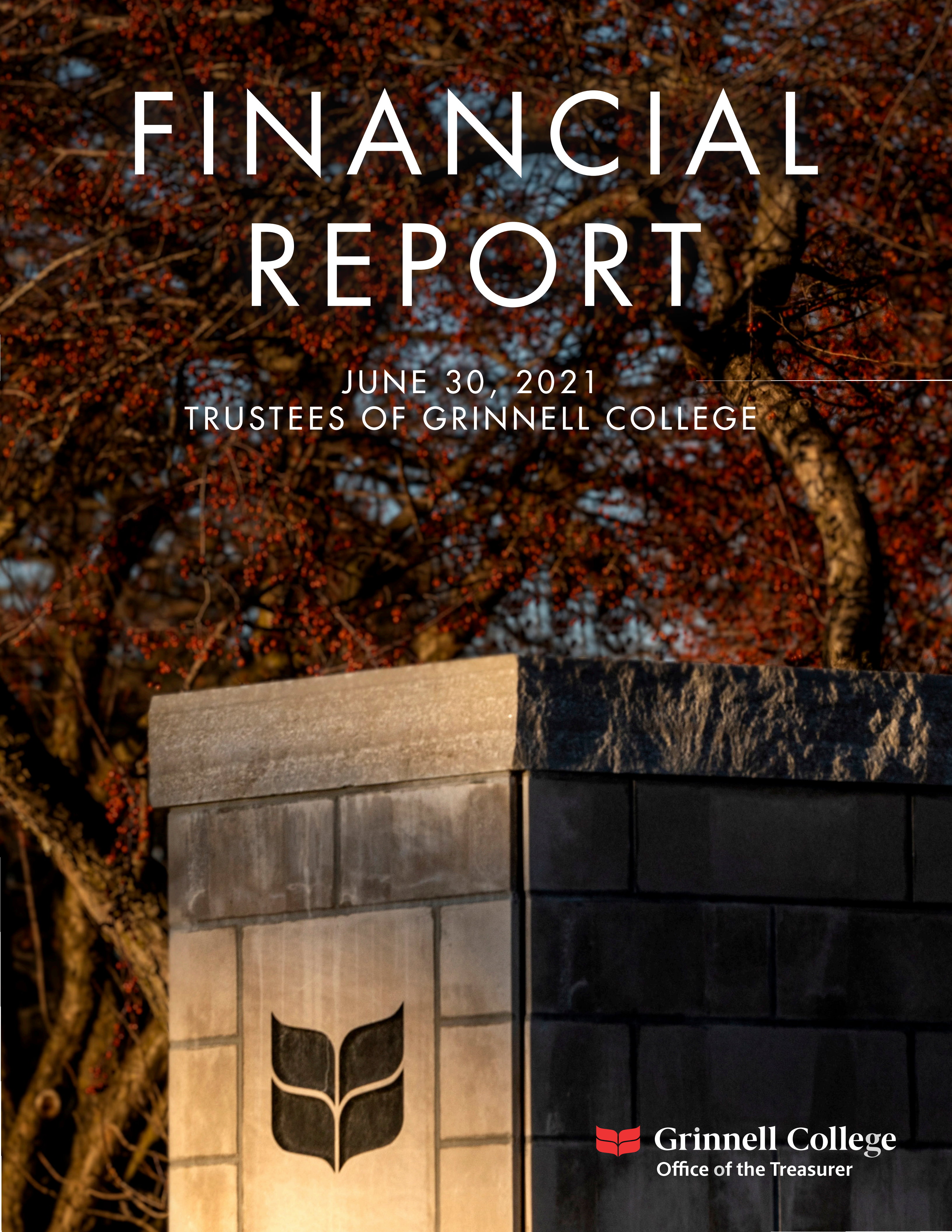
FINANCIAL REPORT

JUNE 30, 2021

TRUSTEES OF GRINNELL COLLEGE



Grinnell College

Office of the Treasurer

TRUSTEES OF GRINNELL COLLEGE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Trustees of Grinnell College
Grinnell, Iowa

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Trustees of Grinnell College (the College), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 entity'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 entity'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 consolidated financial position of the College as of June 30, 2021 and 2020, 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 accompanying financial responsibility ratio supplemental schedule, as required by the Department of Education, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 28, 2021

TRUSTEES OF GRINNELL COLLEGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020
(DOLLARS IN THOUSANDS)

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 3,271	$ 2,933
Accounts Receivable - Less Allowance for Doubtful Accounts of $66 in 2021 and $65 in 2020	4,118	2,524
Inventories and Prepaid Expenses	4,768	3,993
Contribution and Bequest Receivable - Net (Note 5)	7,105	9,099
Loans to Students - Less Allowance for Doubtful Loans of $677 in 2021 and $644 in 2020 (Note 6)	4,694	5,243
Beneficial Interest in Trust (Note 2)	7,280	6,114
Investments (Note 2)	3,087,293	2,164,631
Property and Equipment - Net (Note 7)	331,919	339,495
Total Assets	$ 3,450,448	$ 2,534,032
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 20,297	$ 9,385
Accrued Payroll and Fringe Benefits	6,350	6,493
Deferred Revenue and Deposits	8,365	3,126
Annuities Payable	10,411	9,621
Funds Held in Trust for Others	371	284
Bonds Payable (Note 13)	233,533	180,662
Accrued Postretirement Benefit Obligation (Note 10)	19,518	19,828
United States Government Grants Refundable	1,281	1,650
Total Liabilities	300,126	231,049
NET ASSETS		
Without Donor Restriction (Notes 3 and 12)	2,160,525	1,595,011
With Donor Restriction (Notes 3 and 12)	989,797	707,972
Total Net Assets	3,150,322	2,302,983
Total Liabilities and Net Assets	$ 3,450,448	$ 2,534,032

See accompanying Notes to Consolidated Financial Statements.

