AGNES SCOTT COLLEGE

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2020 AND 2019

AGNES SCOTT COLLEGE

CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2020 AND 2019

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Agnes Scott College
Decatur, Georgia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Agnes Scott College and subsidiaries** (the "College") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Agnes Scott College and subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 11, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 11, 2020

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	**$ 18,422,610**	$ 11,635,154
Accounts receivable (less allowance for uncollectible accounts of $1,164,922 and $1,136,750 as of June 30, 2020 and 2019, respectively)	**671,878**	415,438
Prepaid and other assets	**179,748**	436,659
Contributions receivable, net (Note 3)	**10,418,736**	5,924,589
Investments (Note 5)	**208,333,460**	220,426,522
Charitable remainder trusts	**3,230,099**	2,711,714
Beneficial interest in perpetual trusts	**2,597,505**	2,647,555
Right-of-use asset (Note 9)	**2,692,915**	2,309,600
Property and equipment, net (Note 4)	**109,422,194**	112,353,263
Total assets	**$ 355,969,145**	$ 358,860,494
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 7,414,781**	$ 6,097,106
Deferred income	**2,634,561**	1,068,623
Accrued postretirement benefits (Note 7)	**16,503,168**	13,835,320
Annuity obligations	**731,477**	761,970
Bonds payable, net (Note 10)	**55,923,063**	57,370,331
Lease liability (Note 9)	**3,516,391**	3,110,977
Line of credit	**1,365,332**	2,734,518
Total liabilities	**88,088,773**	84,978,845
Net assets		
Without donor restrictions	**60,865,948**	65,837,994
With donor restrictions	**207,014,424**	208,043,655
Total net assets	**267,880,372**	273,881,649
Total Liabilities and Net Assets	**$ 355,969,145**	$ 358,860,494

See Notes to Consolidated Financial Statements.

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Tuition and fees	$ 42,635,837	$ -	$ 42,635,837
Less student assistance	(27,319,760)	-	(27,319,760)
Net tuition and fees	15,316,077	-	15,316,077
Investment income	597,359	4,937,053	5,534,412
Net realized and unrealized gains (losses) on investments	(94,881)	(1,066,060)	(1,160,941)
Contributions	2,827,699	19,922,380	22,750,079
Other investment income	141,150	68	141,218
Auxiliary enterprises	10,765,830	-	10,765,830
Change in value of split-interest agreements and beneficial interest in perpetual trusts	(40,327)	434,904	394,577
Other	718,976	1,123,146	1,842,122
Total revenues, gains, and other support	30,231,883	25,351,491	55,583,374
Net assets released from restrictions	26,588,822	(26,588,822)	-
Net assets released due to change of donor intent and to meet donor imposed restriction	(208,100)	208,100	-
Total operating revenues and other support	56,612,605	(1,029,231)	55,583,374
Education and general expenses			
Instruction	18,967,064	-	18,967,064
Academic support	8,118,443	-	8,118,443
Student services	10,114,499	-	10,114,499
Institutional support	10,417,114	-	10,417,114
Auxiliary enterprises	11,890,975	-	11,890,975
Total education and general expenses	59,508,095	-	59,508,095
Postretirement benefit related changes other than net periodic pension cost	(2,076,556)	-	(2,076,556)
Change in net assets	(4,972,046)	(1,029,231)	(6,001,277)
Net assets at beginning of year	65,837,994	208,043,655	273,881,649
Net assets at end of year	$ 60,865,948	$ 207,014,424	$ 267,880,372

See Notes to Consolidated Financial Statements.

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Tuition and fees	$ 40,495,000	$ -	$ 40,495,000
Less student assistance	(26,518,173)	-	(26,518,173)
Net tuition and fees	13,976,827	-	13,976,827
Investment income	457,560	3,944,578	4,402,138
Net realized and unrealized gains on investments	104,805	749,708	854,513
Contributions	4,089,599	11,426,186	15,515,785
Other investment income	102,610	-	102,610
Auxiliary enterprises	13,532,628	-	13,532,628
Change in value of split-interest agreements and beneficial interest in perpetual trusts	(43,884)	(353,443)	(397,327)
Other	832,625	167,134	999,759
Total revenues, gains, and other support	33,052,770	15,934,163	48,986,933
Net assets released from restrictions	27,942,415	(27,942,415)	-
Net assets released due to change of donor intent and to meet donor imposed restriction	568,525	(568,525)	-
Total operating revenues and other support	61,563,710	(12,576,777)	48,986,933
Education and general expenses			
Instruction	19,516,827	-	19,516,827
Academic support	7,650,069	-	7,650,069
Student services	9,313,868	-	9,313,868
Institutional support	10,473,758	-	10,473,758
Auxiliary enterprises	12,791,182	-	12,791,182
Total education and general expenses	59,745,704	-	59,745,704
Postretirement benefit related changes other than net periodic pension cost	(1,231,469)	-	(1,231,469)
Loss on extinguishment of bond debt	(86,824)	-	(86,824)
Change in net assets	499,713	(12,576,777)	(12,077,064)
Net assets at beginning of year	65,338,281	220,620,432	285,958,713
Net assets at end of year	$ 65,837,994	$ 208,043,655	$ 273,881,649

See Notes to Consolidated Financial Statements.

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services (Collectively referred to as "Institutional Support")			
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total
Salaries and wages	$ 10,864,064	$ 3,490,913	$ 3,492,063	$ 1,896,628	$ 19,743,668	$ 3,162,743	$ 1,617,792	$ 4,780,535	$ 24,524,203
Employee benefits	1,962,266	737,897	796,437	558,480	4,055,080	940,890	365,298	1,306,188	5,361,268
Postretirement benefits	-	-	-	-	-	591,292	-	591,292	591,292
Total salaries and related expenses	12,826,330	4,228,810	4,288,500	2,455,108	23,798,748	4,694,925	1,983,090	6,678,015	30,476,763
Avery Glenn operating expenses	-	-	-	906,237	906,237	-	-	-	906,237
Book acquisition/subscriptions	2,921	378,483	557	-	381,961	1,526	-	1,526	383,487
Business insurance	-	-	682,222	-	682,222	660,443	-	660,443	1,342,665
Contractual services	790,076	1,629,883	1,528,886	4,112,664	8,061,509	1,163,857	191,372	1,355,229	9,416,738
Covid-19 stimulus	-	47,980	848,630	-	896,610	-	-	-	896,610
Legal and professional fees	-	-	-	-	-	118,510	-	118,510	118,510
Membership dues/training seminars	121,642	46,656	164,008	2,077	334,383	85,869	32,272	118,141	452,524
Operations	706,170	251,627	834,174	660,812	2,452,783	222,681	17,363	240,044	2,692,827
Small equipment expense	62,027	252,673	55,750	126,536	496,986	79,117	15,626	94,743	591,729
Student awards	285,008	7,554	5,874	-	298,436	325	-	325	298,761
Supplies, postage, and printing	288,662	112,638	327,648	188,023	916,971	95,946	137,662	233,608	1,150,579
Utilities	467,797	169,238	147,346	515,998	1,300,379	123,097	-	123,097	1,423,476
Travel, food, and lodging	908,851	85,716	441,071	157,561	1,593,199	67,285	66,298	133,583	1,726,782
Total expenses before depreciation and interest	16,459,484	7,211,258	9,324,666	9,125,016	42,120,424	7,313,581	2,443,683	9,757,264	51,877,688
Interest	620,666	224,543	195,496	684,619	1,725,324	163,323	-	163,323	1,888,647
Depreciation	1,886,914	682,642	594,337	2,081,340	5,245,233	496,527	-	496,527	5,741,760
Total expenses	$ 18,967,064	$ 8,118,443	$ 10,114,499	$ 11,890,975	$ 49,090,981	$ 7,973,431	$ 2,443,683	$ 10,417,114	$ 59,508,095

See Notes to Consolidated Financial Statements.

