

**ANTIOCH COLLEGE CORPORATION**  
**(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**ANTIOCH COLLEGE CORPORATION**

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**YEARS ENDED JUNE 30, 2023 AND 2022**

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**INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS PRESENTED  
WITH A SCHEDULE OF FEDERAL AWARDS AS SUPPLEMENTAL DATA**

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To the Board of Trustees  
**Antioch College Corporation**  
Yellow Springs, Ohio

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Antioch College Corporation** (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Antioch College Corporation** as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Antioch College Corporation** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Substantial Doubt about the College's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the College will continue as a going concern. As described in Note 2 to the financial statements, the College's significant decreases in net assets, reliance on contributions and borrowings from its endowment fund raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

**Prior Period Financial Statements**

The financial statements of **Antioch College Corporation** as of June 30, 2022, were audited by other auditors whose report dated March 31, 2023 expressed an unmodified opinion on those financial statements.

## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS PRESENTED WITH A SCHEDULE OF FEDERAL AWARDS AS SUPPLEMENTAL DATA - CONTINUED

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### Responsibilities of Management for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

## **INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS PRESENTED WITH A SCHEDULE OF FEDERAL AWARDS AS SUPPLEMENTAL DATA - CONTINUED**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial responsibility supplemental schedule and the 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*, are presented for purposes of additional analysis and are 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 financial responsibility supplemental schedule and the schedule of expenditures of federal awards are 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 March 28, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Columbus, Ohio  
March 28, 2024

**ANTIOCH COLLEGE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 414,100	\$ 941,186
Restricted cash	792,800	1,500,266
Accounts and grants receivable	48,888	68,948
Employee Retention Tax Credit receivable	1,240,474	-
Contributions receivable, net	5,482,942	6,238,217
Prepaid expenses	109,591	140,549
Investments	2,098,066	2,911,522
Property, plant and equipment, net	26,914,229	29,305,391
Assets held for sale	1,412,572	-
Investments held in trust	161,168	149,761
Note receivable	1,857,336	1,907,336
Beneficial interest in perpetual and remainder trusts	<u>541,812</u>	<u>523,154</u>
 Total Assets	 <u>\$ 41,073,978</u>	 <u>\$ 43,686,330</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,258,426	\$ 906,477
Gift annuity obligations	329,042	343,256
Amounts held on behalf of others in trust	76,249	82,886
Long-term debt	<u>1,375,000</u>	<u>1,375,000</u>
 Total Liabilities	 <u>3,038,717</u>	 <u>2,707,619</u>
<b>NET ASSETS</b>		
Without donor restrictions	10,158,550	12,183,213
With donor restrictions	<u>27,876,711</u>	<u>28,795,498</u>
 Total Net Assets	 <u>38,035,261</u>	 <u>40,978,711</u>
 Total Liabilities and Net Assets	 <u>\$ 41,073,978</u>	 <u>\$ 43,686,330</u>

ANTIOCH COLLEGE CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Student tuition and fees	\$ 5,212,562	\$ -	\$ 5,212,562	\$ 5,602,579
Less scholarships and grants	<u>3,945,650</u>	<u>-</u>	<u>3,945,650</u>	<u>4,056,617</u>
Net Student Tuition and Fees	1,266,912	-	1,266,912	1,545,962
Grants	189,067	-	189,067	1,033,448
Gifts, pledges and bequests	3,503,719	1,784,926	5,288,645	2,589,346
Investment return, net	415,044	(277,686)	137,358	(160,268)
Other program income	441,198	-	441,198	180,050
Other income	137,970	-	137,970	135,038
Employee Retention Tax Credit	1,240,474	-	1,240,474	-
Net assets released from restrictions	<u>2,403,125</u>	<u>(2,403,125)</u>	<u>-</u>	<u>-</u>
Total Operating Revenue and Support	<u>9,597,509</u>	<u>(895,885)</u>	<u>8,701,624</u>	<u>5,323,576</u>
<b>FUNCTIONAL EXPENSES</b>				
Program services	7,460,318	-	7,460,318	7,159,074
Management and general	3,348,721	-	3,348,721	3,275,391
Fundraising	<u>813,133</u>	<u>-</u>	<u>813,133</u>	<u>727,302</u>
Total Functional Expenses	<u>11,622,172</u>	<u>-</u>	<u>11,622,172</u>	<u>11,161,767</u>
<b>DEFICIT OF OPERATIONS</b>	<u>(2,024,663)</u>	<u>(895,885)</u>	<u>(2,920,548)</u>	<u>(5,838,191)</u>
<b>NON-OPERATING ACTIVITIES</b>				
Write-off of uncollectible pledges	-	-	-	(2,454,500)
Change in value of gift annuity	-	(37,682)	(37,682)	(28,465)
Change in value of remainder and perpetual trusts	<u>-</u>	<u>14,780</u>	<u>14,780</u>	<u>(118,681)</u>
Total Non-Operating Activities	<u>-</u>	<u>(22,902)</u>	<u>(22,902)</u>	<u>(2,601,646)</u>
<b>CHANGE IN NET ASSETS</b>	(2,024,663)	(918,787)	(2,943,450)	(8,439,837)
<b>NET ASSETS</b>				
Beginning of year	<u>12,183,213</u>	<u>28,795,498</u>	<u>40,978,711</u>	<u>49,418,548</u>
End of year	<u>\$ 10,158,550</u>	<u>\$ 27,876,711</u>	<u>\$ 38,035,261</u>	<u>\$ 40,978,711</u>