TRUSTEES OF GRINNELL COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Without Donor Restriction	With Donor Restriction	Total
OPERATING ACTIVITIES			
Revenue, Gains, and Other Support:			
Tuition and Fees, Net of Discount of $50,030	$ 32,142	$ -	$ 32,142
Government Grants and Contracts	-	2,833	2,833
Private Gifts and Grants	1,752	4,053	5,805
Net Investment Return	34	2	36
Auxiliary Income	4,534	-	4,534
Other	721	-	721
Net Operating Revenues	39,183	6,888	46,071
Endowment Spending Distribution	87,612	-	87,612
Net Assets Released from Restrictions	4,758	(4,758)	-
Net Resources Funding Operations	131,553	2,130	133,683
Expenses and Losses:			
Instruction	46,111	-	46,111
Academic Support	16,363	-	16,363
Student Services	25,222	-	25,222
Institutional Support	25,270	-	25,270
Auxiliary Enterprises	15,120	-	15,120
Total Operating Expenses	128,086	-	128,086
Change in Net Assets from Operating Activities	3,467	2,130	5,597
NONOPERATING ACTIVITIES			
Private Gifts and Grants	42	2,782	2,824
Net Investment Return	623,210	306,326	929,536
Endowment Spending Distribution	(87,612)	-	(87,612)
Net Assets Released from Restrictions	27,562	(27,562)	-
Change in Value of Split Interest Agreements	-	(1,851)	(1,851)
Gain on Disposal of Property and Equipment	20	-	20
Postretirement Benefit Plan Related Changes, Other than Net Periodic Postretirement Benefit Cost	(1,175)	-	(1,175)
Change in Net Assets from Nonoperating Activities	562,047	279,695	841,742
TOTAL CHANGE IN NET ASSETS	565,514	281,825	847,339
Net Assets - Beginning of Year	1,595,011	707,972	2,302,983
NET ASSETS - END OF YEAR	$ 2,160,525	$ 989,797	$ 3,150,322

See accompanying Notes to Consolidated Financial Statements.

TRUSTEES OF GRINNELL COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(DOLLARS IN THOUSANDS)

	Without Donor Restriction	With Donor Restriction	Total
OPERATING ACTIVITIES			
Revenue, Gains, and Other Support:			
Tuition and Fees, Net of Discount of $55,325	$ 35,416	$ -	$ 35,416
Government Grants and Contracts	-	2,639	2,639
Private Gifts and Grants	1,704	4,402	6,106
Net Investment Return	818	11	829
Auxiliary Income	15,752	-	15,752
Other	517	-	517
Net Operating Revenues	54,207	7,052	61,259
Endowment Spending Distribution	82,502	-	82,502
Net Assets Released from Restrictions	5,302	(5,294)	8
Net Resources Funding Operations	142,011	1,758	143,769
Expenses and Losses:			
Instruction	49,396	-	49,396
Academic Support	17,208	-	17,208
Student Services	26,155	-	26,155
Institutional Support	26,822	-	26,822
Auxiliary Enterprises	16,407	-	16,407
Total Operating Expenses	135,988	-	135,988
Change in Net Assets from Operating Activities	6,023	1,758	7,781
NONOPERATING ACTIVITIES			
Private Gifts and Grants	111	8,549	8,660
Net Investment Return	65,512	30,750	96,262
Endowment Spending Distribution	(82,502)	-	(82,502)
Net Assets Released from Restrictions	26,368	(26,376)	(8)
Change in Value of Split Interest Agreements	-	(99)	(99)
Postretirement Benefit Plan Related Changes, Other than Net Periodic Postretirement Benefit Cost	(5,851)	-	(5,851)
Change in Net Assets from Nonoperating Activities	3,638	12,824	16,462
TOTAL CHANGE IN NET ASSETS	9,661	14,582	24,243
Net Assets - Beginning of Year	1,585,350	693,390	2,278,740
NET ASSETS - END OF YEAR	$ 1,595,011	$ 707,972	$ 2,302,983

See accompanying Notes to Consolidated Financial Statements.

TRUSTEES OF GRINNELL COLLEGE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020
(DOLLARS IN THOUSANDS)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 847,339	$ 24,243
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	13,759	13,153
Amortization of Bond Premium	(1,389)	(1,486)
Net Realized and Unrealized Gains on Investments	(934,412)	(89,852)
Provision for Recoveries of Losses	38	113
Gain on Disposal of Property and Equipment	(20)	-
Change in Beneficial Interest in Trust	(1,166)	5,812
Restricted Contributions	(9,668)	(15,590)
Postretirement Benefit Plan Related Changes, Other than Net Periodic Postretirement Benefit Cost	1,175	5,851
Actuarial Loss on Annuities Payable	1,763	100
Change in Assets and Liabilities:		
Accounts Receivable	(1,593)	(1,172)
Contribution and Bequest Receivable	(670)	473
Inventories and Prepaid Expenses	(775)	210
Accounts Payable and Accrued Liabilities	12,315	1,460
Funds Held in Trust for Others	87	(1)
Deferred Revenue and Deposits	5,239	(1,223)
Accrued Postretirement Benefit Obligation	(1,485)	(1,626)
Net Cash Used by Operating Activities	(69,463)	(59,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(7,702)	(22,393)
Proceeds from Sales of Property and Equipment	50	26
Disbursements of Loans to Students	(692)	(783)
Principal Payments Received on Loans to Students	1,202	1,166
Purchases of Investments	(902,909)	(859,781)
Proceeds from Sales and Maturities of Investments	914,659	934,997
Net Cash Provided by Investing Activities	4,608	53,232
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Contributions	12,332	13,151
Change in United States Government Grants Refundable	(369)	(695)
Payments on Annuities Payable	(973)	(689)
Proceeds from Issuance of Bonds	60,600	-
Payment of Bond Issuance Costs	(592)	-
Payments on Bonds Payable	(5,805)	(5,900)
Net Cash Provided by Financing Activities	65,193	5,867
NET CHANGE IN CASH AND CASH EQUIVALENTS	338	(436)
Cash and Cash Equivalents - Beginning of Year	2,933	3,369
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,271	$ 2,933

See accompanying Notes to Consolidated Financial Statements.

TRUSTEES OF GRINNELL COLLEGE
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020
(DOLLARS IN THOUSANDS)

	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 7,848	$ 7,871
Amounts Included in Year-End Accounts Payable for the Purchase of Property and Equipment	$ 1,450	$ 2,996
Donated Securities	$ 1,129	$ 1,722

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Founded in 1846, Grinnell College (the College) is a private, coeducational, residential liberal arts college located in Grinnell, Iowa. The College is committed to academic excellence, the intellectual and physical well-being of all, and the pursuit of good in the world. Grinnell students come from every state in the U.S., as well as nearly 50 countries globally. The College strives to create a multicultural diverse community, open to the academically qualified regardless of ability to pay.

Basis of Consolidation

Exit 182 Group, LLC, a wholly owned subsidiary of the College, was established in 2019. Exit 182 Group, LLC, is responsible for the management of college-owned assets for which the Board of Trustees has delegated management responsibility with the College remaining the owner of such assets. The subsidiary holds no assets and has no financial activity.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The College maintains its internal accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For reporting purposes, however, the College has adopted Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*, which requires resources be classified for reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Trustees (the Board) or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restriction – Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College or that expire by the passage of time. Net assets with donor restriction may be subject to donor-imposed stipulations that are required to be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on these assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The College follows the guidance in the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and Iowa Uniform Prudent Management of Institutional Funds Act (IUPMIFA). The Board of Grinnell College has interpreted IUPMIFA as requiring the preservation of the historic value of the original gift absent explicit donor stipulation stating otherwise. Therefore, the College classifies the following as perpetually restricted net assets in relation to donor-restricted endowment funds: (a) the value of the original gifts to the endowment at the time of the gift, (b) the value of all new gifts to the endowment as of the date of the gift, (c) accumulations to the endowment specifically stated in the donor gift instrument at the time added to the fund, and (d) the value of the amounts appropriated for expenditure in accordance with the College's spending policy, but unspent at the end of the fiscal year.

