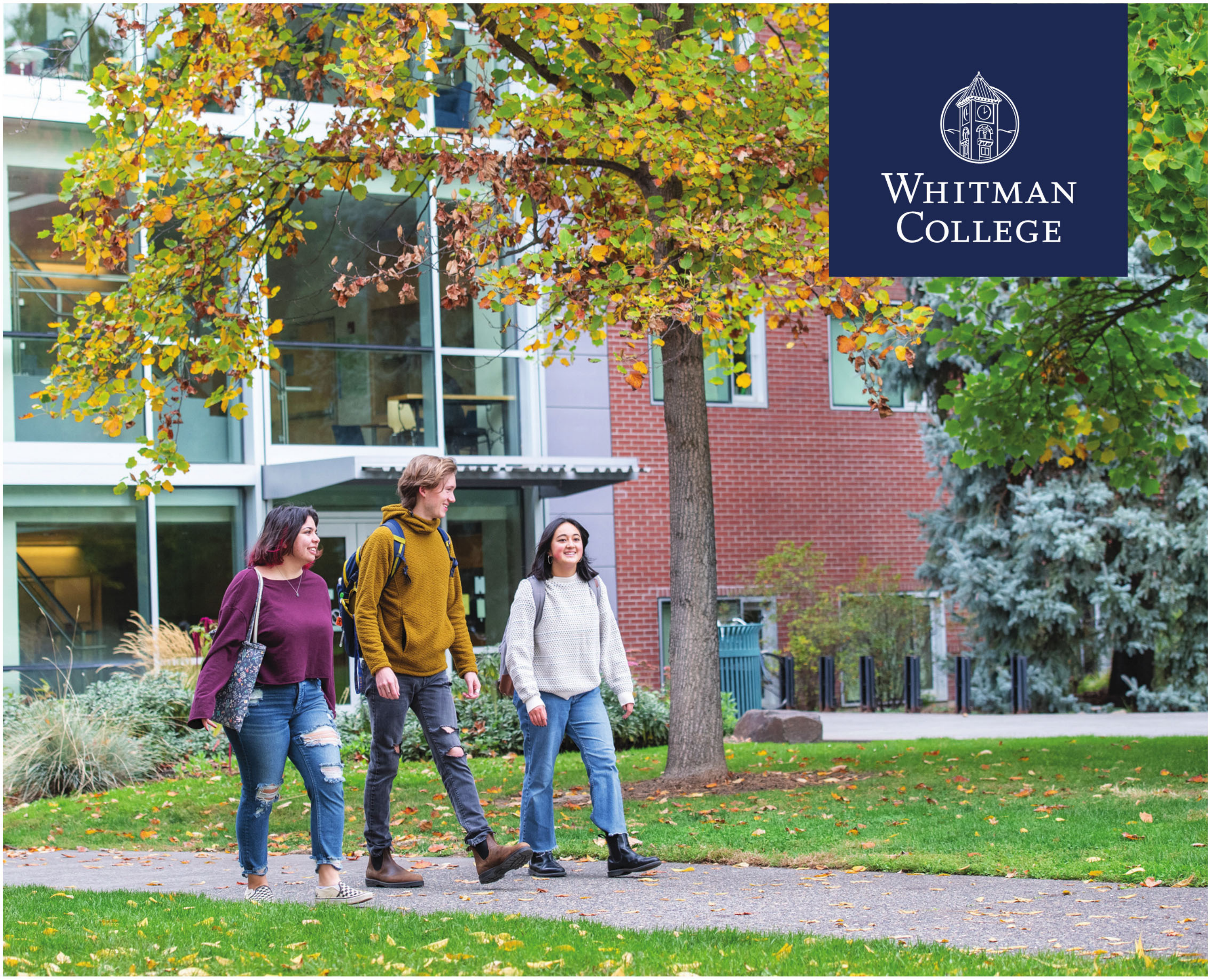

Whitman College

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

Moss-Adams, LLP
Certified Public Accountants

WHITMAN COLLEGE
Jeff Hamrick, Ph.D, CFA, FRM, Vice President for Finance and Administration
Darlene R. Wilson, CPA, Assistant Vice President for Finance and Controller

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Letter from the Vice President for Finance and Administration and the Assistant Vice President for Finance and Controller

November 19, 2024

Whitman College's (the College) accompanying financial statements for the years ended June 30, 2024 and 2023 reflect its financial sustainability, fundamental strength, and flexibility to strategically and confidently face the future amid ongoing challenges in higher education. These challenges include lower enrollments, tuition discount pressures, changing demographics, attracting and retaining a talented workforce, and social and economic instability.

Student enrollment of 1,504 was substantially ahead of budget and the actual overall discount rate of 51.8% was slightly below budget for the year ended June 30, 2024, resulting in net student revenue of $57.3 million, an increase of $1.7 million. The College's consolidated statement of activities for the year ended June 30, 2024 also reflects the following:

- Contributions and grants increased by $6 million with $30.8 million received at net present value;
- The endowment contributed $35.1 million in support of operations (with and without donor restrictions), an increase of $4.27 million;
- Operating expenses were $107.3 million, an increase of $9.1 million;
- Net activity from operations contributed almost $1 million to net assets; and
- Overall, net assets increased by $76.7 million at year-end.

Whitman College has strengthened its financial position as of June 30, 2024. Assets and net assets grew to $1.13 billion and $973.1 million, respectively. The College's investment strategies continue to support the institution's operations with stability during a period of financial turbulence. The overall increase to net assets was largely due to an upturn in asset valuations, resulting in an investment return of $93.7 million, net of $32,000 in taxes paid. Whitman's endowment realized an investment return of 11.7% and grew to $753.4 million, or 77.4% of total net assets. The College's total liabilities were just 13.7% of assets, and long-term bond debt was only 9.9% of assets. The most flexible net assets, those without donor restrictions, were 40.1% of total net assets. Finally, as another sign of financial strength, the College's most recent long-term credit rating reaffirmed by Moody's Investor Service, Inc., was AA3.

The College successfully issued $37.9 million of fixed rate, tax-exempt bonds Series 2024, through the Washington Higher Education Facilities Authority on April 2, 2024. These bonds are financing the construction of a new 69-unit, 212-bed apartment-style student housing project designed to house juniors and seniors, significant renovations and improvements to two of the College's fraternity houses, and the construction of two 2-bedroom cottages and two 1-bedroom cottages. The construction of the Junior-Senior Residential Village is currently underway and estimated to cost $75.5 million, with completion anticipated by August 2025.

Our success could not happen without the support of our students, families, alumni, faculty, staff, Board of Trustees, and friends. Our thanks to all these stakeholders for building an even brighter future for Whitman College.