ANTIOCH COLLEGE CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>OPERATING REVENUE AND SUPPORT</b>			
Student tuition and fees	\$ 5,602,579	\$ -	\$ 5,602,579
Less scholarships and grants	<u>4,056,617</u>	<u>-</u>	<u>4,056,617</u>
Net Student Tuition and Fees	1,545,962	-	1,545,962
Grants	1,033,448	-	1,033,448
Gifts, pledges and bequests	2,218,684	370,662	2,589,346
Investment return, net	28,266	(188,534)	(160,268)
Other program income	180,050	-	180,050
Other income	135,038	-	135,038
Net assets released from restrictions	<u>5,173,761</u>	<u>(5,173,761)</u>	<u>-</u>
Total Operating Revenue and Support	<u>10,315,209</u>	<u>(4,991,633)</u>	<u>5,323,576</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	7,159,074	-	7,159,074
Management and general	3,275,391	-	3,275,391
Fundraising	<u>727,302</u>	<u>-</u>	<u>727,302</u>
Total Functional Expenses	<u>11,161,767</u>	<u>-</u>	<u>11,161,767</u>
<b>DEFICIT OF OPERATIONS</b>	<u>(846,558)</u>	<u>(4,991,633)</u>	<u>(5,838,191)</u>
<b>NON-OPERATING ACTIVITIES</b>			
Write-off of uncollectible pledges	(2,454,500)	-	(2,454,500)
Change in value of gift annuity	-	(28,465)	(28,465)
Change in value of remainder and perpetual trusts	<u>-</u>	<u>(118,681)</u>	<u>(118,681)</u>
Total Non-Operating Activities	<u>(2,454,500)</u>	<u>(147,146)</u>	<u>(2,601,646)</u>
<b>CHANGE IN NET ASSETS</b>	(3,301,058)	(5,138,779)	(8,439,837)
<b>NET ASSETS</b>			
Beginning of year	<u>15,484,271</u>	<u>33,934,277</u>	<u>49,418,548</u>
End of year	<u>\$ 12,183,213</u>	<u>\$ 28,795,498</u>	<u>\$ 40,978,711</u>

**ANTIOCH COLLEGE CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation:				
Salaries and wages	\$ 3,465,809	\$ 1,500,046	\$ 449,472	\$ 5,415,327
Benefits	460,546	199,330	59,727	719,603
Payroll taxes	<u>286,762</u>	<u>124,115</u>	<u>37,190</u>	<u>448,067</u>
Total Compensation	4,213,117	1,823,491	546,389	6,582,997
Professional and contract services	640,537	492,720	98,544	1,231,801
Office expense	51,291	19,857	13,351	84,499
Information technology	204,856	21,777	26,588	253,221
Travel and meetings	28,778	38,130	5,036	71,944
Advertising and public relations	292,531	130,830	66,640	490,001
Insurance	205,665	83,597	-	289,262
Miscellaneous	158,960	137,656	31,136	327,752
Training	36,178	-	-	36,178
Utilities	570,351	231,354	1,607	803,312
Interest and bank fee expense	69,429	37,727	23,842	130,998
Student services and supplies	173,360	-	-	173,360
Maintenance and repairs	101,644	41,517	-	143,161
Depreciation	<u>713,621</u>	<u>290,065</u>	<u>-</u>	<u>1,003,686</u>
Total Functional Expenses	<u>\$ 7,460,318</u>	<u>\$ 3,348,721</u>	<u>\$ 813,133</u>	<u>\$ 11,622,172</u>

**ANTIOCH COLLEGE CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation:				
Salaries and wages	\$ 3,365,151	\$ 1,454,892	\$ 431,940	\$ 5,251,983
Benefits	355,729	262,971	39,267	657,967
Payroll taxes	<u>271,236</u>	<u>120,716</u>	<u>34,619</u>	<u>426,571</u>
Total Compensation	3,992,116	1,838,579	505,826	6,336,521
Professional and contract services	680,889	521,544	97,350	1,299,783
Office expense	60,723	23,505	15,722	99,950
Information technology	215,318	23,135	27,544	265,997
Travel and meetings	35,758	47,535	5,156	88,449
Advertising and public relations	212,034	94,984	48,005	355,023
Insurance	221,043	89,539	-	310,582
Bad debt expense	16,922	-	-	16,922
Miscellaneous	78,747	68,125	15,516	162,388
Training	18,770	-	-	18,770
Utilities	489,443	198,553	720	688,716
Interest and bank fee expense	34,276	18,527	11,463	64,266
Student services and supplies	235,636	-	-	235,636
Maintenance and repairs	142,894	57,884	-	200,778
Depreciation	<u>724,505</u>	<u>293,481</u>	<u>-</u>	<u>1,017,986</u>
Total Functional Expenses	<u>\$ 7,159,074</u>	<u>\$ 3,275,391</u>	<u>\$ 727,302</u>	<u>\$ 11,161,767</u>

**ANTIOCH COLLEGE CORPORATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,943,450)	\$ (8,439,837)
Adjustments to reconcile change in net assets to net cash, cash equivalents and restricted cash used by operating activities:		
Depreciation	1,003,686	1,017,986
Bad debt expense and write-off of uncollectible pledges	-	2,471,422
Change in discount for future pledges	(97,136)	1,024,373
Net realized gain (loss) on investments	26	(7,066)
Net unrealized gain (loss) on investments	(72,605)	231,797
Change in beneficial interest in remainder and perpetual trusts	(14,780)	118,681
Change in value of gift annuity	37,682	28,465
Contributions restricted for endowment and facilities	-	(55,000)
Loss on disposal for property, plant and equipment	82,248	-
	<u>(2,004,329)</u>	<u>(3,609,179)</u>
Changes in operating assets and liabilities:		
Accounts and grants receivable	20,060	(36,732)
Employee Retention Tax Credit receivable	(1,240,474)	-
Contributions receivable	852,411	1,322,267
Prepaid expenses	30,958	(57,690)
Accounts payable and accrued liabilities	351,949	335,849
Deferred grant revenue and refundable advance	-	(943,083)
Accounts held on behalf of others in trust	(6,637)	(12,862)
	<u>(1,996,062)</u>	<u>(3,001,430)</u>
Net Cash, Cash Equivalents and Restricted Cash Used by Operating Activities		
	<u>(1,996,062)</u>	<u>(3,001,430)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(107,343)	(188,003)
Principal payments on note receivable	50,000	50,000
Reinvestment of dividends	(57,971)	(29,172)
Proceeds from sale of investments	932,599	1,224,853
	<u>817,285</u>	<u>1,057,678</u>
Net Cash, Cash Equivalents and Restricted Cash Provided by Investing Activities		
	<u>817,285</u>	<u>1,057,678</u>
<b>FINANCING ACTIVITIES</b>		
Contribution restricted for endowment and facilities	-	55,000
Payments of gift annuity and trust obligations	(55,775)	(75,073)
	<u>(55,775)</u>	<u>(20,073)</u>
Net Cash, Cash Equivalents and Restricted Cash Used by Financing Activities		
	<u>(55,775)</u>	<u>(20,073)</u>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(1,234,552)</b>	<b>(1,963,825)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	<u>2,441,452</u>	<u>4,405,277</u>
End of year	<u>\$ 1,206,900</u>	<u>\$ 2,441,452</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 75,968</u>	<u>\$ 68,724</u>

