Erikson Institute

Financial Report
June 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Board of Trustees
Erikson Institute

Opinion

We have audited the financial statements of Erikson Institute (the Institute), which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses 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 Institute as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Institute 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 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 the Institute's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 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 financial statements.

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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 proceures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute'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 Institute'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, signfiicant audit findings and certain internal control-related matters that we identified during the audit.

RSM US LLP

Chicago, Illinois
October 28, 2024

Erikson Institute

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash	$ **325,066**	$ 1,998,015
Receivables, net:		
Contributions	**5,817,791**	6,485,107
Grants and contracts	**2,600,938**	3,061,297
Other	**556,178**	505,837
Investments	**65,691,571**	65,778,689
Property and equipment, net	**19,468,976**	20,360,293
Right-of-use assets	**115,315**	154,580
Investments held for deferred compensation plan	**570,057**	490,510
Other assets	**478,241**	493,255
Total assets	**$ 95,624,133**	$ 99,327,583
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 1,090,299**	$ 1,158,870
Unearned revenue and deposits	**594,205**	381,187
Refundable advances	**-**	510,000
Deferred compensation plan payable	**570,057**	490,510
Operating lease liabilities	**119,115**	156,931
Bonds payable, net of unamortized financing fees	**24,500,331**	24,990,850
Interest rate swap agreement	**1,466,118**	2,076,446
Total liabilities	**28,340,125**	29,764,794
Net assets:		
Without donor restrictions	**18,580,710**	16,884,754
With donor restrictions	**48,703,298**	52,678,035
Total net assets	**67,284,008**	69,562,789
Total liabilities and net assets	**$ 95,624,133**	$ 99,327,583

See notes to financial statements.

Erikson Institute

Statements of Activities
Years Ended June 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Student tuition and fees, net of scholarships of of $2,633,347 and $1,284,438, respectively	$ 2,777,520	$ -	$ 2,777,520
Special events less direct expenses of $388,837 and $456,057, respectively	900,646	-	900,646
Contributions	1,187,878	3,724,390	4,912,268
Government grants	6,250,042	-	6,250,042
Clinical and training	2,296,713	-	2,296,713
Investment income, net	1,177,374	1,332,211	2,509,585
Miscellaneous	97,389	-	97,389
Net assets released from restrictions:			
Appropriation from earnings on endowment funds	1,257,552	(1,257,552)	-
Satisfaction of donor and time restrictions	10,309,778	(10,309,778)	-
Total support and revenue	26,254,892	(6,510,729)	19,744,163
Expenses:			
Program services	19,420,428	-	19,420,428
Management and general	5,599,981	-	5,599,981
Fundraising	959,083	-	959,083
Total expenses	25,979,492	-	25,979,492
Increase (decrease) in net assets before other items	275,400	(6,510,729)	(6,235,329)
Other items:			
Depreciation	(939,609)	-	(939,609)
Investment gain, net	1,749,837	2,535,992	4,285,829
Interest rate swap fair value adjustment	610,328	-	610,328
Total other items	1,420,556	2,535,992	3,956,548
Increase (decrease) in net assets	1,695,956	(3,974,737)	(2,278,781)
Net assets:			
Beginning of year	16,884,754	52,678,035	69,562,789
End of year	$ 18,580,710	$ 48,703,298	$ 67,284,008

See notes to financial statements.

	2023	
Without Donor Restrictions	With Donor Restrictions	Total
$ 3,353,453	$ -	$ 3,353,453
3,092,229	-	3,092,229
1,902,363	16,740,637	18,643,000
5,877,560	-	5,877,560
2,165,409	-	2,165,409
878,061	1,237,599	2,115,660
27,138	-	27,138
1,166,619	(1,166,619)	-
5,262,941	(5,262,941)	-
23,725,773	11,548,676	35,274,449
17,964,100	-	17,964,100
4,499,681	-	4,499,681
933,478	-	933,478
23,397,259	-	23,397,259
328,514	11,548,676	11,877,190
(928,697)	-	(928,697)
257,355	380,794	638,149
1,058,779	-	1,058,779
387,437	380,794	768,231
715,951	11,929,470	12,645,421
16,168,803	40,748,565	56,917,368
$ 16,884,754	$ 52,678,035	$ 69,562,789

