

# OBERLIN COLLEGE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024



**OBERLIN**  
COLLEGE & CONSERVATORY

# 2023-2024 Financial Report

We are pleased to present Oberlin College’s Annual Financial Report for the year ended June 30, 2024. This report includes our independent auditor’s report, audited consolidated financial statements and related footnotes to the statements.

To provide the users of these financial statements with a better understanding of the College’s financial position and operations, we include an overview of the institution’s financial condition and operating results for the year. We also look ahead to 2025 and note items of significance that have occurred in the first part of the new fiscal year.

These statements include the consolidation of College Properties of Northern Ohio which includes the Gateway Complex Project. A discussion of this project in greater detail can be found in the related footnotes to our audited consolidated financial statements.

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## Financial Condition

### Total Assets & Total Net Assets

Oberlin's total assets on June 30, 2024, were \$2,120.4 million, an increase of \$218.3 million, or 11.5%, from the previous fiscal year's \$1,902.1 million. Total liabilities as of June 30, 2024, were \$489.7 million, an increase of \$22.7 million from the prior year's \$467.0 million. Total net assets for the College were \$1,630.7 million, compared to \$1,435.1 million as of June 30, 2023, an increase of 13.6%. The following chart reflects the total net assets of Oberlin College on June 30, 2024, and for the previous five fiscal years.

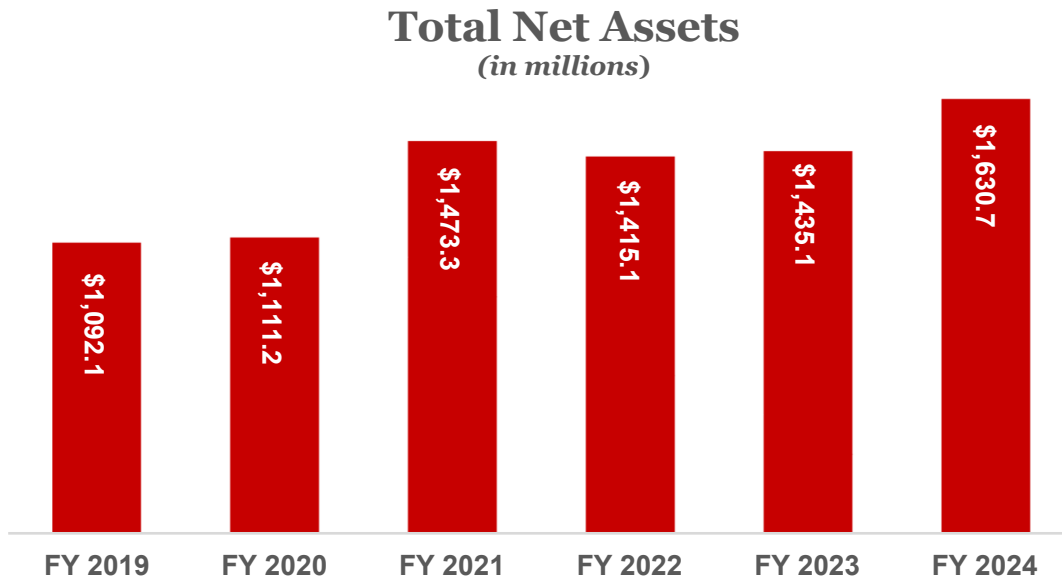


Chart 1: Total Net Assets *(in millions)*

The majority of the College's net assets are within its endowed funds and plant funds. The increases and decreases in the College's total assets, as well as total net assets, are primarily the result of investment returns and the spending of cumulative earnings of the College's endowed funds.

### Endowed Funds

Like most private liberal arts schools, the endowment is the financial cornerstone of the College. Nearly all of Oberlin's 1,800 endowed funds are invested within the General Investment Pool. The College's Pooled Endowment was \$1,270.5 million on June 30, 2024, versus \$1,199.1 million on June 30, 2023, an increase of \$71.4 million. The change in the total value from year to year is the result of changes in the market values of our pooled investments and the many donor-designated and board-designated gifts received from generous alumni and friends during the fiscal year, offset by the distribution of cumulative investment earnings. Such distributions of investment earnings from our endowment provide long-term funding for student financial aid, support faculty compensation and fund academic programs. Distributions totaled \$44.8 million in fiscal year 2024 and \$39.4 million in fiscal year 2023 for restricted and unrestricted operations. Capital and deferred gifts totaled \$9.0 million in fiscal year 2024, of which \$6.8 million were donor-restricted endowed gifts. In fiscal year 2023, capital and deferred gifts totaled \$8.9 million, of which \$6.9 million were donor-restricted endowed gifts. In fiscal year 2024, the College's total net investment return for the General Investment Pool was 8.5% as compared to a total net return in fiscal year 2023 of 5.1%.

Over the past 20 years, the pooled endowment has grown from \$621.7 million to \$1,270.5 million. Oberlin College's spending and investment policies have provided substantial levels of financial support for operations. The annual distributions are critical in supporting our academic mission while preserving the endowments purchasing power for future generations.

Oberlin College's endowment has a highly diversified portfolio with allocations to hedge funds, private equity and real assets, which include venture capital, private real estate, private energy and other alternative investments. Our allocations to alternative investments have been higher than many other endowments our size. Historically, our relatively higher allocations have both increased investment returns and decreased volatility.

The following is the College's long-term strategic target and actual endowment portfolio allocation for the year ending June 30, 2024. The College's Investment Office staff adjusts our actual portfolio allocations in response to market conditions as directed by our Board of Trustees' Investment Committee.

Actual investment balances on June 30, 2024 and 2023 are reflected in Footnote 2 to the financial statements. It should be noted that the College's Investment Office often rebalances endowment portfolio allocations at quarter end, which can result in higher than targeted levels of cash and larger investment proceeds receivable balances.

Table 1: Target and Actual Endowment Portfolio Allocation

<b>Asset Allocation</b>	<b>Strategic Target</b>	<b>Actual</b>
<b>Cash and cash Equivalents</b>	<b>4.0%</b>	<b>7.8%</b>
<b>Fixed Income</b>	3.0%	2.7%
Developed Markets Equity	27.0%	27.3%
Emerging Markets Equity	9.0%	8.6%
<b>Total Equity</b>	<b>36.0%</b>	<b>35.9%</b>
Absolute Return	20.0%	16.0%
Private Equity	15.0%	10.9%
Venture Capital	17.0%	23.5%
Real Assets	5.0%	3.3%
<b>Total Alternatives</b>	<b>57.0%</b>	<b>53.7%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Liquidity

The Investment Committee has increased liquidity in the endowment in recent years to avoid the risk of being forced to sell securities in highly distressed markets. The following chart depicts the total investment liquidity of the \$782.1 million General Investment Pool (GIP), which includes the sinking fund. The GIP has ample monthly and quarterly liquidity to meet projected cash needs for the next three years.

## Total Investment Liquidity as of June 30, 2024

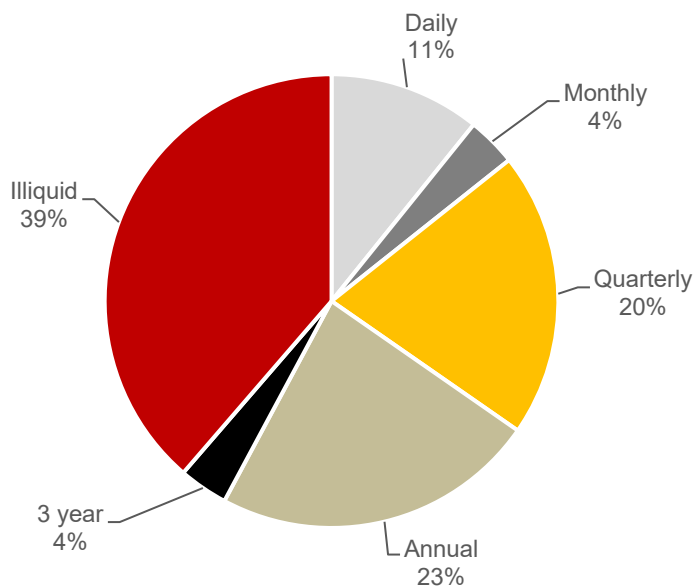


Chart 2: Total General Investment Pool Liquidity as of June 30, 2024

## Plant Funds

The second largest component of the College's total net assets is net assets related to plant facilities totaling \$116.4 million on June 30, 2024, as compared to \$138.1 million on June 30, 2023. Plant related funds are reflected in net assets without donor restrictions and net assets with donor restrictions, including cumulative gifts received over the years in support of investment in plant. Gifts designated by donors were \$.8 million for the year ended June 30, 2024 as compared to \$1.3 million for the year ended June 30, 2023. Plant related funds consist primarily of the College's property, plant and equipment assets, at cost, net of accumulated depreciation and capital-related debt.

The College capitalized \$30.9 million to its land, buildings and equipment assets in the year ended June 30, 2024. During fiscal year 2024, capital expenditures focused on deferred maintenance projects such as elevator and HVAC system repair and replacement, student housing improvements and upgrades and classroom upgrades, as well as numerous other building improvements, equipment purchases and library acquisitions. During fiscal year 2024, the College continued work on the multi-phased Sustainable Infrastructure Program (SIP) supporting ongoing efforts toward carbon neutrality. The SIP is a multi-year, campus-wide project focused on upgrading the century-old heating infrastructure serving campus to a hot water system. The work will enable a large-scale geothermal system, add cooling to buildings and implement other building improvements that will increase student and faculty comfort year-round. Phases I through III begun in prior fiscal years are substantially complete and have focused on the distribution systems and building conversions to support the new geothermal system as well as the geothermal well field. The College has begun Phase IV and looks toward completion in fiscal year 2025.

## Debt

The College has \$408.9 million of net outstanding bonded debt on June 30, 2024. In April 2024, the College issued \$30 million of OHEFC bonds to finance the final phase of the College's Sustainable Infrastructure Program (SIP).

Effective and responsible debt portfolio management enables Oberlin to execute major strategic initiatives while preserving working capital. The Oberlin College Board of Trustees' Budget and Finance Committee and finance staff oversee the management of our long-term debt, optimizing our debt portfolio.

Oberlin's prudent debt portfolio management is designed to achieve the following objectives:

- Ensure that an appropriate mix of funding sources is used.
- Limit the overall debt to a level that, when combined with the College's strategic initiatives, will help preserve strong credit ratings over the long term.
- Achieve a low risk-adjusted cost of capital while balancing that effort appropriately with the College's exposure to market shifts.
- Manage working capital, short-term investments and debt service requirements in a coordinated manner to optimize overall funding and investment return strategies.