## ANTIOCH COLLEGE CORPORATION

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations - 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, campus buildings and land, and various other assets and obligations. The College, which provides a rigorous liberal arts education, awards the Bachelor of Arts and Bachelor of Science degrees. Revenue is generated from tuition and fees, grants and general contributions.

**Basis of Accounting** - The College's financial statements are prepared on the accrual basis of accounting. The College's financial statement presentation is in accordance with generally accepted accounting principles ("GAAP"). Under GAAP, the College reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are those that are not subject to donor-imposed restrictions and are available for use in the College's ongoing operations. Net assets with donor restrictions are those whose use by the College has been limited by donors for scholarships, loans, academic programs, a specific time period or have been restricted by donors to be maintained by the College in perpetuity, the income of which is expendable to support scholarship and educational programs.

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

**Cash and Cash Equivalents and Restricted Cash** - For purposes of the statements of cash flows, the College considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding cash and cash equivalents held for endowments, third party trusts, gift annuities and other restricted investments. Certain cash balances are classified as restricted and listed as a separate line item in the statements of financial position.

**Restricted Cash** - The College had \$792,800 and \$1,500,266 of restricted cash at June 30, 2023 and 2022. Restricted cash represents donor's request for cash to be maintained in separate bank account.

**Concentration of Credit Risk** - The College's cash, cash equivalents and restricted cash as of June 30, 2023 and 2022 were on deposit in various financial institutions which, at various times throughout the period were in excess of FDIC insurance limits of \$250,000.

**Contributions Receivable** - 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 estimated future cash flows. The discounts are computed using a risk-free interest rate of 4.15% and 3.01% at June 30, 2023 and 2022. Conditional promises to give are not included as support until such time as the conditions are substantially met.

# ANTIOCH COLLEGE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**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. Dividend and interest income are accrued as earned. Realized gains and losses are determined on the average cost method and are reflected in revenue.

**Property, Plant and Equipment** - Property and equipment are stated at cost, while donated items are reported at fair value on the date of the contribution, and depreciated over their estimated useful lives using the straight-line method. Depreciation expense was \$1,003,686 and \$1,017,986 for the years 2023 and 2022. Routine repairs and maintenance are charged to expense when incurred.

The College capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support and net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support and net assets without donor restrictions.

The College reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2023 and 2022.

**Contributions and Net Asset Classifications** - Gifts of cash and other assets, without donor stipulations, are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statements of activities as net assets released from restrictions. Gifts and investment income having donor stipulations, which are satisfied in the period the gift is received, are reported initially as revenue and net assets with donor restrictions, reflected as released from restriction, and reclassified as net assets without donor restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

**Functional Allocation of Expenses** - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis. Salaries and wages, taxes and benefits are allocated based upon time and effort. Utilities, maintenance and repairs and depreciation are allocated based upon square footage. Allocations for other expenses are based on estimates.

**Income Tax Status** - The College is a not-for-profit organization incorporated under the laws of the State of Ohio, and is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the College is subject to federal income tax on any unrelated business taxable income.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Accounting for Uncertainty in Income Taxes** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the College's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the College has taken any material uncertain tax positions, including any position that would place the College's exempt status in jeopardy as of June 30, 2023 and 2022.

**Reclassifications** - Certain prior year amounts in the financial statement have been reclassified to conform with current year presentation.

**Subsequent Events** - In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through March 28, 2024, the date the financial statements were available to be issued.

**NOTE 2 - GOING CONCERN**

The College relies on significant contributions to pay operating expenses. This reliance along with the significant endowment loans described in Note 16, unfunded gift annuity obligations described in Note 9, callable bonds described in Note 13, and continuing significant decreases in net assets, 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 successfully achieving the strategic plan implementation results described below for obtaining 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. The College has developed a strategic plan of financial sustainability through the following key components:

- Working towards a sustainable structure and business model that keeps us from borrowing from restricted sources, strengthens our financial position, and enables us to begin repaying our endowment over time;
- Investing in advancement capacity for increased revenue across all areas including annual giving, major gifts, grant income and events;
- Identifying a core college footprint and reducing ongoing facilities expenses through building sale, investment, and/or long-term leasing;
- Adjusting financial aid packages and increasing student-derived revenue;
- Increasing admissions of new students and retention of current students resulting in higher overall enrollment numbers;
- Adopting and implementing interdisciplinary curriculum pathways and generating these developments as noteworthy through strategic communications and highlighting our world-class faculty
- Supporting learning hubs to sustain the cost of their operations through earned and philanthropic revenues, alongside contributing to college overhead;
- Exploring potential game changers, including the Federal Work College model, transfer pathways, prison education, and community based learning. As an important sign of progress, Antioch College received Federal Work College designation in 2024.

