SWARTHMORE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026



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SWARTHMORE COLLEGE
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INDEPENDENT AUDITORS' REPORT

Board of Managers
Swarthmore College
Swarthmore, Pennsylvania

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Swarthmore College (the College), which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Swarthmore College as of June 30, 2026, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 23, 2026

SWARTHMORE COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2026
(IN THOUSANDS)

ASSETS

Cash and Cash Equivalents	$	51,054
Accounts Receivable, Net		12,018
Prepaid Expenses and Inventories		3,436
Short-Term Investments		22,302
Contributions Receivable		4,730
Student Loans Receivable, Net		206
Employee Mortgages and Housing Loans Receivable		4,240
Assets Restricted to Investment in Property and Equipment		98,480
Right-of-Use Assets:		
Operating Lease		336
Financing Lease		618
Property and Equipment, Net		759,990
Investments, at Market:		
Endowment		3,028,191
Life Income and Annuity		45,321
Other		13,815
Total Assets	$	4,044,737

LIABILITIES AND NET ASSETS

LIABILITIES		
Accrued Compensation	$	9,074
Payables and Other Accruals		31,470
Student Deposits		2,465
Deferred Payments and Other Liabilities		38,503
Right-of-Use Lease Liabilities:		
Operating Leases		336
Financing Leases		926
Bonds Payable, Net		586,579
Total Liabilities		669,353
NET ASSETS		
Without Donor Restrictions		1,382,977
With Donor Restrictions		1,992,407
Total Net Assets		3,375,384
Total Liabilities and Net Assets	$	4,044,737

See accompanying Notes to Consolidated Financial Statements.

SWARTHMORE COLLEGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND OTHER ADDITIONS			
Net Student Tuition, Fees, Housing, and Food	$ 84,101	$ -	$ 84,101
Endowment Spending Distribution	128,183	6,586	134,769
Other Investment Income	3,097	28	3,125
Private Gifts and Grants	8,819	5,117	13,936
Government Grants	11,441	-	11,441
Auxiliary Activities and Other Income	9,892	258	10,150
Net Assets Released from Restrictions	12,498	(12,498)	-
Total Operating Revenues and Other Additions	258,031	(509)	257,522
OPERATING EXPENSES			
Salaries and Wages	114,547	-	114,547
Employee Benefits	37,434	-	37,434
Operating Expenses	78,365	-	78,365
Depreciation and Amortization	26,013	-	26,013
Interest Expense	17,149	-	17,149
Total Operating Expenses	273,508	-	273,508
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(15,477)	(509)	(15,986)
NONOPERATING ACTIVITIES			
Net Realized and Unrealized Gain on Investments, Net of Endowment Spending	62,197	132,725	194,922
Gifts and Grants	2,108	9,088	11,196
Change in Present Value of Life Income Funds	-	(170)	(170)
Maturities of Annuity and Life Income Funds	1,717	(65)	1,652
Change in Other Postretirement Benefits	1,654	-	1,654
Gain on Disposal of Property and Equipment	525	-	525
Other	5,114	409	5,523
Transfers Among Net Asset Classes	(615)	615	-
Net Assets Released from Restrictions	3,036	(3,036)	-
Change in Net Assets from Nonoperating Activities	75,736	139,566	215,302
NET CHANGE IN NET ASSETS	60,259	139,057	199,316
Net Assets - Beginning of Year	1,322,718	1,853,350	3,176,068
NET ASSETS - END OF YEAR	$ 1,382,977	$ 1,992,407	$ 3,375,384

See accompanying Notes to Consolidated Financial Statements.

SWARTHMORE COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	199,316
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		25,468
Amortization of Bond Premium and Deferred Financing Costs		(4,264)
Amortization of Right-of-Use Asset		545
Asset Impairment		3
Gain on Disposal of Property and Equipment		(525)
Donor-Restricted Gifts		(12,737)
Receipt of Contributed Securities		(2,794)
Proceeds of Contributed Securities		1,536
Net Realized and Unrealized Gain on Investments		(302,358)
Change in Student Loan Reserve		3
Changes in Operating Assets and Liabilities:		
Change in Accounts Receivable, Contributions Receivable, Prepaid Expenses, and Inventories		(2,786)
Change in Deferred Payments and Other Liabilities		(1,193)
Change in Student Deposits, Payable, and Accruals		(8,316)
Net Cash Used by Operating Activities		(108,102)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment		(81,168)
Proceeds from Sale of Property and Equipment		972
Proceeds from Sale of Investments		1,188,902
Purchase of Investments		(1,054,670)
Student Loans and Employee Housing Loans Advanced		(265)
Payments on Student Loans, Employee Mortgages, and Housing Loans		893
Net Cash Provided by Investing Activities		54,664
CASH FLOWS FROM FINANCING ACTIVITIES		
Donor-Restricted Gifts		12,737
Proceeds from Contributed Securities Designated for Purchase of Property and Equipment and Long-Term Investment		1,257
Change in Assets Restricted to Investment in Property and Equipment		68,803
Payments on Finance Leases		(552)
Payments on Bonds Payable		(10,845)
Net Cash Provided by Financing Activities		71,400
CHANGE IN CASH AND CASH EQUIVALENTS		17,962
Cash and Cash Equivalents - Beginning of Year		33,092
CASH AND CASH EQUIVALENTS - END OF YEAR	$	51,054
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest, Net of Amounts Capitalized	$	19,496
Noncash Capital Expenditures in Accounts Payable	$	17,497

