Financial Statements

Franklin W. Olin College of Engineering, Inc.

June 30, 2023 and 2022

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Financial Statements

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Financial Statements:

Independent Auditors' Report

The Board of Trustees
Franklin W. Olin College of Engineering, Inc.
Needham, Massachusetts

Opinion

We have audited the financial statements of Franklin W. Olin College of Engineering, Inc. (the "College"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements section of our report. We are required to be independent of the College 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 College'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College'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.

Mayer Hoffman McCann P.C.

Boston, Massachusetts
October 14, 2023

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Financial Position
(in thousands)

		June 30,		
		2023		*2022*
Assets				
Cash and cash equivalents	$	6,223	$	5,180
Accounts receivable, net		835		830
Contributions receivable, net		235		242
Prepaid expenses and other assets		2,267		2,090
Long-term investments		401,592		407,773
Long-term investments, facilities renewal and replacement fund		8,164		11,300
Plant and equipment, net		67,724		69,378
Interest rate swap agreements		372		-
Total assets	**$**	**487,412**	**$**	**496,793**
Liabilities and Net Assets				
Accounts payable and accrued expenses	$	5,436	$	5,027
Deferred revenue and deposits		1,119		1,269
Bonds payable, net		157,626		157,770
Interest rate swap agreements		3,323		6,981
Total liabilities		**167,504**		**171,047**
Net assets:				
Without donor restrictions		38,234		42,016
With donor restrictions		281,674		283,730
Total net assets		**319,908**		**325,746**
Total liabilities and net assets	**$**	**487,412**	**$**	**496,793**

See accompanying notes to financial statements.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Activities
(in thousands)

Year Ended June 30, 2023
(with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Total*
Operating revenues				
Student revenues, net of student aid of $13,701 and $13,704, respectively	$ 12,166	$ -	$ 12,166	$ 12,575
Contributions	795	791	1,586	1,654
Government grants and other contracts	1,832	-	1,832	3,224
Other	1,515	-	1,515	1,199
Net assets released for:				
Olin endowment spending	22,800	-	22,800	20,000
Other purpose restrictions	916	(916)	-	-
Total operating revenues	**40,024**	**(125)**	**39,899**	**38,652**
Operating expenses				
Instruction	13,461	-	13,461	12,672
Research	947	-	947	953
Academic support	4,256	-	4,256	3,851
Student services	13,103	-	13,103	12,703
Sponsored programs	1,908	-	1,908	2,329
Development and fundraising	994	-	994	809
Institutional support	9,495	-	9,495	8,349
Total operating expenses	**44,164**	**-**	**44,164**	**41,666**
Change in net assets from operating activities	**(4,140)**	**(125)**	**(4,265)**	**(3,014)**
Nonoperating activities				
Contributions	-	309	309	181
Investment return, net of expenses	358	16,530	16,888	(16,416)
Change in value of interest rate swap agreements	4,030	-	4,030	3,405
Net assets released for:				
Olin endowment spending	-	(22,800)	(22,800)	(20,000)
Change in value of interest rate swap agreements	(4,030)	4,030	-	-
Change in net assets from nonoperating activities	**358**	**(1,931)**	**(1,573)**	**(32,830)**
Change in net assets	**(3,782)**	**(2,056)**	**(5,838)**	**(35,844)**
Net assets, beginning of year	42,016	283,730	325,746	361,590
Net assets, end of year	**$ 38,234**	**$ 281,674**	**$ 319,908**	**$ 325,746**

See accompanying notes to the financial statements.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statement of Activities
(in thousands)

	June 30, 2022		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Operating revenues			
Student revenues, net of student aid of $13,704	$ 12,575	$ -	$ 12,575
Contributions	1,007	647	1,654
Government grants and other contracts	3,224	-	3,224
Other	1,199	-	1,199
Net assets released for:			
Olin endowment spending	20,000	-	20,000
Other purpose restrictions	829	(829)	-
Total operating revenues	**38,834**	**(182)**	**38,652**
Operating expenses			
Instruction	12,672	-	12,672
Research	953	-	953
Academic support	3,851	-	3,851
Student services	12,703	-	12,703
Sponsored programs	2,329	-	2,329
Development and fundraising	809	-	809
Institutional support	8,349	-	8,349
Total operating expenses	**41,666**	**-**	**41,666**
Change in net assets from operating activities	**(2,832)**	**(182)**	**(3,014)**
Nonoperating activities			
Contributions	-	181	181
Investment return, net of expenses	(456)	(15,960)	(16,416)
Change in value of interest rate swap agreements	3,405	-	3,405
Net assets released for:			
Olin endowment spending	-	(20,000)	(20,000)
Transfer to facilities renewal and replacement fund	950	(950)	-
Change in value of interest rate swap agreements	(3,405)	3,405	-
Change in net assets from nonoperating activities	**494**	**(33,324)**	**(32,830)**
Change in net assets	**(2,338)**	**(33,506)**	**(35,844)**
Net assets, beginning of year	44,354	317,236	361,590
Net assets, end of year	**$ 42,016**	**$ 283,730**	**$ 325,746**