# ANTIOCH COLLEGE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - REVENUE RECOGNITION

#### *Student Tuition and Auxiliary Enterprises*

Student tuition and auxiliary enterprises (room and board) are related to the College's undergraduate programs. The tuition and auxiliary enterprises are recognized over the academic period of the course or program offered based on time elapsed, and scholarships awarded to students reduce the amount of revenue recognized. Revenue recognized reflects the consideration the College expects to be entitled to in exchange for those services. The academic cycle and programs are completed within the fiscal year. Tuition auxiliary enterprise deposits received prior to the end of the fiscal year for subsequent semesters are deferred for recognition in the following fiscal year. Refunds of student tuition are issued to students who withdraw from the course or program within six weeks, on a prorated basis, from the start of the course or program.

The contract balances at June 30, 2023 and 2022 are presented on the statements of financial position. At July 1, 2021, contract balances included student receivables of \$32,216. Student accounts receivable is included in accounts and grants receivable in the statement of financial position with balances at June 30, 2023 and 2022 of \$48,392 and \$44,883.

### NOTE 4 - LIQUIDITY AND AVAILABILITY

The following reflects the College's financial assets as of the statements of financial position dates, reduced by amounts not available for general use within one year of the statements of financial position dates because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as perpetual endowments.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 414,100	\$ 941,186
Restricted cash	792,800	1,500,266
Accounts and grants receivable	48,888	68,948
Employee Retention Tax Credit receivable	1,240,474	-
Contributions receivable, net	5,482,942	6,238,217
Investments	2,098,066	2,911,522
Beneficial interest in perpetual and remainder trust	541,812	523,154
Note receivable	<u>1,857,336</u>	<u>1,907,336</u>
Financial assets, at year-end	<u>12,476,418</u>	<u>14,090,629</u>
Less those unavailable for general expenditure within one year due to:		
Restricted cash	792,800	1,500,266
Contributions receivable due greater than one year	3,966,483	4,920,616
Investments held for perpetual endowment	1,481,092	2,374,689
Investments restricted for endowment	616,974	536,833
Beneficial interest in perpetual and remainder trusts	541,812	523,154
Note receivable	<u>50,000</u>	<u>50,000</u>
Total unavailable for general expenditure within one year	<u>7,449,161</u>	<u>9,905,558</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,027,257</u>	<u>\$ 4,185,071</u>

**ANTIOCH COLLEGE CORPORATION****NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT**

	<u>2023</u>	<u>2022</u>
Land	\$ 646,389	\$ 646,389
Buildings and improvements	34,743,004	36,409,944
Furniture and equipment	945,207	914,262
Construction in process	<u>12,500</u>	<u>497,563</u>
	36,347,100	38,468,158
Less accumulated depreciation	<u>9,432,871</u>	<u>9,162,767</u>
	<u>\$ 26,914,229</u>	<u>\$ 29,305,391</u>

**NOTE 6 - ASSETS HELD FOR SALE**

During 2023, the College classified five buildings and various plots of land as held for sale. Depreciation is no longer recorded once an asset has been identified as held for sale. There can be no assurance if or when sales will be completed; however, it is expected that the sales will be completed within one year. During fiscal year 2024, one of the buildings and four plots of land were sold by the College for \$1,848,000.

Included in assets held for sale in the accompanying statements of financial position as of June 30, 2023 are the following categories of assets:

	<u>2023</u>
Land and buildings	\$ 1,738,318
Buildings and improvements	<u>430,981</u>
	2,169,299
Less accumulated depreciation	<u>756,727</u>
	<u>\$ 1,412,572</u>

**NOTE 7 - BENEFICIAL INTEREST IN PERPETUAL AND REMAINDER TRUST**

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, 2023 and 2022, the College's beneficial interest in these trusts was \$541,812 and \$523,154.

**NOTE 8 - 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 \$11,000 annually to the respective trust annuitants.

# ANTIOCH COLLEGE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8 - CHARITABLE REMAINDER TRUSTS - CONTINUED

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, 2023 and 2022, to calculate the present value of the future liability. At June 30, 2023 and 2022, the estimated liability was \$76,249 and \$82,886. The investments backing the trusts are managed by Morgan Stanley Smith Barney, and totaled \$161,168 and \$149,761 at June 30, 2023 and 2022. The College has no responsibility to continue making trust payments once the assets of the respective trust assets have expired.

### NOTE 9 - 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 \$55,000 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, 2023 and 2022, to calculate the present value of the future liability. At June 30, 2023 and 2022, the estimated liability was \$329,042 and \$343,256. The investments backing the gift annuities are managed by Fifth Third Institutional Services, and totaled \$766 and \$3,811 at June 30, 2023 and 2022. The College is responsible for continuing to pay the annuitants under the contract even if there are no remaining investment assets.

### NOTE 10 - 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 1,516,459	\$ 1,317,601
One to five years	178,445	1,245,763
Over five years	<u>5,625,372</u>	<u>5,609,323</u>
Total contributions receivable	7,320,276	8,172,687
Less unamortized discount	<u>1,837,334</u>	<u>1,934,470</u>
Net contributions receivable	<u>\$ 5,482,942</u>	<u>\$ 6,238,217</u>

### NOTE 11 - INVESTMENTS

	<u>2023</u>	<u>2022</u>
Money market	\$ 4,157	\$ 925,853
Mutual fund - equities	888,048	768,121
Mutual funds - fixed income	<u>1,205,861</u>	<u>1,217,548</u>
	<u>\$ 2,098,066</u>	<u>\$ 2,911,522</u>

**ANTIOCH COLLEGE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - FAIR VALUE MEASUREMENTS**

The three levels of the fair value hierarchy under the accounting standards are described as follows:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