During fiscal year 2020, the College elected to establish a sinking fund to generate the necessary funds for future debt retirement. On June 30, 2024, the sinking fund value was \$4.7 million as compared to \$1.7 million at June 30, 2023. During fiscal year 2023, the College utilized funds from the sinking fund to pay off the principle loan balance of \$14.2 million for the Gateway Complex Project.

## Operating Results for Fiscal Year 2024

Oberlin College's Consolidated Statement of Activities presents the results of operations of the College and the net income or loss of its subsidiary. Oberlin experienced an unconsolidated unrestricted surplus of \$12.1 million from college operations before consolidation in fiscal year 2024, as compared to \$8.9 million operating surplus in the prior fiscal year. The College's subsidiary, College Properties of Northern Ohio, Inc., had an accounting loss of \$2.1 million, which is primarily due to depreciation and interest expenses. In summary, the College's consolidated Statement of Activities reflects an unrestricted operating net surplus of \$10 million.

## Results of Unconsolidated Operating Surplus

As noted above, Oberlin College had an unconsolidated unrestricted operating surplus of \$12.1 million for fiscal year 2024. For the ten-year period ended June 30, 2024, Oberlin has generated a cumulative unconsolidated operating surplus of \$62.5 million, excluding restructuring charges of \$1.9 million and \$8.4 million recorded in 2018 and 2016, respectively. It should also be noted that Oberlin has accomplished these surpluses while fully funding its depreciation each year, using the funded depreciation as a source for capital maintenance, equipment replacement and other capital investments.

## Operating Revenues

Oberlin's consolidated total operating revenues were \$229.6 million for the year ended June 30, 2024, as compared to the prior year's \$221.2 million. The following chart depicts the various sources of operating revenue for the College and the relative percentages of each source to total operating revenues.

Net student income, comprised of tuition and fees, room and board, net of student financial aid, is the largest component of Oberlin’s operating revenues. In 2024, net student income increased slightly to \$140.2 million as compared to \$139.1 million in the previous year. The Fall 2023 headcount of 3,082 is up from the total Fall 2022 headcount of 3,076. Tuition rates increased 2.9% in 2024 and 2023. Total student financial aid increased 5.7% in fiscal 2024 to \$103.1 million compared to fiscal year 2023 at \$97.2 million.

**Consolidated Operating Revenue by Source  
Fiscal Year Ended June 30, 2024**

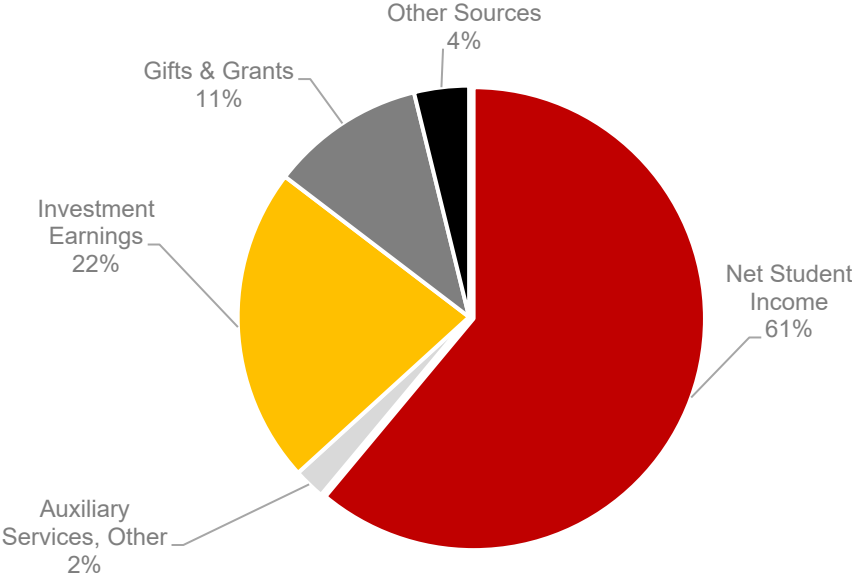


Chart 3: Consolidated Operating Revenue by Source, Fiscal Year Ended June 30, 2024

Earnings from endowment used in support of unrestricted operations are the second largest component of the College’s unrestricted operating revenues. In fiscal year 2024, \$16.5 million of unrestricted operating support was provided in accordance with the College’s endowment spending policy. This level of support compares to \$15.2 million in fiscal year 2023. Oberlin’s endowment spending policy strives to increase the real value of the endowment, provide a dependable stream of support to the College’s annual operating budget, and achieve earnings at a sustainable rate over the long-term while seeking to provide predictability and stability of endowment spending essential for long-range planning. The Board of Trustees takes great care in developing the broad objectives and specific spending methodology, giving consideration to a number of factors, including preservation of the College’s endowment for perpetuity, economic conditions and the possible impact of inflation and deflation, the College’s historical total return on endowment, the expected total returns and the related investment policies and targeted allocations to achieve the expected returns, and the other financial resources of the College.

## Endowment Payout Distribution by Category Fiscal Year Ended June 30, 2024

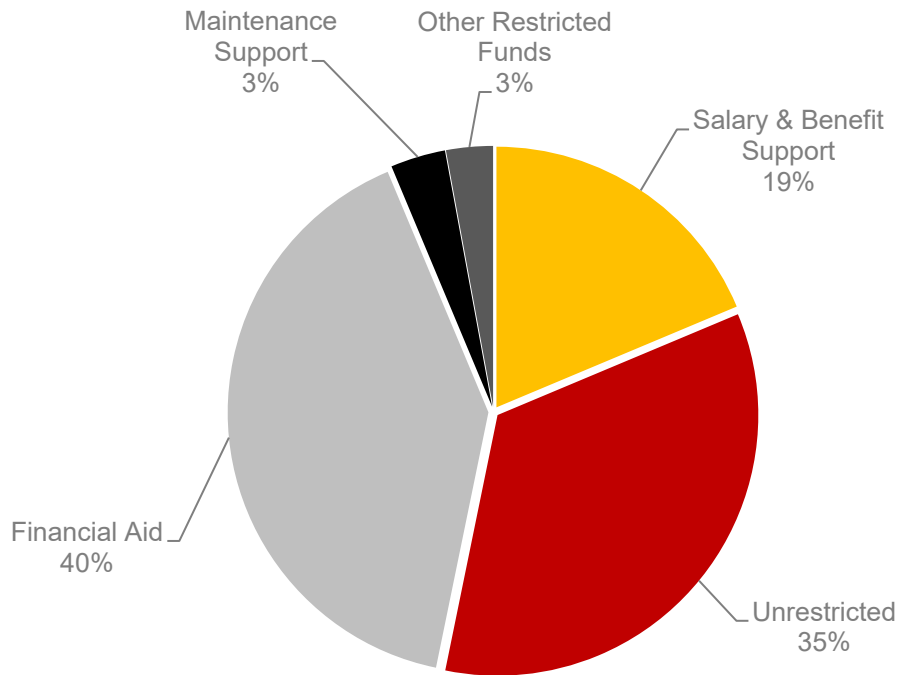


Chart 4: Endowment Payout Distribution by Category, Fiscal Year Ended June 30, 2024

The total fiscal year 2024 operating distribution of \$48.1 million equates to a spending rate of 4.1% of the 36-month weighted average of our general investment pool or 4.0% of the market value as of June 30, 2023. This compares to \$43.8 million distributed in fiscal year 2023, which equated to a spending rate of 3.7% of the 36-month weighted average, and 4.1% of the beginning market value of our general investment pool. Footnotes 1 and 2 to our financial statements further discuss the College's endowment investment and endowment spending policies.

Oberlin's third largest component of unrestricted operating revenues is support from unrestricted Private Gifts and Grants. The timing of the receipt of gifts, especially bequests, is unpredictable, and the varying size of such contributions can cause fluctuations in giving from year to year, as depicted in this chart (dollars in thousands).

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Undesignated Bequests	\$ 2,995	\$ 7,190	\$ 11,687	\$ 14,245	\$ 14,800
Unrestricted Giving	<u>3,480</u>	<u>3,679</u>	<u>4,450</u>	<u>3,906</u>	<u>4,860</u>
<b>Total</b>	<b>\$ 6,475</b>	<b>\$ 10,869</b>	<b>\$ 16,137</b>	<b>\$ 18,151</b>	<b>\$ 19,660</b>

Table 2: Undesignated Bequests and Unrestricted Giving (*in thousands*)

## Operating Expenses

Oberlin's consolidated operating expenses totaled \$218.8million for the year ended June 30, 2024; an increase of \$5.6 million from the prior year's operating expenses of \$213.2 million, or 2.6%.



While the audited financial statements present operating expenses by function as required by the current accounting and reporting standards, the following chart reflects the fiscal year 2024 operating expenses by natural classification to enable greater analysis of expenses and spending trends.

### Consolidated Operating Expense by Natural Classification Fiscal Year Ended June 30, 2024

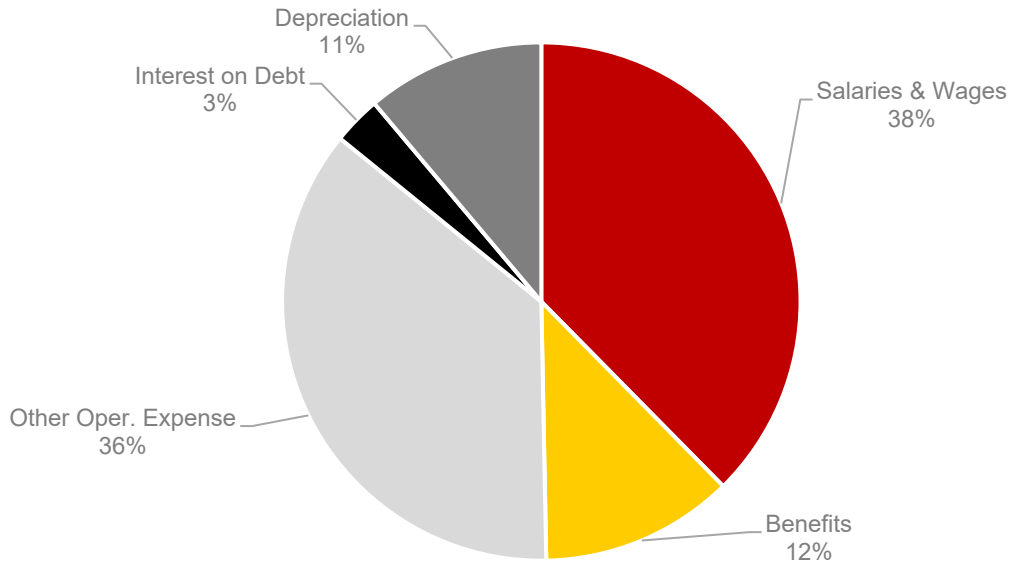


Chart 5: Consolidated Operating Expense by Natural Classification, Fiscal Year Ended June 30, 2024

Salaries and wages are by far our largest component of operating expense, totaling approximately \$82.3 million in fiscal year 2024. This represents an increase from the fiscal year 2023 total of \$76.3 million. The increase of \$6.1 million in salaries and wages from the prior year reflects an investment in employee wages and benefits during fiscal year 2024.

