

TRINITY COLLEGE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Trinity College
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Trinity College (the College) which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Report on Comparative Information

The College's June 30, 2022 financial statements were audited by other auditors who expressed unmodified audit opinions on the respective financial statements in their report dated October 27, 2022. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 26, 2023

TRINITY COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 30,183,801	\$ 34,767,535
Restricted Cash	1,000,000	1,000,000
Short-Term Investments	259,824	602,323
Loan Receivable	2,239,571	2,522,244
Receivables, Net of Allowance for Doubtful Accounts of \$636,650 and \$629,124, Respectively	726,217	1,882,840
Government Grants Receivable	483,335	822,598
Contributions Receivable, Net of Allowance for Doubtful Accounts of \$1,689,705 and \$3,123,308, Respectively	27,845,496	30,610,794
Student Loans Receivable, Net of Allowance for Doubtful Accounts of \$1,246,000 and \$1,349,000, Respectively	2,166,298	2,428,120
Investments, at Fair Value	783,612,879	772,983,570
Funds Held by Bond Trustee	24,714,602	28,533,849
Beneficial Interest in Funds Held in Trust by Others	31,168,998	29,829,275
Swap Agreement	1,033,304	427,404
Other Assets	1,419,288	1,356,165
Fixed Assets, Net of Accumulated Depreciation	259,925,962	254,508,036
	\$ 1,166,779,575	\$ 1,162,274,753
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 26,375,941	\$ 23,108,483
Government Advances for Student Loans	673,116	996,274
Accrued Postretirement Benefits	1,319,092	2,141,711
Split-Interest Obligations	3,815,411	3,964,881
Bonds and Notes Payable	150,610,982	154,272,778
Asset Retirement Obligation	35,578,251	36,171,775
Total Liabilities	218,372,793	220,655,902
NET ASSETS		
Without Donor Restrictions	116,058,943	117,584,768
With Donor Restrictions	832,347,839	824,034,083
Total Net Assets	948,406,782	941,618,851
Total Liabilities and Net Assets	\$ 1,166,779,575	\$ 1,162,274,753

See accompanying Notes to Financial Statements.

**TRINITY COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER SUPPORT			
Tuition, Fees, Room, and Board, Net of Financial Aid of \$74,230,861	\$ 91,598,797	\$ -	\$ 91,598,797
Federal and State Grants	2,336,426	-	2,336,426
Contributions	7,815,542	9,124,299	16,939,841
Endowment Income Distribution	515,894	34,011,762	34,527,656
Net Gains (Losses) on Investments	(313,867)	5,734	(308,133)
Other Investment Income	2,744,935	54,073	2,799,008
Other Changes	4,085,147	130,967	4,216,114
Revenues of Auxiliary Enterprises	5,995,513	-	5,995,513
Net Assets Released from Restrictions	47,038,923	(47,038,923)	-
Total Operating Revenues and Other Support	<u>161,817,310</u>	<u>(3,712,088)</u>	<u>158,105,222</u>
EXPENSES			
Salaries and Wages	56,576,869	-	56,576,869
Benefits	16,893,071	-	16,893,071
Room, Board, and Food	13,898,481	-	13,898,481
Contracted Services	15,779,248	-	15,779,248
Program Costs	10,146,808	-	10,146,808
Depreciation	14,446,760	-	14,446,760
Other	36,396,620	-	36,396,620
Total Expenses	<u>164,137,857</u>	<u>-</u>	<u>164,137,857</u>
OTHER CHANGES IN NET ASSETS			
Postretirement Benefits Gain	621,827	-	621,827
Interest Rate Swap Gain	605,899	-	605,899
Operating and Other Fund Transfers	408,476	(408,476)	-
Transfers Endowment and Related	11,782	-	11,782
Total Other Changes in Net Assets	<u>1,647,984</u>	<u>(408,476)</u>	<u>1,239,508</u>
DECREASE IN OPERATING AND OTHER NET ASSETS	(672,563)	(4,120,564)	(4,793,127)
ENDOWMENT AND SIMILAR NET ASSETS			
Return on Endowment and Other Long-Term Investments	464,105	35,719,647	36,183,752
Amount Distributed for Spending	(515,894)	(34,011,762)	(34,527,656)
Net Investment Gain (Loss) and Amounts Distributed for Spending	(51,789)	1,707,885	1,656,096
Contributions	45,954	6,950,114	6,996,068
Change in Value of Funds Held in Trust	41,081	2,899,595	2,940,676
Operating and Other Fund Transfers	(876,726)	876,726	-
Transfers Endowment and Related	(11,782)	-	(11,782)
Total Other Endowment Changes	<u>(801,473)</u>	<u>10,726,435</u>	<u>9,924,962</u>
Increase (Decrease) in Endowment and Similar Net Assets	<u>(853,262)</u>	<u>12,434,320</u>	<u>11,581,058</u>
CHANGE IN NET ASSETS	(1,525,825)	8,313,756	6,787,931
Net Assets - Beginning of Year	<u>117,584,768</u>	<u>824,034,083</u>	<u>941,618,851</u>
NET ASSETS - END OF YEAR	<u>\$ 116,058,943</u>	<u>\$ 832,347,839</u>	<u>\$ 948,406,782</u>

See accompanying Notes to Financial Statements.