Erikson Institute

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Supporting Services			
	Academic Programs	Special Projects	Total	Management and General	Fundraising	Total	Total
Compensation	$ 6,769,727	$ 7,453,416	$ 14,223,143	$ 2,879,470	$ 795,133	$ 3,674,603	$ 17,897,746
Contracted services	714,420	1,249,474	1,963,894	1,508,567	84,765	1,593,332	3,557,226
Legal and audit fees	2,536	-	2,536	75,382	-	75,382	77,918
Occupancy and insurance	364,208	221,484	585,692	278,618	11,283	289,901	875,593
Books and library materials	96,294	4,687	100,981	3,062	-	3,062	104,043
Office expenses	51,629	82,139	133,768	195,682	5,418	201,100	334,868
Meeting and travel expenses	306,645	188,279	494,924	131,125	12,278	143,403	638,327
Advertising	148,349	10,580	158,929	93,366	576	93,942	252,871
Software and hardware	243,328	21,515	264,843	151,074	20,256	171,330	436,173
Miscellaneous	106,799	179,659	286,458	115,459	1,345	116,804	403,262
Interest	896,938	308,322	1,205,260	168,176	28,029	196,205	1,401,465
	9,700,873	9,719,555	19,420,428	5,599,981	959,083	6,559,064	25,979,492
Depreciation	601,350	206,714	808,064	112,753	18,792	131,545	939,609
	$ 10,302,223	$ 9,926,269	$ 20,228,492	$ 5,712,734	$ 977,875	$ 6,690,609	$ 26,919,101

See notes to financial statements.

Erikson Institute

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Supporting Services			
	Academic Programs	Special Projects	Total	Management and General	Fundraising	Total	Total
Compensation	$ 6,162,743	$ 6,728,562	$ 12,891,305	$ 2,365,957	$ 796,307	$ 3,162,264	$ 16,053,569
Contracted services	1,004,878	1,075,439	2,080,317	817,263	43,744	861,007	2,941,324
Legal and audit fees	57,470	4,686	62,156	123,237	14,373	137,610	199,766
Occupancy and insurance	405,649	255,652	661,301	270,077	12,900	282,977	944,278
Books and library materials	84,644	2,571	87,215	2,268	-	2,268	89,483
Office expenses	115,767	75,229	190,996	168,763	8,759	177,522	368,518
Meeting and travel expenses	177,005	156,268	333,273	104,204	14,687	118,891	452,164
Advertising	147,142	4,150	151,292	143,274	323	143,597	294,889
Software and hardware	204,116	41,139	245,255	145,783	17,694	163,477	408,732
Miscellaneous	149,866	49,407	199,273	210,708	-	210,708	409,981
Interest	790,115	271,602	1,061,717	148,147	24,691	172,838	1,234,555
	9,299,395	8,664,705	17,964,100	4,499,681	933,478	5,433,159	23,397,259
Depreciation	594,366	204,313	798,679	111,444	18,574	130,018	928,697
	$ 9,893,761	$ 8,869,018	$ 18,762,779	$ 4,611,125	$ 952,052	$ 5,563,177	$ 24,325,956

See notes to financial statements.

Erikson Institute

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
(Decrease) increase in net assets	**$ (2,278,781)**	$ 12,645,421
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	**939,609**	928,697
Allowance for uncollectible accounts	**26**	(106,074)
Realized and unrealized gain on investments	**(5,918,889)**	(1,791,909)
Interest rate swap fair value adjustment	**(610,328)**	(1,058,779)
Amortization of financing fees	**13,481**	13,481
Contributions restricted for permanent endowment	**(650,000)**	(650,000)
Right-of-use lease assets	**39,265**	(154,580)
Change in assets and liabilities:		
Contributions receivable	**667,316**	(3,761,722)
Grants and contracts receivable	**460,359**	(553,026)
Other receivables	**(50,341)**	(89,022)
Other assets	**15,014**	(221,657)
Accounts payable and accrued liabilities	**(68,571)**	(183,265)
Unearned revenue and deposits	**213,018**	(165,123)
Refundable advances	**(510,000)**	(995,000)
Lease liabilities	**(37,816)**	156,931
Net cash (used in) provided by operating activities	**(7,776,638)**	4,014,373
Cash flows from investing activities:		
Additions to property and equipment	**(48,293)**	(107,975)
Proceeds from sale of investments	**15,939,134**	1,365,032
Purchase of investments	**(9,933,152)**	(4,896,897)
Net cash provided by (used in) investing activities	**5,957,689**	(3,639,840)
Cash flows from financing activities:		
Bond redemption payments	**(504,000)**	(397,000)
Proceeds from contributions restricted for permanent endowment	**650,000**	650,000
Net cash provided by financing activities	**146,000**	253,000
Net (decrease) increase in cash	**(1,672,949)**	627,533
Cash:		
Beginning of year	**1,998,015**	1,370,482
End of year	**$ 325,066**	$ 1,998,015
Supplemental disclosure of cash flow information:		
Cash payments for interest	**$ 1,387,984**	$ 1,221,075

See notes to financial statements.