Other operating expense, which includes utilities expense and food costs among others, is our second largest spending component, totaling approximately \$79.1 million in fiscal year 2024. This represents an increase of 5.2% from the fiscal year 2023 total of \$75.2 million primarily due to increases in facilities related expenses driven by rising contract costs, substantially higher materials costs, and maintenance needs including elevator and HVAC system component repair and replacement.

Employee benefits expense is our third largest component of operating expense. This expense classification, which includes expenses associated with the College's 403(b) employee defined contribution plan and the College's health plans for active employees and retirees, in addition to other employee benefit expenses, totaled \$26.4 million in fiscal year 2024, compared with \$29.3 million in fiscal year 2023. During fiscal year 2024, the College realized savings related to the College's healthcare plans.

# Looking Ahead from Fiscal Year 2024

## Enrollment

First-year enrollment statistics reflected in the chart below present solid academic indicators and impressive talent in the College and Conservatory with a somewhat smaller class than in the years that immediately followed the pandemic.

Table 3: First- Year Enrollment Statistics for the College of Arts & Sciences

COLLEGE OF ARTS AND SCIENCES									
Fall Year	Applications	Admitted		Enrolled		Double Degree	Average SAT Score		
		No.	% of Applications	No.	% of Admitted		Verbal	Math	Writing
2015	6,589	1,982	30%	690	35%	37	694	669	686
2016	7,257	2,093	29%	658	31%	35	688	676	678
2017	6,366	2,344	37%	644	27%	36	687	682	
2018	6,269	2,473	39%	713	29%	46	693	690	
2019	6,265	2,518	40%	697	28%	47	695	695	
2020	7,919	2,999	38%	579	19%	33	695	678	
2021	9,243	3,377	37%	777	23%	52			
2022	10,340	3,609	35%	822	22%	38			
2023	10,251	3,375	33%	707	21%	53			
2024	9,702	3,328	34%	622	19%	52			

Table 4: First- Year Enrollment Statistics for the Conservatory of Music

CONSERVATORY OF MUSIC									
Fall Year	Applications	Admitted		Enrolled		Double Degree	Average SAT Score		
		No.	% of Applications	No.	% of Admitted		Verbal	Math	Writing
2015	1,195	359	30%	125	35%	37	652	626	639
2016	1,261	399	32%	139	35%	35	639	622	632
2017	1,396	388	28%	120	31%	36	667	642	
2018	1,256	412	33%	138	33%	46	679	657	
2019	1,444	420	29%	148	35%	47	658	637	
2020	1,386	417	30%	134	32%	33	663	644	
2021	1,353	413	31%	139	34%	52			
2022	1,175	390	33%	99	25%	38			
2023	1,240	430	35%	135	31%	53			
2024	1,345	445	33%	142	32%	52			

\* Oberlin College became test optional during the pandemic for a 3-year period. After three years, the College will determine whether or not to continue with the test optional policy.

Applications for the Fall 2024 incoming class decreased slightly as compared to prior years. However, retention for our returning students was strong and exceeded expectations and prior year levels.

## Fall Headcount

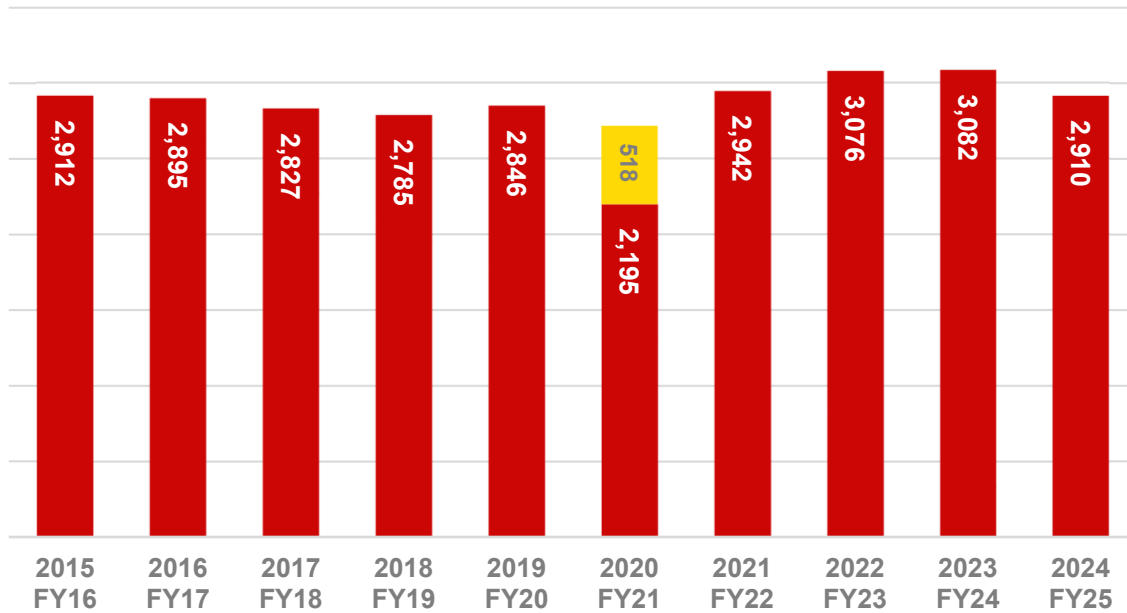


Chart 6: Fall 2024 Total Student Headcount

## Bond Agency Ratings

Oberlin College has long maintained strong ratings with Standard & Poor's (S&P) and Moody's, allowing Oberlin to issue bonds and refinance debt at optimal interest rates (see Footnote 6). These ratings reflect our ongoing efforts to manage the College's finances in a challenging higher education market sector. In September 2024, S&P affirmed our AA- rating and stable outlook. In July 2022, Moody's affirmed Oberlin's Aa3 rating and changed the outlook to negative from stable.

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## **Independent Auditor's Report**

Board of Trustees  
Oberlin College  
Oberlin, Ohio

### ***Opinion***

We have audited the consolidated financial statements of Oberlin College (College), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oberlin College as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Year Audited by Other Auditors***

The 2023 financial statements were audited by other auditors, and their report thereon, dated November 29, 2023, expressed an unmodified opinion.

### ***Other Information Included in the 2023-2024 Financial Report***

Management is responsible for the other information included in the 2023-2024 financial report. The other information comprises the information included in the 2023-2024 financial report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***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 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 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 College's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditor's 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 auditor's 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 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 consolidated 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.

**Forvis Mazars, LLP**

**Fort Wayne, Indiana  
December 17, 2024**

**Oberlin College**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**  
(Dollars in Thousands)

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 37,486	\$ 30,952
Restricted cash	83,545	128,469
Accounts receivable, net of allowance	1,988	1,445
Pledges receivable	9,671	6,542
Other current assets	<u>1,634</u>	<u>2,819</u>
Total current assets	<u>134,324</u>	<u>170,227</u>
Other assets		
Pledges receivable, net	106,206	11,710
Student loans, net of allowance	<u>5,348</u>	<u>5,457</u>
Total other assets	<u>111,554</u>	<u>17,167</u>
Long-term investments		
Assets restricted to investment in land, buildings and equipment	4,676	4,676
Endowment funds	1,270,954	1,199,537
Sinking fund	4,674	1,720
Annuity and life income funds	39,626	38,085
Funds held in trust by others	<u>20,737</u>	<u>19,140</u>
Total long-term investments	<u>1,340,667</u>	<u>1,263,158</u>
Property, plant and equipment		
Land	11,367	11,357
Buildings and building improvements	581,890	559,793
Library books and materials	74,766	72,990
Furniture and equipment	193,932	186,964
Construction in progress	206,075	130,315
Less: accumulated depreciation	<u>(534,219)</u>	<u>(509,828)</u>
Total property, plant and equipment	<u>533,811</u>	<u>451,591</u>
Total assets	<u>\$ 2,120,356</u>	<u>\$ 1,902,143</u>

**Oberlin College**  
**Consolidated Statements of Financial Position**  
**June 30, 2024 and 2023**  
(Dollars in Thousands)

(Continued)

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 22,368	\$ 24,540
Deposits and agency funds	9,892	16,334
Other current liabilities	<u>5,279</u>	<u>3,955</u>
Total current liabilities	<u>37,539</u>	<u>44,829</u>
Other liabilities		
Accrued postretirement benefit obligation	19,982	19,947
Annuity obligations	13,235	13,186
Federal student loan funds	1,028	213
Other non-current liabilities	9,013	8,616
Bonds payable, net	<u>408,867</u>	<u>380,211</u>
Total liabilities	<u>489,664</u>	<u>467,002</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Current operations	3,804	(34,534)
Designated for specific purposes	20,198	9,108
Plant and facility funds	28,061	46,216
Amortized contributions for long-lived assets	65,161	69,689
Sinking fund	4,674	1,720
Board designated endowment funds	<u>191,022</u>	<u>167,324</u>
Total without donor restrictions	<u>312,920</u>	<u>259,523</u>
With donor restrictions		
Donor designated for specific purposes	77,653	71,587
Annuity and life income funds	6,193	15,792
Student loan funds	5,414	7,121
Unexpended plant and facility funds	23,149	22,206
Funds held in trust by others	20,737	19,140
Endowment funds	<u>1,184,626</u>	<u>1,039,772</u>
Total with donor restrictions	<u>1,317,772</u>	<u>1,175,618</u>
Total net assets	<u>1,630,692</u>	<u>1,435,141</u>
Total liabilities and net assets	<u>\$ 2,120,356</u>	<u>\$ 1,902,143</u>



