



**HAMILTON COLLEGE**

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

# HAMILTON COLLEGE

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KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## Independent Auditors' Report

Board of Trustees  
Hamilton College:

### *Opinion*

We have audited the financial statements of Hamilton College (the College), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



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

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

*KPMG LLP*

Albany, New York  
December 15, 2023

## HAMILTON COLLEGE

### Statements of Financial Position

June 30, 2023 and 2022

(Dollars in thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 43,831	32,848
Short-term investments	10,661	10,286
Student and other accounts receivable including loans, net	3,314	1,695
Contributions receivable, net	20,566	22,176
Beneficial interest trusts	5,713	5,665
Deposits with trustees of debt obligations	16,012	32,472
Medium-term investments	83	570
Receivable for investments sold	5,311	1,157
Investments	1,329,027	1,324,966
Other assets	4,358	3,780
Property, plant and equipment, net	271,912	258,863
Total assets	\$ <u>1,710,788</u>	<u>1,694,478</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 12,149	11,451
Deposits and advances	2,059	2,430
Annuity and life income obligations	14,736	15,666
Accumulated postretirement benefit obligation	1,464	1,704
Other long-term obligations	4,897	6,646
Long-term debt	163,232	164,203
Total liabilities	<u>198,537</u>	<u>202,100</u>
Net assets:		
Without donor restrictions	356,726	351,121
With donor restrictions	1,155,525	1,141,257
Total net assets	<u>1,512,251</u>	<u>1,492,378</u>
Total liabilities and net assets	\$ <u>1,710,788</u>	<u>1,694,478</u>

See accompanying notes to financial statements.

**HAMILTON COLLEGE**

Statement of Activities

Year ended June 30, 2023

(with summarized information for the year ended June 30, 2022)

(Dollars in thousands)

	<b>2023</b>			<b>2022 Total</b>
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>	
<b>Operating revenues:</b>				
Tuition and fees, net of \$42,226 scholarship aid in 2023	\$ 81,672	—	81,672	80,277
Room and board, net of \$10,105 scholarship aid in 2023	20,060	—	20,060	19,257
Net student fees	101,732	—	101,732	99,534
Investment return designated for operations	9,420	43,319	52,739	45,818
Other investment income	2,037	27	2,064	95
Private gifts and grants	7,182	2,106	9,288	9,920
Other sources	10,190	1,763	11,953	5,064
Net assets released from restrictions	43,066	(43,066)	—	—
Total operating revenues	<u>173,627</u>	<u>4,149</u>	<u>177,776</u>	<u>160,431</u>
<b>Operating expenses:</b>				
Instruction	61,651	—	61,651	59,825
Research	1,498	—	1,498	1,001
Academic support	23,874	—	23,874	21,947
Student services	27,770	—	27,770	27,767
Institutional support	28,040	—	28,040	23,419
Auxiliary enterprises	24,049	—	24,049	25,067
Total operating expenses	<u>166,882</u>	<u>—</u>	<u>166,882</u>	<u>159,026</u>
Increase in net assets from operations	<u>6,745</u>	<u>4,149</u>	<u>10,894</u>	<u>1,405</u>
<b>Nonoperating activities:</b>				
Private gifts	2,295	13,316	15,611	21,307
Investment return, net of amounts designated for operations	(2,937)	(6,345)	(9,282)	(168,684)
Change in annuity and life income obligations	—	(625)	(625)	(1,304)
Net assets released from restriction, changes in restriction, and other	(498)	3,773	3,275	—
Increase (decrease) in net assets from nonoperating activities	<u>(1,140)</u>	<u>10,119</u>	<u>8,979</u>	<u>(148,681)</u>
Increase (decrease) in net assets	5,605	14,268	19,873	(147,276)
Net assets, beginning of year	<u>351,121</u>	<u>1,141,257</u>	<u>1,492,378</u>	<u>1,639,654</u>
Net assets, end of year	<u>\$ 356,726</u>	<u>1,155,525</u>	<u>1,512,251</u>	<u>1,492,378</u>

See accompanying notes to financial statements.

**HAMILTON COLLEGE**

Statement of Activities

Year ended June 30, 2022

(Dollars in thousands)

	2022		
	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Tuition and fees, net of \$39,918 scholarship aid	\$ 80,277	—	80,277
Room and board, net of \$9,980 scholarship aid	19,257	—	19,257
Net student fees	99,534	—	99,534
Investment return designated for operations	10,662	35,156	45,818
Other investment income	95	—	95
Private gifts and grants	7,622	2,298	9,920
Other sources	5,064	—	5,064
Net assets released from restrictions	33,098	(33,098)	—
Total operating revenues	156,075	4,356	160,431
Operating expenses:			
Instruction	59,825	—	59,825
Research	1,001	—	1,001
Academic support	21,947	—	21,947
Student services	27,767	—	27,767
Institutional support	23,419	—	23,419
Auxiliary enterprises	25,067	—	25,067
Total operating expenses	159,026	—	159,026
Increase (decrease) in net assets from operations	(2,951)	4,356	1,405
Nonoperating activities:			
Private gifts	3,018	18,289	21,307
Investment return, net of amounts designated for operations	(26,971)	(141,713)	(168,684)
Change in annuity and life income obligations	—	(1,304)	(1,304)
Net assets released from restriction and changes in restriction	7,496	(7,496)	—
Decrease in net assets from nonoperating activities	(16,457)	(132,224)	(148,681)
Decrease in net assets	(19,408)	(127,868)	(147,276)
Net assets, beginning of year	370,529	1,269,125	1,639,654
Net assets, end of year	\$ 351,121	1,141,257	1,492,378

See accompanying notes to financial statements.

