THE CITADEL
THE MILITARY COLLEGE OF SOUTH CAROLINA

(A Component Unit of the State of South Carolina)
CHARLESTON, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2022

And Reports of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Report of Independent Auditor

To the Members of the Board of Visitors
The Citadel, The Military College of South Carolina
Charleston, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities and the non-governmental discretely presented component units of The Citadel, The Military College of South Carolina ("The Citadel"), a component unit of the State of South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Citadel's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the non-governmental discretely presented component units of The Citadel, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation, which are presented as non-governmental discretely presented component units. The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation represent 100% of total assets and 100% of total revenues of the non-governmental discretely presented component units. Those statements were audited by another auditor whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation, are based solely on the reports of the other auditor.

Basis for Opinions

We conducted our audit 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. 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 Citadel, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Citadel's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 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 Citadel’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Citadel’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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, as shown on pages 4 through 17, the Schedule of The Citadel’s Proportionate Share of the Net Pension Liability and the Schedule of The Citadel’s Pension Contributions, as shown on pages 73 and 74, and The Citadel’s Proportionate Share of the Net OPEB Liability and the Schedule of The Citadel’s OPEB Contributions, as shown on pages 75 and 76, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022, on our consideration of The Citadel'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 Citadel'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 Citadel's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Greenville, South Carolina
September 16, 2022

Overview of the Financial Statements and Financial Analysis

The Citadel ("The Citadel" or the "College") is pleased to present its financial statements for fiscal year 2022. While audited financial statements for fiscal year 2021 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data. This discussion focuses on the combined operations and financial positions of the College, defined for purposes of this discussion as both the primary institution – The Citadel, and its blended component unit – The Citadel Trust. The discussion excludes the College's non-governmental component units – The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation.

During fiscal year 2015, The Citadel received a renewed 10-year accreditation from the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC"), with no recommendations for improvements or further action required.

Total state appropriations, which include other items such as state health insurance allocations, increased $1.0 million from $12.8 million in 2021 to $13.8 million in 2022. Total state appropriations peaked in fiscal year 2008 at $16.9 million and have declined 18.3% since that timeframe.

With consistent state appropriations, The Citadel did not increase tuition for in state students (Corps of Cadets, College Transfer Program, and Graduate College included).

Based on decreased enrollment and no increase in cadet fees, there was a $2.6 million decrease in student tuition and fee revenue, net of scholarship allowances. The Citadel is monitoring the in-state vs. out-of-state mix of enrolled students for potential revenue impacts. A decline in the number of out-of-state students enrolled can negatively impact revenue.

Cadet enrollment decreased 3.55% between fiscal years. The Citadel Graduate College increased 10.54%. A 10.90% decrease in other student categories occurred as well. During fiscal year 2022, The Citadel continued online programs for evening and graduate populations. Increases in enrollment for future semester are expected as the programs begin enrolling more students.

Student Category	Fall 2021* Enrollment	Fall 2020** Enrollment	# Increase / (Decrease)	% Increase / (Decrease)
Cadets	2,252	2,335	(83)	(3.55)%
Graduate Students	975	882	93	10.54%
Others (Includes Active Duty, Veteran, Student, etc.)	466	523	(57)	(10.90)%
Totals	**3,693**	**3,740**	**(47)**	**(1.26)%**

* Source: Citadel Institutional Research Fall 2021 Student Enrollment Profile
** Source: Citadel Institutional Research Fall 2020 Student Enrollment Profile

Cohort	Fall 2021 Retention***	Fall 2020 Retention****
Retention rate of full-time bachelor's degree seeking undergraduate student who entered institution in the prior Fall	86%	88%

*** Source: Citadel Institutional Research Common Data Set 2021-2022
**** Source: Citadel Institutional Research Common Data Set 2020-2021

Overview of the Financial Statements and Financial Analysis, *Continued*

Sales and services revenue increased by $0.7 million in 2022. This increase is composed of a $2.2 million increase in auxiliary revenue pledged for revenue bonds and a $1.5 million decrease in auxiliary revenue not pledged for revenue bonds. Pledged revenues from auxiliary fee-based and profit-based revenue decreased by $0.1 million over the last year. Auxiliary student fee revenue remained materially the same year over year. In addition, a decrease in scholarship allowances of $0.7 million netted against auxiliary revenue also occurred. Fiscal year 2022 marked the fifth year partnering with Sodexo as its food service provider. Revenues for the Sodexo fee-based auxiliary increased $0.1 million. Revenues for the cadet store and Sodexo profit based increased $0.3 million and $0.2 million, respectively. Sales and services in athletics decreased $1.0 million.

Athletics fee-based revenue decreased $0.3 million year over year. Athletics sales revenue, the only auxiliary revenues not pledged for revenue bonds, decreased by $0.7 million in fiscal year 2022. The Athletic Department revenues are largely dependent upon attendance at sporting events while expenses are driven by scholarships, facility maintenance and compensation. The College closely monitors the financial position of the Department to ensure long-term success. The College's bondholder of the Series 2015 Athletic Facilities Revenue bond requires a bond coverage ratio of 100%. As of June 30, 2022, management believes the College reported an above adequate bond coverage ratio for the Series 2015 Athletic Facility Bond. See Note 23 for additional information.

Operating expenses increased in fiscal year 2022. Compensation and benefits decreased by $3.4 million due to a $0.4 million increase in year-end payroll adjustments and a $1.2 million increase in salary, wages, and fringes. This was offset by a $4.2 million decrease in pension and other postemployment benefits ("OPEB") expense employer's share. Services and supplies expenses increased by $11.2 million due to a $2.2 million increase in rental expenditures as we are starting to make payments to our related party for Bastin Hall, $1.6 million increase in bad debt write-off. $1 million increase in other contractual services, a $1.8 million increase in travel expenses and a $1.2 million decrease in supplies expense recovered from related parties along with other immaterial decreases across accounts. The remaining increase in services and supplies are related to the increase in costs that was experienced due to changes in the economy in 2022 that is impacting the nation with higher costs.

The Citadel Real Estate Foundation, which is a discretely presented component unit of The Citadel, was formed on January 20, 2016 with a December 31st year-end and had no activity through June 30, 2016. In fiscal years 2017 and 2018, site preparation, building design and construction document and financing work for the Bastin Hall project were ongoing. Construction of Bastin Hall was completed in fiscal year 2021. The Citadel leased land to The Citadel Real Estate Foundation, and The Citadel Real Estate Foundation is paying for the construction of Bastin Hall using a combination of gifts and bonds financed through South Carolina Jobs - Economic Development Authority. Once Bastin Hall was completed, The Citadel began to lease the building back for 20 years, which is the duration of the bonds used to finance the construction. At the end of the 20-year period, The Citadel Real Estate Foundation will donate the building to The Citadel. Bastin Hall houses The Citadel School of Business.

In fiscal year 2022, The Citadel adjusted the net pension liability based on guidance from the South Carolina Public Employee Benefit Authority. In fiscal year 2022, the pension liability beginning balance was $98.9 million. During fiscal year 2022, adjustments to the net pension liability were made based on actuarial data and a change in expected investment returns. The net pension liability decreased by $3.1 million in deferred outflows, increased by $12.9 million in deferred inflows, and a net of $(1.5) million in pension expense for the year. These adjustments decreased the pension liability to $81.4 million.

Overview of the Financial Statements and Financial Analysis, *Continued*

In fiscal year 2022, The Citadel adjusted the net OPEB liability based on guidance from the South Carolina Public Employee Benefit Authority. In fiscal year 2022, the OPEB liability beginning balance was $97.8 million. During fiscal year 2022, adjustments to the net OPEB liability were made based on actuarial data and a change in expected investment returns. The net OPEB liability was increased by $7.1 million in deferred outflows and $0.5 million in deferred inflows, and a net of $6.1 million in OPEB expense for the year. These adjustments increased the OPEB liability to $110.5 million.

An influence on the financial results of The Citadel Trust, Incorporated (the "Trust") during 2022 was the decrease in investment returns. Approximately 99% of the Trust's pooled assets are invested in the Richmond Fund, a limited partnership managed by Spider Management Company, LLC ("Spider"), a subsidiary of the University of Richmond. The Richmond Fund invests in traditional investments as well as in alternative investments such as private equity, venture capital, real assets, and hedge funds. The Richmond Fund's return decreased from 43.60% in fiscal year 2021 to (2.25)% in fiscal year 2022. The Trust's remaining pooled assets are invested in a managed portfolio of traditional investments held at Morgan Stanley. Returns for this managed portfolio decreased from 20.89% in fiscal year 2021 to 2.59% in fiscal year 2022. Investment market values (including cash and money market holdings within existing positions) decreased from $133.2 million in 2021 to $126.8 million in 2022.

In August 2013, the Trust's Board of Directors ratified a memorandum of understanding ("MOU") with The Citadel Alumni Association ("CAA") allowing the CAA to invest in The Trust's unitized investment pool and gain access to The Trust's more diversified pool of investments managed by Morgan Stanley and Spider management. The CAA contributed $3.1 million in October 2013 and $0.8 million in March 2014. Per the MOU, these funds were invested in the same manner and with the same due care in which The Trust's funds are invested. The fair value of the CAA investments at June 30, 2021 was $7.4 million. The fair value of the CAA investments at June 30, 2022 is $7.3 million. As a result of the adoption of GASB Statement No. 84, the assets and liabilities related to the CAA investments will be disclosed in their own fiduciary financial statements this fiscal year. The Trust does not recognize any revenues from the investment returns on the CAA's investments.

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board ("GASB") in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis–for State and Local Governments,* and Statement No. 35, *Basic Financial Statement–and Management's Discussion and Analysis–for Colleges and Universities,* and Statement No.84, *Fiduciary Activities.* These financial statements focus on the financial condition of the College, the results of operations and cash flows of the College as a whole.

There are three financial statements presented: The Statement of Net Position; The Statement of Revenues, Expenses, and Changes in Net Position; and The Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations. The College's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) is one indicator of the improvement or erosion of the College's financial health when considered with nonfinancial facts such as enrollment levels and the condition of the facilities.

Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows, liabilities and deferred inflows, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (property that we own and what we are owed by others), deferred outflows of resources (a consumption of assets applicable to a future reporting period), liabilities (what we owe to others and have collected from others before we have provided the service), deferred inflows of resources (an acquisition of net assets that is applicable to a future reporting position), and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the College. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the College's permanent endowment funds that are only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted assets are available to the institution for any lawful purpose of the College. Although unrestricted net position is subject to externally imposed stipulations, substantially all the College's unrestricted net position has been designated for various academic and research programs and initiatives. Unrestricted net position is reported as a net negative balance as a result of The Citadel's prior year adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* in fiscal year 2018. The negative balance resulting from The Citadel's portion of the unfunded pension and OPEB liabilities of the state of South Carolina exceeds the positive unrestricted net position of the various other unrestricted funds within the College.

Statement of Net Position, *Continued*

Condensed Summary of Net Position (thousands of dollars)

Assets:	2022	2021	Increase/ Decrease	Percent Change
Current assets	$ 134,288	$ 161,111	$ (26,823)	(16.6)%
Capital assets, net	159,535	134,086	25,449	19.0%
Other assets	100,631	106,398	(5,767)	(5.4)%
Total Assets	**394,454**	**401,595**	**(7,141)**	**(1.8)%**
Deferred Outflows of Resources	**39,702**	**35,724**	**3,978**	**11.1%**
Liabilities:				
Current liabilities	24,465	19,740	4,725	23.9%
Noncurrent liabilities	241,598	250,014	(8,416)	(3.4)%
Total Liabilities	**266,063**	**269,754**	**(3,691)**	**(1.4)%**
Deferred Inflows of Resources	**23,611**	**10,284**	**13,327**	**129.6%**
Net Position:				
Net investment in capital assets	121,473	118,467	3,006	2.5%
Restricted – nonexpendable	69,553	76,811	(7,258)	(9.4)%
Restricted – expendable	74,208	67,336	6,872	10.2%
Unrestricted	(120,752)	(105,333)	(15,419)	14.6%
Total Net Position	**$ 144,482**	**$ 157,281**	**$ (12,799)**	**(8.1)%**

Total Assets – Overall Decrease of $7.1 million

The $26.9 million decrease in current assets is composed of a $23.8 million decrease in The Citadel current assets and a $3.1 million decrease in Trust current assets.

The $23.8 million decrease in The Citadel current assets is primarily attributable to decreases in current unrestricted cash of $8.5 million and current restricted cash of $15.0 million.

The $3.1 million decrease in Trust current assets is primarily attributable to negative market returns from The Richmond Fund and Morgan Stanley. These negative returns led to decreases of $2.9 million in investments which was slightly offset by a $0.3 million increase in marketable securities. A $0.7 million decrease in due from other funds also contributed to the overall decrease in Trust current assets.

The $25.5 million increase in capital assets not being depreciated is composed of a $25.3 million increase in The Citadel capital assets and a $0.2 million increase in Trust capital assets.

Citadel capital assets (net of depreciation) increased by $25.3 million. The increase is mainly attributable to a net increase in CIP of $27.7 million in 2022. This increase in CIP is due to $25.4 million in expenses incurred during 2022 on construction of the new Capers Hall. The following construction projects were completed and capitalized for a total cost of $2.3 million during: Bond & Infirmary Accessible Ramps, Coward Hall HVAC Replacement, Duckett Hall Room 306 Renovation, Bond Hall FCU Replacement, Housing HVAC Replacement, LeTellier VAV Replacement, South Campus Electrical Infrastructure, and PT Barracks Domestic Water Heater Upgrade.

Depreciation expense increased $0.8 million.

The $5.7 million decrease in other assets is composed of a $5.8 million decrease in Trust other assets.

The Citadel other assets remained materially the same from the prior fiscal year.

The decrease in Trust other assets is primarily attributable to a $2.9 million decrease in the investments balance due to negative returns on the Spider portfolio during fiscal year 2022. There was also a $2.0 million decrease in the cash and cash equivalents balance.

Statement of Net Position, *Continued*

Deferred Outflows of Resources – Overall Increase of $4.0 million

In accordance with GASB Statement Nos. 68 and 75, The Citadel decreased deferred outflows of resources related to the net pension liability by $3.1 million and increased deferred outflows of resources related to the net OPEB liability by $7.1 million in fiscal year 2022.

Total Liabilities – Overall Decrease of $3.7 million

The $4.7 million increase in The Citadel current liabilities is primarily attributable to increases of $2.0 million in accounts payable, $0.7 million in retainages payable, and $1.5 million in accrued payroll and related liabilities.

Trust current liabilities remained relatively unchanged.

The $8.4 million decrease in noncurrent liabilities is composed of a $8.4 million decrease in The Citadel noncurrent liabilities while Trust noncurrent liabilities remained relatively unchanged.

The Citadel decrease in noncurrent liabilities is primarily due to GASB Statement No. 68, which resulted in a $17.5 million decrease in the net Pension liability at June 30, 2022. Additionally, the annual GASB Statement No. 75 adjustment resulted in a $12.6 million increase in the net OPEB liability as of June 30, 2022. Further, there was a $2.7 million decrease in bonds payable due to scheduled payments on outstanding debt.

Trust noncurrent liabilities remained relatively unchanged year over year.

Deferred Inflows of Resources – Overall Increase of $13.3 million

In accordance with GASB Statement No. 68, The Citadel increased deferred inflows of resources related to net pension expense by $12.9 million in fiscal year 2022. In accordance with GASB Statement No. 75, The Citadel increased deferred inflows of resources related to net OPEB expense by $0.5 million in fiscal year 2022.

Net Position – Overall Decrease of $12.8 million

The net position decreased primarily because the scholarships balances decreased by $8.2 million and unrestricted net position decreased by $15.4 million. These fluctuations were offset by a $3.0 million increase in net investment in capital assets and a $6.9 million increase in expendable restricted funds.

Restricted – Nonexpendable assets decreased by $7.3 million. This decrease in Trust nonexpendable assets is due to a (2.25)% rate of return in the Richmond Fund offset by a 2.59% rate of return in Morgan Stanley.