See accompanying notes to the financial statements.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Cash Flows
(in thousands)

	Years Ended June 30, 2023	2022
Cash flows from operating activities		
Change in net assets	$ (5,838)	$ (35,844)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,169	4,322
Loss on disposal of equipment	9	-
Net realized and unrealized (gain)/loss on long-term investments	(15,117)	17,562
Contributions designated for long-term investment	(309)	(181)
Change in value of interest rate swap agreements	(4,030)	(3,405)
Change in operating assets and liabilities:		
Accounts receivable, prepaid expenses and other assets	(182)	442
Contributions receivable	7	122
Accounts payable and accrued expenses, deferred revenues and deposits	366	(1,291)
Net cash used in operating activities	**(20,925)**	**(18,273)**
Cash flows from investing activities		
Purchases of investments	(80,844)	(93,376)
Sales and maturities of investments	105,278	112,377
Acquisition and construction of plant and equipment	(2,798)	(1,639)
Proceeds from the sale of equipment	23	-
Net cash provided by investing activities	**21,659**	**17,362**
Cash flows from financing activities		
Contributions designated for long-term investment	309	181
Net cash provided by financing activities	**309**	**181**
Net change in cash and cash equivalents	**1,043**	**(730)**
Cash and cash equivalents, beginning of year	5,180	5,910
Cash and cash equivalents, end of year	**$ 6,223**	**$ 5,180**
Supplemental disclosure of cash flows information:		
Cash paid for interest	$ 5,163	$ 5,399
Plant and equipment additions remaining in accounts payable	$ 105	$ 212

See accompanying notes to the financial statements.

Note 1 - Nature of Operations

Franklin W. Olin College of Engineering, Inc. (the "College") was founded in 1997 by the F. W. Olin Foundation, Inc. (the "Foundation") and graduated its first class in 2006. The College is an independent, nonsectarian college offering undergraduate engineering degrees. Approximately 360 students drawn from across the United States and around the world attend the College each year, all of whom receive an eight-semester 50 percent tuition merit scholarship.

As part of its dual mission, the College is dedicated to continual discovery and development of effective learning approaches and environments, and to co-developing educational transformation with collaborators around the globe. The campus is located in Needham, Massachusetts.

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The College is accredited by the New England Commission of Higher Education ("NECHE"), and the three distinct degree programs are accredited by ABET.

The College's funding was primarily sourced from the F. W. Olin Foundation under the terms of the Grant Agreement (the "Agreement"), which created the Olin Endowment and stipulates a number of financial and other requirements associated with the operations of the College. The Agreement further provides for the use of the Olin Endowment in certain circumstances, such as for the payment of certain debt service should net assets without donor restrictions be insufficient for that purpose, and for certain capital outlays. The College is obligated to maintain the Olin Endowment in perpetuity, except for the circumstances previously described. For the purposes of financial statement presentation, the endowment sourced from the Foundation is considered net assets with donor restrictions, as defined in Note 2, given the potential for distribution to support debt service and capital outlays that the College may need in the future.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. The College reports its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that expire by the passage of time, can be fulfilled by actions pursuant to the restrictions, or which may be perpetual.

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The College reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks, money market funds, and short-term investments with a maturity date from purchase of three months or less. Cash and cash equivalents held by investment managers are considered part of investments. The College maintains cash balances at financial institutions which, at times, may exceed federally insured limits. The College monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Included in cash and cash equivalents at June 30, 2023 and 2022 is restricted cash of approximately $3,572 and $2,571, respectively, that primarily represents grant and gift funds with donor restrictions paid in advance that have yet to be expended, and funds internally restricted for a capital project. These amounts are reported at cost plus accrued interest, with such amounts being primarily held in a money market account.