**HAMILTON COLLEGE**

Statements of Cash Flows

Years ended June 30, 2023 and 2022

(Dollars in thousands)

	<b>2023</b>	<b>2022</b>
Net cash flows from operating activities:		
Increase (decrease) in net assets	\$ 19,873	(147,276)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Contributions for endowment and facilities	(15,785)	(21,307)
In-kind contributions	(1,732)	—
Depreciation and amortization	17,719	18,697
Realized and unrealized (gains) losses on investments	(44,451)	122,421
Changes in assets and liabilities that provide (use) cash:		
Student and other accounts receivable, net	(1,619)	287
Contributions receivable	1,610	1,027
Beneficial interest trusts	(48)	938
Other assets	(578)	2,417
Accounts payable and accrued liabilities	989	(990)
Deposits and advances	(371)	(397)
Accumulated postretirement benefit obligation	(240)	(834)
Annuity and life income obligations	965	(247)
Other long-term obligations	(1,724)	—
Cash flows used in operating activities	(25,392)	(25,264)
Net cash from investing activities:		
Purchase of property, plant and equipment, net of change in construction costs payable	(29,625)	(26,464)
Purchases of investments	(48,476)	(422,088)
Proceeds from sales and maturities of investments	84,862	458,024
Change in deposits held by trustees of debt obligations	16,460	12,065
Student loans, net	—	85
Contributions to donor advised funds	174	1,441
Cash flows provided by investing activities	23,395	23,063
Net cash from financing activities:		
Contributions for endowment and facilities	15,785	21,307
Payments on long-term debt	(535)	(1,940)
Payments to beneficiaries of split interest agreements	(1,895)	(1,854)
Cash flows provided by financing activities	13,355	17,513
Net increase in cash and cash equivalents	11,358	15,312
Cash and cash equivalents:		
Beginning of year	43,134	27,822
End of year	\$ 54,492	43,134
Supplemental disclosure of noncash investing and financing activities:		
Change in construction related payables	\$ (291)	768
Change in receivables for investments sold	4,154	(5,696)
Supplemental disclosure:		
Cash paid for interest	\$ 7,180	6,247

See accompanying notes to financial statements.



## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

#### (1) Summary of Significant Accounting Policies

##### (a) Organization

Originally founded in 1793 as the Hamilton-Oneida Academy, Hamilton College (the College) was chartered in 1812 and is the third oldest college in New York State. The College is a coeducational, independent, liberal arts college located in Clinton, New York, with an enrollment of approximately 2,000 students representing 47 states and 54 countries. The College offers 44 majors in the liberal arts, science and mathematics and also offers pre-professional/cooperative programs in Business, Education, Engineering, Law, and Medicine and the opportunity to study abroad in numerous foreign destinations. The College's open curriculum gives students the freedom to shape their own liberal arts education within a research-and writing-intensive framework.

##### (b) Basis of Presentation

The financial statements of the College are prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the College and changes therein are classified and reported as follows:

*Net Assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by the College's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

*Net Assets with donor restrictions* – Net assets subject to donor-imposed stipulations. These stipulations may require the net assets be maintained into perpetuity by the College, or they may expire with the passage of time or fulfilled by actions pursuant to the stipulations. Generally, where the donor has stipulated that the net assets be maintained into perpetuity, the donors permit the College to use all or part of the income earned on these assets for general or specific purposes.

The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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 statement of activities as net assets released from restrictions.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal includes revenues the College received for operating purposes, investment return used for operations and all expenses. Nonoperating activity reflects all other activity, including, contributions received other than for the annual fund, contributions and grant income to fund long-lived assets, pension adjustments other than service costs, and miscellaneous items not related to the College's academic or research activities. Amounts also included the investment return in excess of the amount appropriated under the Board of Trustees' approved spending formula and contributions for endowment and plant purposes.

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

#### (c) *Use of Estimates*

The preparation of financial statements in conformity with U.S. 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. Significant items subject to such estimates and assumptions include the valuation of certain investments, the carrying amount of property, plant and equipment, valuation allowances for receivables, and the determination of the accumulated postretirement benefit obligation. Actual results could differ from those estimates.

#### (d) *Cash and Cash Equivalents and Short-term Investments*

Cash equivalents representing operating funds that are short-term, highly liquid investments with an original maturity of three months or less are included in cash and cash equivalents unless they are part of medium-term or long-term investment funds or deposits with trustees of debt obligations. Cash and cash equivalents are reported at cost which approximates fair value. At June 30, 2023 and 2022, the College has cash and cash equivalents in banks exceeding the FDIC limit. The College places its cash and cash equivalents with high quality financial institutions, has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Short-term investments are recorded at fair value. The College periodically invests excess operating cash generally in select fixed income securities on a short-term basis.

