Antioch College Corporation

Financial Statements

June 30, 2019 and 2018

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAs & Advisors

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CLARK SCHAEFER HACKETT
CPAs & Advisors

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433 | cshco.com

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of Antioch College Corporation ("the College"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Antioch College Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 19, 2019 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 solely 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 the effectiveness of Antioch College's 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 of Antioch College's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 19, 2019

		2019	2018
Assets:			
Cash and cash equivalents	$	665,746	328,731
Restricted cash		2,135,036	1,413,415
Accounts and grants receivable		203,756	708,974
Contributions receivable, net		15,504,682	14,009,122
Prepaid expenses		43,199	22,602
Investments, at fair value		10,030,746	10,944,261
Investments held in trust, at fair value		189,988	195,188
Beneficial interest in perpetual and remainder trusts		531,298	524,782
Intangible assets		2,850,637	2,850,637
Property held for sale		420,000	-
Property, plant and equipment, net		35,808,334	36,858,405
Total assets	$	68,383,422	67,856,117
Liabilities:			
Accounts payable and accrued liabilities	$	732,981	1,167,813
Contributions payable - WYSO transition		3,414,745	-
Gift annuity obligations		392,368	332,941
Amounts held on behalf of others in trust		105,170	106,179
Deferred grant revenue		112,161	150,198
Long-term debt		7,575,000	6,250,000
Total liabilities		12,332,425	8,007,131
Net assets:			
Without donor restrictions:			
Operating (deficit)		(8,798,643)	(2,605,741)
Board designated - general		928,425	928,425
With donor restrictions		63,921,215	61,526,302
Total net assets		56,050,997	59,848,986
Total liabilities and net assets	$	68,383,422	67,856,117

See accompanying notes to the financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Gifts, pledges and bequests	$ 7,428,319	2,476,535	9,904,854
Grants	586,954	-	586,954
Investment return, net	-	528,474	528,474
Tuition and fees, net	1,386,827	-	1,386,827
Other program income	1,545,818	-	1,545,818
Other income	375,251	-	375,251
Net assets released from restrictions	496,715	(496,715)	-
Total operating revenue	11,819,884	2,508,294	14,328,178
Operating expenses:			
Instruction	1,971,867	-	1,971,867
Academic support	1,306,678	-	1,306,678
Student services	1,781,945	-	1,781,945
Institutional support	2,024,824	-	2,024,824
Facilities	2,417,275	-	2,417,275
Auxiliary enterprises	3,672,990	-	3,672,990
Contribution expense - WYSO transition	3,610,810	-	3,610,810
Fundraising activities	1,226,397	-	1,226,397
Total operating expenses	18,012,786	-	18,012,786
Nonoperating gains (losses):			
Change in value of gift annuity	-	(96,689)	(96,689)
Change in value of remainder and perpetual trusts	-	(16,692)	(16,692)
Total nonoperating gains (losses)	-	(113,381)	(113,381)
Change in net assets	(6,192,902)	2,394,913	(3,797,989)
Net assets, beginning of year	(1,677,316)	61,526,302	59,848,986
Net assets, end of year	$ (7,870,218)	63,921,215	56,050,997

See accompanying notes to the financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Gifts, pledges and bequests	$ 4,942,632	3,731,384	8,674,016
Grants	621,296	-	621,296
Investment return, net	-	247,165	247,165
Tuition and fees, net	1,076,144	-	1,076,144
Other program income	1,904,456	-	1,904,456
In-kind revenue	63,030	-	63,030
Other income	426,962	-	426,962
Net assets released from restrictions	5,572,753	(5,572,753)	-
Total operating revenue	14,607,273	(1,594,204)	13,013,069
Operating expenses:			
Instruction	2,488,342	-	2,488,342
Academic support	1,293,131	-	1,293,131
Student services	1,970,921	-	1,970,921
Institutional support	2,203,696	-	2,203,696
Facilities	2,396,587	-	2,396,587
Auxiliary enterprises	4,263,609	-	4,263,609
Fundraising activities	1,247,101	-	1,247,101
Total operating expenses	15,863,387	-	15,863,387
Nonoperating gains (losses):			
Change in value of gift annuity	-	328	328
Change in value of remainder and perpetual trusts	-	27,285	27,285
Change in value of interest rate swap	(3,797)	-	(3,797)
Total nonoperating gains (losses)	(3,797)	27,613	23,816
Change in net assets	(1,259,911)	(1,566,591)	(2,826,502)
Net assets, beginning of year	25,214,052	37,461,436	62,675,488
Net asset reclassification (Note 2)	(25,631,457)	25,631,457	-
Net assets, end of year	$ (1,677,316)	61,526,302	59,848,986

See accompanying notes to the financial statements.

