OREGON EPISCOPAL SCHOOL

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

OREGON EPISCOPAL SCHOOL
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YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oregon Episcopal School
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Oregon Episcopal School (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the 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 Financial Statements section of our report. We are required to be independent of the School 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 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 School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Trustees
Oregon Episcopal School

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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 School's ability to continue as a going concern for a reasonable period of time.

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

Other Matter – Report on Summarized Comparative Information

We have previously audited the School's June 30, 2022 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Pasadena, California
October 26, 2023

OREGON EPISCOPAL SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 28,247,771	$ 23,602,706
Accounts Receivable, Net	49,115	1,104,036
Pledges Receivable, Net	1,425,404	3,204,820
Prepaid Expenses and Other Current Assets	1,234,726	711,031
Total Current Assets	30,957,016	28,622,593
LONG-TERM PLEDGES RECEIVABLE, NET	351,659	1,436,129
INVESTMENTS	37,302,080	34,464,847
LAND, BUILDINGS, AND EQUIPMENT, NET	51,330,742	51,725,887
Total Assets	$ 119,941,497	$ 116,249,456
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 575,257	$ 677,222
Accrued Expenses	117,104	112,257
Accrued Salaries and Related Expenses	3,511,268	2,794,104
Unearned Tuition and Revenues	22,853,349	21,327,332
Current Portion of Bonds Payable, Net of Issuance Costs	740,313	739,169
Total Current Liabilities	27,797,291	25,650,084
BONDS PAYABLE, Net of Current Portion and Issuance Costs	13,622,089	14,362,401
Total Liabilities	41,419,380	40,012,485
NET ASSETS		
Without Donor Restrictions:		
Undesignated	39,010,036	39,458,815
Board-Designated	21,785,777	19,727,034
Total Without Donor Restrictions	60,795,813	59,185,849
With Donor Restrictions:		
Purpose and Time Restricted	9,230,560	8,608,056
Perpetual in Nature	8,495,744	8,443,066
Total With Donor Restrictions	17,726,304	17,051,122
Total Net Assets	78,522,117	76,236,971
Total Liabilities and Net Assets	$ 119,941,497	$ 116,249,456

See accompanying Notes to Financial Statements.

OREGON EPISCOPAL SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING ACTIVITIES				
Revenues and Support:				
Tuition and Fees	$ 34,349,688	$ -	$ 34,349,688	$ 32,447,117
Less: Financial Aid Grants	(3,402,779)	-	(3,402,779)	(3,454,153)
Tuition and Fees, Net	30,946,909	-	30,946,909	28,992,964
Return on Investments and Cash Equivalents, Net	640,354	-	640,354	137,875
Contributions and Support for Operations	1,716,420	5,250	1,721,670	2,496,882
Auxiliary Services	1,793,064	-	1,793,064	1,328,927
Other Operating Revenue	-	-	-	363,419
Endowment Earnings Appropriations	868,000	-	868,000	840,000
Release of Restrictions	328,104	(328,104)	-	-
Transfer to Board-Designated Endowment	(1,000,000)	-	(1,000,000)	(2,000,000)
Total Revenue and Support	35,292,851	(322,854)	34,969,997	32,160,067
Expenses:				
Program Services	28,459,998	-	28,459,998	26,365,234
Supporting Services:				
General Administrative	5,829,421	-	5,829,421	4,930,040
Fundraising	1,907,942	-	1,907,942	1,771,615
Total Support Services	7,737,363	-	7,737,363	6,701,655
Total Expenses	36,197,361	-	36,197,361	33,066,889
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(904,510)	(322,854)	(1,227,364)	(906,822)
NONOPERATING ACTIVITIES				
Investing Activities:				
Non-Operating Investment Return, Net	1,481,828	1,032,582	2,514,410	(2,802,683)
Less: Endowment Earnings Appropriations	(439,344)	(428,656)	(868,000)	(840,000)
Change In Net Assets from Nonoperating Investing Activities	1,042,484	603,926	1,646,410	(3,642,683)
Financing Activities:				
Endowment Contributions	455,417	38,727	494,144	1,442,522
Transfer to Board-Designated Endowment	1,000,000	-	1,000,000	2,000,000
Capital Campaign Contributions	-	303,287	303,287	373,095
Change in the Discount on Pledges Receivable	-	52,096	52,096	122,664
Capital Campaign Expenses	-	-	-	(73,460)
Uncollected Pledges Recovery (Loss)	16,573	-	16,573	(43,055)
Change in Net Assets From Nonoperating Financing Activities	1,471,990	394,110	1,866,100	3,821,766
CHANGE IN NET ASSETS	1,609,964	675,182	2,285,146	(727,739)
Net Assets - Beginning of Year	59,185,849	17,051,122	76,236,971	76,964,710
NET ASSETS - END OF YEAR	$ 60,795,813	$ 17,726,304	$ 78,522,117	$ 76,236,971

See accompanying Notes to Financial Statements.