**TRINITY COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER SUPPORT			
Tuition, Fees, Room, and Board, Net of Financial Aid of \$65,066,880	\$ 93,468,241	\$ -	\$ 93,468,241
Federal and State Grants	3,505,064	-	3,505,064
Contributions	7,690,251	7,601,068	15,291,319
Endowment Income Distribution	423,739	31,568,410	31,992,149
Net Gains (Losses) on Investments	351	(152,381)	(152,030)
Other Investment Income	715,755	89,972	805,727
Other Changes	4,229,624	89,810	4,319,434
Revenues of Auxiliary Enterprises	2,741,187	-	2,741,187
Net Assets Released from Restrictions	40,763,111	(40,763,111)	-
Total Operating Revenues and Other Support	<u>153,537,323</u>	<u>(1,566,232)</u>	<u>151,971,091</u>
EXPENSES			
Salaries and Wages	55,355,769	-	55,355,769
Benefits	16,323,981	-	16,323,981
Room, Board, and Food	12,574,720	-	12,574,720
Contracted Services	14,748,576	-	14,748,576
Program Costs	8,509,961	-	8,509,961
Depreciation	14,477,048	-	14,477,048
Other	36,494,527	-	36,494,527
Total Expenses	<u>158,484,582</u>	<u>-</u>	<u>158,484,582</u>
OTHER CHANGES IN NET ASSETS			
Cost of Defeasance Chefa Q	(109,588)	-	(109,588)
Postretirement Benefits Gain	333,016	-	333,016
Interest Rate Swap Gain	2,781,124	-	2,781,124
Operating and Other Fund Transfers	248,020	(248,020)	-
Transfers Endowment and Related	(4,091,049)	-	(4,091,049)
Total Other Changes in Net Assets	<u>(838,477)</u>	<u>(248,020)</u>	<u>(1,086,497)</u>
DECREASE IN OPERATING AND OTHER NET ASSETS	(5,785,736)	(1,814,252)	(7,599,988)
ENDOWMENT AND SIMILAR NET ASSETS			
Return on Endowment and Other Long-Term Investments	(601,271)	16,773,989	16,172,718
Amount Distributed for Spending	(423,739)	(31,568,410)	(31,992,149)
Net Investment Loss and Amounts Distributed for Spending	<u>(1,025,010)</u>	<u>(14,794,421)</u>	<u>(15,819,431)</u>
Contributions	326,315	15,536,397	15,862,712
Change in Value of Funds Held in Trust	252,012	(4,547,196)	(4,295,184)
Operating and Other Fund Transfers	4,221,830	(4,221,830)	-
Transfers Endowment and Related	4,091,049	-	4,091,049
Total Other Endowment Changes	<u>8,891,206</u>	<u>6,767,371</u>	<u>15,658,577</u>
Increase (Decrease) in Endowment and Similar Net Assets	<u>7,866,196</u>	<u>(8,027,050)</u>	<u>(160,854)</u>
CHANGE IN NET ASSETS	2,080,460	(9,841,302)	(7,760,842)
Net Assets - Beginning of Year	<u>115,504,308</u>	<u>833,875,385</u>	<u>949,379,693</u>
NET ASSETS - END OF YEAR	<u>\$ 117,584,768</u>	<u>\$ 824,034,083</u>	<u>\$ 941,618,851</u>

See accompanying Notes to Financial Statements.

**TRINITY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,787,931	\$ (7,760,842)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation, Amortization, and Accretion	12,092,350	14,746,627
Change in Swap Valuation	(605,899)	(2,781,124)
Realized and Unrealized Gains on Investments	(45,003,996)	(18,375,647)
Provision for Student Loans Receivables	(103,000)	156,000
Provision for Contributions Receivable	(1,433,602)	(234,692)
Contributions Receivable Discount	(276,003)	989,958
Donated Securities	(3,330,569)	(3,578,386)
Proceeds from Donated Securities	1,515,336	1,622,770
Student Loans Written Off	100,799	5,395
Contributions Restricted for Long-Term Investments, Net	(6,364,283)	(11,762,854)
Postretirement Related Changes Other than Net Periodic Cost	(621,827)	(333,016)
(Increase) Decrease in Operating Assets:		
Receivables and Other Assets	1,715,436	9,291,674
Contributions Receivable	4,474,903	(4,467,385)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Other Liabilities	3,171,021	(1,182,049)
Government Advances for Student Loans	(323,158)	(268,363)
Accrued Postretirement Benefits	(200,792)	(139,623)
Net Cash Used by Operating Activities	(28,405,353)	(24,071,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Student Loans Granted	(231,057)	(149,964)
Student Loans Repaid	495,080	691,539
Purchase of Fixed Assets	(19,201,243)	(13,630,227)
Purchases of Investments	(550,562,548)	(467,327,939)
Sales of Investments	582,146,031	489,798,261
Change in Short-Term Investments, Net	342,499	(293,387)
Net Cash Provided by Investing Activities	12,988,762	9,088,283
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investments, Net	6,364,283	11,762,854
Proceeds Restricted for Long Term Purpose	1,815,233	1,955,616
Change in Value of Split-Interest Obligations	(149,470)	(605,709)
Change in the Funds Held in Trust by Others	1,451,481	1,244,778
Proceeds from Bond Issuance	-	50,145,000
Proceeds from Premium on Bond Issuance	-	11,705,879
Repayments of Bonds and Notes	(2,467,917)	(34,317,917)
Payments on Bond Issuance Costs	-	(688,518)
Net Cash Provided by Financing Activities	7,013,610	41,201,983

See accompanying Notes to Financial Statements.

**TRINITY COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ (8,402,981)	\$ 26,218,709
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>64,301,384</u>	<u>38,082,675</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 55,898,403</u>	<u>\$ 64,301,384</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Additions to Fixed Assets Financed through Accounts Payable	<u>\$ 361,481</u>	<u>\$ 265,156</u>
Contributed Securities	<u>\$ 3,330,569</u>	<u>\$ 3,578,386</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 5,351,533</u>	<u>\$ 5,027,127</u>

See accompanying Notes to Financial Statements.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Trinity College (the College) is a private, nonprofit institution of higher education located in Hartford, Connecticut. The College also operates undergraduate programs internationally. The College provides educational services primarily for students at the undergraduate and graduate levels and performs some research under grants with agencies of the federal government and other sponsoring organizations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (GAAP).

The financial statements are also prepared following the provisions of the American Institute of Certified Public Accountants' *Audit and Accounting Guide: Not-for-Profit Entities* and Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. This guide requires the allocation of depreciation, operation, and maintenance of plant and interest expense to functional categories. The College follows the provisions of accounting guidance for revenue recognition for nonprofit entities for contributions received and contributions made and presentation of financial statements of nonprofit entities. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Brief definitions of the two classes of net assets are presented below.

Operations

The financial statements reflect all activities of the College, except those specifically related to the endowment funds, as operations.

Revenue

The College records student related revenue within the fiscal year in which services are provided. Institutional aid, in the form of scholarships and grants, includes amounts funded by the College's operations, endowments, and gifts, and reduce the published price of tuition and fees, dorms, and meal plans for students. Cash payments to students in excess of published prices are reported as student aid and fellowships expense in the statement of activities.

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (Continued)

The College has identified performance obligations of tuition and fees, room and board. The College considers tuition, room and board as one bundled contract under ASC 606. The College is a residential community with the large majority of students living in campus housing and dining in campus facilities. Tuition is charged per semester and is the same for all students. Tuition, room and board are fully earned by June 30. Financial aid is calculated based on total cost of attendance. Student related revenue and institutional aid by performance obligations are as follows:

	2023			
	Tuition and Fees	Room	Board	Total
Charges	\$ 140,302,048	\$ 15,310,234	\$ 10,217,376	\$ 165,829,658
Allocation of Financial Aid	(62,803,855)	(6,853,369)	(4,573,637)	(74,230,861)
Total Net Student Charges	\$ 77,498,193	\$ 8,456,865	\$ 5,643,739	\$ 91,598,797
	2022			
	Tuition and Fees	Room	Board	Total
Charges	\$ 133,840,881	\$ 15,070,457	\$ 9,623,783	\$ 158,535,121
Allocation of Financial Aid	(54,931,731)	(6,185,302)	(3,949,847)	(65,066,880)
Total Net Student Charges	\$ 78,909,150	\$ 8,885,155	\$ 5,673,936	\$ 93,468,241

Net Assets Without Donor Restrictions – Net assets derived from tuition and other institutional resources that are not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Net assets without donor restrictions include investment in plant and the appreciation on funds functioning as endowment.