**Oberlin College**  
**Consolidated Statement of Activities**  
**June 30, 2024**  
(Dollars in Thousands)

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues</b>			
Student income, net	\$ 140,155	\$ -	\$ 140,155
Auxiliary services, other	5,029	-	5,029
Government grants and contributions	-	4,465	4,465
Private gifts and grants	14,809	5,493	20,302
Investment return made available for operations	7,419	43,379	50,798
Other sources	4,067	(115)	3,952
Net assets released from restrictions	57,310	(52,459)	4,851
	<u>228,789</u>	<u>763</u>	<u>229,552</u>
Total operating revenues			
<b>Operating Expenses</b>			
Instruction and research	88,797	-	88,797
Academic support	23,466	-	23,466
Student services	25,151	-	25,151
Institutional support	32,034	-	32,034
Auxiliary services, student and other	49,366	-	49,366
	<u>218,814</u>	<u>-</u>	<u>218,814</u>
Total operating expenses			
Change in net assets from operating activities	<u>9,975</u>	<u>763</u>	<u>10,738</u>
<b>Non-operating Activities</b>			
Investment earnings, net	1,119	33,944	35,063
Unrealized gains	8,867	8,854	17,721
Contributions, net	7,988	98,621	106,609
Change in annuities	(2,503)	(231)	(2,734)
Post-retirement benefit obligation adjustment	(35)	-	(35)
Other non-operating income	30,325	-	30,325
Redesignated funds and other	2,091	624	2,715
Net assets released from restrictions	(4,430)	(421)	(4,851)
	<u>43,422</u>	<u>141,391</u>	<u>184,813</u>
Change in net assets from non-operating activities			
Change in Net Assets	53,397	142,154	195,551
Net Assets, Beginning of Year	<u>259,523</u>	<u>1,175,618</u>	<u>1,435,141</u>
Net Assets, End of Year	<u>\$ 312,920</u>	<u>\$ 1,317,772</u>	<u>\$ 1,630,692</u>

**Oberlin College**  
**Consolidated Statement of Activities**  
**June 30, 2023**  
(Dollars in Thousands)

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues</b>			
Student income, net	\$ 139,051	\$ -	\$ 139,051
Auxiliary services, other	4,933	-	4,933
Government grants and contributions	-	3,685	3,685
Private gifts and grants	13,869	4,282	18,151
Investment earnings	7,373	39,415	46,788
Other sources	4,741	(696)	4,045
Net assets released from restrictions	50,075	(45,555)	4,520
	<u>220,042</u>	<u>1,131</u>	<u>221,173</u>
Total operating revenues			
<b>Operating Expenses</b>			
Instruction and research	87,878	-	87,878
Academic support	20,120	-	20,120
Student services	24,032	-	24,032
Institutional support	32,210	-	32,210
Auxiliary services, student and other	49,004	-	49,004
	<u>213,244</u>	<u>-</u>	<u>213,244</u>
Total expenses			
Change in net assets from operating activities	<u>6,798</u>	<u>1,131</u>	<u>7,929</u>
<b>Non-operating Activities</b>			
Investment earnings, net	7,882	22,766	30,648
Unrealized losses	(4,040)	(11,742)	(15,782)
Contributions, net	1,982	(1,668)	314
Change in annuities	(1,510)	(299)	(1,809)
Post-retirement benefit obligation adjustment	2,794	-	2,794
Change in fair value of swap contracts	293	-	293
Gain on new market tax credit	1,439	-	1,439
Legal contingency	(307)	-	(307)
Redesignated funds and other	(14,636)	13,692	(944)
Net assets released from restrictions	(3,587)	(933)	(4,520)
	<u>(9,690)</u>	<u>21,816</u>	<u>12,126</u>
Change in net assets from non-operating activities			
<b>Change in Net Assets</b>	<u>(2,892)</u>	<u>22,947</u>	<u>20,055</u>
<b>Net Assets, Beginning of Year</b>	<u>262,415</u>	<u>1,152,671</u>	<u>1,415,086</u>
<b>Net Assets, End of Year</b>	<u>\$ 259,523</u>	<u>\$ 1,175,618</u>	<u>\$ 1,435,141</u>

**Oberlin College**  
**Consolidated Statement of Cash Flows**  
**Years Ended June 30, 2024 and 2023**  
**(Dollars in Thousands)**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 195,551	\$ 20,055
Items not requiring (providing) operating activities cash flows		
Depreciation	24,390	23,464
Gain on extinguishment of debt	(1,602)	-
Net amortization of deferred financing costs	462	118
Change in fair market value of interest rate swap agreements	-	(293)
Gain on new market tax credit	-	(1,439)
Contributions restricted for long-term investments	(8,985)	(8,927)
Earnings restricted for long-term investment	(500)	(390)
Net realized and unrealized gains on long-term investments	(101,022)	(58,562)
<b>Changes in Assets and Liabilities</b>		
Accounts receivable	(543)	637
Pledges receivable	(97,625)	8,614
Other current and non-current assets	1,185	(796)
Accounts payable, accrued expenses and other liabilities	(837)	(36,074)
Deposits and agency funds	(6,442)	1,912
Accrued postretirement benefit obligation	35	(2,794)
Net adjustment of annuity obligations	49	(360)
Net cash provided by (used in) operating activities	<u>4,116</u>	<u>(54,835)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of plant and equipment	(105,409)	(61,400)
Net proceeds from student loans collected	109	1,000
Increase in other long-term receivables	-	(242)
Purchases of investments	(667,506)	(370,174)
Proceeds from sale and maturities of investments	691,019	424,030
Net cash used in investing activities	<u>(81,787)</u>	<u>(6,786)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions for		
Investment in endowment	7,909	6,824
Investment in long-lived assets	779	1,311
Investment in life income agreements	297	792
Earnings restricted for long-term investments	500	390
Payments on bonds and loans payable	-	(3,461)
Deferred financing costs paid	(204)	-
Proceeds from issuance of long-term debt	30,000	108,820
Net cash provided by financing activities	<u>39,281</u>	<u>114,676</u>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	(38,390)	53,055
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>159,421</u>	<u>106,366</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 121,031</u>	<u>\$ 159,421</u>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 37,486	\$ 30,952
Restricted cash	83,545	128,469
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 121,031</u>	<u>\$ 159,421</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid, net of capitalized interest	\$ 13,961	\$ 9,294
Fixed assets in accounts payable	17,615	16,414
Series 2023 Bond issuance		
Refunding of Series 2013 Bonds	(31,739)	-
Issuance of long-term debt	27,570	-
Issuance of premium on long-term debt	4,169	-
	<u>\$ -</u>	<u>\$ -</u>

## Note 1. Nature of Operations and Summary of Significant Accounting Policies

### *Nature of Operations*

Oberlin College (College) is an independent, coeducational institution consisting of two major divisions in Oberlin, Ohio. The College of Arts and Sciences offers a balanced curriculum in the humanities, social sciences and natural sciences. The Conservatory of Music offers pre-professional training in music performance, composition, education, technology, theory and history.

### *Principles of Consolidation*

The consolidated financial statements are comprised of the College's operations and reflect the assets, liabilities and operating activities of the College's wholly-owned subsidiary, College Properties of Northern Ohio, Inc. (Gateway Complex Project), with the elimination of inter-company transactions and balances in consolidation.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### *Cash and Cash Equivalents and Restricted Cash*

The College considers all investments (not held for long-term investment) with original maturities of three months or less as cash equivalents. At June 30, 2024 and 2023, cash equivalents consisted primarily of money market funds and short-term investments. The College's restricted cash represents unspent bond proceeds.

At June 30, 2024, the College's cash accounts exceeded federally insured limits by approximately \$11,466.

### *Accounts Receivable, Net*

Student accounts receivable are stated at the amount of consideration from students, of which the College has an unconditional right to receive. The College provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for reasonable and supportable forecasts. The allowance for credit losses at June 30, 2024 and 2023, is \$2,269 and \$2,265, respectively.

### *Long-term Investments and Investment Return*

The College classifies its investments into the following categories:

**Cash and Cash Equivalents:** The College invests in cash and cash equivalents, short-term investments and other securities with quoted prices in active markets. Typical liquidity for these investments is daily.

**Collateral Cash:** Cash overlay pools are used to provide the margin necessary to support the futures contracts. The size of the margin pool varies depending on the notional value of the future contracts. Futures contracts are used in the fixed income and equity categories to maintain investment policy allocation and/or gain exposure to specific markets. Typical liquidity for these investments is daily.

**Fixed Income:** Fixed income investments include investments in government securities and corporate bonds via separate accounts, limited partnerships, commingled vehicles, and futures contracts. Typical liquidity for these investments is daily and monthly.

## Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Funds Held in Trust by Others:** These investments represent sources neither in the possession nor under the control of the College, but rather held and administered by outside trustees, with the College paid income or a residual interest from the assets of such funds. The fair value of these funds is based on the College's proportionate interest in the fair market value of the trusts as determined by the trustee.

**Gift Annuities and Trusts and Investments Restricted for Plant Facilities:** These investments consist of annuity and life income funds and assets restricted to investment in land, buildings and equipment. The College invests in equities and fixed income securities with quoted prices in active markets.

**Developed Markets Equity and Emerging Markets Equity:** The College invests in public equity securities in various geographical areas including U.S. as well as developed and emerging markets. Public equity securities are owned either directly by the College or indirectly through investments in limited partnerships, limited liability companies, commingled vehicles and futures contracts. Fund liquidity is daily, monthly, quarterly, annually, and greater than one year, with approximately 50% of the net asset value being accessible within one quarter or less.

**Absolute Return:** Absolute Return funds seek to generate high long-term real returns and reduce volatility by exploiting market inefficiencies. Returns are achieved using various strategies including market neutral, long-short equity, credit, event driven, commodities, multi-strategy, and global macro strategies. Typical liquidity for these investments is quarterly, annually, or greater than one year, with approximately 49% of the net asset value being accessible within one quarter.

**Private Equity and Venture Capital:** These investments include buyouts, distressed debt, growth equity, private credit and venture capital limited partnerships. The College diversifies these investments by geography, sectors and stage. These investments are generally illiquid. Private credit limited partnerships are expected to generate and distribute interest cash flows throughout the vehicle's life, while other types of funds will make distributions as the underlying portfolio companies are sold in the market. On average the underlying investments in the limited partnership funds would be fully liquidated over the next four to 12 years.

**Real Assets:** Real assets include commodities, energy, natural resource equities, real estate, Treasury Inflation-Protected Securities (TIPS) and Real Estate Investment Trusts (REITs). Real asset investments are made both via liquid public markets (commodities, natural resource equities, REITs and TIPS) and via illiquid private equity structured funds (private real estate and private energy). The private real estate and private energy funds are not redeemable. As these funds age in duration, distributions are received as the underlying portfolio of companies are sold in the market. The underlying companies within the private funds would be fully liquidated over the next 8 to 12 years.

