

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

The American College of Greece

June 30, 2023 and 2022

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GRANT THORNTON LLP

75 State Street, 13th Floor
Boston, MA 02109

D +1 617 723 7900

F +1 617 723 3640

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
The American College of Greece

Opinion

We have audited the consolidated financial statements of The American College of Greece and subsidiaries (the "College"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date 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 consolidated 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
November 29, 2023

The American College of Greece

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 19,655,316	\$ 18,443,901
Student accounts receivable (net of allowance for doubtful accounts of \$4,852,306 in 2023 and \$4,536,128 in 2022)	2,074,516	2,064,186
Other accounts receivable	3,664,011	3,669,182
Prepayments and other assets	1,516,808	1,138,804
Investments	253,770,203	250,507,926
Receivable for investment sold	2,287,927	2,023,848
Operating leases - right of use assets, net	568,823	-
Land, buildings, and equipment, net	<u>70,315,923</u>	<u>57,980,126</u>
Total assets	<u>\$ 353,853,527</u>	<u>\$ 335,827,973</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,551,785	\$ 7,617,476
Advance payments under grants	1,654,886	1,176,600
Other liabilities	1,382,974	1,232,891
Deferred revenue	5,131,244	4,534,494
Employee retirement and severance benefits	4,271,171	4,102,016
Operating lease liabilities	578,655	-
Notes payable	<u>22,029,160</u>	<u>18,583,154</u>
Total liabilities	43,599,875	37,246,631
Net assets		
Without donor restrictions	294,020,943	283,859,990
With donor restrictions	<u>16,232,709</u>	<u>14,721,352</u>
Total net assets	<u>310,253,652</u>	<u>298,581,342</u>
Total liabilities and net assets	<u>\$ 353,853,527</u>	<u>\$ 335,827,973</u>

The accompanying notes are an integral part of these consolidated financial statements.

The American College of Greece

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues and other support				
Operating revenues				
Tuition and fees, net	\$ 56,061,214	\$ -	\$ 56,061,214	\$ 46,975,371
Contribution revenue	370,968	1,592,814	1,963,782	2,206,305
Investment income (loss)	16,862,288	824,373	17,686,661	(38,218,573)
Grant revenues	138,202	-	138,202	205,023
Other income	628,723	-	628,723	197,041
Net assets released from restrictions	905,830	(905,830)	-	-
Total operating revenues and net assets released from restrictions	<u>74,967,225</u>	<u>1,511,357</u>	<u>76,478,582</u>	<u>11,365,167</u>
Expenses				
Operating expenses				
Instruction	39,800,802	-	39,800,802	34,414,105
Administration	26,810,698	-	26,810,698	23,861,757
Total operating expenses	<u>66,611,500</u>	<u>-</u>	<u>66,611,500</u>	<u>58,275,862</u>
Changes in net assets from operations	<u>8,355,725</u>	<u>1,511,357</u>	<u>9,867,082</u>	<u>(46,910,695)</u>
Non-operating revenue (expense)				
Unrealized foreign exchange gain/(loss)	(2,808)	-	(2,808)	423,605
Unrealized foreign exchange gain/(loss) on translation	2,095,329	-	2,095,329	(4,915,197)
Other components of net periodic pension cost	(45,413)	-	(45,413)	636,163
Donation to related party (Note 12)	(241,880)	-	(241,880)	(228,964)
Total non-operating revenue (expense)	<u>1,805,228</u>	<u>-</u>	<u>1,805,228</u>	<u>(4,084,393)</u>
CHANGE IN NET ASSETS	10,160,953	1,511,357	11,672,310	(50,995,088)
Net assets - beginning of year	<u>283,859,990</u>	<u>14,721,352</u>	<u>298,581,342</u>	<u>349,576,430</u>
Net assets - end of year	<u>\$ 294,020,943</u>	<u>\$ 16,232,709</u>	<u>\$ 310,253,652</u>	<u>\$ 298,581,342</u>

The accompanying notes are an integral part of this consolidated financial statement.

The American College of Greece

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Revenues and other support			
Operating revenues			
Tuition and fees, net	\$ 46,975,371	\$ -	\$ 46,975,371
Contribution revenue	159,807	2,046,498	2,206,305
Investment income (loss)	(36,493,964)	(1,724,609)	(38,218,573)
Grant revenues	205,023	-	205,023
Other income	197,041	-	197,041
Net assets released from restrictions	<u>1,132,486</u>	<u>(1,132,486)</u>	<u>-</u>
Total operating revenues and net assets released from restrictions	<u>12,175,764</u>	<u>(810,597)</u>	<u>11,365,167</u>
Expenses			
Operating expenses			
Instruction	34,414,105	-	34,414,105
Administration	<u>23,861,757</u>	<u>-</u>	<u>23,861,757</u>
Total operating expenses	<u>58,275,862</u>	<u>-</u>	<u>58,275,862</u>
Changes in net assets from operations	<u>(46,100,098)</u>	<u>(810,597)</u>	<u>(46,910,695)</u>
Non-operating revenue (expense)			
Unrealized foreign exchange gain/(loss)	423,605	-	423,605
Unrealized foreign exchange gain/(loss) on translation	(4,915,197)	-	(4,915,197)
Forgiveness of Paycheck Protection Program loan	-	-	-
Other components of net periodic pension cost	636,163	-	636,163
Donation to related party (Note 12)	<u>(228,964)</u>	<u>-</u>	<u>(228,964)</u>
Total non-operating revenue (expense)	<u>(4,084,393)</u>	<u>-</u>	<u>(4,084,393)</u>
CHANGE IN NET ASSETS	<u>(50,184,491)</u>	<u>(810,597)</u>	<u>(50,995,088)</u>
Net assets - beginning of year	<u>334,044,481</u>	<u>15,531,949</u>	<u>349,576,430</u>
Net assets - end of year	<u>\$ 283,859,990</u>	<u>\$ 14,721,352</u>	<u>\$ 298,581,342</u>

The accompanying notes are an integral part of this consolidated financial statement.

The American College of Greece
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 11,672,310	\$ (50,995,088)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,434,188	3,350,792
Provision for losses on student accounts receivable	103,074	149,517
Investment (loss) income	(17,686,661)	38,218,573
Unrealized loss (gain) on foreign currency	2,808	(423,605)
Contributions restricted for long-term investment	(98,494)	(683,412)
Change in assets and liabilities:		
Student accounts receivable	(21,322)	(340,940)
Other accounts receivable	70,063	(36,012)
Prepayments and other assets	(321,597)	65,449
Receivable for investment sold	(264,079)	12,984,432
Operating leases - right of use assets	(582,436)	-
Accounts payable and accrued expenses	619,394	1,501,747
Advance payments under grants	410,327	152,611
Other liabilities	72,168	368,446
Deferred revenue	373,442	1,803,805
Employee retirement and severance benefits	(19,278)	(582,476)
Operating lease liabilities	557,566	-
	<u>(678,527)</u>	<u>5,533,839</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchases of fixed assets	(13,711,639)	(28,821,621)
Purchases of investments	(7,585,544)	(28,573,172)
Proceeds from sales of investments	22,156,768	22,968,640
	<u>859,585</u>	<u>(34,426,153)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	98,494	683,412
Debt issuance costs	(316,539)	(310,127)
Proceeds from issuance of notes payable	2,494,206	20,489,139
	<u>2,276,161</u>	<u>20,862,424</u>
Net cash provided by financing activities		
Effect of exchange rate changes on cash	(1,245,804)	4,121,393
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,211,415	(3,908,497)
Cash and cash equivalents at beginning of year	<u>18,443,901</u>	<u>22,352,398</u>
Cash and cash equivalents at end of year	<u>\$ 19,655,316</u>	<u>\$ 18,443,901</u>
Supplemental disclosures:		
Cash paid for interest	\$ 853,920	\$ 153,036
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows used in operating leases	\$ 608,434	\$ -
Supplemental disclosure of noncash leasing activities:		
ROU obtained in exchange for new operating lease liabilities	\$ 1,168,420	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - REPORTING ENTITY

The accompanying consolidated financial statements include the consolidated accounts of The American College of Greece (“ACG”) and its wholly owned subsidiary organizations (The American College of Greece-Research Center (“ACG-RC”), and The American University of Greece Foundation (“AUGF” or the “University”) after elimination of all material intercompany accounts and transactions. The American College of Greece and its wholly owned subsidiary organizations are hereinafter referred to as the “College”.

The College consists of a high school (PIERCE College) and a college level (DEREE College) division located in Athens, Greece, as well as an administrative office located in the United States. The College is a not-for-profit entity incorporated in the United States of America (U.S.) for the purpose of providing Greek citizens with the opportunity for higher education from a privately owned and operated entity.

Newly accredited in 2023, the American University of Greece, Inc. (“AUG”) is a U.S.-based degree-granting institution and validating authority for ACG, offering Massachusetts Board of Higher Education (MBHE)-authorized degree and non-degree programs, primarily online, to U.S. and international students. AUG will become fully operational in 2024.

ACG and AUGF are Colorado not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), and are generally exempt from income taxes pursuant to Section 501(a) of the Code. AUG is a Massachusetts not-for-profit corporation and has recently applied for Section 501(c)(3) exempt status from the IRS.

ACG-RC is a Greek not-for-profit association as described in Section 501(c)(3) of the Code, and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

The College is required to assess uncertain income tax positions and has determined that there were no such positions that are material to the financial statements.

Greek Law does not subject not-for-profit educational institutions to income tax on tuition revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The accounts of the College have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accounting records of the Greek operations are maintained in Euros (€), the division’s functional currency. The accounting records of the administrative office in the U.S. are maintained in U.S. dollars, its functional currency, which is also the College’s reporting currency.

Net Asset Classifications

The College reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to specific donor-imposed restrictions or for which restrictions have expired. Such assets are available for any purpose consistent with the College’s mission. Net assets, which the Board of Trustees has designated to be set aside for a specific purpose (quasi, or board-designated), are also classified as net assets without donor restrictions. See Note 5 for additional details.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. The use of some net assets by the College may be limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled or removed by actions of the College pursuant to those stipulations. Other net assets must be maintained by the College in perpetuity. Generally, the donors of these assets permit the College to use income earned on the related asset for general or specific purposes.

The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, those net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments purchased with maturities of three months or less from the date of acquisition in the form of money market investment funds.

Student Accounts Receivable

Student accounts receivable are carried at the billing amounts less scholarships and loans applied and payments made. The allowance for doubtful accounts is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of each term or evenly throughout the term on a payment plan. Amounts not paid within the terms of a payment plan may be considered delinquent. Delinquent amounts without payment or response to the due diligence process may be assigned to third-party collection agencies. Delinquent receivables are written off as determined by management.

Investments

The College accounts for investments at fair value or the net asset value ("NAV") using the practical expedient. Changes in fair value are recorded as unrealized gains or losses on investments. Realized gains or losses from the sales of investments are recorded in the statement of activities based on specific identification of securities. Income earned on investments is typically reinvested in the same period earned. Investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial Instruments

The College has a concentration of credit risk with various banks and the Greek government with respect to cash and cash equivalents, fixed term deposits and other money accounts and debt securities. The College believes that no significant credit risk exists due to the high credit status of the counterparties.

Leases

The College adopted ASU 2016-02, *Leases (Topic 842)* as of July 1, 2022. After the adoption of this standard, the College determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the College controls the use of the identified asset throughout the period of use. The College classifies leases as either financing or operating. The College does not have any financing leases at adoption. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term and lease liabilities represent the College's obligation to make lease payments arising from the lease. Lease liabilities are recognized at

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based the College's incremental borrowing rate.

The College's operating lease ROU assets are measured based on the corresponding operating lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of the ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

The College does not allocate consideration between lease and non-lease components, such as operating costs, as the College has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

Operating leases are presented separately as operating lease ROU assets and operating lease liabilities in the accompanying consolidated balance sheets.

Prior to the adoption of ASC 842, the College recognized rent expense on a straight-line basis over the term of the lease. The difference between cash rent payments and the recognition of rent expense was recorded as a deferred rent liability on the consolidated balance sheets.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost less accumulated depreciation for buildings and equipment. Additions, renewals and improvements of property and equipment are capitalized; whereas, expenditures for normal maintenance and repairs are charged directly to operating expenses. The cost of books and audio-visual educational material are expensed as they are incurred.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, except for land, which is not depreciated.

Buildings	33 years
Building improvements	20 years
Vehicles	10 years
Office furniture and equipment	3-8 years

The College's policy is to periodically review the estimated useful lives of its buildings and equipment.

Tuition and Fees Revenue

Revenue from students' tuition (including room and board) and fees is recognized in the period to which the academic services are rendered. Tuition and fees revenue is shown net of discounts of \$10,439,106 and \$10,272,428, for the years ended June 30, 2023 and 2022, respectively.

Amounts received in advance of services being rendered are recorded as deferred revenue. Campus-based programs are delivered in the Fall and Spring academic terms, as well as two Summer terms, one of which crosses over fiscal years. Revenue is recognized ratably for this second summer term, with 50% of the revenue recognized in the current year's financial statements, and the remaining 50% recorded as deferred revenue.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following table presents changes in deferred revenue for the years ended June 30, 2023 and 2022:

	Advances Under Grants	Deferred Revenue	Total
Balance at June 30, 2021	\$ 1,185,378	\$ 3,287,455	\$ 4,472,833
Revenue recognized	(113,902)	(20,996,982)	(21,110,884)
Payments received	266,511	22,800,787	23,067,298
Foreign currency exchange	(161,387)	(556,766)	(718,153)
Balance at June 30, 2022	1,176,600	4,534,494	5,711,094
Revenue recognized	(151,924)	(23,378,456)	(23,530,380)
Payments received	562,252	23,751,898	24,314,150
Foreign currency exchange	67,958	223,308	291,266
Balance at June 30, 2023	<u>\$ 1,654,886</u>	<u>\$ 5,131,244</u>	<u>\$ 6,786,130</u>

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at their 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 a risk-adjusted interest rate applicable to the year(s) in which the promise is expected to be received. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

Grant Revenues

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Advance Payments Under Grants include unamortized deferred grant revenues related to fixed assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in Note 11. Note 11 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated by department among the programs and supporting services benefited. Depreciation for buildings has been allocated to functional classifications based on square footage of facilities.

Measure of Operations

The College's changes in net assets from operations include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations excludes unrealized foreign exchange gains/losses and any transfers made to related parties.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management of the College to make a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, and the reporting of revenue and expenses during the period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

New Accounting Policies

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). This guidance requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date. A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The amendment is effective for annual reporting periods beginning after December 15, 2021. The College adopted this standard as of July 1, 2022. See Note 14.

NOTE 3 - AVAILABILITY OF RESOURCES AND LIQUIDITY

The College regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statement of cash flows which identifies the sources and uses of the College's cash.

The College's endowment managers regularly review liquidity of all assets closely in order to ensure that short-term operational and investment commitments will be met. As of June 30, 2023, 94.8% of the total investments balance is without donor restrictions, and 57.2% of the total investments balance can be liquidated to cash in one year or less. See Notes 5, 6, 9 and 10 for further information about the College's investment portfolio, net assets and endowment funds.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

As of June 30, the following tables show the total financial assets held by the College and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

	2023	2022
Financial assets available to meet general expenditures over the 12 months:		
Cash	\$ 19,655,316	\$ 18,443,901
Student accounts receivable, net	2,074,516	2,064,186
Other accounts receivable	3,664,011	3,669,182
Receivable for investment sold	2,287,927	2,023,848
Endowment spending rate distribution and appropriations	11,187,803	12,811,037
Investments not encumbered by donor or board restrictions	128,501,069	130,007,653
Total financial assets available to meet general expenditures over the 12 months	\$ 167,370,642	\$ 169,019,807

NOTE 4 - FOREIGN CURRENCY TRANSLATION

Assets and liabilities in foreign currencies have been translated into the College's reporting currency, the U.S. dollar, at rates of exchange at the balance sheet date. The official rates of exchange at June 30, 2023 and 2022 were \$1.0866/€1 and \$1.0387/€1, respectively. Average rates of \$1.0468/€1 and \$1.1279/€1 for the years ended June 30, 2023 and 2022, respectively, have been utilized to translate revenues and expenses. Substantially all of the College's operations are in Greece, whose functional currency is the Euro. Changes in the Euro rate may have significant impacts on the amounts presented in the financial statements.

NOTE 5 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The College's net assets without donor restrictions are comprised of the General Fund, Plant Fund, and Board-Designated Fund. Both the General Fund and Plant Fund include funds which are set aside for current use. The Plant Fund is to be used for the construction, renovation and acquisition of capital assets; whereas, the General Fund is to be used for other general purposes.

The Board-Designated Fund of \$19,238,280, as of June 30, 2023 and \$18,465,180 as of June 30, 2022, respectively, includes \$16,726,883 (€12,500,000) related to the ALBA alliance, which was designated in fiscal year 2012. See Note 12 to these financial statements for additional details about the ALBA alliance. The Board-Designated Fund also includes \$2,302,373 as of June 30, 2023 and \$1,529,273 as of June 30, 2022, respectively, for scholarships and other purposes, and \$209,024 as quasi-endowment as of June 30, 2023 and 2022, respectively. Please refer to Note 6 for the College's spending policy with respect to these funds.

	2023	2022
General fund	\$ 203,897,918	\$ 207,414,684
Plant fund	70,884,745	57,980,126
Board-designated fund	19,238,280	18,465,180
Total funds without donor restrictions	\$ 294,020,943	\$ 283,859,990

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 6 - ENDOWMENT

The Boards of Trustees of ACG and AUGF have developed a joint investment policy which governs the management and oversight of College assets. Its intent is that the assets of the two institutions be commingled for investment purposes, benefiting from a single management and oversight mechanism. The Boards of Trustees, which have common membership, have developed this policy in accordance with the provisions provided by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) in the State of Colorado. The investment policies, which apply to the donor-endowment funds, and the board-designated funds (including the quasi-endowment funds), provide asset allocation guidelines, criteria to monitor and evaluate the performance of the fund’s managers and a spending policy. Based on its interpretations of the provisions of UPMIFA, ACG and AUGF are required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets. ACG and AUGF apply the same prudence when making decisions to spend or accumulate quasi-endowment funds and other unrestricted funds. As a result of its interpretation, ACG and AUGF classify the original value of gifts donated to be held in perpetuity as net assets with donor restrictions. Gifts donated with donor restrictions that are not required to be held in perpetuity are also classified as restricted, but only until those amounts are appropriated for expenditure by ACG and AUGF in a manner consistent with the standard of prudence described by UPMIFA.

To balance the dual goals of asset preservation and providing a stable source of revenue for educational purposes, ACG and AUGF follow a “total return” strategy in which investment returns are achieved through current yield (interest and dividends) and capital appreciation (realized and unrealized).

The following seven criteria are used to guide ACG and AUGF in their yearly expenditure decisions: (1) duration and preservation of the endowment funds; (2) the purpose of the institution and the endowment fund; (3) general economic conditions; (4) effect of inflation or deflation; (5) the expected total return from income of the investments; (6) other sources of the institution; and (7) the investment policy of the institution.

In accordance with the above principles, ACG and AUGF have adopted a spending policy of 3.5% applied to a three-year moving average with the understanding that administration may recommend an adjusted draw rate on an annual basis based on need and as approved by the Board. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their “historic dollar value.” Deficiencies of this nature are accounted for and reported by a charge to net assets with donor restrictions. The aggregate balance of underwater funds amounts to \$121,424 and \$168,205 for the years ended June 30, 2023 and 2022, respectively.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 12,888,315	\$ 12,888,315
Quasi-endowment	209,024	-	209,024
Total endowment funds	<u>\$ 209,024</u>	<u>\$ 12,888,315</u>	<u>\$ 13,097,339</u>

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following table presents changes in endowment net assets for the year ended June 30, 2023:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, beginning of year	\$ 209,024	\$ 12,318,824	\$ 12,527,848
Investment return	-	824,373	824,373
Transfer from net assets without donor restrictions	-	(46,781)	(46,781)
Other Transfers	-	(19,817)	(19,817)
Scholarships paid	-	(304,049)	(304,049)
Effects of foreign currency exchange rate	-	17,271	17,271
Additions and donations	-	98,494	98,494
Balance, end of year	<u>\$ 209,024</u>	<u>\$ 12,888,315</u>	<u>\$ 13,097,339</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 12,318,824	\$ 12,318,824
Quasi-endowment	209,024	-	209,024
Total endowment funds	<u>\$ 209,024</u>	<u>\$ 12,318,824</u>	<u>\$ 12,527,848</u>

The following table presents changes in endowment net assets for the year ended June 30, 2022:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Balance, beginning of year	\$ 209,024	\$ 13,453,461	\$ 13,662,485
Investment return	-	(1,724,609)	(1,724,609)
Transfer from net assets without donor restrictions	-	168,205	168,205
Scholarships paid	-	(300,963)	(300,963)
Effects of foreign currency exchange rate	-	39,318	39,318
Additions and donations	-	683,412	683,412
Balance, end of year	<u>\$ 209,024</u>	<u>\$ 12,318,824</u>	<u>\$ 12,527,848</u>

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 7 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment as of June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 12,050,412	\$ 10,268,730
Buildings	97,595,667	81,418,034
Office furniture and equipment	23,418,433	20,043,314
Works of art	273,372	259,389
Vehicles	228,102	207,140
Construction in progress	<u>5,858,128</u>	<u>8,016,145</u>
Total land, buildings and equipment, at cost	139,424,114	120,212,752
Less: accumulated depreciation	<u>(69,108,191)</u>	<u>(62,232,626)</u>
Total land, buildings and equipment, net	<u>\$ 70,315,923</u>	<u>\$ 57,980,126</u>

Over the years, the College has received donated works of art from various artists and benefactors. The donations have been excluded from the financial statements as per Accounting Standards Codification 958. Works of art that have been purchased are included at cost and have not been depreciated. For presentation purposes, purchased works of art are shown as a separate line item above.

NOTE 8 - EMPLOYEE RETIREMENT AND SEVERANCE BENEFITS

Under Greek labor regulations, employees and any lawyers on retainer whose service is terminated under certain circumstances, or who retire, are entitled to severance payments determined in accordance with their status and length of service. The obligation is unfunded with amounts being remitted as incurred by the College.

The following table provides a reconciliation of the changes in benefit obligation during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Reconciliation of benefit obligation		
Obligation at July 1	\$ 4,103,696	\$ 5,306,930
Service cost	205,485	305,042
Interest cost	127,605	43,788
Actuarial (gain) loss	(176,496)	(771,905)
Benefit payments	(269,102)	(251,067)
Curtailed (gain) loss	(2,767)	(288)
Other	94,304	91,954
Effect of foreign currency exchange rate	<u>188,446</u>	<u>(622,438)</u>
Obligation at June 30	<u>\$ 4,271,171</u>	<u>\$ 4,102,016</u>
Operating-related expenses	\$ 205,485	\$ 305,042
Non-operating-related (income) expenses	45,413	(636,163)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

For the years ended June 30, 2023 and 2022, amounts recognized as changes in net assets without donor restrictions, but not yet included in net periodic benefit cost, consist of net gains of \$176,496 and \$771,905, respectively.

Information for benefit plans with an accumulated benefit obligation in excess of plan assets as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Projected benefit obligation	\$ 4,271,171	\$ 4,102,016
Accumulated benefit obligation	3,194,838	3,087,909

The following table provides the components of net periodic benefit cost for the plans for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 205,485	\$ 305,042
Interest cost	127,605	43,788
Curtailment/prior service cost	133,512	144,725
Other	(44)	(2,708)
Cost due to termination	<u>72,788</u>	<u>94,695</u>
Total periodic benefit cost	<u>\$ 539,346</u>	<u>\$ 585,542</u>

The obligation due to benefit payments in the case of dismissal arises from the termination of employment rather than the employee's service at the college and thus the resulting expense, equal to the difference between the actual payment and corresponding individual provision, should be recognized immediately in the net periodic benefit cost of the current accounting period.

The assumptions used in the measurement of the College's benefit obligation are shown in the following table:

	<u>2023</u>	<u>2022</u>
Assumptions as of June 30		
Discount rate	3.71%	3.23%
Rate of compensation increase	2.50%	2.40%
Inflation	2.50%	2.40%

The assumptions used in the measurement of the net periodic benefit cost are shown in the following table:

	<u>2023</u>	<u>2022</u>
Weighted-average assumptions as of June 30		
Discount rate	3.23%	0.90%
Rate of compensation increase	2.40%	1.66%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Expected Future Benefit Payments

2024	\$ 294,223
2025	98,445
2026	98,991
2027	179,978
2028	139,504
Thereafter	1,137,037

NOTE 9 - INVESTMENTS

The College employs an Outsourced Chief Investment Officer (“OCIO”) under the supervision of the College’s Board of Trustees’ Investment Committee and subject to the College’s Investment Policy. The OCIO makes investment decisions on the College’s behalf with the ultimate goal of maximizing returns on the endowment portfolio.

Investments are comprised of the following as of June 30:

	2023	2022
Private investment funds	\$ 238,530,838	\$ 230,417,240
Mutual funds	1,577,536	5,277,231
Fixed income securities	13,388,994	14,379,791
Cash held in investments	28,750	151,903
Other government agencies	244,085	281,761
Total investments	\$ 253,770,203	\$ 250,507,926

Private Investment Funds

Private investment funds consist of investments in privately held limited partnerships that typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by the governing documents of the private investment. The amount of liquidity provided to investors in a particular private investment is generally consistent with the liquidity risk associated with the investment funds. Most of the private investments share limited liquidity and only permit monthly, quarterly and semiannual redemptions. The College’s investments in these investment funds exposes the College to varying degrees of credit, market and currency risk. In addition, the College may be subject to additional counterparty risk should counterparties of these investment funds fail to meet the terms of their contracts.

Mutual Funds and Other Government Agencies

Mutual funds, equity securities, and other government agencies securities consist of investments including equity securities of U.S. publicly traded companies, corporate bonds of U.S. companies, and U.S. treasury securities.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 10 - FAIR VALUE MEASUREMENTS

Fair value is defined as 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. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets; and
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the College's own assumptions about the factors market participants would use in valuing a portfolio instrument, and would be based on the best information available.

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

Mutual funds and other government agencies: Valued at the closing price reported on the active market on which the individual securities are traded.

Private investment funds: The College's private investment funds, which include equity funds, fixed income funds, hedge funds, real assets and private equity funds, consist of the College's ownership interest in externally managed funds, which may be invested in less liquid investments. The fair value of these investments is determined based on the NAV provided by external investment managers of the underlying funds as a practical expedient. Fair value represents the College's original investment plus the College's allocated share of income, realized gains and losses and unrealized appreciation and depreciation, net of fees and distributions.

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

The following tables set forth by level within the fair value hierarchy the College's investment assets at fair value, as of June 30:

	June 30, 2023	
	Total	Level 1
Private investment funds	\$ 238,530,838	\$ -
Mutual funds	1,577,536	1,577,536
Fixed income securities	13,388,994	13,388,994
Cash held in investments	28,750	28,750
Other government agencies	244,085	244,085
	<u>\$ 253,770,203</u>	<u>\$ 15,239,365</u>
Total investments		

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	June 30, 2022	
	Total	Level 1
Private investment funds	\$ 230,417,240	\$ -
Mutual funds	5,277,231	5,277,231
Fixed income securities	14,379,791	14,379,791
Cash held in investments	151,903	151,903
Other government agencies	281,761	281,761
	<u>\$ 250,507,926</u>	<u>\$ 20,090,686</u>
Total investments		

The table below presents additional information for the College's private investment funds. There were unfunded commitments of \$24.4 million and \$21.6 million, as of June 30, 2023 and 2022, respectively.

Additional Information as of June 30, 2023		
	Fair Value	Redemption Terms
U.S. equity ^(a)	\$ 32,729,043	Monthly/quarterly/triennially with 30-150 days' notice
Global equities ^(b)	34,154,510	Quarterly/triennially with 60-126 days' notice; 25% quarterly
European equities ^(c)	13,341,652	Quarterly with 30 days' notice
Long/short equity ^(d)	47,572,015	Monthly/quarterly/biannually with 60-92 days' notice
Diversifiers ^(e)	56,126,719	Quarterly 60-90 days' notice
Emerging markets equities ^(f)	9,290,545	Quarterly with 60 days' notice
Illiquid investments ^(g)	45,316,354	9 to 15 years
	<u>\$ 238,530,838</u>	
Total private investment funds		

(a) The U.S. Equity investment objective will be pursued through a strategy of investments in Cayman Island Exempted Companies and a British Virgin Islands Limited Partnership. These investments seek to earn attractive returns across all types of economic environments while minimizing risk of loss, through trading in securities and other instruments. Risks of loss are limited to each investment's capital balance. One investment has a lock up of \$7.2 million, expiring December 31, 2024.

(b) The Global Equity investment objective will be pursued through a strategy of investments in Delaware Limited Partnerships and Cayman Islands Exempted Companies. These investments seek to earn attractive returns across all types of economic environments while minimizing risk of loss, through trading in global securities market. Risks of loss are limited to each investment's capital balance. One investment has a rolling 3 year lock up, next expiring September 30, 2025. Another investment has a rolling 3 year lock up or \$16.1 million, next expiring April 30, 2026, but where up to 10% within the lock can be withdrawn annually.

(c) The European Equity investment objective will be pursued through a strategy of investments in a Cayman Islands Limited Liability Company. These investments seek to earn attractive returns across all types of economic environments while minimizing risk of loss, through trading in the European Securities market. Risks of loss are limited to each investment's capital balance.

(d) The Long/Short Equity investment objective will be pursued through a strategy of investment in Cayman Islands Exempted Companies and a Delaware Limited Partnership. These investments seek to earn

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

attractive returns across all types of economic environments while minimizing risk of loss, through trading in securities, derivatives and other instruments. Risks of loss are limited to each investment's capital balance.

- (e) The Diversifiers investment objective will be pursued through a strategy of investment in Cayman Islands Exempted Companies. These investments seek to earn attractive returns across all types of economic environments while minimizing risk of loss, through a variety of investment strategies and instruments. Risks of loss are limited to each investment's capital balance.
- (f) The Emerging Markets Equity investment objective will be pursued through a strategy of investments in Commingled Accounts. These investments seek to earn attractive returns across all types of economic environments while minimizing risk of loss, through trading in Emerging Markets securities. Risks of loss are limited to each investment's capital balance.
- (g) The Illiquid investment objective is to participate in the growth of equity markets but with an excess return over public indices due to an illiquidity premium. The risk of loss is limited to the capital investment just like other structures.

NOTE 11 - FUNCTIONAL EXPENSES

The following tables set forth the functional expenses incurred for the years ended June 30:

	Instruction	Administration	2023 Total
Salaries and benefits	\$ 23,232,054	\$ 15,901,709	\$ 39,133,763
Supplies, utilities and facilities	11,498,481	1,383,908	12,882,389
Professional services	490,053	3,093,567	3,583,620
Depreciation	4,056,958	377,230	4,434,188
Marketing and promotion	203,022	2,062,136	2,265,158
Travel	172,251	1,252,261	1,424,512
Other	108,436	910,699	1,019,135
Legal and taxes	39,547	1,829,188	1,868,735
	<u>\$ 39,800,802</u>	<u>\$ 26,810,698</u>	<u>\$ 66,611,500</u>

	Instruction	Administration	2022 Total
Salaries and benefits	\$ 21,230,655	\$ 14,235,831	\$ 35,466,486
Supplies, utilities and facilities	9,291,763	1,228,922	10,520,685
Professional services	443,983	2,977,605	3,421,588
Depreciation	3,099,358	251,434	3,350,792
Marketing and promotion	121,795	2,280,079	2,401,874
Travel	141,275	818,971	960,246
Other	42,902	939,241	982,143
Legal and taxes	42,374	1,129,674	1,172,048
	<u>\$ 34,414,105</u>	<u>\$ 23,861,757</u>	<u>\$ 58,275,862</u>

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 12 - STRATEGIC ALLIANCE WITH ALBA ASSOCIATION

In 2011, the College entered into an agreement for a strategic alliance with ALBA Graduate Business School (“ALBA”), a Greek non-profit Association, which was initially in place for a period of up to 20 years. Effective July 1, 2017, ALBA was divided into two distinct components. The first component is the ALBA Association (the “Association”), which continues to operate independently from the College as a Greek non-profit Association and provides executive training programs. The second component is the ALBA Graduate Business School at the College (“AGBS”), which is controlled by the College and therefore included in the consolidated results of the College as of July 1, 2017.

Restricted donations are periodically made to support certain operations of the Association. Total restricted donations of \$241,880 and \$228,964 were made during the years ended June 30, 2023 and 2022, respectively.

Finally, the Association incurs a fair market rent to the College for space it utilizes on college property in Athens. Rental income recognized during the years ended 2023 and 2022 was \$77,882 and \$83,916, respectively, and is included in other income.

NOTE 13 - NOTES PAYABLE

On October 22, 2021, ACG entered into a purchase agreement for a property located at the area of Spata, Zinonos Street, a 10 Km distance from the ACG main campus at Aghia Paraskevi. This property consisted of approximately 80,620 square meters of land with several buildings totaling about 16,500 square meters for a purchase price of €12.5 million. The purchase was 100% financed by a €20.3 million loan from a bank in Greece. The property was purchased in order to open an elementary school at this location in the fall of 2022. The remaining loan proceeds were used to renovate the existing buildings and add new athletic facilities for the elementary school. The loan term is 15 years with a 3.9% fixed interest rate. There is a 3-year interest payments-only provision at the onset of the loan. Subsequently, loan payments will be made in quarterly, unequal payments over the remaining 12-year period. There are no debt covenant requirements.

Below are the future principal payments:

	In Euros	In US Dollars
2024	€ -	\$ -
2025	380,150	413,071
2026	1,698,850	1,845,970
2027	2,055,000	2,232,963
2028	1,519,200	1,650,763
Thereafter	14,721,800	15,996,708
Total	€ 20,375,000	\$ 22,139,475

As of June 30, 2023, \$22,139,475 was drawn and is shown in Notes payable, net of \$328,574 issuance costs.

In January 2021, the College established a credit line account with the same bank in Greece in the amount of €1.5 million with an interest rate of 3 month Euribor + 3.0%. The purpose of the line of credit is to provide additional accessibility to cash for operational purposes. To date, no funds have been drawn on the credit line.

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 14 - LEASES

Upon adoption, ASC 842 Leases had an impact to both the College's Consolidated Statements of Financial Position and its Consolidated Statement of Activities. As part of the transition, the College elected the following practical expedients:

- Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.
- The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets.
- Not to recognize ROU assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

For existing leases, the College did not elect the use of hindsight and did not reassess lease term upon adoption.

The College adjusted the opening ROU asset balance based on its remaining deferred rent liabilities. On July 1, 2022, the College recorded \$1,123,378 in operating lease ROU assets and \$1,123,378 in operating lease liabilities. The adoption of ASC 842 had no significant impact on the College's profit and loss.

As of June 30, 2023, the College has no additional operating leases for 2023 that had not yet commenced.

Operating lease costs are \$579,237 as of June 30, 2023, and are presented in Operating Expenses in the Consolidated Statement of Activities.

Supplemental cash flow information related to leases is presented in the Consolidated Statement of Cash Flows.

The following table represents the weighted-average remaining lease term and discount rate for operating leases as of June 30, 2023:

	<u>2023</u>
Weighted average remaining lease term (years)	1.38
Weighted average discount rate	2.31%

The American College of Greece

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Future undiscounted lease payments for the College's operating lease liabilities are as follows as of June 30, 2023:

2024	\$	466,216
2025		86,845
2026		20,656
2027		15,547
2028		-
Thereafter		-
		<hr/>
Total future lease payments		589,264
Less: imputed interest		(10,609)
		<hr/>
Present value of lease liabilities	\$	<u>578,655</u>

Total rent expense for the year ended June 30, 2022 was \$478,163. Rent expense related to lease agreements was recognized on a straight-line basis over the lease term.

NOTE 15 - CONTINGENT LIABILITIES AND COMMITMENTS

From time to time, various claims and lawsuits generally incidental to the conduct of normal business are pending or may arise against the College. In the opinion of counsel and management of the College, after taking into account insurance coverage, losses, if any, from the resolution of pending litigation noted above should not have a material effect on the College's financial position or results of operations.

NOTE 16 - SUBSEQUENT EVENTS

The College has evaluated all events or transactions that occurred after June 30, 2023 through November 29, 2023, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

The American College of Greece

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	ACG (Athens)	Conversion Rate	ACG (Athens)	ACG (US Office)	AUGF (US)	Total USD
ASSETS						
Cash and cash equivalents	€ 9,558,297	1.0866	\$ 10,386,046	\$ 7,114,061	\$ 2,155,209	\$ 19,655,316
Student accounts receivable	6,761,487	1.0866	7,347,032	-	-	7,347,032
Allowance for doubtful accounts	(4,852,306)	1.0866	(5,272,516)	-	-	(5,272,516)
Other accounts receivable	1,327,271	1.0866	1,442,213	2,221,798	-	3,664,011
Prepayments and other assets	1,151,267	1.0866	1,250,967	165,637	100,204	1,516,808
Due from related parties	-	1.0866	-	(1,356,451)	1,356,451	-
Investments	224,632	1.0866	244,085	199,176	253,326,942	253,770,203
Receivable for investments sold	-	1.0866	-	-	2,287,927	2,287,927
Operating leases - right of use assets, net	520,855	1.0866	565,961	-	2,862	568,823
Land, buildings, and equipment, net	64,711,875	1.0866	70,315,923	-	-	70,315,923
Total assets	€ 79,403,378		\$ 86,279,711	\$ 8,344,221	\$ 259,229,595	\$ 353,853,527
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	€ 7,116,517	1.0866	\$ 7,732,809	\$ 14,505	\$ 804,471	\$ 8,551,785
Advance payments under grants	1,476,980	1.0866	1,604,886	50,000	-	1,654,886
Other liabilities	1,190,735	1.0866	1,293,853	500	88,621	1,382,974
Deferred revenue	4,722,293	1.0866	5,131,244	-	-	5,131,244
Employee retirement and severance benefits	3,930,767	1.0866	4,271,171	-	-	4,271,171
Due to related parties	(2,400,847)	1.0866	(2,608,760)	2,530,807	77,953	-
Operating lease liabilities	529,877	1.0866	575,764	-	2,891	578,655
Notes payable, net	20,273,477	1.0866	22,029,160	-	-	22,029,160
Total liabilities	36,839,799		40,030,127	2,595,812	973,936	43,599,875
Net assets						
Without donor restrictions	42,542,673	1.0866	46,226,868	(10,461,584)	258,255,659	294,020,943
With donor restrictions	20,906	1.0866	22,716	16,209,993	-	16,232,709
Total net assets	42,563,579		46,249,584	5,748,409	258,255,659	310,253,652
Total liabilities and net assets	€ 79,403,378		\$ 86,279,711	\$ 8,344,221	\$ 259,229,595	\$ 353,853,527

The American College of Greece

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

	ACG (Athens)	Conversion Rate	ACG (Athens)	ACG (US Office)	AUGF (US)	Total USD
ASSETS						
Cash and cash equivalents	€ 10,153,715	1.0387	\$ 10,546,664	\$ 5,108,615	\$ 2,788,622	\$ 18,443,901
Student accounts receivable	6,523,406	1.0387	6,775,862	-	-	6,775,862
Allowance for doubtful accounts	(4,536,128)	1.0387	(4,711,676)	-	-	(4,711,676)
Other accounts receivable	1,489,651	1.0387	1,547,300	2,121,882	-	3,669,182
Prepayments and other assets	853,669	1.0387	886,706	161,967	90,131	1,138,804
Due from related parties	-	1.0387	-	(657,692)	657,692	-
Investments	271,263	1.0387	281,761	183,437	250,042,728	250,507,926
Receivable for investments sold	-	1.0387	-	-	2,023,848	2,023,848
Land, buildings, and equipment, net	55,819,896	1.0387	57,980,126	-	-	57,980,126
	<u>€ 70,575,472</u>		<u>\$ 73,306,743</u>	<u>\$ 6,918,209</u>	<u>\$ 255,603,021</u>	<u>\$ 335,827,973</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	€ 6,571,925	1.0387	\$ 6,826,259	\$ 36,061	\$ 755,156	\$ 7,617,476
Advance payments under grants	1,132,762	1.0387	1,176,600	-	-	1,176,600
Other liabilities	1,107,083	1.0387	1,149,927	500	82,464	1,232,891
Deferred revenue	4,365,547	1.0387	4,534,494	-	-	4,534,494
Employee retirement and severance benefits	3,949,183	1.0387	4,102,016	-	-	4,102,016
Due to related parties	(507,516)	1.0387	(527,157)	458,718	68,439	-
Notes payable, net	17,890,781	1.0387	18,583,154	-	-	18,583,154
	34,509,765		35,845,293	495,279	906,059	37,246,631
Net assets						
Without donor restrictions	36,049,412	1.0387	37,444,524	(8,281,496)	254,696,962	283,859,990
With donor restrictions	16,295	1.0387	16,926	14,704,426	-	14,721,352
	<u>36,065,707</u>		<u>37,461,450</u>	<u>6,422,930</u>	<u>254,696,962</u>	<u>298,581,342</u>
Total liabilities and net assets	<u>€ 70,575,472</u>		<u>\$ 73,306,743</u>	<u>\$ 6,918,209</u>	<u>\$ 255,603,021</u>	<u>\$ 335,827,973</u>

The American College of Greece
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2023

	ACG (Athens)	Conversion Rate	ACG (Athens)	ACG (US Office)	AUGF (US)	Total USD
Revenues and other support						
Operating revenues						
Tuition and fees, net	€ 53,884,696	1.0468	\$ 56,406,500	\$ (345,286)	\$ -	\$ 56,061,214
Contribution revenue	857,620	1.0468	897,757	1,066,025	-	1,963,782
Investment income	4,714	1.0468	4,935	371,671	17,310,055	17,686,661
Grant revenues	132,023	1.0468	138,202	-	-	138,202
Other income	600,614	1.0468	628,723	-	-	628,723
	<u>55,479,667</u>		<u>58,076,117</u>	<u>1,092,410</u>	<u>17,310,055</u>	<u>76,478,582</u>
Expenses						
Operating expenses						
Operating expenses	59,590,974	1.0468	62,379,832	507,788	3,723,880	66,611,500
	<u>59,590,974</u>		<u>62,379,832</u>	<u>507,788</u>	<u>3,723,880</u>	<u>66,611,500</u>
Changes in net assets from operations	(4,111,307)		(4,303,715)	584,622	13,586,175	9,867,082
Non-operating revenue (expense)						
Unrealized foreign exchange gain (loss)	336,951	1.0468	352,720	(355,526)	-	(2,806)
Unrealized foreign exchange gain translation	-	1.0468	2,095,327	-	-	2,095,327
Other components of net periodic pension cost	(43,383)	1.0468	(45,413)	-	-	(45,413)
Restricted donations (Note 12)	-	1.0468	-	(241,880)	-	(241,880)
	<u>293,568</u>		<u>2,402,634</u>	<u>(597,406)</u>	<u>-</u>	<u>1,805,228</u>
CHANGE IN NET ASSETS	<u>€ (3,817,739)</u>		<u>(1,901,081)</u>	<u>(12,784)</u>	<u>13,586,175</u>	<u>11,672,310</u>
Net assets - beginning of year			37,461,450	6,422,930	254,696,962	298,581,342
Intercompany transfers			10,689,215	(661,737)	(10,027,478)	-
Net assets - end of year			<u>\$ 46,249,584</u>	<u>\$ 5,748,409</u>	<u>\$ 258,255,659</u>	<u>\$ 310,253,652</u>

The American College of Greece
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	ACG (Athens)	Conversion Rate	ACG (Athens)	ACG (US Office)	AUGF (US)	Total USD
Revenues and other support						
Operating revenues						
Tuition and fees, net	€ 41,947,089	1.1279	\$ 47,312,122	\$ (336,751)	\$ -	\$ 46,975,371
Contribution revenue	455,309	1.1279	513,543	1,687,762	5,000	2,206,305
Investment loss	(60,659)	1.1279	(68,418)	(111,101)	(38,039,054)	(38,218,573)
Grant revenues	181,774	1.1279	205,023	-	-	205,023
Other income	174,697	1.1279	197,041	-	-	197,041
	<u>42,698,210</u>		<u>48,159,311</u>	<u>1,239,910</u>	<u>(38,034,054)</u>	<u>11,365,167</u>
Expenses						
Operating expenses						
Operating expenses	48,224,806	1.1279	54,392,759	502,996	3,380,107	58,275,862
	<u>48,224,806</u>		<u>54,392,759</u>	<u>502,996</u>	<u>3,380,107</u>	<u>58,275,862</u>
Changes in net assets from operations	(5,526,596)		(6,233,448)	736,914	(41,414,161)	(46,910,695)
Non-operating revenue (expense)						
Unrealized foreign exchange gain (loss)	522,561	1.1279	589,397	(165,792)	-	423,605
Unrealized foreign exchange loss translation	-	1.1279	(4,915,197)	-	-	(4,915,197)
Other components of net periodic pension cost	564,024	1.1279	636,163	-	-	636,163
Restricted donations (Note 12)	-	1.1279	-	(228,964)	-	(228,964)
	<u>1,086,585</u>		<u>(3,689,637)</u>	<u>(394,756)</u>	<u>-</u>	<u>(4,084,393)</u>
CHANGE IN NET ASSETS	<u>€ (4,440,011)</u>		<u>(9,923,085)</u>	<u>342,158</u>	<u>(41,414,161)</u>	<u>(50,995,088)</u>
Net assets - beginning of year			40,768,917	6,996,390	301,811,123	349,576,430
Intercompany transfers			6,615,618	(915,618)	(5,700,000)	-
Net assets - end of year			<u>\$ 37,461,450</u>	<u>\$ 6,422,930</u>	<u>\$ 254,696,962</u>	<u>\$ 298,581,342</u>