Expenses are generally reported as decreases in net assets without donor restriction. Expirations or modifications of donor-imposed stipulations are reported as reclassifications between the applicable classes of net assets.

Measure of Operations

The College reports a change in net assets from operating activities including all operating revenue and expense that are a critical part of its programs and supporting activities including net assets released from donor restriction to support operating expenditures, as well as investment returns allocated by the endowment spending policy to support operations.

The measure of operations includes support for operating activities without donor restriction and with donor restriction that are not long-term in nature.

The measure of operations excludes support for nonoperating activities including investment returns in excess of amounts allocated to support current operations, private gifts and grants restricted for long-term investment and capital projects, changes in the value of planned giving agreements, gain on the disposal of property and equipment, and changes in the postretirement benefit plan.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The College considers all highly liquid instruments purchased with cash with an original maturity of three months or less to be cash equivalents, except for cash and cash equivalents held in the investment portfolio.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The College has received a tax determination letter from the Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

GAAP requires management to evaluate tax positions taken by the College and recognize a tax liability (or asset) if the College has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the College, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Accounts Receivable

Receivables are stated at net realizable value and are unsecured. The College does not charge interest on its accounts receivable. The College provides an allowance for doubtful accounts using the allowance method, which is based on management's judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or net realizable value.

Investments

The College carries its investments at fair value. Unrealized appreciation or depreciation is reported as increases or decreases to net assets. Realized gains and losses on investments are determined using the first-in first-out method, the specific identification method, or the average cost method based upon the underlying investment structures and holdings.

Property and Equipment

Property and equipment, with an acquisition cost of $15,000 or greater, is stated at cost at date of acquisition or estimated fair value at date of gift, less accumulated depreciation computed on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	20 to 40 Years
Equipment and Furnishings	3 to 10 Years

Expenditures for new equipment, buildings, and improvements that substantially extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. Construction in progress comprises costs incurred for building and improvements and equipment and furnishings.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections

The Grinnell College Museum of Art and Grinnell College acquire works of art in the public trust for study, exhibition, and enjoyment. The Museum's intention is to maintain a collection, not to sell it. The goal of any deaccession is to improve, upgrade and enhance the Collection; therefore, any proceeds realized from the deaccession of a work of art from the Collection will be used to fund future art acquisitions rather than support operations.

U.S. Government Grants Refundable

Funds provided by the U.S. government under the federal Perkins loan program were loaned to qualified students. These funds are ultimately refundable to the U.S. government and are included as a liability in the statements of financial position.

Operating Activities

The College defines operating activities as activities closely related to the educational mission of the College and related auxiliary services. Included in operating revenues is the endowment spending distribution. See discussion of the endowment spending distribution in Note 3.

Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected discounted at an appropriate discount rate commensurate with the risks involved. Conditional promises are not included as revenue until such times as the conditions are substantially met.

The College reports gifts of cash and other assets as restricted support if the gifts are received with donor stipulations that limit the use of the donated assets. Gifts received with donor-imposed restrictions that stipulate resources be maintained perpetually but permit the use of all or part of the income derived from the donated assets are reported as with donor restrictions invested in perpetuity. Gifts received with donor-imposed restrictions that permit the use of the donated assets as specified are reported as with donor restriction for a purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restriction for a purpose are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as Net Assets Released from Restriction.

The College reports gifts of land, building, and equipment as without donor restriction support unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expiration of donor restrictions when the long-lived assets are acquired or donated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue and Deposits

The College records cash received for future services as deferred revenue. This revenue is recognized when services are provided. Deferred revenue consists primarily of unearned tuition.

Grants from Governmental Agencies

Conditional government grants and contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the College will record such disallowance at the time the final assessment is made.

A portion of the College's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the College has incurred expenditures in compliance with specific contract or grant provisions. The College received cost reimbursable grants of $3,789 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

Split Interest Agreements

The College is the beneficiary of various trusts and annuities. The College's interest in these split interest agreements is reported as a contribution in the year received at its net present value, discounted at rates between 1.00% and 9.00% as of June 30, 2021 and between 0.52% and 9.00% as of June 30, 2020, respectively, based upon actuarially determined mortality rates. The assets of these agreements, for which the College is the trustee, total approximately $16,762 and $13,914 as of June 30, 2021 and 2020, respectively, and are included in investments on the statements of financial position.

For irrevocable term trusts for which the College does not serve as trustee, contribution revenue and a trust asset are recognized at the date the trust is established for the present value of the estimated future payments to be received. For perpetual trusts for which the College does not serve as trustee, contribution revenue and a trust asset are recognized at the date the trust is established for the College's share of the fair value of trust assets.

Funds Held in Trust for Others

Funds held in trust for others are recorded at fair value. These investments, which are in the possession or under the control of the College, are administered by the College for outside fiscal agents, with the College deriving income from the investments as stipulated by the various gift instruments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postretirement Benefits

The College provides certain health care benefits for all retired employees who meet eligibility requirements. The College's share of the estimated costs that will be paid after retirement is being accrued by charges to net assets without donor restriction over the employees' active service periods to the date they are fully eligible for benefits in accordance with ASC 715, *Compensation – Retirement Benefits*.

Revenue Recognition

The College recognizes tuition and fees revenue within the fiscal year in which educational services are provided. Discounts in the form of scholarships and grants, including those funded by the endowment and gifts, are reported as a reduction of tuition and fees.

The educational services are delivered in the fall and spring terms. There is not a standard summer term. Payments for the fall term received prior to June 30 are recorded as deferred revenue until the performance obligations are met.

Auxiliary Income includes activity for student housing and dining services. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, associated revenues are earned and recognized during those terms.

Grants and Scholarships

Primarily scholarships, grants and other aid are offered by the College to attract and retain students. The College offers institutional support to students in the form of merit and need-based financial aid at the College's discretion.

Adoption of New Accounting Standards

In March 2019, FASB issued ASU 2019-03, *Updating the Definition of Collections (Topic 958)*. The standard improves the definition of collections in the Master Glossary by realigning it with the definition used in the American Alliance of Museums' (AAM) Code of Ethics for Museums (the Code). The College has adopted this standard retrospectively.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*. The ASU removes and modifies disclosure requirements. The College has adopted this standard retrospectively.

Subsequent Events

Subsequent events related to the consolidated financial statements have been evaluated through September 28, 2021, which is the date the consolidated financial statements were available to be issued, and it has been determined that there are no events that require adjustment to, or disclosures in, these consolidated financial statements.