Restricted – Expendable assets increased by $15.8 million. The Citadel restricted expendable assets increased by $6.9 million. Net assets restricted for scholarships and other purposes decreased by $0.9 million. The Citadel restricted for expendable capital projects increased $8.5 million as The Citadel increased the amounts held for specific capital projects. In addition, expendable net assets restricted for debt service remained consistent with fiscal year 2021.

Statement of Net Position, *Continued*

Net Position – Overall Decrease of $12.8 million, *Continued*

Trust expendable assets increased by $0.4 million, primarily due to the (2.25)% rate of return for The Richmond Fund offset by a return of 2.59% for Morgan Stanley.

Unrestricted net position decreased by $15.4 million. A $14.2 million decrease in The Citadel unrestricted net deficit is primarily due to the College's recognition of its proportionate share of the net pension liability. Further, there was a $1.2 million decrease in The Trust unrestricted net position.

The $1.2 million decrease in Trust unrestricted net position is primarily due to decrease in investment balances.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public college's dependency on state aid and gifts will result in operating deficits. GASB requires state appropriations and gifts to be classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating and any other revenues, expenses, gains, and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after "Income before other revenues, expenses, gains or losses".

Statement of Revenues, Expenses, and Changes in Net Position, *Continued*

Condensed Summary of Revenues, Expenses, and Changes in Net Position *(thousands of dollars)*

Revenues:	2022	2021	Increase/ (Decrease)	Percent Change
Student tuition and fees, net	$ 45,211	$ 47,814	$ (2,603)	(5.4)%
Sales and services	35,489	34,776	713	2.1%
Grants and contracts	9,316	8,162	1,154	14.1%
Investment income (loss)	(3,550)	40,433	(43,983)	(108.8)%
Other operating revenues	7,266	6,515	751	11.5%
Total Operating Revenues	**93,732**	**137,700**	**(43,968)**	**(31.9)%**
State appropriations	13,760	12,779	981	7.7%
Grants	17,636	22,497	(4,861)	(21.6)%
Gifts	4,126	4,243	(117)	(2.8)%
Investment income	(1,356)	1,189	(2,545)	(214.0)%
Other nonoperating revenues	8	505	(497)	(98.4)%
Total Nonoperating Revenues	**34,174**	**41,213**	**(7,039)**	**(17.1)%**
Total Revenues	**127,906**	**178,913**	**(51,007)**	**(28.5)%**
Expenses:				
Compensation and employee benefits	78,403	81,785	(3,382)	(4.1)%
Services and supplies	44,401	33,174	11,227	33.8%
Utilities	4,097	3,601	496	13.8%
Depreciation	6,079	5,252	827	15.7%
Scholarships and fellowships	8,943	4,751	4,192	88.2%
Total operating expenses	**141,923**	**128,563**	**13,360**	**10.4%**
Interest expense on capital asset-related debt	1,911	1,633	278	17.0%
Other nonoperating expenses	1,289	-	1,289	100.0%
Total Nonoperating Expenses	**3,200**	**1,633**	**1,567**	**96.0%**
Total Expenses	**145,123**	**130,196**	**14,927**	**11.5%**
Income (loss) before capital contributions, additions to permanent endowments and transfers	(17,217)	48,717	(65,934)	(135.3)%
Capital Contributions, Additions to Permanent Endowments, and Transfers:				
Capital grants and appropriations	3,715	983	2,732	277.9%
Permanent endowment additions	703	749	(46)	(6.1)%
Total capital contributions, additions to permanent endowments and transfers	**4,418**	**1,732**	**2,686**	**155.1%**
Change in Net Position	(12,799)	50,449	(63,248)	(125.4)%
Net Position, Beginning	157,281	106,832	50,449	47.2%
Net Position, Ending	$ 144,482	$ 157,281	$ (12,799)	(8.1)%

Total Revenues – overall decrease of $51 million

Operating revenues decreased by $44.0 million. The Citadel operating revenues remained materially the same and Citadel Trust operating revenues decreased by $44.0 million.

Citadel tuition and fees decreased by $2.6 million in 2022.

Sales and services revenue increased by $0.7 million in 2022. This increase is composed of a $2.2 million increase in auxiliary revenue pledged for revenue bonds and a $1.5 million decrease in auxiliary revenue not pledged for revenue bonds. Sales and Services of Educational and Other Activities remained materially the same.

Statement of Revenues, Expenses, and Changes in Net Position, *Continued*

Total Revenues – overall decrease of $51 million, *Continued*

Pledged revenues from auxiliary fee-based and profit-based revenue increased by $0.7 million over last year primarily due to the continued reopening of campus throughout Fall 2021 and Spring 2022 and a return to normal operations post-COVID. As of July 1, 2017, The Citadel changed food service providers. Following several decades with Aramark, The Citadel started a partnership with Sodexo. New services and a Chick-fil-A were part of the agreement and The Citadel recognized larger revenues and profit sharing as a result in the new contract. In addition, the agreement with Sodexo includes a new campus Starbucks that opened in September 2019. Revenues for Sodexo fee-based sources increased $0.1 million. Revenues for the cadet store and Sodexo profit based increased $0.3 million and $0.2 million, respectively. Sales and services in athletics increased $1.0 million. Revenues from the athletic facility fee decreased $0.3 million.

Athletics sales revenue, the only auxiliary revenues not pledged for revenue bonds, decreased by $0.7 million in fiscal year 2022.

Operating grant revenue increased by $1.2 million. Federal operating grants increased by $0.8 million, state operating grants increased $0.4 million, and nongovernmental operating grants increased by $0.1 million.

Other operating revenues increased by approximately $0.7 million. This increase is related to other fees charged by The Citadel for services provided.

The $44.0 million decrease in Trust operating revenues is solely attributable to a decrease of $44.0 million in investment returns within the Trust's unitized investment pool due to negative returns from the Richmond Fund of (2.25)%.

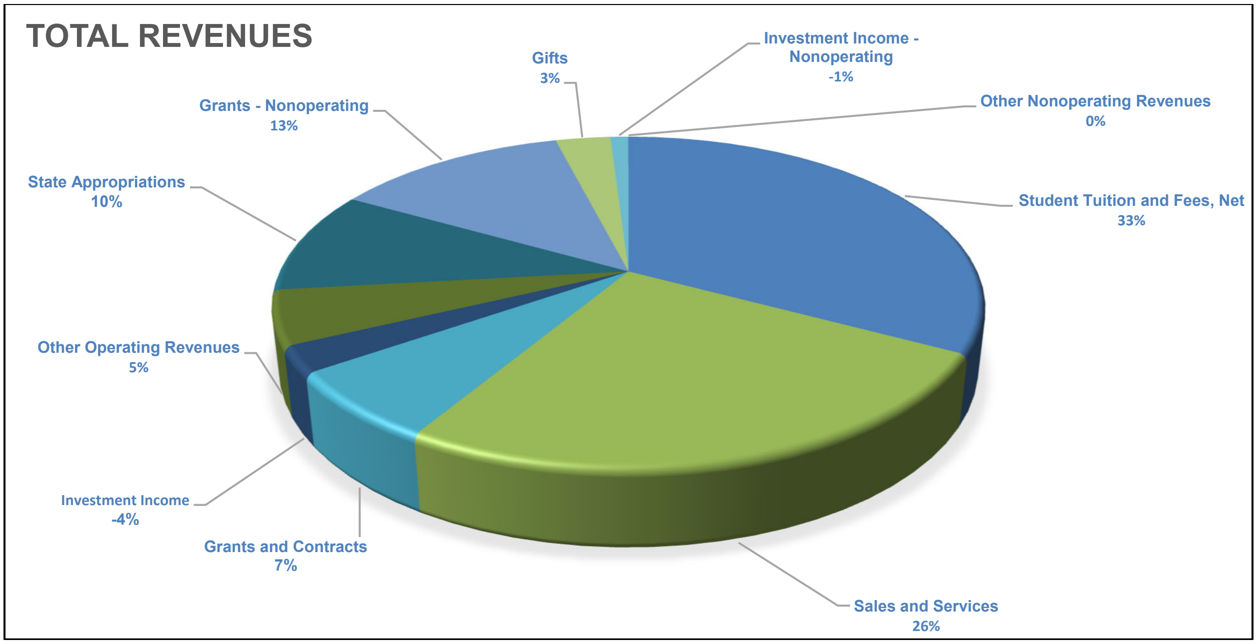
Nonoperating revenues decreased by $7.0 million. This decrease is composed of a $6.9 million decrease in The Citadel nonoperating revenues and a $0.1 million decrease in Citadel Trust nonoperating revenue.

The major components of The Citadel decrease in nonoperating revenues were decreases of $2.6 million in investment income and $4.5 million in federal grants.

Total state appropriations, which include other items such as state health insurance allocations, increased by $1.0 million, from $12.8 million in 2021 to $13.8 million in 2022. Total state appropriations peaked in fiscal year 2008 at $16.9 million, and have declined 18.3% since that timeframe. Investment income decreased by $2.6 million as a result of an decrease in investment returns for state invested funds.

The $1.6 million decrease in Trust nonoperating revenue is primarily attributable to a $1.4 million decrease in other nonoperating revenues.

Statement of Revenues, Expenses, and Changes in Net Position, *Continued*



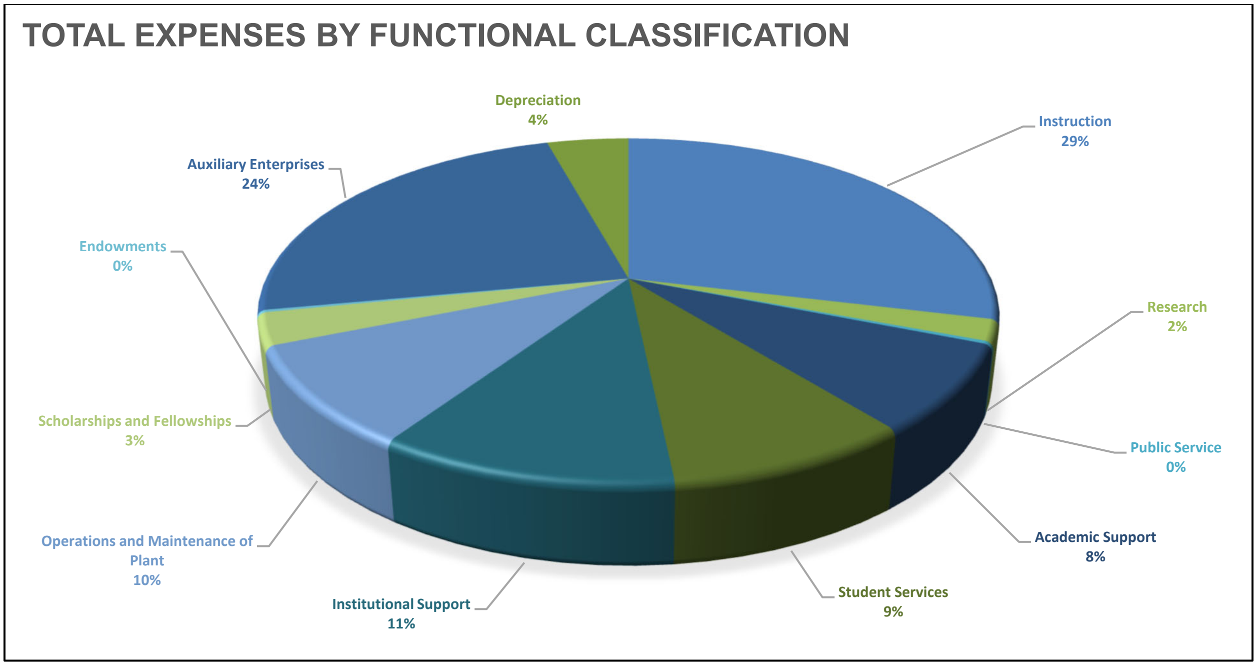
Total Expenses – overall increase of $14.9 million

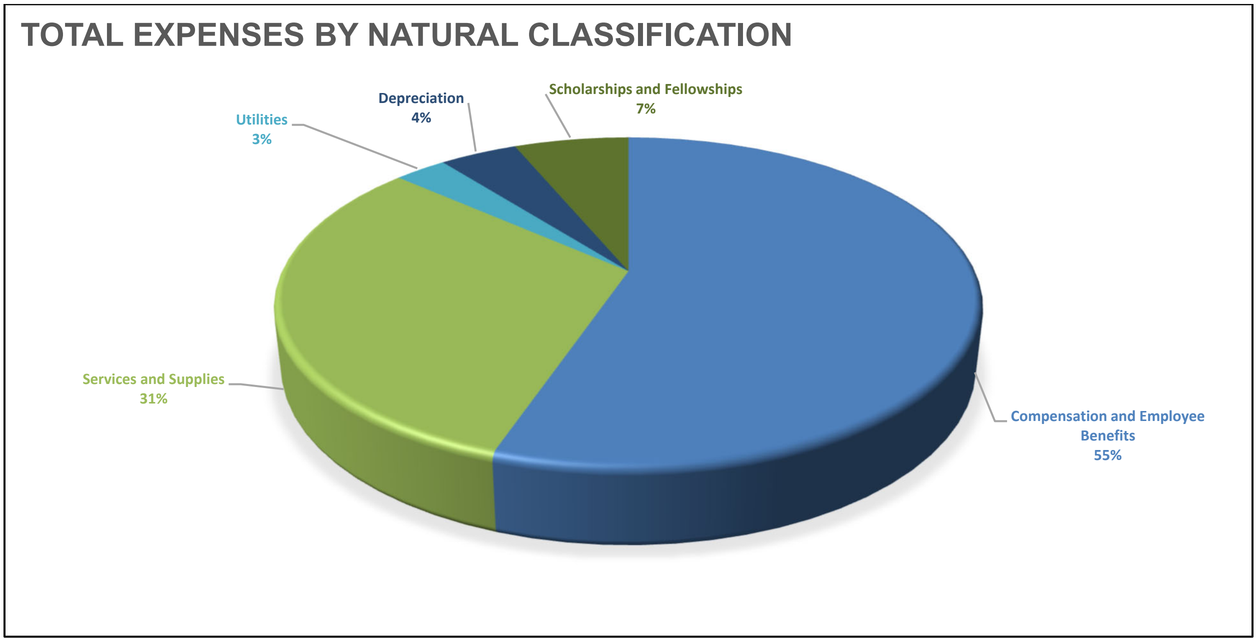
Operating expenses increased by $13.4 million. This is mainly driven by increases of $11.2 million in services and supplies discussed on page 4, $4.2 million in scholarships and fellowships, $0.8 million in depreciation, and $0.5 million in utilities. These increases were slightly offset by a decrease of $3.4 million in compensation and benefits.

Scholarship expenses increased by $4.2 million. Scholarship expense is the portion of total scholarships that is refunded to students. The remaining scholarship amount is netted against tuition and fee revenue as a scholarship allowance. Total scholarships increased by $2.0 million and the scholarship allowance decreased by $2.1 million.

Nonoperating expenses increased by $1.6 million due to an increase of $1.3 million in other nonoperating expenses.

Statement of Revenues, Expenses, and Changes in Net Position, *Continued*





Capital Contributions, Additions to Permanent Endowments, and Transfers – overall Increase of $2.7 million

Citadel capital grants and gifts and transfers from the Trust increased by $2.7 million. State one-time capital appropriations increased by an insignificant amount.