Student Accounts Receivable

Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic activity or room and board. Payments for tuition, fees and room and board are generally due by the start of the academic period with the recognition that any payments made on behalf of the students by the Department of Education (“DOE”) or others are subject to specific requirements within those programs as to when those funds can be availed. Certain DOE funding can be availed prior to the commencement of the academic period, while other amounts are paid at specified intervals based on the rules as promulgated by the DOE. Thus, cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the College. Student accounts are not collateralized.

Investments

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Interest, dividends and net gains or losses on investments are reported as increases or decreases in net assets with donor restrictions if the terms of the original gift require that they be applied to the principal of a permanent endowment fund or if the terms of the gift and/or relevant state law impose restrictions on the current use of the income or net gains and losses; and as increases or decreases in net assets without donor restrictions in all other cases.

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Investments are comprised of the assets of the College's endowment, quasi-endowment, and other restricted funds. These funds are considered either net assets with or without donor restrictions, but exceed the associated net assets. The difference is from bond proceeds that repaid the College for construction costs previously funded by Foundation gifts. These funds were invested in long-term assets that the College agreed to consider part of the Olin Endowment. This was a condition of the Grant Agreement from the Foundation.

Fair Value Measurements

The College reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item in accordance with fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measurements include the College's short-term and long-term investments, and interest rate swap agreements. Nonrecurring measurements include contributions receivable. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the College reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require the College to classify financial instruments (except for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories, with Level 1 being the highest level of inputs:

> *Level 1* – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange, publicly traded mutual funds, and other cash equivalents.
>
> *Level 2* – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
>
> *Level 3* – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

Plant and Equipment

Plant and equipment are recorded when the useful life is over one year at cost at the date of acquisition when such amounts exceed a management established capitalization threshold or at fair value as indicated above at the date of donation in the case of gifts. Fair value of donated property is effectively determined using Level 3 market inputs. For assets placed in service, depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for new construction, and major renewals, replacements and equipment are capitalized; costs for maintenance and repairs are expensed as incurred.

Depreciation is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings	40
Building and land improvements	20
Equipment, IT network and infrastructure	10
Furniture and fixtures	4-7
Computers, software, and vehicles	4

Deferred Revenue and Deposits

Student deposits represent reservation deposits and other advance payments by students on account. Deferred revenue primarily represents conditional grant funds received in advance that have yet to be expended and advance payments. Such amounts are reflected as revenue either ratably over time or when the related condition has been met and are generally recognized on a current basis given the nature and duration of the underlying services being provided.

Interest Rate Swap Agreements

The College reports the value of its interest rate swap agreements at fair value, per the fair value policies described earlier in this section using Level 2 inputs.

Bonds Payable

Bonds payable are reported at the face value of the remaining obligation under the related debt issue, net of the premium, discount and issuance costs. Premiums, discounts and issuance costs are amortized over the term of the related indenture.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor-imposed restrictions on net assets, such as donor stipulated purposes being fulfilled and/or the stipulated time period elapsing, are reported as net assets released from restrictions between the classes of net assets.

Earned Revenues

Earned revenues are recorded using a principles-based process that requires the College 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. Earned revenues include student revenues, facilities rental income and investment returns.

The College derives revenues through tuition, fees and room and board, all of which are under arrangements that are aligned to an academic semester which is less than one year in length.

Tuition, fees and room and board revenue are recorded at established rates, net of institutional financial aid and scholarships provided directly to students; therefore, amounts are deemed to be fixed and determinable. Such net amounts are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered whether relating to educational services or room and board. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of the satisfaction of its performance obligations or amounts allocated to those obligations. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits as under the College’s withdrawal policy by semester. The policy allows for up to a 100% refund prior to the start of classes declining to no refund at thirty-three days after the start of classes. There is no exposure to potential refunds at year end given the normal timing of the College’s programs.

Payments made by third parties such as the DOE relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the College.

Other income on the statement of activities primarily consists of facilities rental income and other fee for service revenue and are recorded as revenue over time as earned.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Earned Revenues (Continued)

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated by the board under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

Contributions, Government Grants and Other Contracts

Contributions, including unconditional promises to give, are recognized as revenues either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in this section. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved (ranging from 2.34% to 6.13%). Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. The recovery of indirect costs is pursuant to a negotiated agreement, which provides for a predetermined fixed indirect cost rate.

Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long lived assets are reported as net assets with donor restrictions. The College reports expirations of donor restrictions when the donated or acquired long lived asset is placed into service. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

The College had conditional grants of approximately $2,140 at June 30, 2023 that are contingent upon the College meeting grantor-imposed barriers which include carrying out certain activities and incurring qualified expenditures stipulated by the grants.