**Capital Commitments and Endowment Liquidity:** Investment funds in the private equity and real assets classes are typically organized as limited partnerships. A unique characteristic of these funds is that the investment manager requests (or 'calls') capital commitments from the investors as investment opportunities arise and distributes capital as investments are liquidated. Capital calls are typically made by the investment manager during years 1-5 of a fund's life, while the majority of capital distributions do not occur until years 8-10 of a fund's life.

**Note 1. Nature of Operations and Summary of Significant Accounting Policies  
(Continued)**

Due to the nature of alternative investments and the use of some limited partnerships and commingled vehicles in traditional asset classes (public equities and fixed income), the College contractually agrees to liquidity restrictions. The College, in response to this risk, closely monitors the liquidity of the portfolio. As of June 30, 2024, the following liquidity characteristics applied to the College’s pooled endowment and board-designated endowment funds: 58.0% of the endowment is liquid within one year, 3.0% of the endowment is liquid within three years, and 39.0% of the endowment is illiquid.

Illiquid investments represent those invested in real assets and private equity limited partnerships. There is a very limited secondary market for these interests and selling them would require considerable time. The College is not actively trying to sell any of its illiquid investments as this time.

**Investment Return:** Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities as net assets with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The College maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowment accounts based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. Investment return is distributed for operations on a unit share basis as authorized by the Board of Trustees, and is reflected in investment earnings and gains and net assets released from restrictions in the consolidated statements of activities.

***Property, Plant and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation of the property, plant and equipment owned by the College and its subsidiary has been computed using the mid-year convention and depreciated straight-line under the following depreciation guidelines:

Buildings and additions	40 years
Building improvements and renovations	20 years
Library books and materials	15 years
Furniture and equipment	10 years

**Oberlin College**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**  
(Dollars in Thousands)

**Note 1. Nature of Operations and Summary of Significant Accounting Policies**  
**(Continued)**

Using these guidelines, depreciation expense for the years ended June 30 was:

	<u>2024</u>	<u>2023</u>
Educational and general properties	\$ 14,664	\$ 13,712
Library books and materials	2,358	2,394
Auxiliary properties	<u>7,368</u>	<u>7,358</u>
	<u>\$ 24,390</u>	<u>\$ 23,464</u>

The College capitalizes interest costs as a component of construction in progress, based on the interest rates paid for long-term borrowing. In addition, the College includes debt issuance costs as an additional interest expense and amortizes those costs using the straight-line method over the term of the loan. Total interest incurred at June 30 was:

	<u>2024</u>	<u>2023</u>
Interest capitalized	\$ 8,463	\$ 2,317
Interest charged to expense	<u>6,585</u>	<u>9,075</u>
	<u>\$ 15,048</u>	<u>\$ 11,392</u>

**Long-Lived Assets**

The College evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may have been impaired. No asset impairment was recognized during the years ended June 30, 2024 and 2023.

**Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment**

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time, the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to \$4,851 and \$4,520 in fiscal year 2024 and 2023, respectively, is recorded as a transfer between the non-operating and operating sections of the changes in net assets without donor restrictions on the consolidated statements of activities.

**Collections and Works of Art**

The College has elected not to capitalize contributed collections. All works of art and collections are held for public exhibition, education or research; are protected, kept unencumbered, cared for, and preserved; and are subject to policies governing their use. Recognizing works of art as an asset of the institution would result in a material increase in property, plant and equipment and a corresponding increase in net assets in the consolidated statements of financial position.

## Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

### **Bequests**

The College follows the policy of designating bequests without donor restrictions as additions to board-designated funds, additions to plant and facility funds, or current use funds.

### **Split Interest Agreements**

The College is party to various split interest agreements, including perpetual trusts held by third parties, irrevocable charitable remainder trusts, charitable gift annuities, and pooled life income funds. Assets are invested by the College or by third-party trustees. Payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenues for split interest agreements are recognized at the date the respective agreements are established.

Revenues are recorded at fair value, net of the present value of the estimated future payments to be made to donors and/or other beneficiaries. The present value of payments to beneficiaries under split-interest agreements has been calculated using an annual discount rate of 7.0% for those agreements entered into prior to June 30, 2014 and 5.0% post July 1, 2014.

### **Bond Origination Costs and Debt Premiums and Discounts**

Costs incurred in obtaining long-term financing are deferred and amortized over the term of the related borrowing. Premiums and discounts related to the College's issuance of long-term debt are amortized over the term of the related debt.

### **Net Assets**

The College's consolidated financial statements have been prepared with a focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor restrictions:

- *Net Assets Without Donor Restrictions* – Net assets that are free of donor-imposed restrictions, as well as net assets designated by the governing board.
- *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. Net assets that are temporary in nature include net assets from gifts subject to donor-imposed stipulations and cumulative earnings and gains, both realized and unrealized, that may or will be met by Board appropriation, the College satisfying the purpose restriction and/or the passage of time. These net assets are used to support general instruction, scholarships, professorships, research, library operations and capital acquisitions. Net assets that are perpetual in nature include net assets that the donor has permitted the use of all or part of the cumulative earnings and gain, both realized and unrealized, on related investments for general or specific purposes. These net assets consist primarily of amounts whose income supports general instruction, scholarships, professorships and library funds.



**Note 1. Nature of Operations and Summary of Significant Accounting Policies**  
**(Continued)**

***Government Grants***

Support funded by grants is recognized as the College meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

***Contributions***

Contributions are provided to the College either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized either as conditional gifts, with or without donor restriction, or as unconditional gifts, with or without donor restriction. Conditional gifts depend on the College overcoming a donor-imposed barrier to be entitled to the funds. The value is not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met. Unconditional gifts may be received at fair value on the date of the gift as cash and other assets, or at the estimated fair value on the date of the gift as property, equipment and long-lived assets, or net realizable value for gifts expected to be collected within one year, or at a discounted present value of estimated future cash flows for gifts to be collected in the future years.

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

**Note 1. Nature of Operations and Summary of Significant Accounting Policies**  
**(Continued)**

***Income Taxes***

The College is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). The College generates minor amounts of unrelated business income, annually files Form 990T and pays taxes on such income. The College recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The College believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. As of June 30, 2024, the College's income tax years from 2021 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

***Operating and Non-Operating Activities***

For the purposes of the consolidated statements of activities, the College considers its change in net assets without donor restriction to be operational changes, except for the College's realized and unrealized gains and losses on endowment investments in excess of the College's spending rate, which are reflected as non-operating activities. Contributions, changes in annuities, and investment return received or earned of a capital or endowment nature, that is, to be used for facilities and equipment or to be invested by the College to generate a return that will support operations, are included in non-operating activities. Additionally, certain non-operating adjustments such as the fair value of derivatives and gains and losses on the sale, impairment or retirement of real estate or the financing transactions associated with real estate, as well as infrequent transactions outside of the normal course of operations, are also included as non-operating activities.

***Reclassifications***

Certain reclassifications have been made to the 2023 consolidated financial statements to conform the 2024 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

**Oberlin College**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**  
(Dollars in Thousands)

**Note 2. Long-Term Investments and Investment Return**

Investments at June 30 were comprised of the following components:

	<u>2024</u>	<u>2023</u>
General investment pool		
Cash and cash equivalents	\$ 74,385	\$ 56,751
Fixed income	33,764	-
Developed markets equity	355,054	350,272
Emerging markets equity	118,776	72,280
Absolute return	209,722	238,056
Private equity	138,462	145,606
Venture capital	298,938	296,387
Real assets	41,364	39,740
	<u>1,270,465</u>	<u>1,199,092</u>
Non-pooled endowment		
Cash and cash equivalents	124	234
Developed markets equity	326	211
Fixed income	39	-
	<u>489</u>	<u>445</u>
Total separately invested funds	<u>489</u>	<u>445</u>
Total endowment	<u>1,270,954</u>	<u>1,199,537</u>
Sinking fund		
Cash and cash equivalents	260	81
Fixed income	125	-
Developed markets equity	1,310	502
Emerging markets equity	438	104
Absolute return	774	342
Private equity	511	209
Venture capital	1,103	425
Real assets	153	57
	<u>4,674</u>	<u>1,720</u>
Total sinking fund	<u>4,674</u>	<u>1,720</u>

**Oberlin College**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**  
**(Dollars in Thousands)**

**Note 2. Long-Term Investments and Investment Return (Continued)**

	<u>2024</u>	<u>2023</u>
Annuity and life income funds		
Pooled income fund trusts		
Cash and cash equivalents	\$ 35	\$ 47
Fixed income	603	706
International equity	75	88
Real assets	156	175
U.S. equity	185	217
Total pooled income funds trusts	<u>1,054</u>	<u>1,233</u>
Gift annuity pool		
Cash and cash equivalents	27	81
Emerging markets equity	978	880
Fixed income	4,537	4,284
International equity	2,735	2,668
Real assets	2,491	2,303
U.S. equity	5,541	5,407
Total gift annuity pool	<u>16,309</u>	<u>15,623</u>
Annuity trusts and unitrusts		
Cash and cash equivalents	602	533
Emerging markets equity	1,294	1,207
Fixed income	5,432	5,104
International equity	3,782	3,643
Real assets	3,263	3,030
U.S. equity	7,890	7,712
Total annuity trusts and unitrusts	<u>22,263</u>	<u>21,229</u>
Total annuity and life income funds	<u>39,626</u>	<u>38,085</u>
Assets restricted to investment in land, buildings, and equipment:		
Cash and cash equivalents	1	1
Real assets	4,675	4,675
Total assets restricted to investment in land, buildings and equipment	<u>4,676</u>	<u>4,676</u>
Funds held in trust by others	<u>20,737</u>	<u>19,140</u>
Total assets for long-term investments	<u>\$ 1,340,667</u>	<u>\$ 1,263,158</u>

**Oberlin College**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**  
(Dollars in Thousands)

**Note 2. Long-Term Investments and Investment Return (Continued)**

Total investment return is comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Investment earnings allocated to operations	\$ 50,798	\$ 46,788
Investment earnings in non-operating	35,063	30,648
Unrealized gains (losses)	<u>17,721</u>	<u>(15,782)</u>
Total investment return	<u>\$ 103,582</u>	<u>\$ 61,654</u>
Realized gains on sale of investments	\$ 83,301	\$ 74,344
Unrealized gains (losses) on investments	17,721	(15,782)
Interest and dividends, net	<u>2,560</u>	<u>3,092</u>
Total investment return	<u>\$ 103,582</u>	<u>\$ 61,654</u>

**Alternative Investments**

The fair value of alternative investments that have been estimated using the net asset value per share (or its equivalent) as a practical expedient consists of the following at June 30:

	<u>2024</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Developed markets equity	\$ 309,133	\$ -	Quarterly	5 - 90 days
Emerging markets equity	51,195	-	Monthly, Quarterly, Annually	60 - 90 days
Absolute return	203,624	-	Quarterly, Annually, >1 Year	45 - 90 days
Private equity	134,482	71,834	Illiquid	Not applicable
Venture capital	299,728	58,128	Illiquid	Not applicable
Real assets	<u>41,517</u>	<u>25,413</u>	Illiquid	Not applicable
	<u>\$ 1,039,679</u>	<u>\$ 155,375</u>		
	<u>2023</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Developed markets equity	\$ 269,745	\$ -	Quarterly	5 - 90 days
Emerging markets equity	48,758	-	Monthly, Quarterly, Annually	60 - 90 days
Absolute return	238,398	-	Quarterly, Annually, >1 Year	45 - 90 days
Private equity	145,815	69,815	Illiquid	Not applicable
Venture capital	296,812	64,327	Illiquid	Not applicable
Real assets	<u>39,797</u>	<u>29,435</u>	Illiquid	Not applicable
	<u>\$ 1,039,325</u>	<u>\$ 163,577</u>		

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**Note 2. Long-Term Investments and Investment Return (Continued)**

The College is obligated to make capital contributions of \$155,375 and \$163,577 of additional investments at June 30, 2024 and 2023, respectively. These commitments will be satisfied over a five-year period from the maturities and redemptions of existing investments of a similar nature.

