Erikson Institute

Financial Report
June 30, 2023

Contents

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, 2023 and 2022, 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, 2023 and 2022, 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.

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 27, 2023

Erikson Institute

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	**$ 1,998,015**	$ 1,370,482
Receivables, net:		
Contributions	**6,485,107**	2,723,385
Grants and contracts	**3,061,297**	2,402,197
Other	**505,837**	416,815
Investments	**65,778,689**	60,454,917
Property and equipment, net	**20,360,293**	21,181,014
Right-of-use assets	**154,580**	-
Investments held for deferred compensation plan	**490,510**	429,374
Other assets	**493,255**	271,598
Total assets	**$ 99,327,583**	$ 89,249,782
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 1,158,870**	$ 1,342,135
Unearned revenue and deposits	**891,187**	2,051,310
Deferred compensation plan payable	**490,510**	429,374
Operating lease liabilities	**156,931**	-
Bonds payable, net of unamortized financing fees	**24,990,850**	25,374,370
Interest rate swap agreement	**2,076,446**	3,135,225
Total liabilities	**29,764,794**	32,332,414
Net assets:		
Without donor restrictions	**16,884,754**	16,168,803
With donor restrictions	**52,678,035**	40,748,565
Total net assets	**69,562,789**	56,917,368
Total liabilities and net assets	**$ 99,327,583**	$ 89,249,782

See notes to financial statements.

Erikson Institute

Statements of Activities
Years Ended June 30, 2023 and 2022

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Support and revenue:			
Student tuition and fees, net of scholarships of of $1,284,438 and $1,964,480, respectively	**$ 3,353,453**	**$ -**	**$ 3,353,453**
Special events less direct expenses of $456,067 and $0, respectively	**3,092,229**	**-**	**3,092,229**
Contributions	**1,902,363**	**16,740,637**	**18,643,000**
Government grants	**5,877,560**	**-**	**5,877,560**
Clinical and training	**2,165,409**	**-**	**2,165,409**
Investment income, net	**873,943**	**1,237,599**	**2,111,542**
Miscellaneous	**31,256**	**-**	**31,256**
Net assets released from restrictions:			
Appropriation from earnings on endowment funds	**1,166,619**	**(1,166,619)**	**-**
Satisfaction of donor and time restrictions	**5,262,941**	**(5,262,941)**	**-**
Total support and revenue	**23,725,773**	**11,548,676**	**35,274,449**
Expenses:			
Program services	**17,964,100**	**-**	**17,964,100**
Management and general	**4,499,681**	**-**	**4,499,681**
Fundraising	**933,478**	**-**	**933,478**
Total expenses	**23,397,259**	**-**	**23,397,259**
Increase (decrease) in net assets before other items	**328,514**	**11,548,676**	**11,877,190**
Other items:			
Depreciation	**(928,697)**	**-**	**(928,697)**
Investment gain (loss), net	**257,355**	**380,794**	**638,149**
Interest rate swap fair value adjustment	**1,058,779**	**-**	**1,058,779**
Other	**-**	**-**	**-**
Total other items	**387,437**	**380,794**	**768,231**
Increase (decrease) in net assets	**715,951**	**11,929,470**	**12,645,421**
Net assets:			
Beginning of year	**16,168,803**	**40,748,565**	**56,917,368**
End of year	**$ 16,884,754**	**$ 52,678,035**	**$ 69,562,789**

See notes to financial statements.

	2022	
Without Donor Restrictions	With Donor Restrictions	Total
$ 4,446,258	$ -	$ 4,446,258
-	-	-
2,164,039	6,534,701	8,698,740
4,556,989	-	4,556,989
2,471,285	-	2,471,285
842,136	1,142,047	1,984,183
52,127	-	52,127
1,073,650	(1,073,650)	-
5,423,537	(5,423,537)	-
21,030,021	1,179,561	22,209,582
17,374,846	-	17,374,846
4,069,050	-	4,069,050
953,663	-	953,663
22,397,559	-	22,397,559
(1,367,538)	1,179,561	(187,977)
(812,462)	-	(812,462)
(2,135,393)	(2,895,877)	(5,031,270)
3,000,830	-	3,000,830
(309,809)	-	(309,809)
(256,834)	(2,895,877)	(3,152,711)
(1,624,372)	(1,716,316)	(3,340,688)
17,793,175	42,464,881	60,258,056
$ 16,168,803	$ 40,748,565	$ 56,917,368

