

ENSIGN COLLEGE

REPORTS ON AUDITS OF THE FINANCIAL STATEMENTS
for the years ended December 31, 2024 and 2023
AND FEDERAL GRANT COMPLIANCE
for the year ended December 31, 2024
(As required by the Single Audit Act and OMB Uniform Guidance)

EIN: 87-0280678

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Report of Independent Auditors

To the Board of Trustees of Ensign College

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ensign College (the “College”), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards*, will always detect a material misstatement when it



exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplemental Information

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 for the year ended December 31, 2024 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2025 on our consideration of the College'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 for the year ended December 31, 2024. 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 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 College's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Salt Lake City, Utah
May 1, 2025

Ensign College

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

(in thousands of dollars)

Assets	2024	2023
Cash	\$ 4,244	\$ 8,691
Accounts receivable, net of allowances of \$74 and \$47	2,813	1,622
Inventories, prepaid expenses and other assets	550	286
Investments	79,304	65,226
Beneficial interest in trusts	798	763
Property and equipment, net	2,130	2,376
Retirement benefits asset	1,803	2,106
Total Assets	\$ 91,642	\$ 81,070
Liabilities and Net Assets		
Liabilities		
Accounts payable, accrued liabilities and deposits	\$ 4,921	\$ 3,490
Deferred revenue	1,368	1,285
Postretirement benefits obligation	1,714	1,702
Total Liabilities	8,003	6,477
Net Assets		
Without donor restrictions		
Operations	30,805	28,282
Board-designated endowments	4,426	4,079
Invested in property and equipment	2,130	2,376
Total without donor restrictions	37,361	34,737
With donor restrictions		
Operations	12,940	10,302
Beneficial interest in trusts	798	763
Endowments	32,540	28,791
Total with donor restrictions	46,278	39,856
Total Net Assets	83,639	74,593
Total Liabilities and Net Assets	\$ 91,642	\$ 81,070

See notes to the Financial Statements

Ensign College

STATEMENT OF ACTIVITIES
for the year ended December 31, 2024
(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net of scholarships and grants of \$2,554	\$ 8,430	\$ -	\$ 8,430
Appropriations from a Church affiliate	19,463	-	19,463
Donated services from an affiliate	3,197	-	3,197
Contributions and grants	676	2,241	2,917
Investment income, net	3,730	5,174	8,904
Auxiliary sales	320	-	320
Other	(787)	-	(787)
Net assets released from restrictions	993	(993)	-
Total Revenues and Other Support	36,022	6,422	42,444
Expenses			
Education	22,494	-	22,494
Administration	10,223	-	10,223
Auxiliary	361	-	361
Total Expenses	33,078	-	33,078
Increase in Net Assets before Retirement and Postretirement Plans Adjustment	2,944	6,422	9,366
Retirement and Postretirement Plans Adjustment	(320)	-	(320)
Increase in Net Assets	2,624	6,422	9,046
Net Assets Beginning of Year	34,737	39,856	74,593
Net Assets End of Year	\$ 37,361	\$ 46,278	\$ 83,639

See notes to the Financial Statements

Ensign College

STATEMENT OF ACTIVITIES
for the year ended December 31, 2023
(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Tuition and fees, net of scholarships and grants of \$2,012	\$ 7,425	\$ -	\$ 7,425
Appropriations from a Church affiliate	17,493	-	17,493
Donated services from an affiliate	3,097	-	3,097
Contributions and grants	1,008	2,902	3,910
Investment income, net	4,115	4,921	9,036
Auxiliary sales	427	-	427
Other	(252)	5	(247)
Net assets released from restrictions	848	(848)	-
Total Revenues and Other Support	34,161	6,980	41,141
Expenses			
Education	18,631	-	18,631
Administration	10,118	-	10,118
Auxiliary	580	-	580
Total Expenses	29,329	-	29,329
Increase in Net Assets before Retirement and Postretirement Plans Adjustment	4,832	6,980	11,812
Retirement and Postretirement Plans Adjustment	(1,197)	-	(1,197)
Increase in Net Assets	3,635	6,980	10,615
Net Assets Beginning of Year	31,102	32,876	63,978
Net Assets End of Year	\$ 34,737	\$ 39,856	\$ 74,593

See notes to the Financial Statements

Ensign College

STATEMENTS OF CASH FLOWS for the years ended December 31, 2024 and 2023 (in thousands of dollars)

Cash Flows from Operating Activities	<u>2024</u>	<u>2023</u>
Increase in net assets	\$ 9,046	\$ 10,615
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	646	631
Loss on disposal of property and equipment	-	61
Gain on investments, net	(7,111)	(7,501)
Contributions restricted for investment in donor-restricted net assets	(1,334)	(1,607)
Investment gain restricted for reinvestment	(33)	(38)
Changes in operating assets and liabilities:		
Accounts receivable	(1,190)	6
Inventories, prepaid expenses and other assets	(264)	37
Beneficial interest in trusts	(35)	(377)
Accounts payable, accrued liabilities and deposits	1,414	100
Deferred revenue	83	105
Retirement and postretirement benefits asset	315	3,675
Net cash provided by operating activities	<u>1,537</u>	<u>5,707</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	2,197	1,641
Purchase of investments	(9,164)	(3,145)
Purchase of property and equipment	(384)	(529)
Net cash used in investing activities	<u>(7,351)</u>	<u>(2,033)</u>
Cash Flows from Financing Activities		
Contributions restricted for investment in donor-restricted endowments	1,334	1,607
Investment gain restricted for reinvestment	33	38
Net cash provided by financing activities	<u>1,367</u>	<u>1,645</u>
Net (decrease) increase in cash	(4,447)	5,319
Cash, beginning of year	<u>8,691</u>	<u>3,372</u>
Cash, end of year	<u><u>\$ 4,244</u></u>	<u><u>\$ 8,691</u></u>
Supplemental Data		
Purchases of property and equipment in accounts payable	\$ -	\$ 24

See notes to the Financial Statements

Ensign College

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ensign College (the College), located in Salt Lake City, Utah, is a non-profit corporation affiliated with The Church of Jesus Christ of Latter-day Saints (the Church).