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services (Collectively referred to as "Institutional Support")			
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total
Salaries and wages	$ 9,580,576	$ 3,149,912	$ 3,196,854	$ 1,921,648	$ 17,848,990	$ 2,919,889	$ 1,350,277	$ 4,270,166	$ 22,119,156
Employee benefits	2,716,146	1,065,639	1,030,930	733,672	5,546,387	1,208,973	413,899	1,622,872	7,169,259
Postretirement benefits	-	-	-	-	-	783,528	-	783,528	783,528
Total salaries and related expenses	12,296,722	4,215,551	4,227,784	2,655,320	23,395,377	4,912,390	1,764,176	6,676,566	30,071,943
Avery Glenn operating expenses	-	-	-	759,558	759,558	-	-	-	759,558
Book acquisition/subscriptions	-	339,774	1,105	48	340,927	754	-	754	341,681
Business insurance	-	-	773,303	-	773,303	556,203	-	556,203	1,329,506
Contractual services	886,311	1,066,441	1,362,444	4,156,197	7,471,393	932,765	338,810	1,271,575	8,742,968
Legal and professional fees	-	-	-	-	-	129,374	-	129,374	129,374
Membership dues/training seminars	81,815	33,204	74,760	2,307	192,086	99,244	20,514	119,758	311,844
Operations	1,044,279	271,147	982,439	779,431	3,077,296	200,256	67,545	267,801	3,345,097
Small equipment expense	190,983	383,152	71,739	353,264	999,138	137,661	10,135	147,796	1,146,934
Student awards	472,394	70,300	7,381	-	550,075	2,488	-	2,488	552,563
Supplies, postage, and printing	224,032	85,967	298,469	136,509	744,977	102,446	116,764	219,210	964,187
Utilities	446,537	161,547	140,650	492,548	1,241,282	117,502	-	117,502	1,358,784
Travel, food, and lodging	1,324,662	100,782	570,886	353,412	2,349,742	239,877	91,784	331,661	2,681,403
Total expenses before depreciation and interest	16,967,735	6,727,865	8,510,960	9,688,594	41,895,154	7,430,960	2,409,728	9,840,688	51,735,842
Interest	740,235	267,801	233,158	816,508	2,057,702	194,787	-	194,787	2,252,489
Depreciation	1,808,857	654,403	569,750	2,286,080	5,319,090	438,283	-	438,283	5,757,373
Total expenses	$ 19,516,827	$ 7,650,069	$ 9,313,868	$ 12,791,182	$ 49,271,946	$ 8,064,030	$ 2,409,728	$ 10,473,758	$ 59,745,704

See Notes to Consolidated Financial Statements.

AGNES SCOTT COLLEGE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	$ (6,001,277)	$ (12,077,064)
Adjustments to reconcile change in net assets		
to net cash (used in) operating activities:		
Net realized and unrealized losses (gains)		
on long-term investments	1,160,941	(854,513)
Depreciation expense	5,741,760	5,757,373
Accretion of bond premium	(417,268)	-
Accretion of asset retirement obligation	39,617	37,703
Receipt of agency funds	2,292,812	2,216,316
Disbursement of agency funds	(2,292,812)	(2,216,316)
Contributions restricted for long-term investment	(7,090,269)	(4,312,059)
Income restricted for long-term investment	(87,844)	(107,512)
Bad debt expense	450,269	283,929
Loss on early bond retirement	-	83,194
Changes in assets and liabilities:		
Accounts receivable	(228,268)	98,870
Prepaid and other assets	256,911	(1,708)
Contributions receivable	(4,972,588)	(1,021,912)
Changes in split-interest agreements	(468,335)	269,717
Right-of-use asset	(383,315)	64,926
Accounts payable and accrued expenses	666,372	(802,373)
Deferred income	1,565,938	(323,087)
Accrued postretirement benefits	2,667,848	1,751,558
Annuity obligations	(30,493)	6,321
Lease liability	405,414	(42,155)
Net cash (used in) operating activities	(6,724,587)	(11,188,792)
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,199,099)	(4,361,032)
Proceeds from sales and maturities of investments	110,873,524	251,238,641
Proceeds from disposal of property and equipment	94	2,637
Purchases of investments	(99,941,403)	(239,605,004)
Net cash provided by investing activities	8,733,116	7,275,242
FINANCING ACTIVITIES		
Contributions restricted for long-term investment	7,090,269	4,312,059
Income restricted for long-term investment	87,844	107,512
Proceeds from line of credit	-	3,000,000
Principal payments on line of credit	(1,369,186)	(265,482)
Principal payments on bonds payable	(1,030,000)	(36,415,000)
Net proceeds from bond issuance	-	37,119,756
Net cash provided by financing activities	4,778,927	7,858,845
Net increase in cash and cash equivalents	6,787,456	3,945,295
Cash and cash equivalents at beginning of year	11,635,154	7,689,859
Cash and cash equivalents at end of year	$ 18,422,610	$ 11,635,154
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 2,271,169	$ 2,049,438
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Fixed asset additions in accounts payable	$ 611,686	$ 174,422

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of College

Founded in 1889, Agnes Scott College (the "College") is an independent, national liberal arts college for women located in Decatur, Georgia. The primary source of revenue is student tuition. The College, affiliated with the Presbyterian Church (U.S.A.) since its founding, dedicates its resources and constantly enlivens its vision to provide a learning environment that is academically rigorous and a social culture based on honor and integrity.

Principles of Consolidation

The consolidated financial statements of the College have been prepared on the accrual basis. They include the accounts of Avery Properties, Inc. and Bally Keel, Inc., affiliated not-for-profit corporations which hold property for the benefit of the College. All significant intercompany transactions are eliminated in consolidation.

Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the College, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The assets, liabilities, and net assets of the College are reported in two categories as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the College and its purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. 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 stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

Contributions are recognized as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Contributions of securities are recorded at their estimated fair value at the date of the donation. All other contributions of assets other than cash, including contributions of art, historical treasures, and similar assets held as part of a collection, are not recognized as revenue or capitalized.

The College's collection consists of art objects that cover a broad range of history, media, and attitudes. It is held for public exhibition, preservation for future generations, scholarly research, and educational purposes. Contributed collection items are not reflected on the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. Donations of artwork are accepted with consideration to how they will benefit the campus learning environment. The collection items are subject to a policy that requires proceeds from their sales to be used for the acquisition of new collection item(s). During the fiscal years ending June 30, 2020 and 2019, no sales of collection items occurred and no collection items were given away, damaged, destroyed, lost, or otherwise deaccessed.

Contributions to be received after one year are discounted and recorded at their estimated fair value at the date they are pledged. The College has elected the traditional or discount rate adjustment (DRA) technique in which the single set of cash flows are conditional cash flows. The College uses an appropriate discount rate commensurate with the risks involved and the expected period of payment. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts (if any) is included in contributions in the accompanying consolidated statements of activities. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, type of contribution, and nature of fundraising activity.