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

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Supporting Services			
	Academic Programs	Special Projects	Total	Management and General	Fundraising	Total	Total
Compensation	$ 6,354,645	$ 6,965,015	$ 13,319,660	$ 1,949,686	$ 775,461	$ 2,725,147	$ 16,044,807
Contracted services	245,087	1,095,310	1,340,397	1,023,695	80,007	1,103,702	2,444,099
Legal and audit fees	28,421	6,907	35,328	120,676	11,064	131,740	167,068
Occupancy and insurance	370,010	212,158	582,168	227,618	11,540	239,158	821,326
Books and library materials	100,654	4,196	104,850	3,610	144	3,754	108,604
Office expenses	74,020	108,777	182,797	181,212	9,517	190,729	373,526
Meeting and travel expenses	115,168	84,656	199,824	25,048	20,956	46,004	245,828
Advertising	276,384	12,188	288,572	146,572	44	146,616	435,188
Software and hardware	227,868	32,222	260,090	134,596	20,135	154,731	414,821
Miscellaneous	105,394	2,124	107,518	123,271	2,617	125,888	233,406
Interest	709,687	243,955	953,642	133,066	22,178	155,244	1,108,886
	8,607,338	8,767,508	17,374,846	4,069,050	953,663	5,022,713	22,397,559
Depreciation	519,976	178,742	698,718	97,495	16,249	113,744	812,462
	$ 9,127,314	$ 8,946,250	$ 18,073,564	$ 4,166,545	$ 969,912	$ 5,136,457	$ 23,210,021

See notes to financial statements.

Erikson Institute

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 12,645,421**	$ (3,340,688)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	**928,697**	812,462
Allowance for uncollectible accounts	**(106,074)**	54,095
Realized and unrealized (gain) loss on investments	**(1,791,909)**	2,995,787
Interest rate swap fair value adjustment	**(1,058,779)**	(3,000,830)
Amortization of financing fees	**13,481**	334,653
Contributions restricted for permanent endowment	**(650,000)**	(550,000)
Right-of-use lease assets	**(154,580)**	-
Change in assets and liabilities:		
Contributions receivable	**(3,761,722)**	1,338,428
Grants and contracts receivable	**(553,026)**	71,081
Other receivables	**(89,022)**	19,223
Other assets	**(221,657)**	68,168
Accounts payable and accrued liabilities	**(183,265)**	(1,108,632)
Unearned revenue and deposits	**(1,160,123)**	1,535,252
Lease liabilities	**156,931**	-
Net cash provided by (used in) operating activities	**4,014,373**	(771,001)
Cash flows from investing activities:		
Additions to property and equipment	**(107,975)**	(815,976)
Proceeds from sale of investments	**1,365,032**	16,569,565
Purchase of investments	**(4,896,897)**	(15,603,483)
Net cash (used in) provided by investing activities	**(3,639,840)**	150,106
Cash flows from financing activities:		
Proceeds from bond issuance	**-**	25,635,000
Bond redemption payments	**(397,000)**	(25,372,000)
Payment of bond issuance costs	**-**	(274,000)
Proceeds from contributions restricted for permanent endowment	**650,000**	550,000
Net cash provided by financing activities	**253,000**	539,000
Net increase (decrease) in cash	**627,533**	(81,895)
Cash:		
Beginning of year	**1,370,482**	1,452,377
End of year	**$ 1,998,015**	$ 1,370,482
Supplemental disclosure of cash flow information:		
Cash payments for interest	**$ 1,221,075**	$ 1,094,031

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 $94,993 as of June 30, 2023 and 2022, 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: Prior to July 1, 2022, the Institute followed the lease accounting guidance in FASB ASC Topic 840. Effective July 1, 2022, the Institute follows the lease guidance in FASB ASC Topic 842. The update 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. Topic 842 also requires additional disclosure of key quantitative and qualitative information for lease arrangements.

The Institute adopted Topic 842 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Institute has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Institute's historical accounting treatment under ASC Topic 840, Leases.