Investments in marketable equity and debt securities with readily determinable fair values are stated at the quoted market value based on the last trade price. The College has a substantial allocation to alternative investments, including hedge funds, private equity or real assets depending on the legal structure and investment strategy of the underlying manager. Nearly all of the valuations reported by alternative investment managers rely upon third-party administrators to objectively value positions and calculate net asset value. Asset managers in private equity structured funds internally calculate values according to agreed upon procedures and provide audited financial statements at calendar year end. Alternative investments are not readily marketable; therefore, the estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed. The investment managers for these investments report their audited financial information as of December 31st of each calendar year. These investments are valued by the College as of June 30 at their estimated fair value based on the most recent unaudited quarterly financial reports provided by investment managers.

Investments are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment account balances and the amounts reported in the consolidated statements of financial position.

The College utilizes derivative financial instruments in pursuing its endowment investment objectives. Futures contracts are used to maintain asset class exposures in accordance with the College's asset allocation policy, as well as to obtain exposure to movements in equity prices. Futures contracts provide reduced counterparty risk to the endowment since futures are exchange-traded, and the exchange's clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default. The College uses a third-party advisor and has established policies and procedures to actively monitor and manage the market, credit and counter-party risks associated with these contracts. These financial instruments are valued at their notional exposure, net of leverage, as reflected in the following table (summarized by long-term investment asset class):

	<u>2024</u>	<u>2023</u>
Global futures - total notional	\$ 54,900	\$ 38,128
Collateral cash	58,195	38,761
Net leverage	<u>\$ (3,295)</u>	<u>\$ (633)</u>

### Note 3. Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

<b>Level 1</b>	Quoted prices in active markets for identical assets or liabilities
<b>Level 2</b>	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
<b>Level 3</b>	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities
<b>Net Asset Value (NAV)</b>	The College also holds investments in private equity funds, venture capital, real assets, absolute return and other investments that are not publicly traded, but are valued as a practical expedient using a net asset value per unit, or its equivalent. The College records its portion of these funds at the reported net asset value of its ownership interest in partner capital as reported by the general partner or fund manager, and as such, these investments are separately reported in the fair value hierarchy table. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

#### ***Recurring Measurements***

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. The College has no assets or liabilities measured at a fair value on a nonrecurring basis.

#### ***Cash Equivalents and Long-term Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

#### ***Interests in Gift Annuities and Trusts and Funds Held in Trust by Others***

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interests are classified within Level 3 of the hierarchy.

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**Note 3. Fair Value of Assets and Liabilities (Continued)**

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

	2024				
	Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Long-term investments:					
Cash and cash equivalents	\$ 74,769	\$ 74,769	\$ -	\$ -	\$ -
Global futures	54,900	54,900	-	-	-
Developed markets equity	325,459	16,326	-	-	309,133
Emerging markets equity	95,546	44,351	-	-	51,195
Fixed income	33,888	33,888	-	-	-
Absolute return	210,535	6,911	-	-	203,624
Private equity	138,973	4,491	-	-	134,482
Venture capital	300,041	313	-	-	299,728
Real assets	41,517	-	-	-	41,517
Interest in gift annuities and trusts	39,626	16,309	-	23,317	-
Investments restricted for plant facilities	4,676	4,676	-	-	-
Interests in funds held in trust by others	20,737	-	-	20,737	-
	<u>\$ 1,340,667</u>	<u>\$ 256,934</u>	<u>\$ -</u>	<u>\$ 44,054</u>	<u>\$ 1,039,679</u>

	2023				
	Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Long-term investments					
Cash and cash equivalents	\$ 57,066	\$ 57,066	\$ -	\$ -	\$ -
Global futures	38,184	38,184	-	-	-
Developed markets equity	324,482	54,737	-	-	269,745
Emerging markets equity	60,703	11,945	-	-	48,758
Absolute return	238,398	-	-	-	238,398
Private equity	145,815	-	-	-	145,815
Venture capital	296,812	-	-	-	296,812
Real assets	39,797	-	-	-	39,797
Interest in gift annuities and trusts	38,085	15,623	-	22,462	-
Investments restricted for plant facilities	4,676	4,676	-	-	-
Interests in funds held in trust by others	19,140	-	-	19,140	-
	<u>\$ 1,263,158</u>	<u>\$ 182,231</u>	<u>\$ -</u>	<u>\$ 41,602</u>	<u>\$ 1,039,325</u>



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**Note 3. Fair Value of Assets and Liabilities (Continued)**

**Level 3 Reconciliation**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable inputs (Level 3):

	<u>Balance at June 30, 2023</u>	<u>Contributions</u>	<u>Withdrawals</u>	<u>Change in Fair Value</u>	<u>Balance at June 30, 2024</u>
Interest in gift annuities and trusts	\$ 22,462	\$ 1,593	\$ (1,533)	\$ 795	\$ 23,317
Interests in funds held in trust by others	19,140	1,597	-	-	20,737
	<u>\$ 41,602</u>	<u>\$ 3,190</u>	<u>\$ (1,533)</u>	<u>\$ 795</u>	<u>\$ 44,054</u>
	<u>\$ 41,602</u>	<u>\$ 3,190</u>	<u>\$ (1,533)</u>	<u>\$ 795</u>	<u>\$ 44,054</u>
	<u>Balance at June 30, 2022</u>	<u>Contributions</u>	<u>Withdrawals</u>	<u>Change in Fair Value</u>	<u>Balance at June 30, 2023</u>
Interest in gift annuities and trusts	\$ 22,506	\$ 1,618	\$ (2,253)	\$ 591	\$ 22,462
Interests in funds held in trust by others	18,168	(598)	-	1,570	19,140
	<u>\$ 40,674</u>	<u>\$ 1,020</u>	<u>\$ (2,253)</u>	<u>\$ 2,161</u>	<u>\$ 41,602</u>
	<u>\$ 40,674</u>	<u>\$ 1,020</u>	<u>\$ (2,253)</u>	<u>\$ 2,161</u>	<u>\$ 41,602</u>

**Note 4. Pledges Receivable**

Unconditional promises to give and bequests in probate are included in the financial statements as pledges receivable, and as revenue within the appropriate net asset category. Promises to give that are to be received after one year are recorded after discounting the present value of the future cash flows using an annual discount rate commensurate with the risks involved (7.0% for those promises established prior to June 30, 2014 and 5.0% post July 1, 2014). Pledges of \$103,198 and \$3,656, due within one year, that are restricted for long-term purposes have been classified as non-current pledges on the consolidated statements of financial position at June 30, 2024 and 2023, respectively.

Pledges receivable consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
In one year or less	\$ 112,869	\$ 10,198
Between one year and five years	5,566	4,416
Greater than five years	1,482	7,526
Less discount	<u>(4,040)</u>	<u>(3,888)</u>
	<u>\$ 115,877</u>	<u>\$ 18,252</u>
	<u>\$ 115,877</u>	<u>\$ 18,252</u>

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**Note 5. Student Loans, Net**

Student loans receivable are carried at face value, less an allowance for credit losses of \$953 and \$1,383 at June 30, 2024 and 2023, respectively. The interest rate on federal student loans is 5.0% for the years ended June 30, 2024 and 2023. Maturity dates range up to 10 years.

The College participates with the U.S. Department of Education in the Federal Perkins Loan Program for the purposes of granting low interest loans to students demonstrating financial need. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment and are to be repaid over a maximum of 10 years. Perkins funds are ultimately refundable to the U.S. Government to the extent funds are available from the program. Consequently, these funds are shown as a liability of \$1,028 and \$213 at June 30, 2024 and 2023, respectively. Under Federal law, the authority for schools to make new Perkins Loans ended on September 30, 2017, with the final loan disbursement permitted through June 30, 2018.

**Note 6. Line of Credit**

The College has a bank demand line of credit with a stated maturity of August 12, 2025, has a maximum principal amount of \$30,000, and accrues interest at the secured overnight financing rate (SOFR) plus 115 basis points (1.15%) and 10 basis points (0.10%) on the portion of the line that is not encumbered (6.58% and 6.34% at June 30, 2024 and 2023, respectively). At June 30, 2024 and 2023, there was no balance outstanding on the line.

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**Note 7. Bonds Payable**

Bonds payable consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Ohio Higher Educational Facility Commission:		
Revenue Bonds dated September 12, 2013, principal due on October 1, 2026 through 2038 in amounts ranging from \$910 to \$5,610 with an interest rate of 3.00% to 5.00%. These Revenue Bonds were refunded in July 2023 as a part of the 2023 Revenue Bonds issued.	\$ -	\$ 30,765
Revenue Bonds dated April 12, 2017, principal due on October 1, 2026 through 2047 in amounts ranging from \$855 to \$2,370 with an interest rate of 2.00% to 5.00%.	34,630	34,630
Revenue Bonds dated May 9, 2023, principal due on October 1, 2027 through 2053 in amounts ranging from \$890 to \$16,005 with an interest rate of 5.00%.	136,390	108,820
Revenue Bonds dated April 22, 2024, principal due on May 1, 2028 through 2054 in amounts ranging from \$750 to \$1,645 with an interest rate of 4.63%.	30,000	-
Others:		
Taxable Refunding Bonds dated August 1, 2019, principal due on August 1, 2049 in the amount of \$82,065, with an interest rate of 3.685%.	82,065	82,065
Taxable Refunding Bonds dated July 28, 2021, principal due on October 1, 2051 in the amount of \$110,975, with an average interest rate of 2.89%.	110,975	110,975
	<u>394,060</u>	<u>367,255</u>
Plus unamortized bond premium	17,762	15,500
Less unamortized bond discount and deferred financing costs	<u>(2,955)</u>	<u>(2,544)</u>
	<u>\$ 408,867</u>	<u>\$ 380,211</u>

In April 2024, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of \$30,000. The funds will be utilized to finance the final phases of the College's Sustainable Infrastructure Program. The College entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds. The Series 2024 Bond matures with a balloon payment due on May 1, 2054. The unamortized deferred issuance costs are \$194 at June 30, 2024.