	Program Services	Management and General	Fundraising	Total
Operating expenses:				
Compensation:				
Salaries and wages	$ 4,694,676	1,367,438	633,517	6,695,631
Benefits	686,407	194,436	97,960	978,803
Payroll taxes	351,144	100,325	50,166	501,635
Total compensation	5,732,227	1,662,199	781,643	8,176,069
Other operating expenses:				
Contribution expense - WYSO	3,610,810	-	-	3,610,810
Professional and contract services	582,195	442,588	87,010	1,111,793
Depreciation	346,267	703,804	-	1,050,071
Occupancy	215,975	690,320	860	907,155
Advertising and promotion	568,700	119,390	106,495	794,585
Maintenance and repairs	137,232	310,906	1,721	449,859
Office and administrative	203,781	128,921	106,253	438,955
Interest expense	-	374,640	-	374,640
Insurance	4,801	281,991	-	286,792
Conferences and meetings	122,800	92,589	3,488	218,877
Information technology	117,504	71,159	25,443	214,106
Student services and supplies	188,148	743	169	189,060
Travel	85,492	13,815	23,516	122,823
Other	22,717	41,202	3,272	67,191
Total other operating expenses	6,206,422	3,272,068	358,227	9,836,717
Total operating expenses	$ 11,938,649	4,934,267	1,139,870	18,012,786

Antioch College Corporation
Statement of Functional Expenses
Year Ended June 30, 2018

		Program Services	Management and General	Fundraising	Total
Operating expenses:					
Compensation:					
Salaries and wages	$	5,030,825	1,227,107	636,844	6,894,776
Benefits		984,326	344,327	109,172	1,437,825
Payroll taxes		433,840	126,869	51,811	612,520
Total compensation		6,448,991	1,698,303	797,827	8,945,121
Other operating expenses:					
Depreciation		555,615	678,170	-	1,233,785
Advertising and promotion		736,465	31,425	176,858	944,748
Occupancy		285,704	648,628	794	935,126
Professional and contract services		568,330	313,637	1,585	883,552
Office and administrative		290,678	172,068	132,652	595,398
Maintenance and repairs		154,520	284,408	956	439,884
Insurance		22	346,337	-	346,359
Conferences and meetings		155,408	186,032	3,324	344,764
Student services and supplies		263,022	-	-	263,022
Interest expense		-	224,645	-	224,645
Other		80,278	129,547	990	210,815
Bad debt		22,455	84,784	89,539	196,778
Information technology		78,382	88,774	3,050	170,206
Travel		81,621	13,095	34,468	129,184
Total other operating expenses		3,272,500	3,201,550	444,216	6,918,266
Total operating expenses	$	9,721,491	4,899,853	1,242,043	15,863,387

Antioch College Corporation
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	(3,797,989)	(2,826,502)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation		1,050,071	1,233,785
Loss on disposal of property and equipment		-	60,792
Provision for uncollectible accounts and contributions		-	196,778
Change in discount for future pledges		(872,436)	885,459
Net realized gain on investments		(30,318)	(2,851)
Net unrealized (gain) loss on investments		(125,964)	22,647
Change in beneficial interest in perpetual and remainder trusts		16,692	(27,285)
Change in value of interest rate swap		-	3,797
Change in value of gift annuity		96,689	(328)
Donated property held for sale		(420,000)	-
Contributions restricted for endowment and facilities		(804,704)	(3,731,384)
Effects of change in operating assets and liabilities:			
Accounts and grants receivable		505,218	(302,930)
Contributions receivable		(623,124)	453,903
Prepaid expenses		(20,597)	37,377
Accounts payable and accrued liabilities		(434,832)	(190,665)
Contributions payable		3,414,745	-
Deferred grant revenue		(38,037)	(87,427)
Accounts held on behalf of others in trust		(1,009)	(11,909)
Net cash from operating activities		(2,085,595)	(4,286,743)
Cash flows from investing activities:			
Proceeds from sale of investments		1,074,997	715,121
Purchase of property, plant and equipment		-	(38,589)
Net cash from investing activities		1,074,997	676,532
Cash flows from financing activities:			
Proceeds from bond payable		1,325,000	-
Contributions restricted for endowment and facilities		804,704	3,731,384
Payments on gift annuity and trust obligations		(60,470)	(26,315)
Net cash from financing activities		2,069,234	3,705,069
Net change in cash, cash equivalents and restricted cash		1,058,636	94,858
Cash, cash equivalents and restricted cash, beginning of year		1,742,146	1,647,288
Cash, cash equivalents and restricted, end of year	$	2,800,782	1,742,146
Reconciliation of ending cash to the statement of financial position:			
Cash and cash equivalents	$	665,746	328,731
Restricted cash		2,135,036	1,413,415
	$	2,800,782	1,742,146
Supplemental disclosures of cash flow information - interest paid	$	331,724	222,145

See accompanying notes to the financial statements.