OREGON EPISCOPAL SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	Program Services						
	Educational Services	Auxiliary Services	Total Program	General Administrative	Fundraising	2023 Total	2022 Total
Salaries	$ 13,986,620	$ 1,417,428	$ 15,404,048	$ 2,839,908	$ 981,853	$ 19,225,809	$ 17,082,144
Payroll Taxes and Benefits	4,833,800	489,866	5,323,666	981,477	339,330	6,644,473	5,920,125
Total Salaries and Related Expenses	18,820,420	1,907,294	20,727,714	3,821,385	1,321,183	25,870,282	23,002,269
Programs, Supplies, and Materials	1,958,032	1,786,549	3,744,581	21,024	9,044	$ 3,774,649	3,464,630
Property Services	1,030,982	271,727	1,302,709	36,712	13,293	1,352,714	1,523,481
Professional Growth and Development	185,365	6,603	191,968	63,186	14,953	270,107	227,257
Professional Services	37,896	1,067	38,963	381,430	77,990	498,383	657,857
Other Expenses	282,545	86,641	369,186	1,462,697	449,985	2,281,868	2,111,538
Total Expenses Before Depreciation and Amortization	22,315,240	4,059,881	26,375,121	5,786,434	1,886,448	34,048,003	30,987,032
Depreciation and Amortization	1,655,005	429,872	2,084,877	42,987	21,494	2,149,358	2,079,857
Total Expenses	$ 23,970,245	$ 4,489,753	$ 28,459,998	$ 5,829,421	$ 1,907,942	$ 36,197,361	$ 33,066,889

See accompanying Notes to Financial Statements.

OREGON EPISCOPAL SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,285,146	$ (727,739)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,149,358	2,079,857
Noncash Changes in Allowance of Pledges Receivable	(16,573)	43,055
Noncash Change in Discount on Pledges	(52,096)	(122,664)
Net (Gain) Loss on Investments	(2,474,731)	2,900,512
Amortization of Bond Issuance Costs	9,947	9,947
Endowment Return, Other than Gain/Loss Considered Non-Operating	(122,832)	(53,820)
Contributions Restricted / Designated for Endowment	(494,144)	(1,442,522)
Pledges Received, Net	(829,878)	(2,896,937)
Appropriations from Endowment for Operations	868,000	840,000
Cash Provided by Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,054,921	235,346
Prepaid Expenses and Other Assets	(523,695)	78,590
Accounts Payable	(101,965)	(268,718)
Accrued Expenses	4,847	(941,703)
Accrued Salaries and Related Expenses	717,164	(354,009)
Unearned Tuition and Revenues	1,526,017	3,392,090
Net Cash Provided by Operating Activities	3,999,486	2,771,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Land, Buildings, and Equipment	(1,754,213)	(1,126,496)
Purchases of Investments	(43,083,423)	(19,083,072)
Net Proceeds from the Sale of Investments	42,843,753	17,474,660
Appropriations from Endowment for Operations	(868,000)	(840,000)
Net Cash Used by Investing Activities	(2,861,883)	(3,574,908)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Bonds Payable	(749,115)	(625,272)
Proceeds from Bonds Payable	-	2,216,000
Cash Collected on Pledges	3,762,433	2,038,672
Cash Collected on Contributions to Endowment Fund	494,144	1,442,522
Net Cash Provided by Financing Activities	3,507,462	5,071,922
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,645,065	4,268,299
Cash and Cash Equivalents - Beginning of Year	23,602,706	19,334,407
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 28,247,771	$ 23,602,706
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 370,176	$ 349,482

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Oregon Episcopal School (OES or the School) is an independent day and boarding school originally founded in 1869 as St. Helen's Hall by Bishop Benjamin Wistar Morris. The School occupies a 59-acre campus, enrolling approximately 875 students in Pre-K through 12th grade. Offering a true liberal arts curriculum, the School has small classes that provide intimate learning environments that allow teachers to instill in each student a love for learning and the joy of discovery. The School has an innovative curriculum, competitive athletics, and a commitment to service. As the oldest Episcopal school west of the Rockies, OES values developing the spirit as well as the mind. Though steeped in Episcopal heritage and tradition, the School welcomes students of all beliefs.