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Swarthmore College (the College) is a private, nonprofit college of liberal arts and engineering located in Swarthmore, Pennsylvania. The College was incorporated in 1864 and founded by the Society of Friends. A board of managers governs the College. The College information presented in the consolidated financial statements comprises all the accounts of the College, including its institutes, centers, and programs. Intercompany balances and transactions between the College and its subsidiaries have been eliminated in consolidation.

Related Parties

The consolidated financial statements of Swarthmore College include a wholly owned, for-profit company, Marjay Productions, Inc., which was a bequest from a donor. The purposes of Marjay Productions, Inc. are to hold copyrights of the donor's works and to receive royalties. Its financial operations are immaterial to Swarthmore College as a whole.

The consolidated financial statements of Swarthmore College also include a wholly owned, for-profit, sole member Pennsylvania Limited Liability Corporation named Parrish LLC. The purpose of Parrish LLC is to operate an inn and restaurant facility in the Borough of Swarthmore, Pennsylvania. Its financial operations are immaterial to Swarthmore College as a whole.

The board of managers includes representatives from both private and public sector industries. The College received gifts from members of the board of managers in 2026.

Basis of Presentation

The College's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and reporting practices of not-for-profit entities. The statements have been prepared in accordance with *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Entities*, which requires classification of net assets into two categories according to donor-imposed restrictions. The principles require that assets, revenues, gains, expenses, and losses be classified as either net assets without donor-imposed restrictions or net assets with donor-imposed restrictions.

Net Assets Without Donor Restrictions – This classification includes all revenues, gains, expenses and losses not restricted by donors. All operating expenses are reported as decreases in net assets without donor restriction since the use of restricted contributions require the release of the restriction. Periodically, donor restrictions related to net assets may be clarified or changed; such changes are reflected as fund transfers in the period in which they are identified.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – This classification of net assets is subject to donor-imposed restrictions that are either maintained in perpetuity or that will be met either by actions of the College or by the passage of time. Generally, a donor-imposed restriction is a stipulation that specifies the use of a contributed asset only for specific purposes. Some donor-imposed restrictions are temporary in nature, including gifts for capital projects or buildings not yet placed in service, annuity and life income gifts and pledges. Other donor-imposed restrictions are perpetual or permanent in nature, such as donor-restricted endowment funds.

Investment Gains and Losses

The investment gains and losses are reported as increases or decreases without donor restrictions unless their use is restricted by explicit donor stipulation. Appropriation by the College board of managers is a requirement for the use of investment income and gains for operations.

Operating Activities

Operating results in the consolidated statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items associated with long-term investment, capital gifts, nonperiodic changes in postretirement benefit obligations, and other nonrecurring transactions.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. Significant estimates include the valuation of alternative investments, allowance for doubtful accounts and accrued employee benefits. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are readily convertible to cash and have an original maturity date of three months or less from the date purchased. Pooled endowment fund cash and cash equivalents that are held for investment purposes are classified as investments (see Note 3). Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250 per bank and at times may exceed the FDIC limits. The College has not experienced any losses on these accounts and believes it is not exposed to significant credit risk on cash.

Short-Term Investments

The College classifies investments in debt and marketable equity securities as short-term investments to be converted to cash and cash equivalents within one year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Restricted to Investment in Property and Equipment

Assets restricted to investment in property and equipment consist primarily of proceeds of tax-exempt bonds issued for the benefit of the College and limited by terms of the indentures to use for qualified capital projects. These assets consist of cash and cash equivalents and short-term investments, recorded at cost, which approximates fair value. Contributions restricted for the acquisition of property and equipment are also reported as assets restricted to investment in property and equipment until the contribution is utilized for their intended purpose.

Leases

Right-of-use assets (financed) include equipment leased by the College with a term greater than one year. The asset is depreciated over the remaining life of the lease. Right-of-use assets (operating) include property leased by the College with a term greater than one year. These assets are reduced when lease payments are made. Right-of use-assets have a related right-of-use liability.

Right-of-use liabilities (financed and operating) are recorded at their present value of the remaining lease payments using the rate of the lease terms, if known, or the College's incremental borrowing rate when the lease term rate is unknown. The rates range from 1.24% to 8.50%.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Expenditures for new construction, major renovations and equipment are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of buildings (60 years), geo-exchange system (60 years), building improvements (25 years), land improvements (15 years), and equipment (5 years).