Note 2 - Summary of Significant Accounting Policies (Continued)

Tax Status

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of the College, management has concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

The College accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The College has identified its tax status as a tax-exempt entity as its only significant tax position; however, the College has determined that such tax position does not result in an uncertainty requiring recognition. The College is not currently under examination by any taxing jurisdictions. The College's Federal and state tax returns are generally open for examination for three years following the date filed.

Operating and Nonoperating Activities

The cost of providing the College's operating activities has been summarized on a functional basis in the accompanying statements of activities. Expenses are reported as decreases in net assets without donor restrictions.

Nonoperating activities include returns associated with long-term investments, change in value of interest rate swap agreements, donor-restricted contributions primarily for capital and endowment gifts, transfers to the facilities renewal and replacement fund, net assets released from restriction related to Olin endowment spending, gain on sale of certain plant and equipment, and certain other nonrecurring items.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events

The College has evaluated subsequent events through October 14, 2023, the date the financial statements were issued. In August of 2023, the College refinanced $49,675 of its bonds, see Note 8 for details. Other than the debt matter, the College determined it had no matters that occurred that require adjustment or disclosure in these financial statements.

(in thousands)

Note 3 - Liquidity and Availability

The College's financial assets and resources available for general expenditures within one year of June 30 are as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 2,651	$ 2,609
Accounts and contributions receivable	683	627
Amounts appropriated for spending in the following year:		
Facilities renewal and replacement fund ("FRRF")	3,809	500
Olin Endowment	23,400	22,800
Total financial assets available within one year	**30,543**	**26,536**
Liquidity resources:		
Line of credit, maximum available	10,000	10,000
Total financial assets and liquidity resources available within one year	**$ 40,543**	**$ 36,536**

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Facilities Renewal and Replacement Fund is a board-designated quasi-endowment fund, with a balance of $8,164 and $11,300 as of June 30, 2023 and 2022, respectively. These investments are designated for long-term renewal and replacement of the campus facilities, but they could be made available for general expenditures if necessary.

The College manages the spendable portion of the Olin Endowment to be available as its operating expenditures, liabilities, and other obligations come due. Funds are kept invested in the Olin Endowment until needed. On a monthly basis, funds are drawn from the Olin Endowment to meet current cash needs. Although the College does not intend to spend from the Olin Endowment more than is appropriated through the annual budget approval process, additional amounts could be made available if necessary. The balance in the Olin Endowment was $393,019 and $399,655 as of June 30, 2023 and 2022, respectively. As of June 30, 2023, 25% of the Olin Endowment is invested in highly liquid securities which could be converted to cash within a day.

As further described in Note 8, the College also has a $10,000 committed line of credit as of June 30, 2023 and 2022, which it could draw upon in the event of a liquidity need.

(in thousands)

Note 4 - Contributions Receivable, Net

Contributions receivable, net, consisted of the following at June 30:

	2023	2022
Amounts due in:		
Less than one year	$ 170	$ 128
One to five years	69	133
Greater than five years	19	-
Total due	**258**	**261**
Less:		
Unamortized discount	14	8
Allowance for doubtful accounts	9	11
Contributions receivable, net	**$ 235**	**$ 242**

Note 5 - Investments

The following table summarizes the valuation of the College's investments at June 30, 2023:

	Total	*Investments Measured at NAV*	*Level 1*	*Level 2*
Long-term investments, including facilities renewal and replacement fund:				
Cash and cash equivalents	$ 6,379	$ -	$ 6,379	-
Multi-strategy	20,867	-	20,867	-
Equity funds	133,993	93,283	40,710	-
Fixed income funds	52,408	18,394	1,144	32,870
Real asset funds - natural resources and real estate	2,752	2,752	-	-
Hedge funds - equity hedged	41,562	41,562	-	-
Hedge funds - global macro	43,102	43,102	-	-
Hedge funds - multi-strategy	50	50	-	-
Hedge funds - fixed income/ credit opportunities	122	122	-	-
Private equity funds	91,831	91,831	-	-
Venture capital funds	16,690	16,690	-	-
Total	**$ 409,756**	**$ 307,786**	**$ 69,100**	**32,870**

(in thousands)

Note 5 - Investments (Continued)

The following table summarizes the valuation of the College's investments at June 30, 2022:

	Total	Investments Measured at NAV	Level 1
Long-term investments, including facilities renewal and replacement fund:			
Cash and cash equivalents	$ 12,041	$ -	$ 12,041
Multi-strategy	20,629	-	20,629
Equity funds	136,291	81,644	54,647
Fixed income funds	52,849	18,688	34,161
Real asset funds - natural resources and real estate	3,971	3,971	-
Hedge funds - equity hedged	37,943	37,943	-
Hedge funds - global macro	41,102	41,102	-
Hedge funds - multi-strategy	50	50	-
Hedge funds - fixed income/ credit opportunities	109	109	-
Private equity funds	93,541	93,541	-
Venture capital funds	20,547	20,547	-
Total	**$ 419,073**	**$ 297,595**	**$ 121,478**

Unfunded commitments under various investment vehicles amounted to $42,630 at June 30, 2023. Management has no intentions or plans to liquidate any NAV practical expedient investments at other than NAV per share.

Aggregate investments liquidity is presented below at fair value based on redemption or sale period at June 30:

	2023	***2022***
Daily	$ 101,970	$ 121,478
Monthly	196,340	179,377
Illiquid	111,446	118,218
	$ 409,756	**$ 419,073**

(in thousands)

Note 6 - Plant and Equipment, Net

Plant and equipment consisted of the following at June 30:

		2023		2022
Land and improvements	$	14,813	$	14,813
Buildings and improvements		133,248		132,742
Equipment		13,442		13,017
Construction in process		2,110		400
		163,613		160,972
Less accumulated depreciation		(95,889)		(91,594)
Plant and equipment, net	**$**	**67,724**	**$**	**69,378**

Depreciation expense amounted to $4,313 and $4,465 for the years ended June 30, 2023 and 2022, respectively.

During the year ended June 30, 2023, the College recognized a loss of $9 on the sale of plant and equipment with a net book value of $32.

Note 7 - Pension Plans

Defined Contribution Plan

The College has established a contributory retirement plan (the "Plan") for eligible personnel. The Plan is designed in accordance with the provisions of Section 403(b) of the Code. The College matches three times an eligible employee's mandatory contributions under the Plan. The College's expenses under the Plan were $974 and $885 for the years ended June 30, 2023 and 2022, respectively. The Plan also allows for voluntary employee contributions.

Deferred Compensation Plan

The College also maintains a plan in accordance with Section 457(b) of the Code. Under the terms of this plan, no contributions are made by the College, but it is fully funded by voluntary pre-tax contributions by management or highly-compensated employees. The assets and liabilities of this plan are recorded in the statements of financial position and total $1,141 and $1,120 at June 30, 2023 and 2022, respectively. The assets and liabilities are recorded in prepaid expenses and other assets and accounts payable and accrued expenses, respectively.

(in thousands)

Note 8 - Bonds Payable

Bonds payable consisted of the following as of June 30:

	2023	*2022*
Privately held Taxable Variable Rate Demand Revenue Bonds Bonds Series C-1, maturing serially from 2034 to 2043, at an average rate of 4.70% in 2023 and 1.11% in 2022	$ 10,000	$ 10,000
Privately held Tax-Exempt Variable Rate Demand Revenue Bonds Series C-2, maturing serially from 2034 to 2043, at an average rate of 3.29% in 2023 and 0.77% in 2022	23,000	23,000
Privately held Tax-Exempt Variable Rate Demand Revenue Bonds Series C-3, maturing serially from 2034 to 2043, at an average rate of 3.29% in 2023 and 0.77% in 2022	23,000	23,000
Privately held Tax-Exempt Revenue Bonds Series 2013 D, at a fixed rate of 2.19%, maturing serially from 2034 to 2043	38,255	38,255
Publicly placed Tax-Exempt Revenue Bonds Series 2013 E, at a fixed rate of 5.00%, maturing serially from 2034 to 2038	26,750	26,750
Publicly placed Tax-Exempt Revenue Bonds Series 2013 E, at a fixed rate of 4.00%, maturing serially from 2039 to 2043	11,000	11,000
Publicly placed Tax-Exempt Revenue Bonds Series 2013 E, at a fixed rate of 5.00%, maturing serially from 2039 to 2043	22,925	22,925
	154,930	154,930
Add: Unamortized bond premium/discount, net	3,698	3,913
Less: Bond issuance costs	(1,002)	(1,073)
Bonds payable, net	**$ 157,626**	**$ 157,770**

All of the bonds have interest only payments with principal payments beginning serially starting in 2034. All bonds are secured by the revenues of the College. The Series C and D bonds are subject to tender for mandatory purchase on March 22, 2026 and November 1, 2023, respectively, unless such tenders are waived by the bondholder not less than 180 days prior to the tender date. The Series D tender was waived by the bondholder via a rate lock agreement executed in September 2022 that will take effect in October 2023.