Jeff Hamrick
Jeff Hamrick, Ph.D., CFA, FRM
Vice President for Finance and Administration

Darlene Wilson
Darlene R. Wilson, CPA
Assistant Vice President for Finance and Controller

(in thousands)

June 30,	2024	2023
ASSETS		
Cash, cash equivalents, and restricted cash	$ 71,379	$ 49,733
Prepaid expenses	835	1,167
Accounts receivable, net	720	721
Student loans, net	302	576
Taxes receivable	1,270	-
Deferred compensation asset	1,189	1,155
Contributions and trusts receivable, net	27,915	23,771
Investments	840,164	766,138
Property, plant, and equipment, net	183,884	173,015
Total Assets	$ 1,127,658	$ 1,016,276
LIABILITIES		
Accounts payable	$ 2,843	$ 4,302
Accrued compensation and benefits	8,012	7,710
Deferred revenue and enrollment deposits	1,452	1,680
Deferred compensation liability	1,189	1,155
Taxes payable	-	50
Refundable advance	1,829	2,032
Split-interest agreements	14,128	13,993
Asset retirement obligation	4,928	4,779
Health insurance terminal obligation	762	671
Farm beneficiary payments obligation	1,489	1,558
Postretirement benefits payable	4,862	4,618
Government funds payable	1,408	682
Bonds payable, net	111,607	76,626
Total Liabilities	154,509	119,856
NET ASSETS		
Without donor restrictions	390,661	354,254
With donor restrictions	582,488	542,166
Total Net Assets	973,149	896,420
Total Liabilities and Net Assets	$ 1,127,658	$ 1,016,276

Consolidated Statement of Activities
For the Year Ended June 30, 2024
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues			
Tuition and fees net of institutional financial aid (Institutional financial aid - $48,082)	$ 44,802	$ -	$ 44,802
Room and board charges	12,517	-	12,517
Net student revenue	57,319		57,319
Contributions and government grants	4,440	5,327	9,767
Investment return / (loss), net	4,211	(9)	4,202
Other income / (loss), net	1,979	(31)	1,948
Net Operating Revenues	67,949	5,287	73,236
Endowment support to operations	12,950	22,100	35,050
Net assets released from restrictions	32,857	(32,857)	-
Net Resources Funding Operations	113,756	(5,470)	108,286
Expenses By Function			
Instruction	36,133	-	36,133
Academic support	14,674	-	14,674
Student services	23,329	-	23,329
Institutional support	17,940	-	17,940
Auxiliary operations	15,243	-	15,243
Total Operating Expenses	107,319	-	107,319
Change in Net Assets From Operating Activities	6,437	(5,470)	967
NONOPERATING ACTIVITIES			
Contributions	1,522	19,544	21,066
Investment return, net	29,970	59,562	89,532
Change in split-interest agreements	(83)	(1,387)	(1,470)
Other income, net	1,444	240	1,684
Endowment support to operations	(12,950)	(22,100)	(35,050)
Net assets released from restrictions	10,067	(10,067)	-
Change in Net Assets From Nonoperating Activities	29,970	45,792	75,762
Total Change in Net Assets	36,407	40,322	76,729
Net Assets at Beginning of Year	354,254	542,166	896,420
Net Assets at End of Year	$ 390,661	$ 582,488	$ 973,149

(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues			
Tuition and fees net of institutional financial aid (Institutional financial aid - $41,505)	$ 43,835	$ -	$ 43,835
Room and board charges	11,783	-	11,783
Net student revenue	55,618		55,618
Contributions and government grants	2,572	6,891	9,463
Investment return, net	3,342	47	3,389
Other income, net	1,237	190	1,427
Net Operating Revenues	62,769	7,128	69,897
Endowment support to operations	11,672	19,108	30,780
Net assets released from restrictions	23,655	(23,655)	-
Net Resources Funding Operations	98,096	2,581	100,677
Expenses By Function			
Instruction	32,425	-	32,425
Academic support	13,694	-	13,694
Student services	19,846	-	19,846
Institutional support	17,330	-	17,330
Auxiliary operations	14,928	-	14,928
Total Operating Expenses	98,223	-	98,223
Change in Net Assets From Operating Activities	(127)	2,581	2,454
NONOPERATING ACTIVITIES			
Contributions	1,842	13,538	15,380
Investment return, net	25,285	47,200	72,485
Change in split-interest agreements	(533)	(984)	(1,517)
Other income, net	1,926	458	2,384
Endowment support to operations	(11,672)	(19,108)	(30,780)
Net assets released from restrictions	3,180	(3,180)	-
Change in Net Assets From Nonoperating Activities	20,028	37,924	57,952
Total Change in Net Assets	19,901	40,505	60,406
Net Assets at Beginning of Year	334,353	501,661	836,014
Net Assets at End of Year	$ 354,254	$ 542,166	$ 896,420

(in thousands)

For the Years Ended June 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 76,729	$ 60,406
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation, amortization, and accretion	8,730	8,729
Net (gain) / loss on investments, other assets, and liabilities	(97,313)	(83,959)
Change in value of split-interest agreements	1,470	1,517
Contributions restricted to long-term investment and plant	(19,820)	(12,639)
Gifts of collections and investment real estate	(30)	(1,754)
Changes in operating assets and liabilities		
Receivables, inventory, and prepaid expenses	(3,837)	(5,602)
Payables, deferred revenue, and enrollment deposits	(914)	156
Long-term obligations	234	5,029
Net cash used in operating activities	(34,751)	(28,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(107,887)	(63,498)
Sales and maturities of investments	129,867	81,635
Purchases of property, plant, and equipment	(19,563)	(14,316)
Student loan activity, net	274	162
Net cash provided by investing activities	2,691	3,983
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal paid on long-term debt	(1,380)	(1,245)
Proceeds from bond issue	37,980	-
Cost to issue bonds	(1,444)	-
Payments to beneficiaries	(1,454)	(1,550)
New split-interest agreements	184	569
Contributions restricted to long-term investment and plant	19,820	12,639
Net cash provided by financing activities	53,706	10,413
Net change in cash and cash equivalents	21,646	(13,721)
Cash, cash equivalents, and restricted cash at beginning of year	49,733	63,454
Cash, cash equivalents, and restricted cash at end of year	$ 71,379	$ 49,733
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest (net of amounts capitalized)	$ 2,101	$ 2,331
Cash paid for income taxes (net of refunds)	$ 32	$ 3,245

Organization – Whitman College (the College or Whitman) is an independent, co-educational, non-sectarian, residential, liberal arts and sciences, undergraduate College founded in 1859. Whitman College was chartered by the state of Washington as a degree granting College in 1883. The student body of approximately 1,500 students is drawn from across the United States and many other countries; however, it is predominantly from the western United States.

Note 1 – Summary of Significant Accounting Policies and Basis of Presentation

Basis of Presentation – The consolidated financial statements of Whitman College have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America.

Consolidation – The consolidated financial statements include the accounts of Whitman College and the 21st Century Trust. All significant intercompany transactions have been eliminated.

Net Asset Classifications – The activities and net assets of the College are classified as to whether or not their use is governed by donor-imposed restrictions.

Net Assets Without Donor Restrictions – Are resources not subject to donor-imposed restrictions such as student tuition payments and board-designated endowment funds.

Net Assets With Donor Restrictions – Are resources subject to donor-imposed restrictions. Such restrictions may require either the passage of time or some action by the College to fulfill donor restrictions. If a donor has restricted funds to an endowment, those funds will be held in perpetuity, the earnings of which will be used as the donor has specified.

Use of Estimates – The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets, liabilities, and the disclosure of contingencies, as well as revenues and expenses. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash – Cash equivalents are highly liquid investments with original maturities of three months or less. College holdings in commingled funds with daily liquidity related to the College’s checking accounts are considered cash equivalents. Cash and cash equivalents held by investment managers are classified as investments. Cash balances maintained by the College at various depository and brokerage institutions are often in excess of federally insured limits. The College did not experience any significant losses on its cash equivalents. Restricted cash consisted of funds for the Federal Perkins Loan program of $174 and $185 as of June 30, 2024 and 2023, respectively.

Property, Plant, and Equipment – Land, buildings, building improvements, equipment, and collections are carried at original cost, or if donated, at fair value on the date of the gift. All such assets except land and collections are stated net of accumulated depreciation, which is computed on a straight-line basis over the estimated useful lives of the assets. Any eligible single items over ten thousand dollars and library books are capitalized and depreciated over their estimated useful lives. Estimated useful lives for buildings and building components is 10 to 40 years, for equipment 5 to 10 years, and for books 5 years. Normal repair and maintenance expenses are charged to operations as incurred.