**Level 2** - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values of the College's financial assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	<b>2023</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 4,157	\$ 4,157	\$ -	\$ -
Mutual funds - equity	888,048	888,048	-	-
Mutual funds - fixed income	1,205,861	1,205,861	-	-
Investments held in trusts	161,168	161,168	-	-
Beneficial interest in perpetual and remainder trusts	<u>541,812</u>	<u>-</u>	<u>-</u>	<u>541,812</u>
	<u>\$ 2,801,046</u>	<u>\$ 2,259,234</u>	<u>\$ -</u>	<u>\$ 541,812</u>
	<b>2022</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 925,853	\$ 925,853	\$ -	\$ -
Mutual funds - equity	768,121	768,121	-	-
Mutual funds - fixed income	1,217,548	1,217,548	-	-
Investments held in trusts	149,761	149,761	-	-
Beneficial interest in perpetual and remainder trusts	<u>523,154</u>	<u>-</u>	<u>-</u>	<u>523,154</u>
	<u>\$ 3,584,437</u>	<u>\$ 3,061,283</u>	<u>\$ -</u>	<u>\$ 523,154</u>

**ANTIOCH COLLEGE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - LONG-TERM DEBT**

At June 30, 2023 and 2022, the College had debt of \$1,375,000 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.

**NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS**

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specific purpose:		
Academic and student programs	\$ 923,509	\$ 427,696
Scholarships	606,786	824,551
Other programs	65,487	248,019
Subject to the passage of time:		
Contributions receivable, net	5,482,942	6,238,217
Remainder trusts	52,084	48,925
Subject to spending policy and appropriation:		
Perpetual trusts	489,728	474,229
Endowment gifts - unexpended income	525,502	809,188
Endowment gifts held in perpetuity	<u>19,730,673</u>	<u>19,724,673</u>
	<u>\$ 27,876,711</u>	<u>\$ 28,795,498</u>

**NOTE 15 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restriction during the years 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 944,419	\$ 2,949,700
Purpose restricted	<u>1,458,706</u>	<u>2,224,061</u>
Net assets released from restrictions	<u>\$ 2,403,125</u>	<u>\$ 5,173,761</u>

**ANTIOCH COLLEGE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - ENDOWMENT FUNDS**

**Interpretation of Relevant Law**

The Board of Trustees of the College has interpreted the State of Ohio's Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as donor restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as donor restricted net assets for endowment is classified as donor restricted net assets available for appropriation until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 donor-restricted endowment 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
7. The investment policies of the College

Changes in Endowment Net Assets:

	<b>2023</b>		
	<b>With Temporary Donor Restrictions</b>	<b>With Perpetual Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 809,188	\$ 19,724,673	\$ 20,533,861
Investment return:			
Dividends and interest, net of fees	69,085	-	69,085
Net realized and unrealized loss on investments	<u>(352,771)</u>	<u>-</u>	<u>(352,771)</u>
Total investment return	(283,686)	-	(283,686)
Contributions	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Endowment net assets, end of year	<u>\$ 525,502</u>	<u>\$ 19,730,673</u>	<u>\$ 20,256,175</u>

**ANTIOCH COLLEGE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - ENDOWMENT FUNDS - CONTINUED**

	2022		
	With Temporary Donor Restrictions	With Perpetual Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 312,845	\$ 19,718,473	\$ 20,031,318
Investment return:			
Dividends and interest, net of fees	682,277	-	682,277
Net realized and unrealized loss on investments	(185,934)	-	(185,934)
Total investment return	496,343	-	496,343
Contributions	-	6,200	6,200
Endowment net assets, end of year	<u>\$ 809,188</u>	<u>\$ 19,724,673</u>	<u>\$ 20,533,861</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. The College's deficiencies are composed of withdrawals of endowment fund principal as disclosed in table below.

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 4% 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.

# ANTIOCH COLLEGE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16 - ENDOWMENT FUNDS - CONTINUED

#### 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fair value of endowment assets	\$ 1,481,092	\$ 2,374,689
Endowment funds gifts and undistributed income	<u>20,256,175</u>	<u>20,533,861</u>
Endowment funds in excess of endowment assets	<u>\$ (18,775,083)</u>	<u>\$ (18,159,172)</u>

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 \$17,204,789 as of June 30, 2023 and 2022. Related accrued interest (4%) on these loans was \$1,642,575 and \$954,383 as of June 30, 2023 and 2022. The Board of Trustees regularly evaluates repayment of borrowings to the endowment and places limits on amounts that may be borrowed.

### NOTE 17 - NOTES RECEIVABLE

#### **Agreement Regarding Transfer of Glen Helen Nature Preserve (the Glen)**

The \$2,500,000 note receivable from Glen Helen Association is secured by a mortgage on the Glen. The note receivable balance is \$1,857,336 and \$1,907,336, as of June 30, 2023 and 2022. Beginning September 4, 2021, the note is payable in annual installments of \$50,000 through September 4, 2030. The remaining balance is due and payable on September 4, 2031. In connection with this note and the related *Agreement Regarding Transfer of Glen Helen Nature Preserve*, the College is to maintain the Birch Endowment, the income of which is to support the Glen. Each year beginning on September 4, 2021, in lieu of distribution of endowment income to the Glen, such income is to be kept by the College and is considered interest on the note. After the note is paid in full, the College will make annual distributions of income from the Birch Endowment to Glen Helen Association.

### NOTE 18 - RETIREMENT PLAN

The College maintains a 401(k) defined contribution retirement plan (the Plan) for its eligible employees who are 21, have completed one year of service and elect to participate. The College may contribute a discretionary matching contribution and a discretionary profit-sharing contribution, as defined by the Plan. There were no discretionary profit sharing contributions for the years 2023 and 2022. There were discretionary matching contributions of \$103,217 and \$0 as of June 30, 2023 and 2022.