Net Assets With Donor Restrictions – Net assets that are subject to explicit donor-imposed restrictions by the College. These restricted net assets were formerly split between temporarily restricted and permanently restricted net assets and are now combined and renamed as net assets with donor restrictions. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets. Other types of restricted net assets whose restricted status may expire due to the passage of time or the incurrence of expenditures that fulfill the restrictions are also included in net assets with donor restrictions.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets either because the donor-imposed purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Restricted revenues for which the restriction is met in the current period are reported as revenues without donor restrictions.

Fair Value Measurements

The College follows the accounting guidance for fair value measurements and disclosures that defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined under this guidance as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting guidance for fair value measurements and disclosures establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under this guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the College for its financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, 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 same type of assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The College follows guidance related to the fair value measurements and disclosures standard for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with GAAP. As a practical expedient, the College is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the College expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The College's investments in private equity, real estate and hedge funds are fair valued based on the most current NAV received.

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The College has assessed factors including, but not limited to, managers compliance with fair value measurements and disclosure standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

Cash and Cash Equivalents

Cash and cash equivalents include U.S. Treasury notes, money market funds and similar temporary investments with original maturities of three months or less. Included in these amounts are cash received for capital campaign and endowment contributions awaiting further disposition. Cash equivalents awaiting investment in the endowment are reported as investments totaling \$36,341,612 and \$31,749,192 at June 30, 2023 and 2022, respectively. Based on the nature of these cash equivalents, it is the College's policy to consider these as investments.

The College maintains checking accounts which principally consist of cash and at times are in excess of the financial institution's insurance limits. The College invests available cash with high credit quality institutions. It is the College's policy to monitor the financial strength of these institutions on an ongoing basis. Based on the nature of these cash equivalents, it is the College's policy to consider these as investments.

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sums to amounts shown in the statement of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 30,183,801	\$ 34,767,535
Restricted Cash	1,000,000	1,000,000
Funds Held with Bond Trustee	<u>24,714,602</u>	<u>28,533,849</u>
Total Cash, Cash Equivalents, and Restricted		
Cash Shown in Statement of Cash Flows	<u>\$ 55,898,403</u>	<u>\$ 64,301,384</u>

Amounts included in cash, cash equivalents, and restricted cash include tax-exempt bonds proceeds of \$24,714,602 and \$28,533,849 for the years ended June 30, 2023 and 2022, respectively. The tax-exempt bond proceeds are deposited with a trustee and consist of \$24,092,543 in unspent construction fund proceeds and \$622,059 that will be used to pay bond debt obligations. The College also has \$1,000,000 of other funds that are required to be maintained on deposit with a lending institution pursuant to Series N financing and interest rate swap agreement described in Note 9.

Restricted Cash

The amount presented as Restricted Cash represents the amount required to be maintained on deposit with a lending institution pursuant to the Series N financing and interest rate swap agreement described in Note 9.

Short-Term Investments

Short-term investments include certificates of deposit, bonds, and other investments with original maturities of greater than three months, but which are highly liquid and are used for operating purposes.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made. Donor restricted contributions whose restrictions are not satisfied in the year received are reflected in Net Assets with Donor Restrictions when received and released from restriction when the related expense is incurred. Contributions of assets other than cash are recorded at their estimated fair value.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. Unexpended resources received from the federal government, totaling \$1.2 million as of June 30, 2023, are considered nonexchange transactions and include a barrier and a right of return. As such, these conditional promises to give are not recognized as revenues until the College expends the resources.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as Net Assets With Donor Restrictions. Contributions received that are awaiting designation by the donor are reported as Net Assets With Donor Restrictions.

Credit Losses

The College records an allowance for doubtful accounts (credit losses) for long term receivables including Perkins loans and other student loans. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment, the level of delinquent loans, review of the default rate by category in comparison to prior years, the value of any collateral and, where, applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on actual results. The College's Perkins loans receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the Federal Government in certain nonrepayment situations. In these situations, the Federal portion of the loan balance is guaranteed. Management believes that the allowance for credit losses at June 30, 2023 and 2022 is adequate to absorb credit losses inherent in the portfolio as of that date.

Investments

Investments are recorded at fair value. The value of publicly traded fixed income and equity securities is based upon quoted market prices. Private equities and certain other nonmarketable securities are valued using current information obtained from the general partner or investment manager for the respective funds. Fair values for investments held through certain limited partnerships are estimated by the respective external investment managers if market values are not readily ascertainable. Purchased investments are initially recorded at cost as of the trade date and donated investments at fair market value at the date of receipt. Gains or losses that result from market fluctuations are recognized in the period in which the fluctuations occur.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The College holds interests in certain limited partnerships which invest in securities at the sole discretion of the general partners. The partnerships hold, among other investments, debt and/or equity securities of troubled or restructured companies. These partnerships may also enter into transactions in financial futures, foreign exchange options, forward currency contracts (which are used for hedging and non-hedging purposes), securities purchased under agreements to resell, and securities sold under agreements to repurchase.

The College owns certain pieces of real estate which are recorded at fair value. Fair values of these properties are evaluated annually by the College by obtaining property appraisals from local independent appraisers.

Split-Interest Agreements and Beneficial Interest in Funds Held in Trust by Others

The College's split-interest agreements with donors consist primarily of charitable gift annuities, pooled life income funds, and irrevocable charitable remainder trusts. These agreements are created when a donor contributes assets to a non-profit organization and the organization is not the only beneficiary of the assets donated. All the College's split-interest agreements stipulate that the donor, or designee will receive a fixed payment every year for either a fixed number of years or for the remaining life of the donor, or designee. Those for which the College serves as trustee are recorded in the investments line item of the statements of financial position of the College. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective trust agreements. Fund values were \$6,499,304 and \$6,484,410, which includes \$410,130 and \$432,590 in distributions to designated beneficiaries, for fiscal years 2023 and 2022, respectively. Trust termination proceeds of \$39,670 and \$35,469 were distributed to the College in 2023 and 2022, respectively.

The College is also the beneficiary of a number of charitable remainder trusts and perpetual trusts for which unrelated third parties serve as trustees, which are recorded as beneficial interests in funds held in trust by others.