NOTE 2 INVESTMENTS, COMMITMENTS, AND FAIR VALUE MEASUREMENTS

The College records certain assets and liabilities at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. 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 on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchical framework has been established that classifies assets, based on the market observability of the inputs used to determine fair value, into the following three categories:

Level 1 – Unadjusted quoted prices for identical instruments in active markets to which the College has access at the date of measurement.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets in markets that are not active, or not traded on an open exchange; and model-derived valuations in which all significant inputs are directly or indirectly observable.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques for determining fair value and may include price information, market transaction data, investment liquidity, and other factors. An investment's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value. Transfers between levels occur when there is a change in the observability of significant inputs. This may occur between Level 1 and Level 2 when the availability of quoted prices changes, or when market activity significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data. Transfers between levels are recognized on the date they occur.

Fair values on marketable securities are typically based on quoted market prices from an active exchange. The College's short-term investment funds and mutual funds, regardless of the underlying asset (i.e. equity, treasuries, credit), that are registered investment companies and have daily net asset values (NAV) are classified in Level 1. Certain mutual funds with observable inputs, but not traded on an open exchange are classified in Level 2.

Forward currency contracts, entered into by the College, are valued using quoted prices on active markets or exchanges. All of these investments, except those held in a common collective trust fund and subject to withdrawal limitations, are classified in Level 1.

(DOLLARS IN THOUSANDS)

NOTE 2 INVESTMENTS, COMMITMENTS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ended June 30, 2021, $180,149 was transferred into Level 2 from NAV practical expedient, and $45,663 was transferred into Level 3 from NAV practical expedient. For the year ended June 30, 2020, there were no significant transfers in or out of Levels 1, 2, or 3.

Direct investments in United States government and agency notes and bonds are priced based on wire services that examine the bid/ask quote across the market for that issue. Certain issues that trade less frequently are priced based on an estimate using previous market data. Corporate and other bonds are often traded in less active markets with pricing being determined by looking at a similar asset that is currently trading. As such, these investments are classified in Level 2.

The fair value of limited partnerships and similar nonmarketable equity interests, which invest in both publicly and privately owned securities, are based on estimates and assumptions of general partners or partnership valuation committees in the absence of readily determinable market values. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. For the public securities held by the limited partnerships, investment office staff verifies the price of each public security and recalculates the resulting market value. Investments in limited partnerships and similar nonmarketable equity interests using NAV as a practical expedient have been classified as such. Investments that do not use NAV as a practical expedient have been classified in Level 3.

The following tables set forth the College's investments by major categorization on the basis of the nature and risk of the investments, as required by ASC 820, as of June 30:

	Investments and Beneficial Interest in Trust at Fair Value as of June 30, 2021				
	NAV Practical Expedient	Level 1	Level 2	Level 3	Total
Short-Term Investments	$ -	$ 69,641	$ -	$ -	$ 69,641
United States Government and Agency Notes and Bonds	-	253,291	14	-	253,305
Corporate and Other Bonds	-	3,782	-	-	3,782
Marketable Equity Interests	-	385,709	-	-	385,709
Commingled Funds (a)	991,244	-	-	-	991,244
Private Equity (b)	1,122,272	-	20,087	36,507	1,178,866
Distressed (c)	72,204	-	80,651	-	152,855
Real Assets (d)	51,539	-	-	-	51,539
Other (e)	-	-	-	7,632	7,632
Total Investments at Fair Value	$ 2,237,259	$ 712,423	$ 100,752	$ 44,139	$ 3,094,573

(DOLLARS IN THOUSANDS)

NOTE 2 INVESTMENTS, COMMITMENTS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

	Investments and Beneficial Interest in Trust at Fair Value as of June 30, 2020				
	NAV Practical Expedient	Level 1	Level 2	Level 3	Total
Short-Term Investments	$ -	$ 27,631	$ -	$ -	$ 27,631
United States Government and Agency Notes and Bonds	-	112,504	59	-	112,563
Corporate and Other Bonds	63,455	3,166	-	-	66,621
Marketable Equity Interests	-	322,003	5,990	-	327,993
Commingled Funds (a)	703,503	-	-	-	703,503
Private Equity (b)	693,238	-	-	28,583	721,821
Distressed (c)	161,182	-	-	-	161,182
Real Assets (d)	42,899	-	-	-	42,899
Other (e)	-	-	-	6,532	6,532
Total Investments at Fair Value	$ 1,664,277	$ 465,304	$ 6,049	$ 35,115	$ 2,170,745

(a) Commingled funds primarily include investments with managers who implement long-only equity strategies, but also include certain global macro and long/short strategies, with some exposure to the credit markets. Redemption lock-up periods range from quarterly to four years, with a notice period of 30 to 180 days. Some of the assets in this category are invested in side pockets, which are less liquid and may be restricted from redemption. Commingled funds are invested globally. Unfunded commitments are $-0- at June 30, 2021 and 2020.

(b) Private equity includes limited partnership interests and direct investments in the following strategies: buyout, venture capital, growth equity and invention capital, a strategy focused on the monetization of intellectual property through licensing. These partnership interests are not eligible for redemption and have terms ranging from 8 to 30 years. Private equity funds are invested globally. Unfunded commitments are $170,566 and $151,098 at June 30, 2021 and 2020, respectively.

(c) Distressed investments are made through limited partnerships that generally seek to achieve capital appreciation through investments in debt securities and other obligations at substantial discounts to their original value. These investments are generally made in connection with episodes of financial distress for the underlying company. These partnership interests are not eligible for redemption and have terms of 10 to 11 years. Distressed funds are invested globally. Unfunded commitments are $78,577 and $90,834 at June 30, 2021 and 2020, respectively.

(d) Real assets include limited partnership interests and direct investments in real estate, real estate related assets or businesses, infrastructure, and natural resources. Limited partnership interests are not eligible for redemption and have terms of 8 to 10 years. Real asset funds are invested globally. Unfunded commitments are $32,856 and $39,312 at June 30, 2021 and 2020, respectively.

(e) The other category primarily consists of perpetual trusts, beneficial interests in external trusts, and community investments. Unfunded commitments are $-0- at June 30, 2021 and 2020.