In accordance with Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, cash equivalents included in short-term investments are included as cash and cash equivalents for the purposes of the statement of cash flows. The following table provides a reconciliation of cash and cash equivalents as reported in the statements of financial position to cash and cash equivalents reported in the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 43,831	32,848
Cash and cash equivalents included in short-term investments	<u>10,661</u>	<u>10,286</u>
Total cash and cash equivalents shown in the statement of cash flows	<u>\$ 54,492</u>	<u>43,134</u>

#### (e) *Medium-Term Investments*

Medium-term investments are also recorded at fair value and primarily represent proceeds from the Hamilton College Taxable Bonds, Series 2013. These funds are used to support the College's debt service payments and will be fully utilized during the upcoming fiscal year.

#### (f) *Investments*

Investments are recorded at fair value. Net appreciation or depreciation on the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

depreciation on those investments, is recognized in the statement of activities. Realized gains and losses on the sale of investments are generally determined using the specific identification method on the trade date.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments are measured and reported at fair value. Except for investments reported at net asset value or its equivalent (NAV) as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities carried at fair value based on the valuation methodologies applied. Investments are classified and disclosed in one of the following categories based on the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 inputs are quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

The fair values of debt and equity securities with readily determinable fair values are generally based on quoted market prices obtained from active markets. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year.

The College's interest in alternative investment funds, which include, private equity, real estate, energy and infrastructure, and hedge funds, are generally reported at the NAV reported by each of the investment managers as a practical expedient for determining the fair value of the investment. In cases where NAV is used as a practical expedient, these investments are redeemable either at NAV under the original terms of the subscription agreements and operations of the underlying funds, or at the discretion of the investment manager when the underlying investments are sold. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the value of the funds and, consequently, the NAV of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the NAV of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported NAV, and the difference could be material. As of June 30, 2023 and 2022, the College had no specific plans or intentions to sell investments at amounts different than NAV.

#### **(g) Receivables**

The College extends credit, primarily to students, in the form of loans and accounts receivable for educational expenses. Loans to students are expected to be collected over an average of 10 years with

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

interest rates ranging from 0.8% to 6.0%. Loans to students are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates.

Allowances for doubtful accounts are recorded and represent the amounts that, in the opinion of management of the College, are necessary to account for probable losses related to current receivables. Allowances are determined based upon numerous considerations, including economic conditions, the specific composition of the receivable balances, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowances for doubtful accounts are adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful loans and accounts receivable.

Student and other accounts receivable including loans are net of an allowance of \$215 as of both June 30, 2023 and 2022.

#### **(h) Deposits with Trustees of Debt Obligations**

Deposits with trustees of debt obligations are recorded at fair value, and may be invested in cash, money market and short-term government securities according to the requirements established by the associated bond agreements. The fair value of deposits has been determined using quoted, unadjusted prices in active markets and would be considered to be Level 1 in the fair value hierarchy.

#### **(i) Property, Plant and Equipment**

Property, plant and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or fair value at the date of donation.

Depreciation is recorded on a straight-line basis over the estimated useful lives under the following guidelines: artwork (50 years), buildings (40 years), land improvements, HVAC, roofing and electrical (15 years), landscaping, carpeting and sprinkler systems (10 years), office furniture (7 years), vehicles, computer hardware and related equipment (5 years), and computer software (3 years).

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured based on a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

#### **(j) Annuity and Life Income Gifts**

The College accepts certain gifts on the condition that periodic annuity or life income distributions are made to designated beneficiaries. Assets associated with these gifts are recorded at their fair value. The College recognizes contribution revenue in an amount equal to the difference between the fair value of the contributed asset and the net present value of the payment obligations, and classifies contribution revenue as an increase in net assets with donor restrictions, based on the donor stipulations. Liabilities associated with these gifts (the annuity or life income obligation) represent the

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

present value of payments expected to be made to beneficiaries. Significant assumptions used to determine the annuity and life income obligations include the discount rates, which range from 1.2% to 10.6% determined in accordance with applicable regulations of the Internal Revenue Code, and mortality assumptions of the beneficiaries. Changes in annuity and life income obligations resulting from changes in actuarial assumptions and the accretion of the discount are recorded as increases or decreases net assets with donor restrictions. During 2023 and 2022, the College received annuity and life income gifts of \$703 and \$2,374, respectively.

#### **(k) Beneficial Interest Trusts**

The College is the beneficiary of certain perpetual trusts held and administered by others which are estimated at the fair value of the College's share of the underlying assets. Inputs used to estimate the fair value of the College's beneficial interest in perpetual trusts are considered unobservable and would be considered to be Level 3 in the fair value hierarchy.

#### **(l) Revenue Recognition**

Tuition and fees and certain auxiliary enterprise revenues are earned over the academic year as services are provided. These amounts are reflected on the statement of activities net of any institutional student aid and recognized as services are provided. A student's institutional aid is allocated between tuition and fees and room and board based on the representative share of each portion to the total cost of attendance. Revenue from other exchange transactions, including from certain retail operations, is recognized when goods or services are provided to customers.

Gifts and grants, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. When a stipulated time restriction ends or donor purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contracts whose restrictions are met in the same fiscal year as their revenue is recognized are reported as grants and contracts without donor restrictions.

