



THE REED INSTITUTE

Independent Auditors Report in Accordance with
the Uniform Guidance for Federal Awards

June 30, 2022

Independent Auditors' Report

The Board of Trustees
The Reed Institute:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Reed Institute, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x 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.
- x 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 Reed Institute's internal control. Accordingly, no such opinion is expressed.
- x 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.
- x Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Reed Institute's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of financial responsibility data as of and for the year ended June 30, 2022 is presented for purposes of additional analysis, as required by the US Department of Education, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,

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THE REED INSTITUTE
Statements of Financial Position
June 30, 2022 and 2021

Assets	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 23,952,653	11,343,650
Accounts receivable, net	6,266,542	1,335,903
Contributions receivable, net	2,638,571	2,777,140
Short-term investments	11,768,562	10,205,130
Prepaid expenses and other assets	<u>1,312,788</u>	<u>890,177</u>
Total current assets	<u>45,939,116</u>	<u>26,552,000</u>
Noncurrent assets:		
Cash and cash equivalents whose use is limited	18,056,525	530,151
Accounts receivable, net	2,052,332	2,428,112
Contributions receivable, net	3,190,402	4,937,391
Funds held in trust by others	1,416,310	1,358,962
Long-term investments	781,352,572	840,528,532
Property, plant, and equipment, net	159,518,908	157,626,264
Other assets	<u>596,127</u>	<u>694,628</u>
Total noncurrent assets	<u>966,183,176</u>	<u>1,008,104,040</u>
Total assets	<u>\$ 1,012,122,292</u>	<u>1,034,656,040</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,106,686	7,557,312
Postretirement benefits payable	890,720	937,522
Debt, current portion	—	1,944,830
Deferred revenue	1,866,982	2,198,082
Other liabilities	<u>106,759</u>	<u>115,246</u>
Total current liabilities	<u>14,971,147</u>	<u>12,752,992</u>
Long-term liabilities:		
Liability for split-interest agreements	10,820,407	13,146,653
Postretirement benefits payable	24,357,059	30,400,655
Refundable loan programs	990,392	650,704
Asset retirement obligation	6,180,831	6,051,916
Debt, net of current portion	123,891,378	102,862,578
Other liabilities	<u>741,393</u>	<u>1,685,241</u>
Total long-term liabilities	<u>166,981,460</u>	<u>154,797,747</u>
Total liabilities	<u>181,952,607</u>	<u>167,550,739</u>
Net assets:		
Without donor restrictions	455,932,158	469,050,167
With donor restrictions:		
Time or purpose	167,288,431	199,927,217
Perpetual	<u>206,949,096</u>	<u>198,127,917</u>
Total net assets with donor restrictions	<u>374,237,527</u>	<u>398,055,134</u>
Total net assets	<u>830,169,685</u>	<u>867,105,301</u>
Total liabilities and net assets	<u>\$ 1,012,122,292</u>	<u>1,034,656,040</u>

See accompanying notes to financial statements.

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Statement of Activities and Changes in Net Assets
Year ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total 2022
Revenues, gains, and other support:			
Tuition and fees, net of \$37,004,425 in college-funded scholarships	\$ 55,950,747	—	55,950,747
Auxiliary enterprises	17,315,666	—	17,315,666
Gifts and private grants	6,402,924	9,660,320	16,063,244
Government grants, contracts, and student aid	8,609,392	—	8,609,392
Endowment return, appropriated for spending	15,880,409	13,589,867	29,470,276
Other investment (losses) gains	(895,300)	77,147	(818,153)
Other revenues and additions	2,627,706	3,417	2,631,123
Net assets released from restrictions	16,650,538	(16,650,538)	—
Total revenues, gifts, and other support	122,542,082	6,680,213	129,222,295
Expenses:			
Educational and general:			
Instruction	39,277,791	—	39,277,791
Research	2,098,551	—	2,098,551
Academic support	13,765,252	—	13,765,252
General institutional support	9,910,094	—	9,910,094
Student services	13,884,376	—	13,884,376
College relations	7,805,835	—	7,805,835
Total educational and general	86,741,899	—	86,741,899
Auxiliary enterprises	20,358,740	—	20,358,740
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Statements of Cash Flows
Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (36,935,616)	207,118,319
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	6,411,408	6,399,524
Amortization of bond premium and issuance cost	13,735	(274,830)
Loss on disposal of assets	—	24,000
Loss on bond refinancing	1,050,764	—
Gain on swap termination	(301,516)	—
Contributions restricted for long-term investment	(6,659,030)	(3,588,257)
Noncash contributions	(1,630,543)	(939,428)
Net realized and unrealized loss (gain) on investments and split-interest agreements	37,322,399	(229,957,537)
Actuarial adjustments of liabilities for split-interest agreements	(886,654)	2,866,527
Change in asset retirement obligation	128,915	128,915
Changes in governmental loan funds	529,603	—
Insurance proceeds	(3,318,210)	—
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	(4,554,859)	479,045
Contributions receivable	1,885,558	4,321,214
Prepaid and other	(314,055)	(538,878)
Accounts payable and accrued liabilities	4,549,374	(895,025)
Postretirement benefits payable	(6,090,398)	(2,760,282)
Deferred revenue	(331,100)	(707,478)
Other liabilities	(347,637)	78,529
Net cash used in operating activities	(9,477,862)	(18,245,642)
Cash flows from investing activities:		
Proceeds from maturities/sales of investments	148,113,563	204,776,056
Purchases of investments	(125,311,766)	(189,204,613)
Contracts receivable collected	43,805	33,517
Contracts receivable advanced	(53,860)	(60,000)
Purchase of property, plant, and equipment	(8,304,052)	(869,714)
Insurance proceeds	3,318,210	—
Net cash provided by investing activities	17,805,900	14,675,246
Cash flows from financing activities:		
Contributions restricted for long-term investment	6,659,030	3,588,257
Issuance of new debt	123,877,643	—
Payment of debt principal	(105,858,173)	(1,595,000)
Swap termination	(303,182)	—
Payments on split-interest agreements	(1,525,249)	(1,470,475)
Investment income subject to split-interest agreements	389,372	762,711