Administration of the College's endowment is subject to the general provisions of the UPMIFA (the "Act"). Under the provisions of the Georgia state law, the board of trustees may appropriate expenditures of underwater endowment funds as is deemed prudent for the uses and purposes for which an endowment fund is established. The College has applied accounting principles generally accepted in the United States of America when allocating investment gains to the net asset classes for financial statement purposes.

The Trustees of Agnes Scott College have established an endowment fund spending policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing funds to underwrite the educational needs of current and future generations of students and to enhance the financial well-being of Agnes Scott College.

The spending policy is defined as follows:

- Annual spending rate of 3% to 6% of the previous June 30 fiscal year-end 12-quarter average market value
- A "cap" of 10% dollar growth over the prior year's actual spending in dollars
- A "floor" of 95% of the prior year's actual spending in dollars adjusted by the annual inflation rate as measured by the Consumer Price Index (CPI)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The College has interpreted the Act as requiring the preservation of the historical value (corpus) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College retains in perpetuity (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' historical value, the excess is available for appropriation and, therefore, classified as net assets with restrictions until appropriated for expenditure. In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;

(2) The purposes of the donor-restricted endowment fund;

(3) General economic conditions;

(4) Effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of the College; and

(7) The investment policies of the College.

Fair Value Measurements

The College's financial instruments include cash and cash equivalents, accounts receivable, contributions receivable, investments, split interest agreements, accounts payable, accrued expenses, and bonds payable.

Fair value is defined 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. There is a three-tier value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the College's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Pricing inputs are other than Level 1 which are either directly or indirectly observable.
- Level 3: Unobservable pricing inputs developed using the College's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

While the College recognizes the fair value of each of its assets, the College uses the net asset value (NAV) practical expedient as applicable for reporting purposes in the investment footnotes. (See Note 6 below.)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the College. The College considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 6 for additional details.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At times, the cash balance may exceed federally insured amounts. The College mitigates this risk by depositing and investing cash with major financial institutions. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

The majority of the College's receivables, other than contributions, are due from students and other agencies. Receivables are stated at amounts due net of an allowance for doubtful accounts. The College determines its allowance for doubtful accounts by considering the College's previous loss history and specific account circumstances.

Investments

The College accounts for its investments at fair value except for cash in endowment accounts. Realized gains and losses on sales of securities represent the difference between net proceeds received and the cost of the investments. Realized and unrealized gains and losses are included in the consolidated statements of activities and gains and/or losses are allocated to net asset classes, dependent upon donor specifications.

Investment expenses are reported as a reduction of net realized and unrealized (losses) gains on investments.

The College's investments include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rates, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the College's consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements

The College's split-interest agreements with donors consist of charitable gift annuities, charitable remainder trusts, and beneficial interest in perpetual trusts.

Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the College recognizes contribution revenue in an amount equal to the difference between these two amounts. The gross fair value of the related assets is included in investments in the consolidated statements of financial position. A liability is included in annuity obligations equal to the present value of benefits which are due to the donor. Discount rates and actuarial assumptions used to determine the liability are those contained in mortality tables published by the Internal Revenue Service and are typically based on factors such as applicable federal interest rates and donor life expectancies. The liabilities are adjusted annually for changes in the estimates of future benefits, and the changes in the value of these agreements are included in the consolidated statements of activities.

The College also has charitable remainder trusts, and beneficial interest in certain perpetual trusts held and administered by others. These assets are separately reported in the consolidated statements of financial position. The present value of the estimated future cash receipts is recognized as an asset and contribution revenue at the date such trusts are established. The carrying value of the assets is adjusted annually for changes in fair value, and the changes in the value of these agreements are included in the consolidated statements of activities.

Certain states have restrictions on investment allocations. The College has complied with any known restrictions in states in which it has received charitable gifts subject to such restrictions as of year ended June 30, 2020 and 2019.

Property and Equipment

Property and equipment valued at $5,000 or more are capitalized. Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation is provided over the estimated useful lives on a straight-line basis. Gain or loss on disposition of assets is reflected in the consolidated statements of activities in other revenues, and the related asset costs and accumulated depreciation are removed from the respective accounts.

The estimated useful lives used in determining depreciation are:

Land improvements	10-20 years
Building and improvements	30-45 years
Leasehold improvements	Life of lease or useful life of improvement, whichever is shorter
Furniture and equipment	3-20 years

The College reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Measurement of any impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows. No loss for impairment of long-lived assets was recorded during the years ended June 30, 2020 and 2019.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional Asset Retirement Obligations

The College accrues for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional, even though the timing or method may be conditional.

The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement was estimated using a cost per square foot estimate. The College records the estimate as a liability and as an increase to the related asset. The capitalized portion is depreciated over the remaining life of the asset.

Deferred Income

Income is deferred if the event that generates the income occurs after the end of the fiscal year. If an event takes place across two fiscal years and the majority occurs after year-end, the entire income is deferred. Deferred income consists of tuition and fees.

Income Tax Status

The College is recognized by the Internal Revenue Service as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), except for taxes on income from activities unrelated to its exempt purpose.

The College evaluates its uncertain tax positions using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 Income Taxes. The College follows the criterion that an individual tax position has to meet the relevant technical requirements for the position to be recognized in the College's consolidated financial statements. The College determined that the relevant tax authority would more likely than not sustain the tax position following an audit.

The College has applied this criterion to all tax positions for which the statute of limitations remains open. The College has a policy to record interest and penalties (if any) related to income tax matters in income tax expense. The College has determined that its tax positions satisfy the more likely than not criterion and that no provision for income taxes is required at June 30, 2020 and 2019. For the years ended June 30, 2020 and 2019, no interest and penalties were recorded.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the College may undertake in the future, actual results may be different from the estimates. Significant items subject to such estimates and assumptions include but are not limited to, fair value of investments, carrying amount of property and equipment, allowances for receivable balances, discount rates used for beneficial interest in perpetual trust, liability for postretirement medical benefits, and asset retirement obligations. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related Party Transactions

For the years ended June 30, 2020 and 2019, the College paid approximately $0.5 million and $2.1 million, respectively, for ongoing building renovations to a construction company represented by a board of trustee's family member.

Functional Allocation of Expenses

The College reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, interest, utilities, and operating and maintenance include certain expenses that are allocated on a square footage basis.

Recent Accounting Pronouncement

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending June 30, 2020, the Foundation adopted ASU 2018-08 and has adjusted the presentation in these consolidated financial statements accordingly. The Foundation recognizes contributions in the accompanying consolidated statements of activities in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of revenue recognition of contributions.

Subsequent Events

The College has addressed the accounting for a disclosure of events that occurred after the financial statement date but before the consolidated financial statements are issued or available to be issued. Management has evaluated all events and transactions that occurred after June 30, 2020 through December 11, 2020, upon issuance of the consolidated financial statements, for potential recognition or disclosure in the consolidated financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

The College manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the College are expected to be met on a monthly basis from contributions received without donor restriction, investment income to be used for operating purposes, and annual endowment distributions and appropriations available for general expenditure. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position as of June 30, 2020 and 2019, comprise the following:

	2020	2019
Cash and cash equivalents	**$ 5,738,350**	$ 4,114,970
Accounts receivable	**671,878**	285,717
Contributions receivable	**198,455**	276,816
Endowment spending rate distributions and appropriations	**2,256,918**	3,009,612
	$ 8,865,601	$ 7,687,115

NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)

The College's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The College's Board-designated endowment of $19,716,135 and $19,913,176 as of June 30, 2020 and 2019, respectively, is subject to an annual spending rate of 3% to 6% as described in Note 1. Although the College does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	June 30, 2020	June 30, 2019
Contributions receivable expected to be collected in:		
Less than one year	**$ 7,284,541**	$ 4,331,004
One year to five years	**3,697,093**	2,036,966
Contributions receivable, gross:	**10,981,634**	6,367,970
Less - Allowance for uncollectible accounts	**(440,889)**	(262,288)
Less - Unamortized discount	**(122,009)**	(181,093)
Contributions receivable, net	**$ 10,418,736**	$ 5,924,589

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions. Estimated future cash flows to be received after one year were discounted using rates ranging from 0.16% to 2.73%.