The School is a member of and accredited by the Northwest Association of Independent Schools and is registered with the State of Oregon. The School is also a member of the National Association of Independent Schools and the National Association of Episcopal Schools.

Financial Statements Presentation

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit institutions. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the School. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support including gifts without restrictions and those gifts designated by the board of trustees (the board) to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service; endowment, annuity, and life income gifts; pledges; investment returns on "true" endowment funds; and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statements Presentation (Continued)

Also included in this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the School, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students) and that only the income be made available for program operations. Generally, the donors of these assets permit the School to use all or part of the income earned on related investments for general or specific purposes.

Operating Measurement

The School divides its statement of activities into operating and nonoperating activities. The operating activities include all income and expenses related to carrying out current operations of the School. Nonoperating activities include restricted gifts for long-term purposes. The School considers contributions for capital investments in plant and contributions for endowment to be non-operating contributions.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Tuition and Fees

Tuition and fee revenue is recorded over time in the period during which the academic services are rendered. Tuition received in one academic year which is applicable to the following year is reflected as deferred revenue. Financial aid and allowances are recorded in the year they are granted. Revenue from auxiliary services are recorded over time in the period earned.

Unearned Tuition and Revenues

Unearned tuition and revenues represent school tuition deposits and payments received in fiscal years 2023 and 2022, but related to fiscal years 2024 and 2023, respectively.

Contract Liabilities

Enrollment agreements are uniform and stipulate that on June 1 students receive no refunds or deductions and are required to pay the full annual tuition for the upcoming academic year, which begins in August, regardless of whether a student withdraws or is dismissed. Therefore, on June 1 the School’s right to consideration is unconditional.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The opening and closing balances of the School's tuition and fees receivable and deferred tuition and fees are as follows, which have been netted and not presented in the statement of financial position.

	Student Contract Balances		
	Tuition and Fees Receivable	Unearned Tuition and Revenue	Contract Liability
Balance - July 1, 2022	$ 9,033,887	$ 21,327,332	$ 30,361,219
Net Change	538,293	1,420,010	1,958,303
Balance - June 30, 2023	$ 9,572,180	$ 22,747,342	$ 32,319,522

Contributions and Grants

The School recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurement performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All contributions and grants are considered to be available for the School's unrestricted use unless specifically restricted by the donor. Contributions and grants restricted by the donor are recorded as net assets with donor restrictions. When the restrictions are satisfied, the restricted amounts are released to net assets without donor restrictions.

Accounts and Pledges Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential uncollectible pledges and past due tuition payments. The adequacy of the allowance is based upon management's evaluation of the quality, character, and inherent risks in the various receivable categories. It is the School's policy to charge off uncollectible accounts receivable management determines will not be collected. As of June 30, 2023, accounts receivable includes net tuition receivable of $35,675 and receivable from other sources of $13,440. As of June 30, 2022, accounts receivable includes net tuition receivable of $40,723 and receivable from various COVID relief funding of $1,063,313. The accounts receivable allowance totaled $12,000 and $6,000 at June 30, 2023 and 2022, respectively. See Note 3 for pledges receivable allowance disclosures.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less other than those held in the School's investment portfolio and subject to its investment policy.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices and net asset value of shares held by the School. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities.

Land, Buildings, and Equipment

Purchased land, buildings, and equipment is stated at cost; or if donated, at their fair market value at the date of donation. All assets with a useful life of greater than one year and a cost greater than $5,000 are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Buildings, Facilities, and Improvements	8 to 50 Years
Furniture, Equipment, and Other Fixed Assets	3 to 10 Years
Vehicles	3 to 8 Years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements for the year ended June 30, 2023.

Lease

In February 2016, Accounting Standards Updates (FASB) issued Accounting Standards Updates (ASU) 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred, and the leases are not included as right-of-use assets and lease liabilities on the statements of financial position. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of its ROU assets. The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School adopted the requirements of the guidance effective June 30, 2023, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The School has no material financing and operating lease as of June 30, 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes Status

The School is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business income. Unrelated business income tax is insignificant and no tax provision has been made in the accompanying financial statements.