(DOLLARS IN THOUSANDS)

NOTE 2 INVESTMENTS, COMMITMENTS, AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table reconciles the change in fair value of the College's Level 3 investments from the beginning to the end of each annual reporting period:

	Private Equity	Other	Total
Balance as of June 30, 2019	$ 28,068	$ 12,457	$ 40,525
Net Investment Return	666	1,293	1,959
Purchases	182	32	214
Sales	(333)	(7,250)	(7,583)
Transfers	-	-	-
Balance as of June 30, 2020	28,583	6,532	35,115
Net Investment Return (Loss)	(38,396)	2,083	(36,313)
Purchases	1,436	-	1,436
Sales	(779)	(983)	(1,762)
Transfers	45,663	-	45,663
Balance as of June 30, 2021	$ 36,507	$ 7,632	$ 44,139

The following table presents valuation techniques of the College's Level 3 investments:

Instrument	Fair Value 2021	Fair Value 2020	Principal Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Direct Investments	$ 3,950	$ 2,670	Future revenue multiple	Future revenue and determination of multiplier	No range No weighted average
Direct Investment	32,557	25,913	Third-party valuation with illiquidity discount	Third-party valuation with illiquidity discount	No range No weighted average
Direct Investments	352	418	Various cost analysis or gifted value	Qualitative and quantitative analysis	No range No weighted average
Private Equity	-	-	Manager and investment due diligence	Qualitative and quantitative analysis	No range No weighted average
Beneficial Interest in Trusts	7,280	6,114	Fair market value of trust investments	Time period of trust	N/A - 2.4% 1.64%
	$ 44,139	$ 35,115			

(DOLLARS IN THOUSANDS)

NOTE 3 ENDOWMENT

The College's endowment consists of donor-restricted funds and other board-designated funds that are deemed to be held and invested in perpetuity. Endowment funds are primarily pooled for investment purposes.

Per the state of Iowa's statute, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for uses, benefits, purposes and duration for which the endowment is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. Appropriation for expenditure is deemed to occur upon approval for expenditure unless approval is for a future period, in which case appropriation is deemed to occur when that period is reached. UPMIFA does not apply to board-designated endowment funds and therefore the appreciation on these funds remains a part of net assets without donor restriction.

The endowment consists of the following net asset components as of June 30:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted	$ -	$ 963,342	$ 963,342
Board-Designated	1,968,208	-	1,968,208
Total Endowment Net Assets	$ 1,968,208	$ 963,342	$ 2,931,550

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted	$ -	$ 683,869	$ 683,869
Board-Designated	1,406,881	-	1,406,881
Total Endowment Net Assets	$ 1,406,881	$ 683,869	$ 2,090,750

Return Objectives and Risk Parameters

The College intends that its endowment shall be invested to ensure the long-term growth of its capital rather than to maximize annual income or short-term returns, recognizing the impact of volatility and liquidity on its responsibility to provide predictable and stable financial support for the College's mission as a fine liberal arts college. Total return is expected to meet or exceed endowment spending plus inflation, thereby preserving or enhancing the real purchasing power of the endowment into perpetuity.

Strategies Employed for Achieving Objectives

The College seeks to achieve these objectives via a liquidity-oriented asset allocation process which identifies a strategic mix of asset classes to produce the highest expected investment return within a prudent risk framework, utilizing bottom-up decision-making methods. The perpetual nature of the endowment funds and the significant degree to which the College relies on endowment distributions to support the operations of the College is considered.

(DOLLARS IN THOUSANDS)

NOTE 3 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

For the years ended June 30, 2021 and 2020, the Board affirmed the College's endowment spending policy, which calculates the annual distribution as 4.00% of a 12-quarter moving average of the fair value of endowment net assets. The spending policy does not permit the entire annual distribution to be used to support the College's operating budget. Accordingly, the Board annually approves allocation of a portion of the endowment distribution to reserve funds and other purposes outside of the operating budget.

At its October 2015 meeting, the Board approved an exception to the endowment spending policy, authorizing an additional $56 million to be distributed over the six-year period FY 2016 through FY 2021, approximately $9.3 million/year, over and above the standard 4% payout. The additional payout is structured to address a number of high priority strategic initiatives over the designated six-year period.

Endowment activity was as follows for the fiscal years ended June 30:

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets as of June 30, 2019	$ 1,400,320	$ 669,633	2,069,953
Net Investment Return	65,342	30,950	96,292
Gifts	-	6,836	6,836
Endowment Spending Distribution	(82,502)	-	(82,502)
Release or Change in Restriction	23,663	(23,654)	9
Transfers	58	104	162
Endowment Net Assets as of June 30, 2020	1,406,881	683,869	2,090,750
Net Investment Return	623,158	301,621	924,779
Gifts		2,112	2,112
Endowment Spending Distribution	(87,612)		(87,612)
Release or Change in Restriction	25,480	(25,008)	472
Transfers	301	748	1,049
Endowment Net Assets as of June 30, 2021	$ 1,968,208	$ 963,342	$ 2,931,550

Funds with Deficiencies

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or IUPMIFA requires the College to retain as a fund of perpetual duration. As of June 30, 2021, deficiencies of this nature were $-0-. As of June 30, 2020, funds with original gift values of $7,985, and fair values of $7,852 and deficiencies of $133 were reported in net assets with donor restrictions. The College applies its standard spending policy to these funds.

(DOLLARS IN THOUSANDS)

NOTE 4 LIQUIDITY

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures, the College operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures. Student loan receivables are not included in the analysis of liquidity as principal and interest on loans are used solely to make new loans.

The following assets could be made readily available within one year to meet general expenditures as of June 30:

	2021	2020
Cash and Cash Equivalents	$ 1,981	$ 1,605
Accounts Receivable	1,270	1,133
Contribution and Bequest Receivable	256	142
Investments	69,183	61,180
Endowment Spending Distribution	82,400	87,612
Total	$ 155,090	$ 151,672

The Board has designated a portion of its assets without donor restriction to the endowment. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The designated endowment is $1,968,208 and $1,406,881 at June 30, 2021 and 2020, respectively.

In addition the Board has designated reserves to be used for high priority strategic initiatives. $69,150 and $61,073 of these reserves are readily available within one year to meet general expenditures and are included in the table above for June 30, 2021 and 2020, respectively.

NOTE 5 CONTRIBUTION AND BEQUEST RECEIVABLE-NET

Contribution and bequest receivable consists of the following at June 30:

	2021	2020
Less than One Year	$ 3,346	$ 4,304
One Year to Five Years	3,840	4,926
Greater than 5 Years	-	-
Total	7,186	9,230
Less: Discount to Present Value	81	131
Contribution and Bequest Receivable - Net	$ 7,105	$ 9,099

For the year ended June 30, 2021, contribution and bequest receivable included two gifts that represented 32.2% of the total balance. The discount rates for the present value calculation range from 0.3% to 2.73%. For the year ended June 30, 2020, contribution and bequest receivable included two gifts that represented 37.8% of the total balance. The College has determined that no allowance is necessary as of June 30, 2021 and 2020.