The Institute elected the package of practical expedients under the transition guidance within Topic 842, in which the Institute does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases or (3) the initial direct costs for any existing leases. The Institute has not elected to adopt the hindsight practical expedient and, therefore, will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

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 (or July 1, 2022, for existing leases upon the adoption of Topic 842). 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 (or remaining term for leases existing upon the adoption of Topic 842).

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

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.

Adoption of Topic 842 resulted in the recording of a ROU asset and lease liability related to the Institute's operating leases of $190,912 as of July 1, 2022. The adoption of the new lease standard did not materially impact net assets or cash flows.

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. In 2023, contributions for the annual luncheon to be held subsequent to year-end in the amount of $510,000 ($1,505,000 for 2022) are recorded as unearned revenue at year-end. Unearned revenue and deposits from students and consulting revenue amounted to $381,187 and $546,310 at June 30, 2023 and 2022, respectively, with an opening balance at July 1, 2021 of $516,058.

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 $294,889 and $435,188 for the years ending June 30, 2023 and 2022, respectively.

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 27, 2023, 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, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash	$ 1,998,015	$ 1,370,482
Contributions receivable	6,485,107	2,723,385
Grants and contracts receivable	3,061,297	2,402,197
Other receivables	505,837	416,815
Investments	65,778,689	60,454,917
Total financial assets	77,828,945	67,367,796
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(52,678,035)	(40,748,565)
Board designated endowment funds	(21,944,352)	(19,675,452)
Donor-restricted funds to be released within one year for general expenditures	2,862,763	588,140
Spending-rate appropriation for distribution within one year	2,251,438	2,111,542
Total financial assets unavailable within one year	(69,508,186)	(57,724,335)
Total financial assets available within one year	$ 8,320,759	$ 9,643,461

As of June 30, 2023, of the $2,862,763 of donor-restricted funds to be released within one year, $1,782,763 relates to scholarship funding and $1,080,000 relates to time restricted funds. There is approximately an additional $5,900,000 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, 2023 and 2022, are due as follows:

	2023	2022
Amounts due in less than one year	$ 3,469,741	$ 2,449,787
Amounts due in one to five years	3,283,600	338,600
	6,753,341	2,788,387
Less present value discount (annual discount rate of 3%)	(268,234)	(65,002)
	$ 6,485,107	$ 2,723,385

Note 4. Other Receivables

Other receivables at June 30, 2023 and 2022, are composed of the following:

	2023	2022
Student tuition fee receivables	$ 466,955	$ 415,073
Clinical fee and other receivables	261,961	212,542
Less allowance for uncollectible accounts	(223,079)	(210,800)
	$ 505,837	$ 416,815

The opening balance of other receivables at July 1, 2021 was $298,360, net of an allowance for uncollectible accounts of $203,497.

Note 5. Investments

Investments at June 30, 2023 and 2022, are composed of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Short-term investments	$ 8,084,665	$ 8,084,665	$ 6,915,018	$ 6,915,018
Mutual funds:				
Fixed income	7,362,696	8,416,286	7,148,001	7,938,675
Equities	34,287,758	33,922,852	29,116,838	31,243,403
Hedge funds and other investments:				
Private equity	10,193,627	6,028,393	11,114,514	5,442,152
Absolute return	5,849,943	3,027,804	6,160,546	3,669,155
	$ 65,778,689	$ 59,480,000	$ 60,454,917	$ 55,208,403

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, 2023 and 2022, were as follows:

	2023	2022
Support and revenue	$ 2,111,542	$ 1,984,183
Other items	638,149	(5,031,270)
	$ 2,749,691	$ (3,047,087)

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 2023 and 2022, 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 net asset value (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, 2023 Fair Value	June 30, 2022 Fair Value	2023 Unfunded Commitment	2022 Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment:						
Hedge funds and other investments:						
Private equity (a)	$ 10,193,627	$ 11,114,514	$ 3,596,902	$ 2,710,346	N/A	Over 1 Year
Absolute return (b)	5,783,071	6,102,392	-	-	Quarterly	60 Days
Absolute return (b)	66,872	58,154	-	-	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 (SOFR) 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, 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)
Short-term investments	$ 8,084,665	$ -	$ 8,084,665	$ -	$ -
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	$ 49,735,119	$ -	$ -
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)	$ -

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, 2022:

			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)
Short-term investments	$ 6,915,018	$ -	$ 6,915,018	$ -	$ -
Mutual funds:					
Fixed income	7,148,001	-	7,148,001	-	-
Equities	29,116,838	-	29,116,838	-	-
Hedge funds and other investments:					
Private equity	11,114,514	11,114,514	-	-	-
Absolute return	6,160,546	6,160,546	-	-	-
	$ 60,454,917	$ 17,275,060	$ 43,179,857	$ -	$ -
Investments held for deferred compensation:					
Equity	$ 295,585	$ -	$ 295,585	$ -	$ -
Fixed income	98,993	-	98,993	-	-
Multi-asset	10,670	-	10,670	-	-
Guaranteed	24,126	-	-	24,126	-
	$ 429,374	$ -	$ 405,248	$ 24,126	$ -
Interest rate swap	$ (3,135,225)	$ -	$ -	$ (3,135,225)	$ -

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, 2023 and 2022:

	2023	2022
Land	$ 2,692,677	$ 2,692,677
Building	27,412,507	27,412,507
Furniture and equipment	4,851,553	4,780,139
Software	857,507	835,945
Other	142,267	142,267
	35,956,511	35,863,535
Less accumulated depreciation	(15,596,218)	(14,682,521)
	$ 20,360,293	$ 21,181,014

Depreciation expense totaled $928,697 and $812,462 for fiscal years 2023 and 2022, 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 3 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 terminating on May 31, 2024.

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.

Right-of-use (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 $36,332 and $35,526 for the years ended June 30, 2023 and 2022, 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, 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:	
2024	$ 42,173
2025	34,406
2026	34,384
2027	35,584
2028	22,060
Total lease payments	168,607
Less imputed interest	(11,676)
Total present value of lease liabilities	$ 156,931

Future lease payments as of June 30, 2022, under ASC 840 were as follows:

Fiscal years ending June 30:	
2023	$ 36,394
2024	37,044
2025	30,500
2026	31,700
2027	32,900
2028 and thereafter	19,600
	$ 188,138

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, 2024, with all outstanding principal and interest due on this date. The Institute did not utilize the revolving line of credit in fiscal 2023 and, as of June 30, 2023, there is no outstanding principal amount due.

Note 10. Long-Term Debt

On June 29, 2017, the Institute entered into a bond trust agreement with the Illinois Finance Authority to issue Illinois Finance Authority Revenue Refunding Bonds, Series 2017A and Series 2017B (used to redeem $30,500,000 of outstanding Adjustable Rate Demand Educational Facility Revenue Bonds, Series 2007). The bonds were non-amortizing and have a term of 25 years. In connection to the issuance and purchase of the bonds, a continuing covenant agreement was entered into with the purchasers of the bonds and required the Institute to comply with certain covenants which were monitored on a quarterly and semi-annual basis. The Series 2017A and 2017B purchasers were secured creditors and, therefore, had a security interest in the property and gross revenues of the Institute. The bonds had a maturity date of November 1, 2042.

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, discussed above. 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. In connection with the issuance of the bonds and redemption of the Series 2017 bonds, $309,809 of unamortized issuance costs have been written off.

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. At June 30, 2022, the Institute was not in compliance with the interest coverage ratio, but received a compliance waiver.

Following is summary of the bond payable at June 30, 2023 and 2022:

	2023	2022
Illinois Finance Authority (IFA) Revenue Refunding Bonds:		
Series 2022	$ 25,238,000	$ 25,635,000
Total	25,238,000	25,635,000
Less unamortized cost of issuance fees	(247,150)	(260,630)
Bonds payable per statement of financial position	$ 24,990,850	$ 25,374,370

The scheduled optional redemption of bonds payable is as follows:

Fiscal years ending June 30:	
2024	$ 504,000
2025	515,000
2026	525,000
2027	535,000
2028	546,000
2029 and thereafter	22,613,000
	$ 25,238,000

Note 10. Long-Term Debt (Continued)

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, 2023 and 2022, the fair value of the interest rate swap agreement was a liability of $2,076,446 and $3,135,225, respectively, and is presented on the statements of financial position as interest rate swap agreement.

The Institute recorded a gain in the amount of $1,058,779 in 2023 and gain of $3,000,830 in 2022, 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 $670,647 and $686,385 in fiscal years 2023 and 2022, respectively.