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**Note 7. Bonds Payable (Continued)**

In May 2023 and July 2023, the Commission issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of \$136,390 plus a bond premium of \$15,501. The funds were utilized to finance the final phases of the College's Sustainable Infrastructure Program and the constructions of a new student housing facility and to refinance the principal of the Series 2013 Bond. The College entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds. The Series 2023 Bond matures with a balloon payment due on October 1, 2053. The unamortized bond premium is \$15,501 and \$11,763 and deferred financing costs are \$1,069 and \$547 at June 30, 2024 and 2023, respectively.

In July 2021, the College issued \$110,975 taxable refunding bonds to finance the first phase of the College's Sustainable Infrastructure Program, to refinance a portion of the principal of the Series 2013 and 2017 Bonds and terminate the interest rate swap agreement associated with a 2008 bond issuance. Payments due under the agreement represent the principal and interest due on the bonds, and repayment of the bonds is guaranteed by the College. The Series 2021 Bond matures with a balloon payment due on October 1, 2051. The unamortized bond discount is \$282 and \$292 and deferred financing costs are \$513 and \$531 at June 30, 2024 and 2023, respectively.

In August 2019, the College issued \$82,065 taxable refunding bonds to refinance the Series 2009 Bonds, the Series 2014A Bond and the Series 2014B Bond. Payments due under the agreement represent the principal and interest due on the bonds, and repayment of the bonds is guaranteed by the College. The Series 2019 Bond matures with a balloon payment due on August 1, 2049. The unamortized deferred financing costs are \$574 and \$597 at June 30, 2024 and 2023, respectively.

In April 2017, the Commission issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of \$39,765 plus a bond premium of \$3,455. A portion of these bonds (par value \$15,725) was used for an advance refunding of the outstanding principal of the October 2009 Revenue Bonds. The remaining funds were utilized to support campus capital improvement projects. The College entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds. As disclosed above, the College refinanced \$3,100 of the principal under a new 2021 bond issuance. The unamortized bond premium is \$2,261 and \$2,411 and unamortized deferred financing costs are \$323 and \$345 at June 30, 2024 and 2023, respectively.

In September 2013, the Commission issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of \$52,395 plus a bond premium of \$3,298. A portion of these bonds was used for a refunding of the outstanding principal of the September 2003 Revenue Bonds. The remaining funds were utilized to support construction of the athletics complex and capital improvement projects. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds. As disclosed above, the College refinanced \$10,875 of the principal under a new 2021 bond issuance. The unamortized bond premium was \$1,326 and unamortized deferred financing costs were \$232 at June 30, 2023.

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**Notes to Consolidated Financial Statements**  
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**Note 7. Bonds Payable (Continued)**

Aggregate annual principal payments required on debt as of June 30, 2024 are as follows by fiscal year:

2025	\$	-
2026		1,485
2027		1,560
2028		3,545
2029		3,660
Thereafter		<u>383,810</u>
	<u>\$</u>	<u>394,060</u>

**Note 8. Conditional Asset Retirement Obligations**

The College recognizes the costs associated with the retirement of assets, which primarily are for the future remediation and removal of asbestos from College-owned property. Such costs are not material to the College, given the dates of construction of its buildings. However, the College has recorded an accrual for these costs of approximately \$3,334 and \$3,235 at June 30, 2024 and 2023, respectively, within other non-current liabilities on the consolidated statements of financial position.

**Note 9. Postretirement Benefits**

The College sponsors an unfunded defined benefit postretirement health care plan that covers substantially all regular status employees. The plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Employees hired after June 30, 1996 become eligible to participate in the plan if they retire from the College after reaching age 52, with 10 years of service. The plan is contributory, with retiree contributions adjusted annually. In 2017, the College supplemented this existing plan with a non-contributory stipend plan, whereby retirees instead receive a retiree health stipend that is intended to be equivalent to the College's expected annual contribution to the existing plan, allowing our retirees to utilize the stipend to pay premiums toward another retiree healthcare insurance plan providing either more or less coverage. Effective January 2020, the College moved to an Employer Group Waiver Plan (EGWP) design for Medicare eligible retirees.

The accounting for these postretirement healthcare benefits at June 30, 2024 and 2023 anticipated future cost-sharing changes to the existing plan consistent with the College's estimated cost before considering the contribution.

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**Note 9. Postretirement Benefits (Continued)**

The weighted average assumptions used to determine net benefit obligation for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.45%	5.13%
Health care trend rates - (Pre-65)		
Trend for next year	6.70%	7.00%
Ultimate trend	4.50%	4.50%
Year ultimate trend reached	2034	2033
Health care trend rates - (Post-65)		
Trend for next year	9.00%	9.60%
Ultimate trend	4.50%	4.50%
Year ultimate trend reached	2034	2033
Measurement date	June 30, 2024	June 30, 2023

The effects of a one percent change in the assumed health care cost trend rate in each year are summarized in the following table. With the change in design effective January 1, 2022, changes in health care cost trend rates have an opposite effect on benefit obligation change than the prior design. The change will have a delayed effect on the change in service cost and interest cost since they are measured at the beginning of the year and benefit obligation is measured at the end of the year.

	<u>2024</u>	<u>2023</u>
Effect of an increase		
On benefit obligation, end of year	\$ 1,112	\$ 2,334
On service cost and interest cost for year	121	258
Effect of a decrease		
On benefit obligation, end of year	(1,088)	(1,971)
On service cost and interest cost for year	(113)	(211)

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**Note 9. Postretirement Benefits (Continued)**

The following table reflects the change in accrued postretirement health care cost liability for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 19,947	\$ 22,741
Service cost	680	717
Interest cost	992	1,030
Plan amendments	-	-
Actuarial gain	(1,250)	(2,953)
Benefits paid	<u>(387)</u>	<u>(1,588)</u>
Benefit obligation at end of year	<u>\$ 19,982</u>	<u>\$ 19,947</u>

In 2022, the mortality improvement scale used to calculate the benefit obligation for the College's defined benefit postretirement health care plan was updated to the MP-2021 mortality improvement scale from the MP-2020 mortality improvement scale used in 2021. The College believes that the updated mortality rates are the best estimate of future experience.

Net periodic postretirement health care cost for the years ended June 30, 2024 and 2023 included the following components:

	<u>2024</u>	<u>2023</u>
Net periodic postretirement benefit cost		
Service cost - benefits attributed to service during the period	\$ 680	\$ 717
Interest cost on accumulated postretirement benefit obligation	992	1,030
Net amortization and deferral	<u>221</u>	<u>221</u>
Net periodic postretirement benefit cost	<u>\$ 1,893</u>	<u>\$ 1,968</u>

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**Note 9. Postretirement Benefits (Continued)**

The estimated future benefit claims expected to be paid in each of the next ten fiscal years are:

	<u>Total Claims</u>	<u>Medicare Reimbursement</u>	<u>Net Claims</u>
2025	\$ 1,370	\$ -	\$ 1,370
2026	1,360	-	1,360
2027	1,428	-	1,428
2028	1,437	-	1,437
2029	1,504	-	1,504
2030-2034	8,820	-	8,820

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Assuming retiree contributions of 21% to the existing plan, the College expects to contribute \$1,370 toward expected net claims of \$1,910 in fiscal year 2024. Medicare reimbursements ceased, effective for claims under the plan design effective January 1, 2020.

**Note 10. Retirement Plan**

The College has a contributory defined contribution retirement plan with TIAA. The College makes contributions based on a percentage of an eligible employee's earnings. Contributions were \$6,165 and \$6,031 at June 30, 2024 and 2023, respectively.



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**Note 11. Net Assets With Donor Restrictions**

Net assets with donor restrictions are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Academic/administrative support	\$ 62,247	\$ 58,714
Plant facilities and equipment	24,918	23,675
Scholarship and prizes	5,772	4,971
Lectureships	1,702	1,575
Library operations/acquisitions	394	337
Funds held in trust	280	241
Professorships	484	244
Other	5,006	4,036
	<u>100,803</u>	<u>93,793</u>
Endowments, subject to spending policy and appropriation		
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	356,416	347,898
Accumulated endowment earnings	723,515	684,314
	<u>1,079,931</u>	<u>1,032,212</u>
Other net assets restricted in perpetuity		
Split-interest agreements	6,193	15,792
Student loan funds	5,414	7,121
Trusts held by others	20,737	19,140
Endowment contributions receivable	104,694	7,560
	<u>137,038</u>	<u>49,613</u>
Total net assets with donor restrictions	<u>\$ 1,317,772</u>	<u>\$ 1,175,618</u>

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**Note 11. Net Assets With Donor Restrictions (Continued)**

Endowments are restricted for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Academic/administrative support	\$ 491,885	\$ 471,845
Scholarship and prizes	403,610	384,935
Professorships	129,744	122,886
Plant facilities and equipment	25,693	24,686
Library operations/acquisitions	18,514	17,789
Lectureships	6,695	6,447
Endowment contributions receivable	104,694	7,560
Other	3,791	3,624
	<u>\$ 1,184,626</u>	<u>\$ 1,039,772</u>

***Net Assets Released from Restriction***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose or time restrictions		
Scholarship and prizes	\$ 19,350	\$ 17,318
Academic/administrative support	21,518	17,947
Professorships	5,389	4,720
Government grants	3,328	2,872
Plant facilities and equipment	1,650	1,523
Funds held in trust	861	908
Amortized contributions for long-lived assets	421	934
Other	15	20
Library operations/acquisitions	202	117
Lectureships	146	129
	<u>\$ 52,880</u>	<u>\$ 46,488</u>

**Oberlin College**  
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**Note 12. Endowment**

***Uniform Prudent Management of Institutional Funds Act***

The College has interpreted the 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 funds absent explicit donor stipulations to the contrary. Pooled endowment assets are comprised of Board-designated and donor restricted endowment funds.