Contribution revenues for irrevocable charitable gift annuities and charitable remainder trusts are recognized at fair value at the dates the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. For pooled income funds, contribution revenue is recognized upon establishment of the agreement at the fair value of the estimated future receipts, discounted for the estimated time period to complete the agreement. Discount rates used to calculate the present value of split interest agreements range from approximately 2.5% to 9.0%. Contribution revenue for perpetual trusts is recognized at the time the College is informed of the trust and has sufficient information to record the assets and liability.

The College is aware of certain split interest arrangements in which it has been named as beneficiary. The College has adopted a policy that until such amounts are estimable and under its control, these amounts are not recognized in the financial statements.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consist of prepaid expenses and inventories which are categorized as such within other assets in the financial statements.

Fixed Assets

Fixed assets are comprised primarily of land and land improvements buildings, equipment and capitalized software costs, which are recorded at cost or fair market value for gifts, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (20 to 40 years), land improvements (30 years), equipment (5 to 10 years), and capitalized software costs (5 years). The College capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to land improvements and building accounts and amortized over the lives of the related assets. The cost and related accumulated depreciation of fixed assets are removed from the records at the time of disposal.

Collections

Library and art collections are included in fixed assets if the fair value can be readily determined. Contributed collection items are not reflected in the financial statements unless a fair value can be readily determined. Proceeds from the sale of unrecorded collection items or insurance recoveries are reflected as increases in the appropriate net asset class.

Asset Retirement Obligations

An asset retirement obligation (ARO) is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and changes to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

Tax Status

The College has a letter of exemption from federal income tax from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and therefore has incurred no income tax expense related to the activities of the College.

The Tax Cuts and Jobs Act (the Act) was enacted on December 22, 2017. The Act impacts the College in several ways, including increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further the Act reduces the U.S. federal corporate tax rate and the UBTI rate from 35% to 21%. Each year the College continues to evaluate if the Act would result in any excise tax.

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of certain investments, collectability of gifts, contributions receivable, student loans receivable and accounts receivable, estimated useful lives of fixed assets, the assumptions used in calculating of the postretirement benefit plan, and asset retirement obligations.

Risks and Uncertainties

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in values of such investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Subsequent Events

Management has evaluated subsequent events through October 26, 2023, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30 consist of:

	Market Value	
	2023	2022
Endowment Funds:		
Cash and Short-Term Investments	\$ 36,341,612	\$ 31,749,204
Fixed Income	114,973,753	91,472,490
Domestic Equity	195,177,180	200,911,088
Private Equity	284,015,949	282,780,830
Real Estate	56,917,867	59,796,354
Hedge Funds Absolute Return:		
Domestic Equities	34,130,981	33,942,358
Global Equities	61,279,018	71,586,388
Total Endowment Funds	<u>782,836,360</u>	<u>772,238,712</u>
Other Funds:		
Domestic and Global Equities	573,643	537,982
Real Estate	<u>202,876</u>	<u>206,876</u>
Total Other Funds	<u>776,519</u>	<u>744,858</u>
Total Investments	<u><u>\$ 783,612,879</u></u>	<u><u>\$ 772,983,570</u></u>

At June 30, 2023, the College is obligated to fund \$138,662,353 for future additional contributions to certain limited partnerships. This obligation will be funded by the reallocation of investments future earnings, new contributions or available cash.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 INVESTMENTS (CONTINUED)

A summary of the College's investment return is presented below:

	2023	2022
Endowment and Other Long-Term Investments:		
Investment Income	\$ 6,943,696	\$ 5,093,440
Other Changes	(1,208,145)	(942,796)
Net Realized and Change in Unrealized Gains, Net of Investment Management Fees and Other Costs	<u>30,448,201</u>	<u>12,022,074</u>
Return on Endowment and Other Long-Term Investments	36,183,752	16,172,718
Operating Investments:		
Investment Income	2,799,008	805,727
Net Realized and Change in Unrealized (Losses)	<u>(308,133)</u>	<u>(152,030)</u>
Return on Operating Investments	<u>2,490,875</u>	<u>653,697</u>
Total Return on Investments	<u><u>\$ 38,674,627</u></u>	<u><u>\$ 16,826,415</u></u>

The following table presents the financial instruments carried at fair value as of June 30, 2023 and 2022 by caption on the statements of financial position by the fair value measurements and disclosures valuation hierarchy defined in Note 1.

	2023			Net Asset Value	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Investments:					
Cash and Short-Term Investments	\$ 36,341,612	\$ -	\$ -	\$ -	\$ 36,341,612
Fixed Income	27,353,193	-	-	87,620,561	114,973,754
Domestic and Global Equities	5,956,382	-	-	189,794,441	195,750,823
Private Equity	-	-	-	284,015,948	284,015,948
Real Estate	974,098	-	4,657,000	51,370,389	57,001,487
Hedge Funds Absolute Return	-	-	-	95,409,999	95,409,999
Other	-	-	119,256	-	119,256
Total Investments	<u>70,625,285</u>	<u>-</u>	<u>4,776,256</u>	<u>708,211,338</u>	<u>783,612,879</u>
Beneficial Interests Held by Third Parties	-	-	510,703	-	510,703
Perpetual Trusts Held by Third Parties	-	-	30,658,295	-	30,658,295
Total Assets	<u><u>\$ 70,625,285</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,945,254</u></u>	<u><u>\$ 708,211,338</u></u>	<u><u>\$ 814,781,877</u></u>
	2022			Net Asset Value	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Investments:					
Cash and Short-Term Investments	\$ 31,749,204	\$ -	\$ -	\$ -	\$ 31,749,204
Fixed Income	31,645,979	-	-	59,826,511	91,472,490
Domestic and Global Equities	5,634,289	-	-	195,814,780	201,449,069
Private Equity	-	-	-	282,780,830	282,780,830
Real Estate	1,020,904	-	4,667,000	54,196,070	59,883,974
Hedge Funds Absolute Return	-	-	-	105,528,747	105,528,747
Other	-	-	119,256	-	119,256
Total Investments	<u>70,050,376</u>	<u>-</u>	<u>4,786,256</u>	<u>698,146,938</u>	<u>772,983,570</u>
Beneficial Interests Held by Third Parties	-	-	483,791	-	483,791
Perpetual Trusts Held by Third Parties	-	-	29,345,484	-	29,345,484
Total Assets	<u><u>\$ 70,050,376</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,615,531</u></u>	<u><u>\$ 698,146,938</u></u>	<u><u>\$ 802,812,845</u></u>

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 INVESTMENTS (CONTINUED)

Following is a description of the College's valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based on quoted prices in active markets that the College has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The College does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3, is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values. The College performs ongoing due diligence with the investment managers that include evaluation of manager operations and valuation procedures, site visits, investor calls, review of manager filings and audited financial statements among other items. The College's Investment Committee and the Board of Trustees monitors performance of the investment managers and meets formally with the managers on a periodic basis in addition to the ongoing due diligence performed by College investment staff.