Interest expense was $5,194 and $5,459 for the years ended June 30, 2023 and 2022, respectively, and is inclusive of any net interest activity pertaining to the interest rate swaps.

(in thousands)

Note 8 - Bonds Payable (Continued)

Unamortized bond discount, premium and issuance costs are being amortized using the straight-line method through the final maturity date of each respective bond issue. Bond issuance costs of $1,749 are included in bonds payable net of accumulated amortization of $748 and $677 at June 30, 2023 and 2022, respectively. The bond premium/discount, net, of $5,878 is included in bonds payable net of accumulated amortization of $2,179 and $1,965 at June 30, 2023 and 2022, respectively. Net accretion from bond issuance costs and bond premium/discount amounted to $144 for each of the years ended June 30, 2023 and 2022.

The terms of the various bond issuances include certain financial covenants such as maintaining certain values of net assets available for debt service and a certain ratio of investments to liabilities.

In August of 2023, the College advance refunded the 5.0% Series 2013 E bonds totaling $49,675 by issuing $46,220 Series 2023 F bonds with a fixed interest rate ranging from 4.0% to 5.0% and a premium of $4,084. The transaction will result in a 2024 gain on defeasance of approximately $2,800.

The College maintains a committed line of credit agreement with a financial institution. The borrowing limit was $10,000 in 2023 and 2022. There were no outstanding borrowings at June 30, 2023 or 2022. The agreement expires on June 28, 2024 and will be reviewed annually to determine whether the line of credit should be renewed.

Note 9 - Interest Rate Swap Agreements

The College has entered into various interest rate swap agreements in order to partially hedge variable interest rate exposure on certain debt issues, thereby managing the interest cost and risk associated with its outstanding debt. The College does not enter into derivative instruments for trading or speculative purposes.

The terms of the three swap agreements are as follows:

Notional Amount	Termination Date	Interest Rate Received	Interest Rate Paid	2023 Fair Value Asset/(Liability)	2022 Fair Value Asset/(Liability)
$ 40,000	July 1, 2033	USD-3M LIBOR	5.1227%	$ (3,323)	$ (6,538)
40,000	July 1, 2033	USD-3M LIBOR + 0.53%	SIFMA x 1.45	199	(129)
53,190	July 1, 2033	USD-3M LIBOR + 0.55%	SIFMA x 1.45	173	(314)
$ 133,190				**$ (2,951)**	**$ (6,981)**

USD-3M LIBOR rates were 5.53% and 2.29%, and SIFMA rates were 4.01% and 0.91% at June 30, 2023 and 2022, respectively. The swaps are categorized as Level 2 in the fair value hierarchy.

Subsequent to year-end, the College entered into amendments on the swaps, whereby the outstanding swap notional amounts receive interest at a rate of one-month SOFR, which was 5.09% at June 30, 2023.

Note 9 - Interest Rate Swap Agreements (Continued)

Each swap agreement requires the posting of collateral by the College if the mark to market liability payable by the College on that particular agreement exceeds a certain threshold. The threshold amount is dependent on the College's credit rating. Based on the current credit ratings of the College, the mark to market liability threshold is $20,000 for each of the swaps. The counterparties also have collateral posting requirements which vary based on their credit ratings. There was no collateral posting required as of June 30, 2023 and 2022.

As a result of the use of derivative instruments, the College is exposed to risk that the counterparties will fail to meet their contractual obligation. To mitigate the counterparty risk, the College only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. The counterparties to the College's interest rate swaps had investment grade ratings at June 30, 2023 and 2022. To date, all counterparties have performed in accordance with their contractual obligations.

Note 10 - Net Assets and Endowment Matters

Interpretation of Relevant Law and Spending Policy

The College classifies the endowment portion of net assets with donor restrictions as: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also classified as net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds until those amounts are appropriated for expenditure by the College.

Distributions from long-term investments are made using the total return method. Under the total return method, distributions consist of interest, dividends, realized and unrealized gains.