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Notes to Financial Statements
June 30, 2022 and 2021

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June 30, 2022 and 2021

(c) Measure of Operations

Reed College's increase from operations includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restriction to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities. The measure of operations excludes investment return in excess of amounts made available for current use, as well as infrequent items such as loss on debt refinancing and insurance proceeds.

(d) Use of Estimates

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

(e) Revenue Recognition

Tuition and fees are Reed College's operating revenue is primarily derived from academic programs provided to undergraduate students. The College bills tuition and fees in advance of each academic term and recognizes the revenue on a straight-line basis over the academic term as the educational services are performed. Tuition and fees are not considered separate performance obligations. Students are typically entitled to a partial refund through approximately the first half of an academic term. The College provides financial assistance in the form of scholarships or grants based on the recipients' demonstrated need. The financial assistance is reflected as a reduction of tuition and fees revenues and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student.

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In addition to room and board, auxiliary services include revenue earned from the bookstore and for various conference services offered by the College. Revenue from the sale of these goods and services is recognized once the performance obligations are complete.

Gifts and private grants ±Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become

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(g) Split -Interest Agreements

Reed College has been named as a beneficiary for various split-interest agreements. Each agreement provides for contractual payments to stated beneficiaries for their lifetimes, after which remaining principal and interest revert to the College. Assets contributed are recorded at fair value. In addition, the College has recognized the present value of estimated future payments to be made to beneficiaries over their expected lifetimes as a long-term liability. The present values of these estimated payments were determined on the basis of published actuarial factors for ages of the respective beneficiaries discounted using a rate adjusted for mortality uncertainties and are not changed after the date of the gift. Annual adjustments are made between the liability and the net assets to record actuarial gains or losses. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as contribution revenue in the year established. These donations are either restricted on the basis of time or restricted in perpetuity based on the intent of the donor.

The College maintains separate reserve funds adequate to meet future payments under the gift of the assets contributed.

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(o) Postretirement Benefits

Reed College has a noncontributory postretirement medical benefit plan covering participating employees upon their retirement. The College maintains a postretirement medical benefit plan and accounts for the plan within the framework of FASB ASC Subtopic 958-715, Not-for-Profit Entities ± Compensation ± Retirement Benefits.

The College records annual amounts relating to its postretirement medical benefit plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, and healthcare cost trend rates. The College reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The College believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

(p) Concentration of Risk

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(4) Investments

The fair value of investments consists of the following at June 30:

	2022	2021
Investments:		
Cash and cash equivalents	\$ 6,131,575	4,876,344
Fixed income	54,781,194	78,509,140
Public equities	242,011,467	299,916,615
Absolute return		

The overall investment objective for the College's endowment is to invest its assets in a prudent

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Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available.