There were no material transfers between any levels during the year ended June 30, 2023.

Investments included in net asset value (NAV) primarily consist of the College's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the net assets of the respective partnership. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, market comparable calculations, income approaches such as discounted cash flows, or other estimates that require varying degrees of judgment. The College and its investment advisor have performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30, 2023 and 2022.

Beneficial and perpetual trusts held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreements.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 INVESTMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a roll-forward of the statements of financial position amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined above:

	Real Estate	Other	Total Investments	Beneficial Interests Held by Third Party	Perpetual Trusts Held by Third Party
Fair Value - June 30, 2022	\$ 4,667,000	\$ 119,256	\$ 4,786,256	\$ 483,791	\$ 29,345,484
Realized and Unrealized Gains (Losses)	(10,000)	-	(10,000)	26,912	2,764,292
Net Purchases, Sales, and Settlements	-	-	-	-	(1,451,481)
Fair Value - June 30, 2023	<u>\$ 4,657,000</u>	<u>\$ 119,256</u>	<u>\$ 4,776,256</u>	<u>\$ 510,703</u>	<u>\$ 30,658,295</u>

Accumulated unrealized gains for assets classified within Level 3 as of June 30, 2023 and 2022, are \$2,462,487 and \$2,472,487, respectively.

The information provided in the table below has been disaggregated based upon sub-strategy of the investments. Available redemption data and uncalled commitments are listed as follows:

Category	Fair Value	Unfunded Commitments	Lockup	Inside/ Outside of Lockup	Redemption Frequency (if Eligible)	Redemption Notice
Diversifying:						
Diversifying Strategies	\$ 95,229,140	\$ -	None to 2 Years	Inside	Monthly to Annual	3 to 180 Days
Long-Short	180,859	-	None to 2 Years	N/A	N/A	N/A
Total Diversifying	<u>95,409,999</u>	<u>-</u>				
Global Equity:						
Global Equity Strategies	189,104,263	-	None	N/A	N/A to Annual	None to 95 Days
Fund of Funds	253,961,166	47,035,400	None	N/A	N/A	None
Buyout	30,054,782	36,447,788	None	N/A	N/A	None
Total Global Equity	<u>473,120,211</u>	<u>83,483,188</u>				
Real Assets:						
Real Asset Strategies	8,550,960	-	None	N/A	Daily to Quarterly	None to 120 Days
Private Real Assets	42,819,430	26,539,399	None	N/A	N/A	None
Total Real Assets	<u>51,370,390</u>	<u>26,539,399</u>				
Fixed Income:						
Core Bonds	25,583,687	-	None	N/A	Daily	2 Business Days
Credit	22,765,530	-	None	N/A	Daily	N/A
U.S. Treasuries	31,324,010	-	None	N/A	Daily	1 Business Day
Private Credit	32,929,652	28,639,766	None	N/A	N/A	None
Private Fixed Income	-	-	None	N/A	N/A	None
Cash and Short-Term Investments	36,341,612	-	None	N/A	N/A	None
Total Fixed Income	<u>148,944,491</u>	<u>28,639,766</u>				
Total	<u>\$ 768,845,091</u>	<u>\$ 138,662,353</u>				

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 LIQUIDITY

The College regularly monitors the availability of resources required to meet its general operating expenditures.

As of June 30, 2023 and 2022 financial assets and liquidity resources available within one year for general expenditure, such as operating expense, interest and principal payments, and capital renewal programs were available as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End	\$ 904,401,022	\$ 905,983,146
Less: Contractual or Donor-Imposed Restrictions:		
Restricted Funds	(22,165,007)	(22,617,026)
Contributions Receivable in More than One Year	(12,738,822)	(15,083,437)
Investments With Donor-Imposed Restrictions	(34,903,829)	(37,700,463)
Restricted Investments	(748,038,697)	(737,761,228)
Endowment Distribution Approved by the Board for Spending	36,859,171	34,537,742
Investments Held in Trust	(31,168,998)	(29,829,275)
Funds Held by Bond Trustee	<u>(24,714,602)</u>	<u>(28,533,849)</u>
Total Financial Assets Available for Operating Expenses	<u>\$ 67,530,238</u>	<u>\$ 68,995,610</u>

To manage liquidity, the college maintains \$10 million in lines of credit that are drawn upon as needed.

NOTE 4 ENDOWMENT FUNDS

Principal balances at June 30 were as follows:

	<u>Fair Value</u>	
	<u>2023</u>	<u>2022</u>
Endowment Funds Held by Trinity	\$ 760,658,488	\$ 750,806,495
Funds Held in Trust by Others	30,658,295	29,345,484
Pledges Outstanding	<u>16,117,495</u>	<u>15,824,358</u>
Total	<u>\$ 807,434,278</u>	<u>\$ 795,976,337</u>

The College's endowment consists of over 1,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds without donor restrictions. As required by GAAP, net assets associated with endowment funds, including funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Restricted endowment net assets include accumulated appreciation on donor-restricted endowment funds, as well as donor-restricted, spendable gifts designated by the Board or management for long-term support of the College. Also included in restricted net assets are funds designated by donors to be invested in perpetuity to provide a permanent source of income.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT FUNDS (CONTINUED)

The College follows the accounting guidance for presentation of financial statements of nonprofit entities, which requires net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds, which establishes guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted UPMIFA. The accounting guidance requires nonprofit entities subject to an enacted version of UPMIFA to classify the portion of the endowment fund as restricted net assets (time-restricted) until appropriated for expenditure by the organization.

Interpretation of Relevant Law

The trustees of the College interpret the UPMIFA of the State of Connecticut, 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 stipulation to the contrary.

As a result of this interpretation, the College classifies as net assets with donor restrictions (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. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purpose of the College and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the College, and
- The investment policies of the College.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the College to retain as a fund of perpetual duration. These deficiencies would be the result of unfavorable market fluctuations that occur after the investment of new restricted contributions and appropriation for certain programs that are deemed prudent by the Board of Trustees. There were deficiencies of this nature of \$0 and \$72,827 in fiscal 2023 and 2022, respectively.

In 2022, the College received an endowment gift from a donor with the stipulation that fund be drawn to zero evenly over a fifteen-year period. Due to the unique nature of this gift and the spending policy as directed by the donor, the value of this gift will not be included in the underwater endowment total.