Construction in progress is depreciated over the useful life of the respective assets once the asset is put into service. Operating expenses associated with the operation and maintenance of plant assets, as well as interest and depreciation expense, are allocated on the basis of square footage utilized by the functional classification of expense.

Works of art, historical treasures, and similar assets are recognized at their estimated fair value at the time of gift based upon appraisals or similar valuations. All material items, whether contributed or purchased, have been capitalized. Works of art, historical treasures, and similar assets are not subject to depreciation.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable.

Investments

Refer to Note 3 for the accounting and reporting policy for investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition, Fees, and Scholarships

Revenue from student tuition and fees are recognized as revenue over the fiscal year for which educational services are provided. Tuition discounts in the form of scholarships and financial aid grants are reported as a reduction of revenues. Housing and food revenue is recognized over the period it is earned as housing services and food services are provided. The College applies institutional aid as a discount to qualified tuition and fees. Student scholarships that are in excess of tuition and fees is applied as a discount to room and board revenue.

For the year ended June 30, 2026, the student tuition, fees, room and board net of institutional aid was as follows:

Student Tuition and Fees	$	117,385
Housing and Food		32,101
Less: Student Aid		(65,385)
Net Student Tuition, Fees, Housing, and Food	$	84,101

Contributions

Contributions of cash and other assets, including unconditional promises to give, are recognized as revenues in the period received. Contributions with donor-imposed restrictions that are not met in the same year as received or earned are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the donor-stipulated restrictions are met or purpose restrictions are satisfied. Contributions of assets other than cash are reported at their estimated fair value. Conditional promises to give are not recognized until the conditions are substantially met. Donated assets are recorded at estimated fair value at the date of the gift.

Contributions receivable are unconditional promises, recorded at present value net of any allowance for uncollectible contributions. The present value of pledges are determined using the applicable market rate in the period contributions are recognized, which ranges from 0.33% to 4.07%.

Conditional contributions including bequest intentions are not recognized as assets and if received, will be recorded as revenue in the period the condition is met. The College has federal awards which are considered conditional grants. Conditional grants from federal sponsored projects amounted to $4,537 as of June 30, 2026.

Compensated Absences

Accrued compensation includes vacation time earned by hourly and staff employees, but not yet taken as of fiscal year-end. A staff employee is entitled to receive pay in lieu of vacation upon termination. Employees may accrue a maximum of 240 hours of vacation. Accrued vacation payable amounted to $5,067 as of June 30, 2026.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

College Housing Programs

For employees who meet certain eligibility requirements, the College has rental, mortgage, and financing assistance programs. The goal of the programs is to attract and retain excellent faculty and staff. Beginning on January 1, 2018, the College's Mortgage Loan program was replaced with a forgivable subordinated loan program, the Home Purchase Assistance Program. The College will continue to service the former program's existing College-issued mortgages. These loans and mortgages are collateralized by deeds of trust on properties in the Philadelphia region. Management evaluates current economic conditions and collection history to determine if an allowance is necessary. Currently, there are no associated allowances for the receivables held under either program.

The former College Mortgage Loan program provided 20-, 25-, 30- or 40-year monthly amortizing first mortgages for homes within a specified distance to campus for faculty, instructional staff, and other staff members who meet certain eligibility requirements. Mortgages are to be paid off within 360 days of the termination of employment for any reason (death, retirement or severance). The interest rate on such mortgage loans is reviewed and updated on a quarterly basis.

The College Home Purchase Assistance program is a 10-year forgivable, subordinate loan of up to 10% of the appraised value (subject to a cap) for homes that are considered a primary residence within a specified distance to campus for faculty, instructional staff, and other staff members who meet certain eligibility requirements. Subordinate loans are to be paid off in full within 360 days of the termination of employment for any reason (death, retirement or severance). There is no interest charged on the loan.

The College owns a number of houses and apartments which are rented to faculty, instructional staff, and other staff members who meet certain eligibility requirements in the Borough of Swarthmore and surrounding campus communities.

Subsequent Events

The College has evaluated events and transactions for potential recognition or disclosure through October 23, 2026, the date the consolidated financial statements were issued.

See Note 11 related to the Inflation Reduction Act credit due to the College as of the date of this report.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 were as follows:

Due in:		
Less than One Year	$	2,665
One to Five Years		2,262
More than Five Years		239
Total		5,166
Unamortized Discount		(320)
Allowance for Doubtful Contributions		(116)
Contributions Receivable, Net	$	4,730

NOTE 3 INVESTMENTS

The College reports all investments at fair value. The fair value of marketable equity and fixed income securities (which include both domestic and foreign issues) is generally based upon a combination of published market prices at the close of business on the last day of the fiscal year and exchange rates.