The composition of net assets by type of endowed fund at June 30, 2024 and 2023, was:

	<b>June 30, 2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted	\$ -	\$ 1,079,443	\$ 1,079,443
Board-designated	191,022	-	191,022
<b>Total</b>	<b>\$ 191,022</b>	<b>\$ 1,079,443</b>	<b>\$ 1,270,465</b>
	<b>June 30, 2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted	\$ -	\$ 1,031,768	\$ 1,031,768
Board-designated	167,324	-	167,324
<b>Total</b>	<b>\$ 167,324</b>	<b>\$ 1,031,768</b>	<b>\$ 1,199,092</b>

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**Note 12. Endowment (Continued)**

The following table reflects the College's change in the general pooled endowment assets for the year ended:

	<b>June 30, 2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2023	\$ 167,324	\$ 1,031,768	\$ 1,199,092
Investment return			
Investment income, net	339	1,992	2,331
Net realized/unrealized gains	13,799	80,677	94,476
Total investment return	14,138	82,669	96,807
Contributions and transfers, net	16,979	8,385	25,364
Endowment distributions	(7,419)	(43,379)	(50,798)
Endowment net assets, June 30, 2024	<u>\$ 191,022</u>	<u>\$ 1,079,443</u>	<u>\$ 1,270,465</u>
	<b>June 30, 2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2022	\$ 168,940	\$ 1,014,282	\$ 1,183,222
Investment return			
Investment income, net	436	2,482	2,918
Net realized/unrealized gains	8,338	47,339	55,677
Total investment return	8,774	49,821	58,595
Contributions and transfers, net	(3,017)	8,893	5,876
Endowment distributions	(7,373)	(41,228)	(48,601)
Endowment net assets, June 30, 2023	<u>\$ 167,324</u>	<u>\$ 1,031,768</u>	<u>\$ 1,199,092</u>

## **Note 12. Endowment (Continued)**

### ***Endowment Investment and Spending Policy***

The College's endowment consists of donor restricted endowment funds and unrestricted board-designated or quasi endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associate with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College classifies as permanent endowments: (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 permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowments is classified as donor restricted in accordance with UPMIFA and donor stipulations. Also in accordance with the College's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

The College's investment policies are designed to ensure the achievement of a rate of return that adequately supports the College's mission while minimizing risk to the greatest extent possible. The College seeks to minimize downside volatility and other risks while maximizing returns. The objective is to achieve a total return that exceeds a weighted average of individual asset class benchmarks as defined. Oberlin College's Endowment Spending Policy is set by the College's Board of Trustees. The broad objectives of the Endowment Spending Policy are to increase the real value of the endowment, to provide a dependable stream of current earnings distribution from the endowment pool to the College, to release earnings at a rate sustainable over the long term, and to seek to provide predictability and stability of endowment spending essential for long range planning. The College's specific spending methodology involves applying a targeted long-term spending rate applied to the 36-month weighted average as adjusted by board-imposed spending collars and also by a maximum spending rate applied to current market value. The actual payout rate for each fiscal year is approved annually by the Board of Trustees.

On occasion, unfavorable market fluctuations cause the fair value of assets associated with individual donor restricted endowment funds to fall below the level that the donor requires the College to retain as a fund of perpetual duration or the historical value of the original gift. For the year ended June 30, 2024, deficiencies of this nature exist in 21 donor-restricted endowment funds, which together have an original gift value of \$9,178, a current fair value of \$8,726 and a deficiency of \$452. For the year ended June 30, 2023, deficiencies of this nature exist in 31 donor-restricted endowment funds, which together have an original gift value of \$11,440, a current fair value of \$10,614 and a deficiency of \$826. These deficiencies are reported in net assets with donor restrictions and resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain purposes that was deemed prudent by the Board of Trustees.

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**Note 13. Functional Expenses**

Expenses classified by natural and functional classification, for the year ended June 30, are summarized as follows:

	2024					
	<u>Instruction &amp; Research</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Auxiliary Enterprises</u>	<u>Total</u>
Operating expenses						
Salaries and benefits	\$ 63,838	\$ 10,351	\$ 13,466	\$ 18,263	\$ 2,820	\$ 108,738
Supplies and services	8,064	2,314	2,078	2,584	18,255	33,295
Building costs	1,648	901	508	1,601	12,059	16,717
Fees	3,544	2,822	1,499	4,678	1,405	13,948
Other	4,072	2,665	5,397	2,103	904	15,141
Interest	1,571	423	454	578	3,559	6,585
Depreciation	6,060	3,990	1,749	2,227	10,364	24,390
Total operating expenses	<u>\$ 88,797</u>	<u>\$ 23,466</u>	<u>\$ 25,151</u>	<u>\$ 32,034</u>	<u>\$ 49,366</u>	<u>\$ 218,814</u>
	<u>Research</u>	<u>Support</u>	<u>Services</u>	<u>Support</u>	<u>Enterprises</u>	<u>Total</u>
Operating expenses						
Salaries and benefits	\$ 62,199	\$ 10,236	\$ 12,183	\$ 18,502	\$ 2,406	\$ 105,526
Supplies and services	7,380	1,596	1,852	2,542	16,476	29,846
Building costs	1,499	574	469	1,209	10,597	14,348
Fees	2,741	2,385	1,715	6,438	2,408	15,687
Other	5,802	1,003	5,506	370	2,617	15,298
Interest	2,483	581	694	991	4,326	9,075
Depreciation	5,774	3,745	1,613	2,158	10,174	23,464
Total operating expenses	<u>\$ 87,878</u>	<u>\$ 20,120</u>	<u>\$ 24,032</u>	<u>\$ 32,210</u>	<u>\$ 49,004</u>	<u>\$ 213,244</u>

The costs of supporting various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Fundraising expenses of \$5,732 and \$5,225 are included in the functional expense category of institutional support at June 30, 2024 and 2023, respectively. The College charges all costs that are directly attributable to a specific functional area to those functional areas. Costs attributable to more than once function are allocated using a variety of cost allocation techniques, such as the functional use of various buildings and total building square footage.

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**Note 14. Liquidity and Availability**

The table below represents financial assets available for general expenditures within one year following June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year end		
Cash and cash equivalents	\$ 37,486	\$ 30,952
Restricted cash	83,545	128,469
Accounts receivable, net	1,988	1,445
Pledges receivable, net	115,877	18,252
Student loans, net	5,348	5,457
Investments	<u>1,340,667</u>	<u>1,263,158</u>
Total financial assets as of June 30,	<u>1,584,911</u>	<u>1,447,733</u>
Less amounts not available to meet cash needs for general expenditure within one year		
Contractual or donor restrictions:		
Restricted in perpetuity	493,454	397,511
Restricted cash	83,545	128,469
Accumulated endowment earnings	723,515	684,314
Restricted by time or purpose	100,803	93,793
Federal student loan funds	1,028	213
Board designated endowment funds	191,023	167,324
Board designated funds	<u>24,872</u>	<u>10,828</u>
Financial assets available to meet cash needs for general expenditures within one year	(33,329)	(34,719)
Liquidity resources		
Budgeted appropriation of endowment funds	52,036	50,864
Anticipated receipt of pledge payments for general operations	9,671	6,542
Line of credit	<u>30,000</u>	<u>30,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 58,378</u>	<u>\$ 52,687</u>

The College regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

## **Note 15. Revenue From Contracts With Students and Customers**

### ***Student Income Revenue***

Revenue from contracts with students for tuition and auxiliary services is reported at the amount that reflects the consideration to which the College expects to be entitled in exchange for providing instruction and housing, food, and other services. These amounts are due from students, third-party payers and others and are net of scholarships and institutional aid of \$103,143 and \$97,538 for the years ended June 30, 2024 and 2023, respectively.

Revenue is recognized as performance obligations are satisfied, which is primarily ratably over the academic term with the exception of certain meal plans that are recognized at a point in time. Generally, the College bills students prior to the beginning of the semester and payment for each semester's tuition and fees must be made prior to enrollment, unless other payment arrangements are made. The College does, in certain instances, provide financing to students that allow for payments in excess of one year; however, the financing component is not deemed to be significant.

If a student withdraws during the academic term, the student is refunded based on a defined refund schedule and how much of the semester has been completed. No refunds are awarded after five weeks of the semester has occurred. At year-end, there is no refund liability as the academic term is complete. Tuition and auxiliary services revenue are considered to be separate contracts.

### ***Transaction Price and Recognition***

The College determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the College's policies for granting certain merit based aid. The College determines its estimates of explicit price concessions based on its discount policies and merit awards.

From time to time the College will incur student credit balances and student deposits which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2024 and 2023, the College has a liability for refunds or deposits from students recorded of \$3,355 and \$3,538, respectively.

The College has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, students, governmental programs, and others) that have different reimbursement and payment methodologies
- Demographic and enrollment
- Institutional aid and federal and state aid program



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**Note 15. Revenue From Contracts With Students and Customers (Continued)**

***Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations***

Because all of its performance obligations relate to contracts with a duration of less than one year, the College has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction to students. The performance obligations for these contracts are generally completed when the academic term is completed. At June 30, 2024, there is no tuition revenue collected in fiscal year 2024 that is expected to be recognized in fiscal year 2025.

***Disaggregation of Revenue***

The composition of net student and customer revenue by segment for the years ended June 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Net tuition and fees	\$ 91,132	\$ 91,671
Room	26,209	25,000
Meal plan	22,814	22,380
Auxiliary services, other	4,556	4,351
Other sources	3,525	3,119
	<u>\$ 148,236</u>	<u>\$ 146,521</u>

The composition of revenue based on timing of revenue recognition for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Services transferred over time	\$ 117,341	\$ 116,671
Sales at point in time	30,895	29,850
	<u>\$ 148,236</u>	<u>\$ 146,521</u>

***Contract Balances***

The following table provides information about the College's receivables:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 1,445	\$ 2,082
Accounts receivable, end of year	1,988	1,445

## **Note 16. Commitments, Concentrations, and Contingencies**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations.

### ***Commitments***

The College has entered into contracts for the construction and renovation of certain facilities. Remaining contract payments total approximately \$71,695 at June 30, 2024.

### ***Concentrations***

Approximately 84% and 49% of all contributions were received from one donor and two donors for the years ended June 30, 2024 and 2023, respectively.

Approximately 83% of all pledges receivable were due from one donor at June 30, 2024. No such concentration existed at June 30, 2023.

### ***Contingencies***

The College is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets, and cash flows of the College. Events could occur that would change this estimate materially in the near term.

## **Note 17. Subsequent Events**

Subsequent events have been evaluated through December 17, 2024, which is the date the consolidated financial statements were issued.