(DOLLARS IN THOUSANDS)

NOTE 6 LOANS TO STUDENTS

Loans to students consist of the following at June 30:

	2021	2020
Federal Perkins Loan Program	$ 1,129	$ 1,451
Institutional Loans	3,761	3,992
Donor-Sponsored Loans	481	444
Total	5,371	5,887
Less: Allowance for Doubtful Loans:		
Beginning of Year	644	540
Adjustments	37	108
Write-Offs	(4)	(4)
End of Year	677	644
Loans to Students - Less Allowance for Doubtful Loans	$ 4,694	$ 5,243

Past due amounts are the following at June 30:

	2021	2020
Less than 240 Days	$ 203	$ 292
240 Days - 2 Years	139	262
2 Years - 5 Years	352	288
Greater than 5 Years	354	300
Total Past Due Amounts	$ 1,048	$ 1,142

The College makes loans to students based on financial need. Student loans are funded through federal government loan programs, institutional resources, or donor-sponsored funds.

The federal Perkins loan program is a revolving loan program through the federal government. Funds advanced by the government are ultimately refundable to the government and are classified as liabilities in the statements of financial position in the amounts of $1,281 and $1,650 at June 30, 2021 and 2020, respectively.

Allowances for doubtful loans are established based on prior collection experience and current economic factors. Institutional and donor-sponsored loans are written-off when deemed permanently uncollectible. The allowance for doubtful loans related to the federal Perkins loan program of $60 at both June 30, 2021 and 2020, is offset in the refundable amount due to the government classified as a liability in the statements of financial position.

(DOLLARS IN THOUSANDS)

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consists of the following components as of June 30:

	2021	2020
Land and Improvements	$ 30,599	$ 15,554
Buildings and Improvements	457,820	431,803
Equipment and Furnishings	80,546	79,023
Construction in Process	2,352	38,980
Total	571,317	565,360
Less: Accumulated Depreciation	239,398	225,865
Total	$ 331,919	$ 339,495

As of June 30, 2021 and 2020, the College has outstanding construction contract commitments totaling $403 and $2,067, respectively.

NOTE 8 EMPLOYEE BENEFITS

The College is a participant in the Teachers Insurance and Annuity Association – College Retirement Equity Fund (TIAA-CREF), which is a defined contribution plan for academic and nonacademic personnel. TIAA-CREF does not segregate the assets, liabilities, or costs by participating employer, since the accounts are maintained on an employee-basis only. Total defined contribution plan expense for the years ended June 30, 2021 and 2020 was $5,607 and $5,642, respectively. Contributions are funded on a current basis.

NOTE 9 FUNCTIONAL EXPENSES

The College reports expenditures on a functional expense basis. Included within the Program Activities categories are the following:

- *Instruction* – includes expenses for all activities that are part of the instructional program.
- *Academic Support* – includes expenses for all activities that support the instructional programs of the College such as the library, curricular development, and academic computing.
- *Student Services* – includes expenses that contribute to student emotional and physical well-being, intellectual, cultural, and social development outside the formal instruction program. This category also includes expenses incurred related to the offices of admission, financial aid, and registrar.
- *Auxiliary Enterprises* – includes expenses relating to the operation of auxiliary activities such as housing, dining services, and the bookstore.

Support Activities includes activities identified as Institutional Support on the consolidated statement of activities. This includes expenses incurred to provide support services for the College’s primary mission and program functions such as accounting, human resources, computer services, and fundraising.

(DOLLARS IN THOUSANDS)

NOTE 9 FUNCTIONAL EXPENSES (CONTINUED)

Expenses associated with the operation and maintenance of plant, depreciation and interest expense are allocated across functional expense categories as follows:

- *Plant Operation and Maintenance* – expenses are allocated between plant and auxiliary enterprises based on service category and then based on net square footage across other categories.
- *Depreciation Expense* – is allocated to auxiliary enterprises based on use of the building and then net square footage across other categories.
- *Interest Expense* – is allocated between plant and auxiliary enterprises based on the use of space benefitting from the original debt issue and then net square footage across other categories.

Expenses reported by function on the consolidated statement of activities are summarized by natural classification for the year ended June 30:

	2021		
	Program Activities	Support Activities	Total
Salaries and Wages	$ 48,040	$ 11,113	$ 59,153
Employee Benefits	15,327	4,161	19,488
Fees and Services	6,795	5,337	12,132
Depreciation and Amortization	12,811	948	13,759
Repairs and Maintenance	6,403	2,564	8,967
Materials and Supplies	4,472	422	4,894
Travel and Hospitality	566	155	721
Utilities	2,984	146	3,130
Interest	5,418	424	5,842
Total	$ 102,816	$ 25,270	$ 128,086

	2020		
	Program Activities	Support Activities	Total
Salaries and Wages	$ 49,853	$ 11,451	$ 61,304
Employee Benefits	15,254	4,080	19,334
Fees and Services	9,777	5,969	15,746
Depreciation and Amortization	12,230	923	13,153
Repairs and Maintenance	5,632	2,137	7,769
Materials and Supplies	5,487	512	5,999
Travel and Hospitality	3,578	1,229	4,807
Utilities	3,283	166	3,449
Interest	4,072	355	4,427
Total	$ 109,166	$ 26,822	$ 135,988

Fundraising expenses for the College totaled $5,573 and $7,252 for the years ended June 30, 2021 and 2020, respectively.

(DOLLARS IN THOUSANDS)

NOTE 10 POSTRETIREMENT BENEFIT PLAN

Postretirement Benefits

The College sponsors a postretirement health care plan for all employees who meet eligibility requirements. The plan is contributory with retiree contributions that are adjustable annually based on various factors, some of which are discretionary.

The measurement date for the postretirement plan is June 30. The following tables set forth the plan's benefit obligation, fair value of plan assets, funded status (deficiency), components of net periodic benefit costs, and weighted average actuarial assumptions as of June 30:

	2021	2020
Change in Benefit Obligation:		
Benefit Obligation at Beginning of Year	$ 29,300	$ 25,290
Service Cost	1,432	1,230
Interest Cost	795	873
Actuarial (Gain) Loss	(755)	1,970
Benefits Paid in Excess of Retiree Contributions	(729)	(63)
Benefit Obligation at End of Year	$ 30,043	$ 29,300
Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	$ 9,472	$ 9,687
Return on Plan Assets	1,200	(228)
Employer Contributions	80	76
Retiree Contributions	39	115
Benefits Paid	(266)	(178)
Fair Value of Plan Assets at End of Year	$ 10,525	$ 9,472
Funded Status (Deficiency)	$ (19,518)	$ (19,828)

	2021	2020
Components of Net Periodic Benefit Cost:		
Service Cost	$ 1,432	$ 1,230
Interest Cost	795	873
Amortization of Prior Service Cost	(3,166)	(3,166)
Expected Return on Assets	(546)	(563)
Net Periodic Benefit Cost	$ (1,485)	$ (1,626)

	2021	2020
Actuarial Assumptions:		
Discount Rate	2.80%	2.75%
Expected Return on Plan Assets	6.00	6.00
Healthcare Cost Present Trend Rate for Participants up to 65 Medical/Prescription Drug	6.7-6.7	7.0-7.0
Healthcare Cost Present Trend Rate for Participants 65 and Over Medical/Prescription Drug	6.7-6.7	7.0-7.0
Healthcare Cost Ultimate Trend Rate (Year of Stabilization)	4.30 (2038)	4.30 (2038)

(DOLLARS IN THOUSANDS)

NOTE 10 POSTRETIREMENT BENEFIT PLAN (CONTINUED)

Postretirement Benefits (Continued)

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on Total of Service and Interest Cost Components	$ 564	$ (426)
Effect on Postretirement Benefit Obligations	5,938	(4,660)

Cash Contributions and Benefit Payments

The College's postretirement benefits are partially unfunded; therefore, cash contributions for postretirement benefits are equal to the benefit payments.