State law allows the Board of Trustees to appropriate a percentage of net asset appreciation as is prudent considering the College's long- and short-term needs, present and anticipated financial requirements, and expected total return on investments, price level trends, and general economic conditions. The College's endowment spending policy is computed based on the average market value of the funds invested as endowment for the previous twelve quarters, through December 31 of the prior year. The Endowment Grant Agreement stipulates that the cash basis endowment spending rate may generally not exceed 6% of the Olin Endowment. Accrued draws in excess of 6% are permitted without Board approval. All other endowments can be spent up to 5% of their twelve-quarter trailing average. Endowment spending beyond this 6% limit requires affirmative Board appropriation. The cash basis endowment spending rate was 5.80% and 5.68% for the years ended June 30, 2023 and 2022, respectively.

(in thousands)

Note 10 - Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy (Continued)

The purpose restrictions of net assets as of June 30, 2023 are as follows:	***Without Donor Restrictions***	***With Donor Restrictions***	***Total***
Operating, undesignated	$ 30,070	$ -	$ 30,070
Board-designated - facilities renewal and replacement fund	8,164	-	8,164
Portion of the Olin endowment restricted for purpose	-	271,477	271,477
Other donor-restricted	-	1,531	1,531
Accumulated income/gains on endowment	-	2,411	2,411
Endowment funds:			
Faculty chairs	-	1,806	1,806
Scholarships	-	3,487	3,487
Library support	-	225	225
Portion of the Olin endowment restricted in perpetuity	-	215	215
Other	-	522	522
Total endowment funds	**-**	**6,255**	**6,255**
Total net assets	**$ 38,234**	**$ 281,674**	**$ 319,908**

The purpose restrictions of net assets as of June 30, 2022 are as follows:	***Without Donor Restrictions***	***With Donor Restrictions***	***Total***
Operating, undesignated	$ 30,716	$ -	$ 30,716
Board-designated - facilities renewal and replacement fund	11,300	-	11,300
Portion of the Olin endowment restricted for purpose	-	274,070	274,070
Other donor-restricted	-	1,422	1,422
Accumulated income/gains on endowment	-	2,312	2,312
Endowment funds:			
Faculty chairs	-	1,806	1,806
Scholarships	-	3,163	3,163
Library support	-	225	225
Portion of the Olin endowment restricted in perpetuity	-	212	212
Other	-	520	520
Total endowment funds	**-**	**5,926**	**5,926**
Total net assets	**$ 42,016**	**$ 283,730**	**$ 325,746**

(in thousands)

Note 10 - Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy (Continued)

The facilities renewal and replacement fund is a Board-designated quasi-endowment fund, which is used by the College to set aside funding for future capital renewals and replacements. Transfers to the fund are typically approved via the annual budget process.

Donor-restricted funds functioning as endowment includes the funding received from the F. W. Olin Foundation under the Agreement (see Note 1), plus accumulated unspent interest and dividend income and realized and unrealized investment gains and losses.

	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Endowment assets and those functioning as endowment assets at June 30, 2021	**$ 11,052**	**$ 444,585**	**$ 455,637**
Gifts and additions	-	368	368
Investment return, net of expenses	(444)	(16,037)	(16,481)
Expenditures for operations	-	(20,193)	(20,193)
Release to facilities renewal and replacement fund from Olin Endowment	950	(950)	-
Transfers:			
From facilities renewal and replacement fund to cash and cash equivalents	(258)	-	(258)
Endowment assets and those functioning as endowment assets at June 30, 2022	**$ 11,300**	**$ 407,773**	**$ 419,073**
Gifts and additions	-	350	350
Investment return, net of expenses	365	16,511	16,876
Expenditures for operations	-	(23,042)	(23,042)
Transfer from facilities renewal and replacement fund to cash and cash equivalents	(3,501)	-	(3,501)
Endowment assets and those functioning as endowment assets at June 30, 2023	**$ 8,164**	**$ 401,592**	**$ 409,756**

(in thousands)

Note 10 - Net Assets and Endowment Matters (Continued)

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 requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations. There were no funds with deficiencies as of June 30, 2023 and three funds with deficiencies as of June 30, 2022. The following table shows the original gift amounts, net market value and resulting underwater balance at June 30, 2022:

Net market value	$	424
Original gift value		437
Underwater amount	**$**	**(13)**

Return Objectives and Risk Parameters

The College's investment portfolio is managed to provide for the long-term support of the College. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. On an annualized, net-of-fees basis, the return of the total endowment portfolio over the long term is expected to equal or exceed the spending rate plus inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the College seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

(in thousands)

Note 11 - Functional Expenses

The statement of activities presents expenses by functional classification. The tables below present expenses by both their nature and function. The College's primary program service is Instruction. Expenses reported in all other categories are incurred in support of this primary program. Operation and maintenance of plant, debt service, and depreciation expense are allocated based on square footage.