Note 1. Nature of Organization and Significant Accounting Policies

Erikson Institute (Institute) is an independent institution of higher education located in Chicago, Illinois, that prepares child development professionals for leadership. Through its academic programs, applied research and community service and engagement, the Institute advances the ability of practitioners and researchers to improve life for children and their families. The Institute is a catalyst for discovery and change, continually bringing the newest scientific knowledge on children's development and learning into its classrooms and out to the community so that professionals serving children and families are informed, inspired and responsive. The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

Accounting policies: The Institute follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, changes in net assets, and cash flows. References to generally accepted accounting principles (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Revenue recognition: Revenue is recorded on the accrual basis of accounting, whereby revenue is recognized when earned.

Tuition revenues are recognized ratably over the length of a course when instructional services are provided. As part of the requirements for completion of the courses, students are required to pay other fees associated with courses in addition to tuition, including student services fees, matriculation fees, graduation fees, late registration and tuition payment plan fees. These fees are recognized as service revenue over time corresponding to the instructional period, similar to tuition. If a student withdraws during the semester, student services fees are nonrefundable.

Student admission applications are processed and approved by the Admission Office. Enrollment agreements are executed and program admission are offered and accepted. Registration in courses by each student acknowledges their adherence to the financial responsibilities outlined in the student handbook, including the payment of tuition fees.

Tuition is refundable up to 50% for those students who withdrawal after the add/drop date included in the academic calendar, with a schedule of percentage refunded included in the academic calendar. After three weeks post add/drop date the refund is 0%. Students who withdrawal before the add/drop date included in the academic calendar will be refunded 100% of tuition fees.

The Institute utilized the portfolio approach to apply the revenue recognition standard to tuition and fee revenue. Tuition and fees received in advance of services rendered are recorded as unearned tuition.

Clinical and training revenue is recognized when clinical services or training sessions have been provided.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions. Grant revenue represents conditional contributions received from governmental agencies in connection with COVID-19 relief. Revenue is recognized when the related conditions are satisfied, generally when qualifying expenditures are incurred.

Special events revenue is recognized when the event takes place, net of direct expenses.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

All contributions are considered to be available for unrestricted use unless otherwise specifically restricted by donors. Contributions are recorded and recognized as revenue when a notice of an award or a pledge is received. Restricted contributions are recorded as revenue in donor-restricted net assets if limited by donor-imposed stipulations that expire by passage of time, can be fulfilled and removed by action of the Institute, or contributions are non-expendable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Government grants: The Institute receives funding under grants from various federal, state and local government agencies. Revenue is recognized as income under government grant agreements based on their respective terms. Government grants are primarily conditional contributions which are recognized when the barriers have been substantially met (generally, when qualifying expenses have been incurred and all other grant requirements have been met). Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statements of financial position in the amount of $0 and $0 as of June 30, 2024 and 2023, respectively.

Expense allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Certain expenses are attributable to more than one program or supporting function. These expenses are allocated consistently on the following bases: depreciation, interest and occupancy costs are allocated based on square-footage used by each function. Salaries and benefits are allocated based on actual time and effort.

Cash: Cash includes cash on hand, demand deposits and time deposits with original maturities of less than three months.

The Institute maintains funds in accounts that, at times, are in excess of Federal Deposit Insurance Corporation insurance limits; however, the Institute minimizes this risk by maintaining deposits in high-quality financial institutions. The Institute has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Contributions receivable: Contributions receivable are reported at their estimated realizable value and recognized as revenue at the time an unconditional promise to give is received from a donor. If the pledge is receivable over an extended period of time, the present value of the pledge is recorded. The receivables are discounted using a present value discount rate commensurate with the risk involved. Management reviews the receivables for collectability and records an allowance for any accounts deemed uncollectible.

Investments: Investments in marketable securities held by the Institute are stated at fair value. The Institute reports the fair value of market alternatives, also known as alternative investments, using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Institute based on various factors.

Investment income or loss (including gains and losses on investments, interest and dividends) net of investment expenses is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are recorded at cost. The Institute capitalizes all expenditures for property, equipment and software in excess of $5,000. Depreciation is being provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	5 years
Computer equipment	5 years
Furniture and equipment	10 years
Building	39 years

Assets retired or otherwise disposed of are removed from the accounts at their net book value and the gain or loss is recognized as the difference between proceeds, if any, and the net book value. Repairs and maintenance are charged to expense as incurred.

Leases: The Institute follows the lease guidance in FASB ASC Topic 842. The guidance requires lessees to recognize most leases on their balance sheet as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Institute determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Institute obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Institute also considers whether its service arrangements include the right to control the use of an asset.