The following table details the expected cash contributions and benefit payments for 2022 through 2031:

Year Ending June 30,	Amount
2022	$ 901
2023	1,013
2024	1,115
2025	1,182
2026	1,269
Years 2027 – 2031	7,603

All benefit payments for other postretirement benefits are voluntary, as the postretirement plans are not funded, and are not subject to any minimum regulatory funding requirements. Benefit payments for each year represent claims paid for medical expenses, and the College anticipates the 2021 postretirement benefit payments will be made from cash generated from operations.

Asset Allocation

The College's postretirement plan's asset allocation as of June 30, 2021, (measurement date) is 87% in fixed income investments and 13% in cash and cash equivalents. All plan investments are considered Level 1 investments.

The investment strategy for postretirement plan assets is to maintain a conservative portfolio designed to preserve principal value.

(DOLLARS IN THOUSANDS)

NOTE 11 DEFERRED REVENUE

The College reports deferred revenue for tuition and registration fees paid in advance of academic programs scheduled in the next fiscal year. Deposits include enrollment deposits for students, deposits to the campus card program, golf course passes, and gift certificates.

	Tuition Paid For Next Year	Other Deposits	Total
Balance at June 30, 2020	$ 469	$ 406	$ 875
Revenue Recognized	(469)	(294)	(763)
Payments Received for Future Performance Obligations	3,748	1,824	5,572
Balance at June 30, 2021	$ 3,748	$ 1,936	$ 5,684

The College applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The College anticipates that students enrolled for the Fall semester will continue their studies in the Spring semester, and that students who receive their baccalaureate degree in December or May will be replaced by an equivalent number of new enrollees.

NOTE 12 NET ASSETS

Net assets with restriction consist of the following as of June 30:

	2021	2020
Time or Purpose Restricted		
General Purposes	$ 209	$ 145
Instruction	1,480	1,902
Academic Support	4,420	4,460
Student Services	3,710	2,533
Institutional Support	1,954	1,645
Auxiliary Services	6	4
Scholarships, Grants, and Loans	2,611	2,326
Facilities Operations	2,171	3,645
Split Interest Agreements	571	541
Total	17,132	17,201
Time or Purpose Restricted - Endowment Corpus		
Instruction	691	-
Scholarships, Grants, and Loans	1,419	453
Total	2,110	453

(DOLLARS IN THOUSANDS)

NOTE 12 NET ASSETS (CONTINUED)

	2021	2020
Investment Return Generated from Donor-Restricted Endowment Funds Subject to UPMIFA		
General Purposes	$ 149,879	$ 103,468
Instruction	289,578	194,018
Academic Support	66,443	43,968
Student Services	58,703	37,752
Institutional Support	35,359	24,390
Scholarships, Grants, and Loans	219,817	140,342
Facilities Operations	445	296
Total	820,224	544,234
Perpetual - Endowment Related		
General Purposes	12,914	12,328
Instruction	41,664	41,229
Academic Support	11,508	11,358
Student Services	14,928	14,445
Institutional Support	2,585	2,575
Scholarships, Grants, and Loans	57,338	57,177
Facilities Operations	70	70
Total	141,007	139,182
Perpetual - Other		
Scholarships, Grants, and Loans	3,915	3,434
Split Interest Agreements	5,409	3,468
Total	9,324	6,902
Total Net Assets With Donor Restrictions	$ 989,797	$ 707,972

NOTE 13 BONDS PAYABLE

Bonds payable consist of the following at June 30:

	2021	2020
Revenue Bonds dated March 9, 2010 with Final Maturity on December 1, 2020	$ -	$ 5,805
Revenue Bonds dated November 20, 2014 with Final Maturity on December 1, 2044	56,415	56,415
Revenue Bonds dated February 7, 2017 with Final Maturity on December 1, 2046	104,455	104,455
Revenue Bonds dated April 8, 2021 with Final Maturity on December 1, 2051	60,600	-
	221,470	166,675
Capitalized Bond Issuance Costs	(1,465)	(930)
Premium on Revenue Bonds	13,528	14,917
Total	$ 233,533	$ 180,662

(DOLLARS IN THOUSANDS)

NOTE 13 BONDS PAYABLE (CONTINUED)

On March 9, 2010, IHELA issued an aggregate of $58,905 of Private College Facility Revenue and Refunding Bonds (at a premium of $7,090). A portion of the proceeds was used to advance refund $50,000 of Series 2001 Private College Facility Variable Rate Demand Revenue Bonds. The 2010 bond issue was structured as 16 separate serial bonds in principal amounts ranging from $550 to $5,900, at interest rates ranging from 2.00% to 5.00%. Interest on the 2010 bonds is payable each June 1 and December 1.

On November 20, 2014, IHELA issued an aggregate of $56,415 of Private College Facility Revenue Refunding Bonds (at a premium of $3,966). The proceeds were used to advance refund the Series 2008 Private College Facility Variable Rate Demand Revenue bonds. The 2014 bond issue was structured as 16 separate serial bonds in principal amounts ranging from $1,340 to $16,710, at interest rates ranging from 3.0% to 5.0%. Interest on the 2014 bonds is payable each June 1 and December 1.

On February 7, 2017, IHELA issued an aggregate of $104,455 of Private College Facility Revenue Refunding Bonds (at a premium of $16,247). The 2017 bond issue was structured as 18 separate serial bonds in principal amounts ranging from $2,155 to $31,050, at interest rates ranging from 4.0% to 5.0%. Interest on the 2017 bonds is payable each June 1 and December 1.

On April 8, 2021, IHELA issued an aggregate of $60,600 of Private College Facility Revenue Refunding Bonds. The 2021 bond issue was structured as a bullet maturity at an interest rate of 3.0%. Interest on the 2021 bonds is payable each June 1 and December 1.

Bond repayment is subject to Loan Agreements between IHELA and the College. The obligations of the College to make loan repayments under the Loan Agreements are general obligations of the College and are unsecured.