Basis of Accounting

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

College net assets are classified into two categories: Without Donor Restrictions and With Donor Restrictions, based on the existence or absence of donor-imposed time or purpose restrictions upon resources provided to the College. When donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported in the Statements of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the College reports the contribution as without donor restrictions.

Cash

Cash includes cash on hand, cash in depository institutions and cash in an interest bearing cash management account maintained with a Church affiliate (Note 6) that is available on demand and is not covered by federal depository insurance.

Inventories

Inventories include retail store inventory with textbooks stated at the weighted average method and school supplies stated at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Investments with readily determinable fair values are carried at fair value with the change in fair value on the Investment Income line of the Statements of Activities. Investments that have no readily determinable fair value are carried at either original cost or estimated fair value at the date of donation.

Beneficial Interest in Trusts

The College is named as a beneficiary of certain irrevocable trusts. Revenues and assets included in the financial statements are based on the net present value of expected proceeds from those trusts.

Ensign College

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment

Land, buildings and equipment are stated at acquisition cost or at estimated fair value at time of donation. Gifts of long-lived assets are treated as support without donor restrictions unless explicit donor restrictions specify otherwise. Depreciation is computed using the straight-line method and over the following useful lives:

Improvements	5-20 years
Furniture, fixtures and equipment	3-15 years
Library books	7 years

Collections

The College maintains several collections, which are not reported for financial statement purposes. These collections include works of art, natural history artifacts and other similar objects. Collections are held for public exhibition, education and research in furtherance of the College's goal to provide public service. Proceeds from the sale of collection items are held and used to acquire other collection items that are expensed at the time of purchase. Various College departments have the responsibility to control, preserve and protect these collections.

Revenue Recognition and Other Support

Tuition and fees revenue is received from students enrolled in degree or continuing education programs. Revenue is recognized within the year in which educational services are provided and is recorded net of scholarships and grants. Payments received in advance of providing services are recorded as deferred revenue.

Appropriations revenue is provided from a Church affiliate (Note 6) to support education, administrative, and auxiliary activities. Appropriations revenue is recorded when received, or as costs are incurred for Church affiliate-funded projects.

Donated services from an affiliate represent a transfer for services received from personnel of affiliates that directly benefit the College and are recorded at the direct personnel costs incurred by the affiliate providing the services.

Contributions and grants revenue includes monetary gifts or gifts-in-kind to support college operations, student aid, and capital projects. Unconditional promises to give to the College are recognized when the promise is acknowledged. Conditional promises to give to the College are recognized when the conditions on which they depend are substantially met. Contributions are recorded at fair value at the time gifts are received. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows.

Ensign College

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants and contracts awarded by governmental and private entities are generally considered nonreciprocal transactions. Resources provided benefit the College, the funding entity's mission, or the public at large. Revenue is recognized according to the conditions of the agreement; usually as qualifying expenditures are incurred, and conditions are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Auxiliary sales revenue results from furnishing goods or services to students, faculty, staff, or to the general public. Auxiliary enterprises are managed to operate as self-supporting activities. Auxiliary sales revenue includes dining, store sales, Church affiliate education services and other services. Revenues are recognized at the time of sale or over the life of the contract as performance obligations are met. Amounts received in advance are recorded as deferred revenue. Auxiliary enterprises may also be supported by appropriations, contributions, and investment income.

Fair Value Measurements

Certain financial instruments and retirement and postretirement plan benefits are carried at fair value, as discussed in Notes 8 and 9, respectively.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on assumptions that market participants would use, including a consideration of non-performance risk.

In determining fair value, the College uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors, including the type of instrument, whether the instrument is traded in active markets, and other characteristics particular to the investment. Equity and fixed income portfolio investments are recorded at fair value, based upon the underlying investments, using the net asset values provided by a Church affiliate (Note 6). Equity securities are valued at the closing price reported on the active market on which the securities are traded. Fixed income securities are generally recorded using pricing models maximizing the use of observable inputs.

The College assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical assets or liabilities in an active market. Level 2 inputs include quoted prices for similar

Ensign College

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Transfers between levels occur when there is a change in the observability of significant inputs. This may occur between Level 1 and Level 2 when the availability of quoted prices changes, or when market activity significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with observable market data. The College's recognizes all transfers at the end of each reporting period.

Accounting for Retirement and Postretirement Plans

The College recognizes the over/under funded status of retirement and postretirement plans in the Statements of Financial Position. For retirement plans, funding status is measured as the difference between the fair value of plan assets and the projected benefit obligation. For postretirement plans, funding status is measured as the difference between the fair value of plan assets and the accumulated postretirement benefit obligation. During 2023, the grantor trust was terminated, and the plan assets were distributed to the College (see Note 9). The College also recognizes all previously unrecognized actuarial gains and losses, prior service cost, and transition liability in Net Assets Without Donor Restrictions and provides all required additional disclosure.