The Institute made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Institute made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

For lease arrangements with lease and non-lease components, the Institute has made a policy election to account for lease and non-lease components separately for all classes of assets.

Unearned revenue and deposits: Tuition and deposits received for classes to be held subsequent to year-end are recorded as an unearned tuition and deposits liability at year-end. Unearned revenue and deposits from students and consulting revenue amounted to $594,205 and $381,187 at June 30, 2024 and 2023, respectively. At July 1, 2022, unearned revenue and deposits from students and consulting revenue amounted to $546,310.

Refundable advances: Contributions for the annual luncheon to be held subsequent to year-end are recorded as refundable advances at year-end. Refundable advances amounted to $0 and $510,000 at June 30, 2024 and 2023, respectively. At July 1, 2022, refundable advances amounted to $1,505,000.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Interest rate swap agreement: The Institute's interest rate swap agreement is recognized as either an asset or liability at its fair value in the statements of financial position with changes in the fair value reported on the statements of activities. The Institute uses an interest rate swap agreement as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreement was not entered into for trading or speculative purposes. The Institute's swap agreement does not meet the requirements to qualify for hedge accounting.

Net assets: In order to ensure the observance of limitations and restrictions placed on the use of available resources, the Institute maintains its financial accounts in a manner that segregates resources for various purposes that are classified into funds established in accordance with their nature and purpose. For financial reporting purposes, fund balances and related activities of the various funds are classified as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions.

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Institute may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Institute and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities during the periods covered by these financial statements.

The Institute files Form 990 in the U.S. federal jurisdiction and applicable forms with the state of Illinois.

Advertising expenses: Erikson follows the policy of expensing advertising costs as incurred. Advertising expense was $252,871 and $294,889 for the years ended June 30, 2024 and 2023, respectively.

Reclassifications: Certain 2023 balances have been reclassified to conform to the current-year presentation without any effect on previously reported net asset totals or changes in net assets.

Adopted accounting pronouncement: In 2024 the Institute adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivable and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial statements (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of activities as the amounts expected to be collected change. The adoption of this standard did not have a material impact the Institute's financial statements.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Subsequent events: The Institute has evaluated subsequent events for potential recognition and/or disclosure through October 28, 2024, the date the financial statements were available to be issued.

Note 2. Financial Assets and Liquidity Resources

The table below represents financial assets available for general expenditures within one year of June 30, 2024 and 2023:

	2024	2023
Financial assets at year-end:		
Cash	$ 325,066	$ 1,998,015
Contributions receivable	5,817,791	6,485,107
Grants and contracts receivable	2,600,938	3,061,297
Other receivables	556,178	505,837
Investments	65,691,571	65,778,689
Total financial assets	74,991,544	77,828,945
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(48,703,298)	(52,678,035)
Board designated endowment funds	(25,192,060)	(21,944,352)
Donor-restricted funds to be released within one year for general expenditures	5,288,571	2,862,763
Spending-rate appropriation for distribution within one year	2,445,875	2,251,438
Total financial assets unavailable within one year	(66,160,912)	(69,508,186)
Total financial assets available within one year	$ 8,830,632	$ 8,320,759

As of June 30, 2024, of the $5,288,571 of donor-restricted funds to be released within one year, $2,179,171 relates to scholarship funding and $3,109,400 relates to time restricted funds. There is approximately an additional $5,100,000 in time restricted funds available to be used for strategic initiatives as determined by management. In addition to financial assets available within one year, the Institute operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Institute also has a revolving line of credit with a principal amount of up to $7,000,000.

The Institute has board designated net assets functioning as endowment that, while the Institute does not intend to spend, the amounts could be made available for current operations, if necessary. As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Investments are highly liquid with 82% of assets with redemption period of 90 days or less.

Note 3. Contributions Receivable

Contributions receivable at June 30, 2024 and 2023, are due as follows:

	2024	2023
Amounts due in less than one year	$ 3,044,958	$ 3,469,741
Amounts due in one to five years	3,027,773	3,283,600
	6,072,731	6,753,341
Less present value discount (annual discount rate of 3%)	(254,940)	(268,234)
	$ 5,817,791	$ 6,485,107

Note 4. Other Receivables

Other receivables at June 30, 2024 and 2023, are composed of the following:

	2024	2023
Student tuition fee receivables	$ 443,704	$ 466,955
Clinical fee and other receivables	312,978	261,961
Less allowance for uncollectible accounts	(200,504)	(223,079)
	$ 556,178	$ 505,837

Note 5. Investments

Investments at June 30, 2024 and 2023, are composed of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash and money market funds	$ 4,811,749	$ 4,811,749	$ 8,084,665	$ 8,084,665
Mutual funds:				
Fixed income	8,170,462	8,457,631	7,362,696	8,416,286
Equities	37,857,774	34,147,876	34,287,758	33,922,852
Hedge funds and other investments:				
Private equity	10,135,903	6,249,965	10,193,627	6,028,393
Absolute return	4,715,683	2,043,138	5,849,943	3,027,804
	$ 65,691,571	$ 55,710,359	$ 65,778,689	$ 59,480,000

Investment earnings of donor-restricted endowments are considered restricted until appropriated and spent for their designated purpose.