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 $25,721 and $15,779 for the fiscal years ended 2023 and 2022, respectively. At June 30, 2023 and 2022, $490,510 and $429,374, 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:

	2023	2022
Without donor restrictions:		
Undesignated	$ (5,172,953)	$ (3,620,003)
Board designated—funds functioning as endowment:		
Facilities	5,713,914	5,737,266
General operations	16,044,596	13,751,583
Scholarships	185,842	186,602
	21,944,352	19,675,451
Board designated—reinvestment funds	113,355	113,355
	$ 16,884,754	$ 16,168,803
With donor restrictions:		
Time restricted	$ 7,000,000	$ -
Purpose restricted:		
Special projects	8,167,712	5,552,186
Program support	1,349,889	2,438,424
Scholarships	860,061	358,375
	10,377,662	8,348,985
Endowment funds:		
Endowed chairs	7,871,995	7,788,760
Program support	11,782,553	11,734,447
Scholarships	14,915,966	12,153,748
Library	729,859	722,625
	35,300,373	32,399,580
	$ 52,678,035	$ 40,748,565

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

	2023	2022
Special projects	$ 3,828,529	$ 3,409,091
Program support	1,186,098	1,230,068
Scholarships	248,314	784,378
	$ 5,262,941	$ 5,423,537

There were no assets released from restriction for capital expenditures for years ended June 30, 2023 and 2022.

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, 2023, funds with original gift values of $4,220,014 ($3,570,014 for 2022), fair values of $4,109,568 ($3,418,715 for 2022) and deficiencies of $110,446 ($151,299 for 2022) were reported in net assets with donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	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

Note 13. Endowment Funds (Continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated:			
Board designated amount	$ 16,684,111	$ -	$ 16,684,111
Donor restricted:			
Donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	22,089,316	22,089,316
Term endowment	-	5,868,760	5,868,760
Accumulated investment gains	2,991,340	4,441,504	7,432,844
Total	$ 19,675,451	$ 32,399,580	$ 52,075,031

The changes in endowment net assets for the Institute were as follows for the years ended June 30, 2023 and 2022:

	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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,810,845	$ 34,782,958	$ 56,593,803
Investment income	(1,293,257)	(1,753,845)	(3,047,102)
Contributions	-	550,000	550,000
Appropriation of endowment assets for expenditure:			
Board designated	(842,136)	-	(842,136)
Donor-restricted (time)	-	(1,142,048)	(1,142,048)
Donor-restricted (purpose)	-	(37,500)	(37,500)
Endowment net assets, end of year	$ 19,675,452	$ 32,399,565	$ 52,075,017

Note 13. Endowment Funds (Continued)

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, 2023 and 2022.

Note 14. Related Party

Contributions from the Institute board of trustees made up approximately 19% and 32% of total contribution revenue during the years ended June 30, 2023 and 2022, respectively.

Pledges receivable from the Institute board of trustees made up approximately 7% and 21% of total pledges receivable for the years ended June 30, 2023 and 2022, respectively.

An employee loan receivable of $50,000 is included in other receivables at June 30, 2023 and 2022.

Note 15. Financial Responsibility Information

The Department of Education's revised financial responsibility ratio requirements (34 CFR 668.172) require that certain information necessary to calculate the financial responsibility ratio be provided and referenced to the financial statements or the footnotes. The Institute implemented the new ratio requirements for the year ended June 30, 2020. The schedule requires presentation of property and equipment, net, both pre-implementation of the requirements and post-implementation. The Institute's pre-implementation property and equipment (as of June 30, 2019), less disposals and accumulated depreciation through June 30, 2023 is $20,218,161. The Institute's post-implementation property and equipment with outstanding debt $0 and without outstanding debt is $142,132 at June 30, 2023.

The schedule also requires the disclosure of long-term debt for long-term purposes pre-implementation of the requirements and post-implementation. The Institute's pre-implementation long-term debt (as of June 30, 2019), including capital lease obligations, less payments and net of unamortized deferred charges through June 30, 2023 is $0. The Institute's post-implementation long-term debt for long-term purposes is $24,990,850 but limited to the amount of property and equipment for long-term purposes of $20,218,161, which are bond trust agreements from the Illinois Finance Authority described in Note 10.