The School recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The School had no unrecognized tax benefits at June 30, 2023 and 2022. The School recognizes interest accrued and penalties related to unrecognized tax benefits, if any, as an administrative expense. During the years ended June 30, 2023 and 2022, the School recognized no interest and penalties.

The School is exempt from filing the IRS Form 990 due to its religious affiliation. Unrelated business income tax returns are filed annually in the U.S. federal and Oregon state jurisdictions.

Contributed Services

A substantial number of corporations and volunteers have donated significant amounts of time and services to the School's operations and to its fundraising campaigns. However, unless such contributions meet the criteria promulgated by U.S. GAAP which include professional services and services required to construct a fixed asset, they are not reflected in the accompanying financial statements.

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk consist of cash, long-term investments, student accounts receivable and pledges receivable. The School has established guidelines relative to diversification and maturities in its investment portfolio that seek to maintain safety and liquidity. At times, amounts in the individual investment portfolio accounts and the operating bank accounts are in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protector Corporation (SIPC) insurance limits.

Credit risk concentration with respect to tuition and pledges receivable is limited due to the number of students and donors involved. The School monitors its exposure for credit losses and maintains allowances for anticipated losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related-Party Transactions

Contributions from members of the board of trustees totaled approximately $327,097 and $1,203,591 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of the School's various activities and programs have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs, supporting services, and auxiliary activities benefited based on various methods, including categories based on time expended, and estimated or actual usage. Auxiliary activities include the School's extended care programs, summer camp, school store, and transportation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the School for the year ended June 30, 2022, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated through October 26, 2023, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended June 30:

	2023	2022
Cash and Cash Equivalents	$ 27,347,770	$ 23,602,837
Accounts Receivable, Net	49,115	1,104,036
Operating Investments	6,660,145	6,236,482
Pledges Receivable	87,157	11,997
Distributions from Assets Held Under Beneficial Interest in Perpetual Trust	16,250	16,250
Total Financial Assets Available Within One Year	$ 34,160,437	$ 30,971,602

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As of June 30, 2023 and 2022, the board-designated endowment of $15,549,289 and $13,490,552, respectively, is subject to an annual spending rate of 3.0% to 4.0% annually as described in Note 13. Although the School does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when the promise is made. The School distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. As of June 30, the pledges receivable balances consisted of the following:

	2023	2022
Receivable in Less than One Year	$ 1,425,404	$ 3,269,663
Receivable in One to Five Years	464,166	1,565,916
Total Pledges Receivable	1,889,570	4,835,579
Less: Allowance for Uncollectible Pledges	(66,135)	(96,162)
Less: Discounts to Present Value	(46,372)	(98,468)
Pledges Receivable, Net	$ 1,777,063	$ 4,640,949

NOTE 4 INVESTMENTS

Investments are composed of the following at June 30:

	2023	2022
Cash and Money Market	$ 268,671	$ 438,568
Pooled Equity Funds	1,828,821	2,920,584
Pooled Fixed Income Funds	2,360,086	1,395,078
Alternative Investments	32,387,212	29,268,592
Perpetual Trusts Held by Banks (Note 9)	398,910	384,959
Life Insurance Policy	58,380	57,066
Total Investments	$ 37,302,080	$ 34,464,847

The School considers operating investment return to consist of the amount authorized for spending in the current year from endowment assets and returns on operating bank and investment accounts. All other investment return is considered non-operating. The line items reporting the non-operating investment return are as follows for the years ended June 30:

	2023	2022
Dividends and Interest	$ 253,191	$ 259,431
Realized and Unrealized Gains (Losses)	2,412,220	(2,900,512)
Investment Fees	(151,001)	(161,602)
Total Return on Investments and Cash Equivalents	$ 2,514,410	$ (2,802,683)

NOTE 5 FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, accounting standards use a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Interest-bearing cash – Includes money market funds valued at cost plus accrued interest, which approximates fair value.

Marketable securities – Includes equity and bond mutual funds valued at quoted market prices in active markets.

Nonmarketable investments – Includes hedge funds, private equity funds, and other non-publicly traded investments, valued using the Net Asset Value (NAV) provided by the investment's manager. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The investments are traded on a private market that is not active.

Beneficial interest in perpetual trusts – Valuation is derived from information provided by trustees, which include fair value of the trust assets, underlying investments, and the School's proportional share.

The School's policy is to recognize transfers in and out of the fair value level hierarchy as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2, and 3 for the years ended June 30, 2023 and 2022.