Note 5. Investments (Continued)

The Institute's spending policy (Note 13) considers total investment return and emphasizes the use of a rational and systematic formula to determine the portion of cumulative investment return that can be used to support operations of the current period while considering protection of endowment purchasing power over time. Amounts appropriated through applying the spending rate to the board designated and donor-restricted endowments is reported on the statements of activities as investment income, under support and revenue. Any remaining investment income, or loss (if actual investment return for the period is less than the spending rate amount), is recorded under other items on the statements of activities. Such amounts for years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Support and revenue - endowment appropriation	$ 2,251,438	$ 2,111,542
Support and revenue - short term investments	258,147	4,118
Other items	4,285,829	638,149
	$ 6,795,414	$ 2,753,809

Note 6. Fair Value Measurements

The Institute follows ASC Topic, Fair Value Measurements and Disclosures, which provides the framework for measuring fair value under generally accepted accounting principles. This Topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Institute uses various methods including market, income and cost approaches. Based on these approaches, the Institute often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the Institute is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, money market funds, government securities, and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for similar assets or liabilities. Level 2 assets primarily include less liquid and restricted equity securities, funds invested in equity securities, fixed-income, real estate securities, asset allocation and money market funds.

Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Note 6. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Institute's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For fiscal years 2024 and 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described on the following page.

Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price for which the last quoted asked price is used. The fair values of the Institute's short-term investments, including cash and cash equivalents approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. Restricted securities and other securities for which quotations are not readily available are valued at fair value as determined by the general partner.

Hedge funds and other investments, which generally are investment partnerships, are valued at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, as determined by the general partner. In determining fair value, the general partner utilizes valuations provided by the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective other investment partnership and may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Institute's investment partnerships generally represents the amount the Institute would expect to receive if it were to liquidate its investment in the investment partnerships excluding any redemption charges that may apply. The Institute uses NAV as a practical expedient for fair value.

The following table sets forth the fair value of investments in certain entities that calculate NAV per share (or its equivalent) as a practical expedient to fair value:

	June 30, 2024 Fair Value	June 30, 2023 Fair Value	2024 Unfunded Commitment	2023 Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment:						
Hedge funds and other investments:						
Private equity (a)	$ 10,135,903	$ 10,193,627	$ 2,932,545	$ 3,596,902	N/A	Over 1 Year
Absolute return (b)	4,699,973	5,783,071	-	-	Quarterly	60 Days
Absolute return (b)	15,710	66,872	-	-	Quarterly	Over 90 Days

(a) Represents limited partnership investments focused on achieving long-term returns through investments in a diversified portfolio of private equity limited partnerships.

(b) Includes funds of funds invested in limited partnerships and partnership investments which are primarily private investment pools with no particular industry or geographic concentration.

Note 6. Fair Value Measurements (Continued)

There is no provision for redemptions during the life of the private equity funds. Distributions from each fund will be received as the underlying funds are liquidated.

Alternative investments are redeemable with the investee fund at NAV under the original terms of the subscription agreement. Due to the nature of these investments and changes in market conditions, the overall economic environment may significantly impact the NAV of the funds and, therefore, the value of the Institute's interest. It is therefore reasonably possible that, if the Institute were to sell all or a portion its market alternatives, the transaction value could be significantly different than the fair value reported as of June 30.

The Institute's valuation of the interest-rate swap agreement is based on widely-accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the interest-rate swap agreement. This analysis reflects the contractual terms of the agreement, including the period to maturity, and uses observable market-based inputs, including Daily Simple Secured Overnight Financing Rate rate curves.