1. ORGANIZATION:

Antioch College Corporation ("the College"), originally founded in 1854 in Yellow Springs, Ohio, was formerly a wholly-owned subsidiary of Antioch University ("the University") which ceased Antioch College operations in 2008 due to financial reasons. An organization of former alumni and other interested parties subsequently purchased Antioch College and related assets and obligations from the University on September 4, 2009. Included with the purchase were an endowment and other investments, obligations under various split interest agreements, the Glen Helen Nature Preserve, campus buildings and land, and various other assets and obligations.

Agreement Regarding Transfer and Assignment of WYSO

The College acquired the assets of WYSO-FM radio station on July 3, 2013, which operated as a program of the College until the management and operations were transferred to a new not-for-profit organization, Miami Valley Public Media, Inc. (MVPM), on April 1, 2019 in accordance with an executed *Agreement Regarding Transfer and Assignment of WYSO* (the Agreement). In July 2019 the Federal Communications Commission (FCC) approved the assignment of the broadcast license (see intangible asset description in Note 2) from the College to MVPM and this license and broadcasting equipment were contributed to MVPM on August 31, 2019. The agreement terms stated that MVPM shall cause the College to receive $3,500,000 as part of this transaction for the independence of WYSO 91.3 FM public radio station. These funds were raised by the joint efforts of the College's advancement department and WYSO staff prior to transition and funds are being deposited by donors in the *Campaign for WYSO's Future* fund at the Dayton Foundation. Contributions receivable of $2,697,500 related to this transaction are included in net contributions receivable (see Note 3) as of June 30, 2019. In the instances where donors have not fulfilled their pledges on or before April 1, 2022, the Dayton Foundation has guaranteed up to $947,500 in fulfillment of such pledges. Contributions payable related to the transfer of the broadcast license and equipment is $3,414,745 as of June 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update, which was adopted by the College in 2019, addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and expenses, including requiring a statement of functional expenses. The College has adjusted the presentation of these statements accordingly, including reclassifying $25,631,457 of net assets to net assets with donor restrictions from net assets without donor restrictions related to the endowment fund.

Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Net Assets without Donor Restrictions:

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the College. Net assets without donor restrictions have been designated for specific purposes by the Board of Trustees (Note 12). In addition, assets may otherwise be limited by contractual agreements with outside parties.

Net Assets with Donor Restrictions:

Net assets subject to donor-imposed stipulations which may be temporary or perpetual in nature. Donor restrictions that are temporary in nature may be met either by actions of the College and/or by the passage of time. Donor restrictions that are perpetual in nature, are required to be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets for specific or general purposes.

Expenses are generally reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations, that simultaneously increase one class of net assets and decrease another, are reported as net assets released from restrictions.

Contributions and investment return with donor-imposed restrictions are reported as net assets with donor restrictions and are reclassified to net assets without restrictions when an expense is incurred that satisfies the donor-imposed restriction unless such donor-imposed restrictions are met within the period the contribution is made. In these cases, contributions are reported as net assets without donor restrictions. Contributions restricted for the endowment are classified as net assets with donor restrictions and retained as such in perpetuity in accordance with donor stipulations.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits with original maturities of three months or less. Cash and cash equivalents that comprise part of the investment balances for the endowment, third party trusts, gift annuities, and other restricted investments are not classified as cash or cash equivalents. Certain cash balances are classified as restricted and listed as a separate line item in the statements of financial position.

Grants Receivable and Deferred Grants Revenue

Grants receivable are reported at amounts billed or billable to grantors based upon amounts awarded and expended under these awards prior to the end of the year. Deferred grants revenue represent amounts advanced under certain grant awards whereby the related expenditures have not yet been incurred as of the end of the year. No allowance for uncollectible grants receivable has been recognized because management believes all amounts due are collectible.

Contributions Receivable

The College reports unconditional promises to give as contributions receivable and revenue when the promise is made by individuals and entities. Contributions receivable are unsecured and are reported net of an allowance for uncollectible pledges and a discount for the time value of money for long-term pledges. Contributions received are considered available for unrestricted use unless specifically restricted by the donor. The College's discount rate of 1.76% and 2.75% at June 30, 2019 and 2018, respectively, is the risk free rate of return.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position with gains and losses included in the statements of activities and changes in net assets. Dividend and interest income are accrued as earned. Realized gains and losses are determined on the average cost method and are reflected in revenue.