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The College measures the fair value for certain investments that are not exchange traded using net asset value (NAV) as a practical expedient. The practical expedient would not be used if it is determined to be probable that the College will sell the investment for an amount different from the reported NAV. In accordance with FASB ASC Subtopic 820-10, an investment measured at fair value using the net asset value per share practical expedient has not been classified in the fair value hierarchy.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2022:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	\$ 6,131,575	6,131,575	2	2
Fixed income	54,781,194	37,730,549	17,050,645	2
Public equities	41,936,057	41,936,057	2	2
Funds held in trust	24,708,576	24,019,576	2	689,000
Other	2,551,249	80,191	2	2,471,058
Total	130,108,651	\$ 109,897,948	17,050,645	3,160,058
Investments where NAV was used as a practical expedient to measure fair value:				
Absolute return	131,710,315			
Private equity	222,906,994			
Private real assets	70,213,843			
Private real estate	38,822,231			
Public equities	200,075,410			
Total	663,728,793			
Investment funding in transit	700,000			
Total investments and other assets	\$ 794,537,444			

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The following table presents the College's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2022 and 2021, respectively:

Balance at June 30, 2020	\$	3,307,975
Total realized and unrealized gains		3,047

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2022:

	<u>Fair value</u>	<u>Lockup period</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Absolute return	\$ 1,269,609	Liquidating	N/A	N/A
Public equities	62,200,008	15 Days	Semimonthly	± ' D \ V
Public equities	57,442,912	1 Month	Monthly	± ' D \ V
Absolute return	9,452,694	1 Month	Monthly	30 Days
Absolute return	111,722,999	3 Months	Quarterly	± ' D \ V
Public equities	70,917,013	3 Months	Quarterly	± ' D \ V
Public equities	9,515,477	3 Months	Semiannually	90 Days
Absolute return	9,265,013	9 Months	Annual	± ' D \ V
Private equity	222,906,994	²	Illiquid	²
Private real assets	70,213,843	²	Illiquid	²
Private real estate	<u>38,822,231</u>	²	Illiquid	²
Total investments where NAV was used as a practical expedient to measure fair value \$ <u>663,728,793</u>				

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Notes to Financial Statements
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The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2021:

	<u>Fair value</u>	<u>Lockup period</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Absolute return	\$ 1,339,800	Liquidating	N/A	N/A
Absolute return	9,248,892	1 Month	Monthly	± ' D \ V
Public equities	73,911,481	1 Month	Monthly	± ' D \ V
Public equities	75,664,799	1 Month	Semimonthly	± ' D \ V
Absolute return	98,796,075	3 Months	Quarterly	± ' D \ V
Public equities	100,725,132	3 Months	Quarterly	± ' D \ V
Absolute return	19,679,181	9 Months	Annually	± ' D \ V
Private equity	211,062,641	2	Illiquid	2
Private real assets	54,414,383	2	Illiquid	2
Private real estate	33,327,792	2	Illiquid	2
Fixed income	<u>13,434,347</u>	2	Illiquid	2
Total investments where NAV was used as a practical expedient to measure fair value	\$ <u>691,604,523</u>			

The College holds investments in private limited partnerships and certain fixed income commingled funds where NAV is used as a practical expedient to measure fair value at June 30, 2022 and 2021. These investments do not allow for periodic redemptions but rather distribute earnings at the discretion of the fund managers and fully liquidate upon the termination date as stated in the agreement. Therefore, the 0.0001date upon the t

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Participating retirees have the option of continuing to be insured by either the Colleg H ¶ V F X U U d H Q W S O D a plan offered by the Emeriti Retirement Health Solutions program. Participating retirees who retired prior to September 2, 2001 and spouses/domestic partners are covered for their lifetime. All other participating retirees are covered at the lowest premium plan for their lifetime, and spouses/domestic partners are covered at the rate of 50% of the lowest premium plan for their lifetime. Employer premium expenses were \$663,187 and \$586,539 for the years ended June 30, 2022 and 2021, respectively.

The accrued liability for postretirement benefits consists of the following at June 30:

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Notes to Financial Statements
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Net periodic benefit cost included the following components for the years ended June 30:

	2022	2021
Service cost	\$ 508,386	593,519
Interest cost		

Service cost is included in education and general expenses and the other components of net periodic postretirement benefit are included in nonoperating activity in the accompanying statements of activities and changes in net assets.

The College's policy is to fund the plan as claims payments are made. In the 2022-2023 fiscal year, the College expects to contribute, from ongoing cash flows and current assets, \$890,720 to the plan. Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows for the years ending June 30:

Year(s) ending:	
2023	\$ 890,720
2024	941,099
2025	1,032,383
2026	1,130,776
2027	1,204,476
±	7,283,136

(c) Emeriti Retiree Defined -Contribution Health Plan

The College has a defined-contribution retiree health plan for employees hired on or after July 1, 2006. The College makes contributions on each eligible employee's behalf once the individual reaches the age of 40 years. Employees are also eligible to make discretionary after-tax contributions to their account if the individual is 21 years or older. Employees are eligible to receive benefits from the plan if the employee has attained age 55 years and achieved 20 years of continuous service to the College. Employer expenses related to this plan, net of forfeitures, were \$286,294 and \$555,954 for fiscal years ended June 30, 2022 and 2021, respectively, and are included in education and general expenses in the accompanying statements of activities and changes in net assets.