Certain investments that were measured at net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following table presents the Institute's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2024:

			Investments and Liabilities Classified in the Fair Value Hierarchy		
Description	Total	Investments Measured at Net Asset Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash (at carrying value)	$ 2,800,384	$ -	$ -	$ -	$ -
Money market funds	2,011,365	-	2,011,365	-	-
Mutual funds:					
Fixed income	8,170,462	-	8,170,462	-	-
Equities	37,857,774	-	37,857,774	-	-
Hedge funds and other investments:					
Private equity	10,135,903	10,135,903	-	-	-
Absolute return	4,715,683	4,715,683	-	-	-
	$ 65,691,571	$ 14,851,586	$ 48,039,601	$ -	$ -
Investments held for deferred compensation:					
Equity	$ 405,512	$ -	$ 405,512	$ -	$ -
Fixed income	105,375	-	105,375	-	-
Multi-asset	35,479	-	35,479	-	-
Guaranteed	23,690	-	-	23,690	-
	$ 570,056	$ -	$ 546,366	$ 23,690	$ -
Interest rate swap	$ (1,466,118)	$ -	$ -	$ (1,466,118)	$ -

Note 6. Fair Value Measurements (Continued)

The following table presents the Institute's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

			Investments and Liabilities Classified in the Fair Value Hierarchy		
Description	Total	Investments Measured at Net Asset Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash (at carrying value)	$ 11,036	$ -	$ -	$ -	$ -
Money market funds	8,073,629	-	8,073,629	-	-
Mutual funds:					
Fixed income	7,362,696	-	7,362,696	-	-
Equities	34,287,758	-	34,287,758	-	-
Hedge funds and other investments:				-	-
Private equity	10,193,627	10,193,627	-	-	-
Absolute return	5,849,943	5,849,943	-	-	-
	$ 65,778,689	$ 16,043,570	$ 49,724,083	$ -	$ -
Investments held for deferred compensation:					
Equity	$ 375,265	$ -	$ 375,265	$ -	$ -
Fixed income	76,165	-	76,165	-	-
Multi-asset	15,551	-	15,551	-	-
Guaranteed	23,529	-	-	23,529	-
	$ 490,510	$ -	$ 466,981	$ 23,529	$ -
Interest rate swap	$ (2,076,446)	$ -	$ -	$ (2,076,446)	$ -

The Institute's investment portfolio is exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Market risk: Market risk arises primarily from changes in the market value of financial instruments. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Institute's overall exposure to market risk. The Institute attempts to control its exposure to market risk through various analytical monitoring techniques.

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Institute's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Institute has a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges. The Institute seeks to mitigate its exposure to this credit risk by placing its cash with major institutions.

Note 6. Fair Value Measurements (Continued)

Concentration of credit risk: The Institute's managers currently invest with various managers and clearing brokers. In the event these counterparties do not fulfill their obligations, the Institute may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Institute attempts to minimize this credit risk by monitoring the creditworthiness of the managers and clearing brokers.

Alternative investments and investments in funds: The managers of underlying investment entities, in which the Institute invests, may utilize derivative instruments with off-balance-sheet risk. The Institute's exposure to risk is limited to the amount of its investment.

Note 7. Property and Equipment

Property and equipment are composed of the following at June 30, 2024 and 2023:

	2024	2023
Land	$ 2,692,677	$ 2,692,677
Building	27,445,800	27,412,507
Furniture and equipment	4,866,553	4,851,553
Software	857,507	857,507
Other	142,267	142,267
	36,004,804	35,956,511
Less accumulated depreciation	(16,535,828)	(15,596,218)
	$ 19,468,976	$ 20,360,293

Depreciation expense totaled $939,609 and $928,697 for fiscal years 2024 and 2023, respectively.

Note 8. Leases

The Institute leases office and clinic space in Chicago, Illinois, under an operating lease agreement that has an initial term of three years. The lease contains two consecutive options to renew the lease for additional terms of three years. The Institute exercised the first renewal option and plans to exercise the second renewal option, and thus has included the renewal period in the lease liability calculation.

The Institute leases additional office space in Chicago, Illinois, under an operating lease agreement that has a term of five years which terminated on May 31, 2024 and was not renewed.

The Institute entered into a new postage machine operating lease on March 1, 2023, for 63 months and a new copier operating lease on January 1, 2023, with a term of 24 months.

ROU asset and lease liability for operating leases are included in ROU asset and lease liability, respectively, in the statements of financial position. Lease assets represent the Institute's right to use an underlying asset for the lease term and the lease liabilities represent the Institute's obligation to make lease payments arising from the lease. The operating lease cost for the Institute was $39,266 and $36,332 for the years ended June 30, 2024 and 2023, respectively.

Note 8. Leases (Continued)

Operating lease ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the risk-free rate at the commencement date in determining the present value of future payments.

The weighted-average discount rate and weighted-average remaining lease term associated with operating leases at June 30, 2024, is 3.2% and 3.5 years, respectively. The weighted-average discount rate and weighted-average remaining lease term associated with operating leases at June 30, 2023, is 3.2% and 4.3 years, respectively.

