



Dutchess County Local

Dutchess County Local Development Corporation

Application For Financial Assistance

3 Neptune Road
Poughkeepsie, NY 12601
Ph: 845.463.5400 Fx: 845.463.0100
Email: info@thinkdutchess.com
www.dutchesscountylde.com

For Office Use Only
Project #:

Application Received Date:

DCLDC Board and Staff
OFFICERS

Chairman

Timothy E. Dean

Vice Chairman

Mark Doyle

Secretary/Treasurer

Kathleen M. Bauer

Executive Director

Sarah Lee

Chief Financial Officer

Jane Denbaum

**Compliance Officer/
Records Access Officer**

Jane Denbaum

BOARD OF DIRECTORS

Amy Bombardieri
Kathleen M. Bauer
Timothy E. Dean
Mark Doyle
Jamie Piccone
Don Sagliano
Alfred D. Torreggiani

Counsel

Donald Cappillino
Elizabeth Cappillino

COUNTY GOVERNMENT

County Executive

William F.X. O'Neil

Dutchess County Office Building 22 Market
Street, Sixth Floor

Poughkeepsie, NY 12601

Tel.# (845) 486-2000(B) Fax # (845) 486-
2021

Email: countyexec@dutchessNY.gov

This e-mail address is being protected from
spambots.

Dutchess County Legislature

A. Gregg Pulver, Chairman

Dutchess County Office Building 22 Market
Street, Sixth Floor

Poughkeepsie, NY 12601

Tel # (914) 474-0908 (B) Fax # (845)
486-2113

Email: gpulver@dutchessny.gov

MISSION STATEMENT

The mission of the Dutchess County Local Development Corporation is to reduce underemployment and increase employment; provide assistance and financial incentives for the formation, retention, expansion, and attraction of not for profit and for profit business to improve the economic vitality of the County.

Please answer all questions. Use "None" or "Not Applicable" where necessary

A. Applicant Information (company receiving benefit)

Company Name: Trinity-Pawling School Corporation
Address: 700 Route 22, Pawling, NY 12564
Phone: 845-855-3100 Fax: 845-855-4812
Email: gcarey@trinitypawling.org
Website: www.trinitypawling.org
Federal Employer ID Number: 14-1601551

Not for Profit Corporation Trinity-Pawling School Corporation
Date of Establishment: 1907
Place of Organization 700 Route 22 Pawling, NY 12564
If a foreign organization, is the Applicant authorized to do business in the State of New York? _____

B. Individual Completing Application

Name: Glenn C. Carey
Title: Chief Operating Officer
Address: 700 Route 22, Pawling, NY 12564
Phone: 845-855-4813 Fax: 845-855-4812
Email: gcarey@trinitypawling.org

C. Company Contact (if different from individual completing application)

Name: N/A
Title: _____
Address: _____
Phone: _____ Fax: _____
Email: _____

D. Company Counsel:

Name of Attorney: David E. Daniels
Firm Name: Daniels, Porco, and Lucardi LLP
Address: 1 Memorial Ave. Pawling, NY 12564
Phone: 845-855-5900 Fax: _____
Email: DED@DPLLAWYERS.COM

E. Request for Assistance:

Please check which type of assistance you are applying for (select all that apply):

1	Bond Issuance	<input checked="" type="checkbox"/>
2	Straight Lease	<input type="checkbox"/>
	a. Mortgage Tax Exemption	<input type="checkbox"/>

Refunding

F. Please list all Officers and Directors for the Not for Profit Corporation:

See attachment

G. Applicant Business Description: Describe in detail organization's background and mission. Attach additional pages if needed.

Trinity-Paulding School's mission is to provide
an educational experience that makes a
transformational difference in the lives of its
students by enabling them to discover and
pursue their distinctive gifts and talents.
Grades 7 → 12, plus Post Graduate - Day + Boarding

H. Is or was the Company assisted by DC LDC?

Yes

I. Industry

Please check off the Project's Industry Sector:

- Education or Healthcare Services Airport
 Cultural Institutions Charitable Organization
 Non-profit nursing homes Government
 Non-profit assisted living facilities Solid waste / sewage facility
 Other (Please write): _____

North American Industrial
Classifications Number (NAICS) _____

Section II: Project Description & Details

Project Location

Project Address

700 Route 22
Pawling, NY 12564

Property Tax Jurisdiction:

Municipal:
School District:

Village of Pawling
Pawling Central School District

Utilities: Indicate which, if any, utilities are on site

Water Electric
 Gas Sanitary/Storm Water

Does the Applicant or any related entity hold fee title to the Project Site? Yes No
If no, Present legal owner of site: _____

Describe the present use of the proposed Project Site

A 7 through 12 plus Post Graduate
Independent Day and Boarding School

The facility consists of a building/space which will be (check as applicable)

Acquired Constructed Refinanced / Refunding
 Renovated Expanded

In the space below briefly describe the proposed project and its purpose (new build, renovations, equipment purchases). Identify specific uses occurring with the project.

Describe any and all tenants and any/all end users. Attach detailed information if necessary.

This bond in 2013 was a refinance of our 1998 and
2002 DCIDA Variable Rate Demand Civic Facility
Revenue Bonds and in addition, finance the cost of replacing
an athletic field with a synthetic turf field, move an
existing parking area to an adjacent location and
remove 12 old tennis courts and construct 9 new courts.

Describe why the Agency's assistance is necessary and if the applicant is unable to obtain Corporation financial assistance, what will be the impact on the Applicant and Dutchess County and/or municipality? Would the applicant proceed with the project without Corporation assistance? (Attached additional sheets if necessary)

N/A

To the extent the project serves a local market area, is there a recognized and demonstrable need for the products or services the project will provide in the project's market area?

N/A

Is the project compatible with and will significantly assist and enhance all development plans for its area established formally or informally by local, county, state and federal authorities?

N/A

Will this project initially provide substantial employment and/or substantial capital investment and be of a nature which demonstrates a substantial long-term commitment of the beneficiary to the county, which makes it highly likely that the substantial increase in employment, capital investment will continue for a significant period of time?

N/A

Is the project of a speculative nature?

N/A

Have you contacted or been contacted by other Economic Development Agencies? If yes, please identify which agencies and what other assistance or assistance sought and the dollar amount that is anticipated to receive. Yes No

If yes, please list: _____

Zoning of Project Site:

Current
Proposed

Residential 1
N/A

Are any variances needed? If so, please list:

N/A

The approximate acreage of the land to be purchased or leased:

N/A

The approximate square footage of the existing building to be purchased or space to be expanded/renovated is:

N/A

The approximate square footage of the planned *new* construction is:

N/A

Please note that the Corporation cannot provide any financial assistance until the environmental review required under the State Environmental Quality Review Act ("SEQRA") has been completed. Please complete the annexed Short Form Environmental Assessment Form. Based upon the information provided in that form and elsewhere in this application, the Corporation may require further information regarding potential environmental impacts.

If this project is likely to have a significant adverse impact on the environment (a "Type I" action), then the action is probably required to be reviewed by one or more other state or local agencies, such as a local zoning or land use authority. In that event, the Corporation generally will not act as "lead agency," and any action by the Corporation must await completion of the SEQRA review by the other agency. If that is not the case, i.e., if the proposed action is a "Type II" or "unlisted" action under SEQRA, the Corporation may act independently for SEQRA purposes.

Any known environmental contamination or remediation issues? Yes No

If yes, please list: _____

The Corporation will not provide any financial assistance to the Project until the environmental findings required under SEQR have been made.

Facility Relocation or Closure

Will the project result in the removal of a plant or facility of the Applicant from one area of the State of New York to another area of the State of New York:

Yes No

Will the project result in the removal of a plant or facility of another proposed occupant of the Project from one area of the State of New York to another area of the State of New York?

Yes No

Will the Project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes No

If the answer to either of the foregoing questions in this subpart is positive, please explain in detail, on as many separate sheets as necessary, the reasons for the relocation, abandonment or closure, including, without limitation, (i) any considerations regarding the applicant's (or other occupant's) ability to remain competitive in its industry, and (ii) any consideration which has been given to relocating to any location outside the State of New York. Please note that the Corporation may ask you to provide additional information regarding the foregoing, including documentary support

Project Construction

Please indicate the actual or expected dates of: *Refunding of prior construction*

Project Start Date

(including acquisition date or construction start date) _____

Construction completion: _____

Occupancy: _____

Will this project be incorporating new energy efficiency factors in the design and operation of the project? If yes, please elaborate. If no, please explain why it will not.

N/A

Will the company be occupying 100% of the completed facility? Yes No
If no, will there be tenants in the remaining space? Yes No

Investment (Uses and Sources)

Detailed in 2013 application. Attached is a breakdown of how bond proceeds were expended.

Uses (Facility Costs)

Please give an accurate estimate of the costs of all of the following items.

- 1. **Real Estate**
(Acquisition cost of land and /or existing structures) \$ _____
- 2. **New Building Construction** \$ _____
- 3. **New Building Addition** _____
- 4. **Infrastructure Work** \$ _____
- 5. **Reconstruction/Renovation** \$ _____
- 6. **Equipment (Taxable)** (Spending that will be subject to sales tax – i.e. machinery and equipment) \$ _____
- 7. **Other Tax Exempt**
(non-construction spending that will not be subject to sales tax) \$ _____
- 8. **Professional Services**
(Architect, Legal Fees¹, Engineering fees) \$ _____
- 9. **Other Taxable** \$ _____
- 10. **Other (please specify)** \$ _____
- Project Cost \$ _____

Uses (Financing, Legal, Miscellaneous)

	<u>Estimated Fees</u>
LDC Administrative Fees (See page 1)	\$ <u>51,550</u>
LDC Counsel	\$ <u>15,000</u>
Applicant Counsel	\$ <u>15,000</u>
Transaction Counsel	\$ <u>—</u>
Bond Counsel	\$ <u>45,000</u>
Underwriter Counsel	\$ <u>30,000</u>
Trustee Counsel	\$ <u>—</u>
Other Costs of Bond Issue (i.e. printing)	\$ _____
If this is a bond transaction, will you be refunding bonds? And if so state amount here	\$ <u>10,134,408</u>

Corporation costs such as public hearings and legal notice fees are the responsibility of the Applicant from the time an application is submitted.

SOURCES

Amount of equity \$ _____
Amount of other conventional financing \$ _____
Amount financed by bond issue \$ _____

Total Cost..... \$ 10,290,958
Est.

Corporation Financial Information

Please attach the following information:

1. The Corporation's Audited financial statement for the last two years.
2. A copy of the Corporation's most recent Annual Report **N | A**
3. The Corporation's income projections

Project Benefits

Financial Assistance Provided

a. Estimated Mortgage Recording Tax Exemption

$$\begin{array}{rcccl} \$ & & X & .0075 & = & \$ \\ \hline & \text{Projected Amount of Mortgage} & & \text{Mortgage} & & \text{Total} \\ & & & \text{Recording} & & \\ & & & \text{Tax} & & \end{array}$$

Community Benefits – Employment

1. Benefits = Economic Development Impacts (For Project Location Only)

a. Employment should be quantified by "FTE", which shall mean: (a) a full-time, permanent, private-sector employee on the project's payroll, who has worked (or is projected to work) at the project facility for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is (or will be) entitled to receive the usual and customary fringe benefits extended by the Applicant to other employees with comparable rank and duties;

b. or (b) two part-time, permanent, private-sector employees on the Applicant's payroll, who have worked (or are projected to work) at the project facility for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are (or will be) entitled to receive the usual and customary fringe benefits extended by the Applicant to other employees with comparable rank and duties

Job Category	Current number of FTEs	Number of FTEs to be Retained	Estimated Average Annual Payroll	Number of FTEs to be created	Estimated Average Annual Payroll
Owner/Executive	3	3	322,100	0	N/A
Professional	67.4	67.4	65,853	0	N/A
Management	9	9	109,194	0	N/A
Administrative	11.5	11.5	47,259	0	N/A
Other	16.1	16.1	38,221	0	N/A
Total	107	107		0	N/A

Are employees currently covered by a collective bargaining agreement? No
 If yes, Name and Local?

Are employees provided retirement benefits? Yes No

Are employees provided health benefits? Yes No

Will there be construction jobs created with the project? If so, how many? N/A

Items needed for a Bond Closing

The following items shall be furnished to the LDC within thirty (30) days following a bond closing:

- Cost of Issuance
- True Interest Cost
- CUSIP Number
- Interest type or rate
- Trustee bank, address, contact person, and account number
- Schedule of indebtedness
- Any other documentation reasonable requested by the DC LDC

Please sign below to indicate that you have read and understand the above and will provide information on a timely basis.



Chief Executive Officer or Applicant

1/23/2024

Date

J. Bond Information

1. Total Funds Required ~ 10,310,000 Estimated Term Feb 2024 to Oct 2032

Indicate the date by which the proceeds of the Corporation's bonds, if issued will be needed

Date Required Feb. 28, 2024

Certification

Glenn C. Carey deposes and says that he/she is
(Name of Officer of Company submitting application)

the Chief Operating Officer of Trinity-Pawling School
(Title) (Company Name)


The corporation named in the attached application; that he/she has read the forgoing application and knows the contents thereof; that the same is true to his/her knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by

Trinity-Pawling School is because the said Company is a Corporation.
(Company Name)

The grounds of deponent's belief relative to all matters in the said application which are not stated upon his/her own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his/her duties as an officer of and from the books and papers of said corporation.

As an officer of said corporation (hereinafter referred to as the "applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Dutchess County Local Development Corporation (hereinafter referred to as the "Corporation") acting on behalf of the applicant during the attendant negotiations and leading to the issue of bonds. If, for any reason whatsoever, the applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified time to take reasonable, proper, or request action, or withdraws, abandons, cancels, or neglects the application, or if the Corporation or applicant are unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, applicant shall pay to the Corporation, its' agents, or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees of bond counsel for the Corporation and fees of general counsel for the Corporation.* Upon successful conclusion and sale of the required bond issue, the applicant shall pay to the Corporation an administrative fee set by the Corporation.


(Chief Officer of Company submitting)

Glenn C. Carey
Print Name

COO
Title

1/23/2024
Date

NOTARY: Sworn to me before this 23 day of January, 2024
*Applicant is responsible for payment of any State Bond Issuance Fees.


Notary Public (Please Affix Stamp)

CATHERINE GIORDANO
Notary Public, State of New York
NO. 01GI6123038
Qualified in Dutchess County
Commission Expires 02/28/2025

**New York State
Applicant Requirements
For Local Development Corporations**

1. Absence of Conflicts of Interest

The Applicant has received from the Corporation a list of the members, officers and employees of the Corporation. No member, officers or employees of the Corporation has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

2. Job Listing

In accordance with Section 858-b(2) of the New York General Municipal Law, Applicant understands and agrees that, if the Project receives any Financial Assistance from the Corporation, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed within the New York State Department of Labor Community Services Division (the DOL) and with the One-Stop Center of the service delivery area created by the federal Workforce Investment Act (WIA) in which the Project is located.

3. First Consideration for Employment

In accordance with Section 858-b (2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Corporation except as otherwise provided by collective bargaining agreements, Where applicable, the Applicant will first consider persons eligible to participate in WIA programs who shall be referred by the One-Stop Center for new employment opportunities created as a result of the Project.

4. Annual Employment Reports

The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Corporation, the Applicant agrees to file, or cause to be filed, with the Corporation, on an annual basis, reports regarding the number of people employed at the project site, salary levels and such other information as part of the Corporation's Employment Report.

5. Local Workforce Policy

Projects requesting a mortgage tax exemption and will entail new construction over \$10 million will be subject to the Corporation's Local Workforce Policy. Details of the policy can be found on the Corporation's website at [LDC-Local-Workforce-Utilization-Policy.pdf](#)

6. Fees

This obligation includes an obligation to submit Corporation Fee Payment to the Corporation in accordance with the Corporation Fee policy effective as of the date of this Application.

7. Freedom of Information Law (FOIL)

The Applicant acknowledges that the Corporation is subject to New York State's Freedom of Information Law (FOIL). Applicants understand that all project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.

New York State Law requires financial reporting requirements from all LDC's in New York State

8. Bonds

a. All bonds issued, outstanding or retired during the year must indicate the following:

Month and year issued; Interest rate at year end; outstanding beginning of year; issued during year; principal payments during year; outstanding at end of year; and final maturity date. This information will be requested from you in January of each year.


b. All new bonds issued need the following supplemental information:

Name of the project; tax exemptions separated by State and local sales tax, County and school taxes; Mortgages recording; Payments in lieu of taxes; New tax revenue if no exemption is granted; number of jobs created and other economic benefits. This information is required each year and will be requested from you in September of each year.

The Public Authority Accountability Act of 2005 and the Public Authorities Reform Act of 2009, if determined applicable, impose additional reporting requirements on the DCLDC. The applicant agrees to promptly, diligently and accurately provide all information required by the DCLDC to meet its obligations under these laws.

Please sign below to indicate that you have read and understand the financial and employment reporting requirements and will provide information on a timely basis.

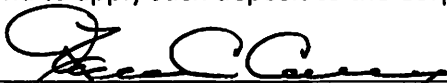
The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Corporation will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

Signature	<u></u>
Print Name	<u>Glenn C. Carey</u>
Title	<u>COO</u>
Date	<u>1/23/2024</u>

HOLD HARMLESS AGREEMENT

Applicant hereby releases the Dutchess County Local Development Corporation and its members, officers, servants, agents and employees thereof (the "Corporation") from, agrees that the Corporation shall not be liable for and agrees to indemnify, defend and hold the Corporation harmless from and against any and all liability arising from or expense incurred by (A) the Corporation's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Corporation, (B) the Corporation's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Corporation with respect to the Project; including and without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Corporation or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Corporation, its agents or assigns, all costs incurred by the Corporation in the processing of the Application, including attorneys' fees, if any. The Corporation reserves the right at any time, as a condition to further consideration of this application, to require reimbursement of any such costs incurred, or to require a deposit against such costs and to apply such deposit to the Corporation's costs as incurred.

Signature
Print Name
Title
Date



Glenn C. Carey

COO

1 | 23 | 2024

Short-Form Environmental Assessment Form

All applicants are required to submit a completed Environmental Assessment Form before approval can be given

Applicants can download a copy of the Short EAF on the Dutchess County Local Development Corporation page <https://thinkdutchess.com/ldc/>

Please complete by answering all questions and submit evidence of any prior environmental review by other government agencies. After review by DCLDC, Applicant may be required to submit a full Environmental Assessment Form.

Short Environmental Assessment Form

Part 1 - Project Information

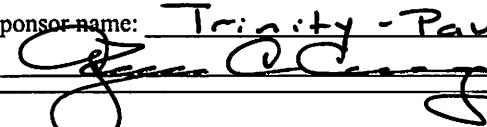
Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Name of Action or Project: Trinity-Pawling School - 2024 Bond Refunding			
Project Location (describe, and attach a location map): Not applicable - proposed action is the refunding of existing debt.			
Brief Description of Proposed Action: Trinity-Pawling School is seeking tax exempt financing for the refunding of series 2013 tax exempt revenue bonds previously issued by the DCLDC.			
Name of Applicant or Sponsor: Trinity-Pawling School - Attn: Glenn Carey		Telephone: 845-855-4813	
		E-Mail: gcarey@trinitypawling.org	
Address: 700 Route 22			
City/PO: Pawling		State: NY	Zip Code: 12564
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO <input checked="" type="checkbox"/>
			YES <input type="checkbox"/>
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			NO <input checked="" type="checkbox"/>
			YES <input type="checkbox"/>
3.a. Total acreage of the site of the proposed action?		N/A _____ acres	
b. Total acreage to be physically disturbed?		N/A _____ acres	
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		N/A _____ acres	
4. Check all land uses that occur on, adjoining and near the proposed action.			
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban)			
<input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): <u>Not Applicable</u>			
<input type="checkbox"/> Parkland			

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO	YES	N/A
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	NO	YES	N/A
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: <u>Not applicable - action is the refunding of outstanding debt.</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: <u>Not applicable - action is the refunding of outstanding debt.</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____ <u>Not applicable - action is the refunding of outstanding debt.</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____ <u>Not applicable - action is the refunding of outstanding debt.</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area? <u>N/A</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____ <u>Not applicable - action is the refunding of outstanding debt.</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <u>N/A</u>			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered? <u>N/A</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain? <u>N/A</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? <u>N/A</u> If Yes, a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: <input type="checkbox"/> NO <input type="checkbox"/> YES <u>Not applicable</u>	NO	YES	
	<input type="checkbox"/>	<input type="checkbox"/>	

<p>18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____ _____ _____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>
<p>19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____ _____ _____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>
<p>20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____ _____ _____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>
<p>I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE</p> <p>Applicant/sponsor name: <u>Trinity - Pawling School</u> Date: <u>1/26/2024</u></p> <p>Signature: <u></u></p>		

Project:

Date:

**Short Environmental Assessment Form
Part 2 - Impact Assessment**

Part 2 is to be completed by the Lead Agency.

Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:	<input type="checkbox"/>	<input type="checkbox"/>
a. public / private water supplies?	<input type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input type="checkbox"/>	<input type="checkbox"/>
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input type="checkbox"/>	<input type="checkbox"/>

Project:

Date:

Short Environmental Assessment Form
Part 3 Determination of Significance

For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

- Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
- Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.

Name of Lead Agency

Date

Print or Type Name of Responsible Officer in Lead Agency

Title of Responsible Officer

Signature of Responsible Officer in Lead Agency

Signature of Preparer (if different from Responsible Officer)

PRINT FORM

2002 Bond Issue Projects (\$17.2 million issue)

	Total Cost	Bond Monies	Gifts toward project	School Monies	Useful Life	In Service Date
Arts Center	\$ 10,818,644.00	\$ 10,000,000.00	\$ 100,395.00	\$ 718,249.00	40	Jul-04
Dann Classroom Building Addition	\$ 4,785,765.00	\$ 4,774,505.66	\$ 11,259.26	\$ 0.08	40	Jul-04
2 New Faculty Homes	\$ 807,608.00	\$ 435,000.00	\$ -	\$ 372,608.00	40	Jul-04
Shaw House Renovation	\$ 824,028.00	\$ 271,909.29	\$ 105,775.10	\$ 446,343.61	30	Oct-05
Track & Fields	\$ 1,161,507.00	\$ 552,188.00	\$ 340,742.13	\$ 268,576.87	20	Apr-05
Dann Classroom Building Renovation	\$ 1,204,159.00	\$ 549,577.34	\$ 144,490.74	\$ 510,090.92	30	May-05
TOTAL	\$ 19,601,711.00	\$ 16,583,180.29	\$ 702,662.23	\$ 2,315,868.48		\$ 19,601,711.00
Closing Costs		\$ 616,819.71				
Grand Total		\$ 17,200,000.00				

1998 Bond Issue Projects (\$5.8 million issue)

	Total Cost	Bond Monies	Gifts toward project	School Monies	Useful Life	In Service Date
Cluett	\$ 8,771,866.00	\$ 4,935,126.20	\$ 3,836,739.80		40	Dec-95
Starr Addition	\$ 984,885.00	\$ 651,000.00		\$ 333,885.00	40	Sep-89
TOTAL	\$ 9,756,751.00	\$ 5,586,126.20	\$ 3,836,739.80	\$ 333,885.00		\$ 9,756,751.00
Closing Costs		\$ 213,873.80				
Grand Total		\$ 5,800,000.00				

2013 Bond Issue Projects (\$3 million)

	Total Cost	Bond Monies	Gifts toward project	School Monies	Useful Life	In Service Date
Tennis Courts	\$ 1,042,078.79	\$ 642,078.79	\$ 400,000.00		20	Sep-13
Turf Field & Parking	\$ 2,483,484.56	\$ 2,289,221.21		\$ 194,263.35	20	Sep-13
TOTAL	\$ 3,525,563.35	\$ 2,931,300.00	\$ 400,000.00	\$ 194,263.35		\$ 3,525,563.35
Estimated Closing Costs		\$ 258,700				
Grand Total		\$ 3,190,000.00				

Trustees 2023 - 024
Mr. Thomas F. Ahrensfield, Jr. '73
Mrs. Elizabeth P. Allen GP'27
Mr. Christopher M. Ambrose '80
Mrs. Dianne P. Avlon '96
Mr. Richard H. Bauer '70
Mr. James L. Bellis, Jr. '72
Mrs. Polly Shih Brandmeyer P'25
Mr. Michael V. Cerny P'17
Mr. W. David Coughlin '56
Mr. W. Wallace Danforth '82
Mr. Henry B. duPont IV '86
Mr. Douglas E. Ebert '64
Mr. Auric K. Enchill '14
Mr. Morton L. Fearey II '84
Mr. John B. Ferrarone '98
Mr. Samuel S. Hemingway '70
Mrs. Janet M. Keating P'99
Mr. Michael A. Kovner '58
Mr. Peter J. McCabe '68
Mr. J.L. Osei Mevs '94
Mrs. Maureen Ford Miller P'12, '15
Mr. Erik K. Olstein '86
Mr. Daniel V. Parker '07
Mr. G Christian Roux, Esq. '73
Mr. David M. Sample '67
Mr. Ryan J. Schell '92
Mr. Charles E. Stewart III
Mr. George T. Stewart
Mr. William W. Taylor

**FINANCIAL
PROJECTIONS THROUGH 2029-30**

	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26	BUDGET 2026-27	BUDGET 2027-28	BUDGET 2028-29	BUDGET 2029-30
<u>TUITION AND FEES:</u>							
Tuition: Upper School	16,188,500	17,399,800	18,710,877	20,162,935	20,928,454	21,721,757	22,458,617
Middle School	1,300,000	1,210,500	1,319,945	1,359,543	1,400,330	1,442,340	1,485,610
Less: Grants: Upper School	(5,017,250)	(5,017,250)	(5,167,768)	(5,322,801)	(5,482,485)	(5,646,959)	(5,816,368)
Middle School	(206,000)	(206,000)	(212,180)	(218,545)	(225,102)	(231,855)	(238,810)
Technology Fees	119,250	128,500	146,350	152,650	170,350	171,550	187,250
Tuition Remission	(385,000)	(364,000)	(385,840)	(408,990)	(433,530)	(459,542)	(487,114)
Other Financial Aid	(5,000)	(5,000)	(5,100)	(5,202)	(5,306)	(5,412)	(5,520)
Application Fees	24,500	24,500	24,990	25,490	26,000	26,520	27,050
LEAD Program	396,000	418,500	431,055	443,987	457,306	471,025	485,156
International Fee	196,000	196,000	200,900	205,923	211,071	216,347	221,756
<u>TOTAL TUITION & FEES</u>	12,611,000	13,785,550	15,063,230	16,394,989	17,047,088	17,705,772	18,317,626
<u>OTHER REVENUES:</u>							
Endowment Income	2,578,000	2,620,000	2,757,550	2,902,321	3,054,693	3,215,065	3,383,856
Snack Bar & Vending	3,000	3,000	3,150	3,308	3,473	3,647	3,829
School Store	97,500	97,500	99,450	101,439	103,468	105,537	107,648
Book Sales	3,000	3,000	3,060	3,121	3,184	3,247	3,312
Infirmery Income	7,000	7,000	7,140	7,283	7,428	7,577	7,729
Facilities Use: Summer Camps	0	0	0	0	0	0	0
Other Camps	0	0	0	0	0	0	0
Ice Rink Rental	140,000	160,000	168,000	176,400	185,220	194,481	198,371
Investment Income: Carleton	160,000	160,000	166,400	173,056	179,978	187,177	194,664
Operating	60,000	60,000	60,600	61,206	61,818	62,436	63,061
Other Income	30,000	30,000	30,600	31,212	31,836	32,473	33,122
<u>TOTAL OTHER REVENUES</u>	3,078,500	3,140,500	3,295,950	3,459,346	3,631,099	3,811,640	3,995,591
<u>TOTAL REVENUES</u>	15,689,500	16,926,050	18,359,180	19,854,335	20,678,186	21,517,412	22,313,217

**FINANCIAL
PROJECTIONS THROUGH 2029-30**

		BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26	BUDGET 2026-27	BUDGET 2027-28	BUDGET 2028-29	BUDGET 2029-30
TUITION - Boarders:	Number	196	204	213	223	225	227	228
	Amount	71,000	73,500	75,705	77,976	80,315	82,725	85,207
Day:	Number	45	46	48	50	50	50	50
	Amount	50,500	52,300	53,869	55,485	57,150	58,864	60,630
Middle School:	Number	14	14	16	16	16	16	16
	Amount	34,250	35,500	36,565	37,662	38,792	39,956	41,154
Middle School Boarder:	Number	9	8	8	8	8	8	8
	Amount	71,000	73,500	75,705	77,976	80,315	82,725	85,207
Middle School Boarder (5 day):	Number	3	2	2	2	2	2	2
	Amount	60,500	62,750	64,633	66,571	68,569	70,626	72,744
LEAD or EMP - 1st Year	:Number	20	20	20	20	20	20	20
	Amount	10,000	10,200	10,506	10,821	11,146	11,480	11,825
LEAD or EMP 2nd Year	:Number	16	16	15	15	15	15	15
	Amount	7,000	7,150	7,365	7,585	7,813	8,047	8,289
ESP	:Number	12	14	15	15	15	15	15
	Amount	7,000	7,150	7,365	7,585	7,813	8,047	8,289

**FINANCIAL
PROJECTIONS THROUGH 2029-30**

	BUDGET 2023-24	BUDGET 2024-25	BUDGET 2025-26	BUDGET 2026-27	BUDGET 2027-28	BUDGET 2028-29	BUDGET 2029-30
<u>OPERATING EXPENSES:</u>							
Instruction	3,312,605	3,408,805	3,508,748	3,611,643	3,717,578	3,826,642	3,938,929
Athletics	150,900	150,900	155,063	159,346	163,753	168,286	172,951
Student Services	2,068,580	2,144,580	2,214,148	2,286,050	2,360,365	2,437,176	2,516,567
Operations & Maintenance	2,909,025	2,943,423	3,037,303	3,134,338	3,234,641	3,338,328	3,445,522
Advancement/Campaign	1,047,550	1,043,900	1,074,662	1,106,334	1,138,944	1,172,518	1,207,087
Administration	3,599,500	3,708,200	3,816,389	3,927,753	4,042,388	4,160,389	4,281,856
Institutional	4,145,413	4,306,048	4,491,391	4,689,213	4,898,187	5,119,030	5,352,507
Restricted Expenditures	100,000	100,000	100,000	110,000	115,000	120,000	125,000
General Contingency	0	0	0	0	0	0	0
<u>TOTAL OPERATING EXPENSES</u>	17,333,573	17,805,856	18,397,703	19,024,678	19,670,856	20,342,370	21,040,418
<u>EXCESS OF OPERATING REVENUES OVER OPERATING EXPENSES</u>	(1,644,073)	(879,806)	(38,524)	829,657	1,007,331	1,175,042	1,272,799
<u>OTHER ADDITIONS/(DEDUCTIONS):</u>							
Annual Fund Expendable	853,056	900,000	954,000	1,011,240	1,071,914	1,136,229	1,204,403
Restricted Gifts Expendable	220,000	200,000	200,000	212,000	225,000	238,500	252,800
Less Capital Improvements	(350,000)	(350,000)	(450,000)	(500,000)	(750,000)	(850,000)	(1,000,000)
Debt Service-Bond Interest & Principal	(1,740,900)	(1,664,927)	(1,610,000)	(1,560,000)	(1,510,000)	(1,470,000)	(1,470,000)
Debt Service-Bond Expenses	(5,800)	0	0	0	0	0	0
Transfers to/from Other Funds	2,667,717	1,794,733	944,524	7,103	(44,245)	(229,771)	(260,002)
<u>TOTAL ADDITIONS/(DEDUCTIONS)</u>	1,644,073	879,806	38,524	(829,657)	(1,007,331)	(1,175,042)	(1,272,799)
<u>OPERATING SURPLUS/(DEFICIT)</u>	0	0	0	(0)	0	0	(0)

**TRINITY-PAWLING SCHOOL
CORPORATION**

**AUDITED FINANCIAL STATEMENTS
AND
OTHER INFORMATION**

Years Ended June 30, 2023 and 2022

TRINITY-PAWLING SCHOOL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Trinity-Pawling School Corporation

Opinion

We have audited the accompanying financial statements of Trinity-Pawling School Corporation (the "School"), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

New York, New York
October 10, 2023

FINANCIAL STATEMENTS

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF FINANCIAL POSITION

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 8,141,885	\$ 8,929,460
Investments	47,328,037	48,768,063
Pledges receivable, net	612,680	154,994
Prepaid and other assets	2,283,623	82,799
Cash surrender value of life insurance	1,020,355	1,316,269
Property and equipment, net	44,028,133	43,799,152
Beneficial interest in perpetual trust	3,437,000	3,263,000
Total assets	<u>\$ 106,851,713</u>	<u>\$ 106,313,737</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued salaries, fringe benefits, and other liabilities	\$ 1,859,777	\$ 1,566,279
Interest rate swap liability	57,545	290,174
Student deposits and deferred revenues	3,810,267	3,370,348
Finance lease obligation	-	15,818
Long-term debt	10,680,886	11,628,391
Total liabilities	<u>16,408,475</u>	<u>16,871,010</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	53,796,754	54,523,693
With donor restrictions	36,646,484	34,919,034
Total net assets	<u>90,443,238</u>	<u>89,442,727</u>
Total liabilities and net assets	<u>\$ 106,851,713</u>	<u>\$ 106,313,737</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Net tuition and fees	\$ 8,428,295	\$ 8,554,492
Gifts and grants	1,966,787	1,392,091
Auxiliary enterprises	3,436,224	3,081,822
Investment return (loss)	2,237,545	(2,050,363)
Other	1,479,399	1,858,390
	<u>17,548,250</u>	<u>12,836,432</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	2,706,450	2,151,821
Total support and revenue	<u>20,254,700</u>	<u>14,988,253</u>
EXPENSES		
Program service	14,776,354	12,383,701
Management and general	5,229,813	4,627,447
Fund raising	973,361	799,102
Loss on disposal of fixed assets	4,181	14,064
Total expenses	<u>20,983,709</u>	<u>17,824,314</u>
Decrease in net assets before pension and post-retirement benefit cost related changes other than net periodic cost	<u>(729,009)</u>	<u>(2,836,061)</u>
Pension and post-retirement benefit related changes other than net periodic benefit cost	<u>2,069</u>	<u>178,322</u>
Change in net assets without donor restriction	<u>(726,940)</u>	<u>(2,657,739)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts and grants	2,192,302	2,304,257
Investment return (loss)	2,241,600	(3,292,619)
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>(2,706,451)</u>	<u>(2,151,821)</u>
Change in net assets with donor restrictions	<u>1,727,451</u>	<u>(3,140,183)</u>
Change in net assets	<u>1,000,511</u>	<u>(5,797,922)</u>
NET ASSETS, BEGINNING OF THE YEAR	<u>89,442,727</u>	<u>95,240,649</u>
NET ASSETS, ENDING OF THE YEAR	<u>\$ 90,443,238</u>	<u>\$ 89,442,727</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023				2022			
	Program Service Expenses	Management and General Expenses	Fundraising Expenses	Total	Program Service Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries and employee benefits	\$ 5,968,046	\$ 3,614,731	\$ 734,623	\$ 10,317,400	\$ 5,315,786	\$ 3,415,221	\$ 625,509	\$ 9,356,516
Professional fees	1,954,933	758,967	-	2,713,900	1,687,979	433,106	-	2,121,085
Advertising and promotion	-	52,260	-	52,260	-	55,965	-	55,965
Office expense	500,154	40,472	143,000	683,626	509,642	72,134	109,042	690,818
Occupancy	1,231,147	88,366	9,536	1,329,049	1,024,350	62,278	6,920	1,093,548
Travel	37,898	140,034	27,119	205,051	39,094	96,234	2,627	137,955
Conferences	47,449	96,237	17,213	160,899	5,804	63,275	12,184	81,263
Interest	632,717	63,272	7,030	703,019	502,983	50,298	5,589	558,870
Depreciation and amortization	2,222,791	222,279	24,698	2,469,768	2,138,827	213,883	23,765	2,376,475
Insurance	387,615	38,761	4,307	430,683	365,874	36,587	4,065	406,526
Miscellaneous	1,455,519	56,821	3,731	1,516,071	400,724	39,989	8,305	449,018
Investment management	173,288	-	-	173,288	202,977	-	-	202,977
Subscriptions and publications	74,831	7,798	2,104	84,733	67,270	10,672	1,096	79,038
Bad debt	-	45,000	-	45,000	-	75,000	-	75,000
Other	89,966	4,815	-	94,781	122,391	2,805	-	125,196
Total functional expenses	\$ 14,776,354	\$ 5,229,813	\$ 973,361	\$ 20,979,528	\$ 11,715,573	\$ 4,749,347	\$ 740,847	\$ 17,205,767

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,000,511	\$ (5,797,922)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Uncollectible receivables provision	84,546	(459,692)
Depreciation and amortization	2,469,768	2,376,474
Amortization of bond issue costs	51,150	51,150
Unrealized (gain) loss on investments	(994,518)	9,621,009
Loss on disposal of assets	4,181	14,064
Donated investments	711,953	2,012,658
Gain from extinguishment of debt	-	(1,652,000)
Changes in:		
Pledges receivable	(560,553)	1,342,407
Prepaid and other assets	(1,820,401)	281,718
Cash surrender value of life insurance	(66,186)	(9,396)
Accrued salaries, fringe benefits, and other liabilities	293,498	(228,247)
Interest rate swap liability	(232,629)	(13,699)
Student deposits and deferred revenues	439,919	(152,576)
Net cash provided by operating activities	<u>1,381,240</u>	<u>7,385,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,702,937)	(1,546,911)
Purchase of investments	(591,434)	(2,379,184)
Proceeds from sale of investments	2,140,028	(816,514)
Net cash used in investing activities	<u>(1,154,343)</u>	<u>(4,742,609)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(998,654)	(958,128)
Finance lease payments	(15,818)	(14,772)
Net cash used in financing activities	<u>(1,014,472)</u>	<u>(972,900)</u>
NET (DECREASE) INCREASE IN CASH	(787,575)	1,670,439
CASH AND CASH EQUIVALENTS, Beginning	8,929,460	7,259,021
CASH AND CASH EQUIVALENTS, Ending	\$ <u>8,141,885</u>	\$ <u>8,929,460</u>
SUPPLEMENTAL DISCLOSURES		
Cash payments for interest	<u>\$ 638,133</u>	<u>\$ 493,984</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Trinity-Pawling School Corporation (the “School”) is a not-for-profit educational organization incorporated under the laws of the State of New York. The School, located in Pawling, New York, operates an independent boarding and day college preparatory school for boys. Tuition represents the School's primary source of revenues. The School is accredited through the New York State Association of Independent Schools and is chartered by the New York State Board of Regents.

Basis of Presentation

The financial statements of the School have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America (U.S.GAAP). Under this method of accounting, revenue is recognized when earned and when the amounts and timing of the revenue can be reasonably estimated. Expenses are recognized when they are incurred. The financial statements are presented in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities (“ASC 958”). Under the provisions of ASC 958, net assets and revenues, and 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 as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The School classifies all highly liquid investments with a maturity of three months or less as cash equivalents. Cash and cash equivalents are maintained in Federal Deposit Insurance Corporation (“FDIC”) insured accounts at credit qualified financial institutions.

Pledges Receivable and Allowances

Unconditional promises to give that are expected to be collected within one year are recorded at their face value which approximates net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the applicable discount rate, adjusted for donor risk where necessary, applicable to the year in which the promise was received and the duration of the commitment. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

TRINITY-PAWLING SCHOOL CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed by use of the straight-line method over the estimated useful lives of the related assets that are placed in service. The cost of property and equipment purchased in excess of \$3,000 is capitalized.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

Other investments, consisting principally of a limited partnership interest in an investment partnership which trades securities, convertible debt, options and futures contracts for its own account, and engages in other trading activities primarily related to deal arbitrage, are also carried at estimated fair value. The limited partnership allows for additional capital contributions upon the approval of the managing partner. At any time 60 days after the end of each calendar year, the limited partner is entitled to withdraw the net profits credited to his account for that year. In addition, a cumulative priority distribution of up to 12% of partner capital is paid on a monthly basis, when earned. A partner may terminate his interest in the partnership on any December 31 by giving 185 days prior written notice. However, the managing partner may allow any withdrawal upon demand. The fair value of this investment has been determined based on audited information provided by the limited partnership.

The School pools its investments for portfolio management purposes. Each fund within the pool is assigned a number of units based upon total valuation. Investment income is allocated based upon the number of units assigned.

The Board has a total return policy whereby a fixed percentage (currently 5%) of the endowment corpus investment returns is distributed for the intended endowment purpose. Any excess return is retained in the endowment funds earnings net of spending within net assets with donor restrictions.

Derivative financial instruments, consisting of interest rate swaps, are reported on the statements of financial position at fair value. Changes in the fair value of these instruments are recognized as changes in net assets (investment return).

Revenue Recognition

The School recognizes revenue from exchange transactions, including tuition and auxiliary services revenue as it is earned based on the comprehensive revenue recognition model. Tuition and fees revenue and auxiliary service revenue is earned over the academic year as services are provided. Deferred income and other deferred amounts consist of deferred tuition and other unearned revenue items. Deferred tuition represents payments received during the year ended June 30, 2023 for the Fall 2023 through Spring 2024 school year. Amounts will be recognized as tuition revenues over the school year pro rata when earned based on performance obligations.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“ASC 606”), tuition and fees were reported net on the statements of activities. For the years ended June 30, 2023 and 2022, the School recognized \$13,613,810 and \$13,911,922 in gross student tuition and fees, respectively. For the years ended June 30, 2023 and 2022, the School awarded \$5,185,515 and \$5,357,430 in total aid, respectively.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets are limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are also reported as increases or decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulation. When a stipulated time restriction expires or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Bond Issue Costs, net

Bond issue costs, net represent the unamortized balance of financial institution fees and professional fees that were incurred to obtain long-term industrial development agency financing. These costs are amortized on a straight-line basis over the life of the related bond issues and are presented in the statements of net position as a direct deduction from the debt liability. The amortization expense was \$51,150 for the years ended June 30, 2023 and 2022, and has been included in interest expense in the statements of activities.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Deferred Revenue

Deferred revenue results from the School recognizing tuition revenue in the period in which the related educational instruction is performed. Accordingly, tuition fees received for the next school term are deferred until the instruction commences.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The School is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is, however, required to file an information or tax return (Federal Form 990 and a 990T when appropriate). The School has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10, "Income Taxes." None of the School's returns are currently under examination.

Asset Impairment

The School evaluates its long-lived assets for impairment whenever events or changes in circumstances would indicate that the carrying value of assets may not be recoverable. Long-lived assets would be deemed to be impaired if the forecast of undiscounted future net cash flows is less than the carrying value of the assets. There were no impairment losses recognized in 2023 and 2022.

Beneficial Interest in a Perpetual Trust

The School records in net assets with donor restrictions its beneficial interest in a perpetual trust at the present value of the estimated future distributions from the trust's assets which approximates the fair value of the assets in the trust.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. They also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

Leases

In February 2016, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2016-02 "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclosure key information about leasing arrangements. The School adopted the new standard effective July 1, 2022. The adoption of this standard did not have a material effect on the School's financial statements as the School does not have any significant long term leases as of the adoption date. The new standard provides a number of optional practical expedients at transition. The School elected certain practical expedients that must be elected as a package, which permit the School to not reassess, under the new standard, prior conclusions about (1) lease identification, (2) lease classification, and (3) initial direct costs. The School has also elected to account for lease and non-lease components as a single component for all leases and elected to utilize a risk-free rate for all leases when calculating the lease liability.

TRINITY-PAWLING SCHOOL CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the School has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The School's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges, relating to the right-of-use asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on a straight-line basis over the lease term.

Variable lease expenses include payments based upon changes in a rate or index, such as real estate taxes, common area maintenance, insurance, and utilities are expensed as incurred. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Finance leases are included in property and equipment and finance lease obligation on the statements of financial position. Finance leases are recorded as an asset and an obligation at an amount equal to the present value of the minimum lease payments during the lease term. Amortization and interest expense associated with finance leases are included in depreciation expense and interest expense, respectfully, on the statements of activities.

Subsequent Events

Subsequent events have been evaluated through October 10, 2023 the date the financial statements were available for issuance.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 — PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the School and are measured at the present value of estimated future cash flows using a discount rate ranging from 3 percent to 6 percent. Collection of receivables is expected as follows:

	June 30,	
	2023	2022
Due within one year	\$ 377,382	\$ 454,094
Due within one to five years	898,095	216,000
	1,275,477	670,094
Less allowance for doubtful accounts	(600,612)	(497,743)
Future value	674,865	172,351
Less discount to present value	(62,185)	(17,357)
	<u>\$ 612,680</u>	<u>\$ 154,994</u>

NOTE 3 — INVESTMENTS AND DERIVATIVE INSTRUMENTS

Investments

Investments are comprised of the following:

	June 30,			
	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 28,478,381	\$ 36,803,794	\$ 29,041,233	\$ 34,390,662
Limited partnership	10,284,539	10,524,243	10,284,539	14,377,401
	<u>\$ 38,762,920</u>	<u>\$ 47,328,037</u>	<u>\$ 39,325,772</u>	<u>\$ 48,768,063</u>

Derivative Instruments

In November 2013, the School entered into a swap agreement with the purpose to effectively fix the interest rate on a piece of variable rate debt and reduce certain exposures to interest rate fluctuations. However, this transaction had not been designated as a hedge and gains and losses on settlements were included in investment return on the statements of activities. The School was required to pledge all unrestricted revenues to collateralize its respective obligations. The initial notional amount of this swap is \$18,830,000 and the expiration date is October 1, 2032. Under the agreement, the School pays the counterparty interest at a fixed rate of 4.071% and receives a variable interest payment at a floating rate of USD-SIFMA Municipal Swap Index. The fair market value of this swap agreement was (\$57,545) and (\$290,174) at June 30, 2023 and 2022, respectively.

Corresponding changes in the fair value of swap agreements are recorded in investment returns in the statements of activities.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 — INVESTMENTS AND DERIVATIVE INSTRUMENTS (Continued)

Investment Return

Investment return is comprised of the following:

	June 30,	
	2023	2022
Without donor restrictions		
Interest and dividends	\$ 1,385,205	\$ 1,628,116
Interest and dividends - perpetual trust	198,800	194,664
Net unrealized gain (loss)	420,682	(3,878,080)
Net realized gain (loss)	229	(8,762)
Net unrealized gain on interest rate swap	232,629	13,699
	<u>\$ 2,237,545</u>	<u>\$ (2,050,363)</u>
With donor restrictions		
Interest and dividends	\$ 1,746,362	\$ 2,216,899
Net unrealized gain (loss)	321,238	(4,973,689)
Net unrealized gain (loss) - perpetual trust	174,000	(535,829)
	<u>\$ 2,241,600</u>	<u>\$ (3,292,619)</u>

NOTE 4 — FAIR VALUE MEASUREMENTS

The School follows guidance for *Fair Value Measurements*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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.

Cash equivalents: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income and fixed income type investments: Fixed income investments are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the School at year end.

Equity and equity type investments: Common stocks, corporate bonds and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded. Certain equity type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the School at year end. Other equity type investments are valued at the net book value as an approximation of fair value.

Limited Partnerships – Certain limited partnership investments are recorded at fair value. The School uses the net assets value ("NAV") to determine the fair value of certain investments included in Level 2 which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. The School has adopted the authoritative guidance under generally accepted accounting principles for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with specialized accounting guidance for investment companies. Accordingly, in circumstances in which net asset value per share of an investment is determinative of fair value, the School estimates the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the School assets and liabilities by fair value hierarchy and investment type:

	Assets at Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds	\$ 36,803,794	\$ -	\$ -	\$ 36,803,794
Limited partnerships	-	10,524,243	-	10,524,243
	<u>\$ 36,803,794</u>	<u>\$ 10,524,243</u>	<u>\$ -</u>	<u>\$ 47,328,037</u>

	Assets at Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Perpetual Trust				
Cash equivalents	\$ 32,916	\$ -	\$ -	\$ 32,916
U.S. government securities	90,979	-	-	90,979
Corporate bonds	1,331,428	-	-	1,331,428
Common stock	1,341,553	-	-	1,341,553
Mutual funds	640,124	-	-	640,124
	<u>\$ 3,437,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,437,000</u>

	Liabilities at Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Derivatives				
Derivatives	\$ -	\$ 57,545	\$ -	\$ 57,545
	<u>\$ -</u>	<u>\$ 57,545</u>	<u>\$ -</u>	<u>\$ 57,545</u>

	Assets at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds	\$ 34,390,662	\$ -	\$ -	\$ 34,390,662
Limited partnerships	-	14,377,401	-	14,377,401
	<u>\$ 34,390,662</u>	<u>\$ 14,377,401</u>	<u>\$ -</u>	<u>\$ 48,768,063</u>

	Assets at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Perpetual Trust				
Cash equivalents	\$ 33,867	\$ -	\$ -	\$ 33,867
U.S. government securities	53,015	-	-	53,015
Corporate bonds	1,256,750	-	-	1,256,750
Common stock	1,388,826	-	-	1,388,826
Mutual funds	530,542	-	-	530,542
	<u>\$ 3,263,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,263,000</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

	Liabilities at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Derivatives				
Derivatives	\$ -	\$ 290,174	\$ -	\$ 290,174
	\$ -	\$ 290,174	\$ -	\$ 290,174

The nature and risk of certain investments by major category at June 30, 2023 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions	Expected Liquidation Term
Derivatives	\$ 57,545	\$ -	60 days after year end with 30 days after calendar year end written notice	Not applicable

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2023	2022
Building and building improvements	\$ 78,392,316	\$ 77,556,243
Land and land improvements	9,279,182	7,192,433
Equipment	6,263,713	5,982,193
Construction in progress	1,124,960	1,813,129
Computer equipment	1,429,104	1,536,056
Library books	104,308	104,308
	96,593,583	94,184,362
Accumulated depreciation	52,565,450	50,385,210
	\$ 44,028,133	\$ 43,799,152

Depreciation expense amounted to \$2,469,768 and \$2,376,475 for the years ended June 30, 2023 and 2022, respectively.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 — LONG-TERM DEBT

On December 1, 2013 the School entered into a Direct Placement Agreement for an \$18,830,000 Series 2013 Bond. The Series 2013 Bond was issued for the purpose of financing the repairing, renovating, or replacing of facilities, fields, and parking lots on the School's Campus. Interest is payable monthly at variable rates determined by the Bank. Principal payments are due annually in varying amounts through the expiration date of October 2032.

Series 2013 Bond contains certain restrictive covenants including maintenance of certain financial ratios as defined in the Direct Placement Agreement and is collateralized by substantially all of the School's unrestricted revenues. As of June 30, 2023, the School remained in compliance with all of its financial covenants.

Long-term debt is summarized as follows at:

	June 30,	
	2023	2022
Long-term debt	\$ 10,823,536	\$ 11,822,191
Less unamortized debt issuance costs	142,650	193,800
	<u>\$ 10,680,886</u>	<u>\$ 11,628,391</u>

The future scheduled maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2024	1,040,894
2025	1,084,927
2026	1,130,815
2027	1,178,652
2028	1,228,505
Thereafter	5,159,743
	<u>\$ 10,823,536</u>

Interest expense amounted to \$703,019 and \$558,870 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 — PENSION PLANS

Defined Contribution Plan

The School has a noncontributory defined contribution plan covering substantially all employees. Contributions to the plan are calculated as a percentage of the employee's regular salary for the plan year. Contributions for the years ended June 30, 2023 and 2022 were \$650,989 and \$596,399, respectively.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 — PENSION PLANS (Continued)

Defined Benefit Plan

The School sponsors an unfunded supplemental defined benefit plan covering only faculty and administrative employees who completed fifteen years of service. Benefits were based upon years of service and compensation, less any benefits paid on other plans or Social Security. The Plan was frozen on July 1, 1995 and no additional benefits accrue.

An assumed weighted average discount rate of 4.90% and 2.58% was used in accounting for benefit obligations as of June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Pension benefit obligation at year end	\$ 1,097,230	\$ 1,166,877
Fair Value of Plan assets at year end	<u>-</u>	<u>-</u>
Unfunded status at year end, recorded as accrued salary, fringe benefits and other liabilities	<u>\$ 1,097,230</u>	<u>\$ 1,166,877</u>
Amounts recognized in unrestricted net assets:		
Unamortized net loss	<u>\$ 88,908</u>	<u>\$ 90,977</u>
Components of net periodic pension costs:		
Interest cost	\$ 48,358	\$ 34,968
Amortization of net loss from prior periods	<u>-</u>	<u>8,028</u>
Net periodic pension costs	<u>\$ 48,358</u>	<u>\$ 42,996</u>
Change in unamortized items:		
Actuarial gain (loss)	\$ 5,959	\$ (179,077)
Amortization of actuarial (loss) gain	<u>(8,028)</u>	<u>755</u>
Total change in recognized unrestricted net assets	<u>\$ (2,069)</u>	<u>\$ (178,322)</u>

Estimate of amortization of actuarial loss in 2023 is \$8,028.

The School's funding policy is based upon and is in compliance with ERISA requirements. The School contributed \$149,572 to the Plan for the years ended June 30, 2023 and 2022.

Estimated future benefit payments reflect expected future service for each fiscal year. The following benefits are expected to be paid:

<u>Year Ending June 30,</u>	
2024	\$ 154,601
2025	154,601
2026	154,601

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 — BENEFICIAL INTEREST IN PERPETUAL TRUST

The School is a beneficiary of a trust that consists of a portfolio of investments, principally common stocks, corporate bonds and mutual funds, maintained by perpetual trustees. Income received is to be expended for the general purposes of the School. Income recorded which is reported as investment return in net assets without donor restrictions, approximated \$199,000 and \$195,000 during the year ended June 30, 2023 and 2022. Unrealized gains (losses) related to the School's beneficial interest are reported as changes in net assets with donor restrictions.

NOTE 9 — CONCENTRATIONS OF CREDIT RISK

A substantial portion of the School's investment portfolio is represented by a limited partnership interest. Partnership distributions and the ability to liquidate this investment are limited by the partnership agreement (Notes 1 and 4). As of June 30, 2023, this investment in the limited partnership accounts for approximately 22% of the total fair value of all investments (29% in 2022).

Cash is maintained in FDIC insured accounts at credit qualified financial institutions. At times, such amounts may exceed the FDIC insurance limits. At June 30, 2023 uninsured cash and cash equivalent balances totaled approximately \$9,595,000.

For the year ended June 30, 2023, 24% of the School's contributions were attributed to one donor. For the year ended June 30, 2022, 22% of the School's contributions were attributed to one donor. The contributions from these donors amounted to \$1,000,000 and \$750,000 in 2023 and 2022, respectively.

NOTE 10 — RISKS AND UNCERTAINTIES

The School invests in investment securities and an investment partnership which are exposed to various risks, such as interest rate risk, financial market risk and credit risk. Due to the level of risk associated with these investments, coupled with recent economic events, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 11 — ENDOWMENT

Financial Accounting Standards Board Accounting Standards Codification provides guidance regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowment Funds.

The School has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 11 — ENDOWMENT (Continued)

The portion of the donor-restricted endowment fund appropriated for expenditure by the School's Board of Trustees is done in a manner consistent with the standard of prudence prescribed by the UPMIFA. 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. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with restrictions. Deficiencies would result from unfavorable market fluctuations that occur after the investment of donor restricted contributions and continued appropriation as deemed prudent by the School.

Investment Policy. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) 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 provide a total rate of return with acceptable risk to preserve and enhance the purchasing power of the Fund's assets and all future contributions, with the long-term objective of achieving, over time, equity-like returns over full market cycles.

Spending Policy. The School has an endowment investment spending policy that places highest emphasis on meeting its operating budget obligations. The amount of endowment fund investment return (yield and appreciation) used annually to support operations is set to equal to a maximum 5% of the three-year rolling average of the portfolio value as of June 30th. Any excess return is retained in net assets with donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	June 30, 2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Donor funds	\$ -	\$ 7,740,860	\$ 20,414,985	\$ 28,155,845
Board-designated funds	24,376,667	-	-	24,376,667
Total funds	\$ 24,376,667	\$ 7,740,860	\$ 20,414,985	\$ 52,532,512

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Donor funds	\$ -	\$ 7,213,236	\$ 19,881,596	\$ 27,094,832
Board-designated funds	23,754,301	-	-	23,754,301
Total funds	\$ 23,754,301	\$ 7,213,236	\$ 19,881,596	\$ 50,849,133

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 11 — ENDOWMENT (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

	June 30, 2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Endowment net assets, beginning of year	\$ 23,754,301	\$ 7,213,236	\$ 19,881,596	\$ 50,849,133
Contributions	198,701	-	513,250	711,951
Investment income	3,621,501	1,514,615	-	5,136,116
Net appreciation	423,665	527,624	20,139	971,428
Amounts appropriated for expenditure	<u>(3,621,501)</u>	<u>(1,514,615)</u>	<u>-</u>	<u>(5,136,116)</u>
Endowment net assets, end of year	<u>\$ 24,376,667</u>	<u>\$ 7,740,860</u>	<u>\$ 20,414,985</u>	<u>\$ 52,532,512</u>

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Endowment net assets, beginning of year	\$ 27,125,972	\$ 11,532,925	\$ 18,513,904	\$ 57,172,801
Contributions	481,713	-	1,532,282	2,013,995
Investment income	1,585,595	1,841,905	-	3,427,500
Net appreciation	(3,853,384)	(4,319,689)	(164,590)	(8,337,663)
Amounts appropriated for expenditure	<u>(1,585,595)</u>	<u>(1,841,905)</u>	<u>-</u>	<u>(3,427,500)</u>
Endowment net assets, end of year	<u>\$ 23,754,301</u>	<u>\$ 7,213,236</u>	<u>\$ 19,881,596</u>	<u>\$ 50,849,133</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 12 — NET ASSETS WITHOUT DONOR RESTRICTIONS

The School maintains its accounts in accordance with the principles and practices of fund accounting. Certain net assets without donor restrictions are designated by the School's Board of Trustees for the following purposes at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Unrestricted fund		
Designated for debt service	\$ 53,495	\$ 298,797
Designated for Board endowment	24,376,667	23,754,301
Undesignated	11,428,762	13,690,265
Centennial campaign fund	1,402,192	1,402,192
Decade campaign fund	16,535,638	15,378,138
	<u>\$ 53,796,754</u>	<u>\$ 54,523,693</u>

NOTE 13 — NET ASSETS WITH DONOR RESTRICTIONS

The School maintains its accounts in accordance with the principles and practices of fund accounting. Net assets with donor restrictions are subject to donor-imposed stipulations to support scholarships, faculty development, and school-related activities. Net assets with donor restrictions are subject to donor-imposed stipulations that require the principal to be invested in perpetuity. Investment returns are expendable to support scholarships, faculty development, and school-related activities. Net assets with donor restrictions as of June 30, 2023 and 2022 consisted of the following:

	June 30,	
	2023	2022
Endowment corpus	\$ 20,414,985	\$ 19,881,596
Endowment earnings net of spending	7,740,860	7,213,236
Endowment fund	2,686,781	2,111,406
Perpetual trust	3,437,000	3,263,000
Restricted fund	2,218,265	2,301,203
Campaigns fund	148,593	148,593
	<u>\$ 36,646,484</u>	<u>\$ 34,919,034</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 14 — LIQUIDITY

The following reflects the School's operating financial assets as of June 30, 2023, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions. Amounts not available include amounts designated by the board. These board designated funds could be drawn upon if the governing board so approved.

Cash	\$ 4,897,386
Investments	22,132,159
Current pledge receivable, net	<u>93,411</u>
	27,122,956
Board designated funds	<u>24,430,162</u>
Financial assets available for general expenditures	<u>\$ 2,692,794</u>

In addition to these financial assets available for general expenditures, a significant portion of the School's annual expenditures will be funded by tuition and auxiliary program revenues. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

Operating Leases

The School has operating leases on various vehicles. The remaining term of these leases does not exceed one year. The following is a schedule of future minimum rental payments required under operating leases that have remaining non-cancelable terms in excess of one year at June 30, 2023:

<u>Year Ending June 30,</u>	
2024	\$ 10,978
2025	-
	<u>\$ 10,978</u>

Rent expense for all operating leases for the years ended June 30, 2023 and 2022 amounted to \$48,520.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 15 — COMMITMENTS AND CONTINGENCIES (Continued)

Capital Lease

The School is the lessee of equipment with an aggregate cost basis of \$0 and \$74,216 for the years ended June 30, 2023 and 2022, respectively, under capital leases expired August 2022.

Uncertainties

The School has become a party to claims incurred in the course of operating a boarding school. The School has two cases relating to certain conduct related matters that are currently in mediation and no settlement has been reached. The reasonable estimate of the liability related to these cases is the proposed settlement amounts totaling \$1,225,000, of which the two claims have available insurance coverage of \$1,000,000 and \$225,000, respectively. Additionally, one case relating to a conduct related matter has been settled for the sum of \$200,000 and is accrued as of June 30, 2023 in accrued salaries, fringe benefits, and other liabilities on the accompanying statement of financial position.

**TRINITY-PAWLING SCHOOL
CORPORATION**

**AUDITED FINANCIAL STATEMENTS
AND
OTHER INFORMATION**

Years Ended June 30, 2022 and 2021

TRINITY-PAWLING SCHOOL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Trinity-Pawling School Corporation

Opinion

We have audited the accompanying financial statements of Trinity-Pawling School Corporation (the "School"), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022 and 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

UHY LLP

New York, New York
October 20, 2022

FINANCIAL STATEMENTS

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF FINANCIAL POSITION

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 8,929,460	\$ 7,259,021
Investments	48,768,063	56,552,033
Pledges receivable, net	154,994	980,488
Prepaid and other assets	82,799	421,737
Cash surrender value of life insurance	1,316,269	1,306,873
Property and equipment, net	43,799,152	44,642,779
Beneficial interest in perpetual trust	3,263,000	3,917,000
Total assets	<u>\$ 106,313,737</u>	<u>\$ 115,079,931</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued salaries, fringe benefits, and other liabilities	\$ 1,566,279	\$ 1,794,526
Interest rate swap liability	290,174	303,873
Student deposits and deferred revenues	3,370,348	3,522,924
Capital lease obligation	15,818	30,591
Long-term debt	11,628,391	12,535,368
Long-term debt - paycheck protection program	-	1,652,000
Total liabilities	<u>16,871,010</u>	<u>19,839,282</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	54,523,693	57,181,432
With donor restrictions	<u>34,919,034</u>	<u>38,059,217</u>
Total net assets	<u>89,442,727</u>	<u>95,240,649</u>
Total liabilities and net assets	<u>\$ 106,313,737</u>	<u>\$ 115,079,931</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Net tuition and fees	\$ 8,554,492	\$ 6,829,417
Gifts and grants	1,392,091	1,121,853
Auxiliary enterprises	3,081,822	2,454,171
Investment (loss) return	(2,050,363)	7,926,566
Other	1,858,390	444,790
	<u>12,836,432</u>	<u>18,776,797</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>2,151,821</u>	<u>2,217,803</u>
Total support and revenue	<u>14,988,253</u>	<u>20,994,600</u>
EXPENSES		
Program service	12,383,701	11,715,573
Management and general	4,627,447	4,749,347
Fund raising	799,102	740,847
Loss on disposal of fixed assets	14,064	4,108
Total expenses	<u>17,824,314</u>	<u>17,209,875</u>
(Decrease) increase in net assets before pension and post-retirement benefit cost related changes other than net periodic cost	<u>(2,836,061)</u>	<u>3,784,725</u>
Pension and post-retirement benefit related changes other than net periodic benefit cost	<u>178,322</u>	<u>(5,012)</u>
Change in net assets without donor restriction	<u>(2,657,739)</u>	<u>3,779,713</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts and grants	2,304,257	470,377
Investment (loss) return	(3,292,619)	8,049,155
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>(2,151,821)</u>	<u>(2,217,803)</u>
Change in net assets with donor restrictions	<u>(3,140,183)</u>	<u>6,301,729</u>
Change in net assets	<u>(5,797,922)</u>	<u>10,081,442</u>
NET ASSETS, BEGINNING	<u>95,240,649</u>	<u>85,159,207</u>
NET ASSETS, ENDING	<u>\$ 89,442,727</u>	<u>\$ 95,240,649</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 and 2021

	2022				2021			
	Program Service Expenses	Management and General Expenses	Fundraising Expenses	Total	Program Service Expenses	Management and General Expenses	Fundraising Expenses	Total
Salaries and employee benefits	\$ 5,315,786	\$ 3,415,221	\$ 625,509	\$ 9,356,516	\$ 5,225,090	\$ 3,147,127	\$ 584,066	\$ 8,956,283
Professional fees	1,687,979	433,106	-	2,121,085	1,386,593	1,130,258	-	2,516,851
Advertising and promotion	-	55,965	-	55,965	-	40,469	-	40,469
Office expense	509,642	72,134	109,042	690,818	438,199	50,445	93,942	582,586
Occupancy	1,024,350	62,278	6,920	1,093,548	966,813	54,110	5,792	1,026,715
Travel	39,094	96,234	2,627	137,955	11,122	20,581	-	31,703
Conferences	5,804	63,275	12,184	81,263	5,316	28,154	1,976	35,446
Interest	502,983	50,298	5,589	558,870	489,179	48,618	5,402	543,199
Depreciation and amortization	2,138,827	213,883	23,765	2,376,475	2,153,537	215,354	23,928	2,392,819
Insurance	365,874	36,587	4,065	406,526	321,987	32,199	3,578	357,764
Miscellaneous	400,724	39,989	8,305	449,018	433,408	32,776	22,163	488,347
Investment management	202,977	-	-	202,977	175,018	-	-	175,018
Subscriptions and publications	67,270	10,672	1,096	79,038	62,127	10,159	-	72,286
Bad debt	-	75,000	-	75,000	-	(63,531)	-	(63,531)
Other	122,391	2,805	-	125,196	47,184	2,628	-	49,812
Total functional expenses	\$ 12,383,701	\$ 4,627,447	\$ 799,102	\$ 17,810,250	\$ 11,715,573	\$ 4,749,347	\$ 740,847	\$ 17,205,767

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (5,797,922)	\$ 10,081,442
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Uncollectible receivables provision	(459,692)	(434,673)
Depreciation and amortization	2,376,474	2,392,819
Amortization of bond issue costs	51,150	(76,680)
Unrealized loss (gain) on investments	9,621,009	(10,977,335)
Loss on disposal of assets	14,064	4,108
Donated investments	2,012,658	77,861
(Gain) from extinguishment of debt	(1,652,000)	-
Changes in:		
Pledges receivable	1,342,407	990,837
Prepaid and other assets	281,718	442,742
Cash surrender value of life insurance	(9,396)	(4,857)
Accrued salaries, fringe benefits, and other liabilities	(228,247)	(115,392)
Interest rate swap liability	(13,699)	(965,612)
Student deposits and deferred revenues	(152,576)	(45,890)
Net cash provided by operating activities	<u>7,385,948</u>	<u>1,369,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,546,911)	(602,626)
Purchase of investments	(2,379,184)	(621,652)
Proceeds from sale of investments	(816,514)	761,451
Net cash used in investing activities	<u>(4,742,609)</u>	<u>(462,827)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(958,128)	(919,246)
Capital lease payments	(14,772)	(13,797)
Net cash used in financing activities	<u>(972,900)</u>	<u>(933,043)</u>
NET INCREASE (DECREASE) IN CASH	1,670,439	(26,500)
CASH AND CASH EQUIVALENTS , Beginning	<u>7,259,021</u>	<u>7,285,521</u>
CASH AND CASH EQUIVALENTS , Ending	<u>\$ 8,929,460</u>	<u>\$ 7,259,021</u>
SUPPLEMENTAL DISCLOSURES		
Cash payments for interest	<u>\$ 493,984</u>	<u>\$ 526,463</u>

See notes to financial statements.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Trinity-Pawling School Corporation (the “School”) is a not-for-profit educational organization incorporated under the laws of the State of New York. The School, located in Pawling, New York, operates an independent boarding and day college preparatory school for boys. Tuition represents the School's primary source of revenues. The School is accredited through the New York State Association of Independent Schools and is chartered by the New York State Board of Regents.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions— Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions— Net assets subject to donor-imposed stipulations that may or will be satisfied either by actions of the School and/or passage of time or require the principal to be invested in perpetuity. Generally, the donors of these assets permit the School to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

The School classifies all highly liquid investments with a maturity of three months or less as cash equivalents. Cash and cash equivalents are maintained in Federal Deposit Insurance Corporation (“FDIC”) insured accounts at credit qualified financial institutions.

Pledges Receivable and Allowances

Unconditional pledges receivable are recognized as received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Pledged contributions (unconditional) are recognized as revenue in the year the promise is made and are recorded at fair value, which is computed as the estimated present values of expected future cash flows. A provision for estimated uncollectible pledges is maintained at a level management believes is sufficient to cover potential losses.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed by use of the straight-line method over the estimated useful lives of the related assets that are placed in service. The cost of property and equipment purchased in excess of \$3,000 is capitalized.

TRINITY-PAWLING SCHOOL CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

Other investments, consisting principally of a limited partnership interest in an investment partnership which trades securities, convertible debt, options and futures contracts for its own account, and engages in other trading activities primarily related to deal arbitrage, are also carried at estimated fair value. The limited partnership allows for additional capital contributions upon the approval of the managing partner. At any time 60 days after the end of each calendar year, the limited partner is entitled to withdraw the net profits credited to his account for that year. In addition, a cumulative priority distribution of up to 12% of partner capital is paid on a monthly basis, when earned. A partner may terminate his interest in the partnership on any December 31 by giving 185 days prior written notice. However, the managing partner may allow any withdrawal upon demand. The fair value of this investment has been determined based on audited information provided by the limited partnership.

The School pools its investments for portfolio management purposes. Each fund within the pool is assigned a number of units based upon total valuation. Investment income is allocated based upon the number of units assigned.

The Board has a total return policy whereby a fixed percentage (currently 5%) of the endowment corpus investment returns is distributed for the intended endowment purpose. Any excess return is retained in the endowment funds earnings net of spending within net assets with donor restrictions.

Derivative financial instruments, consisting of interest rate swaps, are reported on the statements of financial position at fair value. Changes in the fair value of these instruments are recognized as changes in net assets (investment return).

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The School recognizes revenue from exchange transactions, including tuition and auxiliary services revenue as it is earned based on the comprehensive revenue recognition model.

In accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“ASC 606”), tuition and fees were reported net on the statements of activities. For the years ended June 30, 2022 and 2021, the School recognized \$13,911,922 and \$12,544,547 in gross student tuition and fees, respectively. For the years ended June 30, 2022 and 2021, the School awarded \$5,357,430 and \$5,715,130 in total aid, respectively.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets are limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are also reported as increases or decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulation. When a stipulated time restriction expires or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Bond Issue Costs, net

Bond issue costs, net represent the unamortized balance of financial institution fees and professional fees that were incurred to obtain long-term industrial development agency financing. These costs are amortized on a straight-line basis over the life of the related bond issues and are presented in the statements of net position as a direct deduction from the debt liability. The amortization expense was \$51,150 and \$29,325 for the years ended June 30, 2022 and 2021, respectively, and has been included in interest expense in the statements of activities.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Deferred Revenue

Deferred revenue results from the School recognizing tuition revenue in the period in which the related educational instruction is performed. Accordingly, tuition fees received for the next school term are deferred until the instruction commences.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The School is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is, however, required to file an information or tax return (Federal Form 990 and a 990T when appropriate). The School believes that there are no uncertain tax positions that are material to the financial statements. The School had no unrelated business income tax for 2022 and 2021.

Asset Impairment

The School evaluates its long-lived assets for impairment whenever events or changes in circumstances would indicate that the carrying value of assets may not be recoverable. Long-lived assets would be deemed to be impaired if the forecast of undiscounted future net cash flows is less than the carrying value of the assets. There were no impairment losses recognized in 2022 and 2021.

Beneficial Interest in a Perpetual Trust

The School records in net assets with donor restrictions its beneficial interest in a perpetual trust at the present value of the estimated future distributions from the trust's assets which approximates the fair value of the assets in the trust.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. They also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

Subsequent Events

Subsequent events have been evaluated through October 20, 2022 the date the financial statements were available for issuance.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 — PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the School and are measured at the present value of estimated future cash flows using a discount rate ranging from 3 percent to 6 percent. Collection of receivables is expected as follows:

	June 30,	
	2022	2021
Due within one year	\$ 454,094	\$ 750,195
Due within one to five years	216,000	1,350,726
	670,094	2,100,921
Less allowance for doubtful accounts	(497,743)	(1,014,658)
Future value	172,351	1,086,263
Less discount to present value	(17,357)	(105,775)
	<u>\$ 154,994</u>	<u>\$ 980,488</u>

NOTE 3 — INVESTMENTS AND DERIVATIVE INSTRUMENTS

Investments

Investments are comprised of the following:

	June 30,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 29,041,233	\$ 34,390,662	\$ 27,270,691	\$ 42,645,473
Limited partnership	10,284,539	14,377,401	10,549,453	13,906,560
	<u>\$ 39,325,772</u>	<u>\$ 48,768,063</u>	<u>\$ 37,820,144</u>	<u>\$ 56,552,033</u>

Derivative Instruments

In November 2013, the School entered into a swap agreement with the purpose to effectively fix the interest rate on a piece of variable rate debt and reduce certain exposures to interest rate fluctuations. However, this transaction had not been designated as a hedge and gains and losses on settlements were included in investment return on the statements of activities. The School was required to pledge all unrestricted revenues to collateralize its respective obligations. The initial notional amount of this swap is \$18,830,000 and the expiration date is October 1, 2032. Under the agreement, the School pays the counterparty interest at a fixed rate of 4.071% and receives a variable interest payment at a floating rate of USD-SIFMA Municipal Swap Index. The fair market value of this swap agreement was (\$290,174) and (\$303,873) at June 30, 2022 and 2021, respectively.

Corresponding changes in the fair value of swap agreements are recorded in investment returns in the statements of activities.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 — INVESTMENTS AND DERIVATIVE INSTRUMENTS (Continued)

Investment Return

Investment return is comprised of the following:

	June 30,	
	2022	2021
Without donor restrictions		
Interest and dividends	\$ 1,628,116	\$ 1,840,307
Interest and dividends - perpetual trust	194,664	190,571
Net unrealized (loss) gain	(3,878,080)	4,934,529
Net realized loss	(8,762)	(4,453)
Net unrealized gain on interest rate swap	13,699	965,612
	<u>\$ (2,050,363)</u>	<u>\$ 7,926,566</u>
With donor restrictions		
Interest and dividends	\$ 2,216,899	\$ 2,242,119
Net unrealized (loss) gain	(4,973,689)	5,265,036
Net unrealized (loss) gain - perpetual trust	(535,829)	542,000
	<u>\$ (3,292,619)</u>	<u>\$ 8,049,155</u>

NOTE 4 — FAIR VALUE MEASUREMENTS

The School follows guidance for *Fair Value Measurements*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

TRINITY-PAWLING SCHOOL CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2022 and 2021.

Cash equivalents: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income and fixed income type investments: Fixed income investments are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the School at year end.

Equity and equity type investments: Common stocks, corporate bonds and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded. Certain equity type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the School at year end. Other equity type investments are valued at the net book value as an approximation of fair value.

Limited Partnerships – Certain limited partnership investments are recorded at fair value. The School uses the net assets value ("NAV") to determine the fair value of certain investments included in Level 2 which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. The School has adopted the authoritative guidance under generally accepted accounting principles for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with specialized accounting guidance for investment companies. Accordingly, in circumstances in which net asset value per share of an investment is determinative of fair value, the School estimates the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the School assets and liabilities by fair value hierarchy and investment type:

	Assets at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds	\$ 34,390,662	\$ -	\$ -	\$ 34,390,662
Limited partnerships	-	14,377,401	-	14,377,401
	<u>\$ 34,390,662</u>	<u>\$ 14,377,401</u>	<u>\$ -</u>	<u>\$ 48,768,063</u>

	Assets at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Perpetual Trust				
Cash equivalents	\$ 33,867	\$ -	\$ -	\$ 33,867
U.S. government securities	53,015	-	-	53,015
Corporate bonds	1,256,750	-	-	1,256,750
Common stock	1,388,826	-	-	1,388,826
Mutual funds	530,542	-	-	530,542
	<u>\$ 3,263,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,263,000</u>

	Liabilities at Fair Value at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Derivatives				
Derivatives	\$ -	\$ 290,174	\$ -	\$ 290,174
	<u>\$ -</u>	<u>\$ 290,174</u>	<u>\$ -</u>	<u>\$ 290,174</u>

	Assets at Fair Value at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds	\$ 42,645,473	\$ -	\$ -	\$ 42,645,473
Limited partnerships	-	13,906,560	-	13,906,560
	<u>\$ 42,645,473</u>	<u>\$ 13,906,560</u>	<u>\$ -</u>	<u>\$ 56,552,033</u>

	Assets at Fair Value at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Perpetual Trust				
Cash equivalents	\$ 45,343	\$ -	\$ -	\$ 45,343
U.S. government securities	92,847	-	-	92,847
Corporate bonds	1,405,482	-	-	1,405,482
Common stock	1,658,556	-	-	1,658,556
Mutual funds	714,772	-	-	714,772
	<u>\$ 3,917,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,917,000</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 — FAIR VALUE MEASUREMENTS (Continued)

	Liabilities at Fair Value at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Derivatives				
Derivatives	\$ -	\$ 303,873	\$ -	\$ 303,873
	\$ -	\$ 303,873	\$ -	\$ 303,873

The nature and risk of certain investments by major category at June 30, 2022 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions	Expected Liquidation Term
Derivatives	\$ 290,174	\$ -	60 days after year end with 30 days after calendar year end written notice	Not applicable

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2022	2021
Building and building improvements	\$ 77,556,243	\$ 77,541,655
Land and land improvements	7,192,433	7,192,433
Equipment	5,982,193	5,818,638
Construction in progress	1,813,129	567,340
Computer equipment	1,536,056	1,560,651
Library books	104,308	104,308
	94,184,362	92,785,025
Accumulated depreciation	50,385,210	48,142,246
	\$ 43,799,152	\$ 44,642,779

Depreciation expense amounted to \$2,376,474 and \$2,392,819 for the years ended June 30, 2022 and 2021, respectively.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 6 — LONG-TERM DEBT

On December 1, 2013 the School entered into a Direct Placement Agreement for an \$18,830,000 Series 2013 Bond. The Series 2013 Bond was issued for the purpose of financing the repairing, renovating, or replacing of facilities, fields, and parking lots on the School's Campus. Interest is payable monthly at variable rates determined by the Bank. Principal payments are due annually in varying amounts through the expiration date of October 2032.

Series 2013 Bond contains certain restrictive covenants including maintenance of certain financial ratios as defined in the Direct Placement Agreement and is collateralized by substantially all of the School's unrestricted revenues. As of June 30, 2022, the School remained in compliance with all of its financial covenants.

Long-term debt is summarized as follows at:

	June 30,	
	2022	2021
Long-term debt	\$ 11,822,191	\$ 12,780,318
Less unamortized debt issuance costs	193,800	244,950
	<u>\$ 11,628,391</u>	<u>\$ 12,535,368</u>

The future scheduled maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 998,654
2023	1,040,894
2024	1,084,927
2025	1,130,815
2026	1,178,652
Thereafter	<u>6,388,249</u>
	<u>\$ 11,822,191</u>

Interest expense amounted to \$558,870 and \$540,199 for the years ended June 30, 2022 and 2021, respectively.

TRINITY-PAWLING SCHOOL CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 7 — PAYCHECK PROTECTION PROGRAM - LONG-TERM DEBT

On April 10, 2020, the School executed a note and received a loan in the amount of \$1,652,000 (the "PPP Loan") from PCSB Bank under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration. The School accounted for the PPP Loan as a financial liability in accordance with Accounting Standards Codification ("ASC") Topic 470 Debt. Accordingly, the PPP Loan was recognized as long-term debt in the School's consolidated balance sheets. The proceeds from the PPP Loan will be used in accordance with the terms of the CARES Act program, as described further below.

The term of the PPP Loan is two years. The interest rate on the PPP Loan is 1.00%, which shall be deferred for the first six months of the term of the loan. Pursuant to the terms of the CARES Act, the proceeds of the PPP Loan may be used for payroll costs, mortgage interest, rent or utility costs. The promissory note evidencing the PPP Loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under such PPP Loan, collection of all amounts owing from the respective Borrower, filing suit and obtaining judgment against the respective Borrower.

Under the terms of the CARES Act, Borrower can apply for and be granted forgiveness for all or a portion of the PPP Loan. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act, as described above, during a period not to exceed a twenty-four week period after loan origination and the maintenance or achievement of certain employee levels. No assurance is provided that Borrower will obtain forgiveness under any relevant PPP Loan in whole or in part.

The School applied for and received forgiveness for the entire amount of the loan including \$1,652,000 in principal in August 2021. The total amount forgiven of \$1,652,000 is recorded as a gain from extinguishment of debt and recorded in other income within support and revenue of net assets without donor restrictions.

According to the rules of the SBA, the School is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the School's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the School may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 8 — PENSION PLANS

Defined Contribution Plan

The School has a noncontributory defined contribution plan covering substantially all employees. Contributions to the plan are calculated as a percentage of the employee's regular salary for the plan year. Contributions for the years ended June 30, 2022 and 2021 were \$596,399 and \$591,203, respectively.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8 — PENSION PLANS (Continued)

Defined Benefit Plan

The School sponsors an unfunded supplemental defined benefit plan covering only faculty and administrative employees who completed fifteen years of service. Benefits were based upon years of service and compensation, less any benefits paid on other plans or Social Security. The Plan was frozen on July 1, 1995 and no additional benefits accrue.

An assumed weighted average discount rate of 2.58% and 2.38% was used in accounting for benefit obligations as of June 30, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Pension benefit obligation at year end	\$ 1,166,877	\$ 1,418,143
Fair Value of Plan assets at year end	<u>-</u>	<u>-</u>
Unfunded status at year end, recorded as accrued salary, fringe benefits and other liabilities	<u>\$ 1,166,877</u>	<u>\$ 1,418,143</u>
Amounts recognized in unrestricted net assets:		
Unamortized net loss	<u>\$ 90,977</u>	<u>\$ 269,299</u>
Components of net periodic pension costs:		
Interest cost	\$ 34,968	\$ 34,141
Amortization of net loss from prior periods	<u>8,028</u>	<u>7,273</u>
Net periodic pension costs	<u>\$ 42,996</u>	<u>\$ 41,414</u>
Change in unamortized items:		
Actuarial (loss) gain	\$ (179,077)	\$ 11,651
Amortization of actuarial gain (loss)	<u>755</u>	<u>(6,639)</u>
Total change in recognized unrestricted net assets	<u>\$ (178,322)</u>	<u>\$ 5,012</u>

Estimate of amortization of actuarial gain in 2022 is \$755.

The School's funding policy is based upon and is in compliance with ERISA requirements. The School contributed \$149,572 to the Plan for the years ended June 30, 2022 and 2021.

Estimated future benefit payments reflect expected future service for each fiscal year. The following benefits are expected to be paid:

<u>Year Ending June 30,</u>	
2023	\$ 154,601
2024	154,601
2025	154,601

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9 — BENEFICIAL INTEREST IN PERPETUAL TRUST

The School is a beneficiary of a trust that consists of a portfolio of investments, principally common stocks, corporate bonds and mutual funds, maintained by perpetual trustees. Income received is to be expended for the general purposes of the School. Income recorded which is reported as investment return in net assets without donor restrictions, approximated \$195,000 and \$191,000 during the year ended June 30, 2022 and 2021. Unrealized gains (losses) related to the School's beneficial interest are reported as changes in net assets with donor restrictions.

NOTE 10 — CONCENTRATIONS OF CREDIT RISK

A substantial portion of the School's investment portfolio is represented by a limited partnership interest. Partnership distributions and the ability to liquidate this investment are limited by the partnership agreement (Notes 1 and 4). As of June 30, 2022, this investment in the limited partnership accounts for approximately 29% of the total fair value of all investments (25% in 2021).

Cash is maintained in FDIC insured accounts at credit qualified financial institutions. At times, such amounts may exceed the FDIC insurance limits. At June 30, 2022 uninsured cash and cash equivalent balances totaled approximately \$9,021,000.

For the year ended June 30, 2022, 20% of the School's contributions were attributed to one donor. For the year ended June 30, 2021, 11% of the School's contributions were attributed to one donor. The contributions from these donors amounted to \$750,000 and \$150,000 in 2022 and 2021, respectively.

NOTE 11 — RISKS AND UNCERTAINTIES

The School invests in investment securities and an investment partnership which are exposed to various risks, such as interest rate risk, financial market risk and credit risk. Due to the level of risk associated with these investments, coupled with recent economic events, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 12 — ENDOWMENT

Financial Accounting Standards Board Accounting Standards Codification provides guidance regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowment Funds.

The School has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 12 — ENDOWMENT (Continued)

The portion of the donor-restricted endowment fund appropriated for expenditure by the School's Board of Trustees is done in a manner consistent with the standard of prudence prescribed by the UPMIFA. 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. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with restrictions. Deficiencies would result from unfavorable market fluctuations that occur after the investment of donor restricted contributions and continued appropriation as deemed prudent by the School.

Investment Policy. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) 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 provide a total rate of return with acceptable risk to preserve and enhance the purchasing power of the Fund's assets and all future contributions, with the long-term objective of achieving, over time, equity-like returns over full market cycles.

Spending Policy. The School has an endowment investment spending policy that places highest emphasis on meeting its operating budget obligations. The amount of endowment fund investment return (yield and appreciation) used annually to support operations is set to equal to a maximum 5% of the three-year rolling average of the portfolio value as of June 30th. Any excess return is retained in net assets with donor restrictions.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Donor funds	\$ -	\$ 7,213,236	\$ 19,881,596	\$ 27,094,832
Board-designated funds	<u>23,754,301</u>	-	-	<u>23,754,301</u>
Total funds	<u>\$ 23,754,301</u>	<u>\$ 7,213,236</u>	<u>\$ 19,881,596</u>	<u>\$ 50,849,133</u>

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	June 30, 2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Donor funds	\$ -	\$ 11,532,925	\$ 18,513,904	\$ 30,046,829
Board-designated funds	<u>27,125,972</u>	-	-	<u>27,125,972</u>
Total funds	<u>\$ 27,125,972</u>	<u>\$ 11,532,925</u>	<u>\$ 18,513,904</u>	<u>\$ 57,172,801</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 12 — ENDOWMENT (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Endowment net assets, beginning of year	\$ 27,125,972	\$ 11,532,925	\$ 18,513,904	\$ 57,172,801
Contributions	481,713	-	1,532,282	2,013,995
Investment income	1,585,595	1,841,905		3,427,500
Net appreciation	(3,853,384)	(4,319,689)	(164,590)	(8,337,663)
Amounts appropriated for expenditure	<u>(1,585,595)</u>	<u>(1,841,905)</u>	<u>-</u>	<u>(3,427,500)</u>
Endowment net assets, end of year	<u>\$ 23,754,301</u>	<u>\$ 7,213,236</u>	<u>\$ 19,881,596</u>	<u>\$ 50,849,133</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	June 30, 2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings Net of Spending	Endowment Corpus	
Endowment net assets, beginning of year	\$ 22,066,830	\$ 6,238,465	\$ 18,344,892	\$ 46,650,187
Contributions	125,167	-	(46,002)	79,165
Investment income	1,790,524	1,994,577		3,785,101
Net appreciation	4,933,975	5,294,460	215,014	10,443,449
Amounts appropriated for expenditure	<u>(1,790,524)</u>	<u>(1,994,577)</u>	<u>-</u>	<u>(3,785,101)</u>
Endowment net assets, end of year	<u>\$ 27,125,972</u>	<u>\$ 11,532,925</u>	<u>\$ 18,513,904</u>	<u>\$ 57,172,801</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 13 — NET ASSETS WITHOUT DONOR RESTRICTIONS

The School maintains its accounts in accordance with the principles and practices of fund accounting. Certain net assets without donor restrictions are designated by the School's Board of Trustees for the following purposes at June 30, 2022 and 2021:

	June 30,	
	2022	2021
Unrestricted fund		
Designated for debt service	\$ 298,797	\$ 318,201
Designated for Board endowment	23,754,301	27,125,972
Undesignated	13,690,265	13,790,641
Centennial campaign fund	1,402,192	1,402,192
Decade campaign fund	15,378,138	14,544,426
	<u>\$ 54,523,693</u>	<u>\$ 57,181,432</u>

NOTE 14 — NET ASSETS WITH DONOR RESTRICTIONS

The School maintains its accounts in accordance with the principles and practices of fund accounting. Net assets with donor restrictions are subject to donor-imposed stipulations to support scholarships, faculty development, and school-related activities. Net assets with donor restrictions are subject to donor-imposed stipulations that require the principal to be invested in perpetuity. Investment returns are expendable to support scholarships, faculty development, and school-related activities. Net assets with donor restrictions as of June 30, 2022 and 2021 consisted of the following:

	June 30,	
	2022	2021
Endowment corpus	\$ 19,881,596	\$ 18,513,904
Endowment earnings net of spending	7,213,236	11,532,925
Endowment fund	2,111,406	1,876,824
Perpetual trust	3,263,000	3,917,000
Restricted fund	2,301,203	2,069,971
Campaigns fund	148,593	148,593
	<u>\$ 34,919,034</u>	<u>\$ 38,059,217</u>

TRINITY-PAWLING SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 15 — LIQUIDITY

The following reflects the School's operating financial assets as of June 30, 2022, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions. Amounts not available include amounts designated by the board. These board designated funds could be drawn upon if the governing board so approved.

Cash	\$ 6,342,868
Investments	24,053,094
Current pledge receivable, net	<u>7,180</u>
	30,403,142
Board designated funds	<u>24,053,098</u>
Financial assets available for general expenditures	<u>\$ 6,350,044</u>

In addition to these financial assets available for general expenditures, a significant portion of the School's annual expenditures will be funded by tuition and auxiliary program revenues. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 16 — COMMITMENTS AND CONTINGENCIES

Operating Leases

The School has operating leases on various vehicles. The remaining term of these leases range from one to two years. The following is a schedule of future minimum rental payments required under operating leases that have remaining non-cancelable terms in excess of one year at June 30, 2022:

<u>Year Ending June 30,</u>	
2023	\$ 34,522
2024	<u>10,978</u>
	<u>\$ 45,500</u>

Rent expense for all operating leases for the years ended June 30, 2022 and 2021 amounted to \$44,669 and \$46,034, respectively.

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NOTE 16 — COMMITMENTS AND CONTINGENCIES (Continued)

Capital Lease

The School is the lessee of equipment with an aggregate cost basis of \$74,216 and \$144,178 for the years ended June 30, 2022 and 2021, respectively, under capital leases expiring through August 2023.

The future minimum payments including interest of the capital lease at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	
2023	16,941
2024	-
	<u>16,941</u>
Less amount representing interest:	<u>1,123</u>
Present value of future minimum lease payments	<u>\$ 15,818</u>

Uncertainties

The School has become a party to claims incurred in the course of operating a boarding school. In the opinion of management, these matters have not, and are not, expected to have a material effect on the School's financial operations.

NOTE 17 — COVID-19

Global and domestic responses to the coronavirus disease ("COVID-19") outbreak continue to rapidly evolve. The extent of COVID-19's effect on the School's activities and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapid evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the School, however, through June 30, 2022 the School's activities have not been negatively impacted. If the pandemic continues to evolve, the disease could have a material adverse effect on the School's financial position, activities and cash flows.