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, is comprised of the following:

	June 30, 2020	June 30, 2019
Land	**$ 1,511,889**	$ 1,511,889
Land improvements	**9,926,848**	9,926,848
Buildings and improvements	**185,964,017**	185,810,538
Furniture and equipment	**17,103,236**	16,541,501
Construction in progress	**2,439,598**	434,952
	216,945,588	214,225,728
Accumulated depreciation	**(107,523,394)**	(101,872,465)
Property and equipment, net	**$ 109,422,194**	$ 112,353,263

NOTE 4. PROPERTY AND EQUIPMENT, NET (Continued)

Depreciation expense for the years ended June 30, 2020 and 2019 was $5,741,760 and $5,757,373, respectively.

The College has identified conditional asset retirement obligations primarily for the cost of asbestos removal and disposal that will result from the renovation or demolition of certain buildings. This obligation is recorded at fair value when identified and such liability that is included in accounts payable and accrued expenses on the consolidated statements of financial position at June 30, 2020 and 2019, was $1,037,371 and $1,417,394, respectively. The carrying value of the accumulated basis for the related assets as of June 30, 2020, is $518,298, net of related accumulated depreciation of $500,881. The carrying value of the accumulated basis for the related assets as of June 30, 2019, is $518,298, net of related accumulated depreciation of $483,467.

The following table presents the activity for the College's asset retirement obligations:

	June 30,	
	2020	2019
Liability at beginning of year	**$ 1,417,394**	$ 1,379,691
Accretion expense	**39,617**	37,703
Reduction in liability due to renovation of properties	**(419,640)**	-
Liability at the end of the year	**$ 1,037,371**	$ 1,417,394

NOTE 5. INVESTMENTS

Investments at carrying value are composed of the following:

	June 30,	
	2020	2019
Cash in endowment accounts	**$ 9,707,370**	$ 27,219,728
Equities - domestic	**8,937,340**	10,185,528
U.S. Government securities	**1,107,500**	1,143,480
Mutual funds	**135,362,436**	124,903,415
Emerging market funds	**4,614,373**	5,772,870
Commingled funds	**29,203,072**	27,059,021
Real estate partnerships	**2,675,108**	2,087,039
Hedge funds	**231,641**	1,224,389
Real asset funds	**6,204,099**	9,028,018
Private equity	**10,290,521**	11,803,034
	$ 208,333,460	$ 220,426,522

Net realized and unrealized (losses) gains and changes in value of beneficial interest in perpetual trust consist of the following:

	June 30,	
	2020	2019
Realized and unrealized (losses) gains	**$ (1,110,891)**	$ 853,933
Changes in value of beneficial interest in perpetual trust	**(50,050)**	580
	$ (1,160,941)	$ 854,513

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate fair value because of the relative terms and short maturity of these financial instruments. The carrying value of annuity obligations and contributions receivable are reflected at the present value of the future payments which approximates fair value. The carrying value which is the fair value of charitable remainder trusts and beneficial interest in perpetual trusts is based upon quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of fair value. The carrying value, which is the fair value of investments except cash in endowment accounts, is based upon quoted market values or values provided by external investment managers.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed domestic equities, certain U.S. Government and sovereign obligations, mutual funds, and emerging market funds. The College does not adjust the quoted price for such instruments, even in situations where the College holds a large position and a sale could reasonably impact the quoted price.

The NAV practical expedient includes commingled funds since the College has the ability to redeem the commingled funds with the investee at net asset value (NAV) per share at measurement date. These investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. When observable prices are not available for these securities, the College uses one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

Investments in private partnership interests often do not have readily determinable fair values, and are valued using the most current information provided by the general partner and/or the investment manager. The change in net assets related to partnership interests is presented as realized and unrealized gain and loss based upon the estimated fair value of each partnership interest. Privately held companies are typically valued at cost as adjusted based on recent arm's length transactions. Public companies are valued using quoted market prices and exchange rates, if applicable. Real estate partnerships and real asset funds are valued based on appraisals of properties held and conducted by third-party appraisers retained by the general partner or investment manager. These investments are determined using the NAV per share as a practical expedient. Valuations for alternative investments provided by the general partners and/or investment managers are evaluated by management, and management believes such values are reasonable for years ended June 30, 2020 and 2019.

The inputs used by the College in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the College in the absence of market information. Assumptions used by the College due to the lack of observable inputs may significantly impact the resulting fair value and therefore the College's results of operations.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The College's investments in cash in endowments are classified as investments in the consolidated statements of financial position and are carried at cost. These investments do not qualify as securities as defined in ASC Topic 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided above. Such accounts totaled $9,707,370 and $27,219,728 as of June 30, 2020 and 2019, respectively.

The following table summarizes assets measured at fair value on a recurring basis:

June 30, 2020	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Investments:					
Equities - domestic	**$ 8,937,340**	**$ -**	**$ -**	**$ -**	**$ 8,937,340**
U.S. Government securities	**1,107,500**	**-**	**-**	**-**	**1,107,500**
Mutual funds	**135,362,436**	**-**	**-**	**-**	**135,362,436**
Mutual fund equities	**4,614,373**	**-**	**-**	**-**	**4,614,373**
Alternative investments					
Commingled funds	**-**	**-**	**-**	**29,203,072**	**29,203,072**
Real estate partnerships	**-**	**-**	**-**	**2,675,108**	**2,675,108**
Hedge funds	**-**	**-**	**-**	**231,641**	**231,641**
Real asset funds	**-**	**-**	**-**	**6,204,099**	**6,204,099**
Private equity	**-**	**-**	**-**	**10,290,521**	**10,290,521**
Total investments	**150,021,649**	**-**	**-**	**48,604,441**	**198,626,090**
Split interest agreements:					
Charitable remainder trusts	**-**	**-**	**3,230,099**	**-**	**3,230,099**
Beneficial interest in perpetual trusts	**-**	**-**	**2,597,505**	**-**	**2,597,505**
Total split interest agreements	**-**	**-**	**5,827,604**	**-**	**5,827,604**
Total assets at fair value	**$ 150,021,649**	**$ -**	**$ 5,827,604**	**$ 48,604,441**	**$ 204,453,694**

June 30, 2019	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Investments:					
Equities - domestic	$ 10,185,528	$ -	$ -	$ -	$ 10,185,528
U.S. Government securities	1,143,480	-	-	-	1,143,480
Mutual funds	124,903,415	-	-	-	124,903,415
Emerging market funds	5,772,870	-	-	-	5,772,870
Alternative investments					
Commingled funds	-	-	-	27,059,021	27,059,021
Real estate partnerships	-	-	-	2,087,039	2,087,039
Hedge funds	-	-	-	1,224,389	1,224,389
Real asset funds	-	-	-	9,028,018	9,028,018
Private equity	-	-	-	11,803,034	11,803,034
Total investments	142,005,293	-	-	51,201,501	193,206,794
Split interest agreements:					
Charitable remainder trusts	-	-	2,711,714	-	2,711,714
Beneficial interest in perpetual trusts	-	-	2,647,555	-	2,647,555
Total split interest agreements	-	-	5,359,269	-	5,359,269
Total assets at fair value	$ 142,005,293	$ -	$ 5,359,269	$ 51,201,501	$ 198,566,063

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. The College evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total endowments available for investments. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended June 30, 2020, there were no significant transfers in or out of Level 1, 2, or 3. All alternative investments are being recorded in the above table in the column NAV practical expedient.