The fair value of investments for which published market prices are not available is based upon estimated values using discounted cash flow analysis or other industry standard methodologies.

Endowment investments include the College's permanent, term, and quasi-endowment funds. Although quasi-endowment funds have been established by the board of managers for similar purposes as endowment funds, any portion of quasi-endowment funds may be expended upon approval by the board of managers.

Annuity, unitrust and life income funds periodically pay either the income earned or a fixed percentage of the assets to designated beneficiaries and terminate at a designated time, usually upon the death of the last designated income beneficiary. The College's remainder interest is then available for use by the College as designated by either the donor or the board of managers. The actuarial liability for the charitable gift annuities as of June 30, 2026 is based on the present value of future payments discounted at rates that vary by participant from 0.1% to 12.3% based upon the 2012 IAR Mortality Table. The actuarial liability for the unitrusts as of June 30, 2026 is based on the present value of future payments discounted at rates that vary by trust from 5% to 9% of the Annuity 2000 Mortality Table. The fair value of life income assets, invested in Level 1 equity or debt securities, is measured at fair value on a recurring basis at quoted market prices.

NOTE 3 INVESTMENTS (CONTINUED)

The endowment objective established by the board of managers is to provide a sustainable level of distribution in support of the College's annual operating budget while preserving the real purchasing power of the endowment before gifts. The endowment provides significant support of the College's operations; therefore, endowment policies seek to achieve stability and sustained growth in this support. The board of managers sets the level of distribution of endowment return annually.

The College has a unitization system for the management of endowments. All endowments are invested in a single pool of investment assets. Each separate endowment owns units in the investment pool, and the College determines the fair value of a unit on a quarterly basis. Gifts to an endowment fund create new units at the unit value in effect at the time of the gift. Changes in the unit value reflect changes in the fair value of endowment assets. Such changes arise from investment income, gains and losses and from the annual distribution to support each endowment's intended purpose. The board of managers sets the approved distribution annually, with a spending rate policy minimum of 3.5% and a maximum of 5.0%. The College follows endowment spending guidelines for its unitized investments, including quasi-endowment, that provides for regular increases in spending while preserving the long-term purchasing power of the endowment. Earnings available for spending are shown in operating revenue, and the balance of realized and unrealized gains or loss is shown as nonoperating revenue.

The following table shows the endowment distribution for the year and unit value for the investment pool at June 30:

	Number of Units	Fair Value	Income Distributions
June 30, 2026	2,783,198	$ 1,088.86	$ 49.32

The fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the gifts (i.e., underwater deficits). The College has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulation. When a donor endowment deficit exists, it is classified as a deficit with donor restrictions. For June 30, 2026, there were underwater endowment funds of $573.

Fair Value of Underwater Endowment Funds	$ 4,602
Historic Dollar Value	5,175
Total	$ (573)

NOTE 3 INVESTMENTS (CONTINUED)

Net realized and unrealized gains on assets with restrictions that are permanent in nature are reported as nonoperating activities. The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA); rather, the Pennsylvania Uniform Principal and Income Act (Pennsylvania Act) governs the investment, use, and management of the College's endowment funds. Commonwealth of Pennsylvania law permits the College to appropriate for expenditure each year a portion of these net realized gains up to 7% of the average of the past three years' fair value of resources required to be maintained in perpetuity. Pursuant to this commonwealth of Pennsylvania law, the board of managers has approved the reclassification of net realized gains of $14,381 for 2026 as released from donor restriction.

A summary of investment activity for the year ended June 30, 2026 is as follows:

	Endowment Funds	Annuity and Life Income Funds	Other	Total
Investments - Beginning of Year	$ 2,842,685	$ 39,728	$ 39,342	$ 2,921,755
Contributions	7,484	2,005	3,082	12,571
Maturities of Annuity and Life Income Funds	-	(876)	-	(876)
Other	-	-	-	-
Transfers In	1,884	1,522	-	3,406
Transfers Out	(11,765)	(470)	(29,408)	(41,643)
Subtotal	(2,397)	2,181	(26,326)	(26,542)
Investment Return	331,500	4,792	799	337,091
Investment Management Fees	(8,828)	-	-	(8,828)
Subtotal	322,672	4,792	799	328,263
Payments to Annuity and Life Income Beneficiaries	-	(1,380)	-	(1,380)
Endowment Spending Distribution:				
Without Donor Restrictions	(128,183)	-	-	(128,183)
With Donor Restrictions	(6,586)	-	-	(6,586)
Subtotal	(134,769)	-	-	(134,769)
Investments - End of Year	$ 3,028,191	$ 45,321	$ 13,815	$ 3,087,327

NOTE 3 INVESTMENTS (CONTINUED)

The generally accepted hierarchy for fair value measurements is based on the transparency of information used in the valuation of an asset or liability as of the measurement date. In determining fair value, valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Certain investments that are measured at fair value using the net asset value per share or its equivalent (NAV) as a practical expedient have been categorized separately in the fair value hierarchy.