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease obligation recognized on the statement of financial position are as follows:

Fiscal years ending June 30:		
2025	$	34,406
2026		34,384
2027		35,583
2028		22,060
Total lease payments		126,433
Less imputed interest		(7,318)
Total present value of lease liabilities	$	119,115

Note 9. Revolving Line of Credit

On April 1, 2022, the Institute entered into a revolving loan agreement providing a revolving line of credit in the aggregate principal amount of up to $7,000,000 consisting of a committed stated principal amount of $3,000,000 and an uncommitted stated principal amount of $4,000,000. The revolving loan issuer holds a mortgage on the property and a security interest in certain personal property. Interest on the revolving loan is payable monthly, and the maturity date is April 1, 2025, with all outstanding principal and interest due on this date. The Institute did not utilize the revolving line of credit in fiscal 2024 and 2023 and, as of June 30, 2024 and 2023, there is no outstanding principal amount due.

Note 10. Long-Term Debt

On April 1, 2022, the Institute entered into a bond trust agreement with the Illinois Finance Authority to issue Illinois Finance Authority Revenue Refunding Bonds, Series 2022, for $25,635,000. The proceeds from the sale were used to refund and redeem $16,435,000 and $8,937,000 of all the outstanding Adjustable Rate Demand Educational Facility Revenue Bonds, Series 2017A and Series 2017B respectively. The bonds are non-amortizing and have a term of 20 years. In connection to the issuance and purchase of the bonds, a continuing covenant agreement has been entered into with the purchaser of the bond and requires the Institute to comply with certain covenants which are monitored on a quarterly and semi-annual basis. The Series 2022 purchaser is a secured creditor and, therefore, has a security interest in the property and gross revenues of the Institute. The bonds have a maturity date of November 1, 2042, and are redeemable at such date.

Note 10. Long-Term Debt (Continued)

The Institute has certain financial compliance covenants associated with the Bonds as noted above, including unrestricted cash and investments to debt ratio and interest coverage ratio.

Following is summary of the bond payable at June 30, 2024 and 2023:

	2024	2023
Illinois Finance Authority (IFA) Revenue Refunding Bonds:		
Series 2022	$ 24,734,000	$ 25,238,000
Total	24,734,000	25,238,000
Less unamortized cost of issuance fees	(233,669)	(247,150)
Bonds payable per statement of financial position	$ 24,500,331	$ 24,990,850

The scheduled optional redemption of bonds payable is as follows:

Fiscal years ending June 30:	
2025	$ 515,000
2026	525,000
2027	535,000
2028	546,000
2029	557,000
2030 and thereafter	22,056,000
	$ 24,734,000

In order to reduce exposure to adjustable interest rates on variable rate debt, the Institute entered into a 30-year interest rate swap agreement in June 2017 that expires in 2037. The agreement had the effect of fixing the rate of interest at 3.6% for the variable rate debt. The notional amount of the swap agreement is $16,250,000. The fair value of the swap agreement is the estimated amount that the Institute would pay or receive to terminate the agreement as of the statements of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparty. As of June 30, 2024 and 2023, the fair value of the interest rate swap agreement was a liability of $1,466,118 and $2,076,446, respectively, and is presented on the statements of financial position as interest rate swap agreement.

The Institute recorded a gain in the amount of $610,328 in 2024 and gain of $1,058,779 in 2023, for the change in the fair value of the swap agreement.

Note 11. Retirement Plans

The Institute’s defined contribution 403(b) retirement plan covers all employees. The Institute provides matching contributions for all employees who meet the eligibility requirement. Vesting of employer matching contributions takes place after one year of service. Under this plan, pension benefits and costs are calculated separately for each participant and are funded currently. Pension expense for the plan was $707,782 and $670,647 in fiscal years 2024 and 2023, respectively.

Note 11. Retirement Plans (Continued)

The Institute has a nonqualified 457(b) deferred compensation plan for certain employees. Contributions to the plan are invested under the direction of the individual qualified employee from the same options available for the 403(b) plan. Eligible employees made contributions of $22,729 and $25,721 for the fiscal years ended 2024 and 2023, respectively. At June 30, 2024 and 2023, $570,057 and $490,510, respectively, was accrued as a liability and set aside in a separate investment account for this benefit (reported on the statements of financial position as both an asset and a liability). The plan is intended to constitute an unfunded plan and all amounts held are assets of the employer.