Permanent endowment additions decreased by approximately $0.1 million.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash from the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash from the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Assets and Debt Administration

Capital assets, net of accumulated depreciation, at June 30, 2022 and 2021 were as follows:

Capital Assets (net of accumulated depreciation)

	2022	2021	Increase/ (Decrease)	Percent Change
Capital Assets:				
Land	$ 4,823,957	$ 4,795,491	$ 28,466	0.6%
Construction in progress	32,359,626	4,677,505	27,682,121	591.8%
Fine arts	368,801	368,801	-	-
Land improvements	3,408,466	2,128,310	1,280,156	60.1%
Buildings and improvements	111,447,244	115,689,739	(4,242,495)	(3.7)%
Equipment	3,064,746	2,202,854	861,892	39.1%
Vehicles	334,807	224,368	110,439	49.2%
Intangibles	3,727,149	3,999,231	(272,082)	(6.8)%
Total	$ 159,534,796	$ 134,086,299	$ 25,448,497	19.0%

The following construction projects were completed and capitalized for a total cost of $2.3 million during 2022, including: Bond & Infirmary Accessible Ramps, Coward Hall HVAC Replacement, Duckett Hall 306 Renovation, Bond Hall FCU Replacement, Housing HVAC Replacement, LeTellier VAV Replacement, South Campus Electrical Infrastructure, and PT Barracks Domestic Water Heater Upgrade.. Several projects are in process and comprise the $32.4 million remaining in The Citadel construction in progress: New Capers Hall, Daniel Library HVAC Replacement, Byrd Hall Renovation, Stevens Barracks Replacement, Wilson Housing Renovations, Summerall Chapel Stained Glass Restoration, Coward Hall HVAC Replacement, and Summerall Chapel Accessible Entrance Addition.

The Trust capital assets remained materially the same year over year.

The Citadel capitalized $3.7 million of new equipment and vehicles net of disposals in 2022 and recognized depreciation expense of approximately $2.7 million.

Net investment in capital assets, increased by $3.0 million due to a small increase in capital assets, net of depreciation, and a reduction in capital debt. The Citadel capital assets, net of depreciation, increased by $25.3 million, while Trust capital assets remained the same.

COVID-19

The Citadel has not been immune to the impact of the COVID-19 pandemic. During fiscal year 2022, The Citadel continued to face the impacts of COVID-19 pandemic which resulted in lower enrollments and led to decreased revenues. The Citadel received $6.6 million from the Higher Education Emergency Relief Fund III (HEERF III) which was authorized under the American Rescue Plan of 2021. The student aid portion of the funds totaled $3.3 million and the institutional portion of the funds totaled $3.3 million. The funds were included in nonoperating federal grants revenue. The student aid portion of the funds were distributed directly to students as emergency financial aid grants as required under the federal program and the institutional portion of the funds were used for COVID-19 related expenses and recovery of lost revenue due to COVID-19.

Economic Outlook

The economic position of The Citadel is closely tied to that of the State of South Carolina and the City of Charleston. Despite the impacts of the COVID-19 pandemic, the South Carolina economy continued to show strength in 2022, with the City of Charleston and the coastal regions leading that growth. Charleston has recently been dubbed the Silicon Harbor as it is becoming one of the new start-up technology hubs of the country. Charleston has attracted many Fortune 500 businesses including Boeing and Volvo to the area and, from a tourism standpoint, the City of Charleston was recently ranked the No. 1 city in the nation by Travel and Leisure magazine.

In September 2022, U.S. News & World Report named The Citadel the No. 1 public institution offering up to a Master's degree in the South for the twelfth consecutive year and ranked The Citadel the No. 2 higher education institution (private and public) in the South. The Citadel was also ranked No. 1 for the best colleges for veterans in the South. The Citadel's School of Engineering was also ranked No. 16 for best undergraduate engineering programs in the nation and is included in the top ten for Most Innovative Schools in the South.

As the College continues to pay down long-term debt, its financial position should continue to strengthen over the upcoming years. The College obtained funding for a future Capers Hall and is working diligently to fund on campus maintenance needs. The College has completed construction on Bastin Hall, a facility owned by The Citadel Real Estate Foundation, which houses the School of Business. Donor support for this project as well as other upcoming projects continues to be promising.

The Citadel's Base State appropriations increased by a total of $1.0 million from $12.8 million in 2021 to $13.8 million in 2022.

The COVID-19 pandemic has had a significant impact on the worldwide economy. The economies of the State of South Carolina and the City of Charleston have also been impacted. The General Assembly of South Carolina along with The Citadel Board of Visitors and senior leadership of The Citadel continue to monitor the economic health of the state and institution. If any adjustments need to be made to The Citadel operating budget as a result in lower revenues from the state, the College is prepared to make adjustments to the fiscal year 2024 budget spend.

Economic Outlook, *Continued*

The outlook for The Citadel Trust is closely aligned with the outlook for the economy as a whole and with the financial markets. The Trust was impacted by negative investment results in fiscal year 2022. The Richmond Fund saw a return of (2.25)% in fiscal year 2022. The Morgan Stanley portfolio saw a return of 2.59% in fiscal year 2022. The Trust maintains a diversified investment portfolio in an effort to position itself as favorably as possible in the current volatile marketplace. The overall goal of the Richmond Fund is preservation of capital, and the expectation is that this investment will protect The Trust during market downturns benefiting from investment gains during market rallies. The Directors are closely monitoring The Trust's current scholarship spending policy of 4.6% of the five-year rolling average of endowment market values, and are prepared to make changes as needed if the outlook for long-term market returns trends in a manner where it cannot fulfill The Trust's spending rate. The Citadel hopes to maintain a high level of incoming donations through its work on the upcoming capital campaign for the Mighty Citadel 2026 Strategic Plan.

The Citadel currently is involved in a number of significant legal proceedings. Please see Note 21 for a complete discussion of current litigation.

More Information

This financial report is designed to provide a general overview of The Citadel's finances and demonstrate The Citadel's accountability for the money it receives. Any questions about this report or requests for information may be addressed to the Associate Vice President for Finance, The Citadel, 171 Moultrie Street, Charleston, South Carolina 29409.

THE CITADEL

The Military College of South Carolina

STATEMENT OF NET POSITION

JUNE 30, 2022

	The Citadel	The Citadel Trust	Total
ASSETS			
Current Assets			
Unrestricted			
Cash and Cash Equivalents	$ 48,344,343	$ 17,194	$ 48,361,537
Marketable Securities (at fair value)	-	37,754	37,754
Investment in Limited Partnership (at fair value)	-	5,636,084	5,636,084
Accounts Receivable, Net	4,522,513	-	4,522,513
Contributions Receivable, Net	4,951	1,381	6,332
Inventories	1,853,766	-	1,853,766
Prepaid Expenses	716,451	-	716,451
Restricted			
Cash and Cash Equivalents	48,589,654	-	48,589,654
Marketable Securities (at fair value)	-	1,436,493	1,436,493
Investment in Limited Partnership (at fair value)	-	11,866,169	11,866,169
Accounts Receivable, Net	9,070,470	311,461	9,381,931
Contributions Receivable, Net	120,589	4,424	125,013
Prepaid Expenses	6,853	17,067	23,920
Due from Other Funds	-	1,730,838	1,730,838
Total Current Assets	**113,229,590**	**21,058,865**	**134,288,455**
Noncurrent Assets			
Unrestricted			
Cash and Cash Equivalents	-	18,091	18,091
Marketable Securities (at fair value)	-	39,722	39,722
Investment in Limited Partnership (at fair value)	-	5,929,846	5,929,846
Contributions Receivable, Net	-	1,894	1,894
Cash Surrender Value of Life Insurance	-	12,517	12,517
Capital Assets Not Being Depreciated	35,362,284	2,190,100	37,552,384
Capital Assets, Net of Accumulated Depreciation	121,810,007	172,404	121,982,411
Restricted			
Cash and Cash Equivalents	-	74,044	74,044
Marketable Securities (at fair value)	-	1,823,120	1,823,120
Investment in Limited Partnership (at fair value)	-	92,432,743	92,432,743
Contributions Receivable, Net	209,561	3,791	213,352
Cash Surrender Value of Life Insurance	-	85,356	85,356
Total Noncurrent Assets	**157,381,852**	**102,783,628**	**260,165,480**
Total Assets	**$ 270,611,442**	**$ 123,842,493**	**$ 394,453,935**
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to Net OPEB Liability	$ 28,951,767	$ -	$ 28,951,767
Amounts Related to Net Pension Liability	10,749,907	-	10,749,907
Total Deferred Outflows of Resources	**$ 39,701,674**	**$ -**	**$ 39,701,674**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF NET POSITION

JUNE 30, 2022

	The Citadel	The Citadel Trust	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 5,908,580	$ 143,738	$ 6,052,318
Retainages Payable	970,300	-	970,300
Accrued Payroll and Related Liabilities	4,391,708	419	4,392,127
Accrued Compensated Absences and Related Liabilities	2,061,755	-	2,061,755
Accrued Interest Payable	531,156	-	531,156
Unearned Revenues	4,113,595	-	4,113,595
Bonds Payable	2,681,342	-	2,681,342
Notes Payable	65,083	-	65,083
Deposits	3,596,884	-	3,596,884
Total Current Liabilities	**24,320,403**	**144,157**	**24,464,560**
Noncurrent Liabilities			
Accrued Compensated Absences and Related Liabilities	423,395	-	423,395
Unearned Revenues	60,000	-	60,000
Bonds Payable	48,924,252	-	48,924,252
Notes Payable	39,166	-	39,166
Deposits	277,327	-	277,327
Net OPEB Liability	110,454,151	-	110,454,151
Net Pension Liability	81,419,874	-	81,419,874
Total Noncurrent Liabilities	**241,598,165**	**-**	**241,598,165**
Total Liabilities	**$ 265,918,568**	**$ 144,157**	**$ 266,062,725**
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to Net OPEB Liability	$ 8,724,226	$ -	$ 8,724,226
Amounts Related to Net Pension Liability	14,886,722	-	14,886,722
Total Deferred Inflows of Resources	**$ 23,610,948**	**$ -**	**$ 23,610,948**
NET POSITION			
Net Investment in Capital Assets	$ 119,110,073	$ 2,362,505	$ 121,472,578
Restricted for Nonexpendable:			
Scholarships	-	60,556,577	60,556,577
Other	-	8,996,804	8,996,804
Restricted for Expendable:			
Scholarships, Research, Instruction and Other	11,832,492	36,622,045	48,454,537
Loans	2,121	1,715,647	1,717,768
Capital Projects	22,663,244	301,872	22,965,116
Debt Service	1,070,626	-	1,070,626
Unrestricted	(133,894,956)	13,142,886	(120,752,070)
Total Net Position	**$ 20,783,600**	**$ 123,698,336**	**$ 144,481,936**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	The Citadel	The Citadel Trust	Total
REVENUES			
Operating Revenues			
Student Tuition and Fees (Net of Scholarship Allowance of $14,019,450)	$ 45,210,949	$ -	$ 45,210,949
Federal Grants and Contracts	3,715,808	-	3,715,808
State Grants and Contracts	5,531,617	-	5,531,617
Nongovernmental Grants and Contracts	68,417	-	68,417
Sales and Services of Educational and Other Activities	166,771	-	166,771
Sales and Services of Auxiliary Enterprises - Pledged (Net of Scholarship Allowance of $5,721,493)	27,732,918	-	27,732,918
Sales and Services of Auxiliary Enterprises - Not Pledged	7,591,343	-	7,591,343
Other Fees	5,819,406	-	5,819,406
Investment Income (Net of Investment Expense of $788,541)	-	(3,550,464)	(3,550,464)
Endowment Income	-	646,991	646,991
Other Operating Revenues	800,582	-	800,582
Total Operating Revenues	**96,637,811**	**(2,903,473)**	**93,734,338**
EXPENSES			
Operating Expenses			
Compensation and Employee Benefits	78,376,826	26,205	78,403,031
Services and Supplies	44,059,433	342,027	44,401,460
Utilities	4,096,636	-	4,096,636
Depreciation	6,078,810	-	6,078,810
Scholarships and Fellowships	8,942,829	-	8,942,829
Total Operating Expenses	**141,554,534**	**368,232**	**141,922,766**
Operating Losses	**(44,916,723)**	**(3,271,705)**	**(48,188,428)**
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	13,759,656	-	13,759,656
Federal Grants and Contracts	9,224,855	-	9,224,855
State Grants and Contracts	17,968	-	17,968
Nongovernmental Grants	8,245,009	147,751	8,392,760
Gifts	1,564,704	2,561,036	4,125,740
Investment Income	(1,356,287)	-	(1,356,287)
Interest on Capital Asset-Related Debt	(1,911,481)	-	(1,911,481)
Gain on Disposal of Capital Assets	7,583	-	7,583
Other Nonoperating Revenues (Expenses)	135,528	(1,424,938)	(1,289,410)
Net Nonoperating Revenues	**29,687,535**	**1,283,849**	**30,971,384**
Income Before Other Revenues, Expenses, Gains, or Losses	**(15,229,188)**	**(1,987,856)**	**(17,217,044)**
State Capital Appropriations	221,792	-	221,792
Capital Grants and Gifts, Net of Adjustments	3,493,500	-	3,493,500
Additions to Permanent Endowments	-	702,590	702,590
Transfers From (To) Component Unit	7,352,463	(7,352,463)	-
Total Other Revenues and Transfers	**11,067,755**	**(6,649,873)**	**4,417,882**
Decrease in Net Position	**$ (4,161,433)**	**$ (8,637,729)**	**$ (12,799,162)**
NET POSITION			
Net Position - Beginning of Year	$ 24,945,033	$ 132,336,065	$ 157,281,098
Net Position - End of Year	**$ 20,783,600**	**$ 123,698,336**	**$ 144,481,936**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	The Citadel	The Citadel Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Student Tuition and Fees	$ 47,657,010	$ -	$ 47,657,010
Grants and Contracts	10,788,382	-	10,788,382
Sales and Services of Educational and Other Activities	3,230,601	-	3,230,601
Sales and Services of Auxiliary Enterprises	36,883,127	-	36,883,127
Other Operating Receipts	800,582	-	800,582
Payments to Employees for Salaries and Benefits	(72,930,242)	(26,205)	(72,956,447)
Payments to Suppliers	(44,803,082)	(359,094)	(45,162,176)
Payments for Utilities	(4,352,587)	-	(4,352,587)
Payments to Students for Scholarships and Fellowships	(8,942,829)	-	(8,942,829)
Collection of Loans to Students	3,379	-	3,379
Net Cash from Operating Activities	**$ (31,665,659)**	**$ (385,299)**	**$ (32,050,958)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Appropriations	$ 13,759,656	$ -	$ 13,759,656
Gifts and Grants for Other than Capital Purposes	16,613,578	4,211,003	20,824,581
Other Nonoperating Revenues/Expenses	135,528	(718,019)	(582,491)
Transfers from (to) Component Unit	7,352,463	(7,352,463)	-
Net Cash from Noncapital Financing Activities	**$ 37,861,225**	**$ (3,859,479)**	**$ 34,001,746**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State Capital Appropriations	$ 221,792	$ -	$ 221,792
Capital Grants and Gifts Received	3,448,032	-	3,448,032
Proceeds from Sale of Capital Assets	14,158	-	14,158
Purchases of Capital Assets	(27,574,299)	(182,295)	(27,756,594)
Principal Paid on Capital Debt, Net of Discount	(2,408,067)	-	(2,408,067)
Interest Paid on Capital Related Debt	(2,093,058)	-	(2,093,058)
Net Cash from Capital and Related Financing Activities	**$ (28,391,442)**	**$ (182,295)**	**$ (28,573,737)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	$ (1,356,287)	$ (3,787,620)	$ (5,143,907)
Purchase of Investments, Net of Sales	-	6,216,335	6,216,335
Net Cash from Investing Activities	**$ (1,356,287)**	**$ 2,428,715**	**$ 1,072,428**
Net Change in Cash	(23,552,163)	(1,998,358)	(25,550,521)
Cash and Cash Equivalents - Beginning of Year	120,486,160	2,107,687	122,593,847
Cash and Cash Equivalents - End of Year	**$ 96,933,997**	**$ 109,329**	**$ 97,043,326**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2022