Intangible Assets
Intangible assets at June 30, 2019 and 2018 represent the WYSO broadcast license. An acquired broadcast license expires in five years. The broadcast license is renewable every 10 years if the station provides at least an average level of service to its customers and complies with the applicable FCC rules and policies and the FCC Communications Act of 1934. The license may be renewed indefinitely at little cost and was renewed prior to its recent acquisition. As described in Note 1, the College transferred the license to MVPM on August 31, 2019. The value of this license, $2,850,637, is included in contributions payable at June 30, 2019.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost at the date of acquisition or, if acquired by gift, at fair value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 3 to 39 years. The cost and related accumulated depreciation of sales and disposals are removed from the accounts, and any gain or loss is reflected in the current year's operations. Expenditures which substantially increase useful lives are capitalized, while maintenance and repairs are expensed as incurred. Equipment includes $564,108 of net book value of broadcast equipment transferred to MVPM on August 31, 2019, which is included in contributions payable at June 30, 2019.

Long-lived Assets
The College reviews its long-lived assets for impairment in conjunction with its current operating plans and operating trends for possible impairment of those assets, and further conducts reviews for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In the event impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset. No impairment has been recognized for the years ended June 30, 2019 and 2018.

Tuition and Fees
Tuition and fee revenues are recognized in the year during which the academic services are rendered. Student tuition and fees received in advance of services to be rendered are reported as deferred revenue. Student aid provided by the College for tuition and fees is reflected as a reduction of gross tuition and fee revenue.

Contributions In-Kind
Donated buildings, equipment, services and other donated goods are recorded at their estimated fair value as of the date of the donation. Certain volunteer services provided throughout the year were not recognized as contributions because the recognition criteria were not met.

Income Taxes
The College is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the College’s tax-exempt purpose is subject to taxation as unrelated business income. The College’s reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the financial statements as the College has determined it does not have significant unrelated business taxable income.

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

Functional Expenses
The financial statements report certain categories of expenses that are attributable to programming or supporting functions of the College. Expenses are directly applied when applicable and are allocated to program or support services using reasonable allocation bases. Such allocations are determined by management on an equitable basis. Payroll, taxes and benefits are allocated based upon time and effort. Utilities, maintenance and repairs and depreciation are allocated based upon square footage.

Reclassifications
Certain amounts reported in 2018 have been reclassified to conform to 2019 financial statement presentation. These reclassifications did not affect change in net assets or total net assets for 2018.

Subsequent events
The Board evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 19, 2019, the date which the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE:

The College has recognized certain pledges as unconditional promises to give and are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Unconditional promises to give are expected to be realized in the following periods as of June 30, 2019:

In one year or less	$	4,193,535
Between one and five years		6,036,689
More than five years		6,746,767
Less: Allowance for uncollectible pledges		178,639
Discount for future pledges		1,293,670
Net pledges receivable	$	15,504,682

4. INVESTMENTS:

The fair value of investments as of June 30, 2019 and 2018 were as follows:

		2019	2018
Money market funds	$	1,869,738	8,102,340
Certificates of deposit		6,200,000	-
Mutual fund fixed income		1,272,963	748,078
Mutual fund equities		682,204	1,195,063
Corporate bonds		-	832,077
Equity securities		-	53,603
Alternative investments		5,841	13,100
	$	10,030,746	10,944,261

The vast majority of the College's investments at June 30, 2019, approximately 93% (84% at June 30, 2018), are held for the purpose of the endowment and can only be spent in accordance with donor-imposed restrictions.

Endowment Funds
The College's endowment includes donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with temporary donor restrictions.

In accordance with UPMIFA, 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 College and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible 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. The changes in endowment net assets for the years ended June 30, 2019 and 2018 were as follows:

June 30, 2019		Without Donor Restrictions	With Temporary Donor Restrictions	With Perpetual Donor Restrictions	Total
Endowment net assets, July 1, 2018	$	-	25,631,457	19,015,009	44,646,466
Contributions		-	-	685,064	685,064
Investment income:					
Investment income, less fees		-	854,424	-	854,424
Net appreciation		-	125,964	-	125,964
Appropriation of assets for expenditure		-	(561,719)	-	(561,719)
Endowment net assets, June 30, 2019	$	-	26,050,126	19,700,073	45,750,199

June 30, 2018		Without Donor Restrictions	With Temporary Donor Restrictions	With Perpetual Donor Restrictions	Total
Endowment net assets, July 1, 2017	$	-	25,148,140	18,694,536	43,842,676
Contributions		-	-	320,473	320,473
Investment income:					
Investment income, less fees		-	1,528,808	-	43,858
Net appreciation		-	6,443	-	6,443
Appropriation of assets for expenditure		-	(1,051,934)	-	(1,051,934)
Endowment net assets, June 30, 2018	$	-	25,631,457	19,015,009	44,646,466

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to accumulate a pool of assets sufficient to build capital for future use while providing a predictable level of funding to meet current needs. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in manner that is intended to produce results with a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation within both equity and fixed income securities, so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has a policy of appropriating for distribution each year between 5% and 7% of the value of the endowment investments. In establishing this policy, the College considered the long-term expected return on its endowment, including endowment loans.