Level 1 – Quoted prices are available in active markets for identical investments as of the measurement date.

Level 2 – Pricing inputs, other than exchange-quoted prices in active markets, are either directly or indirectly observable as of the measurement date. Certain investments with structures similar to registered mutual funds may have readily determinable fair value if the NAV is determined, published and used as the basis for transactions.

Level 3 – Pricing inputs are unobservable and there is minimal (if any) market data.

The College's investment objectives guide its asset allocation policy and are achieved by investing with external investment management firms who utilize different investment strategies and operate through a variety of investment vehicles, including separate accounts, commingled funds managed by investment companies and limited partnerships. The College has investments in seven asset categories. Cash and cash equivalents are investments in short-term cash and money market instruments. These are able to be liquidated immediately or within 30 days. Fixed income includes investment in fixed income securities, such as U.S. Treasury bonds and Treasury Inflation-Protected securities. Public equity includes investment in publicly-traded stocks of domestic and international companies. Real assets include investments in real estate and natural resources. Private equity includes investments in buyouts, venture capital and distressed companies. Alternative strategies include investment in corporate direct lending, financial assets, and distressed debt and investments in multi-strategy hedge funds.

A summary of investments, measured by the fair value hierarchy at June 30, is as follows:

	Investments Measured at NAV	Level 1	Level 2	Level 3	Total
Endowment:					
Fixed Income	$ -	$ 145,048	$ -	$ -	$ 145,048
Public Equity	490,250	153,344	253,281	-	896,875
Real Assets	404,310	-	-	-	404,310
Private Equity	1,032,006	-	-	-	1,032,006
Alternative Strategies	503,600	-	-	-	503,600
Subtotal Endowment	2,430,166	298,392	253,281	-	2,981,839
Cash and Cash Equivalents	-	-	-	-	46,352
Total Endowment	2,430,166	298,392	253,281	-	3,028,191
Life Income	-	45,321	-	-	45,321
Other	-	7,176	4,447	2,192	13,815
Total Investments	$ 2,430,166	$ 350,889	$ 257,728	$ 2,192	$ 3,087,327

NOTE 3 INVESTMENTS (CONTINUED)

Changes to the reported amounts of investments measured at fair value on a recurring basis using significant unobservable (Level 3) inputs as of June 30 are as follows:

	Fair Value June 30, 2025	Investment Return	Purchases	Sales	Fair Value June 30, 2026
Other Investments	$ 2,223	$ -	$ 233	$ (264)	$ 2,192

For the fiscal year ended June 30, 2026 there were no transfers between levels within the fair value hierarchy.

The College has commitments to various limited partnerships. The College expects the majority of these funds to be called over the next four years with liquidity to be received over the next fifteen years. The following tables disclose the significant terms of the agreements with investment managers or funds by major category and value of outstanding commitments at June 30:

	Investments Measured at Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public Equity	$ 490,250	$ -	Monthly/Annually	30-90 Days
Real Assets	404,310	159,452	Illiquid	N/A
Private Equity	1,032,006	256,637	Illiquid	N/A
Alternative Strategies:				
Hedge Funds	183,332	-	Quarterly/Semi-Annually	65/90 Days
Hedge Funds	101,980	-	Illiquid	65/90 Days
Private Funds	218,288	142,433	Illiquid	N/A
Total	$ 2,430,166	$ 558,522		

NOTE 4 LIQUIDITY AND AVAILABILITY

The following reflects the College's available financial assets as of the statement of financial position date, reduced by amounts not available for use within one year because of contractual or donor-imposed restrictions or internal designations.

Cash and Cash Equivalents	$	51,054
Accounts Receivable to be Collected Within 12 Months, Net		12,018
Short-term Investments		22,302
Student Loans Receivable to be Collected Within 12 Months, Net		25
Employee Mortgage Loans to be Collected Within 12 Months, Net		160
Contributions Receivable Without Donor Restrictions to be Collected within 12 Months		148
Board-Approved Endowment Distribution for Current Operations		136,503
Financial Assets Available at Year-End for Current Use	$	222,210

The College has various sources of internal liquidity at its disposal including cash, cash equivalents, marketable debt and equity securities. As part of the College's liquidity management, the College maintains a working capital line of credit with PNC (Note 7). General expenditures consist of funding for the College's operating budget including debt obligation payments and funding for the annual capital renewal and replacement expenditures. The College's endowment funds consist of donor-restricted and quasi endowment funds. Income from donor-restricted endowments is restricted for specific purposes and therefore is not available for general expenditure. Although the College does not intend to spend from its quasi-endowment funds other than amounts distributed as part of the annual budget approval process, amounts from quasi-endowment funds could be made available by the board of managers, if necessary. The College's quasi-endowment funds value was $1,070,125 at June 30, 2026. Management estimates as of June 30, 2026 the College's investments of $510,040 have liquidity of under 30 days, while still subject to donor and endowment distribution restrictions.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

Land	$	5,783
Buildings and Improvements		929,664
Geo-Exchange		29,968
Construction in Progress		59,054
Equipment		26,582
Works of Art, Historical Treasures, and Similar Assets		4,876
Total		1,055,927
Accumulated Depreciation		(295,937)
Property and Equipment, Net	$	759,990

Interest payments totaling $1,897 were capitalized in 2026.