	The Citadel	The Citadel Trust	Total
Reconciliation of Net Operating Revenues (Expenses) to Net Cash from Operating Activities			
Operating (Loss) Revenue	$ (44,916,723)	$ (3,271,705)	$ (48,188,428)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	6,078,810	-	6,078,810
Pension Expense	(1,459,487)	-	(1,459,487)
OPEB Expense	5,981,901	-	5,981,901
Interest and Dividends on Investments	-	(646,991)	(646,991)
Realized and Unrealized Gains (Losses) on Investments	-	3,550,464	3,550,464
Funds Held for Others	-	-	-
Changes in Assets and Liabilities:			
Accounts Receivable, Net	2,672,793	-	2,672,793
Inventories	(90,242)	-	(90,242)
Student Loans Receivable, Net	3,379	-	3,379
Prepaid Expenses	104,467	(17,067)	87,400
Accounts Payable and Accrued Expenses	(1,013,825)	-	(1,013,825)
Accrued Salaries and Related Expenses	1,507,531	-	1,507,531
Accrued Compensated Absences and Related Liabilities	(583,361)	-	(583,361)
Unearned Revenue	433,224	-	433,224
Student and other Deposits	(384,126)	-	(384,126)
Net Cash from Operating Activities	**$ (31,665,659)**	**$ (385,299)**	**$ (32,050,958)**
Reconciliation of Cash and Cash Equivalents Balances			
Current Assets			
Cash and Cash Equivalents	$ 48,344,343	$ 17,194	$ 48,361,537
Restricted Cash and Cash Equivalents	48,589,654	-	48,589,654
Noncurrent Assets			
Cash and Cash Equivalents	-	18,091	18,091
Restricted Cash and Cash Equivalents	-	74,044	74,044
Total Cash and Cash Equivalents	**$ 96,933,997**	**$ 109,329**	**$ 97,043,326**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

		Custodial Funds
ASSETS		
Investment in Limited Partnership (at fair value)	$	7,252,133
Total Assets	**$**	**7,252,133**
LIABILITIES AND NET ASSETS		
Net Position		
Restricted for other organization	$	7,252,133
Total Liabilities and net position	**$**	**7,252,133**

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

THE CITADEL

The Military College of South Carolina

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Custodial Funds
Additions	
Investment return, net	$ (176,867)
Total additions	**(176,867)**
Increase in net position	**(176,867)**
Net Position	
Net position, beginning of year	7,429,000
Net position, end of year	**$ 7,252,133**

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

THE CITADEL

The Military College of South Carolina

Non-Governmental Discretely Presented Component Units

STATEMENT OF FINANCIAL POSITION

ASSETS	The Citadel Foundation Year Ended December 31, 2021	The Citadel Brigadier Foundation Year Ended December 31, 2021	The Citadel Real Estate Foundation Year Ended December 31, 2021
Cash and cash equivalents	$ 14,238,709	$ -	$ 124,200
Unconditional promises to give receivable, net	17,405,736	-	-
Pledges receivable, net	-	1,659,313	-
Prepaid expenses	228,346	-	-
Long-term investments (at fair value)	280,611,810	30,526,139	-
Investments related to split-interest agreements (at fair value)	4,513,699	-	-
Other investments	7,495	-	-
Due from related parties	5,255,377	281,870	-
Lease receivable	-	-	2,248,988
Other receivables	-	-	-
Cash value of life insurance policies	937,432	436,638	-
Property and equipment, net	16,810	-	24,321,795
Intangible assets, net	1,879,881	-	-
Non-depreciable property	-	-	4,044,917
Other property held for sale, net	582,000	-	-
Land, improvements, and other assets held for investment	696,360	-	-
Total assets	$ 326,373,655	$ 32,903,960	$ 30,739,900
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 2,871,034	$ 82,688	$ 281,452
Net grants payable to The Citadel	8,336,624	-	-
Due to related parties	281,870	-	2,546,759
Bonds payable	-	-	13,108,908
Notes payable	2,000,000	-	678,067
Notes payable due to related party	-	-	2,000,000
Retainages payable	-	-	720,903
Annuities and life income funds payable	1,871,189	-	-
Charitable gift annuities	1,265,396	38,974	-
Other liabilities	15,939	-	-
Total liabilities	16,642,052	121,662	19,336,089
Net Assets			
Without donor restrictions	100,272,699	536,882	11,303,811
With donor restrictions	209,458,904	32,245,416	100,000
Total net assets	309,731,603	32,782,298	11,403,811
Total liabilities and net assets	$ 326,373,655	$ 32,903,960	$ 30,739,900

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

THE CITADEL

The Military College of South Carolina

Non-Governmental Discretely Presented Component Units

STATEMENT OF ACTIVITIES

	The Citadel Foundation Year Ended December 31, 2021	The Citadel Brigadier Foundation Year Ended December 31, 2021	The Citadel Real Estate Foundation Year Ended December 31, 2021
REVENUES, GAINS, AND OTHER SUPPORT			
Without donor restrictions			
Lease revenue	$ -	$ -	$ 2,272,988
Contributions	1,594,074	1,545,444	-
In-kind contributions	-	732,247	-
Special events	-	46,725	-
Investment return, net	159,873	39,620	-
Donated services	-	-	85,386
Net unrealized and realized gain on investment in The Richmond Fund, LP	(26,740)	28,042	-
Gain on sale of property and equipment, property held for sale, and income producing property	17,586	-	-
Net unrealized and realized gain on investment in The Richmond Fund, LP	20,688,289	-	-
Changes in value of split interest agreements	(132,360)	443	-
Other income	4,430	-	335
Net assets released from restrictions	11,000,698	1,538,420	11,607,842
Sustainability fees	1,054,970	-	-
Transfers of net assets	183,607	(17,699)	-
Total without donor restrictions	34,544,427	3,913,242	13,966,551
With donor restrictions			
Contributions	19,009,539	2,411,703	818,817
Investment income, net	-	651,664	-
Loss on sale of property and equipment, property held for sale, and income producing property	(28,920)	-	-
Net unrealized and realized gain on investment in The Richmond Fund, LP	27,113,798	2,871,770	-
Bad debt and change in allowance on promises to give	(275,730)	(31,251)	-
Changes in value of split interest agreements	705,844	(2,772)	-
Other income	92,371	-	-
Net assets released from restrictions	(11,000,698)	(1,538,420)	(11,607,842)
Sustainability fees	(1,054,970)	-	-
Transfers of net assets	(183,607)	17,699	-
Total with donor restrictions	34,377,627	4,380,393	(10,789,025)
Total revenue, gains and other support	68,922,054	8,293,635	3,177,526
EXPENSES			
Without donor restrictions			
Foundation grants for The Citadel	9,300,760	-	-
Other gift grants to The Citadel	3,936,102	-	-
Foundation grants for TCREF	818,817	-	-
Program	3,723	2,471,318	1,548,441
General and administrative	2,062,600	272,605	134,148
Fundraising	4,504,244	760,160	-
Income tax expense	20,210	-	-
Total without donor restrictions	20,646,456	3,504,083	1,682,589
Total expenses	20,646,456	3,504,083	1,682,589
CHANGE IN NET ASSETS			
Without donor restrictions	13,897,971	409,159	12,283,962
With donor restrictions	34,377,627	4,380,393	(10,789,025)
Total change in net assets	48,275,598	4,789,552	1,494,937
Net assets at beginning of the period:			
Without donor restrictions	86,374,728	127,723	(980,151)
With donor restrictions	175,081,277	27,865,023	10,889,025
Total net assets at beginning of period	261,456,005	27,992,746	9,908,874
Net assets at end of the period:			
Without donor restrictions	100,272,699	536,882	11,303,811
With donor restrictions	209,458,904	32,245,416	100,000
Total net assets at end of period	$ 309,731,603	$ 32,782,298	$ 11,403,811

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Citadel ("The Citadel" or the "College") is a state-assisted, co-educational institution of higher education. The College is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the state and authorizes expenditures of total operating funds. The laws of the state and the policies and procedures specified by the state for state agencies and institutions are applicable to the activities of The Citadel. The Citadel was established as an institution of higher education by Section 59-101-10 of the Code of Laws of South Carolina. The Citadel is a nonmajor, discretely presented component unit of the State of South Carolina.

The Citadel is governed by the Board of Visitors ("BOV"), which has eleven members, seven members appointed by the General Assembly, three by The Citadel Alumni Association, and one by the Governor. The BOV administers, has jurisdiction over, and is responsible for the management of The Citadel.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* and further amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of the College, as the primary government, and the accounts of the following entities as component units:

The Citadel Trust ("The Trust") was formed in 1991 as a non-profit eleemosynary corporation for the purpose of investing funds in order to provide scholarship and other financial assistance or support to The Citadel. The Trust is governed by a Board of Directors appointed by The Citadel BOV. In addition, Citadel employees and facilities are used for virtually all activities of The Trust. As such, the Trust has been reported as a blended component unit in the financial statements. The Trust is considered governmental in nature and, therefore, is subject to the governmental accounting model. Separate financial statements of The Trust can be requested from the College's controller at the following address: The Citadel, 171 Moultrie St., Charleston, South Carolina 29409.

The Citadel Foundation ("TCF") was established in 1961 as The Citadel Development Foundation, a separately chartered corporation. The Foundation's original goal was to support academic programs at The Citadel. In August 2000, The Citadel Development Foundation amended its charter to establish The Citadel Foundation as the College's official fundraising entity. TCF handles all gifts to the Foundation; gifts to restricted accounts, programs, and activities at the College; and gifts to The Trust, The Citadel Brigadier Foundation, and The Citadel Alumni Association for their specific activities and programs. TCF is governed by a board comprised of directors of the former Citadel Development Foundation, plus three other ex-officio members: the chairman of The Citadel BOV, the president of The Citadel, and a representative from The Citadel Brigadier Foundation. Although the College does not control the timing or amount of receipts from TCF, the majority of resources, or income thereon, that TCF holds and invests, is restricted to the activities of The Citadel by the donors. Because these restricted resources held by TCF can only be used by, or for the benefit of, the College, TCF is considered a discretely presented component unit of the College. TCF reports its financial results on a calendar-year basis. Copies of TCF's separately issued financial statements can be obtained by sending a request to the following address: The Citadel Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

The Citadel Brigadier Foundation ("TCBF") is a separately chartered corporation organized exclusively to receive and manage private funds for support of athletic programs at The Citadel. A board elected by members of TCBF governs the organization. The Citadel Athletic Director is an ex-officio member of the TCBF Board of Directors. Funds raised by TCBF are used to provide scholarships for varsity athletes at The Citadel. Although the College does not control the timing or amount of receipts from TCBF, the majority of resources, or income thereon, that TCBF holds and invests, is restricted to the activities of The Citadel by the donors. Because these restricted resources held by TCBF can only be used by, or for the benefit of, the College, TCBF is considered a discretely presented component unit of the College. TCBF reports its financial results on a calendar-year basis. Copies of TCBF's separately issued financial statements can be obtained by sending a request to the following address: The Citadel Brigadier Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

The Citadel Real Estate Foundation ("TCREF") was formed and created in January 2016 and is a separately chartered corporation. TCREF was organized for the specific purpose to operate exclusively for the benefit of The Citadel, as well as to perform the functions of and to carry out the purposes of The Citadel, by providing support and assistance to The Citadel in such a manner as determined by TCREF's Board of Directors. TCREF was created to purchase, receive, hold, invest, reinvest, lease, mortgage, develop, and administer cash and other property of any nature (real, personal, intangible, or mixed). All directors of TCREF's Board must be appointed by vote of TCREF's Board, and the Chairman of the Citadel BOV is entitled to nominate one candidate to represent the BOV which must be approved by TCREF's board. The Chairman of TCF's Board is entitled to also nominate one candidate to represent TCF which must be approved by TCREF's Board. The Chairman of the BOV, the Chairman of TCF's Board, and the President of The Citadel serve as ex officio, nonvoting advisers to TCREF's Board. Because TCREF's sole purpose is to benefit The Citadel, its basic financial statements are discretely presented with those of The Citadel. TCREF reports its financial results on a calendar year basis. Copies of TCREF's separately issued financial statements can be obtained by sending a request to the following address: The Citadel Real Estate Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

TCF, TCBF, and TCREF are private not-for-profit organizations that report under the Financial Accounting Standard Board ("FASB") standards. Because these organizations are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TCF's, TCBF's, and TCREF's financial information in the College's financial reporting entity for these differences.

Financial Statements: The financial statements of The Citadel have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 84, *Fiduciary Activities.* The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses, and changes in net position, and cash flows that replaces the fund-group perspective previously required.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Basis of Accounting: For financial reporting purposes, The Citadel, along with its governmental component unit, is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intrafund transactions and balances have been eliminated. The Citadel reports fiduciary activities as custodial funds as defined in GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the custodial funds are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position and have been prepared using the accrual basis of accounting.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, The Citadel considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer's Office are considered cash equivalents. Restricted cash and cash equivalents are comprised of bond proceeds, debt service funds, and externally restricted funds.

Investments and Related Income: The Trust's investments in marketable securities at the date of the Statement of Net Position are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Marketable securities are reported based on the quoted market value as reported on the last business day of the year on actively traded markets. Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value to the total. Investments contributed to The Trust are recorded at the fair value on the date of the gift. Purchases and sales are accounted for on the settlement date. The increase and decrease in the fair value of investments is recorded on a monthly basis. Earnings are recorded monthly.

The investment in the limited partnership is reported based on the financial statements and other information received from the general partner. The Trust believes that the stated value of the investment in the limited partnership is a reasonable estimate of its fair value as of June 30, 2022; however, such investment is not marketable and some of the underlying investments held by the limited partnership do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed, and such difference could be material. The amount of gain or loss associated with this investment is reflected in the accompanying financial statements based on The Trust's relative share of investment in the limited partnership. Actual gains or losses are dependent upon the general partners' distributions during the life of the partnership.

Most TCF investments are in a limited partnership which is accounted for based on TCF's net asset value ("NAV") (at fair value) in the investment. The carrying value, which approximates fair value, is determined by adding the historical investment cost, the amount of any income allocated to TCF, and deducting any expenses allocated to TCF. Other investments in marketable equity investments with readily determinable fair values and all investments in debt securities are carried at fair value. Some other investments are carried at cost; these assets include equity securities without readily determinable fair values.

TCBF accounts for its investments at fair value based on quoted market prices. The increase or decrease in the fair value of investments is recorded on a quarterly basis and are included in the change in net assets in the Statement of Activities. TCBF carries its investments in real estate at fair market value as of the date the real estate was donated to TCBF.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to The Citadel's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories, which consist of uniforms and accessories, postage stamps, and bookstore and gift shop inventories for resale, are carried at the lower of cost or market. The cost of inventory items is reported on a weighted average basis.

Noncurrent Cash and Investments: Noncurrent cash and investments primarily consist of permanently endowed funds and Federal student loan funds. These funds are externally restricted and are classified as noncurrent assets in the Statement of Net Position.

Prepaid Expenses: Expenditures for services paid in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. Amounts reported in this asset account consist primarily of insurance, subscriptions, library periodicals, maintenance and service agreements, and travel reservations and deposits.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. The Citadel and The Trust follow capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of $5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of $100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of $5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. On assets capitalized prior to fiscal year 2013, a full year of depreciation was taken the year the asset was placed in service and no depreciation is taken in the year of disposition. Beginning in fiscal year 2013, assets were depreciated based on the number of months the asset was in service during the fiscal year.

Unearned Revenues and Deposits: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant sponsors that have not yet been earned.

Deposits represent dormitory room deposits, security deposits for possible room damage and key loss, student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position and as a component of compensation and employee benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of bonds payable and notes payable with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Changes in net pension liability and other postemployment benefits (“OPEB”) liability not included in pension expense and OPEB expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability and OPEB liability are reported as deferred outflows of resources.

Net Position: The Citadel’s net position is classified as follows:

***Net Investment in Capital Assets**:* This represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

***Restricted Net Position – Expendable**:* Restricted expendable net position includes resources in which The Citadel is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

***Restricted Net Position – Nonexpendable**:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

***Unrestricted Net Position**:* Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises, net of the College’s pension plan and OPEB liabilities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the respective governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

The Citadel’s policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources, then to unrestricted resources.