Endowment Loans

The College has borrowed from its endowment funds for campus renovations and to cover certain operating expenses of the College prior to and immediately following its accreditation and approval to participate in federal student financial aid programs. As such, the fair value of assets associated with the donor-restricted endowment funds has fallen below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. According to UPMIFA, a responsible organization may nevertheless spend below the original gift amount as long as the spending is prudent and is in fulfillment of the mission of the organization. Such deficiencies are as follows at June 30, 2019 and 2018:

		2019	2018
Fair value of endowment assets	$	9,323,860	9,217,809
Endowment funds gifts and undistributed income		45,750,199	44,646,466
Endowment funds in excess of endowment assets	$	(36,426,339)	(35,428,657)

The Board of Trustees regularly evaluates repayment of borrowings to the endowment and places limits on amounts that may be borrowed. The College has borrowed funds from its endowment in the amount of $33,225,744 as of June 30, 2019 and 2018. Related accrued interest (4%) on these loans was $3,200,595 and $2,202,913 as of June 30, 2019 and 2018, respectively. Management believes that the borrowings from the endowment do not violate the intentions of the original donors and were done so consistent with the provisions of UPMIFA. The College has developed long-term plans for maintaining and sustaining its financial stability, including full restoration of the endowment, through the following strategies:

- Increase earned net revenue due to participation in federal student financial aid programs and increasing enrollment;
- Increase unearned revenue through effective outreach to the alumni and community, including obtaining new donors, and increasing planned giving;
- Reduce expenses to the extent possible while still fulfilling the College’s mission;
- As part of the vision for *Antioch@175: A New Kind of College*, the College offers a new more affordable and highly entrepreneurial approach to funding operations by integrating and leveraging assets (e.g., Co-op, the Wellness Center, the Farm and Kitchens, Glen Helen, and the Coretta Scott King Center) around the College's Areas of Practice: Environmental sustainability; Deliberative democracy, diversity and social justice; Creativity and story; Wellbeing; and Work, world and resilient community.

5. CHARITABLE REMAINDER TRUSTS:

The College serves as trustee for various charitable remainder trusts. The College is obligated to make periodic payments, generally quarterly, to the respective trust annuitants. The College records the trust investments as net assets with donor restrictions and reclassifies them according to the trust’s directive at the termination of the trust. Currently, the College is paying approximately $11,200 annually to the respective trust annuitants.

The College has valued the future liability for annuity contract payments by calculating the present value of the expected payments based upon the anticipated remaining length of the trust, with a rate of 3.25% at June 30, 2019 and 2018, respectively, to calculate the present value of the future liability. At June 30, 2019 and 2018, the estimated liability was $105,170 and $106,179, respectively. The investments backing the trusts are managed by Morgan Stanley Smith Barney, and totaled $189,988 and $195,188 at June 30, 2019 and 2018, respectively. The College has no responsibility to continue making trust payments once the assets of the respective trust assets have expired.

6. GIFT ANNUITIES:

As part of the acquisition of Antioch College the College inherited 34 gift annuity contracts for which the College is obligated to make a periodic payment, generally quarterly, to the respective annuitant. The College records the gift annuities investments as net assets with donor restrictions and reclassifies them according to the donor’s wishes at the termination of the annuity contract. Currently, the College is paying approximately $56,000 annually to the respective annuitants.

The College has valued the future liability for annuity contract payments by calculating the present value of the expected payments based upon the anticipated remaining length of the annuity contract, with a rate of 3.25% at June 30, 2019 and 2018, respectively, to calculate the present value of the future liability. At June 30, 2019 and 2018, the estimated liability was $392,368 and $332,941, respectively. The investments backing the gift annuities are managed by Fifth Third Institutional Services, and totaled $131,351 and $181,630 at June 30, 2019 and 2018, respectively. The College is responsible for continuing to pay the annuitants under the contract even if there are no remaining investment assets.