The following table summarizes assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) reconciled to the consolidated statements of financial position amounts with disclosures by major security type:

	Balance as of June 30, 2019	Purchases	Realized Gains	Unrealized Gains	Fees and Expenses	Sales/ Disbursements	Balance as of June 30, 2020
Split interest agreements:							
Charitable remainder trusts	$ 2,711,714	$ -	$ -	$ 518,385	$ -	$ -	$ 3,230,099
Beneficial interests	2,647,555	-	101,529	2,510	(33,592)	(120,497)	2,597,505
	$ 5,359,269	$ -	$ 101,529	$ 520,895	$ (33,592)	$ (120,497)	$ 5,827,604

	Balance as of June 30, 2018	Purchases	Realized Gains	Unrealized (Losses)	Fees and Expenses	Sales/ Disbursements	Balance as of June 30, 2019
Split interest agreements:							
Charitable remainder trusts	$ 2,982,011	$ -	$ -	$ (270,297)	$ -	$ -	$ 2,711,714
Beneficial interests	2,646,975	-	115,112	(639)	(26,821)	(87,072)	2,647,555
	$ 5,628,986	$ -	$ 115,112	$ (270,936)	$ (26,821)	$ (87,072)	$ 5,359,269

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Additional information about alternative investments:

	Fair Value		Unfunded Commitments		June 30, 2020		
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	Expected Liquidation Term	Redemption Terms	Redemption Restrictions
Commingled Funds (a)	$ 19,755,666	$ 18,658,606	$ -	$ -	**	monthly w/6-30 days notice	none
	9,447,406	8,400,415	-	-	**	weekly w/3-7 days notice	none
Real Estate Partnerships (b)	2,675,108	2,087,039	1,380,462	-	**	no immediate liquidity	manager controls redemption process
Hedge Funds							
	231,641	233,365	-	-	**	quarterly	none
Long/Short - Directional (d)	-	991,024	-	-	**	annually w/90 days notice	1 year initial lock-up
Real Asset Funds (e)	6,204,099	9,028,018	753,479	2,144,881	7 years*	no immediate liquidity	manager controls redemption process
Private Equity (f), (g)	1,454,057	1,550,052	285,251	300,000	**	no immediate liquidity	manager controls redemption process
	8,836,464	10,252,982	9,201,826	7,326,094	4-7 years*	no immediate liquidity	7-10 years from initial investment
	$ 48,604,441	$ 51,201,501	$ 11,621,018	$ 9,770,975			

* Potential extensions also exist at the discretion of the manager

** Undetermined as of June 30, 2020

Alternative investments consist of investments in various funds. These investments are aggregated into commingled funds, real estate partnerships, hedge funds, real asset funds, and private equity funds based on their underlying investments. The fair value of such investments is determined using the NAV per share as a practical expedient.

(a) These investments are held in commingled funds that are valued using the NAV per share.

(b) Majority of the investments is in a diversified private real estate fund making distressed and opportunistic investments in properties and securities within sectors such as residential, healthcare (senior living), hospitality, apartment, retail, and industrial properties.

(c) Funds invested in private equity, bond, and derivatives markets.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) The fund invests into a portfolio of hedge fund limited partnerships and/or separate accounts (i.e., a hedged fund of funds) which invest primarily in publicly traded stocks.

(e) This class includes investments in funds that invest primarily in equity stock and debt securities in emerging economies such as Brazil, India, and South Africa. The fair values of the investments in this class have been estimated using the NAV per share of the funds.

(f) This class of funds is invested in commodities. These include but are not limited to timber, energy, and commodity stock and futures. The estimated value is from the NAV of the individual commodities.

(g) $4.203 million of private equity funds are invested in buyouts, distressed debt, and venture capital. They are a fund of funds. The fair value of these investments is estimated using the NAV per unit of the funds. Redemption from the funds have withdrawal safeguards in place.

$4.633 million of private equity funds are invested in public and private debt and equity of companies. The estimated fair value of the funds is determined using the NAV per share of the funds.

$1.454 million of private equity funds are invested primarily in bonds issued by entities in distressed markets. This is a fund of funds. The fair values of the investments in these funds have been estimated using the NAV per share of the funds.

NOTE 7. POSTRETIREMENT BENEFITS

The College provides postretirement healthcare benefits to eligible retirees. Employees become eligible for the medical benefits if they meet certain age and service requirements. The cost of postretirement medical benefits is accrued over the active service periods of employees to the date they attain full eligibility for such benefits. It is the College's policy to fund postretirement benefits as claims are incurred.

The following is a summary of changes to the accrued postretirement benefits:

	June 30,	
	2020	2019
Beginning postretirement liability	**$ 13,835,320**	$ 12,083,762
Service cost	**668,385**	538,153
Interest cost	**461,361**	475,918
Participant contributions	**36,018**	50,590
Less: Benefits paid (net of subsidy)	**(357,016)**	(314,791)
Actuarial loss (gain)	**1,859,100**	1,001,688
	$ 16,503,168	$ 13,835,320

NOTE 7. POSTRETIREMENT BENEFITS (Continued)

The College uses a measurement date of June 30. For measurement purposes, medical expenses are assumed to increase by 7.0% annually for 2020, and to decline to 5.0% annual increase by 2024 and remain at that level. A one percentage-point increase in the assumed healthcare cost trend rates for each future year would increase the accumulated postretirement benefit obligation at June 30, 2020, $3,849,292 and the estimated aggregate service and interest cost components of the 2020 postretirement benefits cost by $325,029. A one percentage-point decrease in the assumed healthcare cost trend rates for each future year would decrease the accumulated postretirement benefit obligation at June 30, 2020, $2,913,275 and the estimated aggregate service and interest cost components of the 2020 postretirement cost by $231,891.

The discount rate used to determine the accumulated postretirement benefit obligation and the discount rate used to determine the net periodic postretirement benefit cost as of and for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Discount rates used to compute		
Accumulated postretirement benefit obligation	**2.65%**	3.47%
Postretirement benefit cost	**3.47%**	4.12%

The College expects to receive a retiree drug subsidy provided by the Medicare Reform Act of 2003. The subsidy amounts expected to be received are based on an 8% prescription drug trend rate. The College received $- and $39,183 as reimbursements for the years ended June 30, 2020 and 2019, respectively. The postretirement healthcare benefits expected to be paid over the next ten years are as follows:

For the year ending June 30:	**Benefits**
2021	$ 390,000
2022	418,000
2023	435,000
2024	450,000
2025	469,000
2026-2030	2,655,000
	$ 4,817,000

The expected benefits are based on the same assumptions used to measure the College's benefit obligation at June 30 and include estimated future employee service. The College expects to contribute an amount equal to the benefits to be paid in 2020.