Income Taxes: The Citadel is a political subdivision of the State of South Carolina and, is therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of The Citadel may be subject to taxation as unrelated business income.

The Trust is a not-for-profit organization as described in Internal Revenue Code (“IRC”) Section 501(c)(3) and related income is exempt from federal income tax under Code Section 501(a).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

TCF, TCBF, and TCREF are not-for-profit organizations described in IRC Section 501(c)(3) and are exempt from federal income tax under Code Section 501(a). TCF, TCBF, and TCREF are classified by the Internal Revenue Service as other than private foundations and base their tax-exempt status on their support of the College.

Classification of Revenues and Expenses: The Citadel has classified its revenues and expenses as either operating or nonoperating revenues according to the following criteria:

> ***Operating Revenues and Expenses****:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) grants and contracts that are essentially the same as contracts for services that finance programs The Citadel would not otherwise undertake. For The Trust, operating revenues consist of investment income and net increases or decreases in fair value of investments. Operating expenses include all expense transactions incurred other than those related to investing, capital, or noncapital financing activities.

> ***Nonoperating Revenues and Expenses****:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income (except investment income for The Trust as mentioned above), and any grants and contracts that are not classified as operating revenue or are not restricted by the grantor to be used exclusively for capital purposes. Nonoperating expenses include interest paid on capital asset related debt, losses on disposal of assets, and refunds to grantors.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, cadet store, bookstore, barracks, dining hall, infirmary, laundry, tailor shop, and faculty/staff quarters. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

Scholarship Discounts and Allowances: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in The Citadel's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Governmental units that issue no more than $5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes.

The Citadel is not aware of any rebatable arbitrage liabilities as of June 30, 2022.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows/outflows of resources, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Changes in Financial Accounting and Reporting: For the fiscal year ended June 30, 2022, The Citadel implemented GASB Statement No. 87, *Leases*. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities. It increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. As part of its implementation of GASB Statement No. 87, The Citadel reviewed the agreements related to the leases payable included in its financial statements as of June 30, 2021 and determined that, due to the transfer of ownership at the commencement of the agreement, leases payable recognized as of June 30, 2021 should have been considered notes payable rather than leases payable. As a result, leases payable at June 30, 2021 were reclassified to notes payable at July 1, 2021. For the year ended June 30, 2022, The Citadel has no material leases to report based on the adoption of GASB Statement No. 87.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Most deposits and investments of The Citadel are under the control of the State Treasurer who, by law, has sole authority for investing state funds. Deposits and investments in marketable securities of The Trust, The Citadel's blended component unit, are not under the State Treasurer's control and are deposited or invested by financial institutions, brokers, and others specified by trust agreements. The Trust's investment in a limited partnership is managed by the partnership's general partner.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued*

The following schedule reconciles deposits and investments within the footnotes to the Statement of Net Position amounts:

Statement of Net Position:	The Citadel	The Citadel Trust	The Fiduciary Fund	Total
Current assets:				
Cash and cash equivalents	$ 48,344,343	$ 17,194	$ -	$ 48,361,537
Marketable securities (at fair value)	-	37,754	-	37,754
Investment in limited partnership (at fair value)	-	5,636,084	-	5,636,084
Restricted assets:				
Cash and cash equivalents	48,589,654	-	-	48,589,654
Marketable securities (at fair value)	-	1,436,493	-	1,436,493
Investment in limited partnership (at fair value)	-	11,866,169	-	11,866,169
Noncurrent assets:				
Cash and cash equivalents	-	18,091	-	18,091
Marketable securities (at fair value)	-	39,722	-	39,722
Investment in limited partnership (at fair value)	-	5,929,846	-	5,929,846
Restricted assets:				
Cash and cash equivalents	-	74,044	-	74,044
Marketable securities (at fair value)	-	1,823,120	-	1,823,120
Investment in limited partnership (at fair value)	-	92,432,743	7,252,133	99,684,876
Total Statement of Net Position	$ 96,933,997	$ 119,311,260	$ 7,252,133	$ 223,497,390
Notes: Deposits and Investments				
Cash on hand	$ 22,746	$ -	$ -	$ 22,746
Deposits held by State Treasurer	96,911,251	-	-	96,911,251
Other deposits	-	109,329	-	109,329
Marketable securities (at fair value)	-	3,337,089	-	3,337,089
Investment in limited partnership (at fair value)	-	115,864,842	7,252,133	123,116,975
Total Notes	$ 96,933,997	$ 119,311,260	$ 7,252,133	$ 223,497,390

Deposits

***Custodial Credit Risk**:* Custodial credit risk for deposits is the risk that, in the event of a bank failure, The Citadel's deposits may not be returned to the College. For deposits held by the State Treasurer, state law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits and investments is disclosed in the Annual Comprehensive Financial Report ("ACFR") of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all the State Treasurer's investments are insured or registered or are investments for which the securities are held by the state or its agents in the State's name. Information pertaining to the reported amounts, fair values, interest rate, and credit risk of the State Treasurer's investments is disclosed in the ACFR of the State of South Carolina.

With respect to The Citadel's and The Trust's other deposits at year-end, all these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. The Trust has a formal investment policy that requires all cash deposits held at banks to be held in a bank trust department in a collateralized form.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued*

Investment Pool

All investments are held by The Trust, a component unit of The Citadel. See disclosure below regarding investments held on behalf of the Citadel Alumni Association. Marketable securities are stated at fair value based on quoted prices. Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value to the total.

Investments contributed to The Trust are recorded at the fair value on the date of the gift. Purchases and sales are accounted for on the settlement date. The increase or decrease in the fair value of marketable securities is recorded on a monthly basis. Earnings are recorded monthly. Authorized investments include U.S. government/government-insured securities, corporate stocks and bonds, and open-ended mutual funds, as authorized by trust agreements and The Trust's Board of Directors. The investment in the limited partnership is stated using NAV of The Trust's investment in the fund. Investment earnings are recorded on a quarterly basis.

The Trust's Board of Directors has a formal investment policy, and current investments are within the guidelines which have been established by the board.

Marketable Securities

The Trust's marketable securities are maintained at the trust/investment departments of Bank of America, Wells Fargo, and Morgan Stanley.

As of June 30, 2022, The Trust had marketable securities and maturities as shown below:

		MATURITIES IN YEARS			
Investment Type	**Fair Value**	**Less Than 1 Year**	**1-5 Years**	**6-10 Years**	**More Than 10 Years**
U.S. Treasury Bonds	$ 594,686	$ -	$ 328,993	$ 265,693	$ -
U.S. Agency Bonds	44,699	-	43,477	97	1,125
Corporate Bonds	660,760	-	356,812	303,948	-
Mutual Bond Funds	147,076	147,076	-	-	-
Total fixed income investments	$ 1,447,221	$ 147,076	$ 729,282	$ 569,738	$ 1,125
Common Stocks	$ 202,385				
Fixed Income	1,447,221				
Mutual Equity Funds	1,687,483				
Total marketable securities	$ 3,337,089				

***Market Risk**:* Market risk is the risk that changes in market factors contrary to the position that is held will adversely affect the portfolio. Long funds and equity positions are exposed to declining markets, while short funds and equity positions are exposed to ascending markets. The Trust has addressed market risk by structuring a balanced, diversified investment portfolio across numerous investment types, industry sectors, and public/private markets.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued*

***Custodial Credit Risk**:* Custodial credit risk is risk that the investor will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. All The Trust's marketable securities are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. The Trust has a formal investment policy that requires all investments held at banks to be held in a bank trust department in a collateralized form.

***Interest Rate Risk**:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust investment policy states, "The Trust Board of Directors is aware of interest rate risk to bond principal valuation. Long dated bonds, which have the most principal risk in a rising interest rate environment, may be used by investment managers whose style utilizes strategies which include long dated bonds".

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust's investment policy addresses credit risk by requiring that each fixed income portfolio manager for its pooled investment fund maintain an overall weighted average credit rating of Baa/BBB or better by Moody's and Standard & Poor's rating services, respectively. In addition, the minimum acceptable credit quality rating for a new purchase is investment grade "Baa/BBB." In the event a bond is downgraded below investment grade, the investment manager shall immediately evaluate the fixed income portfolio position and take appropriate action. An exception to holding below investment grade bonds is the ownership by The Trust of bond index pooled vehicles.

At June 30, 2022, The Trust had fixed income securities and quality ratings as shown below:

		Quality Rating				
Investment Type	**Fair Value**	**Aaa/Aa**	**A**	**Baa/Ba**	**Below Ba**	**Unrated**
U.S. Treasury Bonds	$ 594,686	$ 594,686	$ -	$ -	$ -	$ -
U.S. Agency Bonds	44,699	43,321	-	-	-	1,378
Corporate Bonds	660,760	76,234	301,576	29,197	253,753	-
Mutual Bond Funds	147,076	-	-	-	-	147,076
Totals	$ 1,447,221	$ 714,241	$ 301,576	$ 29,197	$ 253,753	$ 148,454

Unrated investments include money market funds which are invested in commercial paper and other short-term obligations rated by a nationally recognized rating organization in the highest short-term rating category, or, if unrated, of equivalent quality, and in other corporate obligations and municipal obligations rated in the two highest rating categories, or if unrated, of equivalent quality.

***Concentration of Credit Risk**:* Concentration of credit risk is the risk of loss attributed to the magnitude of The Trust's investment in a single issuer. The Trust's policy for reducing this risk of loss is to require each investment manager to limit the investment in any one issuer to a maximum of 5% for equity investments and 10% for fixed income investments (except for securities issued by the U.S. government and its agencies). There were no investments with concentrations above the stated thresholds at June 30, 2022. The Trust's Board of Directors reviews substantial equity positions for the entire investment pool on a quarterly basis.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued*

***Foreign Currency Risk**:* Foreign currency risk is the risk of loss arising from changes in exchange rates for investments denominated in foreign currencies. The Trust foreign currency risk policy states: "The Trust Board of Directors is aware of the risk from fluctuating currency values in that portion of the fund which is invested in international securities. Investment managers who invest in international securities may purchase and sell currencies to facilitate currency exchange rates. Such currency transactions are at the discretion of the international investment manager(s) and it is recognized by the Board of Directors of The Trust that while entering into forward currency transactions could minimize the risk of loss due to decline in the value of the hedged currency, such transactions could also limit any potential gain that may result from an increase in the value of the currency." As of June 30, 2022, the Trust had no investments with foreign currency risk.

Investment in Limited Partnership

In December 2009, The Trust's Board of Directors approved a motion to pursue a co-investment relationship with an affiliate, TCF, in The Richmond Fund, LP, a Virginia limited partnership (the "Fund") managed by Spider Management Company, LLC ("Spider"), a Virginia limited liability company and wholly-owned subsidiary of the University of Richmond (the "University"). On January 1, 2010, this transaction was consummated and $25,000,000 of holdings at Smith Barney, a division of Citigroup Global Markets, Inc., were liquidated and invested in the Fund. During 2020, substantially all The Trust's marketable securities were sold and then immediately used to purchase an additional interest in the Fund. Investment in the Fund is only available to tax-exempt organizations described in section 501(c) of the IRC to which contributions may be made that are deductible under IRC Section 170 and are "accredited investors" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

The Fund's investment objective is to provide steady gains during market upswings through a diverse array of public/private and domestic/international investments, while preserving capital during down market downswings. The Fund is invested as if it is part of the endowment of the University, and the time-weighted returns for the Fund and the University are blended on a quarterly basis. The assets of the Fund, when combined with the University's endowment assets on a pro forma basis, will be invested in accordance with the University Investment Policy Statement. The Trust's investment in the Fund is subject to an initial five-year lockup period and withdrawal restrictions.

At June 30, 2022, the fair value of the investment in the Richmond Fund, LP was $123,116,975 or approximately 97% of total investments for The Trust and the fiduciary fund and approximately 94% of total assets for The Trust and the fiduciary fund. The Fund is audited on a semi-annual basis on June 30 and December 31.

Investments – The Citadel Alumni Association

In August 2013, The Trust's Board of Directors ratified a memorandum of understanding ("MOU") with The Citadel Alumni Association ("CAA") which allowed the CAA to invest in The Trust's unitized investment pool to gain access to The Trust's more diversified pool of investments. The CAA contributed $3,100,000 in October 2013 and $830,313 in March 2014. Per the MOU, these funds were invested in the same manner and with the same due care in which The Trust's funds are invested. The fair market value of the CAA investments at June 30, 2022 is $7,252,133. These funds have been recorded on the Statement of Fiduciary Net Position. The Trust does not recognize any revenues from the investment returns on the CAA investments.

NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued*

Investments – Non-Governmental Discretely Presented Component Units

The Citadel Brigadier Foundation
Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value to the total.

At December 31, 2021, TCBF's investments are as follows:

Investments carried at fair value	Cost	Fair Value
Mutual funds- various	$ 11,714,746	$ 15,547,575
Common stock – equities	5,705,384	6,419,020
Fixed income	5,174,109	5,077,211
Partnerships	1,315,730	1,585,354
Money market fund	1,896,979	1,896,979
Total investments	$ 25,806,948	$ 30,526,139

The Citadel Foundation
In February 2008, TCF initiated a co-investment relationship with Spider. TCF acquired limited partnership interests in the Fund through contributions of capital. At December 31, 2021, TCF's investment with Spider accounted for 98% of the total value of TCF's investments.

TCF maintains master investment accounts for its individual accounts. Realized and unrealized gains and losses and income from securities in the master investment accounts are allocated periodically to the individual accounts based on the relationship of the market value of each individual account to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

At December 31, 2021, TCF investments were composed of the following:

Investments carried at fair value	Cost	Fair Value
Investment in The Richmond Fund, LP	$ 161,295,371	$ 280,611,810
Mutual funds – various equities and fixed income	3,604,582	4,446,407
Equities	3,000	3,000
Cash and money market funds	71,787	71,787
Total investments	$ 164,974,740	$ 285,133,004

NOTE 3—FAIR VALUE MEASUREMENTS

The Trust has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing 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 Trust utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are as follows:

Investments that are measured and reported at fair value are classified according to the following hierarchy:

Level 1: Investments reflect prices quoted in active markets.

Level 2: Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities, equity securities, and mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. There are no assets classified as Level 3 for the year ended June 30, 2022.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at June 30, 2022:

	June 30 2022	Fair Value Measurements Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Bonds	$ 594,686	$ -	$ 594,686	$ -
U.S. Agency Bonds	44,699	-	44,699	-
Corporate Bonds	660,760	-	660,760	-
Total Debt Securities	1,300,145	-	1,300,145	-
Equity Securities				
Common Stock	202,385	202,385	-	-
Total Equity Securities	202,385	202,385	-	-
Mutual Funds				
Equities	487,165	487,165	-	-
Fixed Income	147,076	147,076	-	-
Alternative	1,200,318	1,200,318	-	-
Total Mutual Funds	1,834,559	1,834,559	-	-
Total Investments by Fair Value Level	$ 3,337,089	$ 2,036,944	$ 1,300,145	$ -

NOTE 3—FAIR VALUE MEASUREMENTS, *Continued*

Investments Measured at the Net Asset Value (NAV)	
Investment in Richmond Fund, LP	$ 115,864,842
Investment in Richmond Fund, LP Fiduciary Fund	7,252,133
Total Investments in Richmond Fund, LP	123,116,975
Receivable from Richmond Fund, LP	310,474
Total Investments Measured at NAV	123,427,449
Total Investments	$ 126,454,064

The valuation method for investments measured at NAV per share, or equivalent, is presented in the table below.

	June 30 2022	Redemption	Frequency
Investments			
Investment in Richmond Fund, LP[1]	$ 123,116,975	(a)	(a)

There were no unfunded commitments at June 30, 2022.