7. BENEFICIAL INTEREST IN PERPETUAL AND REMAINDER TRUSTS:
As part of the acquisition of Antioch College, the College also inherited a beneficial interest in three charitable remainder trusts which are administered by outside parties. Two of the trusts are perpetual trusts which provide the College with the irrevocable right to income, approximately $12,000 annually, in perpetuity from the trusts. The College is the beneficiary (remainder designee) of the final trust in which it is to receive a 15% interest in the remainder upon termination of the trust. The beneficial interests are valued at the fair value of the underlying investments of each trust multiplied by the College's ownership or remainder percentage. At year end June 30, 2019 and 2018, the College's beneficial interest in these trusts was $531,298 and $524,782, respectively.

8. PROPERTY, PLANT AND EQUIPMENT:
The components of the College's property, plant and equipment consisted of the following at June 30, 2019 and 2018:

		2019	2018
Land	$	3,813,929	3,813,929
Building and improvements		37,814,864	37,814,864
Furniture and equipment		1,797,540	1,797,540
		43,426,333	43,426,333
Less accumulated depreciation		7,617,999	6,567,928
Net property, plant and equipment	$	35,808,334	36,858,405

Depreciation expense was $1,050,071 and $1,233,785 for the years ended June 30, 2019 and 2018, respectively.

9. LONG-TERM DEBT:
Long-term debt at June 30, 2019 and 2018 consisted primarily of a $6,200,000 note payable through The Huntington National Bank at a variable interest rate. Interest only payments are due monthly with the principal and any accrued interest due in full on the initial maturity date of August 31, 2020. The College was required to deposit $6,200,000 into an account at The Huntington National Bank as cross-collateralization of the note payable to the Bank.

At June 30, 2019 and 2018, the College had additional debt of $1,375,000 and $50,000, respectively, in the form of bonds payable at an interest rate of 5% with maturity and collateral described below. In July 2016, the College established a program under which it may, from time to time, borrow up to $20 million in principal amount at any one time outstanding by issuing "Invest in Antioch's Future Bonds" to persons lending funds to Antioch under the program. The bonds carry interest at an annual rate determined by the Board of Trustees and fixed at the time the bond is issued. Interest on each bond is payable annually on the anniversary date of the date of issuance of that bond. Once a bond has been outstanding for at least three years, if the holder wishes to redeem the bond, the principal amount of that bond, plus accrued interest, will be payable at the request of the holder at any time upon at least 90 days prior notice to the College. The College has the right to redeem any bond at any time by giving notice to the holder. The term of each bond is ten years, if not earlier redeemed by the holder or the College. Bond maturities range from 2027 to 2029. The bonds are secured by a mortgage on real property and by a security interest in the tangible personal property of the College. In conjunction with this program, the College has entered into a Trust Indenture with The Huntington National Bank, which provides for the issuance of the bonds and the execution of a mortgage and security agreement providing security for the bonds. The Huntington National Bank will have the right to foreclose on the collateral in the event of any default.

10. FAIR VALUE MEASUREMENTS:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the College has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The fair value of alternative investments funds were estimated by the fund manager using the estimated net asset value (NAV) of the investments. In using NAV, certain attributes of the investment that may impact the fair value of the investment are not considered in measuring fair value. Beneficial interests in trusts were valued based upon the College's proportional share of the underlying assets and is valued on a recurring basis. However, because there is not currently an active market to observe quoted prices for beneficial interest in trusts, the assets are considered to be valued using unobservable inputs and are therefore considered to be level 3 assets. There were no changes to valuation techniques during 2019 and 2018.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at June 30, 2019 Using:			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 1,869,738	-	-	1,869,738
Certificates of deposit	6,200,000	-	-	6,200,000
Equity mutual funds	682,204	-	-	682,204
Fixed income mutual funds	1,272,963	-	-	1,272,963
Alternative investments	-	5,841	-	5,841
Total Investments	$ 10,024,905	5,841	-	10,030,746
Investments held in trust	$ 189,988	-	-	189,988
Beneficial interest in trusts	$ -	-	531,298	531,298

Fair Value Measurements at June 30, 2018 Using:

		Level 1	Level 2	Level 3	Total
Investments:					
Money market funds	$	8,102,340	-	-	8,102,340
Equity mutual funds		748,078	-	-	748,078
Fixed income mutual funds		1,195,063	-	-	1,195,063
Corporate bonds		-	832,077	-	832,077
Equity securities		53,603	-	-	53,603
Alternative investments		-	13,100	-	13,100
Total Investments	$	10,099,084	845,177	-	10,944,261
Investments held in trust	$	195,188	-	-	195,188
Beneficial interest in trusts	$	-	-	524,782	524,782

The following is a reconciliation of activity for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018:

		2019	2018
Trusts:			
Beginning balance	$	524,782	516,492
Change in value of interest in trusts		6,516	8,290
Ending balance	$	531,298	524,782