Fair values of assets and liabilities measured on a recurring basis at June 30 were as follows:

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets at Fair Value:				
Marketable Securities:				
Cash and Money Market	$ 268,671	$ -	$ -	$ 268,671
Mutual Fund - Equity Fund	1,828,821	-	-	1,828,821
Mutual Fund - Fixed Income Fund	2,360,086			2,360,086
Total Marketable Securities	4,457,578	-	-	4,457,578
Nonmarketable Investments:				
Other	-	-	58,380	58,380
Beneficial Interest in Perpetual Trusts	-	-	398,910	398,910
Investments Measured at NAV	-	-	-	32,387,212
Total Financial Assets	$ 4,457,578	$ -	$ 457,290	$ 37,302,080

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets at Fair Value:				
Marketable Securities:				
Cash and Money Market	$ 438,568	$ -	$ -	$ 438,568
Mutual Fund - Equity Fund	3,287,876	-	-	3,287,876
Mutual Fund - Fixed Income Fund	1,778,964	-	-	1,778,964
Total Marketable Securities	5,505,408	-	-	5,505,408
Nonmarketable Investments:				
Other	-	-	57,066	57,066
Beneficial Interest in Perpetual Trusts	-	-	384,959	384,959
Investments Measured at NAV	-	-	-	28,517,414
Total Financial Assets	$ 5,505,408	$ -	$ 442,025	$ 34,464,847

The table below summarizes significant terms of the agreements with certain investment companies for the nonmarketable investments. There are no significant redemption restrictions or unfunded commitments on other types of investments.

			June 30, 2023			
Asset Class	Fair Value at 06/30/23	Fair Value at 06/30/22	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge Funds (a)	$ 1,782,099	$ -	Open ended	$ -	Quarterly w/60 days notice; full liquidation takes five quarters of periodic withdrawals.	One year lock-up (ownership is older than one year).
Private Equity Funds (b)	2,411,023	11,039,935	Lives ending from 2020 to 2027 with possible extensions.	1,343,513	No redemptions.	From not applicable to not allowed.
Other (c)	28,194,090	17,477,479	Lives ending from 2024 to 2028 with possible extensions	76,584	No redemptions.	From not applicable to not allowed.
Total	$ 32,387,212	$ 28,517,414		$ 1,420,097		

(a) Hedge fund strategy relates to commercial and residential mortgages, mortgage related securities, and interest rates.
(b) Private equity funds strategies are investing in buyouts and middle market investments.
(c) Various other funds investing in a range of equity, preferred equity, office, industrial, retail, multi-family, mezzanine, and other.

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment is as follows as of June 30:

	2023	2022
Land	$ 1,619,560	$ 1,543,709
Buildings and Facilities	72,654,014	71,837,690
Vehicles	1,154,260	1,043,709
Furniture and Equipment	3,404,210	3,323,458
Other Fixed Assets	149,038	153,993
Construction in Progress	433,883	83,767
Total	79,414,965	77,986,326
Less: Accumulated Depreciation	(28,084,223)	(26,260,439)
Land, Buildings, and Equipment, Net	$ 51,330,742	$ 51,725,887

NOTE 7 BONDS PAYABLE

On January 27, 2021, the School refinanced all outstanding loans, bonds and swaps into two series of Oregon Facilities Authority bonds dated January 1, 2021. The Bonds were purchased by First Republic Lending Corporation, with a $5,000,000 revolving credit facility provided until January 27, 2022 by First Republic Bank. The revolving credit facility expired without being drawn.

On May 1, 2023, the California Department of Financial Protection and Innovation closed First Republic Bank and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. JP Morgan Chase Bank, N.A. then entered into an agreement with the FDIC to acquire the substantial majority of assets and assume the deposits and certain other liabilities of First Republic Bank from the FDIC. As of this writing, there has been no impact on the School's Bonds due to this change.

The 2021 Series A Bonds were issued in the amount of $10,250,000 with a fifteen year maturity and a fixed interest rate of 2.35%. The 2021 Series A Bonds are payable monthly on a level debt service that amortizes the full principal by January 1, 2036. The Series B Bonds are drawdown bonds authorized up to $7,850,000 with a maturity of January 1, 2051 and a fixed interest rate of 2.6%. At initial issuance, $3,691,541 was drawn down from Series B, leaving $4,158,459 available for drawdown by the School prior to January 27, 2022. On January 24, 2022, $2,216,000 was drawn down to finance construction of the Athletic Center.