# ANTIOCH COLLEGE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 19 - RELATED PARTY

Management has represented that the College did not engage in any related party transactions for the years 2023 and 2022, and there are no related parties that are required to be disclosed in the audited financial statements.

### NOTE 20 - EMPLOYEE RETENTION CREDIT

The College experienced a significant decrease in gross receipts in certain 2021 quarters as compared to 2019 resulting from the COVID 19 pandemic. Due to this decline in gross receipts, the College qualified for the Employee Retention Credit ("ERC"). The ERC was provided for under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), including subsequent amendments.

For 2021, the ERC was equal to 70% of qualified wages paid to employees during a qualifying quarter, capped at \$10,000 of qualified wages per employee. This payroll tax credit was available to offset certain employment taxes with any excess being refunded. The ERC is estimated to be \$1,240,474, and is reported as a receivable on the statement of financial position and as revenue on the statement of activities in the 2023 financial statements.

### NOTE 21 - CASH AND CASH EQUIVALENTS

For purposes of the statements of financial position and the statements of cash flows, cash is considered operating cash in checking accounts with financial institutions, cash maintained in certificates of deposit that mature in three months or less and restricted cash. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 414,100	\$ 941,186
Restricted cash	<u>792,800</u>	<u>1,500,266</u>
Cash, cash equivalents and restricted cash	<u>\$ 1,206,900</u>	<u>\$ 2,441,452</u>

### NOTE 22 - FINANCIAL RESPONSIBILITIES STANDARDS

In order to participate in the Title IV Student Financial Assistance programs, an institution must meet specific standards of financial responsibility as defined in the Code of Federal Regulations (CFR) Part 668. One of the standards is to maintain a composite score of at least 1.5 out of a possible 3.0 for the combination of Equity, Primary Reserve, and Net Income ratios, as defined in the CFR. If an institution does not maintain a composite score of at least 1.5, the Department of Education (DOE) will require an institution to participate in additional monitoring activities. An institution that fails the financial responsibility standards (less than 1.0) may continue to participate in the Title IV programs under provisional certification for three years with additional monitoring and reporting requirements. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to DOE of 10% or more of its previous year's Title IV funding, as determined by DOE, or 50% and not be subject to the additional monitoring and reporting requirements. The College's composite score for 2023 and 2022 was 0.6.

**ANTIOCH COLLEGE CORPORATION**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE**

**YEAR ENDED JUNE 30, 2023**

**Primary Reserve Ratio:**

<u>Expendable Net Assets</u>			
SFP	Net assets without donor restrictions		\$ 10,158,550
SFP	Net assets with donor restrictions	\$ -	27,876,711
N/A	Secured and unsecured related party receivable	-	-
N/A	Unsecured related party receivable		-
SFP	Property, plant and equipment, net	26,914,229	
Table 1	Property, plant and equipment pre-implementation		26,574,265
N/A	Property, plant and equipment post-implementation		-
Table 1	Property, plant and equipment post-implementation without outstanding debt		327,464
Table 1	Construction in progress		12,500
N/A	Lease right-of-use asset, net		-
N/A	Intangible assets		-
Table 3	Post-employment and pension liabilities		224,391
Table 2	Long-term debt - for long term purposes	1,375,000	-
Table 2	Long-term debt - for long term purposes pre-implementation		1,375,000
N/A	Long-term debt - for long term purposes post implementation		-
N/A	Line of credit for construction in progress		-
N/A	Lease right-of-use asset liability	-	-
N/A	Pre-implementation right-of-use asset liability		-
N/A	Post-implementation right-of-use asset liability		-
Note 1	Net assets with donor restrictions restricted in perpetuity	19,730,673	-
Note 2	Net assets with donor restrictions other for purpose or time		8,146,038
N/A	Life income funds with donor restrictions		-
	<b>Total Expendable Net Assets</b>		<b>\$ (7,010,250)</b>
<u>Total Expenses and Losses</u>			
SOA	Total expenses without donor restrictions		\$ 11,622,172
SOA	Non-Operating and Net Investment (loss)		22,902
SOA	Net investment losses		-
N/A	Pension-related changes other than periodic costs		-
	<b>Total Expenses and Losses without donor restriction</b>		<b>\$ 11,645,074</b>

**Primary Reserve Ratio** -0.6020

Note 1 - Balance agrees to the endowment funds held in perpetuity disclosed in Note 14 of the financial statements.

Note 2 - Balance agrees to net assets with donor restrictions less net assets with donor restrictions restricted in perpetuity.

See independent auditors' report.

**ANTIOCH COLLEGE CORPORATION**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE - CONTINUED**

**YEAR ENDED JUNE 30, 2023**

**Primary Reserve Ratio Tables**

Table 1 - Property Plant and Equipment

A	Pre-implementation property, plant and equipment	\$ 26,574,265
B	Post-implementation property, plant, and equipment	-
C	Construction in-progress	12,500
D	Post-implementation property, plant, and equipment	<u>327,464</u>
	Total Property Plant and Equipment	<u>\$ 26,914,229</u>

- A - Ending balance on the last financial statement submission prior to the implementation of the regulations, less any depreciation or disposals.
- B - Balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt.
- C - Asset value of construction in process.
- D - Post-implementation property, plant, and equipment with no outstanding debt.

Table 2 - Long-Term Debt

A	Pre-implementation long-term debt	\$ 1,375,000
N/A	Allowable post-implementation long-term debt	-
N/A	Construction in-progress	-
N/A	Long-term debt not for the purchase of property, plant and equipment	<u>-</u>
	Total Long-Term Debt	<u>\$ 1,375,000</u>

- A - The ending balance on the last financial statement submission prior to the implementation of the regulations, less any repayments. The note payable disclosed in Note 13 of the financial statements, was issued on August 5, 2019 in the amount of \$1,375,000 for the acquisition, construction, equipping, and installation of various facilities of the College.