NOTE 6 DEFERRED PAYMENTS AND OTHER LIABILITIES

Deferred payments and other liabilities at June 30, 2026 consisted of the present value of future payments due to or on behalf of employees and former employees under retirement and postretirement programs, donors under annuity and life income programs, conditional asset retirement obligations and conditional gifts.

Charitable Gift Annuity Liabilities	$	10,677
Life Income and Unitrusts		7,470
Postretirement Health Benefit		13,310
Employees and Former Employees		5,860
Conditional Asset Retirement Obligations		1,186
Total	$	38,503

The College currently provides a postretirement health benefit in the form of a monthly stipend for the payment of medical premiums to all employees who meet certain eligibility requirements.

NOTE 6 DEFERRED PAYMENTS AND OTHER LIABILITIES (CONTINUED)

The components of the postretirement health benefit as of June 30 are as follows:

Change in Accumulated Postretirement Benefit Obligation:		
Postretirement Benefit Obligation at Beginning of Year:		
Actives Not Fully Eligible to Retire	$	5,018
Actives Fully Eligible to Retire		5,256
Retirees		4,690
Total		14,964
Service Cost		502
Interest Cost		687
Actuarial Gain		(2,544)
Benefits Paid		(299)
Postretirement Benefit Obligation at End of Year:		
Actives Not Fully Eligible to Retire		4,602
Actives Fully Eligible to Retire		4,649
Retirees		4,059
Total	$	13,310
Change in Plan Assets:		
Employer Contribution	$	299
Benefits Paid		(299)
Fair Value of Plan Assets - End of Year	$	-
Funded Status:		
Postretirement Benefit Obligation at End of Year	$	13,310
Funded Status at End of Year	$	13,310
Current Liability	$	616
Noncurrent Liability		12,694
Total	$	13,310

NOTE 6 DEFERRED PAYMENTS AND OTHER LIABILITIES (CONTINUED)

Components of the Net Periodic Postretirement Benefit Cost:		
Service Cost	$	502
Interest Cost		687
Amortization of Actuarial Gain		(581)
Total	$	608
OPEB Changes Other than Net Periodic Postretirement Benefit Cost:		
New Actuarial Gain	$	(2,544)
Amortization of Unrecognized Amounts		581
Total	$	(1,963)
Unrecognized Amounts at Year-End:		
Net Actuarial Gain	$	(8,032)
Total	$	(8,032)
Amortization Amounts in Following Year (Estimate):		
Net Actuarial Gain	$	(574)
Total	$	(574)
Assumptions and Effects:		
Medical Trend Rate Next Year		7.50%
Ultimate Trend Rate		5.00%
Year Ultimate Trend Rate is Achieved		2031
Discount Rate Used to Value End-of-Year Accumulated Postretirement Benefit Obligation		5.58%
Discount Rate Used to Value Net Periodic Postretirement Benefit Cost		5.41%
Effect of a 1% Increase in Healthcare Cost Trend Rate on:		
Interest Cost Plus Service Cost	$	217
Accumulated Postretirement Benefit Obligation		1,973
Effect of a 1% Decrease in Healthcare Cost Trend Rate on:		
Interest Cost Plus Service Cost	$	(174)
Accumulated Postretirement Benefit Obligation		(1,622)
Measurement Date		6/30/2026

NOTE 6 DEFERRED PAYMENTS AND OTHER LIABILITIES (CONTINUED)

Year Beginning July 1,	Estimated Future Benefit Payment
2026	$ 616
2027	683
2028	705
2029	738
2030	785
2031 - 2035	4,755

NOTE 7 LONG-TERM DEBT

Balances of bonds and notes payable outstanding at June 30 were:

	Effective Interest Rate	Maturity Dates	Principal
Swarthmore Borough Authority:			
2015 Revenue Bonds	3.65%	2020-2045	$ 24,790
2016A Revenue Bonds	1.81%	2020-2030	26,250
2016B Revenue Bonds	2.95%	2020-2046	17,670
2018 Revenue Bonds	3.64%	2023-2049	85,795
2021A Revenue Bonds	1.94%	2022-2038	17,030
2021B Revenue Bonds	2.52%	2031-2051	71,870
2023 Revenue Bonds	3.88%	2024-2053	122,615
2025 Revenue Bonds	4.34%	2026-2056	164,265
Subtotal			530,285
Unamortized Bond Premium			58,559
Less: Deferred Financing Costs			(2,265)
Total Long-Term Debt			$ 586,579

The College bond ratings by Moody's and Standard & Poor's were Aaa/AA+ for the year ended June 30, 2026. Deferred financing costs represent bond issuance costs that are amortized over the period to bond maturity. Amortization of bond premiums is based on an effective-interest method.