11. NET ASSETS WITH DONOR RESTRICTIONS:

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

		2019	2018
Subject to expenditure for a specific purpose:			
Academic and student programs	$	334,292	1,033,682
Scholarships		999,539	978,182
Glen Helen		108,935	94,117
Faculty		28,333	37,410
Capital projects		45,947	38,946
Other programs		617,990	163,595
Subject to the passage of time:			
Contributions receivable, net		15,504,682	14,009,122
Remainder trusts		48,061	47,426
Subject to spending policy and appropriation:			
Perpetual trusts		483,237	477,356
Endowment gifts - unexpended income		26,050,126	25,631,457
Endowment gifts held in perpetuity		19,700,073	19,015,009
	$	63,921,215	61,526,302

12. BOARD DESIGNATED FUNDS - GENERAL:
As part of the asset purchase agreement with the University, the College also agreed to designate future unrestricted funds of the College to honor the donor stipulations for $928,425 at June 30, 2019 and 2018 for which the principal had been previously spent by the University, but not necessarily in conjunction with the original donor stipulations. The Board of Trustees of the College has designated that future unrestricted funds, when available, will be spent as necessary to honor the original donor's stipulations.

13. RETIREMENT PLAN:
The College maintains a 401(k) defined contribution retirement plan for its eligible employees who elect to participate. The College's plan contribution match expense for the years ended June 30, 2019 and 2018 was $76,984 and $90,938, respectively.

14. TUITION AND FEES, NET:
The following is included in tuition and fees, net as of June 30:

		2019			
		Tuition	Room and Board	Other Fees	Total
Gross revenue	$	3,838,915	699,837	140,678	4,679,430
Scholarships and fellowships		(3,071,072)	(221,531)	-	(3,292,603)
Net revenue	$	767,843	478,306	140,678	1,386,827

		2018			
		Tuition	Room and Board	Other Fees	Total
Gross revenue	$	4,070,590	736,840	157,382	4,964,812
Scholarships and fellowships		(3,661,299)	(227,369)	-	(3,888,668)
Net revenue	$	409,291	509,471	157,382	1,076,144

15. FEDERAL DIRECT LENDING PROGRAM:
The College distributed $548,531 and $476,805 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2019 and 2018, respectively. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

16. RISKS AND CONTINGENCIES:

Credit Risk
Financial instruments which potentially subject the College to a concentration of credit risk consist principally of interest-bearing cash and cash equivalents, certificates of deposit, and investments. The College places cash and cash equivalents with high credit quality financial institutions. The College has not experienced any losses on such accounts.

The College's investments are managed by independent asset management firms whose performance is reviewed by the Finance Committee of the Board of Trustees on a periodic basis.

Contingencies

State and federally funded financial aid programs are subject to special audits. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

The College is involved in legal matters arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the College's future financial position or results from operations.

17. LIQUIDITY:

The College is substantially supported by tuition and fees, contributions and investment income. As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30, 2019 and 2018:

		2019	2018
Cash and cash equivalents	$	665,746	328,731
Accounts and grants receivable		203,756	708,974
Contributions receivable due within one year		4,193,535	3,611,901
Investments approved for endowment appropriation		-	561,719
	$	5,063,037	5,211,325

The College recognizes the deficiencies in assets available to meet restrictions imposed by donors, primarily resulting from loan draws on the endowment fund. The College has put a plan in place to rebuild the endowment as described in Note 4. Additionally, the Board of Trustees has approved appropriations of approximately $0 for the year ending June 30, 2020 from the endowment investments, which totaled $9,323,860 and $9,217,809 at June 30, 2019 and 2018, respectively. The Board has the authority to approve appropriations as necessary to provide liquidity.

18. ACCREDITATION:

In June 2016, the Higher Learning Commission (HLC) granted initial accreditation to Antioch College. An institution in its first cycle of accreditation undergoes a comprehensive evaluation and is considered for reaffirmation of accreditation in year four of the initial ten-year cycle. The College will host another review for reaffirmation of accreditation in 2019-2020. Without reaffirmation of accreditation, the College would be in jeopardy of losing eligibility to participate in Title IV Federal Student Aid programs. This factor, along with the significant endowment loans described in Note 4, create uncertainty about the College's ability to continue as a going concern. The ability of the College to continue as a going concern is dependent upon the success of this next accreditation review and the efforts described in Note 4 regarding strategies and long-term plans for maintaining and sustaining financial stability. These financial statements do not include any adjustments that might be necessary if the College is unable to continue as a going concern.

19. RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the College's financial statements for the year ending June 30, 2020.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal) transaction or as an exchange (reciprocal) transaction. The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for the College's financial statements for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. This standard will be effective for the College's financial statements for the year ending June 30, 2022.