Table 3 - Accrued Expenses

A	Post-employment and pension liability	\$ 224,391
B	Other accrued expenses	<u>1,034,035</u>
C	Total accrued expenses	<u>\$ 1,258,426</u>

- A - The College's vacation accrual included in accrued expenses.
- B - The balance of the accruals, excluding the vacation accrual.
- C - Total of accrued expenses that agreed to the statement of financial position.

**ANTIOCH COLLEGE CORPORATION**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE - CONTINUED**

**YEAR ENDED JUNE 30, 2023**

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**Equity Ratio**

Modified Net Assets

SFP	Net assets without donor restrictions	\$	10,158,550
SFP	Net assets with donor restrictions		27,876,711
N/A	Intangible assets		-
N/A	Secured and unsecured related party receivable		-
N/A	Unsecured related party receivable		-
			<hr/>
	Total Modified Net Assets	\$	<u>38,035,261</u>

Modified Assets

SFP	Total Assets	\$	41,073,978
N/A	Lease right-of-use asset pre-implementation		-
N/A	Pre-implementation right-of-use asset liability		-
N/A	Intangible assets		-
N/A	Secured and unsecured related party receivable		-
N/A	Unsecured related party receivable		-
			<hr/>
	Total Modified Assets	\$	<u>41,073,978</u>

**Equity Ratio** 0.9260

**ANTIOCH COLLEGE CORPORATION**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE - CONTINUED**

**YEAR ENDED JUNE 30, 2023**

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**Net Income Ratio**

SOA	Change in net assets without donor restrictions	\$	<u>(2,024,663)</u>
SOA	Total Revenues and Gains	\$	9,182,465
SOA	Gain on investments without donor restriction		415,044
SOA	Paycheck protection program loan forgiveness income		-
SOA	Gain on disposal of property and equipment		<u>-</u>
	Total	\$	<u>9,597,509</u>
		<b>Net Income Ratio</b>	-0.2110

**ANTIOCH COLLEGE CORPORATION**

**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE - CONTINUED**

**YEAR ENDED JUNE 30, 2023**

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**Composite Score**

**Step 1:** Calculate the strength factor score for each ratio by using the following algorithms:

Primary Reserve strength factor score = 10x the primary reserve ratio result

Equity strength factor score = 6x the equity ratio result

Negative net income ratio result: Net Income strength factor = 1 + (25x net income ratio)

Positive net income ratio result: Net Income strength factor = 1 + (50x net income ratio)

Zero result net income ratio: Net Income strength factor = 1

If the strength factor score for any ratio is greater than or equal to 3, strength factor score is 3

If the strength factor score for any ratio is less than or equal to -1, strength factor score is -1

**Step 2:** Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores.

Primary Reserve weighted score = 40% x the primary reserve strength factor score

Equity weighted score = 40% x the primary reserve strength factor score

Net Income weighted score = 20% x the primary reserve strength factor score

Composite Score = the sum of all weighted scores

Round the Composite score to one digit after the decimal point to determine the final score

	<u>Ratio</u>	<u>Strength Factor</u>	<u>Weight</u>	<u>Composite Score</u>
<b>Primary Reserve Ratio</b>	-0.6020	-1	40%	-0.4
<b>Equity Ratio</b>	0.9260	3	40%	1.2
<b>Net Income Ratio</b>	-0.2110	-1	20%	<u>-0.2</u>
			<b>Total Composite Score - Rounded</b>	<u>0.6</u>



**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**

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To the Board of Trustees  
**Antioch College Corporation**  
Yellow Springs, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Antioch College Corporation** (the "College"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes 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 March 28, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost items 2023-001 and 2023-002 that we consider to be material weaknesses.

**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* -  
CONTINUED**

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**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements 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.



Columbus, Ohio  
March 28, 2024



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

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To the Board of Trustees  
**Antioch College Corporation**  
Yellow Springs, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the **Antioch College Corporation's** (the "College's") compliance with the types of compliance requirements identified as subject to audit 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, 2023. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the **Antioch College Corporation** 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 requirement of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Antioch College Corporation** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Antioch College Corporation's** compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **Antioch College Corporation's** federal programs.

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

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### ***Auditors' Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on **Antioch College Corporation's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Antioch College Corporation's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Antioch College Corporation's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Antioch College Corporation's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 **Antioch College Corporation's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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*Government Auditing Standards* requires the auditor to perform limited procedures on **Antioch College Corporation's** response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. **Antioch College Corporation's** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on 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 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Columbus, Ohio  
March 28, 2024

**ANTIOCH COLLEGE CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Education:</b>			
Student Financial Aid Cluster:			
Federal Work Study	84.033		\$ 24,065
Federal Direct Student Loans Program	84.268		450,833
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		33,072
Federal Pell Grant Program	84.063		<u>462,199</u>
Total Student Financial Aid Cluster			970,169
<b>U.S. Department of Treasury:</b>			
Pass-through program from Greene County:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>25,000</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 995,169</u></b>

**ANTIOCH COLLEGE CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**

**YEAR ENDED JUNE 30, 2023**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2023. 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.

**Note 2 - Summary of Significant Accounting Policies**

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

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

**Note 3 - Subrecipients**

The College provided no federal awards to Subrecipients.