Accrued postretirement benefits recognized in the consolidated statements of financial position consist of:

	June 30,	
	2020	2019
Current liabilities	**$ 384,847**	$ 351,034
Noncurrent liabilities	**16,118,321**	13,484,286
	$ 16,503,168	$ 13,835,320

NOTE 7. POSTRETIREMENT BENEFITS (Continued)

Components of the accumulated postretirement benefit obligation that have not been recognized as periodic benefit cost at June 30, 2020 and 2019, include the following:

	June 30,	
	2020	2019
Net actuarial loss	**$ 3,779,609**	$ 1,932,834
Prior service cost	**(1,063,913)**	(1,293,694)
	$ 2,715,696	$ 639,140

Net periodic benefit cost for the years ended June 30, 2020 and 2019:

	June 30,	
	2020	2019
Service cost	**$ 668,385**	$ 538,153
Interest cost	**461,361**	475,918
Amortization of net actuarial loss	**12,325**	-
Amortization of prior service cost	**(229,781)**	(229,781)
Net periodic benefit cost	**$ 912,290**	$ 784,290

The College estimates that amortization of net actuarial loss and amortization of prior year service cost (credit) will be $115,294 and $(229,781) respectively for the year ended June 30, 2020.

Postretirement benefit related changes other than net periodic pension cost recognized in the statements of activities consist of the following:

	June 30,	
	2020	2019
Amounts recognized during the period:		
Actuarial (loss) gain	**$ (1,859,100)**	$ (1,001,668)
Amounts reclassified to net periodic benefit cost:		
Amortization of actuarial loss	**12,325**	-
Amortization of prior service cost	**(229,781)**	(229,781)
	$ (2,076,556)	$ (1,231,469)

NOTE 8. ENDOWMENT

Endowment net asset composition by type of fund and changes in endowment net assets are summarized as follows:

Endowment Net Asset Composition by Type of Fund as of June 30, 2020	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	**$ -**	**$ 185,083,295**	**$ 185,083,295**
Board-designated endowment funds	**19,716,135**	**-**	**19,716,135**
Total funds	**$ 19,716,135**	**$ 185,083,295**	**$ 204,799,430**

Changes in Endowment Net Assets For the year ended June 30, 2020	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Net assets, beginning of year	**$ 19,913,176**	**$ 197,229,270**	**$ 217,142,446**
Investment return:			
Investment income	**525,498**	**4,702,065**	**5,227,563**
Net depreciation (realized and unrealized)	**(113,135)**	**(1,012,307)**	**(1,125,442)**
Total investment return	**412,363**	**3,689,758**	**4,102,121**
Contributions received	**100**	**4,109,450**	**4,109,550**
Appropriation of endowment assets for expenditure	**(609,504)**	**(19,945,183)**	**(20,554,687)**
Endowment net assets, end of year	**$ 19,716,135**	**$ 185,083,295**	**$ 204,799,430**

Endowment Net Asset Composition by Type of Fund as of June 30, 2019	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 197,229,270	$ 197,229,270
Board-designated endowment funds	19,913,176	-	19,913,176
Total funds	$ 19,913,176	$ 197,229,270	$ 217,142,446

Changes in Endowment Net Assets For the year ended June 30, 2019	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Net assets, beginning of year	$ 20,070,212	$ 209,355,608	$ 229,425,820
Investment return:			
Investment income	387,402	3,701,124	4,088,526
Net appreciation (realized and unrealized)	75,613	722,381	797,994
Total investment return	463,015	4,423,505	4,886,520
Contributions received	600	4,879,521	4,880,121
Appropriation of endowment assets for expenditure	(620,651)	(21,429,364)	(22,050,015)
Endowment net assets, end of year	$ 19,913,176	$ 197,229,270	$ 217,142,446

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2020, funds with original gift values of $4,603,522, fair values of $4,549,644, and deficiencies of $53,878 were reported in net assets with donor restrictions. At June 30, 2019, funds with original gift values of $235,400, fair values of $232,683, and deficiencies of $2,717 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new perpetual contributions.

NOTE 9. LEASE COMMITMENTS

The College has various operating lease agreements for land and equipment expiring on various dates through February 2098. During fiscal year 1999, the College entered into a 99-year ground lease for property located at the intersection of West College Avenue and South McDonough Road. The ground lease grants the College an option to purchase the property either during year 30 or year 60 of the lease. In 2018, the College adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases,* which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The College's incremental borrowing rate of 3.46% was used as the discount rate in order to determine present value. The following is a schedule by years of minimum future rentals on non-cancelable operating leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2020:

For the year ending June 30:	**Minimum annual lease payments**	**Amortization of NPV of lease liability**
2021	$ 250,089	$ 126,839
2022	247,361	129,313
2023	224,687	111,896
2024	202,013	93,497
2025	157,548	52,950
Thereafter	9,122,302	3,001,896
	$ 10,204,000	$ 3,516,391

Total rent expense for the years ended June 30, 2020 and 2019 was $223,347 and $173,363, respectively.

The carrying value of the related right-of-use assets as of June 30, 2020 and 2019 is:

	2020	2019
Accumulated basis	**$ 3,260,338**	$ 2,768,331
Less – accumulated amortization	**(567,423)**	(458,731)
	$ 2,692,915	$ 2,309,600

NOTE 10. BONDS PAYABLE

Bonds payable comprise the following at June 30:

	June 30, 2020	2019
3.375-4% tax-exempt revenue refunding bonds; original face amount of $20,865,000; due serially each June 1 through final maturity date of June 1, 2035 (Series 2015A)	**$ 20,865,000**	$ 20,865,000
4.5% tax-exempt revenue refunding bonds; original face amount of $33,840,000; due serially each June 1 through final maturity date of June 1, 2044 (Series 2019A)	**32,810,000**	33,840,000
Total bonds outstanding	**53,675,000**	54,705,000
Unamortized premium (discount), net	**2,937,547**	3,408,338
Unamortized bond issuance costs, net	**(689,484)**	(743,007)
	$ 55,923,063	$ 57,370,331

At June 30, 2020, the aggregate annual maturities of bonds payable for the next five years and thereafter are as follows:

For the year ending June 30:	**Amount**
2021	$ 1,110,000
2022	1,155,000
2023	1,215,000
2024	1,275,000
2025	1,335,000
Thereafter	47,585,000
	$ 53,675,000

The College recorded interest expense related to the bonds of approximately $2,230,710 and $2,101,856, respectively, for the years ended June 30, 2020 and 2019. There were no interest amounts capitalized during the years ended June 30, 2020 and 2019. There are no financial covenants associated with these bonds. Bonds include reporting requirements to submit audited financial statements within 180 days of year end.

NOTE 10. BONDS PAYABLE (Continued)

The Private Colleges and Universities Authority Revenue Bonds (Agnes Scott College), Series 2015B mature June 1, 2030, and are issued as Term Rate Bonds for a Term Interest Period ending May 31, 2019, and must be tendered by the holders thereof for purchase on June 1, 2019 (the "Mandatory Tender and Purchase Date"). The Series 2015B Bonds will bear interest during the initial Term Interest Period at the term interest rate of 2.5% commencing December 1, 2016. The Series 2015B Bonds are subject to mandatory tender for purchase on the Mandatory Tender and Purchase Date and are not supported by a liquidity facility.