(9) Funds Held in Trust by Others

The College has been named beneficiary of a portion of the remainder of three trusts maturing at specified dates in the future. These trusts are administered by other entities. The College revalues the receivables using the fair value of expected future cash flows. At June 30, 2022 and 2021, the trusts receivable were \$1,416,310 and \$1,358,962, respectively, and were reported as noncurrent funds held in trust by others in the statements of financial position.

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Notes to Financial Statements
June 30, 2022 and 2021

(10) Contributions and Accounts Receivable

Contributions receivable consist of the following at June 30:

2022

2122

Contributions receivable consist of the following at June 30:

	2022	2021
Current:		
Gross contributions receivable	\$ 2,777,571	2,923,140
Less allowance for doubtful accounts	(139,000)	(146,000)

Contributions receivable due in excess of one year are discounted at 1.34% to 1.77% and 0.15% to 0.53% for the years ended June 30, 2022 and 2021, respectively.

Of the net unconditional promises to give included above, \$2,861,394 represents an unconditional promise to give from 9 members of the College Board of Trustees. These are considered related party transactions under ASC 850.

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Accounts receivable consist of the following at June 30:

	2022	2021
Current:		
Student accounts receivable	\$ 81,980	471,207
Related parties	13,858	8,881
Government agencies	6,052,711	

The Federal Perkins Loans and Reed loans are generally payable at interest rates of 5% to 9% over approximately 10 years. Repayment begins after a designated grace period following the student's college attendance. Principal payments, interest, and losses due to cancellation are shared by the College and the

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(11) Net Assets

At June 30, 2022 and 2021, net assets consisted of the following:

	2022	2021
Without donor restrictions:		
Operating and designated for special programs	\$ 67,276,915	31,536,211
Institutional loan programs	1,882,242	1,848,040
Funds functioning as endowment	119,656,493	

\$

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Notes to Financial Statements
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Interpretation of relevant law ±

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Notes to Financial Statements
June

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Notes to Financial Statements
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Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without donor	With donor	With donor	
	donor	time or purpose	perpetual	Total
	restrictions	U H V W U L F W L R Q V ±	U L F W L R Q V ±	Total
Endowment net assets, July 1, 2020	\$ 280,889,636	78,344,347	185,860,014	545,093,997
Investment return:				
Net investment gain	120,273,098	101,646,598	2	221,919,696
Net appreciation of investments	391,162	330,513	2	721,675
Contributions	953,671	2	2,602,045	3,555,716
Contributions from trust terminations	2	2	27,855	27,855
Appropriation of endowment assets for expenditure	(15,590,874)	(13,121,490)	2	(28,712,364)
Transfers and other reclassifications	2,586,981	2	2,051,570	4,638,551
Endowment net assets, June 30, 2021	<u>\$ 389,503,674</u>	<u>167,199,968</u>	<u>190,541,484</u>	<u>747,245,126</u>

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Notes to Financial Statements
June 30, 2022 and 2021

(13) Functional Classification of Expenses

Educational program expenses include instruction, academic support, and student services. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses were allocated among program and supporting functions using a variety of cost allocation techniques, such as square footage and time and effort. Pandemic-related costs incurred for the years ended June 30, 2022 and 2021

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insurance and the ultimate disposition of these matters will not have a material effect on the College's financial position, statements of activities and changes in net assets, or cash flows.

(16) Financial Responsibility Standards

The College participates in Federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's eZ Audit system. The composite score has been and will continue to be based on three ratios: primary reserve, equity, and net income. These ratios utilize the following financial data of the College, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2022:

long

34 CFR 668.171 redefines the definition of debt obtained for long

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The regulation grandfathers long-term debt incurred prior to the effective date and previously used to calculate expendable net assets to the extent it does not exceed net property, plant, and equipment. The & R O O H J H ¶ V R X W p l e n t o n C o n C e l t a s o f J u n e 3 0 , 2 0 2 2 c o n s i s t s o f \$ 3 1 , 7 5 0 , 0 0 0 , w h i c h r e p r e s e n t s t h e o u t s t a n d i n g b a l a n c e o f t h e 2 0 0 8 S t a t e o f O r e g o n v a r i a b l e r a t e d e m a n d n o t e s t h a t w e r e r e f i n a n c e d i n F e b r u a r y D V S D U W R I W K H & R O O H J H ¶ V L V o r a C o n s . R I W K H W

The long-term debt - for long-term purposes - post implementation of \$1,162,383 represents a portion of the 2022 bond proceeds designated for the construction of the new gym that was expended in 2022 and reported as construction in progress at June 30, 2022.