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 ENDOWMENT FUNDS (CONTINUED)

Funds with Deficiencies (Continued)

In accordance with the terms of donor gift instruments, the College is permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair market value of the original amount of the gift. Subsequent gains above that amount are recorded to net assets with donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ 1,240,446	\$ 761,583,537	\$ 762,823,983
Funds Functioning as Endowment Funds	14,135,279	30,475,016	44,610,295
Total Funds	<u>\$ 15,375,725</u>	<u>\$ 792,058,553</u>	<u>\$ 807,434,278</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - June 30, 2022	\$ 15,059,051	\$ 780,917,286	\$ 795,976,337
Investment Income and Loss, Net of Fees	803,020	38,923,622	39,726,642
Contributions	45,954	6,935,114	6,981,068
Appropriation of Endowment Assets for Expenditure	(515,894)	(34,011,763)	(34,527,657)
Other Changes, Transfers, and Releases from Restriction	(16,406)	(705,706)	(722,112)
Endowment Net Assets - June 30, 2023	<u>\$ 15,375,725</u>	<u>\$ 792,058,553</u>	<u>\$ 807,434,278</u>

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ 1,163,502	\$ 750,435,254	\$ 751,598,756
Funds Functioning as Endowment Funds	13,895,549	30,482,032	44,377,581
Total Funds	<u>\$ 15,059,051</u>	<u>\$ 780,917,286</u>	<u>\$ 795,976,337</u>

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 ENDOWMENT FUNDS (CONTINUED)

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2021	\$ 7,000,125	\$ 788,206,832	\$ 795,206,957
Investment Income and Loss, Net of			
Fees	159,206	13,073,093	13,232,299
Contributions	326,315	15,526,397	15,852,712
Appropriation of Endowment Assets for Expenditure	(423,739)	(31,568,411)	(31,992,150)
Other Changes, Transfers, and Releases from Restriction	7,997,144	(4,320,625)	3,676,519
Endowment Net Assets - June 30, 2022	<u>\$ 15,059,051</u>	<u>\$ 780,917,286</u>	<u>\$ 795,976,337</u>

Assets of endowment funds are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the monthly period within which the transactions take place. In addition, the College maintains separately invested funds as stipulated by donors. Endowment income is distributed based on the number of units subscribed to at the end of each month.

The College's endowment spending policy was designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The spending policy is based on a percentage of the average market value excluding funds held in trust, for the calendar year trailing twelve quarters. The spending rate approved by the board of trustees for 2023 and 2022 was 5%. This resulted in approved spending of \$37,678,555 and \$34,804,536, which includes \$34,527,657 and \$31,992,149 appropriated for expenditure and \$3,150,899 and \$2,812,387 unspent, in 2023 and 2022, respectively.

Other endowment changes in the statements of activities include transfers due to changes in donor intent in the amount of \$206,703 and \$131,120 for the years ended June 30, 2023 and 2022, respectively.

The following table sets forth activity in the pool at June 30:

	2023	2022
Number of Units for Income Allocation	30,310,053	29,922,047
Market Value per Unit	\$ 25.00	\$ 25.00
Total Return per Unit	\$ 1.22	\$ 0.64
Total Return Distributed per Unit	\$ 1.09	\$ 1.02

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 RECEIVABLES

Accounts, Loans, and Notes Receivable

Accounts, loans, and notes receivable as of June 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Accounts and Other Receivables:		
Students	\$ 1,362,867	\$ 2,511,964
Less: Allowance for Doubtful Accounts	<u>(636,650)</u>	<u>(629,124)</u>
Subtotal	726,217	1,882,840
Accrued Grants and Contracts Revenue	<u>483,335</u>	<u>822,598</u>
Total	<u><u>\$ 1,209,552</u></u>	<u><u>\$ 2,705,438</u></u>
Loans and Notes Receivable:		
Student Loans	\$ 3,412,298	\$ 3,777,120
Other Loans	2,239,571	2,522,244
Less: Allowance for Doubtful Accounts	<u>(1,246,000)</u>	<u>(1,349,000)</u>
Total	<u><u>\$ 4,405,869</u></u>	<u><u>\$ 4,950,364</u></u>

At June 30, 2023 and 2022, respectively, the balance of the contract assets included in accounts and other receivables for students on the statement of financial position was \$1,362,867 and \$2,511,964. At the beginning of 2022, the balance of contract assets was \$2,656,621.

Contributions Receivable

Contributions receivable at June 30 consisted of unconditional promises to give (net of discount of \$2,686,324 and \$2,962,327 and allowance of \$1,689,705 and \$3,123,308 for 2023 and 2022, respectively), which are expected to be collected in the following periods:

	<u>2023</u>	<u>2022</u>
In One Year or Less	\$ 15,106,674	\$ 15,527,357
Between One and Five Years	12,716,415	14,695,717
In More than Five Years	22,407	387,720
Total	<u><u>\$ 27,845,496</u></u>	<u><u>\$ 30,610,794</u></u>

Discount rates used to calculate the present value of contributions receivable ranged from 2.29% to 5.22%.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 FIXED ASSETS

Land and land improvements, buildings and equipment, less accumulated depreciation, at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 57,933,263	\$ 57,695,010
Buildings	448,423,187	443,468,062
Equipment	70,864,029	68,411,206
Construction in Progress	19,447,594	7,796,228
Total Fixed Assets	<u>596,668,073</u>	<u>577,370,506</u>
Less: Accumulated Depreciation	<u>(336,742,111)</u>	<u>(322,862,470)</u>
Net Fixed Assets	<u>\$ 259,925,962</u>	<u>\$ 254,508,036</u>

Depreciation expense included in operating expense amounted to \$14,446,760 and \$14,477,048 for the years ended June 30, 2023 and 2022, respectively. The cost of the Trinity College main campus purchased in 1873 consisting of 78 acres and smaller parcels purchased in subsequent years is not included in the land total above. The historical cost of this land is not practical to estimate.

NOTE 7 ASSET RETIREMENT OBLIGATIONS

The College recalculates its asset retirement obligation annually, adjusting the liability to reflect obligations incurred or settled in the current period, accretion expense, and changes in estimated cash flows.

During Fiscal 2023, College leadership performed a review of the campus's future lead and asbestos abatements liability and determined that \$36,171,775 in accrued asset retirement obligation was sufficient to cover future abatement. As a result, the College elected to cease accruing for future abatement costs in 2023.

In 2022 the College recognized \$1,604,312 in accretion on asset retirement obligations net of abatement and other changes. The accretions was reported as an operating expense in the statement of activities. In 2023 there was no accretion allocation and the College applied \$592,524 against accrued retirement obligation which included \$63,717 in abatement expenses and \$528,524 in other items.