Functional expenses for the year ended June 30, 2023 are as follows:

	Instruction	*Academic Support & Research*	*Student Services*	*Sponsored Programs*	*Development & Fundraising*	*Institutional Support*	*Plant*	*Total*
Salaries	$ 6,555	$ 2,086	$ 1,917	$ 689	$ 332	$ 4,288	$ 7	$ 15,874
Benefits	1,619	508	501	121	106	1,217	1	4,073
Program, Supplies & Other	573	764	79	751	134	1,322	14	3,637
Professional Services	104	66	713	87	362	877	203	2,412
Outsourced Services	-	-	1,949	-	-	536	2,635	5,120
Facilities Services and Insurance	49	3	14	-	1	505	2,049	2,621
Training, Travel and Meals	108	110	326	93	43	218	3	901
Debt Service	-	-	-	-	-	-	5,357	5,357
Depreciation and Amortization	-	-	-	-	-	-	4,169	4,169
Total expenses before plant allocation	9,008	3,537	5,499	1,741	978	8,963	14,438	44,164
Plant allocation	4,453	1,666	7,604	167	16	532	(14,438)	-
Total expenses	**$ 13,461**	**$ 5,203**	**$ 13,103**	**$ 1,908**	**$ 994**	**$ 9,495**	**$ -**	**$ 44,164**

Functional expenses for the year ended June 30, 2022 are as follows:

	Instruction	*Academic Support & Research*	*Student Services*	*Sponsored Programs*	*Development & Fundraising*	*Institutional Support*	*Plant*	*Total*
Salaries	$ 5,944	$ 1,734	$ 1,730	$ 681	$ 441	$ 3,223	$ -	$ 13,753
Benefits	1,519	446	473	125	122	948	-	3,633
Program, Supplies & Other	554	836	327	769	76	1,357	34	3,953
Professional Services	59	30	600	516	101	1,173	99	2,578
Outsourced Services	-	-	1,788	-	-	440	2,818	5,046
Facilities Services and Insurance	31	5	33	-	-	484	1,571	2,124
Training, Travel and Meals	104	85	135	71	53	190	-	638
Debt Service	-	-	-	-	-	-	5,619	5,619
Depreciation and Amortization	-	-	-	-	-	-	4,322	4,322
Total expenses before plant allocation	8,211	3,136	5,086	2,162	793	7,815	14,463	41,666
Plant allocation	4,461	1,668	7,617	167	16	534	(14,463)	-
Total expenses	**$ 12,672**	**$ 4,804**	**$ 12,703**	**$ 2,329**	**$ 809**	**$ 8,349**	**$ -**	**$ 41,666**

Note 12 - Federal Support Associated with COVID-19

Given the effects of COVID-19, the College was eligible for certain funding in 2022. These programs provided support as follows:

Higher Education Emergency Relief Funds

The College was granted three awards to assist students and the institution with the impact of COVID-19. The College recorded grant revenue of $237 for the year ended June 30, 2022, all of which was provided directly to students. All grant funds have been fully expended as of June 30, 2022.

Federal Emergency Management Agency Funds

The College received grants from the Federal Emergency Management Agency totaling $483, all of which was reported as revenue for the year ended June 30, 2022.

Note 13 - Commitments and Contingencies

Various legal cases arise in the normal course of the College's operations. The College believes that there are currently no outstanding cases which would have a material adverse effect on the financial position of the College.

All funds expended by the College in connection with government grants are subject to review or audit by governmental agencies. There were no reviews or audits in process by governmental agencies as of June 30, 2023.

The College has long-term employment agreements with certain faculty and staff that stipulate a variety of business terms typical in the education sector.

The College outsources its dining services under a long-term contract with a supplier through June 2027. Management believes this arrangement is under commercially reasonable terms and includes a cancellation clause with notice.

The College outsources its facilities services under a long-term contract with a supplier through June 2024. Management believes this arrangement is under commercially reasonable terms and includes a cancellation clause with notice.

The College participates in a self-insured health insurance captive (the "Captive") in order to manage its health insurance costs. The College is an equity participant in the Captive that currently includes a number of other educational institutions. As a participant, the College is liable for its pro-rata share of any losses beyond the Captive's ability to fund such losses after total participants' equity is liquidated. Management believes the Captive is sufficiently capitalized and does not expect liabilities from this arrangement.