On June 18, 2025, the College issued $164,265 aggregate principal amount of 2025A Revenue Bonds (2025A Bonds) through the Swarthmore Borough Authority at a premium. The 2025A bonds consist of two series 2025A-1 and 2025A-2, principal amounts of $35,090 and $129,175, respectively. The proceeds of 2025A-1 Bonds were used to advance refund a portion of the 2015 Revenue Bonds, par value $19,540, and to fund various tax-exempt capital projects. The proceeds of 2025A-2 were used to fund various tax-exempt capital projects.

NOTE 7 LONG-TERM DEBT (CONTINUED)

On July 12, 2023, the College issued $125,200 aggregate principal amount of 2023 Revenue Bonds (2023 Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to advance refund a portion of the 2013 Revenue Bonds, par value of $30,380, and to fund various tax-exempt capital projects.

On August 4, 2021, the College issued $71,870 aggregate principal amount of 2021B Revenue Bonds (2021B Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to advance refund a portion of the 2011C Revenue Bonds, par value of $11,595, to fund the costs of issuing the 2021B Bonds, and various tax-exempt capital projects.

On August 4, 2021, the College issued $21,720 aggregate principal amount of taxable 2021A Revenue Bonds (2021A Bonds) through the Swarthmore Borough Authority. The proceeds were used to advance refund a portion of the 2011C Revenue Bonds, par value of $21,420, and to fund the costs of issuing the 2021A Bonds.

On July 10, 2018, the College issued $93,000 aggregate principal of the 2018 Revenue Bonds (2018 Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to fund various tax-exempt capital projects and to fund the costs for issuing the 2018 Bonds.

On August 4, 2016, the College issued $21,375 aggregate principal amount of 2016 Revenue Bonds, Series B (2016B Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to fund various tax-exempt capital projects, and to fund the costs of issuing the 2016B Bonds.

On July 19, 2016, the College issued $59,975 aggregate principal amount of 2016 Revenue Refunding Bonds, Series A (2016A Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to advance refund the 2006A Revenue Bonds, par value of $74,305, which were scheduled to mature on September 15, 2030, and to fund the costs of issuing the 2016A Bonds.

On July 14, 2015, the College issued $54,940 aggregate principal amount of 2015 Revenue Bonds (2015 Bonds) through the Swarthmore Borough Authority at a premium. The proceeds were used to fund various tax-exempt capital projects and to fund the costs of issuing the 2015 Bonds.

The College has a revolving line of credit with PNC Bank, N.A., totaling $100,000 as of June 30, 2026. The line of credit is secured by the College's unrestricted revenues and has an expiration date of August 15, 2027. The line of credit bears interest at the Bloomberg Short-Term Bank Yield rate plus 58 basis points. There were no amounts outstanding as of June 30, 2026.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Debt principal payments on all borrowings as of June 30, 2026, are as follows:

Year Ending June 30,	Amount
2026-2027	$ 12,825
2027-2028	13,395
2028-2029	14,045
2029-2030	14,710
2030-2031	15,415
Thereafter	459,895
Total	$ 530,285

NOTE 8 RETIREMENT BENEFITS

Retirement benefits for all eligible employees of the College are individually funded and vested under a defined contribution Sec. 403(b) retirement plan (the Plan) with Teachers Insurance and Annuity Association of America (TIAA), or Vanguard Group of Investment Companies. Under this arrangement, the College makes monthly contributions as defined in the Plan to the accounts of all employees. The College's contributions under this Plan are included in operating expenses and were $9,481 in 2026.

The College has a Sec. 457 and 457(f) nonqualified deferred compensation plans for senior management employees. Participants elect to defer compensation, which is invested with TIAA Investment Company and is considered College property until the employee withdraws the funds due to emergency, termination, or retirement. The participants' contributions are subject to the general creditors of the College, so the invested asset is offset by a corresponding liability in the amounts of $919 and $246, respectively, at June 30, 2026. The College does not record transaction activity as revenue or expense. The investments are reported at fair value.

NOTE 9 NET ASSETS

Net assets at June 30 were designated or allocated to the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 31,296	$ -	$ 31,296
Donor-Restricted	-	15,798	15,798
Annuity and Life Income Funds	20,530	7,646	28,176
Student Loans	1,262	-	1,262
Donor-Restricted Endowment Funds:			
General College Support	-	686,897	686,897
Scholarships	-	476,285	476,285
Professorships	-	437,004	437,004
Academic Support	-	270,451	270,451
Other	-	87,429	87,429
Quasi-Endowment Funds	1,070,125	-	1,070,125
Net Investment in Property and Equipment	259,764	10,897	270,661
Total	$ 1,382,977	$ 1,992,407	$ 3,375,384

Certain amounts have been transferred out of net assets without donor restrictions and into net assets with donor restrictions as a result of donor restrictions on matching gifts, unspent investment return added to principal, and clarifications of donors' restrictions.