Management is currently evaluating the methods of adoption allowed by the new standards and the effect the standards are expected to have on the financial statements and related disclosures.

Federal Grantor/Program Title	CFDA Number	Pass-through Identifying Number		Expenditures
U.S. Department of Education:				
Student Financial Aid - cluster:				
Federal Pell Grant	84.063	P063P158236	$	361,121
Direct Loan Program	84.268	P268K153404		548,531
Total Department of Education Student Financial Aid - Cluster				909,652
Total expenditures of federal awards			$	909,652

See accompanying notes to the schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Antioch College Corporation ("the College") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College did not pass-through any federal awards to subrecipients during the year ended June 30, 2019.

Expenditures for Federal student financial aid programs are recognized as incurred and include Pell program grants to students and administrative cost allowances, where applicable.

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Loan Programs

The College also makes loans to certain eligible students under Federal student loan programs directly through the U.S. Department of Education; however, only the current loan disbursements under the Direct Loan Program are included in the Schedule of Expenditures of Federal Awards, as the related outstanding loan balances are not included as current federal expenditures, as set forth by the Uniform Guidance.

CLARK SCHAEFER HACKETT
CPAs & Advisors

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433 | cshco.com

INDEPENDENT AUDITORS' 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*

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

We have audited, 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, the financial statements of Antioch College Corporation ("the College"), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the 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 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 entity'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 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 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.* However, we noted an other matter that is required to be reported under *Government Auditing Standards* and which is described in the schedule of findings and questioned costs as matter 2019-001.

The College's response to the other matter identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 19, 2019

CLARK SCHAEFER HACKETT
CPAs & Advisors

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433 | cshco.com

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

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

Report on Compliance for Each Major Federal Program
We have audited Antioch College Corporation's ("the College") compliance 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 programs for the year ended June 30, 2019. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of 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; 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 Each 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, 2019.

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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 19, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted
Other matter material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None noted

Identification of major programs:

Student Financial Aid Cluster:
CFDA# 84.063 – Pell Grant
CFDA# 84.268 – Federal Direct Student Loans

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings and Other Matters

Matter 2019-001

Criteria: Ohio Revised Code 1715.53, (Ohio UPMIFA) *Appropriations from net appreciation* states that "an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which an endowment fund 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. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances."

Condition:	The College has borrowed from its endowment funds for campus renovations and to cover certain operating expenses of the College prior to and immediately following its accreditation and approval to participate in federal student financial aid programs. As such, the fair value of assets associated with the donor-restricted endowment funds has fallen below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration.
Cause/Effect:	The judgment of the Board of Trustees is that the endowment exists for the sole purpose of benefitting the College and that the continuing operation of the College could not be assured without borrowing of funds from the endowment.
Repeat Finding:	Yes
Views of Responsible Officials and Planned Action:	Please see accompanying corrective action plan.

Section III – Federal Awards Findings and Questioned Costs

None noted

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
GAGAS Matter 2018-001	The College has borrowed from its endowment funds and the fair value of assets associated with the donor-restricted endowment funds has fallen below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration.	No	Partially corrected; Repeated as Matter 2019-001

Antioch College Corporation

Name of audit firm: Clark, Schaefer, Hackett & Co.

Period covered by the audit: Year ended June 30, 2019

Corrective Action Plan prepared by: Elise Peyroux, Controller

Telephone Number: 937-319-6172

1. Current Findings on the Schedule of Findings and Questioned Costs

   a. Matter 2019-001

      (1) Contact Person(s) Responsible for Corrective Action. Tom Manley, President

      (2) Corrective Action Planned.

The College obtained guidance from legal counsel regarding the appropriateness of borrowing from the endowment fund under Ohio UPMIFA. The College has developed long-term plans for maintaining and sustaining its financial stability and endowment, including full restoration of the endowment, through the following strategies:

- Increase earned net revenue due to participation in federal student financial aid programs and increasing enrollment;
- Increase unearned revenue through effective outreach to the alumni and community, including obtaining new donors, and increasing planned giving;
- Reduce expenses to the extent possible while still fulfilling the College's mission;
- As part of the vision for *Antioch@175: A New Kind of College*, the College offers a new more affordable and highly entrepreneurial approach to funding operations by integrating and leveraging assets (e.g., Co-op, the Wellness Center, the Farm and Kitchens, Glen Helen, and the Coretta Scott King Center) around the College's Areas of Practice:
    - Environmental sustainability
    - Deliberative democracy, diversity and social justice
    - Creativity and story
    - Wellbeing
    - Work, world and resilient community.

(3) Anticipated Completion Date: This is a long-term endeavor and strategies implemented are producing desired results.