(17) Subsequent Events

The College has evaluated subsequent events from the statement of financial position date through October 7, 2022, the date at which the financial statements were issued, and determined that there are no other items to disclose.

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 Supplementary Schedule of Financial Responsibility Data
 June 30, 2022

Financial element	Reference to financial statements	Component	Amount used as ratio input
Net income ratio:			
Change in net assets without donor restrictions	Statement of Activities and Changes in Net Assets	\$ —	(13,118,009)
Total operating revenue and other additions (gains)	Statement of Activities and Changes in Net Assets	—	122,542,082
Investment return appropriated for spending	Statement of Activities and Changes in Net Assets	—	15,880,409
Non-operating revenue and other gains	Note 16 – Financial Responsibility Standards	—	9,304,039

See accompanying independent auditor's report.

Independent Auditors ¶

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 entity's internal control or on

Independent Auditors Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
The Reed Institute:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reed Institute s (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the College s major federal programs for the year ended June 30, 2022. The College s major federal programs are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally ac6h audits complianceceJune



deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The College's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the College as of and for the year ended June 30, 2022, and have issued our report thereon dated October 7, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Portland, Oregon
November 16, 2022

THE REED INSTITUTE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster title	Federal assistance listing number	Grant identifying number	Provided to subrecipients	Total Federal expenditures
Student Financial Assistance – Cluster:				
Department of Education Programs:				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	None	\$ —	209,939
Federal Work-Study Program	84.033	None	—	192,130
Federal Perkins Loan Program (Note 4)	84.038	None	—	1,406,133
Federal Pell Grant Program	84.063	None	—	869,158
Federal Direct Student Loans (Note 4)	84.268	None	—	4,936,120
Total Student Federal Aid Cluster			—	7,613,480
Research and Development – Cluster:				
United States Department of the Interior:				
Pass through University of California – Santa Barbara:				
National Fish and Wildlife Foundation	15.633	KK2059	—	13,036
Pass through Washington State University:				
US Geological Survey	15.808	136689-SPC002380	—	38,677
Total United States Department of the Interior			—	51,713
National Endowment for the Humanities:				
Pass through the New School:				
Promotion of the Humanities Professional Development	45.163	EH-272535-20	—	6,987
Total National Endowment for the Humanities			—	6,987
National Science Foundation:				
Mathematical & Physical Sciences	47.049	CHE-1945661	—	34,452
Mathematical & Physical Sciences	47.049	CHE-2112759	—	2,250
Mathematical & Physical Sciences	47.049	DMS-1855174	—	10,142
Mathematical & Physical Sciences	47.049	PHY-2109964	—	69,087
Mathematical & Physical Sciences	47.049	DMS-1901795	—	360
Subtotal Mathematical & Physical Sciences			—	116,291
Geosciences	47.050	AGS-1762106	—	2,632
Subtotal Geosciences			—	2,632
Computer and Information Science and Engineering	47.070	CNS-1817245	—	38,732
Subtotal Computer and Information Science and Engineering			—	38,732
Biological Sciences	47.074	DEB-1856415	—	119,281

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Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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Schedule of Findings and Questioned Costs

Year ended June

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Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Finding Reference Number	2022-001
Possible effect	Federal oversight agencies, including the Department of Education, depend on accurate reports to measure program results and institutional compliance with federal requirements. By failing to have an appropriately designed and implemented review control over the HEERF student aid portion reporting in place, the College could have material non-compliance with the requirements of the HEERF Certification and agreement.
Identification of questioned costs and how they were computed	None.
Whether the sampling was a statistically valid sample	The sample was not intended to be, and was not, a statistically valid sample.
Identification of whether the audit finding is a repeat of a finding in the immediately prior audit and, if so, the applicable prior year finding number	Yes. Finding 2021-001. Finding 2022-001 had already occurred when finding 2021-001 was identified.
Recommendations	The College should strengthen its internal controls over HEERF reporting requirements for the Student Aid portion of the grant by developing and documenting a formalized review process, including documentation of the date reporting was uploaded to the College s website, for the student award reporting.

Views of responsible officials

The following corrective measures have been implemented: The Director of Financial Aid requests the amounts and number of students who received HEERF funding from the Business Office at