Income Tax Status

The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The College is exempt from state income tax under Title 59 of the Utah code. Accordingly, no provision for income taxes is made in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Ensign College

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The College's liquidity needs are met from the following sources: tuition and fees received, monthly Church appropriations for operations, funding for Church-supported capital projects as costs are incurred, and donations received by the College through Philanthropies, a Church affiliate (Note 6). In order to meet additional liquidity needs, the College may redeem investments from its investment portfolios on a monthly basis with a minimum notice period of 5 business days. Excess cash from daily operational needs is managed in cash accounts held by Church affiliates. Excess cash that is not projected to be needed for 90 days or greater is invested in the College's investment portfolios. The investment portfolios are invested with diversification as designated by the College's Investment Committee (the Committee).

The table below presents the College's financial assets, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions, or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if the management approves that action. The following table presents the availability of financial assets as of December 31, 2024 and December 31, 2023 (in thousands of dollars):

	2024	2023
Cash	\$ 4,244	\$ 8,691
Accounts receivable, net, exchange transactions	2,464	1,402
Accounts receivable, net, non-exchange transactions	349	217
Investments	79,304	65,226
Beneficial interest in trusts	798	763
Total financial assets	<u>87,159</u>	<u>76,299</u>
Less those unavailable for general expenditure within one year:		
Other investments and other assets	12,940	10,302
Beneficial interest in trusts	798	763
Board-designated endowments, net of projected payout	4,249	3,916
Endowments, net of projected payout	<u>31,238</u>	<u>27,647</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 37,934</u></u>	<u><u>\$ 33,671</u></u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

Investments primarily consist of unitized interests in investment pools managed by a Church affiliate (Note 6). Investments as of December 31, 2024 and 2023 are as follows (in thousands of dollars):

	2024	2023
Investments at fair value:		
Equity portfolios, domestic	\$ 41,998	\$ 34,225
Equity portfolios, international	9,937	8,450
Fixed income portfolios, domestic	27,369	22,551
Total investments measured at net asset value	<u>\$ 79,304</u>	<u>\$ 65,226</u>

4. BENEFICIAL INTEREST IN TRUSTS

The College is named as a beneficiary or remainderman for a number of irrevocable charitable trusts. Most of these trusts are administered by a Church affiliate (Note 6). Expected receipts from these trusts as of December 31, 2024 and 2023, respectively, (determined using discount rates ranging from approximately 3.8% to 4.0%) are as follows (in thousands of dollars):

	2024	2023
Less than one year	\$ -	\$ -
One to five years	16	17
More than five years	782	746
Total beneficial interest in trusts	<u>\$ 798</u>	<u>\$ 763</u>

5. PROPERTY AND EQUIPMENT

As of December 31, 2024, and 2023, property and equipment included (in thousands of dollars):

	2024	2023
Furniture, fixtures and equipment	\$ 6,008	\$ 5,641
Library books and other resources	227	194
	6,235	5,835
Less accumulated depreciation	4,105	3,459
Total property and equipment, net	<u>\$ 2,130</u>	<u>\$ 2,376</u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

6. RELATED PARTIES

The College operates under the direction of a Board of Trustees (the Board) composed of General Authorities and other officers of the Church. The College is provided certain accounting and other management services and is also included in the property and liability insurance programs of Church affiliates, all at no cost to the College.

The following table presents balances due to and from or administered through Church affiliates, and activities with or processed by Church affiliates, included in the financial statements as of and for the years ended December 31, 2024 and 2023 (in thousands of dollars):

	2024	2023
Cash	\$ 3,345	\$ 8,466
Accounts receivable	2,263	1,223
Investments	79,304	65,226
Beneficial interest in trusts	798	763
Accounts payable, accrued liabilities and deposits	1,721	310
Retirement benefits asset	1,803	2,106
Postretirement benefits Obligation	1,714	1,702
Appropriations:		
Operations	13,161	11,220
Capital expenditures	2,433	2,415
Use of facilities	4,949	4,825
Donated services from an affiliate	3,197	3,097
Contributions processed from donors	2,536	3,459
Investment income, net	8,904	9,036
Other revenue - interest	202	220
Expenses:		
Benefit plans	2,708	2,451
Facility	5,131	5,131
Religious instruction	1,556	1,424
Multimedia projects	129	106
Contributed services	1,513	1,567
IT services	1,080	967
Transfer of postretirement palm assets	-	2,485

Ensign College

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS

The College's endowment fund consists of individual donor-restricted endowment funds and funds designated by the Board to function as endowments (board-designated endowments). The net assets associated with endowment funds, including board-designated endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board has interpreted the adopted Utah "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restriction, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund, until those amounts are allocated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to allocate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the College
- The investment policies of the College

When the Board designates funds without donor restrictions to function as endowments (board-designated endowments), they remain classified as net assets without donor restrictions. When the Board designates donor-restricted non-endowment funds to function as endowments, they are classified as net assets with donor restrictions. Board-designated endowments are used to fund management priorities as approved by the Board. Also, from time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts creating a deficit (underwater endowment funds).