1) The Fund consists of investments in securities and investment funds to achieve investment returns that mirror that investment returns achieved by the University's endowment through a blended rate of return agreement.

   a) Each Limited Partner in The Fund has the right to withdraw an amount not to exceed 10% of its capital account as of the last business day of each fiscal quarter upon at least 60 days' prior written notice to the General Partner stating the amount to be withdrawn, provided that the Limited Partner must maintain a capital account of not less than $50,000,000, after giving effect to the partial withdrawal, subject to the right of the General Partner to waive such thresholds. Each Limited Partner has the right to withdraw an amount not to exceed 50% of its capital account as of the last business day of the fiscal quarter upon at least one year's prior written notice to the General Partner stating the amount to be withdrawn, provided that the partner became a Limited Partner at least five years prior to the date of such withdrawal and provided further that the capital account balance shall be at least $50,000,000 following such withdrawal. In the event that a Limited Partner requests the withdrawal of all its capital account, 50% will be distributed pursuant to the above and the balance shall be distributed over time as reasonably practical as cash becomes available. Distributions of any capital withdrawals by a Limited Partner shall equal the ownership interest of the partner's capital less any expenses of the Fund in connection with the withdrawal and any early withdrawal penalty fee. The five-year period and one-year notice period described above may be waived upon an early employee withdrawal event or an early investment withdrawal event. An early employee withdrawal event occurs if there is a change in management of the Partnership by the General Partner without approval from two-thirds of the Limited Partners. An early investment withdrawal event occurs if there is a change of greater than 15% from one fiscal quarter to the immediately following fiscal quarter in any asset allocation in the Fund's investment policy. Upon either of the abovementioned early withdrawal events, a Limited Partner shall have three months to provide the General Partner with notice of its intention to withdraw all, but not less than all, of its capital account. Such withdrawals shall be distributed as reasonably practical as cash becomes available over a two-year period on the last day of each fiscal quarter.

NOTE 4—ACCOUNTS RECEIVABLES

Accounts Receivable

Accounts receivable as of June 30, 2022 are summarized as follows:

	The Citadel	The Citadel Trust	Total
Receivables:			
Student fees	$ 6,779,146	$ -	$ 6,779,146
Grants and contracts	7,948,604	-	7,948,604
Customers-Auxiliaries	570,130	-	570,130
Other	-	311,461	311,461
Gross receivables	15,297,880	311,461	15,609,341
Less allowance for uncollectible:			
Student fees	(709,012)	-	(709,012)
Customers	(995,885)	-	(995,885)
Accounts receivable, net	$ 13,592,983	$ 311,461	$ 13,904,444

Allowances for estimated uncollectible accounts receivable are established and will be evaluated annually based upon the following aging methodology adopted by The Citadel in the current fiscal year. Receivable balances aged less than one-year are considered current, balances aged between one year and three years are reserved for via the allowance for uncollectible accounts, and all balances aged greater than three years are written off.

Contributions Receivable

Contributions receivable are comprised of pledges for gifts to support the College. Contributions receivable are accounted for at their estimated net realizable value or the present value of long-term pledges. Discount to present value was calculated using a 1% interest rate for 2022.

The composition of contributions receivable at June 30, 2022 is summarized as follows:

	The Citadel	The Citadel Trust	Total
Gift Pledges Outstanding:			
Operations	$ 421,675	$ 172,604	$ 594,279
Total gift pledges outstanding			
Less:			
Unamortized discount to present value	(46,911)	(81,324)	(128,235)
Allowance for doubtful accounts	(39,663)	(79,790)	(119,453)
Total contributions receivable, net	$ 335,101	$ 11,490	$ 346,591

NOTE 4—ACCOUNTS RECEIVABLES, *Continued*

Contributions Receivable, *Continued*

Payments on contributions receivable as of June 30, 2022 are expected to be received in the following years ending June 30:

	The Citadel	The Citadel Trust	Total
2023	$ 125,540	$ 5,805	$ 131,345
2024	57,960	2,314	60,274
2025	41,088	1,760	42,848
2026	110,513	778	111,291
2027	-	729	729
Due after 2027	-	104	104
	$ 335,101	$ 11,490	$ 346,591

Pledges for permanent endowments do not meet the eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Accordingly, permanent endowment pledges to The Trust totaling $142,713 are not recognized as assets in the accompanying financial statements. Because of uncertainties with regard to their realizability and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met.

NOTE 5—RESTRICTED ASSETS

The purposes and amounts of restricted assets at June 30, 2022 are as follows:

Asset /Restricted for	The Citadel	The Citadel Trust
Current:		
Cash and cash equivalents:		
Donor/sponsor specified	$ 4,052,495	$ -
Debt service	4,504,609	-
Capital projects	40,032,550	-
Total cash and cash equivalents	$ 48,589,654	$ -
Marketable securities (at fair value):		
Donor/sponsor specified	$ -	$ 1,331,923
Capital projects	-	104,570
Total marketable securities (at fair value)	$ -	$ 1,436,493
Investment in limited partnership (at fair value):		
Donor/sponsor specified	$ -	$ 11,866,169
Contributions Receivable, net:		
Donor/sponsor specified	$ 120,589	$ 4,424
Accounts Receivable, net:		
Donor/sponsor specified	$ 7,978,605	$ 311,461
Debt Service	1,091,865	-
Total accounts receivable, net	$ 9,070,470	$ 311,461
Prepaid Expenses:		
Donor/sponsor specified	$ 6,853	$ 17,067
Due from other funds:		
Endowment	$ -	$ 1,730,838
Noncurrent:		
Cash and cash equivalents:		
Endowment	$ -	$ 74,044
Marketable securities (at fair value):		
Endowment	$ -	$ 1,823,120
Investment in limited partnership (at fair value):		
Endowment	$ -	$ 92,432,743
Contributions Receivable, net:		
Donor/sponsor specified	$ 14,221	$ 3,791
Capital projects	195,340	-
Total contributions receivable, net	$ 209,561	$ 3,791
Cash Surrender Value of Life Insurance:		
Endowment	$ -	$ 85,356

NOTE 6—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is summarized as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Capital assets not being depreciated:				
Land and improvements	$ 4,795,491	$ 28,466	$ -	$ 4,823,957
Construction-in-progress	4,677,505	30,052,453	(2,370,332)	32,359,626
Fine arts	368,801	-	-	368,801
Total capital assets not being depreciated	9,841,797	30,080,919	(2,370,332)	37,552,384
Other capital assets:				
Land improvements	13,889,396	1,887,674	-	15,777,070
Buildings and improvements	209,927,570	2,224,991	(3,827,922)	208,324,639
Machinery, equipment, and other	8,124,096	3,726,924	(111,278)	11,739,742
Vehicles	791,707	123,500	(26,488)	888,719
Intangibles	6,748,529	-	-	6,748,529
Total other capital assets at historical cost	239,481,298	7,963,089	(3,965,688)	243,478,699
Less accumulated depreciation for:				
Land improvements	11,761,086	607,518	-	12,368,604
Buildings and improvements	94,237,831	2,639,564	-	96,877,395
Machinery, equipment, and other	5,921,242	2,858,912	(105,157)	8,674,997
Vehicles	567,339	-	(13,427)	553,912
Intangibles	2,749,298	272,082	-	3,021,380
Total accumulated depreciation	115,236,796	6,378,076	(118,584)	121,496,288
Other capital assets, net	124,244,502	1,585,013	(3,847,104)	121,982,411
Capital assets, net of accumulated depreciation	$ 134,086,299	$ 31,665,932	$ (6,217,436)	$ 159,534,795

NOTE 7—UNEARNED REVENUES

The composition of unearned revenues at June 30, 2022 is summarized as follows:

	The Citadel	The Citadel Trust
Advance collection of student fees	$ 3,277,761	$ -
Advance payment for box and club suites	565,816	-
Deposits for event rentals	174,341	-
Advance fall football tickets sales	422	-
Other unearned revenue	155,255	-
Total unearned revenue	$ 4,173,595	$ -

NOTE 8—BONDS AND NOTES PAYABLE

Bonds Payable

At June 30, 2022, bonds payable consisted of the following:

	Interest Rate	Maturity Dates	Balance June 30, 2022	Debt Retired in Fiscal Year 2022
Revenue Bonds				
Series 2015	Fixed at 3.49%	04/01/2029	$ 6,205,000	$ 770,000
Athletic Facilities Revenue Bonds				
Series 2015	Fixed at 4.67%	02/01/2031	7,815,000	680,000
GO State Institution Bonds				
Series 2021	Fixed at 5.00%	06/30/2040	29,500,000	1,005,000
Premium			8,085,594	57,316
Total Bonds Payable			$ 51,605,594	$ 2,512,316

General revenue bonds are payable from and secured by a pledge of net revenues derived by The Citadel from the operation of the facilities constructed with the bond proceeds. These bonds are additionally secured by a pledge of additional funds. Additional funds are all available funds and academic fees of The Citadel which are not (1) otherwise designated or restricted; (2) funds derived from appropriations; and (3) tuition funds pledged to the repayment of state institution bonds. Athletic facilities revenue bonds are payable from and secured by a pledge of three sources of revenue: athletic facility fee, athletic fee, and Skybox & Club Seat revenues.

The outstanding bonds, as described above, contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts, including principal and interest, become immediately due and throughout the continuance of the default, all moneys, securities, gross revenues, payments and receipts in its possession and the income therefrom shall be owed to the Trustee (South Carolina State Treasurer). The outstanding bonds, as described above, also contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount, plus all interest accrued thereon and which will accrue thereon to the date of payment, to become immediately due in the event of default.

As of June 30, 2022, management believes it is in compliance with all related bond covenants of its issued debt.

All bonds are payable in semiannual installments plus interest. The scheduled maturities of bonds payable are as follows:

	Principal	Interest	Payments
Bonds			
2023	$ 2,570,000	$ 1,881,315	$ 4,451,315
2024	2,680,000	1,767,238	4,447,238
2025	2,800,000	1,648,154	4,448,154
2026	2,930,000	1,523,638	4,453,638
2027	3,065,000	1,393,206	4,458,206
Thereafter	29,475,000	7,563,684	37,038,684
Add: Unamortized premium	8,085,594	-	-
	$51,605,594	$15,777,235	$59,297,235

NOTE 8—BONDS AND NOTES PAYABLE, *Continued*

For the year ended June 30, 2022, The Citadel paid principal and interest on the bonds as follows:

Bond Type	Principal	Interest
Revenue Bonds	$ 770,000	$ 243,428
Athletic Facilities Revenue Bonds	680,000	396,716
GO State Institution Bonds	1,005,000	1,350,050
	$ 2,455,000	$ 1,990,194

At June 30, 2022, the notes payable balance is $104,249.

All notes are payable in monthly installments plus interest. The scheduled maturities of notes payable are as follows:

	Principal	Interest	Payments
2023	$ 65,083	$ 4,784	$ 69,867
2024	22,633	1,467	24,100
2025	9,568	638	10,206
2026	5,536	205	5,741
2027	1,429	22	1,451
	$ 104,249	$ 7,116	$ 111,365

NOTE 9—PENSION PLANS

The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012 and governed by an 11-member board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the State of South Carolina, including the State Optional Retirement Program (“State ORP”) and the South Carolina Deferred Compensation Program, as well as the State’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“Systems”) five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the South Carolina Retirement System (“SCRS”) and South Carolina Police Officers Retirement System (“PORS”) employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission (“RSIC”) and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

NOTE 9—PENSION PLANS, *Continued*

PEBA issues an ACFR containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the State of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR of the State of South Carolina.

Plan Descriptions

SCRS, a cost–sharing, multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teacher and employees of the state and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

State ORP is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into a plan administered by one of four third party service providers. PEBA assumes no liability for state ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

PORS, a cost–sharing, multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

SCRS: Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers, and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP: As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

NOTE 9—PENSION PLANS, *Continued*

Membership*, Continued*

PORS: To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the State; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/ current annual salary. A brief summary of the benefit terms for each system is presented below:

SCRS: A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS: A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

NOTE 9—PENSION PLANS, *Continued*

Benefits, *Continued*

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a 10-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

NOTE 9—PENSION PLANS, *Continued*

Contributions *(continued):*

Required employee contribution rates[1] are as follows:

	Fiscal Year 2022	Fiscal Year 2021
SCRS:		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP:		
Employee	9.00%	9.00%
PORS:		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates[1] are as follows:

	Fiscal Year 2022	Fiscal Year 2021
SCRS:		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP:		
Employer Contribution[2]	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS:		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

[1] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

[2] Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

As described above, total required employer contributions to the SCRS, State ORP, and PORS pension plans from the College were $4,428,428, $2,588,728, and $185,221 for the year ended June 30, 2022, respectively.

NOTE 9—PENSION PLANS, *Continued*

Actuarial Assumptions and Methods

Actuarial valuations of the plans involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ended June 30, 2019.

The June 30, 2021 SCRS and PORS data are based on actuarial valuation performed as of July 1, 2020. The pension liability was rolled forward from the valuation date to the plans' fiscal year-end, June 30, 2021, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the pension liability as of June 30, 2021:

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return[1]	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually
[1]*Includes inflation at 2.25%*		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina ("PRSC") Mortality table, was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020.

Assumptions used in the determination of the June 30, 2021 pension liability are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

NOTE 9—PENSION PLANS, ***Continued***

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.0% assumed annual investment rate of return used in the calculation includes a 4.75% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

Discount Rate

The discount rate used to measure the pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the pension liability.

Sensitivity Analysis

The following table presents the College's proportionate share of the net pension liability of the respective plan calculated using the discount rate of 7.00%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 % lower (6.00%) or 1.00% higher (8.00%) than the current rate.

NOTE 9—PENSION PLANS, *Continued*

Sensitivity Analysis, *Continued*

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	**1.00% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
SCRS	$104,461,490	$79,749,168	$59,208,130
PORS	$2,423,967	$1,670,706	$1,053,653

Net Pension Liability

At June 30, 2022, the College reported liabilities of $79,749,168 and $1,670,706 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2020 projected forward to June 30, 2021. The College's proportionate shares of the net pension liabilities were based on a projection of the College's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 (measurement date), the College's proportionate shares of the SCRS and PORS plans were .368505% and .064934%, respectively, which was a decrease of .009829 and .001592, respectively from its proportionate shares as of June 30, 2020, which were .378334% and .066526%, respectively.

Pension Expense

For the year ended June 30, 2022, the College recognized pension expense for the SCRS and PORS plans of $5,654,576 and $237,941, respectively.

NOTE 9—PENSION PLANS, *Continued*

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the combined plans:

	SCRS and PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 11,959,183
Assumption changes	4,484,371	-
Contributions subsequent to the measurement date	4,613,650	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	236,615	2,814,704
Difference in expected and actual experience in liability measurement	1,415,271	112,835
Total	$ 10,749,907	$ 14,886,722

The $4,613,650 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date for the SCRS and PORS plans during the year ended June 30, 2022 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Years Ending June 30:	SCRS
2023	$ 1,479,849
2024	1,310,369
2025	1,541,585
2026	4,334,860
	$ 8,666,663

Years Ending June 30:	PORS
2023	$ (66,814)
2024	(20,980)
2025	37,624
2026	133,972
	$ 83,802

During the year ended June 30, 2022, the College recognized a combined SCRS and PORS revenue amount of $445,199 through a non-employer contribution appropriated in the State of South Carolina's budget. The State of South Carolina's budget appropriated these funds directly to PEBA for the SCRS and PORS trust funds. This non-employer contribution balance is recorded within other nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 9—PENSION PLANS, *Continued*

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2021, which includes the accounting and financial reporting actuarial valuation as of June 30, 2021 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of July 1, 2020.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina provides postemployment health and dental and long-term disability benefits through the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), collectively referred to as the OPEB Trust Funds ("OPEB Trusts"), to retired state and school district employees and their covered dependents.