Funds received in advance of services provided are included in deposits and advances. Deposits and advances generally represent tuition and fee revenue received for the subsequent fiscal year and are recognized in revenue in the subsequent period.

#### **(m) Taxation**

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income.

The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

#### **(n) Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset.

The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30, 2023 and 2022, the College has recorded a liability, included within other long-term obligations in the accompanying statements of financial position, of \$1,916 and \$1,778, respectively, representing the estimated fair value of these conditional asset retirement obligations.

#### **(o) Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The outbreak has spread globally and has led governments and other authorities to impose measures intended to reduce its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business limitations and closures, quarantines and shelter-in-place orders.

During the years ended June 30, 2023 and 2022, the College received funds under the Higher Education Emergency Relief Fund (HEERF), which provided financial aid to students and higher education institutions to offset the loss of revenue and increased expenses as a result of the COVID-19 pandemic. The grants are considered conditional contributions with a right of return and barriers to entitlement. The College utilized these funds to provide financial aid grants to students and mitigate costs related to the pandemic of approximately \$919 and \$1,615 during the years ended June 30, 2023 and 2022, respectively.

#### **(2) Liquidity and Availability of Financial Resources**

At June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction costs not financed by debt, are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 43,831	32,848
Student and other accounts receivable including loans, net	2,910	1,261
Short-term investments	10,661	10,286
Subsequent years' board approved endowment appropriation	<u>58,523</u>	<u>52,667</u>
Total financial assets available within one year	<u>\$ 115,925</u>	<u>97,062</u>

## HAMILTON COLLEGE

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

The College's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the College also has a \$50,000 line of credit. In addition, the quasi endowment of \$228,588 and \$227,281 and at June 30, 2023 and 2022, respectively, can be made available for general expenditure with approval from the College's Board of Trustees, subject to investment liquidity provisions. The College also has deposits with trustees of \$15,277 and \$32,472 at June 30, 2023 and 2022, respectively, which represents unspent capital funds or is intended for debt service payments in the subsequent year and medium-term investments of \$83 and \$570 at June 30, 2023 and 2022, respectively, which is intended to be used by the College for debt service payments, subject to investment liquidity positions.

### (3) Investments

The investment objective of the College is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The College's investment strategy incorporates a diversified asset allocation approach with exposure to domestic and international equity, fixed income, real estate, energy and infrastructure, hedge funds, and private equity markets based on targets defined by the Investment Committee of the College's Board of Trustees. The majority of the College's investments are managed in a pooled fund that consists primarily of endowment assets. Other investments are managed separately from the pool. These investments consist of various bond and equity portfolios associated with planned gifts. In addition, a portion of the proceeds of the Series 2013 taxable bond issue are invested in a real estate limited partnership.

#### (a) Fair Value

The College's investments at June 30, 2023, which include endowment investments of \$1,287,364, planned gifts of \$41,663, medium-term investments of \$83, and short-term investments of \$10,661, are summarized in the following table by their fair value hierarchy classification. Certain investments that are measured at fair value using NAV as a practical expedient for fair value have been categorized separately.

	<u>June 30,</u> <u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Investments:					
Cash equivalents	\$ 46,945	46,945	—	—	—
Fixed income securities	15,928	15,928	—	—	—
Equity securities:					
U.S.	335,760	9,213	—	—	326,547
International	186,227	27,821	—	—	158,406
Hedge funds:					
Absolute return (a)	247,759	—	—	—	247,759
Private equity (c):					
Buy-out	222,052	—	—	—	222,052
Venture capital	187,435	—	—	—	187,435

## HAMILTON COLLEGE

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(Dollars in thousands)

	<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Real estate (d)	\$ 33,054	—	—	8,536	24,518
Energy (e)	51,203	—	—	24,482	26,721
Other	2,663	—	2,663	—	—
	<u>1,329,026</u>	<u>99,907</u>	<u>2,663</u>	<u>33,018</u>	<u>1,193,438</u>
Medium-term investments:					
Cash equivalents	2	2	—	—	—
Real estate (d)	81	—	—	—	81
	83	2	—	—	81
Short-term investments:					
Fixed income	10,661	10,661	—	—	—
	<u>\$ 1,339,770</u>	<u>110,570</u>	<u>2,663</u>	<u>33,018</u>	<u>1,193,519</u>

The College's investments at June 30, 2022, which include endowment investments of \$1,284,419, planned gifts of \$40,547, medium-term investments of \$570, and short-term investments of \$10,286, are summarized in the following table by their fair value hierarchy classification. Certain investments that are measured at fair value using NAV as a practical expedient for fair value have been categorized separately.

	<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Investments:					
Cash equivalents	\$ 74,902	74,902	—	—	—
Fixed income securities	15,900	15,900	—	—	—
Equity securities:					
U.S.	203,724	7,783	—	—	195,941
International	184,318	24,045	—	—	160,273
Hedge funds:					
Absolute return (a)	189,286	—	—	—	189,286
Special situations (b)	159,255	—	—	—	159,255
Private equity (c):					
Buy-out	208,604	—	—	—	208,604
Venture capital	201,181	—	—	—	201,181
Real estate (d)	30,464	—	—	7,902	22,562
Energy (e)	54,974	—	—	37,931	17,043
Other	2,358	—	2,358	—	—
	<u>1,324,966</u>	<u>122,630</u>	<u>2,358</u>	<u>45,833</u>	<u>1,154,145</u>



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	June 30, 2022	Level 1	Level 2	Level 3	NAV
Medium-term investments:					
Cash equivalents	\$ 110	110	—	—	—
Real estate (d)	460	—	—	—	460
	570	110	—	—	460
Short-term investments:					
Fixed income	10,286	10,286	—	—	—
	\$ 1,335,822	133,026	2,358	45,833	1,154,605

- (a) This category includes funds that invest in a wide range of absolute return and diversifying hedge fund strategies, including global and U.S. focused long/short equity, multi-strategy funds, biotechnology and life sciences, music rights and credit.
- (b) This category includes a mix of special situation funds. Included are one that focuses on investments in event driven distressed corporate credit restructurings and other deep value and special situations in middle market companies, an opportunistic credit fund that invests across the capital structure, funds that invest across the life sciences, biotechnology, and pharmaceutical industries, a fund with a long-only focus on U.S. small and micro cap companies, and a growth-oriented fund that invests in both public and private companies across industrial and geographic sectors.
- (c) This category includes investments in several buyout, growth, venture capital, and distressed securities limited partnerships that in turn invest in companies within the technology, transportation, service, broadcast, manufacturing, retail, and health care sectors, as well as distressed debt, leveraged buyouts, and secondary private equity and venture capital market transactions. Investments cannot be redeemed upon request. Instead, distributions are received at the election of the general partner as the underlying investments are monetized, or as in-kind distributions of shares in the underlying investments. It is estimated that the underlying assets of each fund will be distributed over a 3-15 year period from the effective date of the fund.
- (d) This category includes real estate limited partnerships that invest in land and several that invest in both U.S. and international commercial real estate, including secondary market transactions in other real estate limited partnerships/funds. Investments cannot be redeemed upon request. Instead, distributions are received at the election of the general partner as the underlying investments are monetized. Based upon the terms of the funds, it is estimated that the underlying assets of each fund will be distributed over a 3-15 year period from the effective date of the fund.
- (e) This category includes limited partnerships that invest in oil and gas, equity investments in energy and energy-related companies, as well infrastructure and communications infrastructure. Also included within this category are direct and indirect investments in natural gas and oil royalty interests, which utilize significant unobservable inputs in determining the estimated fair value. These funds totaled \$23,175 and \$34,955 as of June 30, 2023 and 2022, respectively, and utilize

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the income approach to valuation which calculates the net present value of total estimated future distributions, adjusted for an 10% discount. Investments cannot be redeemed upon request. Instead, distributions are received as cash as the underlying investments are monetized, or as in-kind distribution of shares in the underlying investments at the election of the general partner. Based upon the terms of the funds, it is estimated that the underlying assets of each fund will be distributed over a 3-20 year period from the effective date of the fund.

There were no changes in methodologies used at June 30, 2023 and 2022 and no transfers into or out of Level 3 during the years ended June 30, 2023 and 2022. Acquisitions of Level 3 assets during the years ended June 30, 2023 and 2022, were \$81 and \$108, respectively. Redemptions of Level 3 assets during the years ended June 30, 2023 and 2022, were \$2,002 and \$3,241, respectively.

#### (b) Liquidity

The limitations and restrictions on the College's ability to redeem or sell investments vary by investment and range from none for publicly traded securities, to require notice periods (generally 30 to 180 days after initial lock-up periods) for certain hedge funds, to dependency on the disposition of portfolio positions and return of capital by the investment manager for private equity, venture capital, energy, and real estate limited partnership interests. Investments with daily liquidity generally do not require any notice prior to withdrawal. Based upon the terms and conditions in effect at June 30, 2023, expected liquidity for the College's investments can be classified as follows:

	Daily	Weekly	Monthly	Quarterly	Semi-annual	Annual	< 3 years	Illiquid	Total
Cash equivalents	\$ 46,947	—	—	—	—	—	—	—	46,947
Fixed income securities	26,589	—	—	—	—	—	—	—	26,589
Equity securities	36,741	9,209	74,207	218,307	62,339	100,994	20,191	—	521,988
Hedge funds	—	—	—	176,661	54,220	—	—	16,878	247,759
Private equity	—	—	—	—	—	—	—	409,487	409,487
Real estate	—	—	—	—	—	—	—	33,135	33,135
Energy	—	—	—	—	—	—	—	51,203	51,203
Other	—	—	—	—	—	—	—	2,663	2,663
	<u>\$ 110,277</u>	<u>9,209</u>	<u>74,207</u>	<u>394,968</u>	<u>116,559</u>	<u>100,994</u>	<u>20,191</u>	<u>513,366</u>	<u>1,339,771</u>

The "illiquid" category is related to private equity, real estate, and energy and infrastructure limited partnership investments, and hedge funds, where the College has no liquidity until the investments are

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sold and the monies are distributed by the fund manager. The table below summarizes the value of these investments by their stated terms assuming the partnerships are not extended.

	<u>Amount</u>
Fiscal year:	
2024	\$ 35,204
2025	10,229
2026	53,623
2027	27,801
2028	46,655
Thereafter	<u>339,854</u>
	<u>\$ 513,366</u>

#### (c) Commitments

The College has outstanding commitments to global equity, private equity, energy, real estate, energy and infrastructure, and hedge fund investments that have not yet been drawn down by these funds. Typically, committed capital is drawn down and invested over a several year period. Draw downs on outstanding commitments are funded by distributions from the private equity, real estate, and energy and infrastructure portfolios, cash, and other liquid investments. The College has the following outstanding commitments based on the expiration dates of the funds' commitment periods, at June 30, 2023:

	<u>Amount</u>
Fiscal year:	
2024	\$ 52,042
2025	21,626
2026	19,566
2027	23,957
2028	37,545
Thereafter	<u>30,005</u>
	<u>\$ 184,741</u>

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#### **(d) Investment Return**

The following schedule summarizes total investment return and its classification in the statements of activities for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment income, net of investment management fees	\$ 1,070	(350)
Net realized and unrealized gains (losses)	<u>44,451</u>	<u>(122,421)</u>
Total return on investments	45,521	(122,771)
Investment return designated for current operations (spending policy distributions)	(52,739)	(45,818)
Other investment income	<u>(2,064)</u>	<u>(95)</u>
Investment return, net of amounts designated for current operations	\$ <u>(9,282)</u>	<u>(168,684)</u>

#### **(4) Endowment**

The College's endowment and similar funds consist of gifts restricted by donors, funds designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditures to support the operating and nonoperating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the laws of the State of New York.

Certain donor restricted endowment funds allow for the expenditure of principal. College designated endowment funds are classified as net assets without restrictions that may be redesignated for authorized expenditures.

The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA,

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and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with NYPMIFA, the investment committee considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of an endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

The following is a summary of the College's endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	<b>2023</b>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	1,053,815	1,053,815
Board-designated for general purpose	228,588	—	228,588
	<u>\$ 228,588</u>	<u>1,053,815</u>	<u>1,282,403</u>
	<b>2022</b>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	1,048,281	1,048,281
Board-designated for general purpose	227,281	—	227,281
	<u>\$ 227,281</u>	<u>1,048,281</u>	<u>1,275,562</u>

The net assets without donor restrictions amounts at June 30, 2023 and 2022 represent Board-designated funds (quasi-endowment funds). Accumulated investment earnings on net assets with donor restricted endowment funds are reflected as net assets with donor restrictions.

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The following is a summary of the components of the return on the endowment pool and changes in endowment net assets for the years ended June 30, 2023 and 2022:

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 227,281	1,048,281	1,275,562	248,990	1,162,546	1,411,536
Investment return	7,007	36,450	43,457	(17,263)	(96,168)	(113,431)
Private gifts	780	12,438	13,218	917	15,366	16,283
Other	1,018	2,656	3,674	3,113	3,879	6,992
Released from restriction and changed restrictions	1,922	(2,691)	(769)	—	—	—
Appropriation of endowment assets for spending	(9,420)	(43,319)	(52,739)	(8,476)	(37,342)	(45,818)
Endowment net assets, end of year	\$ 228,588	1,053,815	1,282,403	227,281	1,048,281	1,275,562

#### (a) Funds with Deficiencies

From time to time, the fair values of assets associated with individual donor restricted endowment funds may fall below the level that the donor or applicable law requires to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without restrictions and immaterial as of June 30, 2023 and 2022. These deficits generally resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments. Endowment earnings shortfalls are covered by investments held in net assets without donor restrictions.

#### (b) Spending Policy

The College uses a spending policy, known as the “mixed rule”. This policy uses 70% of the prior year’s spending adjusted for inflation, plus 5% of the average of the prior four quarters endowment value weighted at 30%. Actual amounts withdrawn for spending, as a percentage of the most recent twelve quarter average market value of the endowment, was 4.1% and 3.8% for the years ended June 30, 2023 and 2022, respectively.

#### (c) Return Objectives and Risk Parameters

The overall financial objective for the endowment is to achieve a total return that preserves the real value of the principal of the endowment and to augment as much as possible, the real purchasing power of the endowment while exercising due care and fiduciary responsibility, and avoiding excessive risk. It is expected the endowment will need to earn a 6% real annualized return over the long term to meet this goal and provide adequate support for operations while protecting against inflation. The Investment Committee of the Board of Trustees has determined that a well-diversified mix of assets offers the best opportunity to achieve this level of return with an appropriate level of risk. To that end, the securities of any one issuer, except for those of the U.S. government, shall not exceed 5% of the total market value of the endowment and no external investment manager shall manage more than 15% of the market value of the endowment.

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#### (5) Contributions Receivable

Contributions receivable are recorded at their estimated net present value assuming a discount rate in effect at the time the pledge was received, ranging from 1.16% to 4.35% at June 30, 2023 and 2022. Contributions estimated to be collected at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 9,767	12,213
One to five years	<u>12,953</u>	<u>12,238</u>
	22,720	24,451
Less:		
Present value discount	(654)	(775)
Reserve for uncollectible receivables	<u>(1,500)</u>	<u>(1,500)</u>
	<u>\$ 20,566</u>	<u>22,176</u>

#### (6) Property, Plant, and Equipment

Property, plant, and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 41,267	41,008
Buildings	420,635	416,440
Furniture and equipment	<u>103,733</u>	<u>98,117</u>
Total	565,635	555,565
Less accumulated depreciation	<u>(336,976)</u>	<u>(318,959)</u>
Net	228,659	236,606
Construction projects in process	<u>43,253</u>	<u>22,257</u>
Total	<u>\$ 271,912</u>	<u>258,863</u>

Depreciation expense was \$18,017 and \$19,171 in 2023 and 2022, respectively. The College has estimated it will incur approximately \$13,000 of additional costs to complete the construction projects in process as of June 30, 2023, which include the Root Hall renovation project and various other renewal projects.

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(Dollars in thousands)

**(7) Long-Term Debt**

Long-term debt consists of the following at June 30, 2023 and 2022:

	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original issue</u>	<u>Outstanding at June 30, 2023</u>	<u>Outstanding at June 30, 2022</u>
Oneida County Industrial Development Agency Civic Facility:					
Revenue Bonds					
Series 2013 (a)	July 1, 2044	2.0% – 5.0%	\$ 23,010	19,015	19,550
Hamilton College Taxable Bonds					
Series 2013 (b)	July 1, 2113	4.75 %	103,000	103,000	103,000
Oneida County Local Development Corporation					
Revenue Bonds					
Series 2021 (c)	July 1, 2051	5.00 %	29,355	<u>29,355</u>	<u>29,355</u>
				151,370	151,905
Unamortized bond issuance costs				(1,815)	(1,859)
Net premium on bonds payable				<u>13,677</u>	<u>14,157</u>
				<u>\$ 163,232</u>	<u>164,203</u>

- (a) The College issued \$23,010 of Civic Facility Revenue Bonds in July 2013 at a premium of \$877, with interest rates varying from 2% – 5%. These bonds are collateralized by the financed property and equipment.
- (b) The College issued \$103,000 of Hamilton College Taxable Bonds, Series 2013, in April 2013. The bonds were issued at a discount of \$2,627, at a fixed rate of 4.75%. A portion of the proceeds was used on July 1, 2017 to refund previously issued bonds.
- (c) The College issued \$29,355 of Oneida County Local Development Bonds, Series 2021 in February, 2021. The bonds were issued at a premium of \$17,252 and fixed rate of 5%. A portion of the proceeds were used to refund previously issued bonds.

Interest expense was \$6,731 and \$6,712 for the years ended June 30, 2023 and 2022, respectively.



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The scheduled principal payments for the next five years and thereafter on long-term debt are reflected in the following table:

2024	\$	560
2025		590
2026		620
2027		650
2028		685
Thereafter		<u>148,265</u>
	\$	<u><u>151,370</u></u>

*Line of Credit*

On June 28, 2022 the College amended the agreement to extend the term on its line of credit until July 29, 2024.

This line of credit is a revolving, unsecured line in the amount of \$50,000, available to be used for working capital and other capital needs. Interest on the outstanding balance of advanced funds is equal to the current 30 day Average Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York plus 75 basis points, so long as that amount is at least 1.5%. There is no annual fee charged on the line of credit. No funds have yet been drawn on this and the outstanding balance at June 30, 2023 and 2022 was \$0.

**(8) Employee and Pension Benefits**

**(a) Postretirement Health Care Benefits**

The College provides health insurance benefits for eligible employees upon retirement and recognizes the overfunded or underfunded status of a defined benefit post retirement plan (the Plan) as an asset or liability and to recognize changes in that funded status in the year they occur. The College uses a June 30 measurement date for the Plan. The Plan's funded status, amounts recognized, significant

**HAMILTON COLLEGE**

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(Dollars in thousands)

assumptions used, contributions made, and benefits paid included in the College's financial statements as of June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 1,704	2,538
Service cost	82	111
Interest cost	72	50
Actuarial gain	(92)	(784)
Benefits paid	(491)	(413)
Participant contributions	189	202
Benefit obligation at end of year	\$ 1,464	1,704
Change in plan assets:		
Fair value of assets, beginning of year	\$ —	—
Employer contribution	302	211
Participant contributions	189	202
Benefits paid	(491)	(413)
Fair value of assets, end of year	\$ —	—
Amount recognized in the statement of financial position:		
Funded status	\$ (1,464)	(1,704)

Amounts recorded in net assets without donor restrictions as of June 30, 2023 and 2022, not yet amortized as components of net periodic benefit costs are as follows:

	<b>2023</b>	<b>2022</b>
Unamortized prior service costs	\$ —	47
Unamortized actuarial gain	(3,995)	(4,248)
Amount recognized in net assets without donor restrictions	\$ (3,995)	(4,201)

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A summary of the components of net periodic postretirement benefit cost for the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Components of net periodic cost (benefit):		
Service cost	\$ 83	111
Interest cost	72	50
Amortization of unrecognized actuarial gain	(344)	(341)
Amortization of unrecognized prior service cost	<u>47</u>	<u>256</u>
Net periodic postretirement benefit cost (benefit)	<u>\$ (142)</u>	<u>76</u>

(i) *Assumptions*

A summary of the weighted average assumptions used to determine the benefit obligation at June 30, 2023 and 2022 is presented below:

	<u>2023</u>	<u>2022</u>
Discount rate	4.87 %	4.36 %
Mortality	PRI.H-2012	PRI.H-2012

A summary of the weighted average assumptions used to determine the net periodic postretirement benefit cost for the years ended June 30, 2023 and 2022 is presented below:

	<u>2023</u>	<u>2022</u>
Discount rate	4.36 %	2.46 %

A summary of the assumed healthcare cost trend rates at June 30, 2023 is presented below:

	<u>Pre-65 Medical trend rates</u>	<u>Post-65 Medical trend rates</u>	<u>Prescription drugs trend rates</u>
Healthcare cost trend rate for next year:			
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.037 %	4.037 %	4.037 %
Year that the rate reaches the ultimate trend rate	2075	2075	2075

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The following benefit payments, which reflect expected future service for each fiscal year, are expected to be paid:

2024	\$	88
2025		108
2026		116
2027		126
2028		108
2029–2033		632

**(b) Pension Benefits**

The College administers a defined contribution retirement plan for eligible employees. Teachers Insurance Annuity Association of America (TIAA), and Fidelity Investments Inc. are the recordkeepers and custodians of the plan. Total pension expense charged to operations relating to these plans for the years ended June 30, 2023 and 2022 amounted to \$5,727 and \$5,503, respectively.

**(9) Net Assets**

Net assets consist of the following at June 30, 2023 and 2022:

	2023			2022		
	Without donor restrictions	With donor restrictions	Totals	Without donor restrictions	With donor restrictions	Totals
Undesignated	\$ 128,138	—	128,138	123,840	—	123,840
Capital projects and reserves	—	3,246	3,246	—	1,507	1,507
Restricted for operations	—	35,549	35,549	—	28,807	28,807
Planned giving arrangements	—	39,931	39,931	—	38,068	38,068
Loan funds	—	2,418	2,418	—	2,418	2,418
Contributions receivable	—	20,566	20,566	—	22,176	22,176
Endow ment:						
Financial Aid	92,434	489,250	581,684	106,187	452,410	558,597
Professorships	20,331	225,784	246,115	20,548	217,627	238,175
Other	115,823	338,781	454,604	100,546	378,244	478,790
Total endow ment	228,588	1,053,815	1,282,403	227,281	1,048,281	1,275,562
Total	\$ 356,726	1,155,525	1,512,251	351,121	1,141,257	1,492,378

**HAMILTON COLLEGE**

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(Dollars in thousands)

**(10) Expenses**

The College's primary program service is academic instruction. Expenses reported as student services, institutional support and auxiliaries are incurred in support of this primary program activity. Expenses presented by natural classification and function are as follows for the years ended June 30, 2023 and June 30, 2022:

	<u>Salaries</u>	<u>Benefits</u>	<u>Depreciation</u>	<u>Interest</u>	<u>Utilities</u>	<u>Contracted services, supplies, and other</u>	<u>Total</u>
June 30, 2023:							
Instruction	\$ 35,181	9,944	6,992	2,592	1,176	5,766	61,651
Research	557	157	—	—	—	784	1,498
Academic support	11,578	3,273	1,474	547	244	6,758	23,874
Student services	10,516	2,973	2,576	955	422	10,328	27,770
Institutional support	10,462	2,957	465	172	117	13,867	28,040
Auxiliary	3,203	905	6,648	2,465	1,091	9,737	24,049
Total	<u>\$ 71,497</u>	<u>20,209</u>	<u>18,155</u>	<u>6,731</u>	<u>3,050</u>	<u>47,240</u>	<u>166,882</u>
June 30, 2022:							
Instruction	\$ 33,094	8,997	7,383	2,585	992	6,774	59,825
Research	462	125	—	—	—	414	1,001
Academic support	10,112	2,749	1,557	545	211	6,773	21,947
Student services	9,605	2,611	2,720	952	368	11,511	27,767
Institutional support	9,594	2,608	488	172	105	10,452	23,419
Auxiliary	3,061	832	7,023	2,458	953	10,740	25,067
Total	<u>\$ 65,928</u>	<u>17,922</u>	<u>19,171</u>	<u>6,712</u>	<u>2,629</u>	<u>46,664</u>	<u>159,026</u>

Operation and maintenance of plant and depreciation are allocated among the functional categories based on the percentage of square footage a functional department occupies as compared to the total square footage of each building. Interest expense is allocated out to the functions within the building for which the debt was issued, based on the functional activities' proportional occupancy of the building.

Included in institutional support are \$5,702 and \$5,930 of fundraising expenses for the years ended June 30, 2023 and 2022, respectively.

## **HAMILTON COLLEGE**

### Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in thousands)

#### **(11) Related Parties**

Members of the College's Board of Trustees and Officers may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College requires an annual disclosure of significant financial interests in, family relationships, significant management function, or substantial business with entities doing business with the College by members of the College's Board of Trustees and Officers. When such relationships exist, measures are taken to assess potential conflicts of interest to protect the best interests of the College and ensure compliance with relevant conflict of interest laws and policy. The College's conflict of interest policy also requires, among other things, that no member of the Board of Trustees or Officer may participate in any decision in which they (or an immediate family member) has a material financial interest.

#### **(12) Subsequent Events**

Management has evaluated events subsequent to June 30, 2023, for potential recognition or disclosure in the financial statements through December 15, 2023, the date on which the financial statements were issued.