The 2021 Series A Bonds refinanced bonds issued in 2015 to refinance bonds issued in 2004 for construction projects. The 2021 Series B Bonds refinanced bonds issued in 2015 for construction of the Lower School Building and Athletic Center, and a loan for the purchase of a house at 7295 SW Ridgemont.

The Bonds have the benefit of a security interest in the School’s gross receipts, accounts, and pledges receivable. The bond documents contain restrictive covenants that, among other things, require the achievement of certain financial ratios.

NOTE 7 BONDS PAYABLE (CONTINUED)

Minimum bond principal payments are as follows:

Year Ended June 30,	Amount
2024	$ 750,260
2025	769,662
2026	788,582
2027	807,968
2028	827,082
Thereafter	10,583,808
Total Minimum Principal Payments	14,527,362
Less: Unamortized Issuance Costs	(164,960)
Total Bonds Payable, Net	$ 14,362,402

NOTE 8 SPLIT INTEREST AGREEMENTS

Beneficial Interest in Perpetual Trusts

The School is one of the beneficiaries of two perpetual trusts, administered by third-party trustees. The School's share of the fair value of the trusts totaled $398,910 and $384,959 at June 30, 2023 and 2022, respectively. The School received distributions totaling $16,250 and $16,250 for 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, changes to the value of the trust were gain (losses) of $13,951 and ($64,960), respectively, net of distributions and are included in non-operating investment return in the statements of activities.

NOTE 9 BENEFIT PLANS

403(b) Defined Contribution Retirement Plan

The School maintains a 403(b) defined contribution retirement plan (the Plan) on behalf of employees who have reached the age of 21 and will complete 1,000 hours of service during the defined 12-month period. The School's contributions to the Plan are based on a match of the employee's contribution, up to a maximum of 7.5% of the employee's compensation. Contributions for the years ended June 30, 2023 and 2022, were $1,164,045 and $1,034,000, respectively.

457(b) Deferred Compensation Plan

The School sponsors a 457(b) deferred compensation plan for senior administrators. Investments are owned by the School and managed individually by the participant. Contributions fully vest upon severance from employment or upon April 1 of the calendar year following the calendar year in which the participant is age 70½. Until such time, plan assets are subject to the claim of the School's creditors. At June 30, 2023 and 2022, the School recorded an asset and an associated liability in the amount of $492,497 and $379,651, respectively. The asset and liability are recorded in prepaid expenses and other current assets and accrued expenses, respectively, on the statements of financial position.

NOTE 9 BENEFIT PLANS (CONTINUED)

457(f) Deferred Compensation Plan

The School sponsors a 457(f) deferred compensation plan for one employee. Contributions are subject to substantial risk of forfeiture by the employee through June 30, 2023. Until such time, plan assets are subject to the claim of the School's creditors. The employer's contributions are intended to provide additional matching contributions that cannot be made to the participant under the employer's qualified plan because of the application of Code Section 401(a)(17). During the year ended June 30, 2023, the School paid out the entire amount in the 457(f) Plan. The liability due to the plan was $0 and $361,663 of June 30, 2023 and 2022, respectively.

NOTE 10 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

The board of trustees designated net assets without donor restrictions for the following specific purposes as of June 30:

	2023	2022
Designated for Operating and Property Reserves	$ 6,236,482	$ 6,236,482
Designated for Quasi-Endowment (Note 14)	15,549,295	13,490,552
Total Net Assets Without Donor Restrictions – Board-Designated	$ 21,785,777	$ 19,727,034

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Purpose and Time Restrictions

Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the School. These net assets are available for the following specific purposes, or time restrictions have been placed on the use of the funds as noted in the following schedule at June 30:

	2023	2022
Purpose Restriction:		
Support of Program Activities	$ 14,875	$ 32,442
Capital Improvements	1,000,000	1,002,000
Capital Campaign	339,512	287,414
Unappropriated Accumulated Earnings on Endowments	7,817,793	7,229,135
Total Purpose Restricted	9,172,180	8,550,991
Time Restriction:		
Life Insurance Policy	58,380	57,065
Net Assets With Donor Restrictions – Purpose and Time Restricted	$ 9,230,560	$ 8,608,056

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Perpetual in Nature

Net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity, and consist of the following at June 30:

	2023	2022
Endowment:		
Faculty Salaries	$ 496,597	$ 496,597
Scholarships and Financial Aid	5,498,611	5,700,119
Professional Growth and Development	285,835	285,835
General Endowment	1,331,032	1,331,032
Facilities	25,000	25,000
Programs	459,759	219,524
Total Endowment Net Assets Held in Perpetual	8,096,834	8,058,107
Beneficial Interest in Perpetual Trusts (Note 9)	398,910	384,959
Total	$ 8,495,744	$ 8,443,066

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified were as follows at June 30:

	2023	2022
Support of Program Activities	$ 22,817	$ 26,298
Capital Improvement Projects	2,000	428,045
Capital Campaign	303,287	-
Application of Spending Policy to Endowments	428,656	432,045
Total	$ 756,760	$ 886,388

NOTE 12 ENDOWMENTS

The School’s endowments consist of 79 funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of trustees of the School has reviewed the Oregon State Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 determination, the School classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 net assets with donor restrictions until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the School and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the School
- The investment policies of the School

As of June 30, 2023 and 2022, endowment net assets consisted of the following:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Held in Investment			
Perpetual in Nature	$ -	$ 7,398,833	$ 7,398,833
Board Designated	7,822,339	-	7,822,339
Unappropriated Accumulated Earnings	7,455,734	7,817,793	15,273,527
Total Held in Investment	15,278,073	15,216,626	30,494,699
Pledge Receivable	271,222	698,001	969,223
Endowment Net Assets	$ 15,549,295	$ 15,914,627	$ 31,463,922

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

2022	Without Donor Restrictions	With Donor Restrictions	Total
Held in Investment			
Perpetual in Nature	$ -	$ 7,058,107	$ 7,058,107
Board Designated	6,638,138	-	6,638,138
Unappropriated Accumulated Earnings	6,852,414	7,229,135	14,081,549
Total Held in Investment	13,490,552	14,287,242	27,777,794
Pledge Receivable	-	1,000,000	1,000,000
Endowment Net Assets	$ 13,490,552	$ 15,287,242	$ 28,777,794

Changes to endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets June 30, 2021	$ 12,963,455	$ 15,413,315	$ 28,376,770
Endowment Investment Return:			
Interest and Dividends	3,337	3,534	6,871
Realized and Unrealized Gains	(1,072,516)	(1,135,853)	(2,208,369)
Total Endowment Investment Return	(1,069,179)	(1,132,319)	(2,201,498)
Contributions Received	4,231	1,438,291	1,442,522
Transfers and Other Redesignations	2,000,000	-	2,000,000
Appropriation of Endowment for Expenditures	(407,955)	(432,045)	(840,000)
Endowment Net Assets June 30, 2022	13,490,552	15,287,242	28,777,794
Endowment Investment Return:			
Interest and Dividends	26,454	25,816	52,270
Realized and Unrealized Gains	1,016,216	991,498	2,007,714
Total Endowment Investment Return	1,042,670	1,017,314	2,059,984
Contributions Received	455,417	38,727	494,144
Transfers and Other Redesignations	1,000,000	-	1,000,000
Appropriation of Endowment for Expenditures	(439,344)	(428,656)	(868,000)
Endowment Net Assets June 30, 2023	$ 15,549,295	$ 15,914,627	$ 31,463,922

NOTE 12 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions restricted in perpetuity and continued appropriation for certain programs that was deemed prudent by the board of trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were three deficiencies of this nature as of June 30, 2023 and 2022, in the amount of $94,390 and $213,856, respectively.

Return Objectives and Risk Parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for donor-specified periods 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 total return of a weighted average benchmark based on the endowment’s asset allocation while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation, realized and unrealized, and current yield, such as interest and dividends. The School targets a diversified asset allocation that places a greater emphasis on equity based and absolute return investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The School has a history of appropriating for distribution each year between 3.0% and 5.5% of its endowment fund's average fair value over the prior 12 quarters preceding the end of the fiscal year in which the distribution is planned. Multiple criteria are used to determine spending within UPMIFA rules, including the preservation of the endowment fund, economic conditions, and other resources of the institution. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at an average of 3.0% to 4.0% annually after its planned payouts. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 13 RISKS AND UNCERTAINTIES

Economic impacts of the COVID-19 pandemic, including supply chain disruptions, inflation, and labor shortages affected the School's 2022-23 financial results. Economic impacts of the pandemic are expected to be reduced in 2023-24 and subsequent years.