Ensign College

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

The following tables present the College's endowment net asset composition, changes, and classifications as of and for the indicated years (in thousands of dollars):

Changes in Endowment Net Assets for the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 4,079	\$ 28,791	\$ 32,870
Investment income, net	510	3,547	4,057
Contributions	-	1,354	1,354
Appropriation for expenditure	(163)	(1,152)	(1,315)
Endowment net assets, end of year	<u>\$ 4,426</u>	<u>\$ 32,540</u>	<u>\$ 36,966</u>

Changes in Endowment Net Assets for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 3,921	\$ 24,331	\$ 28,252
Investment income, net	315	3,761	4,076
Contributions	-	1,607	1,607
Appropriation for expenditure	(157)	(908)	(1,065)
Endowment net assets, end of year	<u>\$ 4,079</u>	<u>\$ 28,791</u>	<u>\$ 32,870</u>

Description of Endowment Net Assets with Donor Restrictions

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

	2024	2023
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	\$ 23,425	\$ 22,063
The portion of perpetual endowment funds subject to a time restriction under UPMIFA, net of underwater amount:		
Without purpose restrictions	-	-
With purpose restrictions	1,087	1,067
Term endowment funds	8,028	5,661
Total endowment funds classified as net assets with donor restrictions	<u>\$ 32,540</u>	<u>\$ 28,791</u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

Endowment Funds with Deficits (Underwater Endowments)

The following table presents total endowments with deficits, as reported in net assets with donor restrictions, as of December 31, 2024 and 2023, respectively (in thousands of dollars):

	<u>2024</u>	<u>2023</u>
Total fair value	\$ 112	\$ -
Total original gift amount	<u>115</u>	<u>-</u>
Total underwater amount	<u>\$ (3)</u>	<u>\$ -</u>

Return Objectives and Risk Parameters

The College has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy endowment assets are invested in a manner that is intended to yield a long-term rate of return of approximately 5.0% to 7.0% annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The College targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Relationship of Spending Policy to Investment Objectives

The Committee determines the method to allocate endowment funds for expenditure. The annual spendable amount is determined as of the end of the year, the year prior to when it becomes available for expenditure, and is based on preceding year's ending fair value multiplied by a spendable income (payout) percentage. The approved payout percentage was 4.0%.

In establishing this method, the Committee considered the range of the expected long-term rate of return on the investment of the College's endowment funds and prior investment performance. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

Ensign College

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENTS, Continued

When the spendable amount is less than actual investment returns, the excess remains available for future expenditures or is partially reinvested. When the spendable amount exceeds the current year investment returns, plus spendable amount carryover from prior years, if any, the balance is provided from prior investment returns. Allocations for expenditures may also be temporarily suspended to preserve the endowment.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE

Certain financial instruments of the College, which are presented in investments, are reported at fair value and are either categorized into a three-level hierarchy based on the nature of the inputs to the valuation technique or presented as investments measured at net asset value per share as discussed in Note 1. The following tables present these financial instruments as of December 31, 2024 and 2023 (in thousands of dollars):

Fair Value Measurements as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets				
Investments measured at net asset value per share	N/A	N/A	N/A	\$ 79,304
Total investments				79,304
Beneficial interest in trusts	\$ -	\$ -	\$ 798	798
Total assets carried at fair value	\$ -	\$ -	\$ 798	\$ 80,102

Fair Value Measurements as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
Investments measured at net asset value per share	N/A	N/A	N/A	\$ 65,226
Total investments				65,226
Beneficial interest in trusts	\$ -	\$ -	\$ 763	763
Total assets carried at fair value	\$ -	\$ -	\$ 763	\$ 65,989

Ensign College

NOTES TO FINANCIAL STATEMENTS

8. FINANCIAL INSTRUMENTS AT FAIR VALUE, Continued

The fair value of the beneficial interests in trusts is based upon an income approach. Significant inputs include the fair value of the trust assets, the discount rate, the annual amounts paid to the donor, and the estimated date of payout (Note 4)

Investments measured at net asset value per share consist of unitized interests in investment pools managed by a Church affiliate (Note 6). The College has no unfunded commitments and may redeem these investments on a once monthly basis, at the month-end net asset value, with a minimum notice of five business days. The following table presents the fair value of these investments, as of December 31, 2024 and 2023 (in thousands of dollars):

	Fair Value Measurements of Investments Measured at Net Asset Value Per Share	
	2024	2023
Equity portfolios, domestic	\$ 41,998	\$ 34,225
Equity portfolios, international	9,937	8,450
Fixed income portfolios, domestic	27,369	22,551
Total investments measured at net asset value per share	<u>\$ 79,304</u>	<u>\$ 65,226</u>

Domestic and international equity portfolios consist of funds that invest in the common stock of either large, mid, or small-cap companies and are generally designed to either replicate the performance of an index or outperform an index through active security selection. Fixed income portfolios consist of funds that invest in either U.S. government or corporate debt securities, each with a targeted duration.

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLAN

As a participating employer, the College pension plan is provided through the Master Retirement Plan administered by a Church affiliate (Note 6). The pension plan is a noncontributory defined benefit plan that is available to substantially all full-time employees of the College, hired before January 1, 2021.

The College is also a participating employer within the Retiree Medical and Life Plan, administered by a Church affiliate (Note 6). Through this plan, the College provides a postretirement benefit plan that provides a fixed monthly dollar benefit toward the purchase of medical and life insurance for certain retired employees. Participating retirees pay the difference between the fixed amounts and the total insurance premiums. The College recognizes the estimated cost of these postretirement benefits during the years employees provide service. At the time the College adopted this method, the election was made to recognize the cumulative effect of the postretirement benefit obligation over a period of twenty years.