Plan Description

The OPEB Trusts were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. The OPEB Trusts are cost-sharing, multiple-employer, defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the state provides post-employment health and dental and long-term disability benefits to retired state and school district employees and their covered dependents.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 to 24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public-school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits' reserve.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Contributions and Funding Policies, *Continued*

The SCRHITF is funded through participating employers that are mandated by state statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2021, was 6.25%. The SCRS collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premium's structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to state agencies, public school districts, and other participating local governments. The monthly premium per active employee was $3.22 for the fiscal year ended June 30, 2021. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Total required employer contributions to the SCRHITF and SCLTDITF from the College were $3,166,095 and $22,242 for the year ended June 30, 2022, respectively.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Actuarial Assumptions and Methods, *Continued*

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expenses; including inflation.
Single Discount Rate:	1.92% as of June 30, 2021.
Demographic Assumptions:	Based on the experience study performed for the SCRS for the 5-year period ending June 30, 2019.
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Retiree Participation:	79% for retirees who are eligible for funded premiums. 59% participation for retirees who are eligible for partial funded premiums. 20% participation for retirees who are eligible for non-funded premiums.
Notes:	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Actuarial Assumptions and Methods, *Continued*

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation Rate:	2.25%
Investment Rate of Return:	3.00%, net of Plan investment expense; including inflation.
Single Discount Rate:	2.48% as of June 30, 2021.
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the SCRS for the 5-year period ending June 30, 2019.
Disability Incidence:	The disability incidence rates used in the valuation are 165% of the rates developed for the South Carolina Retirement Systems pension plans.
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years.
Offsets:	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Expenses:	Third party administrative expenses were included in the benefit projections.
Notes:	The discount rate changed from 2.83% as of June 30, 2020 to 2.48% as of June 30, 2021. Additionally, the salary, termination, and retirement rates assumptions were updated to reflect the 2020 experience study for the SCRS pension valuations, and the disability incidence, disability recovery, and administration fee and offset assumptions were updated to better reflect the plan's anticipated experience.

Net OPEB Liability

At June 30, 2022, the College reported liabilities of $110,444,486 and $9,665 for its proportionate share of the SCRHITF and SCLTDITF net OPEB liabilities, respectively. The net OPEB liabilities were measured as of June 30, 2021, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of July 1, 2020 projected forward to June 30, 2021. The College's proportionate shares of the collective net OPEB liabilities and collective OPEB expense was determined using the College's payroll-related contributions over the measurement period. At June 30, 2021 (measurement date), the College's proportionate shares of the SCRHITF and SCLTDITF were .530392% and .304514%, which was the same as its proportionate shares of the net OPEB liabilities as of June 30, 2021, respectively, which was a decrease of .011517 and .003087, respectively from its proportionate shares as of June 30, 2020, which were .541909% and .307601%, respectively.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

OPEB Expense

For the year ended June 30, 2022, the College recognized OPEB expense for the SCRHITF and SCLTDITF plans of $9,135,850 and $26,014, respectively.

Single Discount Rate

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of 1.00%).

A Single Discount Rate of 2.48% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 1.92%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain $38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Long-Term Expected Rate of Return

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

South Carolina Retiree Health Insurance Trust Fund

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Investment Return Assumption			2.75%

South Carolina Long-Term Disability Insurance Trust Fund

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			3.00%

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 1.92%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Plan	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
SCRHITF net OPEB liability	$133,112,923	$110,444,486	$92,573,215

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is 1% lower or 1% higher:

Plan	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF net OPEB liability	$88,606,203	$110,444,486	$139,543,274

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 2.48%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Plan	1% Decrease (1.48%)	Current Discount Rate (2.48%)	1% Increase (3.48%)
SCLTDITF net OPEB liability (asset)	$14,077	$9,665	$5,241

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, ***Continued***

Deferred outflows and inflows of resources:

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the combined plans:

	SCRHITF and SCLTDITF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment experience	$ -	$ 32,829
Net difference between projected and actual experience in liability measurement	2,235,049	2,837,994
Assumption changes	22,461,869	2,659,745
Changes in proportion and differences between the College's contributions and proportionate share of contributions	1,066,512	3,193,658
Contributions subsequent to the measurement date	3,188,337	-
Total	$ 28,951,767	$ 8,724,226

Difference Between Expected and Actual Experience

The $3,188,337 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date for the SCRHITF and SCLTDITF plans during the year ended June 30, 2022, will be recognized as a reduction of the net OPEB liabilities in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRHITF and SCLTDITF plans:

Years Ending June 30:	SCRHITF and SCLTDITF
2023	$ 2,693,720
2024	2,643,962
2025	3,493,346
2026	3,741,346
2027	3,288,901
Thereafter	1,177,929
	$ 17,039,204

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued*

Additional Financial and Actuarial Information

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, OPEB Trust Funds financial information is also included in the ACFR of the State of South Carolina.

NOTE 11—LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within One-Year
Bonds and Notes Payable:					
Revenue Bonds	$ 6,975,000	$ -	$ 770,000	$ 6,205,000	$ 800,000
Athletic Facilities Revenue Bonds	8,495,000	-	680,000	7,815,000	710,000
Go State Institution Bonds	30,505,000	-	1,005,000	29,500,000	1,060,000
Premium	8,142,910	-	57,316	8,085,594	111,342
Notes Payable	-	104,249	-	104,249	65,083
Total Bonds and Notes Payable	54,117,910	104,249	2,512,316	51,709,843	2,746,425
Other Liabilities					
Accrued compensated absences	3,068,511	407,012	990,373	2,485,150	2,061,755
Deposits	4,258,337	301,829	685,955	3,874,211	3,596,884
Unearned revenues	3,740,371	491,654	58,430	4,173,595	4,113,595
Net pension liability	98,877,173	-	17,457,299	81,419,874	-
Net OPEB liability	97,823,346	12,630,805	-	110,454,151	-
Total Other Liabilities	207,767,738	13,831,300	19,192,057	202,406,981	9,772,234
Total Long-Term Liabilities	$ 261,885,648	$ 13,935,549	$ 21,704,373	$ 254,116,824	$ 12,518,659

Additional information regarding bonds and notes payable is included in Note 8. Additional information regarding unearned revenues is included in Note 7. Additional information regarding net pension liabilities is included in Note 9. Additional information regarding OPEB liabilities is included in Note 10.

NOTE 12—DEFERRED INFLOWS OF RESOURCES

The composition of deferred inflows of revenues at June 30, 2022 is summarized as follows:

	The Citadel	The Citadel Trust	Total
Amounts related to net OPEB liabilities	$ 8,724,226	$ -	$ 8,724,226
Amounts related to net pension liabilities	14,886,722	-	14,886,722
Total deferred inflows of resources	$ 23,610,948	$ -	$ 23,610,948

See Note 9 for a description of the deferred inflows of resources related to the pension liabilities. See Note 10 for a description of the deferred inflows of resources related to the OPEB liabilities.

NOTE 13—CONSTRUCTION COSTS AND COMMITMENTS

Capitalized

The Citadel has obtained the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable plant asset categories upon completion. Management estimates that The Citadel has sufficient resources available and/or future resources identified to satisfactorily complete the construction of these projects which are expected to be completed in varying phases over the next three years at an estimated cost of $74,969,449. Of the total estimated cost, $42,609,825 was unexpended at June 30, 2022. Of the unexpended balance at June 30, 2022, The Citadel had remaining commitment balances of approximately $37,567,525 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. During the current year, The Citadel capitalized substantially complete and in-use projects in the amount of $2,370,660.

Major capital projects at June 30, 2022, which constitute construction-in-progress that will be capitalized when completed, are listed below.

The amount expended includes only capitalized project expenditures for projects that are less than 99% complete and does not include any non-capitalized expenditures.

Project Title	Estimated Cost	Amount Expended
Capers Hall Replacement	$ 66,307,229	$ 29,110,164
Daniel Lib HVAC Repl-State	3,050,000	2,184,753
Byrd Hall Renovation	2,500,000	963,203
Stevens Barracks Replacement	981,000	32,137
Wilson Housing Renovations	750,000	11,998
Summerall Chapel Stained Glass Rest	700,000	19,145
Coward Hall HVAC Repl-Phase 5	451,220	30,020
Summerall Chapel Accessible Entrance	230,000	8,206
	$ 74,969,449	$ 32,359,626

Non-Capitalized

At June 30, 2022, The Citadel had in progress other capital projects which are not to be capitalized when complete. These projects are for replacements, repairs, and/or renovations to existing facilities. Estimated costs of open projects on these non-capitalized projects total $3,497,167. This amount includes costs incurred to date of $1,338,134 and estimated costs to complete of $2,159,032.

The Citadel anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state bond proceeds. The state has provided capital reserve funds, lottery appropriations, and research infrastructure bonds to fund improvements and expansion of state facilities.

The Citadel is not obligated to repay these funds to the State. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred.

NOTE 14—DONOR RESTRICTED ENDOWMENTS

The Trust manages most donor-restricted endowments. If a donor has not provided specific instructions, state law generally permits The Trust's Board of Directors to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The Trust chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the policy established by The Trust's Board of Directors, 4.4% of the average market value of endowment investments at the end of the previous five years has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending policy exceeds the investment income. At June 30, 2022, net appreciation of $1,793,867 is available to be spent, all of which is restricted to specific purposes.

NOTE 15—SPLIT INTEREST AGREEMENTS

In December 1993, a benefactor established a charitable remainder unitrust, consisting of publicly traded common stock valued at $60,000,000, to which The Trust is entitled to one-third of the remaining assets upon the benefactor's death. During fiscal year 2003, the above donor distributed approximately $1 million of stock from this charitable remainder unitrust to each of the three beneficiaries. Annually the unitrust is to pay to the benefactor 6% of the net fair market value of the assets in the charitable remainder trust, valued as of the first day of each taxable year of such trust. If income from these assets is insufficient to pay this amount, it will be paid from principal. The unitrust is irrevocable and is not managed by The Citadel or The Trust. Since the ultimate amount received cannot be reasonably estimated and the eligibility requirement for the gift has not been met, these unitrust assets are not included in these financial statements.

During fiscal year 1999, another donor established a charitable remainder trust ("CRT"), consisting of assets valued at less than $600,000, to which The Trust is entitled to all the remaining assets upon the death of the CRT beneficiaries. The pledge for the CRT is restricted for scholarships. The CRT is irrevocable and is not managed by The Citadel or The Trust. Since the ultimate amount received cannot be reasonably estimated and the eligibility requirement for this gift has not been met, these trust assets are not included in these financial statements.

NOTE 16—DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of The Citadel exist primarily to provide financial assistance and other support to the College and its educational program. They include TCF, TCBF, and TCREF. Because the activities and resources of these entities are for the sole benefit of The Citadel, they are considered component units of the College and are discretely presented in The Citadel's financial statements as non-governmental reporting entities. Following is a more detailed discussion of each of these entities and a summary of the significant transactions between these entities and The Citadel for the year ended June 30, 2022.

NOTE 16—DISCRETELY PRESENTED COMPONENT UNITS, *Continued*

The Citadel Foundation
For the fiscal year ended June 30, 2022, TCF received current year contributions of $7,238,562 on behalf of The Citadel and The Trust, $4,004,960 of this total was recorded as gifts, $622,694 was recorded as additions to permanent endowments, and $2,610,908 was recorded as capital gifts in nonoperating revenues. The Trust paid TCF a fee of $462,456 for its fundraising services.

The Citadel and The Trust recorded non-governmental grants of $6,183,402 from TCF for the fiscal year ended June 30, 2022. These funds were used to support scholarships, salaries, and various academic programs and at the College. In addition, TCF provided a grant of $1,065,162 to support stadium debt service.

The amount due to or from TCF varies during the fiscal year based on amounts due for grants and expenses incurred on behalf of TCF and contributions collected by TCF on behalf of The Citadel. TCF's Statement of Financial Position dated December 31, 2021, shows a grant payable to The Citadel of $8,336,624. At June 30, 2022, the net amount due from TCF to The Citadel was $474,128.

The Citadel Real Estate Foundation
The Citadel Real Estate Foundation is a supporting organization of TCF. During the year ended June 30, 2022, The Citadel incurred approximately $66,074 related to construction of the Bastin Hall School of Business on The Citadel's campus. As of June 30, 2022, The Citadel is holding net 2021 and 2022 unexpended agency fund capital contributions from TCREF in the amount of $0. These funds are restricted for construction costs for the future Bastin Hall School of Business on The Citadel's campus and are included in funds held for others. $750,127 remained outstanding between TCREF and The Citadel at June 30, 2022.

The Citadel Brigadier Foundation
The Citadel and The Trust recorded non-governmental grants of $2,000,000 from TCBF in the fiscal year ended June 30, 2022. These grants were used to support athletic scholarships at the College. TCBF did not have an outstanding payable to The Citadel at June 30, 2022 related to these grants.

TCBF reimburses The Citadel for certain expenses incurred on behalf of TCBF. The reimbursement totaled $58,008 for the year ended June 30, 2022. No amounts remained outstanding between TCBF and The Citadel at June 30, 2022.

NOTE 17—RELATED PARTIES

Citadel Alumni Association
Citadel Alumni Association is a separately chartered corporation organized exclusively to promote alumni activities at The Citadel. CAA's activities are governed by its Board of Directors.

As described in Note 2, CAA has an investment in The Trust's unitized investment pool. As of June 30, 2022, CAA's portion of this investment is $7,252,133, and is included as investment in limited partnership on the Statement of Fiduciary Net Position.

NOTE 17—RELATED PARTIES, *Continued*

The activities of CAA are not included in The Citadel's financial statements. However, The Citadel's statements include transactions between the College and the CAA. Following is a summary of the significant transactions between The Citadel and CAA for the year ended June 30, 2022.

The College shares the costs of operating the John Monroe Holliday Alumni Center building with CAA. Expenses related to routine operations of the alumni center are allocated based on the joint use of the building by The Citadel staff who function as both the College Alumni Office and the Alumni Association Office. All expenses related to income production are borne by the CAA. CAA prepares an annual accounting of the net income of rental activities each May. After covering CAA income producing costs, any amount remaining is split on the same basis as building operating expenses. For the year ended June 30, 2022, The Citadel's share of John Monroe Holliday Alumni operating profits was $354,000.

CAA reimburses The Citadel for certain expenses incurred on behalf of CAA. The reimbursement totaled $1,009,410 for the year ended June 30, 2022, of which $212,453 was for activity for the year ended June 30, 2022, with $27,804 remaining payable to The Citadel as of June 30, 2022.

NOTE 18—TRANSACTIONS WITH STATE ENTITIES

The Citadel is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the state unless the College receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is The Citadel's base budget amount presented in the General Funds column of Section 8, Part IA, of the 2011-12 Appropriation Act.

The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2022:

State Appropriations	
Original appropriation	$ 13,321,439
Additional appropriation	427,975
Appropriation allocations from the State Commission on Higher Education	
For Academic Endowment Match	10,242
Capital Reserve Fund	221,792
Total State Appropriation Revenues	$ 13,981,448

The Citadel received substantial funding from the Commission on Higher Education ("CHE") for scholarships on behalf of students that is accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as nonoperating revenue. The Citadel also receives state funds from various other state agencies for public service projects.

NOTE 18—TRANSACTIONS WITH STATE ENTITIES, *Continued*

The following is a summary of amounts received from state agencies for scholarships, sponsored research, and public service projects for the fiscal year ended June 30, 2022:

Other amounts received from state agencies	Operating Revenue	Nonoperating Revenue
Received from the Commission on Higher Education (CHE):		
LIFE Scholarships	$ 3,471,561	$ -
Palmetto Fellows Scholarships	499,763	-
Need-Based Grants	836,828	-
Hope Scholarships	358,400	-
SC National Guard	204,610	-
Other Operational Grants	160,455	-
Other Non-Operational Grants	-	17,968
	$ 5,531,617	$ 17,968

The Citadel provided no significant services free of charge to any state agency during the fiscal year. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee, and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor’s Office.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The Citadel had financial transactions with various state agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans, employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers′ compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2021 expenditures applicable to related transactions with state entities are not readily available.

NOTE 19—RISK MANAGEMENT

The Citadel is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets, and the State itself assumes substantially all the risk for the following claims of covered employees:

1. Unemployment compensation benefits
2. Worker’s compensation benefits for job-related illnesses or injuries
3. Health and dental insurance benefits
4. Long-term disability and group-life insurance benefits

NOTE 19—RISK MANAGEMENT, *Continued*

Employees elect health insurance coverage either through a health maintenance organization or through the state's self-insured plan.

The Citadel and other entities pay premiums to the South Carolina Insurance Reserve Fund ("SCIRF"), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

1. Theft, damage to, or destruction of assets
2. Real property, its contents, and other equipment
3. Motor vehicles and watercraft
4. Torts
5. Natural disasters
6. Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The Citadel obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

In management's opinion, claim losses in excess of insurance coverage, if any, are unlikely, and, if incurred, would be insignificant to the College's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. Therefore, no loss accrual has been recorded for underinsured and uninsured losses.

NOTE 20—CONTINGENCIES AND LITIGATION

The Citadel and certain school officials currently face eight lawsuits. Five of these cases involve The Citadel's former summer camp (collectively, "summer camp cases"), two of the cases allege due process violations in connection with disciplinary actions against two cadets, and the final case alleges due process and Title IX violation against a third cadet. In the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these cases is not likely. Therefore, an estimated liability has not been recorded. In the opinion of management and counsel, the risk of material loss in excess of insurance coverage for the remaining two, state court cases, is not likely.

Summer Camp Cases

Background:

From 1957 until 2006, The Citadel operated a summer camp for children between 10 and 15 years old. Between 1997 and 2001, "Counselor 1", a 1997 graduate of The Citadel, served in various positions as counselor at the camp. During the summers of 2001, 2002, and 2003, "Counselor 2" served as a counselor, likewise serving in various positions.

NOTE 20—CONTINGENCIES AND LITIGATION, *Continued*

In 2001, a camper accused Counselor 1 of sexually assaulting him during the camp. Those accusations ultimately led to Counselor 1's court-martial. Five former campers subsequently filed suit alleging Counselor 1 had assaulted them while at the camp. The Citadel and its general liability insurer, the SCIRF, settled those claims in 2006 for $3,850,000. The SCIRF paid approximately $3,300,000 to settle those cases; The Citadel contributed $500,000 to settle the cases. In 2011, a sixth former camper filed suit against The Citadel. In 2014, a seventh former camper, the older brother of the sixth former camper, also filed suit. In June 2014, the SCIRF, The Citadel's insurer, settled those cases.

In 2007, a camper from 2002 reported that Counselor 2 had allegedly engaged in sexual misconduct with him during 2002. The former camper alleged Counselor 2 had engaged in similar conduct with other campers during 2001. The Citadel, through its General Counsel, investigated the allegations but found no corroboration. The Citadel did not report the allegations to law enforcement.

In 2011, Counselor 2 was arrested for sexually abusing numerous boys in the Charleston area. In 2012, he was sentenced to 50 years of imprisonment.

Litigation:

Counselor 1: As noted above, seven former campers filed a total of eight cases against The Citadel related to Counselor 1's conduct (Camper Six filed both a general liability lawsuit against The Citadel in state court and a Section 1983 lawsuit against individual defendants in federal court). The original five plaintiffs settled their claims with The Citadel and the SCIRF in June 2006. Campers six and seven settled their claims in June 2014.

Counselor 2: Eleven plaintiffs filed a total of 22 cases against The Citadel and four of its employees in connection with Counselor 2's actions. All 11 filed a total of twelve cases in state court against The Citadel alleging gross negligence against the school; one plaintiff, a mother, filed two cases, one on her own behalf and one for her son. The Citadel won two of these cases on summary judgment in 2015, and the South Carolina Court of Appeals and Supreme Court affirmed; it settled two additional cases during the Spring of 2017. In November, 2019, one of the plaintiffs in state court dismissed his case with prejudice. In the Fall of 2021, The Citadel filed motions for summary judgment in the seven remaining cases, arguing they were controlled by the opinions issued by the South Carolina Court of Appeals and the South Carolina Supreme Court in 2016, 2017, and 2018. The trial court informally stayed any further proceedings in the remaining cases, pending the Supreme Court's final actions. One of the plaintiffs dismissed his case after the filing of that motion. The presiding judge granted the motion in another case. However, the judge denied the motions in five of the cases, therefore they are still pending against the school.

The SCIRF has defended The Citadel pursuant to a $1 million insurance policy in all these cases. Under the Tort Claims Act, The Citadel's liability is capped at $300,000 per plaintiff, and $600,000 per occurrence. Indeed, The Citadel believes the maximum exposure to the school for all five cases, combined, is $600,000, and that the amount is covered by its insurance policy through the Insurance Reserve Fund.

NOTE 20—CONTINGENCIES AND LITIGATION, *Continued*

Other Cases

The Citadel is involved in other legal proceedings and claims with various parties which arose in the normal course of business and cover a range of matters. Included among these matters are two lawsuits by former cadets who allege the school violated their civil rights in the course of disciplining them. One of those cadets returned to The Citadel, graduated, and subsequently worked for the school. A second former cadet withdrew and never returned. In a third case, a former cadet alleges The Citadel and certain school officials violated his due process and Title IX rights in dismissing him for a year for sexual assault. Of note, the District Court recently granted all defendants' motions to dismiss in that case, though the plaintiff has just filed a notice of appeal in that matter. In the opinion of management and counsel, the risk of material loss in excess of insurance coverage for all these matters is remote, and the outcome of the legal proceedings is not expected to have a material effect on the financial position of The Citadel. Therefore, an estimated liability has not been recorded.

Other Possible Contingencies

The Citadel participates in certain federal programs. These programs are subject to financial and compliance audits by the grantor or its representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

NOTE 21—OPERATING EXPENSES BY FUNCTION

For the year ended June 30, 2022, operating expenses by functional classification are summarized as follows:

	Compensation and Employee Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 35,356,964	$ 5,403,996	$ -	$ 80,114	$ -	$ 40,841,074
Research	738,077	1,448,498	-	624,281	-	2,810,856
Public Service	179,291	176,491	4,477	2,250	-	362,509
Academic Support	8,120,935	2,837,010	-	638,470	-	11,596,415
Student Services	7,684,119	1,920,909	-	3,380,184	-	12,985,212
Institutional Support	8,768,427	6,989,881	-	31,398	-	15,789,706
Operations and Maintenance of Plant	6,879,460	3,426,376	2,996,186	-	-	13,302,022
Scholarships and Fellowships	1,248	106,326	-	4,156,132	-	4,263,706
Endowments	-	314,214	-	-	-	314,214
Auxiliary Enterprises	10,674,510	21,777,759	1,095,973	30,000	-	33,578,242
Depreciation	-	-	-	-	6,078,810	6,078,810
Total Operating Expenses	$ 78,403,031	$ 44,401,460	$ 4,096,636	$ 8,942,829	$ 6,078,810	$141,922,766

NOTE 22—ATHLETIC GRANT-IN-AID

The College's athletic grant-in-aid is athletic scholarships funded by private donations through TCBF to The Citadel. The Citadel annually awards athletic scholarships in excess of the support from TCBF, thus additional budgeted supplements are required from The Trust and The Citadel (via auxiliary surpluses) to help fund this aid. The Citadel's Athletic Department is a self-supporting operating unit that is responsible for covering any unfunded balances in athletic grant-in-aid through its annual operating surpluses.

The Athletic Department revenues are largely dependent upon attendance at sporting events, while expenses are driven by scholarships, faculty maintenance, and compensation. The College closely monitors the financial position of the department to ensure long-term success. The College's bondholder of the Series 2015 Athletic Faculties Revenue Board requires a bond coverage ratio of 100%. As of June 30, 2021, management believes the College reported an above adequate bond coverage ratio for the Series 2015 Athletic Faculties Revenue Bond.

NOTE 23—COVID-19

In March 2020, the World Health Organization declared the outbreak of public health emergency associated with the 2019 Novel Coronavirus ("COVID-19") a pandemic. The Citadel has not been immune to the impact of the COVID-19 pandemic. During fiscal year 2022, The Citadel continued to face the impacts of COVID-19 pandemic which resulted in lower enrollments and led to decreased revenues. The Citadel received $6,594,497 from the American Rescue Plan ("ARP") of 2021. The ARP funds are included in nonoperating federal grants and contracts on the Schedule of Revenues, Expenses, and Changes in Net Position. The student aid portion of the funds totaled $3,315,771 and the institutional portion of the funds totaled $3,278,726. The student aid portion was distributed directly to students as emergency financial aid grants as required under the federal program and the institutional portion of the funds were used for COVID-19 related expenses and recovery of lost revenue due to COVID-19.

NOTE 24—SUBSEQUENT EVENTS

The Citadel has evaluated subsequent events through September 16, 2022, which is the date the financial statements were available to be issued.

THE CITADEL
The Military College of South Carolina
Schedule of The Citadel's Proportionate Share of the Net Pension Liability (Unaudited)
Years Ended June 30, 2014 through June 30, 2022

Fiscal Year	The Citadel's Proportion of the Net Pension Liability	The Citadel's Proportionate Share of the Net Pension Liability	The Citadel's Total Covered Payroll During the Measurement Period	The Citadel's Proportionate Share of the Net Pension Liability as a Percentage of Total Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
South Carolina Retirement System (SCRS)					
2022	0.368505%	$ 79,749,168	$ 49,674,397	160.54%	60.70%
2021	0.378334%	96,671,046	48,486,865	199.38%	50.70%
2020	0.387627%	88,511,328	48,964,334	180.77%	54.40%
2019	0.387908%	86,917,934	47,770,656	181.95%	54.10%
2018	0.368970%	83,060,931	47,067,006	176.47%	53.30%
2017	0.365879%	78,151,289	43,430,316	174.02%	52.90%
2016	0.368400%	69,867,963	42,226,239	160.87%	56.99%
2015	0.364117%	62,688,876	40,281,067	148.46%	59.90%
2014	0.364117%	65,309,600	39,597,063	162.13%	56.39%
Police Officers' Retirement System (PORS)					
2022	0.064934%	$ 1,670,706	$ 983,129	169.94%	70.40%
2021	0.066526%	2,206,127	976,411	225.94%	58.80%
2020	0.060844%	1,743,752	987,936	176.50%	62.70%
2019	0.495790%	1,404,845	882,669	159.16%	61.70%
2018	0.052500%	1,438,160	686,248	209.57%	60.90%
2017	0.060320%	1,530,078	769,034	216.44%	64.60%
2016	0.061650%	1,343,594	763,719	174.71%	64.57%
2015	0.063290%	1,311,984	760,247	171.79%	62.98%
2014	0.063290%	1,311,934	760,247	172.36%	62.98%

This data is presented for those years in which information is available.

THE CITADEL
The Military College of South Carolina
Schedule of The Citadel's Pension Contributions (Unaudited)
Years Ended June 30, 2012 through June 30, 2022

Fiscal Year	Actuarial Required Pension Contribution	Actual Pension Contributions	Contribution Deficiency (Excess)	The Citadel's Total Covered Payroll	Contributions as a Percentage of Total Covered Payroll
South Carolina Retirement System (SCRS)					
2022	$ 4,428,428	$ 4,428,429	$ -	$ 49,674,397	8.91%
2021	3,755,282	3,755,282	-	48,964,334	7.74%
2020	3,857,503	3,857,503	-	47,770,656	7.88%
2019	3,567,024	3,567,024	-	47,067,006	7.47%
2018	3,362,502	3,362,502	-	44,909,987	7.14%
2017	4,234,165	4,234,165	-	43,430,316	9.43%
2016	3,919,630	3,919,630	-	42,226,239	9.03%
2015	3,765,017	3,765,017	-	40,281,067	8.92%
2014	3,545,182	3,545,182	-	39,597,063	8.80%
2013	3,458,611	3,458,611	-	37,171,451	8.73%
2012	2,864,624	2,864,624	-	35,317,858	7.71%
Police Officers' Retirement System (PORS)					
2022	$ 185,221	$ 185,221	$ -	$ 983,129	18.84%
2021	166,285	166,285	-	987,936	17.03%
2020	168,341	168,341	-	882,669	17.04%
2019	140,735	140,735	-	686,248	15.94%
2018	100,803	100,803	-	706,945	14.69%
2017	97,840	97,840	-	769,034	13.84%
2016	105,665	105,665	-	763,719	13.74%
2015	102,415	102,415	-	761,174	13.41%
2014	97,735	97,735	-	760,247	12.84%
2013	93,510	93,510	-	728,123	12.30%
2012	85,649	85,649	-	681,226	11.76%

This data is presented for those years in which information is available.

THE CITADEL

The Military College of South Carolina

Schedule of The Citadel's Proportionate Share of the Net OPEB Liability (Unaudited)

Years Ended June 30, 2017 through June 30, 2022

Fiscal Year	The Citadel's Proportion of the Net OPEB Liability	The Citadel's Proportionate Share of the Net OPEB Liability	The Citadel's Total Covered Payroll During the Measurement Period	The Citadel's Proportionate Share of the Net OPEB Liability as a Percentage of Total Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)					
2022	0.530392%	$ 110,444,486	$ 50,657,526	218.02%	7.48%
2021	0.541909%	97,822,413	49,463,276	197.77%	8.39%
2020	0.556303%	84,121,495	49,952,269	168.40%	8.44%
2019	0.537430%	78,468,622	48,653,325	161.28%	7.91%
2018	0.540944%	73,269,979	47,753,254	153.43%	7.60%
2017	0.540944%	78,267,191	44,199,350	177.08%	Not Available
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDIF)					
2022	0.304514%	$ 9,665	(1)	(1)	92.84%
2021	0.307601%	933	(1)	(1)	99.29%
2020	0.315036%	6,201	(1)	(1)	95.17%
2019	0.319095%	9,768	(1)	(1)	92.20%
2018	0.318105%	5,767	(1)	(1)	95.29%
2017	0.318105%	2,208	(1)	(1)	Not Available

(1) Contributions to the SCLTDIF are based upon a fixed fee per covered employee. Therefore covered payroll is not applicable to the SCLTDIF.

This data is presented for those years in which information is available.

THE CITADEL
The Military College of South Carolina
Schedule of The Citadel's OPEB Contributions (Unaudited)
Years Ended June 30, 2017 through June 30, 2022

Fiscal Year	Actuarial Required OPEB Contribution	Actual OPEB Contributions	Contribution Deficiency (Excess)	The Citadel's Total Covered Payroll	Contributions as a Percentage of Total Covered Payroll
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)					
2022	$ 3,166,095	$ 3,166,095	$ -	$ 50,657,526	6.25%
2021	3,091,455	3,091,455	-	49,463,276	6.25%
2020	3,122,017	3,122,017	-	49,952,269	6.25%
2019	2,943,526	2,943,526	-	48,653,325	6.05%
2018	2,626,429	2,626,429	-	47,753,254	5.50%
2017	2,431,382	2,431,382	-	42,989,958	5.66%
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDIF)					
2022	$ 22,242	$ 22,242	$ -	(1)	(1)
2021	23,042	23,042	-	(1)	(1)
2020	23,249	23,249	-	(1)	(1)
2019	23,226	23,226	-	(1)	(1)
2018	23,094	23,094	-	(1)	(1)
2017	23,026	23,026	-	(1)	(1)

(1) Contributions to the SCLTDIF are based upon a fixed fee per covered employee. Therefore covered payroll is not applicable to the SCLTDIF.

This data is presented for those years in which information is available.

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Board of Visitors
The Citadel, The Military College of South Carolina
Charleston, South Carolina

We have audited, in accordance with the 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, the financial statements of the business-type activities, the fiduciary activities and the non-governmental discretely presented component units of The Citadel, The Military College of South Carolina ("The Citadel"), a component unit of the state of South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Citadel's basic financial statements, and have issued our report thereon dated September 16, 2022. Our report includes a reference to other auditors who audited the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel), as described in our report on The Citadel's financial statements. The financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel) or that are reported on separately by those auditors who audited the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Citadel'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Citadel's internal control. Accordingly, we do not express an opinion on the effectiveness of The Citadel'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 entity'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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Citadel's 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 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 Citadel'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 Citadel's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Greenville, South Carolina
September 16, 2022