On May 22, 2019, the Private Colleges and Universities Authority issued Series 2019 Refunding Revenue Bonds and loaned the proceeds to the College. The Series 2019 bonds were issued to refund the remaining Series 2009 and 2015B bonds payable. The refund met the legal requirements for defeasance of the bond liability. The defeasance and bond refunding resulted in a loss on early bond redemption of $86,824 for the year ending June 30, 2019.

The fair value of bonds payable was $57,945,056 and $59,181,269 as of June 30, 2020 and 2019, respectively. The fair value is estimated based on quoted market prices for the same or similar issues. The market prices utilized reflect the rate that the College would have to pay to a creditworthy third party to assume its obligation and do not reflect an additional liability of the College.

NOTE 11. PRESENTATION OF EXPENSES

Expenses are reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of this primary program service. Expenses that support more than one function, interest on indebtedness, utilities and depreciation and amortization expense, are allocated based on square footage to the functions benefited. Institutional support includes fundraising expenses totaling $2,443,683 and $2,409,728 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	June 30, 2020	June 30, 2019
Subject to expenditure for specified purpose:		
Instruction	**$ 38,141,399**	$ 38,762,415
Academic support	**7,066,211**	6,329,828
Student services	**3,943,235**	4,074,812
Institutional support	**1,018,753**	1,362,140
Operation and maintenance of plant	**1,981,805**	2,044,105
Student aid	**33,224,851**	34,863,079
Buildings and equipment	**9,812,203**	6,145,816
General purpose	**12,877,841**	23,315,265
Total subject to expenditure for specified purpose:	**108,066,298**	116,897,460
Endowments:		
Instruction	**23,835,792**	23,555,412
Academic support	**4,758,977**	4,664,769
Student services	**1,839,644**	1,826,831
Institutional support	**716,720**	716,720
Operation and maintenance of plant	**4,576,944**	4,307,490
Student aid	**35,131,973**	28,396,023
General purpose	**22,260,472**	22,319,681
Trust funds held by others	**5,827,604**	5,359,269
Total endowments:	**98,948,126**	91,146,195
Total net assets with donor restrictions:	**$ 207,014,424**	$ 208,043,655

	June 30, 2020	June 30, 2019
Subject to expenditure for specified purpose:		
Cash	**$ 11,262,162**	$ 4,694,538
Contributions receivable, net	**5,185,539**	3,692,133
Investments	**91,618,597**	108,510,789
Total subject to expenditure for specified purpose:	**108,066,298**	116,897,460
Endowments:		
Contributions receivable, net	**4,920,443**	1,873,396
Investments	**88,200,079**	83,913,530
Charitable remainder trusts	**3,230,099**	2,711,714
Beneficial interest in perpetual trusts	**2,597,505**	2,647,555
Total endowments:	**98,948,126**	91,146,195
Total net assets with donor restrictions:	**$ 207,014,424**	$ 208,043,655

NOTE 13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors are as follows:

	June 30,	
	2020	**2019**
Instruction	**$ 2,754,692**	$ 3,828,287
Financial aid	**3,353,093**	3,306,865
Academic support	**864,558**	1,213,682
Student services	**422,953**	739,181
Institutional support	**164,179**	112,545
Auxiliary enterprises	**850,762**	95,215
Capital additions	**1,556,207**	3,136,945
Appropriated expenditures for general purpose	**16,622,378**	15,509,695
	$ 26,588,822	$ 27,942,415

NOTE 14. EMPLOYEE PENSION PLANS

The College sponsors a defined contribution plan for faculty, salaried staff, and hourly staff. Employees are eligible after one year of service and there is a mandatory contribution requirement of 3.5% of their annual earnings. Effective January 1, 2019, the College contributes 8.2% of the employee base salaries. The College contributed $1,096,144 and $1,426,422 to the plan for the years ended June 30, 2020 and 2019, respectively.

On April 1, 2020, the College suspended its contribution to the plan due to the financial impact of the COVID-19 pandemic. The suspension is in effect through at least June 30, 2021.

NOTE 15. LINE OF CREDIT

During the year ending June 30, 2018, the College entered into a revolving secured operating line of credit of $4,000,000 with a financial institution. The line of credit bears interest at the 30 day LIBOR plus 1.55% and matures May 15, 2021. The line of credit is collateralized by Rebekah Hall contributions receivable. The outstanding balance on the line of credit was $1,365,332 and $2,734,518 at June 30, 2020 and 2019, respectively.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Certain federally funded programs are routinely subject to special audit. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. However, management believes that any such liabilities would not have a material effect on the College's financial position.

The College has investments in certain partnerships, and is obligated under the related partnership agreements to invest additional capital amounts over the next five years. The College has committed to invest $11,621,018 in additional capital as of June 30, 2020. The College has committed to the renovation of Main Hall as the living and learning community and the remaining commitment cost is $7,119,835.

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

The College is subject to legal proceedings and claims arising in the ordinary conduct of its affairs. No provision has been made for any liabilities which may arise from such claims since the amounts, if any, cannot be determined as of December 11, 2020. However, management believes that any such liabilities would not have a material effect on the College's financial position.

NOTE 17. FINANCIAL RESPONSIBILITY STANDARDS

The College participates in the federal Title IV student financial assistance programs, which require it meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the College, which are not otherwise presented in the consolidated financial statements or other notes to the consolidated financial statements, as of and for the year ended June 30, 2020:

Required input per standards	Ratio(s) Uses	Input Amount	Related financial statement amount not used as input on supplementary schedule
Property, plant and equipment, net – pre-implementation	Primary reserve	$ 108,616,054	
Property, plant and equipment, net – post-implementation with outstanding debt for original purchase	Primary reserve	-	
Property, plant and equipment, net – post-implementation without outstanding debt for original purchase	Primary reserve	806,140	
Total property, plant, and equipment, net			$ 109,422,194
Lease right-of-use assets – pre-implementation	Primary reserve	$ 2,200,908	
Lease right-of-use assets – post-implementation	Primary reserve	492,007	
Total lease right-of-use assets			$ 2,692,915

NOTE 18. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.