Pension and postretirement plan information presented below represents the College's proportionate share of the Master Retirement Plan and the Retiree Medical and Life Plan (the Plans), respectively.

Before 2023, the Retiree Medical and Life Plan assets were held in a revocable grantor trust. At the end of 2023, the grantor trust was terminated, and the plan assets totaling \$2,485 million were distributed to the College. The assets are separately accounted for by the College and are included in cash and cash equivalents as of December 31, 2023. Subsequent to year end the cash will be transferred and comingled with the College's other professionally managed investments. As a result, those assets no longer meet the definition of plan assets.

The following table shows the funding status and the related amounts recognized in the Statements of Financial Position as of December 31, 2024 and 2023 (in thousands of dollars):

	Pension Plan		Postretirement Plan	
	2024	2023	2024	2023
Fair value of plan assets	\$ 19,046	\$ 20,435	\$ -	\$ -
Benefit obligation	(17,243)	(18,329)	(1,714)	(1,702)
Amount (under)/over funded	\$ 1,803	\$ 2,106	\$ (1,714)	\$ (1,702)

The accumulated benefit obligation for the defined pension plan (in thousands) was \$16,703 and \$15,722 as of December 31, 2024 and 2023, respectively.

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The following table presents information relating to the pension and postretirement plans as of and for the years ended December 31, 2024 and 2023 (in thousands of dollars):

	Pension Plan		Postretirement Plan	
	2024	2023	2024	2023
Selected changes in plan assets:				
Employer contributions	\$ -	\$ -	\$ 89	\$ 36
Plan participants' contributions	N/A	N/A	N/A	N/A
Benefits paid	839	784	89	109
Accumulated amounts reflected in the Statement of Financial Position:				
Noncurrent assets	\$ 1,803	\$ 2,106	\$ -	\$ -
Current liabilities	N/A	N/A	(85)	(101)
Noncurrent liabilities	N/A	N/A	(1,629)	(1,601)
Total	<u>\$ 1,803</u>	<u>\$ 2,106</u>	<u>\$ (1,714)</u>	<u>\$ (1,702)</u>
Accumulated amounts reflected in net assets without donor restrictions in the Statement of Financial Position:				
Net gain	\$ (2,556)	\$ (2,840)	\$ (1,127)	\$ (1,172)
Prior service cost	<u>11</u>	<u>14</u>	<u>7</u>	<u>14</u>
Total	<u>(2,545)</u>	<u>(2,826)</u>	<u>(1,120)</u>	<u>(1,158)</u>
Periodic benefit cost (benefit) recognized in the Statement of Activity:				
Service cost	498	497	57	54
Components other than service cost	<u>(477)</u>	<u>(412)</u>	<u>5</u>	<u>(110)</u>
Total periodic benefit cost	<u>\$ 21</u>	<u>\$ 85</u>	<u>\$ 62</u>	<u>\$ (56)</u>
Benefit adjustments in net assets without donor restrictions:				
Net (gain)	284	1,087	46	120
Prior service credit	<u>(3)</u>	<u>(3)</u>	<u>(7)</u>	<u>(7)</u>
Total	<u>281</u>	<u>1,084</u>	<u>39</u>	<u>113</u>
Total periodic benefit (gain) cost recognized in net assets without donor restrictions in the Statement of Activities	<u>\$ 302</u>	<u>\$ 1,169</u>	<u>\$ 101</u>	<u>\$ 57</u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The Plans experience demographic changes from assumptions used during the prior year. The significant assumption changes with the effect on plan (gains) and losses for the year ended December 31, 2024 (in thousands of dollars) are as follows:

	Pension Plan Sources of Gain and (Loss)	Postretirement Plan Sources of Gain and (Loss)
Updated Census	\$ (85)	\$ 79
Asset Return different from expected	(1,775)	N/A
Discount Rate	1,710	151
Payment Form Update	N/A	N/A
Other Assumptions	37	(198)
Total assumption change	<u>\$ (113)</u>	<u>\$ 32</u>

For the years ended December 31, 2024 and 2023, the following weighted-average assumptions were used in accounting for the plans:

	Pension Plan		Postretirement Plan	
	2024	2023	2024	2023
Benefit obligation:				
Discount rate	5.50%	4.80%	5.50%	4.80%
Rate of compensation increase	4.00%	4.12%	N/A	N/A
Net periodic benefit cost:				
Discount rate- January 1	4.80%	5.00%	4.80%	5.00%
Expected long-term rate of return plan assets	5.50%	5.00%	N/A	5.00%
Rate of compensation increase	4.00%	4.06%	N/A	N/A

	Postretirement Plan			
	2024		2023	
Annual rate of increase assumed in the per capita cost of covered health care benefits	Pre-Medicare Supplement Claims	Medicare Supplement Claims	Pre-Medicare Supplement Claims	Medicare Supplement Claims
Upcoming year	8.40%	-8.00%	7.00%	6.00%
Ten years out	4.90%	5.00%	5.50%	5.80%
Ultimate (2075)	3.90%	3.90%	4.10%	4.10%

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The pension plan's expected long-term rate of return on plan assets assumption (LTROR) is based on the investment policy that establishes long-term strategic asset allocation targets and ranges. These strategic asset allocation targets, along with other inputs from risk systems, published research reports, meetings with asset management firms, and consultants, guide the determination of the LTROR, with no single input considered more predictive than another.

The LTROR assumption was based primarily on forecasted returns and volatility for the next ten years by asset category, weighted by benchmark ranges that expect to be adjusted over time based on the plan funded status. The LTROR assumption was 5.5% for 2024 and is 5.5% for 2024.

The pension plan asset allocations decisions also consider the risks inherent in the plan liabilities. Management anticipates increasing the allocation to fixed income assets over time. The allocation change may use derivatives combined with other asset classes to reach the desired allocation and risk profile. This approach is expected to reduce the funded status volatility. The target asset allocation and benchmark weights will use the expected benefit obligation funded ratio. Actual asset allocations may vary from the target due to short-term market conditions.

The pension target asset allocation and the allocation range based on the plan funded status follows:

Asset Class	Asset Allocation	
	Target Range	December 2024 Target Allocation
Domestic Equities	6.5-28.5%	9.1%
International Equities	3-18%	4.2%
Fixed Income	20.5-86.5%	45.1%
Real estate	3.5-18.5%	11.2%
Private Equity	4.5-19.5%	20.6%
Non-Investment Grade Debt	3-14%	6.3%
Multi-Assets	2-9.5%	2.4%
Real Assets	1-9.5%	1.1%

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The tables below present the fair value of the Master Retirement Plan assets as of December 31, 2024 and 2023 (in thousands of dollars), of which the College's share was 0.274% and 0.271% as of the respective dates.

	Fair Value Measurements as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 238,740	\$ 6,740	\$ -	\$ 245,480
Investments:				
U.S. government securities	-	1,036,149	-	1,036,149
Foreign government securities	-	62,498	-	62,498
Corporate debt securities	-	822,475	167,230	989,705
Mutual funds	242,189	-	-	242,189
Common stocks	413,510	-	30	413,540
Preferred stocks	1,307	-	1,735	3,042
Government agency mortgage-backed securities	-	138,296	150	138,446
Private mortgage-backed securities	-	122,332	72,042	194,374
Derivatives	46	182	-	228
Investments measured at net asset value	N/A	N/A	N/A	3,722,292
Investments at fair value	657,052	2,181,932	241,187	6,802,463
Other assets (liabilities)				(87,116)
Net Master Retirement Plan assets	<u>\$ 895,792</u>	<u>\$ 2,188,672</u>	<u>\$ 241,187</u>	<u>\$ 6,960,827</u>

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 288,853	\$ 10,392	\$ -	\$ 299,245
Investments:				
U.S. government securities	-	1,131,353	-	1,131,353
Foreign government securities	-	60,600	-	60,600
Corporate debt securities	-	937,543	92,466	1,030,009
Mutual funds	571,324	-	-	571,324
Common stocks	369,592	-	-	369,592
Preferred stocks	2,277	-	1,805	4,082
Government agency mortgage-backed securities	-	162,578	124	162,702
Private mortgage-backed securities	-	98,066	61,355	159,421
Derivatives	111	39,444	-	39,555
Investments measured at net asset value	N/A	N/A	N/A	3,858,434
Investments at fair value	943,304	2,429,584	155,750	7,387,072
Other assets (liabilities)				(158,046)
Net Master Retirement Plan assets	<u>\$ 1,232,157</u>	<u>\$ 2,439,976</u>	<u>\$ 155,750</u>	<u>\$ 7,528,271</u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The tables below present additional information about Level 3 assets in the Master Retirement Plan for the years ended December 31, 2024 and 2023 (in thousands of dollars). Both observable and unobservable inputs may be used to determine the fair value of positions that the Plan has classified within Level 3.

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2024		
	Purchases	Transfers In	Transfers Out
Corporate debt securities, domestic	\$ 80,970	\$ 3,625	\$ (539)
Private mortgage-backed securities	13,795	-	-
Common stocks	-	37	-
Preferred stocks	-	36	-
Total Assets at fair value	<u>\$ 94,765</u>	<u>\$ 3,698</u>	<u>\$ (539)</u>

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2023		
	Purchases	Transfers In	Transfers Out
Corporate debt securities, domestic	\$ 60,979	\$ 15,629	\$ -
Private mortgage-backed securities	52,993	6,449	-
Common stocks	-	-	-
Preferred stocks	-	-	-
Total Assets at fair value	<u>\$ 113,972</u>	<u>\$ 22,078</u>	<u>\$ -</u>

Asset Valuation Techniques — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

U.S. government securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs for similar securities and are included in Level 2.

Corporate debt securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs for similar securities and are primarily included in Level 2. Level 3 investments are priced through various modeling techniques internally or through non-binding broker quotes.

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

Mutual funds — These investments are valued at the daily closing price as reported by the mutual fund. Certain mutual funds held by the Trust are open-ended mutual funds that are registered with the Securities and Exchange Commission. All mutual funds held by the Trust with observable trading volume are deemed to be actively traded and are included in Level 1. Closed-ended mutual funds are valued at net asset value (NAV).

Common and preferred stocks — These investments are valued through reputable third-party pricing vendors at the closing price reported on the active market on which the individual securities are traded and are included in Level 1. Preferred stocks classified as level 2 are valued using bid/ask quotes from an active dealer. Common and preferred stocks with limited trading activity and lack of observable inputs to pricing are deemed to be level 3. Level 3 investments are priced through non-binding broker quotes.