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 BONDS AND NOTES PAYABLE

The following is a summary of bonds and notes payable at June 30:

	<u>2023</u>	<u>2022</u>
CHEFA Series L bonds, issued 2008, interest with an initial rate of 1.65% and a maximum rate of 12%; maturities to 2034. The trustee held a sinking fund reserve of \$639,605 and \$595,793 at June 30, 2023 and 2022, respectively.	\$ 8,085,000	\$ 8,675,000
CHEFA Series N bonds, issued 2014, variable interest rate equal to 0.68 of one-month LIBOR plus 85 bps; maturities to 2026; not insured. Fixed SWAP rate of 2.67%. Bonds were used to refund the Series H bonds. There is no sinking fund reserve for this series as the College pays the purchaser directly. However, there is a \$1,000,000 compensating balance required by the purchaser.	5,946,737	7,824,653
CHEFA Series Q bonds, issued April 2017, variable interest rate equal to 0.65% of one-month LIBOR plus 1.87%; maturities to 2026; not insured. Fixed SWAP rate of 2.53%. Bonds were used to refund the Series J bonds. There is no sinking fund reserve for this series as the College pays the purchaser directly.	21,100,000	21,100,000
CHEFA Series R bonds, issued June 29, 2020, Average interest rate of 3.1% includes premium and COI; maturities to 2045; The trustee sinking fund for these bonds was \$4,598 at June 30, 2023. The bonds have an unamortized premium of \$7,937,356 at June 30, 2023. The bonds were used to refund Series M, O, and P bonds.	49,015,000	49,015,000

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

	<u>2023</u>	<u>2022</u>
CHEFA Series S bonds, issued July 27, 2021. The coupon rates range from 4% to 5% The bonds have an unamortized premium of \$9,943,968 at June 30, 2023. The bonds were used to refinance \$30,000,000 of the College's series Q bonds and \$30,000,000 new debt for various infrastructure around campus.	\$ 50,145,000	\$ 50,145,000
Subtotal	134,291,737	136,759,653
Bond Issuance Costs, Net of Accumulated Amortization	(1,562,079)	(1,722,741)
Bond Premium, Net of Accumulated Amortization	17,881,324	19,235,866
Total Bonds and Notes Payable	<u>\$ 150,610,982</u>	<u>\$ 154,272,778</u>

Maturities of the above bonds and notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 2,492,917
2025	2,482,917
2026	23,915,903
2027	2,900,000
2028	2,975,000
Thereafter	99,525,000
Total	<u>\$ 134,291,737</u>

The College has entered into interest rate swap agreements for Series N and Q bonds used to economically hedge the interest rate risk associated with certain of its variable rate debt. The following summarizes the terms for the agreement as of June 30, 2023:

	<u>Counterparty A</u>	<u>Counterparty C</u>
Trade Effective Date	November 26, 2013	April 26, 2017
Initial Notional Amount	\$ 22,535,000	\$ 51,100,000
Current Notional Amount	\$ 5,946,737	\$ 21,100,000
Termination Date	July 1, 2026	April 1, 2026
Fixed Rate Paid by College	2.67%	2.53%
Rate Paid by Counterparty	0.68 of one- month LIBOR plus 85 bps	0.68 of one- month LIBOR plus 187 bps

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 BONDS AND NOTES PAYABLE (CONTINUED)

The gains that were recognized for interest rate swap agreements for series N and Q for the years ended June 30, 2023 and 2022, were gains of \$605,899 and \$2,781,124, respectively, and are shown in the Other Changes in Net Assets section on the statements of activities. The change in the fair value of the interest rate swaps is reflected as a cash flow from operating activities in the statements of cash flows. The swap was in an asset position of \$1,033,304 and \$427,404 as of June 30, 2023, respectively.

In July 2008, the College entered into an irrevocable letter of credit and reimbursement agreement (the Letter of Credit) in the amount of \$15,345,000 with a national banking institution which expires August 31, 2024. In the event that the College receives notice of any optional tender on its Series L variable-rate demand bonds, or if these bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the College will be obligated to purchase the bonds tendered by drawing on the Letter of Credit. Amounts borrowed under the Letter of Credit must be repaid in full on the expiration date or, at the option of the College, may be converted to a three-year term loan with quarterly payments commencing in the third month following the conversion.

The term loan bears interest at the higher of the federal funds effective rate plus 3.5% or prime rate plus 3.0%. If the full amount of the bonds are put and the Line of Credit is utilized, principal amounts on the Series L bonds due over the next five years and thereafter would be \$615,000, \$605,000, \$625,000, \$640,000, \$655,000 and \$4,945,000.

The College has a line of credit agreement with a national financial institution, which provides up to \$10 million. There was no balance outstanding at June 30, 2023 or 2022. Interest is assessed on the outstanding principal amount thereof at a rate per annum equal to the adjusted term SOFR rate plus the applicable margin, the CB Floating Rate plus the applicable margin, or the negotiated rate, as elected by the borrower in accordance with this agreement.

The College's debt with CHEFA is uncollateralized. The College is subject to certain financial and nonfinancial covenants and was in compliance with these covenants during 2023 and 2022.

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Unrestricted Endowment	\$ 15,375,725	\$ 15,059,051
Investment in Plant Assets	88,154,905	85,582,332
Life Income Funds	725,848	697,795
Operating Funds	11,802,465	16,245,590
Total Net Assets Without Donor Restrictions	<u>\$ 116,058,943</u>	<u>\$ 117,584,768</u>

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Plant Additions Renovation	\$ 12,845,611	\$ 14,417,977
Life Income Funds	2,576,446	2,481,384
Capital Campaign	4,762	5,862
Endowment Funds	792,058,553	780,917,286
Operating and Restricted Funds	19,545,905	21,289,378
Loan Funds	5,316,562	4,922,196
Total Net Assets With Donor Restrictions	<u>\$ 832,347,839</u>	<u>\$ 824,034,083</u>

Included in with 2023 and 2022 donor-restricted net assets are \$413,922,588 and \$416,492,711, respectively, of accumulated gains on permanently endowed funds and other net assets that are not considered permanent and could be spent by the College (formerly called temporarily restricted net assets).

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2023 and 2022 as a result of incurred expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Such assets were utilized to fund expenditures in the following categories:

	<u>2023</u>	<u>2022</u>
Instruction and Research	\$ 16,527,445	\$ 14,556,883
Financial Aid	11,105,766	10,218,239
Plant	4,922,866	3,432,600
General Institutional	10,211,032	8,733,108
Student Services	1,808,139	1,448,968
Academic Support	2,463,675	2,373,313
Total Net Assets Released from Restrictions	<u>\$ 47,038,923</u>	<u>\$ 40,763,111</u>

NOTE 12 EMPLOYEE BENEFIT PLANS

The College participates in the Teachers Insurance and Annuity Association and College Retirement Equities Fund as a defined contribution retirement plan for most of its employees. Total benefits expense for the years ended June 30, 2023 and 2022, is \$4,635,018 and \$4,617,851, respectively. The College has no liability for any unfunded costs under this plan.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

The College provides health insurance benefits for employees who were full-time employees with at least ten years of service were 60 or older, and who retired by June 30, 2007. Retirees after June 30, 2007, may participate in the plan; however, they must pay the full costs. The College also provides life insurance benefits for retired employees who were full-time employees as of December 1, 1977.