Note 1 – Summary of Significant Accounting Policies and Basis of Presentation (continued)

Deferred Compensation – Certain employees of the College, at their option, may elect to defer a portion of their wages. Deferred compensation is placed in a separate fund, which is considered College property until the College approves a withdrawal by the employee due to an emergency or retirement. Because the participants are general creditors for these funds, the invested asset is separately recorded along with a separate corresponding liability to the employee. All such accounts are invested through an agent.

Taxes – Whitman College is a qualified not-for-profit organization under Internal Revenue Code Section 501(c)(3) and as such, is generally exempt from federal taxation of income. Contributions to the College are generally tax deductible. The 21st Century Trust is a separate qualified 501(c)(3) tax entity that is consolidated in these financial statements. For the years ended June 30, 2024 and 2023, management estimates that the College has generated unrelated business income from its investment activity of approximately $2,899 and $633, respectively, which is taxed at the federal corporate tax rate of 21% and various state income tax rates. As a result, management estimates that the College has incurred a tax liability at June 30, 2024 and 2023 totaling approximately $609 and $133, respectively. Net of tax estimates paid, $1,375 has been recorded as taxes receivable for the year ended June 30, 2024 and $20 has been recorded as taxes payable for the year ended June 30, 2023 on the consolidated statements of financial position.

On December 22, 2017, the Tax Cuts and Jobs Act (the Act) was enacted. The Act impacts the College in the addition of a federal excise tax of 1.4% on its net investment income for the years ended June 30, 2024 and 2023, due to the College meeting the threshold of its endowment value being over $500 per tuition-paying student as of June 30, 2023 and 2022, respectively. The College records an estimate for related tax expense based on currently available regulatory guidance of the Act, and continues to evaluate the impact of the Act on current and future tax positions. An estimate of the College’s tax liability for the federal excise tax at June 30, 2024 and 2023 totaling approximately $105 and $30, respectively. For the year ended June 30, 2024, $105 has been recorded as a reduction to taxes receivable and for the year ended June 30, 2023, $30 has been recorded as taxes payable on the consolidated statements of financial position.

Refundable Advance – This account consists of vendor incentive payments that will be recognized as a reduction of operating expenses on a straight-line basis over the term of the agreement, which expires in 2033.

Asset Retirement Obligation – Asset retirement obligation includes legal environmental obligations associated with the retirement of long-lived assets. These liabilities are recorded at fair value when incurred and are capitalized by increasing the carrying amount of the associated long-lived asset. The fair value of each obligation is measured based on the present value of estimated future retirement costs. Asset retirement costs are depreciated on a straight-line basis over the useful life of the associated asset. Subsequent to the initial recognition, period-to-period changes in the carrying amount of the liability are recorded due to the passage of time and revisions to either the timing or amount of the original estimated cash flows. The liability is removed when the related obligation is settled.

Revenue and Expense Recognition – Revenue is reported as an increase to net assets without donor restrictions, unless donor restrictions are imposed. Operating expenses decrease net assets without donor restrictions; all other expenses are netted into related income.

Note 1 – Summary of Significant Accounting Policies and Basis of Presentation (continued)

Statements of Activities, Operating Activities – The College defines operations as activities closely related to its educational and residential mission, as well as any necessary ancillary activities. The endowment's support of operations is included as revenue in the operating section and is shown as an expense in the nonoperating section. All other significant transfers have been eliminated.

Net Student Revenue – The College recognizes revenue from student tuition and fees and room and board charges within the year in which the educational and other services are provided. The academic programs are delivered in the Fall (mid-August to mid-December) and Spring (mid-January to mid-May) terms. There is some minor activity that spans from May to August. Payments for these summer services are due prior to the start of the semester, and are recorded as deferred revenue until the performance obligations are met.

The College provides institutional financial aid to students on both a need and merit basis. Institutional financial aid is provided in the form of scholarships and grants. Such aid is funded by the endowment, gifts, and other revenue without donor restrictions of the College and is reported as a reduction of student revenues. As of June 30, 2024 and 2023, the College provided institutional financial aid of $48,082 and $41,505, respectively.

Contributions – Unconditional contributions, including promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Unconditional promises to give are initially recorded at fair value using the present value of future cash flows, discounted using a risk adjusted rate. Subsequent measurements of unconditional promises to give do not represent fair value. Contributions that include a measurable barrier or those for which the College has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. The College did not have any conditional promises to give for the years ended June 30, 2024 and 2023. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortized discounts are recorded as additional contribution revenue as either with or without donor restrictions based on donor-imposed restrictions.

Government Grants – Revenues from government grants are considered to be contributions as the transactions are non-reciprocal in nature and contain a right of return. As such, revenues from grants are recognized when the conditions are met, that is, as allowable expenditures under such agreements are incurred, and reported as increases in net assets without donor restrictions. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

Other Income, Net – Such revenue consists mainly of sales from the College bookstore and net revenues from rental properties and farming activities. The revenues are recognized over the course of each term as the goods and services are delivered.

Note 1 – Summary of Significant Accounting Policies and Basis of Presentation (continued)

Receivables and Student Loans, Net – Student accounts receivable are amounts due from students primarily for tuition and fees and are stated at the amount billed to students less applied scholarships and loan proceeds. Student loans receivable are amounts due from students primarily for the Federal Perkins revolving loan program. The College offers several payment plans that allow students to defer payment for a nominal fee. Late fees are charged on delinquent accounts. Student accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The College separates student accounts receivable into risk pools based on their aging. Given the nature of the types of loans receivable, federal loan program and institutional loan program receivables are analyzed separately. In determining the amount of the allowance as of the statement of financial position date, the College develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At June 30, 2024, the College increased its historical loss rates for each aging category by at least 10% due to rising inflation and other economic factors.

Expenses By Function – Personnel costs, including salaries and benefits, represent the College's primary operating expense. Personnel costs and other operating expenses such as services and supplies, communications, and travel are presented by functional areas in the consolidated statements of activities. The cost of operation and maintenance of the physical plant, including the related depreciation and interest costs, is allocated to each functional area based on the estimated square footage used by the function. The College defines its five functional areas as follows:

Instruction – These costs include faculty salaries, related benefits, and other direct costs related to teaching.

Academic Support – These are costs that support the instructional process, but are not directly related to teaching such as the library, academic technology, student academic resources, the theater, and offices directly supporting faculty such as offices of the Provost and Off Campus Studies.

Student Services – These are costs to help students succeed in their academic mission and to enhance their overall experience at the College. This function includes such services as counseling and health services, admission, financial aid, and the registrar. This function also includes co-curricular programs outside of the classroom such as athletics, internships, and the Outdoor Program, and offices such as the Vice President for Student Affairs.

Institutional Support – These are costs incurred to carry out the administration of the College such as the offices of the President and the Vice President for Finance and Administration, fundraising, communications, human resources, business, administrative technology, safety, and security.

Auxiliary Operations – These costs include student housing, food services, and the bookstore. The distinguishing characteristic of auxiliary operations is that they are managed as an essentially self-supporting activity.

(in thousands)

Note 1 – Summary of Significant Accounting Policies and Basis of Presentation (continued)

Release from Restrictions – Net assets are released from donor restrictions once the purpose for which the net assets were restricted or the completion of a time stipulation is satisfied. Restricted operating activity including contributions and net investment return earned are reported as net assets with donor restrictions and reclassified to net assets without donor restrictions when any donor-imposed restrictions are satisfied. Nonoperating restricted net assets associated with building costs are reclassified to net assets without donor restrictions when the related capital asset is placed in service.

