86% and 5.40%.

The Institute is the beneficiary of numerous estates and testamentary trusts. The Institute's policy is to record the receivable from an estate or trust in the year the Institute is notified and associated will is valid and has been admitted to probate and an estimated value is provided by an executor. The Institute has recorded a receivable of $2,914,414 and $0 in 2024 and 2023.

3. Land, Buildings and Equipment, Net

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

	2024	2023
Land	$ 768,320	$ 768,320
Buildings and improvements	16,441,360	4,556,117
Office furniture and equipment	487,530	278,094
Rare books	51,550	51,550
Construction in process	-	9,515,111
	17,748,760	15,169,192
Less accumulated depreciation	3,177,490	2,817,837
Land, buildings and equipment, net	$ 14,571,270	$ 12,351,355

4. Fair Value Measurements

The Institute utilizes a fair value hierarchy that priorities the inputs to valuation methods to measure the fair value of its financial assets and liabilities. 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 - 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 - Quoted prices in markets that are not active, quoted prices for similar securities, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that's significant to the fair value measurement:

Short-term funds, *equity funds*, *bond funds 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 trust is 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, 2024:

	Total Fair Value	Level 1	Level 2	Level 3
Investments				
Short-term funds	$ 253,829	$ 253,829	$ -	$ -
Equity funds	9,801,061	9,801,061	-	-
Bonds funds	2,308,692	2,308,692	-	-
Annuity investments	363,320	363,320	-	-
Total investments	12,726,902	12,726,902	-	-
Charitable remainder trust	$ 20,000	$ -	$ -	$ 20,000

The following table presents the assets measured at fair value as of June 30, 2023:

	Total Fair Value	Level 1	Level 2	Level 3
Investments				
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

5. Charitable Remainder Trust

The Institute is a beneficiary of a charitable remainder trust with a value of $20,000 at both June 30, 2024 and 2023.

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 $182,396 and $209,321 as of June 30, 2024 and 2023, respectively. The charitable gift annuities' assets are held in investments and totaled $363,320 and $386,439 as of June 30, 2024 and 2023, respectively.

6. Lines of Credit

The Institute has available lines of credit with two banks totaling $3,500,000. For the years ended June 30, 2024 and 2023, the outstanding balance against both lines of credit amounted to $2,000,000 and $0, respectively. The lines of credit bearing interest at Secured Overnight Financing Rate (SOFR) plus 2.20% and 2.35%, respectively (average of 7.68% and 7.37% as of June 30, 2024 and 2023, respectively). 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. Lease

The Institute has entered into an agreement to lease certain assets, which is accounted for as a finance lease. The right-of-use asset and lease liability, financing was calculated using a discount rate of 4.0%. As of June 30, 2024, and 2023, the remaining lease term was 0.75 years, and 1.75 years, respectively. Rent expense for finance lease was $13,705, and $13,119 in 2024 and 2023, respectively. Amortization of right-of-use assets under finance leases is included in depreciation 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, 2024:

Years ending June 30:	
2025	$ 18,616
Total minimum lease payments	18,616
Less present value discount	2,836
Total lease liability, financing	$ 15,780

8. Net Assets

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

	2024	2023
Capital campaign, Bean Center	$ -	$ 5,548,799
Conferences	420,247	420,247
Honors program	-	80,727
Unexpended gains	1,844,595	828,568
Fellowship and books endowment	7,675,707	7,575,707
Total	$ 9,940,549	$ 14,454,048

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:

	2024	2023
Capital campaign, Bean Center	$ 5,548,799	$ -
Other capital projects	300,000	-
Endowment funds appropriated for expenditure	306,449	175,637
Honors program	80,757	1,669,034
Total	$ 6,236,005	$ 1,844,671

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, 2024 and 2023:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, July 1, 2023	$ -	$ 8,404,275	$ 8,404,275
Additions	-	100,000	100,000
Investment return:			
Investment income	-	188,078	188,078
Net appreciation (realized and unrealized)	-	1,134,428	1,134,428
Total investment return	-	1,322,506	1,322,506
Amounts released	-	(306,479)	(306,479)
Endowment net assets, June 30, 2024	$ -	$ 9,520,302	$ 9,520,302

	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

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, 2024 or 2023.

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, 2024 and 2023 were $85,563 and $76,271, respectively.

12. Related-Party Transactions

The Institute received contributions from staff and Board members, totaling $477,993 and $275,227 during the years ended June 30, 2024 and 2023, respectively. Outstanding contributions receivable from members of the Board of the Institute total $525,000 and $675,000 at June 30, 2024 and 2023, respectively.

13. Liquidity and Availability of Resources

The Institute's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 1,277,439	$ 1,650,912
Contributions, bequests and trusts receivable	9,396,731	8,312,126
Investments	12,726,902	12,422,003
Total financial assets	23,401,072	22,385,041
Less resources unavailable for general expenditure within one year due to contractual or donor restrictions:		
Capital campaign, Bean Center	-	5,548,799
Honors program	-	80,727
Conferences	420,247	420,247
Other long term contributions	5,132,317	5,627,126
Unexpended gains	1,844,595	828,568
Principal endowment investments	7,675,707	7,575,707
Financial assets available to meet cash needs for general expenditures within one year	$ 8,328,206	$ 2,303,867

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, of which $1,500,000 is available to be drawn upon as of June 30, 2024.

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, 2024 and 2023 consist of the following:

	2024			
	Program Services	General and Administrative	Development	Total Expenses
Salaries and wages	$ 2,080,781	$ 361,007	$ 312,484	$ 2,754,272
Employee benefits	288,280	50,015	43,293	381,588
Events costs	1,021,521	51,086	2,567	1,075,174
Travel and transportation	153,872	54,435	113,544	321,851
Program and academic advances	2,157,395	27,709	27,486	2,212,590
Professional fees and services	203,571	328,773	365,486	897,830
Services, supplies and other	508,496	239,765	98,360	846,621
Occupancy, utilities and maintenance	196,013	34,007	29,436	259,456
Depreciation and amortization	271,709	47,140	40,804	359,653
Total expenses	$ 6,881,638	$ 1,193,937	$ 1,033,460	$ 9,109,035

	2023			
	Program Services	General and Administrative	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

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.