As of June 30, 2026, there were no donor-related endowment funds for which the fair value of assets is less than the level required by donor stipulations. The corpus of true endowment funds that are part of the donor-restricted endowment funds as of June 30, 2026 were $258,265.

Changes to the reported amount of the College's true endowment funds and associated appreciation for the year ended June 30, 2026 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment - June 30, 2025	$ 1,030,351	$ 1,812,334	$ 2,842,685
Contributions	388	7,096	7,484
Transfers	(22,161)	12,280	(9,881)
Investment Returns	198,558	132,942	331,500
Investment Management Fees	(8,828)	-	(8,828)
Endowment Spending Distributions	(128,183)	(6,586)	(134,769)
Endowment - June 30, 2026	$ 1,070,125	$ 1,958,066	$ 3,028,191

NOTE 10 FUNCTIONAL EXPENSES

The College's functional expenses are presented in accordance with the functions attributable to one or more program or administration of the College. Each functional classification is categorized related to the underlying operations by natural classification. Allocation of depreciation, plant operations and management, utilities, debt interest expense are allocated to programs based on the square footage assigned to College programs.

Functional expenses for the year ended June 30 is as follows:

	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Activities	Research and Public Service	Operations and Maintenance	Total
Salaries and Wages	$ 44,032	$ 13,597	$ 11,272	$ 25,976	$ 5,832	$ 2,764	$ 11,074	$ 114,547
Employee Benefits	13,133	4,149	3,098	10,442	2,069	820	3,723	37,434
Operating Expenses	9,692	12,816	7,004	16,329	13,976	2,200	16,348	78,365
Allocations:								
Depreciation and Amortization	7,914	3,000	2,048	1,488	11,131	432	-	26,013
Operations and Maintenance	9,678	3,668	2,505	1,152	13,612	530	(31,145)	-
Interest Expense	5,329	2,020	1,379	635	7,495	291	-	17,149
Total	$ 89,778	$ 39,250	$ 27,306	$ 56,022	$ 54,115	$ 7,037	$ -	$ 273,508

Direct fundraising expenses of $12,310 for the year ended June 30, 2026 is included in institutional support in the table above.

NOTE 11 INCOME TAX

The College has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, files federal tax Form 990 (Return of Organization Exempt from Income Tax) annually. The College also files federal tax Form 990-T (Exempt Organizations Business Income Tax Return).

The College is subject to federal excise taxes imposed on private colleges and universities if certain conditions are met. The excise tax is imposed on net investment income, as defined under federal law which includes interest, dividends, and net realized gains on the sale of investments. The College is subject to the excise tax for 2026 at a 1.4% excise tax rate for the tax year ended December 31, 2025. The current liability for excise tax at June 30, 2026 is $2,000. As of June 30, 2026, there were no deferred excise tax expenses resulting from net unrealized gains (and losses) on investments. Changes to federal tax law, effective for the College on July 1, 2026, the College will no longer be subject to this excise tax.

During the year ended June 30, 2025, the College was eligible for the Inflation Reduction Act refundable tax credit (IRA Credit) related to capital expenses incurred for the geothermal project, To Zero by Thirty-Five. The College qualified for the credit and filed for the $9,397 elective payment election from the Internal Revenue Service as part of the College's Form 2024 990-T. The IRA credit qualifies as a conditional grant, and as such, the College recognized the credit as grant revenue as of June 30, 2025. The College received payment during the year, however, another credit has been filed. The related receivable is included in accounts receivable, net. As of the date of this report, the IRA credit receivable is still outstanding.

NOTE 11 INCOME TAX (CONTINUED)

Marjay Productions, Inc., is a for-profit corporation subject to federal income taxes under the IRC. Through June 30, 2026, this corporation has no significant outstanding tax obligations.

Parrish LLC is a for-profit corporation subject to federal income taxes under the IRC. Through June 30, 2026, this wholly owned, sole member Pennsylvania Limited Liability Corporation has not generated any taxable income.

In accordance with the guidance on accounting for uncertainty in income taxes, management regularly evaluates its tax positions and does not believe the College has any uncertain tax positions that require disclosure or adjustment in the financial statements. The College continually monitors and evaluates its activities for unrelated business income activity.

NOTE 12 COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the College occasionally becomes involved in legal proceedings. While any legal proceeding or litigation has an element of uncertainty, management believes that the outcome of all current pending or threatened actions will not have a material adverse effect on the business or financial condition of the College. As of June 30, 2026, the College had outstanding commitments for construction contracts and purchase orders of $54,819.



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