Risks and Uncertainties – The financial instruments of the College are exposed to various risks such as interest rate, market, and credit risks. The College seeks to mitigate such risks through prudent investment strategies such as diversified asset classes and investment managers. Due to such risks and market volatility, the values and related activity reported in the consolidated financial statements can vary substantially from year-to-year. Such variations could be material to the consolidated financial statements.

Recent Accounting Pronouncements – Effective July 1, 2023, the College adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326), which required the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities and trade receivables), net investments in leases, and certain off balance sheet credit exposures. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Note 2 – Receivables and Student Loans, Net

	2024	2023
Accounts Receivable, net		
Student and other accounts	$ 848	$ 767
Allowance for credit losses	(128)	(46)
Total accounts receivable, net	$ 720	$ 721

Changes in the allowance for credit losses for accounts receivable were as follows:

	2024
Accounts Receivable: Allowance for Credit Losses	
Balance, beginning of the year	$ 46
Impact of the adoption of the new credit loss standard	55
Provisions	30
Write-offs, net of recoveries	(3)
Balance, end of the year	128

(in thousands)

Note 2 – Receivables and Student Loans, Net (continued)

Federal Perkins Loan Program – Program amounts due are guaranteed by the government and student borrowers are not required to put up collateral or obtain co-signers. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. Qualifying borrowers may, under certain circumstances, defer principal payments and the interest and/or principal may be forgiven. Total government program funds of $522 and $682 as of June 30, 2024 and 2023, respectively, are ultimately refundable to the federal government and therefore, are classified as government funds payable in the consolidated statements of financial position. The federal government has ceased funding of the program as of July 1, 2017.

Federal guarantees subject to the federal loan programs are not subject to credit risk and are excluded from the estimates. Allowances for credit losses are established based upon prior collection experience and current economic factors, which could influence the borrower's ability to repay per loan terms. At June 30, 2024 and 2023, the past due loan amounts were $188 and $202, respectively.

	2024	2023
Student Loans, net		
Federal Perkins Loan Program	$ 427	$ 585
Allowance for credit losses	(125)	(9)
Total student loans, net	$ 302	$ 576

Changes in the allowance for credit losses for student loans were as follows:

	2024
Student Loans: Allowance for Credit Losses	
Balance, beginning of the year	$ 9
Impact of the adoption of the new credit loss standard	49
Provisions	80
Write-offs, net of recoveries	(13)
Balance, end of the year	125

Contributions and Trusts – Revenue related to unconditional promises to give is recorded when pledged at the net present value of the expected future inflows of cash using discount rates from 0.62% to 6.48% for the fiscal years ended June 30, 2024 and 2023.

	2024	2023
Within one year	$ 2,463	$ 2,279
Between one and five years	14,937	3,438
More than five years	18,154	25,126
Total contributions and trusts receivable, gross	35,554	30,843
Less allowance for uncollectible contributions	(770)	(622)
Less discount to present value	(6,869)	(6,450)
Total contributions and trusts receivable, net	$ 27,915	$ 23,771

(in thousands)

Note 2 – Receivables and Student Loans, Net (continued)

Contribution and trusts receivables are intended to be used for the following purposes:

	2024	2023
Undesignated	$ 601	$ 700
Operations	4,174	4,175
Plant projects	13,540	10,945
Endowments	17,239	15,023
Total contributions and trusts receivable, gross	$ 35,554	$ 30,843

Note 3 – Related Party Transactions

Members of the College's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the College. These annual disclosures cover the Board of Trustees, senior management, and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the College.

The College has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees or senior management can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the College, and in accordance with applicable conflict of interest laws.

The College has one member of its Board of Trustees who is associated with the bank with which the College conducts business. During the years ended June 30, 2024 and 2023, the College had its cash and investment accounts and a line of credit with this bank. This member abstains from voting on any business matters relating to the bank.

The College is the recipient of contributions, promises to give, and trusts made by parties related to the College, such as members of its Board of Trustees and senior management. For the years ended June 30, 2024 and 2023, the College received $2,804 and $3,012, respectively, of total contributions from related parties. At June 30, 2024 and 2023, promises to give or contributions receivable from related parties totaled $5,313 and $6,297, respectively, at net present value. At June 30, 2024 and 2023, trusts receivable from related parties totaled $0 and $364, respectively, at net present value. Of the net present value outstanding for promises to give and trusts at June 30, 2024 and 2023, 16% and 17% were from two and one parties related to the College, respectively.

(in thousands)

Note 4 – Property, Plant, and Equipment

Property, plant, and equipment consisted of the following at June 30:

	2024	2023
Buildings	$ 270,506	$ 258,224
Accumulated depreciation	(126,214)	(118,160)
Net book value of buildings	144,292	140,064
Land	21,893	18,514
Construction in progress	11,958	9,072
Net book value of land and buildings	178,143	167,650
Equipment and books	6,311	5,296
Accumulated depreciation	(3,923)	(3,253)
Net book value of equipment and books	2,388	2,043
Collections	3,353	3,322
Net book value of property, plant, and equipment	$ 183,884	$ 173,015

The College has commitments on outstanding construction contracts of $58,722 as of June 30, 2024. For the years ended June 30, 2024 and 2023, interest costs of $344 and $176, respectively, were capitalized into the cost of buildings.

Note 5 – Split-Interest Agreements

The College has legal title to certain annuity and life income agreements, subject to interests of beneficiaries, composed predominantly of charitable remainder annuity trusts, charitable remainder unitrusts, and perpetual trusts held by third parties. The contracted payments to the beneficiaries take precedence over any other financial claims upon the College.

Actuarial methods are used to record annuity and life income contracts and agreements where the beneficiary of the agreement is guaranteed annual amounts either by specified amounts or percentages of the value of the trusts. The account is credited with investment income and gains, and is charged with investment losses and payments to beneficiaries. Actuarial gains and losses are adjusted annually against the liability account. The liability is based on the present value of estimated future payments discounted at rates between 1.2% and 9.2% either over specified periods or lives estimated according to IRS mortality tables. No obligation has been recorded for contracts that do not guarantee a payment amount. Of the total split-interest contracts payable, the College had obligations for annuity contract payments of $3,018 and $3,116 at June 30, 2024 and 2023, respectively.

(in thousands)

Note 5 – Split-Interest Agreements (continued)

At June 30, 2024 and 2023, total assets held by the College under split-interest agreements amounted to $31,453 and $30,118, respectively, and of those totals, $30,367 and $29,106, respectively, are included in investments restricted for donor purposes. These investment assets are presented as commingled trusts in the Fair Value of Assets and Liabilities note 12. The remainder of the total assets held by the College under split-interest agreements are included in contributions and trusts receivable restricted for donor purposes. The College had time and purpose restricted split interest agreements of $16,130 and $15,133 for the years ended June 30, 2024 and 2023, respectively. These amounts are presented in the Net Assets note 14 within total net assets with donor restrictions.

The College maintains reserves in compliance with applicable state requirements for contracts issued in the respective states. In accordance with state annuity requirements at June 30, 2024, the College has reserves of $372 for the state of California and $2,401 for the state of Washington.

Note 6 – Asset Retirement Obligation

The College has accrued obligations for costs required by law to be incurred relative to the retirement of certain College plant assets. At Whitman, such issues generally involve asbestos abatement costs at the retirement of certain buildings. At demolition or renovation, appropriate abatement procedures and the related costs are a legal requirement. The related costs are capitalized and each obligation is carried at the estimated net present value of the expected future costs required at retirement.