AGNES SCOTT COLLEGE

SUPPLEMENTARY SCHEDULE OF FINANCIAL RESPONSIBILITY DATA
FOR THE YEAR ENDED JUNE 30, 2020

Location in financial statements of related notes	Financial element		GAAP financial statement line item or disclosure		Amount used as ratio input
Primary Reserve Ratio: Expendable Net Assets:					
Consolidated statement of financial position	Net assets without donor restrictions	$	60,865,948	$	60,865,948
Consolidated statement of financial position	Net assets with donor restrictions		207,014,424		207,014,424
Not applicable	Secured and unsecured related party receivable		-		-
Not applicable	Unsecured related party receivable		-		-
Consolidated statement of financial position	Total property, plant and equipment, net		109,422,194		-
Note 17, Financial Responsibility Standards	Property, plant and equipment, net - pre implementation		-		108,616,054
Note 17, Financial Responsibility Standards	Property, plant and equipment, net - post-implementation with outstanding debt for original purchase		-		-
Note 17, Financial Responsibility Standards	Property, plant and equipment, net - post-implementation without outstanding debt for original purchase		-		806,140
Note 4, Property and Equipment, net	Construction in progress		2,439,598		2,439,598
Consolidated statement of financial position	Total lease right-of-use assets		2,692,915		-
Note 17, Financial Responsibility Standards	Lease right-of-use assets - pre-implementation		-		2,200,908
Note 17, Financial Responsibility Standards	Lease right-of-use assets - post-implementation		-		492,007
Not applicable	Intangible assets		-		-
Consolidated statement of financial position	Accrued postretirement benefit costs		16,503,168		16,503,168
Consolidated statement of financial position	Total long-term debt		57,288,395		-
Consolidated statement of financial position	Long-term debt - for long-term purposes - pre-implementation		-		57,288,395
Not applicable	Long-term debt - for long-term purposes - post-implementation		-		-
Not applicable	Line of credit for construction in progress		-		-
Consolidated statement of financial position	Total liability related to lease right-of-use assets		3,516,391		-
Consolidated statement of financial position	Liability related to lease right-of-use assets - pre-implementation		-		3,066,657
Consolidated statement of financial position	Liability related to lease right-of-use assets - post-implementation		-		449,734
Note 17, Financial Responsibility Standards	Annuities, term endowments and life income funds with donor restrictions not included in net assets with donor restrictions: amounts restricted in perpetuity		-		-
Note 12, Composition of Net Assets	Net assets with donor restrictions: restricted in perpetuity		98,948,126		98,948,126
Not applicable	Annuities with donor restrictions		-		-
Not applicable	Term endowments with donor restrictions		-		-
Not applicable	Life income funds with donor restrictions		-		-
Primary Reserve Ratio: Expenses and Losses:					
Consolidated statement of activities	Total operating expenses	$	59,508,095	$	59,508,095
Consolidated statement of activities	Net periodic benefit costs other than service costs		2,076,556		2,076,556
Consolidated statement of activities	Net realized and unrealized gains (losses) on investments without donor restrictions		94,881		94,881
Equity Ratio: Modified Net Assets:					
Consolidated statement of financial position	Net assets without donor restrictions	$	60,865,948	$	60,865,948
Consolidated statement of financial position	Net assets with donor restrictions		207,014,424		207,014,424
Not applicable	Intangible assets		-		-
Not applicable	Unsecured related party receivable		-		-
Equity Ratio: Modified Assets:					
Consolidated statement of financial position	Total assets	$	355,969,145	$	355,969,145
Consolidated statement of financial position	Lease right-of-use assets - pre-implementation		-		2,200,908
Not applicable	Intangible assets		-		3,066,657
Not applicable	Unsecured related party receivable		-		-
Net Income Ratio: Change in net assets without donor restrictions:					
Consolidated statement of activities	Change in net assets without donor restrictions	$	(4,972,046)	$	(4,972,046)
Net Income Ratio: Total Revenue without Donor Restrictions and Gains without Donor Restrictions:					
Consolidated statement of activities	Total operating revenues and grants and other support without donor restrictions	$	56,612,605	$	56,612,605
Consolidated statement of activities	Net investment return, net of amounts designated for operations without donor restrictions		-		-
Consolidated statement of activities	Other operating revenues without donor restrictions		-		-
Consolidated statement of activities	Net assets released from restrictions - capital		-		-

AGNES SCOTT COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Agreement Number	Federal Expenditures
Department of Education			
Student Financial Assistance Cluster			
Federal Pell grant program	84.063		$ 2,061,348
Federal Work-Study program	84.033		119,859
Federal Supplemental Educational Opportunity grant program	84.007		111,605
Federal Direct Student Loan program	84.268		6,611,600
Total Student Financial Assistance Cluster			8,904,412
COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion	84.425E		574,115
COVID-19 - Higher Education Emergency Relief Fund - Institution Portion	84.425F		322,495
Total COVID-19 - Higher Education Emergency Relief Fund			896,610
Total - Department of Education			9,801,022
Research and Development Cluster			
National Security Agency			
Georgia STARTALK Program: Chinese and Turkish	12.900	H98230-18-1-0050	84,212
Total - National Security Agency			84,212
National Aeronautics and Space Administration			
Space Grant College & Fellowship Program			
Pass Through from Georgia Space Grant Consortium at Georgia Tech	43.008	NNX15AP85H	10,758
Total - National Aeronautics and Space Administration			10,758
National Science Foundation			
RUI: Dynamic Ultra-Compact Ionized Gas regions in the Star-Forming Region W49A	47.049	1615311	61,430
Confidence Judgments and Metacognition in Comparative and Developmental Perspective			
Pass Through from University of Georgia	47.075	SP00012512-02	9,814
TRIPODS+X:EDU: Collaborative Education: Data-driven Discovery and Alliance			
Pass Through from Spellman University	47.049	1839255	27,841
Total - National Science Foundation			99,085
Total R&D Cluster			194,055
National Endowment for the Humanities			
Gen Z, Shakespeare, and Digital Storytelling	45.163	ES-267034-19	16,023
Total - National Endowment for the Humanities			16,023
Total Federal Expenditures			$ 10,011,100

AGNES SCOTT COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grant activity of Agnes Scott College (the "College") under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Cost Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of Agnes Scott College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College.

B. INDIRECT COST RATE

The College elected not to use the option of the 10% de minimis indirect cost rate. The College uses a rate of 61.82% of salaries and wages, which is negotiated with the Department of Health and Human Services. The rate expires on June 30, 2020.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards are presented on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

D. FEDERAL DIRECT STUDENT LOAN PROGRAM (FDSLP)

The College is responsible only for the performance of certain loan origination administrative duties with respect to the FDSL program and accordingly, these loans are not included in the College's consolidated financial statements and it is not practical to determine the balance of loans outstanding to students and former students of the College under these programs as of June 30, 2020. During the fiscal year ended June 30, 2020, the College processed the following amounts of new loans under the Federal Direct Student Loan Program:

Federal Direct Subsidized Stafford Loans	$	2,162,097
Federal Direct Unsubsidized Stafford loans		2,375,913
Federal PLUS Loans		2,073,590
	$	6,611,600

E. MATCHING

Under the Federal Supplemental Educational Opportunity Grant, the College matched $37,202 in funds awarded to students for the year ended June 30, 2020, in addition to the federal share of expenditures included in the accompanying Schedule.

Under the Federal Work-Study Program, the College matched $205,618 in total compensation for the year ended June 30, 2020, in addition to the federal share of expenditures included in the accompanying Schedule.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Agnes Scott College
Decatur, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Agnes Scott College and subsidiaries (the "College") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 11, 2020

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Agnes Scott College
Decatur, Georgia

Report on Compliance for the Major Federal Program

We have audited the compliance of Agnes Scott College (the "College") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal program for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to the College's federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 23, 2021, except for our report on the schedule of expenditures of federal awards, for which the date is December 11, 2020

AGNES SCOTT COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:
Financial Statements:

Type of auditors' report issued	**Unmodified**	
	Yes	**No**
Internal control over financial reporting:		
Material weaknesses identified?		**X**
Significant deficiencies identified not considered to be material weaknesses?		**None Reported**
Noncompliance material to the financial statements noted?		**X**

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?		**X**
Significant deficiencies identified not considered to be material weaknesses?		**None Reported**
Type of auditors' report issued on compliance for major programs	**Unmodified**	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)	**No**	

Identification of major programs:

Student Financial Assistance Cluster:

84.063	Federal Pell Grant Program
84.268	FDSLP
84.007	FSEOG
84.033	Federal Work-Study Program

84.425 - COVID-19: Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000	
	Yes	**No**
Auditee qualified as low-risk auditee?	**X**	
Financial Statement Findings?		**X**
Federal Award Findings and Questioned Costs?		**X**

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

AGNES SCOTT COLLEGE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported