

Consolidated Financial Statements together with
Independent Auditors' Reports as Required by
Title 2 U.S. *Code of Federal Regulations* Part 200,
*Uniform Administrative Requirements, Cost Principles, and
Audit Requirements for Federal Awards and Government
Auditing Standards* and Related Information

The Savannah College of Art and Design, Inc.

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Savannah College of Art and Design, Inc.

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of The Savannah College of Art and Design, Inc. and its subsidiaries (the “University”), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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 University as of June 30, 2024 and 2023, and the changes in their net assets and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 University 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 University’s ability to continue as a going concern for one year after the date the financial statements are 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 and *Government 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 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 and *Government Auditing Standards*, 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 University'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 University'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audits 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
September 9, 2024

Consolidated statements of financial position

(Dollars in thousands)

As of June 30,	2024	2023
Assets:		
Cash and cash equivalents	\$ 189,109	\$ 238,185
Restricted cash	92	4,515
Student accounts receivable, net of allowance for credit losses of \$2,177 and \$1,970, in 2024 and 2023, respectively	9,081	7,375
Receivable from federal government	453	1,667
Inventories	2,088	1,525
Prepaid expenses and other assets	16,680	13,526
Contributions receivable, net	1,365	2,569
Investments	632,559	422,267
Land, buildings, and equipment, net	1,133,241	1,065,205
Works of art	50,475	48,158
Total assets	\$ 2,035,143	\$ 1,804,992
Liabilities:		
Accounts payable, deposits, and accrued expenses	\$ 55,809	\$ 74,675
Deferred revenues	36,001	33,467
Accrued interest payable	1,726	1,185
Operating lease obligations	11,532	11,932
Bonds payable	173,120	179,612
Other liabilities	1,726	2,637
Total liabilities	279,914	303,508
Net assets:		
Without donor restrictions	1,711,725	1,462,133
With donor restrictions		
Purpose and time restricted	13,200	9,436
Restricted in perpetuity	30,304	29,915
Total net assets with donor restrictions	43,504	39,351
Total net assets	1,755,229	1,501,484
Total liabilities and net assets	\$ 2,035,143	\$ 1,804,992

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

Consolidated statements of activities

(Dollars in thousands)

For the years ended June 30,	2024	2023
Changes in net assets without donor restrictions:		
Revenues and other support:		
Enrollment and instruction-related services and fees	\$ 626,469	\$ 551,250
Private contributions and grants	140	1,726
Contributed nonfinancial assets	1,644	1,540
Investment return	72,602	46,207
Other	16,771	16,746
Net assets released from restrictions	2,409	2,106
Total revenues and other support without donor restrictions	720,035	619,575
Operating expenses:		
Instruction	149,117	135,160
Academic support	33,913	28,995
Student services	74,376	64,579
Institutional support	90,871	82,799
Auxiliary enterprises	121,387	95,099
Total operating expenses	469,664	406,632
Change in net assets without donor restrictions from operating activities	250,371	212,943
Changes in net assets with donor restrictions:		
Purpose and time restricted:		
Private contributions and grants	1,440	1,432
Investment return	3,949	3,942
Net assets released from restrictions	(2,409)	(2,106)
Restricted in perpetuity:		
Private contributions	394	3,193
Change in net assets with donor restrictions	3,374	6,461
Change in net assets	253,745	219,404
Net assets, beginning of year	1,501,484	1,282,080
Net assets, end of year	\$ 1,755,229	\$ 1,501,484

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

Consolidated statements of cash flows

(Dollars in thousands)

For the years ended June 30,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 253,745	\$ 219,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,013	49,572
Amortization of debt issuance cost	93	87
Amortization of bond premium	(2,220)	(2,088)
Contributions in-kind	(1,644)	(1,540)
Net gain on sale and disposal of long-lived assets	(12)	(1,067)
Amortization of discount on contributions receivable	(106)	(211)
Accretion for asset retirement obligation	36	35
Realized and unrealized gains on investments	(50,318)	(33,611)
Contributions restricted for long-term investment	(394)	(3,355)
Change in assets and liabilities:		
Student accounts receivable	(1,706)	(170)
Receivable from federal government	1,214	(1,507)
Contributions receivable	1,310	(579)
Inventories	(563)	(173)
Prepaid expenses and other assets	(3,154)	(367)
Accounts payable, deposits, and accrued expenses	(44,429)	16,251
Deferred revenues	2,534	4,093
Operating lease obligations	(400)	(2,051)
Accrued interest payable	541	-
Other liabilities	(947)	(757)
Net cash provided by operating activities	208,593	241,966
Cash flows from investing activities:		
Purchases of land, buildings, and equipment and works of art	(98,159)	(204,135)
Proceeds from sale of property and equipment	12	42
Purchases of investments	(876,534)	(240,654)
Proceeds from sale of investments	716,560	308,714
Net cash used in investing activities	(258,121)	(136,033)
Cash flows from financing activities:		
Principal repayments on bonds	(4,365)	(4,160)
Contributions restricted for long-term investment	394	3,355
Net cash used in financing activities	(3,971)	(805)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(53,499)	105,128
Cash, cash equivalents, and restricted cash at beginning of year	242,700	137,572
Cash, cash equivalents, and restricted cash and at end of year	\$ 189,201	\$ 242,700
Supplemental disclosure:		
Cash paid for interest	\$ 7,007	\$ 7,111

Capital asset purchases included in accounts payable at June 30, 2024 and 2023 totaled \$25,563 and \$35,001, respectively.

Notes to consolidated financial statements

(Dollars in thousands)

1 Organization and Summary of Significant Accounting Policies

Organization

The Savannah College of Art and Design, Inc. (SCAD or the University) is a private, not-for-profit university which prepares talented students for creative professions through engaged teaching and learning in a positively oriented university environment. SCAD is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award bachelor's and master's degrees. SCAD offers the Bachelor of Arts, Bachelor of Fine Arts, Master of Arts, Master of Fine Arts, Master of Architecture and Master of Urban Design degrees. The Master of Architecture program is accredited by the National Architectural Accrediting Board. The interior design program leading to the Bachelor of Fine Arts degree in Atlanta and Savannah is accredited by the Council for Interior Design Accreditation. SCAD recruits both nationally and internationally.

In addition, the University is comprised of the following entities:

Acorn Leasing Company, LLC and Acorn Hangar, LLC

Acorn Leasing Company, LLC (Acorn Leasing) owns an aircraft for lease by SCAD. Acorn Hangar, LLC (Acorn Hangar) holds the ground lease with the airport authority for the hangar that houses the aircraft owned by Acorn Leasing. Acorn Hangar has no assets, liabilities, or transactions as the lease is paid by the University. Both for-profit companies are wholly owned subsidiaries of SCAD and are considered disregarded entities for federal income tax purposes.

Lacoste School of the Arts in France, Association

Lacoste School of the Arts in France, Association (SCAD Lacoste) is a wholly owned subsidiary of SCAD that operates a study abroad location in the Provence region of southeastern France for SCAD academic programs and other events. SCAD funds the operating costs of SCAD Lacoste and has undertaken the renovation and restoration of several sites. Compania de Navegacion Passat S.A. (Panama), also known as Lacoste School of the Arts in France S.A., is a Panamanian entity which holds ownership of certain parcels of the Lacoste property. Full ownership of this entity was transferred to SCAD with the other real estate parcels in 2002.

Lucas Theatre for the Arts, Inc.

The Lucas Theatre for the Arts, Inc. (Lucas) is a not-for-profit affiliate of SCAD, and SCAD supports the theater's overhead and uses those facilities for a number of events. The University entered into an agreement with Lucas on June 11, 2002 whereby the University was granted the right to appoint a majority of the Lucas board of directors. Under the agreement, the University is required to use all commercially reasonable efforts to cause Lucas to own and operate the theater for at least 25 years. The University also entered into a guaranty on the same date to unconditionally guarantee the due and punctual payment in full of all amounts due and owing or to become due and owing by Lucas.

SCAD Museum, LLC

SCAD Museum, LLC (SCAD Museum) opened the SCAD Museum of Art in October 2011. SCAD Museum hosts a year-round program of exhibitions, installations, performances and museum programs and events that engage with SCAD's instructional and other programs. SCAD Museum is a wholly owned for-profit subsidiary of SCAD and is considered a disregarded entity for federal income tax purposes.

SCAD+ Holdings, LLC

SCAD+ Holdings, LLC (SCAD+) was established in November 2017 to provide a means for SCAD to support alumni-created enterprises in launching commercially-feasible digital products, while obtaining an equity interest in the respective businesses. SCAD+ is a wholly owned for-profit subsidiary of SCAD and is considered a disregarded entity for federal income tax purposes.

2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Consolidation

The accompanying consolidated financial statements of the University include the financial position and activity of Acorn Leasing, Acorn Hangar, SCAD Lacoste, Lucas, SCAD Museum, and SCAD+. All inter-organization transactions and balances have been eliminated in the accompanying consolidated financial statements.

Basis of Presentation

The net assets and revenues, expenses, gains, and losses of the University are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the University 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 without donor restrictions may also be designated by the University's Board of Trustees (Note 6). The University's board-designated endowment has been designated for student scholarships.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the University and/or the passage of time. In addition, net assets with donor restrictions also include net assets whereby the respective donors have stipulated that the corpus contributed be invested and/or maintained in perpetuity. Income earned from these investments is available for expenditures according to restrictions, if any, imposed by donors (Notes 6 and 10).

Revenues, Expenses and Support

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Net assets restricted for acquisition of long-lived assets are released from restriction at the time such long-lived assets are placed into service.

Georgia Uniform Prudent Management of Institutional Funds Act (the Act)

The University has interpreted the Act as requiring the University, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinary prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking in to account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. As a result of this interpretation, the University classifies as net assets with donor restrictions (1) the original (historical) value of gifts donated to the donor-restricted endowment, (2) the original value of subsequent gifts to the donor-restricted endowment, and (3) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' historical value, such excess is available for appropriation and classified as net assets with donor restrictions until appropriated for expenditure by the University's Board of Trustees. In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) Effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the University; and
- (7) The investment policies of the University.

The objectives of the endowment are as follows:

- To preserve and enhance the purchasing and earning power of the fund.
- To seek an average annual total rate of return of the Consumer Price Index plus 5%. Attainment of this objective shall be measured over a three to five-year time frame.

Commensurate with these objectives, the annual spending policy used to appropriate expenditures of donor-restricted endowment assets is up to 5% of the ending balance in the fund, measured on the last day of the preceding fiscal year. The spending policy attempts to balance the long-term objective of maintaining the purchasing power of the endowment for the benefit of future generations of students with the goal of providing funds to underwrite the educational needs of current and future generations of the students as well as to enhance the University's financial well-being. For the years ended June 30, 2024 and 2023, the University spending rate was 0%. There were no appropriations approved by the Board of Trustees for the years ended June 30, 2024 and 2023.

Fair Value Measurements

The University's financial instruments include cash and cash equivalents, investments, student accounts receivable, accounts payable, and bonds payable. The carrying value, which is the fair value of investments except for cash held in endowment, money market accounts and certificates of deposit is based upon quoted market values or values provided by external investment managers.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. There is a three-tier fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the University's assumptions (unobservable inputs). The categorization of financial instruments into a particular Level is not an indicator of risk but the manner in which fair value is determined.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the date of consolidated financial statements. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3: Securities that have little to no pricing observability as of the date of consolidated financial statements. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the University. The University considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments, principally demand deposits, with original maturities of three months or less. Credit risk is the amount on deposit at a financial institution in excess of federally insured limits. The University mitigates this risk by depositing and investing cash with major financial institutions. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

Restricted cash represents deposits with the University's bond trustee relating to the unspent proceeds of the Series 2021 Bonds (Note 8).

Accounts Receivable

The University's receivables are principally due from students for tuition and other fees and from federal and state agencies. Receivables are stated at net realizable value. The University determines its allowance for credit losses by considering the University's previous loss history and specific account circumstances.

Investments

The University accounts for its investments at fair value, except for cash held in endowment, money market and other depository accounts, and certificates of deposit, if any (Note 5). Realized gains and losses on sales of securities represent the difference between net proceeds received and the cost of the investments. Realized and unrealized gains and losses are included in the accompanying consolidated statements of activities and gains and/or losses are allocated to net asset classes, depending upon donor stipulations, if any.

Investment expenses are reported within net realized and unrealized gains (losses) on investments.

Investments in domestic equity securities, government bonds, corporate bonds, mutual funds, and other money market investments are valued based on quoted market prices. In instances where market prices are obtained from active markets, the investments are categorized as Level 1 inputs. The University does not adjust the quoted price for such investments. In determining fair value, investments in government bonds, corporate bonds, and asset backed securities that are not traded on active markets are categorized as Level 2 inputs. The fair value of investments in limited partnerships and hedge funds are provided by the respective fund managers. Such alternative investments are measured using the net asset value (NAV) practical expedient and are not categorized within the fair value hierarchy.

Unstable market conditions and the resulting uncertainties contribute to additional risks associated with certain significant investment valuation estimates. Management continues to monitor the composition of its portfolio to assess the potential impact of these market conditions on the valuation and liquidity of its investments and various financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the University's accompanying consolidated financial statements.

The changes in economic condition or model-based valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. The University evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to its total portfolio and, for the years ended June 30, 2024 and 2023, there were no significant transfers among Level 1, 2 or 3.

Inventories

Inventories are valued at lower of cost or market, determined on a basis that approximates the first-in, first-out method. Inventories consist mainly of items held for resale at the University's various auxiliary enterprises.

Debt Issuance Costs

Issuance costs related to bonds payable are reflected as a reduction to principal and are amortized over the term of the respective instrument using the effective interest rate method. Amortization of approximately \$93 and \$87 was recognized as a component of interest expense during the years ended June 30, 2024 and 2023, respectively.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost at the date of acquisition or at estimated fair value at the date of donation if acquired as gifts, less accumulated depreciation and amortization at a capitalization threshold of \$1.

Depreciation of the University's fixed assets is computed using the straight-line method over the estimated useful lives of the respective assets, except for leasehold improvements. Amortization of the leasehold improvements is computed over the shorter of the useful life of the improvement or the lease term. Costs in connection with maintenance are expensed as incurred, while expenditures for renewals and improvements are generally capitalized. A summary of depreciable lives follows:

	Years
Buildings and major building improvements	10 - 70
Land improvements	20
Leasehold improvements	2 - 22
Furniture and fixtures	10
Equipment	5 - 10
Library books	20
Computer equipment	5 - 10
Computer software	3

Long-Lived Assets

The University reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Measurement of any impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows.

No loss for impairment of long-lived assets was recorded during the years ended June 30, 2024 and 2023.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management.

The University recognizes private grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional, that is, when the conditions on which they depend are substantially met. Private grants treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement.

The University recognizes bequests from donors once they become unconditional promises to give. The University does not consider bequests to be unconditional until the probate process is fully completed for a donor's estate and the University has received official notification from the executor that bequeathed property is forthcoming. When the University is named as a beneficiary of an irrevocable living trust, the University considers this an unconditional promise to give.

Unconditional promises to give are recorded as revenue upon notification to the University. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of this discount is recorded as additional contribution revenue. The University has elected the Expected Present Value (EPV) 2 method in which a risk-free interest rate is adjusted for general market (systematic) risk by adding risk premium. The University has utilized the Yield to Maturity on U.S. Treasuries based on the date of the pledge receivable for the risk-free rate and has applied a market risk premium of 3%. The risk-adjusted discount rate represents the expected rate of return that corresponds to an expected rate associated with probability-weighted cash flows in which the University has adjusted the cash flows for the likelihood of collection. The University believes substantially all contributions receivable to be fully collectible at the net amounts presented in the accompanying consolidated statements of financial position at June 30, 2024 and 2023.

Works of Art

Works of art is comprised of artwork and antiques that are held for exhibition and various other educational program activities. Each of these items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

The University has capitalized its collections since its inception. Purchased items are capitalized at cost; donated items are capitalized at fair value at the date of receipt from the donor. Fair value is determined by independent appraisals as of the date of receipt and is subject to a number of judgments and estimates. Gains or losses on the deaccession of collection items are classified in the consolidated statements of activities as net assets with or without donor restrictions depending on donor restrictions, if any, placed on the item at the time of accession. Items which by donor stipulation may never be deaccessioned are classified as net assets with donor restrictions.

Deferred Revenues

Deferred revenues represent tuition and fees for programs and services to be conducted in the subsequent fiscal year.

Functional Expenses

Expenses are reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program service is instruction. Expenses reported as academic support, student services, institutional support and auxiliary enterprises are incurred in support of these program services. Facilities costs, depreciation, and interest are allocated and reported on a functional basis using a combination of specific identification and estimates of building square footages, consistently applied. Institutional support includes fund-raising expenses of \$631 and \$636 and advertising expenses, which are expensed as incurred, of \$2,555 and \$2,052 for the years ended June 30, 2024 and 2023, respectively.

The following tables present the University's expenses by functional and natural category for the years ended June 30, 2024 and 2023:

For the year ended June 30, 2024	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total 2024
Salaries, wages, and benefits	111,653	25,382	33,042	45,360	9,091	224,528
Supplies and travel	6,964	3,121	15,203	13,992	39,894	79,174
Professional services	12,099	1,734	21,275	22,736	25,420	83,264
Occupancy and utilities	4,015	741	2,750	3,727	15,177	26,410
Depreciation	14,046	2,889	2,042	5,003	31,033	55,013
Interest	340	46	64	53	772	1,275
Total operating expenses	\$ 149,117	\$ 33,913	\$ 74,376	\$ 90,871	\$ 121,387	\$ 469,664

For the year ended June 30, 2023	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total 2023
Salaries, wages, and benefits	\$ 99,368	\$ 21,658	\$ 28,351	\$ 40,294	\$ 7,049	\$ 196,720
Supplies and travel	8,532	2,246	12,680	14,209	35,706	73,373
Professional services	9,771	1,432	19,460	21,607	17,472	69,742
Occupancy and utilities	2,824	684	2,122	3,002	8,465	17,097
Depreciation	14,622	2,969	1,958	3,680	26,343	49,572
Interest	43	6	8	7	64	128
Total operating expenses	\$ 135,160	\$ 28,995	\$ 64,579	\$ 82,799	\$ 95,099	\$ 406,632

Income Taxes

The University is recognized by the Internal Revenue Service as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

The University is required to make provisions for uncertain tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% cumulative likelihood of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The University recognizes interest and penalties, if any, related to uncertain tax positions within income tax expense.

Foreign Operations

Operations outside the United States of America are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, foreign exchange controls, and restrictions on currency exchange. The University does not engage in hedging activities to mitigate its exposure to fluctuations in foreign currency exchange rates.

Related-Party Transactions

In the ordinary course of business, there are occasional contributions or pledges to SCAD made by members of the Board of Trustees, officers, and/or key employees. There were no other material related-party transactions in fiscal year 2024 or 2023, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the University may undertake in the future, actual results may be different from those estimates. Significant items subject to such estimates and assumptions include but are not limited to, fair value of investments that have no ready market, carrying amounts of property and equipment, allowances for receivable balances, liabilities for post-retirement medical benefits and asset retirement obligations. Actual results could differ from those estimates.

Subsequent Events

The University evaluated subsequent events through September 9, 2024, the date the accompanying consolidated financial statements were issued. The University is not aware of any subsequent events that require recognition or disclosure in the accompanying consolidated financial statements.

3 Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to students and others in an amount that reflects the consideration the University expects to be entitled to receive in exchange for those goods and services.

The University has various revenue streams that revolve mainly around student enrollment and instruction. Revenue is generated mainly through tuition, housing, meals and various fees associated with enrollment in the University, at one of its two main student campuses in Savannah or Atlanta, and recognized over time as the University provides the related goods and service. The University also hosts several collaborative learning curricula and summer seminars for students/non-students throughout the year that provide other sources of income. This also includes study abroad opportunities at the University's Lacoste, France location. Generally, enrollment and instructional services are billed when a course or term begins, and paid within 30 days of the bill date.

Revenue is also generated through late fees and payment plan fees for tuition payments, as well as from various parking facilities and vending machines across campuses. Generally, this other fees revenue is recognized when the fee is charged to the student, which coincides with the completion of the specific performance obligation to the student.

In the following table, revenue is disaggregated by type of service provided:

For the year ended June 30, 2024	Tuition and Fees	Housing	Meals	Total
Revenues	\$ 658,176	\$ 86,169	\$ 42,908	\$ 787,253
Less: student aid	(160,141)	(563)	(80)	(160,784)
Enrollment and instruction-related services and fees	\$ 498,035	\$ 85,606	\$ 42,828	\$ 626,469

For the year ended June 30, 2023	Tuition and Fees	Housing	Meals	Total
Revenues	\$ 593,189	\$ 72,751	\$ 36,505	\$ 702,445
Less: student aid	(150,696)	(453)	(46)	(151,195)
Enrollment and instruction-related services and fees	\$ 442,493	\$ 72,298	\$ 36,459	\$ 551,250

The University has taken a portfolio approach in determining whether student aid should apply across tuition and fees, housing, and meals. In general, the University awards student aid on the basis of tuition and fees only, without consideration to housing and meal costs.

Deferred revenue at June 30, 2024 and 2023 was \$36,001 and \$33,467, respectively, and represents the University's performance obligation to transfer future enrollment and instructional services to students. For the years ended June 30, 2024 and 2023, the University recognized revenue of \$33,467 and \$29,374, respectively, from amounts that were included in deferred revenues at the beginning of the year. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

The University has elected, as a practical expedient, not to disclose additional information about unsatisfied performance obligations for contracts with customers that have an expected duration of one year or less.

4 Financial Assets and Liquidity Resources

Financial assets available for general expenditure, that is, without donor or contractual restrictions limiting their use, within one year of the date of the consolidated statements of financial position, were comprised of the following as of June 30, 2024 and 2023:

As of June 30,	2024	2023
Cash and cash equivalents	\$ 189,109	\$ 238,185
Student accounts receivable, net of allowance for uncollectible accounts	9,081	7,375
Receivable from federal government	453	1,667
Contributions receivable, net	1,365	2,569
Investments	632,559	422,267
Total financial assets available in one year	832,567	672,063
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time or purpose	13,200	9,436
Restricted by donors in perpetuity	30,304	29,915
Designated by the Board of Trustees	379,549	300,010
Total amounts unavailable for general expenditures within one year	423,053	339,361
Total financial assets available for general expenditures within one year	\$ 409,514	\$ 332,702

The University maintains cash balances at a level designed to ensure short-term liquidity. In addition, a suitable proportion of the University's investment balances are held in instruments that can readily be converted to cash, if needed. The University prepares and monitors a 12-month rolling cash flow forecast in order to identify and address any threats to short-term liquidity. Although the University does not intend to spend from these funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if necessary, upon Board approval.

5 Investments

Investments, at fair value, consisted of the following:

June 30,	2024	2023
Money market and other depository accounts	\$ 9,359	\$ 10,337
Certificates of deposit	211,336	86,076
Domestic equity securities	80,747	66,613
Government bonds	6,997	6,427
Corporate bonds	286,225	226,608
Mutual funds	-	413
Limited partnerships	13,817	16
Hedge funds	24,078	25,777
Total	\$ 632,559	\$ 422,267

At June 30, 2024 and 2023, donor-restricted and board-designated resources were invested in accordance with the University's endowment investment philosophy, as follows:

June 30,	2024	2023
Donor-restricted endowment	\$ 32,478	\$ 26,671
Board-designated endowment	379,549	300,010
Other donor-restricted funds	4,667	4,665
Total	\$ 416,694	\$ 331,346

The following table summarizes the categorization of financial instruments measured at fair value on a recurring basis:

June 30, 2024	Level 1	Level 2	NAV	Total
Financial instruments - investments:				
Domestic equity securities	\$ 80,747	\$ -	\$ -	\$ 80,747
Government bonds	6,997	-	-	6,997
Corporate bonds	286,225	-	-	286,225
Limited partnerships	-	-	13,817	13,817
Hedge funds	-	-	24,078	24,078
Total financial instruments	\$ 373,969	\$ -	\$ 37,895	\$ 411,864
June 30, 2023				
Financial instruments - investments:				
Domestic equity securities	\$ 66,613	\$ -	\$ -	\$ 66,613
Government bonds	6,427	-	-	6,427
Corporate bonds	226,608	-	-	226,608
Mutual funds	413	-	-	413
Limited partnerships	-	-	16	16
Hedge funds	-	-	25,777	25,777
Total financial instruments	\$ 300,061	\$ -	\$ 25,793	\$ 325,854

The University's investments in certificates of deposit and money market accounts are classified as investments in the accompanying consolidated statements of financial position and are carried at amortized cost, which approximates fair value. The University had \$220,695 and \$96,413 in such investments as of June 30, 2024 and 2023, respectively. These investments do not qualify as securities as defined in ASC 320, *Investments – Debt and Equity Securities*, and thus are not included in the above fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*.

Alternative investments represent hedge funds, a private equity real estate fund, and other investments which follow a variety of investment strategies. The terms and conditions of these investments, including liquidity provisions, differ for each fund.

The University uses the NAV per share or its equivalent to estimate the fair value of investments which (a) may not have a readily determinable fair value and (b) fund managers prepare those financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category:

At June 30, 2024						
Alternative Investment Strategy	Fair Value Using NAV	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions	
Limited partnerships	\$ 13,817	8-12 years	\$ 48,758	None	n/a	
Hedge funds	24,078	n/a	n/a	Quarterly	65-day notice; up to 1/12 of account redeemable each quarter	
Total alternative investments	\$ 37,895		\$ 48,758			
At June 30, 2023						
Alternative Investment Strategy	Fair Value Using NAV	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions	
Limited partnerships	\$ 16	3 years	\$ -	None	n/a	
Hedge funds	25,777	n/a	n/a	Quarterly	65-day notice; up to 1/12 of account redeemable each quarter	
Total alternative investments	\$ 25,793		\$ -			

6 Endowments

Administration of the University's donor-restricted endowments are subject to the general provisions of the Act (Note 2). Under the provisions of this state law, the University may, among other things, appropriate expenditures of underwater endowment funds as is deemed prudent for the uses and purposes for which an endowment fund is established.

SCAD is committed to providing annual support from the endowment, while preserving the principal investment of the fund. However, SCAD recognizes that sometimes due to circumstances beyond control, the fair value of an endowed fund can fall below the principal value. If this occurs SCAD holds on to its current policy and spends on this amount, which does not include any step down provisions or holdback. If the amount grows, SCAD will reevaluate the policy.

Endowment net asset composition by type of fund and changes in endowment net assets are summarized as follows:

Endowment Net Asset Composition by Type of Fund as of June 30, 2024	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Historical Value	
Donor-restricted endowment funds	\$ -	\$ 9,043	\$ 23,435	\$ 32,478
Board-designated endowment funds	379,549	-	-	379,549
Total funds	\$ 379,549	\$ 9,043	\$ 23,435	\$ 412,027

Changes in Endowment Net Assets Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Historical Value	
Net assets, beginning of year	\$ 300,010	\$ 3,630	\$ 23,041	\$ 326,681
Investment return	52,039	5,413	-	57,452
Contributions received	-	-	394	394
Board designations	27,500	-	-	27,500
Endowment net assets, end of year	\$ 379,549	\$ 9,043	\$ 23,435	\$ 412,027

Endowment Net Asset Composition by Type of Fund as of June 30, 2023	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Historical Value	
Donor-restricted endowment funds	\$ -	\$ 3,630	\$ 23,041	\$ 26,671
Board-designated endowment funds	300,010	-	-	300,010
Total funds	\$ 300,010	\$ 3,630	\$ 23,041	\$ 326,681

Changes in Endowment Net Assets Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Historical Value	
Net assets, beginning of year	\$ 234,856	\$ 758	\$ 19,686	\$ 255,300
Investment return	35,154	2,872	-	38,026
Contributions received	-	-	3,355	3,355
Board designations	30,000	-	-	30,000
Endowment net assets, end of year	\$ 300,010	\$ 3,630	\$ 23,041	\$ 326,681

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 the Act requires the University to retain as a fund of permanent duration. Deficiencies of this nature that are reported in net assets with donor restrictions were \$189 and \$193 as of June 30, 2024 and 2023, respectively, for a donor-restricted endowment with a historical value of \$5,488 and \$5,299, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of newly invested donor-restricted endowment contributions.

7 Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows:

June 30,	2024	2023
Land	\$ 145,942	\$ 140,995
Buildings	487,299	331,033
Building and land improvements	620,357	593,954
Equipment	145,511	122,850
Library books	13,044	12,846
Furniture and fixtures	67,209	56,643
Capital projects in progress	137,615	233,887
Operating lease right-of-use assets	11,421	11,790
Total land, buildings, and equipment	1,628,398	1,503,998
Less: accumulated depreciation	(495,157)	(438,793)
Land, buildings, and equipment, net	\$ 1,133,241	\$ 1,065,205

Capital projects in progress consists primarily of various building improvement projects. Depreciation expense totaled \$55,013 and \$49,572 during the years ended June 30, 2024 and 2023, respectively. Long-lived assets are periodically sold or disposed by the University in the ordinary course of business. Gains on the sale or disposal of long-lived assets totaled \$12 and \$1,067 for the years ended June 30, 2024 and 2023, respectively.

8 Debt Obligations

The following is a summary of the University's debt obligations:

June 30,	2024	2023
Principal balance outstanding:		
Bonds payable	\$ 174,175	\$ 180,760
Total	174,175	180,760
Less: Unamortized debt issuance costs		
Bonds payable	(1,055)	(1,148)
Net debt obligations	\$ 173,120	\$ 179,612

Principal payments due on the University's debt obligations are as follows:

	Bonds Payable
For the year ending June 30:	
2025	\$ 4,585
2026	4,815
2027	5,055
2028	5,310
2029	5,575
Thereafter	123,540
Unamortized bond premium	25,295
Total	\$ 174,175

Bonds Payable

Bonds payable are comprised of the following:

	Date Issued	Coupon Interest %	Yield %	Final Maturity Date	Par Amount	Outstanding June 30,	
						2024	2023
Private Colleges and Universities Authority							
Revenue Bonds Series 2022							
Serial Bonds	11/10/2021	4.00-5.00%	0.201-2.180%	4/1/2023 - 4/1/2041	127,730	\$ 117,910	\$ 121,970
Term Bond	11/10/2021	4.00%	2.27%	4/1/2044	31,275	30,970	31,275
Total par amount outstanding						148,880	153,245
Unamortized bond premium						25,295	27,515
Total						174,175	180,760
Less: Unamortized debt issuance costs						(1,055)	(1,148)
Net debt obligations						\$ 173,120	\$ 179,612

In August 2014, the University began the implementation of a new capital plan which included the prepayment and extinguishment of most of the University's existing debt and the issuance of tax-exempt revenue bonds in the par amount of \$180,969 (the Series 2014 Bonds) on October 1, 2014. Proceeds of the bonds were designated to acquire existing leased student housing, acquire an existing leased administration and academic building, and refinance new student housing that was completed in late summer 2013. In October 2021, the University issued new bonds (the Series 2021 Bonds) to acquire, construct, renovate and equip certain student housing facilities and to extinguish the Series 2014 Bonds. Interest is payable on each April 1 and October 1. The Series 2021 Bonds are general unsecured obligations of the University and are not secured by a mortgage or pledge of any of the University's assets, properties, or revenues. Interest expense was \$1,275 and \$128 for the years ended June 30, 2024 and 2023, respectively. Capitalized interest was \$4,079 and \$7,111 for the years ended June 30, 2024 and 2023, respectively.

9 Leases

The University assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the University's right to control the use of an identified asset for a period of time in exchange for consideration. The University has several non-cancelable operating leases for building space and equipment used in the delivery of University programs, for which a right-of-use asset and a lease liability are recorded in the accompanying consolidated statement of financial position. The University measures its lease assets and liabilities using a risk-free rate of return selected based on the lease term. The University considered the likelihood of exercising renewal or termination terms in measuring its right-of-use assets and lease liabilities. The University's leases do not contain residual value guarantees and are based solely on fixed payment arrangements. The University has no short-term leases.

The right-of-use operating lease assets are reported in the statement of financial position as a component of land, buildings, and equipment, net, and are disclosed in Note 7.

Total short-term lease cost for the years ended June 30, 2024 and 2023 totaled \$4,459 and \$0, respectively. Total operating lease cost for the years ended June 30, 2024 and 2023 totaled \$1,765 and \$2,026, respectively. Supplemental quantitative information related to operating leases for the year ended June 30 is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$ 1,813	\$ 1,936
Weighted-average remaining lease term (expressed in years)	8.00	8.17
Weighted-average discount rate	2.14%	2.06%

The maturity of the lease liability under the University's operating leases as of June 30, 2023 is as follows (in thousands):

	Amount
For the year ending June 30:	
2025	\$ 1,788
2026	1,754
2027	1,583
2028	1,605
2029	1,587
Thereafter	4,992
Total operating lease obligations	13,309
Less: effects of discounting	(1,777)
Total operating lease obligations, net	\$ 11,532

10 Net Assets

Net assets with donor restrictions consisted of the following:

June 30,	2024	2023
Purpose and time restricted:		
Academic support	\$ 1,112	\$ 1,021
Student scholarships and aid	9,117	5,383
Student support	160	186
Buildings, equipment, plant operations and maintenance	273	272
Works of art	1,876	1,876
Auxiliary services	50	50
Community and educational events	612	648
Total purpose and time restricted	13,200	9,436
Restricted in perpetuity:		
Student aid	23,234	22,845
Works of art - academic support	7,070	7,070
Total restricted in perpetuity	30,304	29,915
Total net assets with donor restrictions	\$ 43,504	\$ 39,351

11 Net Assets Released from Restrictions

Net assets were released from donor restrictions by satisfying the stipulated purposes as follows:

During the years ended June 30,	2024	2023
Academic support	\$ 52	\$ 1
Student scholarships and aid	1,577	1,567
Student support	125	69
Buildings, equipment, plant operations and maintenance	-	13
Community and educational events	655	456
Total	\$ 2,409	\$ 2,106

12 Contributions In-Kind and Conditional Promises to Give

The following noncash contributions were received and recorded as contribution revenue at their appraised fair values on the date of the respective gift:

For the years ended June 30,	2024	2023
Land, buildings and equipment	\$ 965	\$ 275
Artwork and antiques	679	1,265
	\$ 1,644	\$ 1,540

Contributed nonfinancial assets are used as part of the University's ongoing operations, are not sold, and are not restricted by their respective donors.

The University has been named as a beneficiary of numerous wills and trusts representing an estimated \$942 and \$942 in assets as of June 30, 2024 and 2023, respectively. As described in Note 2, the University does not recognize such bequests as contribution revenue until they become unconditional promises to give.

13 Retirement Plans

The University has adopted, in accordance with Section 403(b) of the Code, a Tax Sheltered Annuity Program (the 403(b) Plan) for the benefit of all University employees who have been employed for at least 30 days. The 403(b) Plan permits employees to make contributions up to the amount of their compensation or the maximum allowed under the Code, which totaled \$23 and \$22.5 per participant, along with a catch-up provision of \$7.5 for those participants age 50 or older, at June 30, 2024 and 2023. Beginning January 1, 2020, the University made matching contributions of 100%, subject to a maximum of 6% of the respective participant's compensation. The matching contributions totaled \$5,835 and \$5,254 for the years ended June 30, 2024 and 2023, respectively.

14 Commitments and Contingencies

Legal Matters

The University is involved in various legal proceedings, claims and governmental inquiries that have arisen in the ordinary course of its business and have not been fully adjudicated. In the opinion of management such claims are not expected to have a material effect on the accompanying consolidated financial statements.

Federal Financial Assistance

Certain federally funded programs are routinely subject to audit by the oversight and/or sponsoring agencies. In addition, compliance audits conducted pursuant to specific regulatory requirements by the University's independent auditors are submitted to the U.S. Federal Audit Clearinghouse. Federal awarding agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the University's participation in the federal programs. No contingent liabilities related to federal programs were identified or recorded by the University for the years ended June 30, 2024 and 2023.

Commitments on Capital Projects

The University had outstanding commitments on capital projects of approximately \$3,924 and \$81,191 as of June 30, 2024 and 2023, respectively.

Uniform Guidance Supplementary Information

Schedule of expenditures of federal awards

For the year ended June 30, 2024

Federal Grantor / Program Title	Federal Assistance Listing Number	Federal Award Expenditures	Passed Through to Subrecipients
Student Financial Assistance Cluster			
Department of Education			
Federal Pell Grant Program	84.063	\$ 15,702,494	\$ -
Federal Supplemental Educational Opportunity Grant Program	84.007	1,218,094	-
Federal Work-Study Program	84.033	107,221	-
Federal Direct Student Loan Program:			
Federal Subsidized Stafford Student Loans	84.268	17,105,078	-
Federal Unsubsidized Stafford Student Loans	84.268	30,847,028	-
Federal Parent Loans for Undergraduate Students	84.268	85,708,166	-
Federal GRAD PLUS	84.268	6,809,892	-
Total - Federal Direct Student Loan Program		140,470,164	-
Total Student Financial Assistance Cluster		157,497,973	-
Total expenditures of federal awards		\$ 157,497,973	\$ -

The accompanying notes to the Schedule of Expenditures of Federal Awards should be read in conjunction with this Schedule.

Notes to schedule of expenditures of federal awards

1 Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the University for the year ended June 30, 2024. The Schedule is prepared on the accrual basis of accounting and, as a result, expenditures for the respective federal programs are recognized as incurred. The information in the Schedule is presented in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the University’s consolidated financial statements. In addition, the University did not provide any federal funding to subrecipients.

For purposes of the Schedule, Student Financial Assistance includes certain awards to provide financial assistance to students under the Federal Pell Grant Program (Pell), Federal Supplemental Educational Opportunity Grant Program (FSEOG), and Federal Work-Study Program (FWS). The University also determines eligibility for awards to make loans to eligible students under the Federal Direct Student Loan Program (Federal Subsidized Stafford Student Loans, Federal Unsubsidized Stafford Student Loans, Federal GRAD PLUS and Federal Parent Loans for Undergraduate Students, collectively (FDSLPL), which are issued to students and parents of students under the U.S. Department of Education Student Assistance Programs.

2 Federal Direct Student Loan Program (FDSLPL)

Students were disbursed proceeds from FDSLPL loans totaling \$140,470,164 during the year ended June 30, 2024. The University is responsible only for the performance of certain administrative duties with respect to the FDSLPL program and, accordingly, these loans are not included in the University’s consolidated financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University under this program as of June 30, 2024.

3 Administrative Cost Allowance

For the year ended June 30, 2024, the University claimed an administrative cost allowance under the Pell Program of \$12,640, and no administrative cost allowance related to the FSEOG and FWS Programs. In addition, the University has not elected to use the 10% de minimus indirect cost rate allowed by the Uniform Guidance.

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT
AUDITING STANDARDS***

To the Board of Trustees of
The Savannah College of Art and Design, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of The Savannah College of Art and Design, Inc. and its subsidiaries (the "University"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2024.

Report on internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



New York, New York
September 9, 2024

GRANT THORNTON LLP

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
The Savannah College of Art and Design, Inc.

Report on compliance for each major federal program

Opinion on each major federal program

We have audited the compliance of The Savannah College of Art and Design, Inc. and subsidiaries (the “University”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on the University’s major federal program for the year ended June 30, 2024. The University’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the University’s compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University’s federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a

deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the University's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
February 24, 2025

Schedule of findings and questioned costs

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified? **None identified**

Significant deficiencies identified that are not considered to be material weaknesses? **None identified**

Noncompliance material to financial statements noted? **None identified**

Federal Awards

Type of auditor's report issued on compliance for major programs: **Unmodified**

Internal control over major programs:

Material weaknesses identified? **None identified**

Significant deficiencies not considered to be material weaknesses? **None identified**

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance? **No**

Identification of major program(s):

Student Financial Assistance Cluster - various Assistance Listing Numbers

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **Yes**

II. Financial Statement Findings

None identified.

III. Federal Award Findings and Questioned Costs

None identified.