The following schedule summarize the College’s asset retirement obligation activity:

	2024	2023
Asset retirement obligation, beginning of the year	$ 4,779	$ 988
Obligations settled	(32)	(63)
Obligations incurred	-	3,680
Accretion expense	181	174
Asset retirement obligation, end of the year	$ 4,928	$ 4,779

Note 7 – Health Insurance Terminal Obligation

The College has accrued an obligation for estimated costs that would be incurred if the College’s health insurance plan were terminated. The value of such termination costs at June 30, 2024 and 2023, is estimated to be $762 and $671, respectively.

(in thousands)

Note 8 – Farm Beneficiary Payments Obligation

The College was gifted a farm during the year ended June 30, 2023. Per the signed gift annuity agreement, as consideration of the property transferred by the donor, the College will pay an annual annuity of $65 for the life of the donor. TIAA Kaspick, the College's third-party gift and endowment manager, used the farm's appraised value in calculating the gift annuity market value and the associated annual beneficiary payments to be made; however, the farm is not held in trust and is instead owned by the College. The College has recognized the farm as land for $1,610 in property, plant, and equipment on the consolidated statement of financial position. The College will make annual payments to TIAA Kaspick to cover the beneficiary payment plus administrative fees from the farm's annual net income. The value of such future payments is estimated to be $1,489 and $1,558 at June 30, 2024 and 2023, respectively.

Note 9 – Postretirement Benefits Payable

The College provides postretirement health benefits for all employees who were full-time employees hired prior to June 30, 1992, and retire after reaching a specified age with 10 years of service. Employees terminating prior to meeting age and length of service eligibility are not covered under the program. A small number of the currently retired and fully eligible active plan participants under the program are participating in the College's regular health insurance program or modified cost reimbursement under Medicare Supplement. All other participants are limited to the cost of the Medicare supplement at the rate established July 1, 1992, adjusted annually by not more than 5%.

The calculation and current assumptions used by the College are periodically reviewed by an actuary. At June 30, 2024 and 2023, the College utilized 5.28% and 4.80% discount rates, respectively, to determine the actuarial present value of the obligation, and a 5% health care cost trend rate for both years. A 1% increase in each year of the annual trend rate would increase the accumulated obligation by approximately $384, and increase the benefit cost components by approximately $23 for the year. Projected annual benefit payments for the five years after June 30, 2024, are estimated to average $252 and the total payment amount for the following five years is an estimated $1,609.

	2024	2023
Post-retirement benefit cost		
Benefits earned	$ 17	$ 22
Interest accrued on benefits earned in prior years	257	222
Total post-retirement benefit cost	$ 274	$ 244
Post-retirement benefits paid	$ 217	$ 205
Post-retirement benefit obligation		
Current retirees	$ 997	$ 1,262
Active plan participants	3,865	3,356
Total accumulated benefit obligation	$ 4,862	$ 4,618
Board-designated investments to fund obligation	$ 8,507	$ 7,820

Note 10 – Retirement Plan

The College's eligible staff and faculty may participate in a qualified, defined contribution pension plan, which is administered by TIAA. The plan is available to substantially all full-time employees and is funded by employee and College contributions, which are based on levels of compensation. The College's contributions to the plan for the years ended June 30, 2024 and 2023, amounted to $3,659 and $3,407, respectively.

Note 11 – Bonds Payable

The state of Washington provides taxable and tax-exempt financing capacity to private higher education institutions sited in the state, through Washington Higher Education Facilities Authority (WHEFA). Such bonds were issued on behalf of Whitman College, and are secured by the general revenues of the College. The related premium, discounts, and issuance costs for each bond issue are amortized using the effective-interest method until maturity. The College's long-term credit rating is "AA3" by Moody's Investor Service, Inc.

On January 5, 2017, WHEFA issued $17,705 of fixed rate, tax-exempt bonds on behalf of the College to finance two new buildings: a dining commons and residence hall. The bonds require annual principal payments starting January 1, 2019, through January 1, 2047, and were issued at a net premium of $599. The bonds are secured by revenues, gains, and other support without donor restrictions and bear rates between 4% and 5%, which averaged 4.38% for the year ended June 30, 2024.

On November 30, 2021, WHEFA issued $21,825 of fixed rate, tax-exempt bonds Series 2021A and $36,240 of fixed rate, taxable bonds Series 2021B on behalf of the College to refinance the Series 2008 and Series 2004 bonds previously issued, respectively. The proceeds of these Series 2021A and 2021B bonds also paid off the interest rate exchange agreements that were valued at $4,491 and $7,014, respectively, at closing. The Series 2021A bonds require annual principal payments starting January 1, 2023 through January 1, 2038, and were issued at a net premium of $4,318. The bonds bear interest rates between 4% and 5%, which averaged 4.49% for the year ended June 30, 2024. The Series 2021B bonds require a single principal payment due January 1, 2029 and bear interest at 2.34%. Both bonds are secured by revenues, gains, and other support without donor restrictions.

On April 2, 2024, WHEFA issued $37,980 of fixed rate, tax-exempt bonds Series 2024 at a net discount of $916 on behalf of the College to finance the construction of a new 69-unit, 212-bed apartment-style student housing project designed to house juniors and seniors, significant renovations and improvements to two of the College's fraternity houses, and the construction of two 2-bedroom cottages and two 1-bedroom cottages. The bonds require annual interest-only payments starting January 1, 2025 with principal payments starting January 1, 2035 and the final payment to be made on January 1, 2049. The bonds are secured by revenues, gains, and other support without donor restrictions and bear rates between 4% and 5%, which averaged 4.27% for the year ended June 30, 2024.

(in thousands)

Note 11 – Bonds Payable (continued)

	2024	2023
Series 2017, Revenue Refunding Bonds (Tax-Exempt)	$ 15,680	$ 16,055
Series 2021A, Revenue Refunding Bonds (Tax-Exempt)	19,935	20,940
Series 2021B, Revenue Refunding Bonds (Taxable)	36,240	36,240
Series 2024, Revenue Refunding Bonds (Tax-Exempt)	37,980	-
Subtotal WHEFA bonds	109,835	73,235
Unamortized bond premiums	3,995	4,269
Unamortized bond discounts and issuance costs	(2,223)	(878)
Subtotal unamortized bond premiums, discounts, and issuance costs	1,772	3,391
Total bonds payable	$ 111,607	$ 76,626

The bond agreements contain annual reporting requirements. The following schedules are the approximate principal payments required for these bonds:

June 30, 2025	$ 1,450
June 30, 2026	1,520
June 30, 2027	1,595
June 30, 2028	1,670
June 30, 2029	37,990
Thereafter	65,610
	$ 109,835

Note 12 – Investments and Fair Value

Borleske Stadium Association – The College is a one-third member of the Borleske Stadium Association (the Association), a Washington non-profit corporation. The Association was formed in the early 1920’s to operate the stadium and grounds for the community of Walla Walla, the Walla Walla School District, and Whitman College. Each member pays dues to the Association, of which the College paid $83 and $80 for the years ended June 30, 2024 and 2023, respectively. The College accounts for the investment under the equity method of accounting and estimated its one-third share of the Association’s net assets at June 30, 2024 and 2023 to be $147 and $185, respectively, which is presented in investments on the consolidated statements of financial position.