Note 12. Net Assets

Net assets are available for the following purposes at June 30:

	2024	2023
Without donor restrictions:		
Undesignated	$ (6,787,916)	$ (5,172,953)
Board designated—funds functioning as endowment:		
Facilities	5,443,705	5,713,914
General operations	19,550,839	16,044,596
Scholarships	197,516	185,842
	25,192,060	21,944,352
Board designated—reinvestment funds	176,566	113,355
	$ 18,580,710	$ 16,884,754
With donor restrictions:		
Time restricted	$ 3,000,000	$ 7,000,000
Purpose restricted:		
Special projects	7,317,374	8,167,712
Program support	184,308	1,349,889
Scholarships	442,153	860,061
	7,943,835	10,377,662
Endowment funds:		
Endowed chairs	8,413,635	7,871,995
Program support	12,584,753	11,782,553
Scholarships	15,977,419	14,915,966
Library	783,656	729,859
	37,759,463	35,300,373
	$ 48,703,298	$ 52,678,035

Note 12. Net Assets (Continued)

Net assets released from restriction for satisfaction of donor and time restrictions:

	2024	2023
Special projects	$ 8,692,258	$ 3,828,529
Program support	1,199,612	1,186,098
Scholarships	417,908	248,314
	$ 10,309,778	$ 5,262,941

There were no assets released from restriction for capital expenditures for years ended June 30, 2024 and 2023.

Note 13. Endowment Funds

Interpretation of relevant law: The Institute's Board of Trustees has interpreted Uniform Prudent Management of Invested Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor-restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Institute 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 Institute
7. The investment policies of the Institute

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024, there were no underwater endowment funds. At June 30, 2023, funds with original gift values of $4,220,014, fair values of $4,109,568 and deficiencies of $110,446 were reported in net assets with donor restrictions.

Note 13. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of June 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:			
Board designated amount	$ 20,180,111	$ -	$ 20,180,111
Donor restricted:			
Donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	24,677,986	24,677,986
Term endowment	-	5,722,697	5,722,697
Accumulated investment gains	5,011,949	7,356,407	12,368,356
Total	$ 25,192,060	$ 37,757,090	$ 62,949,150

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:			
Board designated amount	$ 18,684,111	$ -	$ 18,684,111
Donor restricted:			
Donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	24,677,986	24,677,986
Term endowment	-	5,800,102	5,800,102
Accumulated investment gains	3,260,241	4,822,285	8,082,526
Total	$ 21,944,352	$ 35,300,373	$ 57,244,725

The changes in endowment net assets for the Institute were as follows for the years ended June 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,944,352	$ 35,300,373	$ 57,244,725
Investment income	2,669,064	3,868,202	6,537,266
Contributions	-	-	-
Transfers to board designated	2,000,000	-	2,000,000
Appropriation of endowment assets for expenditure:			
Board designated	(1,421,356)	-	(1,421,356)
Donor-restricted (time)	-	(1,334,082)	(1,334,082)
Donor-restricted (purpose)	-	(77,403)	(77,403)
Endowment net assets, end of year	$ 25,192,060	$ 37,757,090	$ 62,949,150

Note 13. Endowment Funds (Continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 19,675,452	$ 32,399,565	$ 52,075,017
Investment income	1,142,844	1,618,393	2,761,237
Contributions	-	2,600,000	2,600,000
Transfers to board designated	2,000,000	-	2,000,000
Appropriation of endowment assets for expenditure:			
Board designated	(873,944)	-	(873,944)
Donor-restricted (time)	-	(1,237,599)	(1,237,599)
Donor-restricted (purpose)	-	(79,986)	(79,986)
Endowment net assets, end of year	$ 21,944,352	$ 35,300,373	$ 57,244,725

Return objectives and risk parameters: The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding. Funds functioning as endowment are only released by the Board of Trustees for spending based on organizational spending and investment policies or specifically directed spending in accordance with donor-specified uses. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the various indices set in the investment policy, while assuming a moderate level of investment risk.

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, the Institute 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 Institute 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.

Spending policy and how the investment objectives relate to spending policy: The Institute has a policy of appropriating for distribution a percentage of its endowment fund's average fair value over the prior 12 quarters through the calendar year proceeding the fiscal year in which the distribution is planned. The policy is coordinated with its investment policy such that over the long term, its endowment will be able to maintain its purchasing power over time. The Board approved a spending rate of 4.25% for years ended June 30, 2024 and 2023.

Note 14. Related Party

Contributions from the Institute board of trustees made up approximately 8% and 19% of total contribution revenue during the years ended June 30, 2024 and 2023, respectively.

Pledges receivable from the Institute board of trustees made up approximately 4% and 7% of total pledges receivable for the years ended June 30, 2024 and 2023, respectively.

Employee loan receivables of $103,489 and $50,000 are included in other receivables at June 30, 2024 and 2023, respectively.