**Note 4 - Processed Loans**

The Direct Student Loans Program consists of subsidized, unsubsidized, and graduate plus federal Stafford Loans. Federal statute requires that proceeds from Stafford Loans be disbursed to the College to be directly applied to students' accounts. New loans processed for students during the year ended June 30, 2023 were as follows:

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Provided</u>
Federal Direct Student Loans		
Stafford		
Subsidized	84.268	\$ 292,129
Graduate Plus	84.268	37,007
Unsubsidized	84.268	<u>121,697</u>
		<u>\$ 450,833</u>

ANTIOCH COLLEGE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the College were prepared in accordance with GAAP.
2. No significant deficiencies and two material weaknesses were disclosed during the audit of the financial statements in the 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*.
3. One instances of noncompliance material to the financial statements of the College, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weakness in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the College expresses an unmodified opinion on all major federal programs.
6. An audit finding that is required to be reported in accordance with 2 CFR section 200.516(a) is reported in this Schedule.
7. The programs tested as a major program include: Student Financial Aid Cluster Federal Assistance Listing Numbers; 84.007, 84.033, 84.063 and 84.268.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The College was determined to not be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT AND COMPLIANCE AUDIT**

**Finding 2023-001 - Material Weakness - Required Material Adjustments**

**Criteria:** Management is responsible for reconciling the accounts at end of year and ensuring accounting records are kept in accordance with generally accepted accounting principles (GAAP).

**Condition:** There were insufficient internal controls over financial reporting requiring material audit adjustments during the audit to prevent the financial statements from being materially misstated.

**Cause:** Due to staffing turnover and shortages, all required entries needed were not recorded and management relied on auditors to propose entries after audit procedures.

**Effect or potential effect:** Adjustments required were due to staffing turnover issues. The risk with this condition is that the financial statements could be material misstated, and there is no control in place to detect and correct this condition.

ANTIOCH COLLEGE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED JUNE 30, 2023

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FINDINGS - FINANCIAL STATEMENT AUDIT AND COMPLIANCE AUDIT

**Finding 2023-001 - Material Weakness - Required Material Adjustments - continued**

**Recommendation:** The College and accounting industry in general have had some significant staffing issues over the past few years that have led to the issues noted. The College needs to:

- Assess accounting staff to ensure you have the correct number for size of the College and proper skill set.
- Ensure processes and internal controls are documented and staff has appropriate training.

**Repeat finding:** Yes. Prior year finding number 2022-001. The College continued to have staffing issues.

**Views of responsible officials:** See attached.

**Finding 2023-002 - Material Weakness - Borrowings from Endowment Fund**

**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 ordinary 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:** When the purchase of the College happened in 2009, the buildings were in such despair that they were not able to be used. The College deemed it prudent to borrow from endowment to repair building be able to meet accreditation standards.

**Effect or potential effect:** The judgment of the Board of Trustees is that the endowment exists for the sole purpose of benefiting the College and that the continuing operation of the College could not be assured without borrowing of funds from the endowment. Potential effect is that donor would not agree with "prudence" of the borrowing of the endowment funds.

**Recommendation:** The College should continue to work long-term plans for maintaining and sustaining financial stability and full restoration of the endowment.

**Repeat finding:** Yes. Prior year finding number 2022-002. The College was not in financial position to repay loans from endowments.

**Views of responsible officials:** See attached.

ANTIOCH COLLEGE CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED JUNE 30, 2023

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**Finding 2023-003 - Significant Deficiency - Gramm-Leach Bliley Act( GLBA) - Student Information Security**

**Criteria:** Management is required to explain their information-sharing practices to their customers and to safeguard sensitive data, as dictated by GLBA.

**Condition:** The College did not implement the GLBA policy.

**Cause:** Due to staffing turnover this policy was not enacted.

**Effect or potential effect:** Possible effect is that the College does not have the proper controls over information-sharing and safeguard of sensitive data of customers.

**Recommendation:** The College should create and adopt the GLBA policy.

**Views of responsible officials:** See attached.



## **ANTIOCH COLLEGE**

### Corrective Action Plan

For the Year Ended June 30, 2023

Prepared by: Jane Fernandes, President

Email: [jfernandes@antiochcollege.edu](mailto:jfernandes@antiochcollege.edu)

### **Finding 2023-001 - Material Weakness - Required Material Adjustments**

#### Condition Found

There were insufficient internal controls over financial reporting requiring material audit adjustments during the audit to prevent the financial statements from being materially misstated.

#### Corrective Action Plan

In September 2024, Antioch College contracted with the firm Dean Dorton Allen Ford, PLLC to provide Accounting and Financial Outsourcing services, filling and stabilizing the controller/CFO function. With their accounting expertise, the College has restructured accounting procedures to ensure reliable internal financial reporting including an improvement in accounting systems. The College is also focusing on additional training for finance staff, streamlining financial reporting processes, and following internal controls.

#### Responsible Person(s) for Corrective Action Plan

Jane Fernandes, President

Hannah Montgomery, Director of Operations and Administration



## **ANTIOCH COLLEGE**

Corrective Action Plan  
For the Year Ended June 30, 2023

### **Finding 2023-002 - Material Weakness - Borrowings from Endowment Fund**

#### Condition Found

The College has borrowed from its endowment funds for campus renovations and to cover certain operating expenses of the College prior to and 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.

#### Corrective Action Plan

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, including restoration of the endowment, through the following strategies outlined in the board-approved Social Enterprise and Enrollment Plan:

- Grow advancement-derived revenue
- Implement core college footprint
- Align student-derived revenue
- Activate learning hubs
- Explore potential game changers, such as the College's recent Federal Work College designation
- Assess non-payroll cost reduction strategies
- Invest in additional capacity incrementally
- Monitor performance, evaluate results, and course-correct as needed

#### Responsible Person for Corrective Action Plan

Jane Fernandes, President



**ANTIOCH COLLEGE** YELLOW SPRINGS, OHIO

Office of the President

## **ANTIOCH COLLEGE**

Corrective Action Plan  
For the Year Ended June 30, 2023

### **Finding 2023-003 - Significant Deficiency - Gramm-Leach Bliley Act (GLBA) - Student Information Security**

#### Condition Found

The College did not implement the GLBA policy.

#### Corrective Action Plan

The College will create and adopt the GLBA policy under the leadership of the new Director of Financial Aid. The Director of Financial Aid will monitor new and updated regulations, such as the GLBA policy, to ensure future compliance.

#### Responsible Person for Corrective Action Plan

Alina Olson, Director of Financial Aid