Fair Value Measurements – The College’s investments are stated at fair value. Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of assets or liabilities should be based on assumptions market participants would use. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Note 12 – Investments and Fair Value (continued)

Level 1 – Inputs reflecting unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 – Inputs other than quoted prices observable for the assets or liability either directly or indirectly, including inputs in markets not considered active or quoted prices for similar assets or liabilities

Level 3 – Unobservable inputs

The availability of valuation techniques and observable inputs can vary by instrument and can be affected by a wide variety of factors, including the type, whether it is new and not yet established in the marketplace, and other characteristics particular to the instrument. To the extent valuations are based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market existed. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input significant to the fair value measurement. There have been no changes in valuation methodologies used at June 30, 2024 and 2023.

Investments in marketable securities, consisting of fixed income funds, balanced funds, and domestic equity funds, are valued based on quoted market prices and are typically classified within Level 1.

Where available, audited investment net asset values are used as a starting point to establish fair value. The College reviews such net asset values for possible adjustments to arrive at fair value. For the years ended June 30, 2024 and 2023, there were no adjustments made to net asset values provided by investment managers.

The commingled trusts are composed of individual annuity trusts, unitrusts, and funds held on Whitman's behalf by other entities. Whitman College is the trustee for the annuity trusts and unitrusts. Such trusts are allocated to a varying mix of publicly traded equity and fixed income securities and real estate investment trusts. These trusts are generally held in trust for the life or lives of the respective beneficiaries or for a set period of time. Funds held on Whitman's behalf by other entities are largely invested in publicly traded equity and fixed income securities, but some are also invested in farm real estate and private notes. Where applicable, market values of such trusts are recorded based on the College's pro-rata share of the trust. These funds are intended to be held in trust by these other entities in perpetuity.

(in thousands)

Note 12 – Investments and Fair Value (continued)

Investments that are valued utilizing unobservable inputs and commingled trusts, which are illiquid by nature of the trust, are classified within Level 3. The managers and trustees of such assets generally value their underlying investments at fair value in accordance with fair value accounting. Investments with no readily available market are generally valued according to the estimated fair value, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to the financial condition and operating results of the investment, the amount a fund can reasonably expect to realize upon the sale of an investment, and any other factors deemed relevant. Investments with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

The College measures the fair value for certain investments that are not exchange traded using net asset value as a practical expedient. The practical expedient would not be used if it was determined to be probable that the College will sell the investment for an amount different from the reported net asset value. In accordance with FASB Accounting Standards Codification (ASC) Subtopic 820-10, an investment measured at fair value using the net asset value per share practical expedient has not been classified in the fair value hierarchy.

The following tables show the College's assets and liabilities, which are stated at fair value, and how they are classified within the valuation hierarchy.

As of June 30, 2024	Level 1	Level 2	Level 3	Total
Investments in the fair value hierarchy:				
Marketable securities	$ 158,711	$ -	$ -	$ 158,711
Commingled trusts	-	-	46,554	46,554
Alternative investments	-	-	42	42
Total	$ 158,711	$ -	$ 46,596	205,307
Investments measured at net asset value:				
Equity (long only) funds				295,294
Alternative investments				339,416
Total				634,710
Total investments measured at fair value				840,017
Investments under the equity method:				
Borleske Stadium Association				147
Total investments				$ 840,164

(in thousands)

Note 12 – Investments and Fair Value (continued)

As of June 30, 2023	Level 1	Level 2	Level 3	Total
Investments in the fair value hierarchy:				
Marketable securities	$ 122,452	$ -	$ -	$ 122,452
Commingled trusts	-	-	44,107	44,107
Alternative investments	-	-	42	42
Total	$ 122,452	$ -	$ 44,149	166,601
Investments measured at net asset value:				
Equity (long only) funds				280,766
Alternative investments				318,586
Total				599,352
Total investments measured at fair value				765,953
Investments under the equity method:				
Borleske Stadium Association				185
Total investments				$ 766,138

Marketable securities held at June 30, 2024 and 2023, are summarized as follows:

	2024	2023
Fixed income funds	$ 84,825	$ 57,416
Balanced funds	1,812	1,616
Domestic equity funds	72,074	63,420
Total	$ 158,711	$ 122,452

Below additional information about Level 3 assets measured at fair value is presented. Both observable and unobservable inputs may be used to determine the fair value of positions the College has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes to the investment manager's internal valuation models) inputs. Total gains and (losses) in the table below are shown in the consolidated statements of activities. The College's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances causing the transfer.

(in thousands)

Note 12 – Investments and Fair Value (continued)

	Commingled Trusts	Alternative Investments	Total
Level 3 beginning balance, July 1, 2023	$ 44,107	$ 42	$ 44,149
Investment return, net	4,633	7	4,640
Purchases	432	-	432
Sales	(2,618)	(7)	(2,625)
Level 3 ending balance, June 30, 2024	$ 46,554	$ 42	$ 46,596

	Commingled Trusts	Alternative Investments	Total
Level 3 beginning balance, July 1, 2022	$ 42,062	$ 42	$ 42,104
Investment return, net	3,200	8	3,208
Purchases	1,799	-	1,799
Sales	(2,954)	(8)	(2,962)
Level 3 ending balance, June 30, 2023	$ 44,107	$ 42	$ 44,149

"Investment return, net" is reflected in the consolidated statements of activities in both operating and nonoperating activities. Included in the consolidated statements of activities for Level 3 assets on hand at June 30, 2024 and 2023, is a gain of $4,084 and a gain of $2,798, respectively.

The fair value, unfunded commitments, and redemption restrictions for investments reported at net asset value as of June 30, 2024 and 2023, are as follows:

	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity (long only) funds (a)	$ 295,294	$ -	Daily-three years	10-90 days
Alternative investments (b)	479	$ -	At least quarterly	30-65 days
	39,821	$ -	Beyond quarterly up to 3 years	45-90 days
	299,116	$ 133,487	Greater than 3 years	N/A
Total alternative investments	339,416			
Total investments measured at net asset value	$ 634,710			

(in thousands)

Note 12 – Investments and Fair Value (continued)

	Fair Value at June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity (long only) funds (a)	$ 280,766	$ -	Daily-three years	10-90 days
Alternative investments (b)	530	$ -	At least quarterly	30-65 days
	35,017	$ -	Beyond quarterly up to 3 years	45-90 days
	283,039	$ 103,706	Greater than 3 years	N/A
Total alternative investments	318,586			
Total investments measured at net asset value	$ 599,352			

The unfunded commitments of $133,487 and $103,706 represent the College's commitment to make additional investments in 34 and 33 limited partnerships at June 30, 2024 and 2023, respectively.

(a) Equity (long only) funds are commingled funds whose managers invest in publicly traded domestic and international securities. Some funds participating in securities lending programs may be invested in short-term investment vehicles collateralized by cash, U.S. Treasury, and/or government agency issues. Investments are well diversified geographically, but managers may overweight investments in specific markets opportunistically.

(b) The managers of alternative investment funds use a variety of strategies and vehicles to benefit from perceived mispricings in investment markets or to manage risk within their portfolios. Underlying holdings include the following:

- Private securities are illiquid securities, most of which were donated to the College. A portion of these assets are held for their income-generating capacity while others will be sold at the next available opportunity.

- Private equity limited partnerships invest in distressed, relative value, venture, buyout, and merger opportunities. Holdings are composed of private equity and debt. There are no redemption rights available for investors other than the liquidation of assets held by the fund, which will result in a distribution of capital to investors.

- Hedged equity fund managers invest in global long/short primarily publicly traded equities, but also have exposure in private equity, debt, and derivatives.

- Real asset fund limited partnerships are invested primarily in energy, commodities, and real estate sectors through real asset holdings, as well as public/private equity and debt instruments.

- Absolute return funds invest to achieve consistent positive returns regardless of the direction of financial markets through the use of arbitrage strategies, as well as investments in distressed securities, long/short equity, and private market transactions.

Alternative investments are based on valuations provided by the external investment managers. The Investment Committee, in conjunction with the external investment advisors, monitors and analyzes the valuation of the investments other than commingled trusts on a quarterly basis. The valuations consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information.

(in thousands)

Note 12 – Investments and Fair Value (continued)

Investment returns or losses and classification of investments according to purpose for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024	2023
Investment return, net		
Interest and dividend income	$ 11,687	$ 8,510
Realized net gains	13,976	28,817
Unrealized net gain	82,842	54,382
Expenses	(14,771)	(15,835)
Total investment return, net	$ 93,734	$ 75,874
Investments according to purpose		
Donor-restricted endowment	$ 538,628	$ 498,024
Board-designated endowment	214,739	201,286
Total endowment investments	753,367	699,310
Other, trusts and reserves	86,797	66,828
Total investments	$ 840,164	$ 766,138

Note 13 – Financial Assets Liquidity

The College's financial assets comprised the following at June 30:

	2024	2023
Cash, cash equivalents, and restricted cash	$ 71,379	$ 49,733
Accounts receivable, net	720	721
Student loans, net	302	576
Contributions and trusts receivable, net	27,915	23,771
Investments	840,164	766,138
Total financial assets	$ 940,480	$ 840,939

Of those financial assets, the following could readily be made available within one year to meet the general expenses of the College at June 30:

	2024	2023
Cash and cash equivalents	$ 70,317	$ 35,858
Accounts receivable, net	719	721
Contributions and trusts receivable, net	331	285
Investments	37,889	37,001
Total financial assets available	$ 109,256	$ 73,865

(in thousands)

Note 13 – Financial Assets Liquidity (continued)

The College monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenses related to and supporting its ongoing mission-related activities.

Student loans are part of a federal program and are not available to meet general expenditures.

In addition to financial assets available to meet general expenses within one year, the following amounts are expected to be released from donor-restricted and board-designated financial assets over the next 12 months to meet expected future construction costs at June 30:

	2024	2023
Board-designated	$ 4,991	$ 4,951
Donor-restricted	1,711	1,685
	$ 6,702	$ 6,636

The College's governing board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

At June 30, 2024 and 2023, the following amounts were designated for specific purposes by the board:

	2024	2023
Enrollment reserve	$ 3,290	$ 2,967
Capital construction reserve	33,254	31,969
Board-designated endowment	214,739	201,286
	$ 251,283	$ 236,222

Note 14 – Net Assets

Total Net Assets – The College's total net assets with donor restrictions consist of assets that are restricted to time or purpose, and assets held in perpetuity. Of the $582,488 and $542,166 total net assets with donor restrictions, total net assets held in perpetuity, less annuities, were $232,663 and $226,954 for the years ended June 30, 2024 and 2023, respectively.

(in thousands)

Note 14 – Net Assets (continued)

	2024	2023
Without donor restrictions		
Operations and reserves	$ 32,339	$ 28,507
Plant related	130,947	115,165
Board-designated endowment	214,739	201,286
Trusts and other	11,441	8,304
Split-interest agreements	1,195	992
Total net assets without donor restrictions	$ 390,661	$ 354,254
With donor restrictions		
Operations and reserves	$ 14,901	$ 20,136
Plant related	1,766	1,015
Donor restricted endowment	538,628	498,024
Trusts and other	11,063	7,858
Split-interest agreements	16,130	15,133
Total net assets with donor restrictions	$ 582,488	$ 542,166

Endowment Net Assets – The College's endowment consists of approximately 1,031 individual funds established for a variety of purposes. These funds include donor-restricted endowment funds, funds designated by the Board of Trustees to function as endowment, and certain funds held in trust by others. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the state of Washington. The College's Board of Trustees has interpreted 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 net assets with donor restrictions required to be held in perpetuity as (a) the original value of the gifts donated to the permanent 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 in force at the time the accumulation is added to the fund.

The remaining portion of a donor-restricted endowment fund that is not required to be held in perpetuity is classified as net assets with donor restrictions 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 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

(in thousands)

Note 14 – Net Assets (continued)

Endowment net asset composition by type of fund and restriction are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
As of June 30, 2024			
Held for a specific period or purpose	$ -	$ 315,421	$ 315,421
Held in perpetuity	-	223,207	223,207
Board-designated	214,739	-	214,739
Total endowment net assets	$ 214,739	$ 538,628	$ 753,367

	Without Donor Restrictions	With Donor Restrictions	Total
As of June 30, 2023			
Held for a specific period or purpose	$ -	$ 280,950	$ 280,950
Held in perpetuity	-	217,074	217,074
Board-designated	201,286	-	201,286
Total endowment net assets	$ 201,286	$ 498,024	$ 699,310

Changes in endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	June 30, 2024
Beginning balance	$ 201,286	$ 498,024	$ 699,310
Investment return, net	24,465	56,542	81,007
Contributions and other	12	6,162	6,174
Endowment payout	(12,950)	(22,100)	(35,050)
Transfers to endowment funds	1,926	-	1,926
Ending balance	$ 214,739	$ 538,628	$ 753,367

	Without Donor Restrictions	With Donor Restrictions	June 30, 2023
Beginning balance	$ 189,348	$ 466,113	$ 655,461
Investment loss, net	20,478	45,554	66,032
Contributions and other	1	5,465	5,466
Endowment payout	(11,672)	(19,108)	(30,780)
Transfers to endowment funds	3,131	-	3,131
Ending balance	$ 201,286	$ 498,024	$ 699,310

(in thousands)

Note 14 – Net Assets (continued)

Return Objectives and Risk Parameters – The College has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowments and maintain the purchasing power of the endowment assets. The investment policy, as approved by the Board of Trustees, provides general investment guidelines as follows:

	Target	Acceptable Ranges
Fixed income and cash	5.0%	0.0%–15.0%
Developed equity	40.0%	30.0%–50.0%
Private capital	35.0%	25.0%–45.0%
Emerging markets	20.0%	15.0%–25.0%
	100%	

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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Actual returns in any given year are expected to vary from the payout rate.

Performance of the College's investments is reviewed by the College's Investment Committee and reported to the College's Board of Trustees on at least a quarterly basis.

Spending Policy – The Board of Trustees authorizes the annual endowment support to operations. The spending rate will be periodically reviewed by the College Investment Committee to reassess anticipated future rates of inflation and the total return on investments. Typically, at least one year's earnings will be accumulated in a new endowment before expenditures begin. Endowment support to operations in the consolidated statements of activities is based on a percentage of the average values for a 12-quarter period lagging one full year. Such percentage for June 30, 2024 and 2023, was 5%. To this amount is added a six-year average of the net income from the College's farms. Deficiencies, should they occur, could be due to the result of unfavorable market fluctuations, or the Board of Trustees' policy, which allows them to continue appropriations from funds with deficiencies. Such deficiencies amounted to $172 and $496 as of June 30, 2024 and 2023 for 6 and 15 endowment funds, respectively, with an original gift value of $3,114 and $14,972 and a fair value of $2,942 and $14,476 as of June 30, 2024 and 2023, respectively.