Scheduled maturities on bonds payable of the College subsequent to June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	$ 3,495
2023	3,650
2024	3,810
2025	3,975
2026	4,150
Thereafter	202,390
Total	$ 221,470

The College has a line of credit with the Northern Trust Company for general corporate purposes and liquidity backstop. The total amount that can be drawn under the line of credit is $30,000. The line of credit has a 364 day term with an interest rate of Libor (or a replacement thereof) plus 75 bps with a floor of Libor at 50 bps.

(DOLLARS IN THOUSANDS)

NOTE 14 CONTINGENCIES

The College is involved in various legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect on the College's consolidated financial statements.

NOTE 15 RELATED PARTY

Contribution and Bequest Receivable from members of the Board are included in the consolidated financial statements. The contribution and bequest receivable outstanding from Trustees totaled $540 and $487 at June 30, 2021 and 2020, respectively. The College has a conflict of interest policy in place. Disclosures are updated by each Trustee annually.

NOTE 16 COMPOSITE SCORE

The composite score is prepared pursuant to Appendix B of 34 CFR Part 668-Subpart L, Ratio Methodology for Private Non-Profit Institutions. The College prepares the calculation based on the audited financials for the year ended June 30, 2021. The composite score calculated reflects the overall relative financial health of institutions along a scale from negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2021 is as follows:

Primary Reserve Ratio:		
Expendable Net Assets	$ 2,842,805	
Total Expenses	$ 129,261	21.99
Equity Ratio:		
Modified Net Assets	$ 3,149,688	
Modified Assets	$ 3,449,814	0.91
Net Income Ratio:		
Change in Net Assets Without Donor Restrictions	$ 565,514	
Total Revenues Without Donor Restrictions	$ 754,783	0.75

	Ratios	Strength Factors	Weight	Composite Scores
Primary Reserve	21.99	3.0	40%	1.20
Equity	0.91	3.0	40%	1.20
Net Income	0.75	3.0	20%	0.60
Composite Score				3.00

(DOLLARS IN THOUSANDS)

NOTE 16 COMPOSITE SCORE (CONTINUED)

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

Net Assets			
1	Net assets with donor restrictions: restricted in perpetuity	$	150,331
2	Other net assets with donor restrictions (not restricted in perpetuity):		
a.	Annuities with donor restrictions	$	571
b.	Term endowments		2,466
c.	Life income funds (trusts)		1,984
d.	Total annuities, term endowments, and life income funds with donor restrictions	$	5,021
Property, Plant, and Equipment, net			
3	Pre-implementation property, plant, and equipment, net		
a.	Ending balance of pre-implementation as of June 30, 2020	$	320,194
b.	Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard		-
c.	Less subsequent depreciation and disposals (net of accumulated depreciation)		(13,732)
d.	Balance pre-implementation property, plant, and equipment, net		306,462
4	Debt financed post-implementation property, plant, and equipment, net		
	Long-lived assets acquired with debt subsequent to June 30, 2019:		
a.	Equipment		-
b.	Land improvements		-
c.	Building		-
d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months		-
5	Construction in progress - acquired with debt subsequent to June 30, 2019		6,578
6	Post-implementation property, plant, and equipment, net, acquired without debt:		
a.	Long-lived assets acquired without use of debt subsequent to June 30, 2019		18,879
7	Total Property, Plant, and Equipment, net - June 30, 2021	$	331,919
Debt to be excluded from expendable net assets			
8	Pre-implementation debt:		
a.	Ending balance of pre-implementation as of June 30, 2020	$	166,675
b.	Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.		-
c.	Less subsequent debt repayments		(5,805)
d.	Balance Pre-implementation Debt		160,870
9	Allowable post-implementation debt used for capitalized long-lived assets:		
a.	Equipment - all capitalized		-
b.	Land improvements		-
c.	Buildings		-
d.	Balance Post-implementation Debt		-
10	Construction in progress (CIP) financed with debt or line of credit		-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value		60,600
		$	221,470
Unsecured related-party receivables			
19	Secured related-party receivables	$	-
20	Unsecured related party receivables		634
21	Total secured and unsecured related-party receivables	$	634

TRUSTEES OF GRINNELL COLLEGE
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Primary Reserve Ratio:			
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	$	2,160,525
2	SFP	Net assets with donor restrictions		989,797
3	Note 16 Line 1	Net assets restricted in perpetuity		150,331
4	Note 16 Line 20	Unsecured related-party receivable		634
5	Note 16 Line 2d	Donor restricted annuities, term endowments, life income funds		5,021
6	Note 16 Line 3d	Property, plant, and equipment pre-implementation		306,462
7	Note 16 Line 4d	Property, plant, and equipment post-implementation with outstanding debt for original purchase		-
8	Note 16 Line 5	Construction in progress purchased with long-term debt		6,578
9	Note 16 Line 11	Post-implementation property, plant, and equipment, net, acquired without debt		18,879
10	N/A	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)		-
11	N/A	Lease right-of-use asset, post-implementation		-
12	SFP	Intangible assets		-
13	SFP	Post-employment and pension liabilities		19,518
14	Note 16 Line 8d	Long-term debt - for long-term purposes pre-implementation		160,870
15	Note 16 Line 9d	Long-term debt - for long-term purposes post-implementation		-
16	Note 16 Line 10	Line of credit for construction in progress		-
17	N/A	Pre-implementation right-of-use asset liability		-
18	N/A	Post-implementation right-of-use asset liability		-
		Total Expenses and Losses:		
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions		128,086
20	SOA	Nonservice component of pension/postemployment (nonoperating) cost, (if loss)		1,175
21	SOA	Sale of fixed assets (if loss)		-
22	SOA	Change in value of interest-rate swap agreements (if loss)		-
	Equity Ratio:			
		Modified Net Assets:		
23	SFP	Net assets without donor restrictions	$	2,160,525
24	SFP	Net assets with donor restrictions		989,797
25	SFP	Intangible assets		-
26	Note 16 Line 20	Unsecured related-party receivables		634
		Modified Assets:		
27	SFP	Total assets		3,450,448
28	N/A	Lease right-of-use asset pre-implementation		-
29	SFP	Intangible assets		-
30	Note 16 Line 20	Unsecured related-party receivables		634
	Net Income Ratio:			
31	SOA	**Change in Net Assets Without Donor Restrictions**	$	565,514
		Total Revenues and Gains:		
32	SOA	Total operating revenue (including net assets released from restrictions)		131,553
33	SOA	Investments gain, net (aggregate operating and nonoperating interest, dividends, realized and unrealized gains)		623,210
34	SOA	Nonservice component of pension/postemployment (nonoperating) cost (if gain)		-
35	SOA	Pension-related changes other than net periodic pension costs (if gain)		-
36	SOA	Change in value of annuity agreement (typically in nonoperating)		
37	SOA	Change in value of interest-rate swap agreements (if gain)		-
38	SOA	Sale of fixed assets (if gain)		20
39	SOA	Other gains		-

Grinnell College
Office of the Treasurer

641-269-9700

grinnell.edu