The following represents the applicable disclosures as required by accounting guidance for defined benefit postretirement plans.

Pertinent information relating to this plan is as follows, based on a June 30 measurement date:

	2023	2022
Change in Benefit Obligation:		
Benefit Obligation - Beginning of Year	\$ 2,141,711	\$ 2,614,350
Service Cost	8,055	14,197
Interest Cost	57,199	52,012
Plan Participants' Contributions	65,277	67,660
Actuarial Loss	(682,450)	(333,016)
Benefits Paid	(270,700)	(273,492)
Benefit Obligation - End of Year	1,319,092	2,141,711
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	-	-
Employer Contributions	205,423	205,832
Plan Participants' Contributions	65,277	67,660
Benefits Paid	(270,700)	(273,492)
Fair Value of Plan Assets - End of Year	-	-
Funded Status	\$ (1,319,092)	\$ (2,141,711)
Balances Recognized Net Assets Without Donor Restrictions:		
Net Actuarial Loss	\$ (875,628)	\$ (253,801)
Postretirement-Related Changes Other than Net Periodic Benefit Cost:		
Current Actuarial Loss	\$ (682,450)	\$ (333,016)
Amortization of Unrecognized Amounts	60,622	-
Total	\$ (621,828)	\$ (333,016)
Components of Net Periodic Benefit Cost:		
Service Cost	\$ 8,055	\$ 14,197
Interest Cost	57,199	52,012
Net Periodic Benefit Gain	\$ 65,254	\$ 66,209
Amortization Amounts in Following Year:		
Net Actuarial Loss	\$ (59,166)	\$ (3,153)

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 EMPLOYEE BENEFIT PLANS (CONTINUED)

	<u>2023</u>	<u>2022</u>
Assumptions:		
Discount Rate Used to Determine Benefit Obligations at June 30	4.84%	4.11%
Discount Rate Used to Determine Net Periodic Benefit Cost for Years Ended June 30	4.11%	2.08%
Assumed Health Care Cost Trend Rates at June 30	6.50%	6.75%
Health Care Cost Trend Rate Assumed for Next Year	6.00%	6.50%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%	5.00%
Year that the Rate Reaches the Ultimate Trend Rate	2029	2029

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on Total of Service and Interest Cost	\$ 4,875	\$ (3,743)
Effect on Postretirement Benefit Obligation	79,437	(72,664)

Contributions

Trinity College expects to contribute \$158,134 to its postretirement health insurance benefit plan in fiscal year 2023.

Estimated Future Benefit Payments

Expected benefit payments are as follows:

<u>Year Ending June 30,</u>	<u>Postretirement Benefits</u>
2024	\$ 156,339
2025	153,305
2026	147,269
2027	139,465
Thereafter	559,831
Total	<u>\$ 1,156,209</u>

NOTE 13 COMMITMENTS AND CONTINGENCIES

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the College's financial position, changes in net assets or cash flows.

TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The College entered into a series of agreements with a third-party property developer for the construction of dormitories which were completed during fiscal 2014. The developer leased the land upon which the dormitory is constructed from the College and the College manages the property. The developer bears all financial risk and receives all the financial benefit from the dormitories. Based on the terms of the agreements, the developer constructed the dormitories and funded the project primarily through a commercial bank loan and a \$4,000,000 loan from the College. The balance of the loan from the College on June 30, 2023, was \$2,239,571. The interest rate is 8% and the term expires January 15, 2029.

NOTE 14 RELATED PARTIES

The College invests a portion of their endowment investments in limited liability partnerships and mutual funds where certain members of the Board of Trustees have significant influence. The total fair value of related party investments was \$0 and \$38,725 at June 30, 2023 and 2022, respectively.

NOTE 15 FUNCTIONAL EXPENSE CLASSIFICATION

Expenses are presented by natural classification. Natural expenses are attributable to various functions which are in alignment with the overall mission of academic instruction and research of the institution. Functional expenses are categorized as academic support, auxiliary expenses, general institutional services, instruction – research and related, and student services.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to functional categories that have benefited from the associated debt.

The following table compares expenses by type for the years ended June 30, 2023 and 2022, respectively:

	2023					
	Academic Support	Auxiliary Expenses	General Institutional Services	Instruction, Research, and Related	Student Services	Total
Operating Expenses:						
Salaries and Wages	\$ 6,145,387	\$ 1,580,075	\$ 13,136,875	\$ 29,804,459	\$ 5,910,073	\$ 56,576,869
Benefits	1,786,924	390,849	4,780,704	8,416,820	1,517,774	16,893,071
Room, Board, and Food	649,355	10,058,205	1,266,331	1,368,659	555,931	13,898,481
Contracted Services	386,371	211,604	11,867,393	968,168	2,345,712	15,779,248
Program Costs	317,548	4,520,853	1,900,605	570,679	2,837,123	10,146,808
Depreciation	1,552,293	1,660,426	9,849,770	615,415	768,856	14,446,760
Other	12,165,085	3,774,816	(9,398,692)	22,966,084	6,889,327	36,396,620
Total Operating Expenses	<u>\$ 23,002,963</u>	<u>\$ 22,196,828</u>	<u>\$ 33,402,986</u>	<u>\$ 64,710,284</u>	<u>\$ 20,824,796</u>	<u>\$ 164,137,857</u>

**TRINITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 FUNCTIONAL EXPENSE CLASSIFICATION (CONTINUED)

	2022					Total
	Academic Support	Auxiliary Expenses	General Institutional Services	Instruction, Research, and Related	Student Services	
Operating Expenses:						
Salaries and Wages	\$ 6,429,543	\$ 1,668,848	\$ 12,970,978	\$ 28,935,381	\$ 5,351,019	\$ 55,355,769
Benefits	1,877,171	442,115	4,440,876	8,081,333	1,482,486	16,323,981
Room, Board, and Food	638,053	9,589,306	751,915	957,076	638,370	12,574,720
Contracted Services	450,258	395,843	11,182,502	1,035,368	1,684,605	14,748,576
Program Costs	288,639	2,050,568	1,176,824	2,613,390	2,380,540	8,509,961
Depreciation	1,549,366	1,641,348	9,866,747	651,010	768,577	14,477,048
Other	11,410,868	3,385,547	(7,330,638)	22,298,082	6,730,668	36,494,527
Total Operating Expenses	<u>\$ 22,643,898</u>	<u>\$ 19,173,575</u>	<u>\$ 33,059,204</u>	<u>\$ 64,571,640</u>	<u>\$ 19,036,265</u>	<u>\$ 158,484,582</u>

Other expenses contain several accounts including management fees, interest expense, utilities, travel and training, insurance costs, and taxes.