Unconsolidated Net Assets – Whitman's net assets without donor restrictions at June 30, 2024, belong to the two consolidated entities as follows:

21st Century Trust	$ 1
The Board of Trustees of Whitman College	$ 390,660

(in thousands)

Note 15 – Net Assets Released from Restrictions

	2024	2023
Institutional financial aid	$ 14,484	$ 11,785
Functional expenses, primarily instruction and academic support	18,373	11,870
Total release for operations	32,857	23,655
Matured life contracts	724	295
Other	9,343	2,885
Total release for nonoperations	10,067	3,180
Total release from restrictions	$ 42,924	$ 26,835

Note 16 – Government Grants

Whitman requested funding under the Federal Emergency Management Agency (FEMA) Public Assistance program for costs incurred in response to the COVID-19 pandemic including costs related to staffing its Emergency Response Team and Coronavirus Taskforce, purchasing and distributing personal protective equipment, conducting COVID-19 testing for faculty, staff and students, and safely opening and operating its facilities. FEMA obligated the College's first Project 700400 on October 24, 2023 for a total cost of $2,670 for the period January 20, 2020 through July 1, 2022. The College's second Project 721595 is currently in process for a total cost of $320 for the period July 2, 2022 through May 11, 2023. Please see Subsequent Events Note 20 for further developments.

Note 17 – Other Income, Net

Other income on the consolidated statements of activities is presented in both the operating and nonoperating sections. This other income consists primarily of College bookstore revenues and net revenues from rental properties and farming activities. Such income in the operating section is primarily revenues from the College bookstore. The expenses related to the bookstore are shown in auxiliary expenses. Such income in the nonoperating section includes all of the College's farming and most of its rental property activity. The College's total other income related to farm and rental property activities is shown net of expenses. Those expenses total $1,686 and $1,308 for the years ended June 30, 2024 and 2023, respectively. For June 30, 2024 and 2023, the College had no future commitments to provide grain on forward contracts.

(in thousands)

Note 18 – Analysis of Expense by Function and Natural Categories

	June 30, 2024					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Operations	Total
Personnel	$ 27,769	$ 6,632	$ 9,649	$ 11,152	$ 2,774	$ 57,976
Services and supplies	4,806	4,102	8,804	3,918	7,629	29,259
Communications	60	392	474	716	69	1,711
Travel	397	1,162	2,375	1,452	223	5,609
Utilities	437	337	286	86	1,372	2,518
Interest	546	420	357	127	651	2,101
Depreciation and amortization	2,118	1,629	1,384	489	2,525	8,145
Total expense	$ 36,133	$ 14,674	$ 23,329	$ 17,940	$ 15,243	$ 107,319
Fund-raising costs (included in the institutional support function)				$ 4,577		

	June 30, 2023					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Operations	Total
Personnel	$ 25,751	$ 6,264	$ 9,412	$ 10,064	$ 2,842	$ 54,333
Services and supplies	2,969	4,038	5,612	4,628	7,162	24,409
Communications	56	42	364	657	70	1,189
Travel	473	907	2,381	1,267	190	5,218
Utilities	432	333	283	81	1,392	2,521
Interest	606	466	396	140	723	2,331
Depreciation and amortization	2,138	1,644	1,398	493	2,549	8,222
Total expense	$ 32,425	$ 13,694	$ 19,846	$ 17,330	$ 14,928	$ 98,223
Fund-raising costs (included in the institutional support function)				$ 4,194		

Note 19 – Commitments and Contingencies

The College has adopted a self-insured health program, which provides for the payment or reimbursement of all or a portion of eligible medical, prescription drug, vision, and dental expenses. The College is self-insured up to the first $175 for each occurrence and has aggregate loss insurance to cover all medical costs in excess of 120% of expected costs. The accompanying consolidated financial statements include an additional liability, in excess of the health insurance terminal obligation, of $2,620 and $2,283 (included in accrued compensation and benefits on the consolidated statements of financial position) at June 30, 2024 and 2023, respectively. The overall liability is based upon management's review and an independent third-party claims administrator for claims incurred but not reported at year-end. The College maintains a separate cash account, as reserves, to meet these estimated claims.

The College has a $6,500 unsecured line of credit, which matured December 31, 2023 and was subsequently renewed with a maturity of December 31, 2024. Interest is based on the New York Prime Rate (8.50% at June 30, 2024) plus 1.50%. There was no balance outstanding at June 30, 2024 and 2023.

The College is subject to legal proceedings arising in the normal course of its various activities. The eventuality of legal action, or further, the liability from any such potential action, is subject to a great degree of uncertainty. Management currently believes the resolution of all such matters would not have a material effect on these consolidated financial statements.

Note 20 – Subsequent Events

Management has evaluated subsequent events for the period after June 30, 2024, through November 19, 2024, the date the consolidated financial statements were issued. The following significant events occurred:

- On August 30, 2024, members of the Borleske Stadium Association, of which Whitman College is a one-third member, adopted a resolution to dissolve the nonprofit corporation and an associated plan of liquidation, which were subsequently filed with the Washington Secretary of State. Whitman College paid $258 to buy out one member's share of the Borleske Stadium property, which was transferred to the College effective September 1, 2024. As part of the dissolution, Whitman also took over the employment of the association's maintenance position for the Borleske Stadium property.

- On October 10, 2024, the College received an Eligibility Determination Memorandum from FEMA denying $1,274 of total costs specifically for the salaries and fringe benefits for hours worked on COVID-19 related tasks by the College's exempt staff as follows: $1,153 for the first project and $121 for the second project. FEMA had paid the College $2,403 for the first project and held back a contingency of $267, which the College had recorded as accounts receivable on its consolidated statements of financial position. With this new development, the College may have to pay $886 back to FEMA. Therefore, the College subsequently removed the receivable and recorded $886 to government funds payable on its consolidated statements of financial position. FEMA's delay in closing the College's first project directly impacts the amount reported on its schedule of expenditures for federal awards and subsequently delayed the College's single audit.

MOSSADAMS

Report of Independent Auditors

The Board of Trustees
Whitman College

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Whitman College (and its subsidiary), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Whitman College as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Whitman College (and its subsidiary) 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 consolidated 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 Whitman College's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 consolidated 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 Whitman College (and its subsidiary)'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitman 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Letter from the Vice President for Finance and Administration and the Assistant Vice President for Finance and Controller and Consolidated Financial Statement Certification have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Moss Adams LLP

Yakima, Washington
November 19, 2024

We, the undersigned, certify that:

1. We have reviewed the consolidated financial statements of Whitman College (the College) for the years ended June 30, 2024 and 2023.

2. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary for the consolidated financial statements not to be misleading to the reader.

3. Based on our knowledge, the consolidated financial statements fairly present, in all material respects, the financial condition, results of operations, and cash flows of the College as of, and for, the periods presented in this annual report.

4. The undersigned are responsible for establishing and maintaining controls and procedures designed to ensure that the consolidated financial statements of the College are materially correct and in conformity with accounting principles generally accepted in the United States of America. To that end, we have:

   a. designed such controls and procedures, or caused such controls and procedures to be designed under our direction, to ensure that material information relating to the College is made known to us by others, particularly during the period in which this annual report is being prepared, and

   b. evaluated the effectiveness of the College's controls and procedures as of the end of the period covered by this report.

5. The undersigned have disclosed, based on our most recent evaluation of internal control over financial reporting, to the College's auditors and the College's Audit Committee of the Board of Trustees of Whitman College:

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the College's ability to record, process, summarize, and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the College's internal control over financial reporting.

Sarah R. Bolton

Dr. Sarah R. Bolton
President

Jeff Hamrick

Jeff Hamrick, Ph.D., CFA, FRM
Vice President for Finance and Administration

Darlene Wilson

Darlene R. Wilson, CPA
Assistant Vice President for Finance and Controller

November 19, 2024

Date