Government agency mortgage-backed securities — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs and are included in Level 2. Level 3 investments are priced through various modeling techniques internally or through non-binding broker quotes.

Derivatives — These investments are valued through reputable third-party pricing vendors using pricing models maximizing the use of observable inputs and are generally included in Level 2.

As of December 31, 2024 the following benefit payments, which reflect expected future service, are expected to be paid (in thousands of dollars):

	Pension Plan	Postretirement Plan
Year ending December 31,		
2025	\$ 887	\$ 85
2026	930	86
2027	962	96
2028	1,010	98
2029	1,036	95
2030-2034	5,446	693

Ensign College

NOTES TO FINANCIAL STATEMENTS

9. PENSION AND POSTRETIREMENT PLANS, Continued

The College also participates in supplementary defined contribution retirement plans. These retirement plans are qualified retirement savings money purchase 401(a), 401(k), or Tax-Sheltered Annuity 403(b) plans and cover substantially all full-time employees. These plans are provided through a Church affiliate and Teachers Insurance and Annuity Association of America (TIAA). Employees can contribute a portion of their salaries, not to exceed Internal Revenue Service limits, in qualified plans offered through these organizations. For included classes of employees, the College contributes a percentage of employee salary to the Church affiliate, which during the years ended December 31, 2024 and 2023 (in thousands), totaled \$785 and \$672, respectively.

Ensign College

NOTES TO FINANCIAL STATEMENTS

10. NATURAL CLASSIFICATION OF EXPENSES

The College presents expenses on its Statements of Activities by functional classification. The primary service is Education services, including instruction and academic support, and student support. Other functions include Auxiliary and Administration, which support the College's primary mission. Each functional classification includes expenses presented below by natural classification. Operation and maintenance costs and imputed rent expense are allocated to functional categories primarily on the basis of occupied square footage. The following table presents these expenses for the years ended December 31, 2024 and 2023 (in thousands of dollars):

Natural Classification for the year ended December 31, 2024

	Education	Administration	Auxiliary	Total
Salaries	\$ 10,986	\$ 3,226	\$ -	\$ 14,212
Benefits	4,170	(422)	-	3,748
Total compensation	15,156	2,804	-	17,960
General and administrative	2,485	4,437	-	6,922
Physical facilities	4,103	1,135	-	5,238
Equipment	88	1,065	3	1,156
Travel	175	81	26	282
Materials and supplies	131	90	1	222
Depreciation	35	611	-	646
Cost of sales	321	-	331	652
Total expenses	<u>\$ 22,494</u>	<u>\$ 10,223</u>	<u>\$ 361</u>	<u>\$ 33,078</u>

Natural Classification for the year ended December 31, 2023

	Education	Administration	Auxiliary	Total
Salaries	\$ 9,642	\$ 3,031	\$ 13	\$ 12,686
Benefits	2,288	1,117	3	3,408
Total compensation	11,930	4,148	16	16,094
General and administrative	2,130	3,519	1	5,650
Physical facilities	4,000	1,112	0	5,112
Equipment	68	618	2	688
Travel	113	81	22	216
Materials and supplies	72	64	1	137
Depreciation	34	576	20	630
Cost of sales	284	-	518	802
Total expenses	<u>\$ 18,631</u>	<u>\$ 10,118</u>	<u>\$ 580</u>	<u>\$ 29,329</u>

Ensign College

NOTES TO FINANCIAL STATEMENTS

11. SUBSEQUENT EVENTS

The College has evaluated subsequent events for the period after December 31, 2024, through May 1, 2025, the date the financial statements were available to be issued.

No events have been identified that would have a material effect on the financial statements.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Ensign College

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures
Student Financial Assistance Cluster:		
U.S. Department of Education:		
Federal Pell Grant Program	84.063	\$ 2,632,262
Federal Direct Student Loans	84.268	697,317
		<hr/>
Total Student Financial Assistance Cluster		3,329,579
		<hr/>
Total Federal Financial Assistance		\$ 3,329,579
		<hr/> <hr/>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) for the year ended December 31, 2024 includes the federal financial assistance transactions of Ensign College recorded on the accrual basis of accounting. Funds derived from federal grants may be used only to meet current expenditures for the purposes specifically identified by the sponsoring agencies. The information in the Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. We do not charge indirect costs to our awards, and therefore, the 10% or 15% de minimis rate is not applicable.

2. LOAN PROGRAMS:

During the year ended December 31, 2024, the College issued loans under the Federal Direct Student Loans Program, which includes Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans, which are included in the Schedule.

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan program and accordingly, these loans are not included in the College's financial statements. It is not practical to determine the balance of loans outstanding under these programs as of December 31, 2024.



Report of Independent Auditors 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 Board of Trustees of Ensign College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Ensign College (the "College"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated May 1, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

PricewaterhouseCoopers LLP

Salt Lake City, Utah
May 1, 2025



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Trustees of Ensign College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ensign College'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 December 31, 2024. The College's major federal programs are identified in the summary of auditor's 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 December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with



US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB *Compliance Supplement*, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 11 "Gramm-Leach-Bliley Act-Student Information Security." This section includes two suggested audit procedures with respect to verification that the institution (1) designated a Qualified Individual responsible for implementing and monitoring the institution's information security program, and (2) has a written information security program that addresses the remaining six required minimum elements that are detailed in the OMB Compliance Supplement, Part Five, Student Financial Assistance Cluster, Special Tests and Provisions, item 11, Gramm-Leach-Bliley Act – Student Information Security. Our procedures in relation to these two items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these two items. Our procedures did not include an analysis of the adequacy or completeness of the minimum required elements of the institution's information security program.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to these matters.



Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying management views and corrective action plans. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

Priscilla A. Cooper LLP
Salt Lake City, Utah
May 1, 2025

Ensign College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended December 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:

Material weakness identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Identification of major programs:

Assistance Listing Numbers: 84.063, 84.268	Name of Federal Program or Cluster: <u>Student Financial Assistance Cluster</u>	
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>	
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Section II – Financial Statement Findings

No findings related to the financial statements were noted which are required to be reported in accordance with Governmental Auditing Standards for the year ended December 31, 2024.

Ensign College

SCHEDULE OF FINDINGS AND QUESTIONED COSTS for the year ended December 31, 2024

Section III – Federal Award Findings and Questioned Costs

Finding 2024-001 Enrollment Reporting

Grantor:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Assistance Listing #:	84.268, 84.063
Title:	Federal Direct Student Loan Program, Federal Pell Grant Program
Award Years:	7/2023 – 6/2025

Criteria

34 CFR 685.309(b):

(1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary -

- (i) In the manner and format prescribed by the Secretary; and
- (ii) Within the timeframe prescribed by the Secretary.

(2) Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that -

(i) A loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or

(ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

Condition

Of the population of students who had a status change and received Pell and/or Direct Loans during the period January 1, 2024 through December 31, 2024, 40 students were selected for enrollment reporting testing of the campus-level and program-level records. Of the 40 students selected, there were three exceptions noted:

- Two instances were noted in which the “campus status” information was incorrectly reported to the National Student Loan Data System (NSLDS). One student with Pell and/or Direct Loan funding totaling \$463 was incorrectly reported as attending less than half-time during the Winter 2024 semester when the student had, in fact, withdrawn. Another student with Pell and/or Direct Loan funding totaling \$3,697 was enrolled in the Fall 2023 semester and withdrew for the Winter 2024 semester but was incorrectly reported as withdrawn as of the Fall 2023 semester and not reported at all for the Winter 2024 semester.
- One instance was noted in which the “program status” information was incorrectly reported to NSLDS. This one student with \$5,251 in Pell and/or Direct Loan funding was reported as enrolled in the program full-time during the Fall 2024 semester when they were, in fact, enrolled $\frac{3}{4}$ time.

Cause

The first instance noted of the incorrect “campus status” being reported was a result of the College's policy to report students as "Less than half time" if they are expected to return in the following semester. If the student does not return, the College retains the "Less than half time" status until the subsequent semester, resulting in an incorrect reporting of status as this student should have been reported as withdrawn.

The second instance of the incorrect “campus status” and the first instance of the incorrect “program status” information being reported were a result of a data transmission error between the National Student Clearinghouse (NSC) and NSLDS. Ensign College utilizes NSC to report enrollment rosters, inclusive of student status changes, on a regular basis (i.e., every 60 days) to NSLDS. However, Ensign College did not properly correct all of the errors identified in the NSC error report to ensure their submissions were reported correctly. The engagement team confirmed that the changes in student

enrollment status were submitted to NSC, but these changes were not reflected in NSLDS.

Effect

A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for payment of interest subsidies all of which are impacted by inaccurate reporting.

Questioned Costs

None

Recommendation

We recommend that the College revise their policy regarding students who withdraw to ensure that their status is accurately reported to NSLDS. We also recommend that the College continue to provide adequate training to the individuals responsible for updating students' electronic files to ensure status changes are accurately reported to NSLDS and that all errors identified by NSC are resolved in a timely manner. Additionally, we recommend the College continue to evaluate key reports on an ongoing basis to validate that the reports are complete and accurate to ensure that enrollment roster data is accurately reported to NSLDS.

Management's View and Corrective Action Plan

Management's response is reported in management's view and corrective action plan included at the end of this report.

Ensign College

Schedule of Findings and Questioned Costs For the year ended December 31, 2024

Section III – Federal Award Findings and Questioned

Finding 2024-002 – Non-Compliance with Financial Need Requirements for Subsidized Direct Loans

Grantor:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Assistance Listing #:	84.268
Title:	Federal Direct Student Loan Program
Award Years:	7/2023 – 6/2025

Criteria

34 CFR Section 685.203 (j)(1-2):

(j) *Maximum loan amounts.* In no case may a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan amount exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less--

- (1) The student's estimated financial assistance for that period; and
- (2) In the case of a Direct Subsidized Loan, the borrower's expected family contribution for that period.

Condition

Of the population of students who were awarded and received federal student financial assistance during the fiscal year, 60 students were selected for eligibility testing totaling \$65,827 in direct loan funding. Of the 60 students selected, two instances were noted in which students were awarded a subsidized direct loan totaling \$5,088 in excess of their estimated need. These instances occurred in the Winter and Spring 2024 semesters.

Cause

The two instances pertain to an error in the University's student information system, PeopleSoft. As a result of a system update, PeopleSoft inaccurately input the estimated family contribution (EFC) as zero for direct loan recipients during the Winter and Spring 2024 semesters, rather than inputting the correct EFC for the students' period of enrollment. This resulted in these students receiving a subsidized direct loan they would not otherwise have been eligible to receive.

Effect

Awarding subsidized direct loans to students without financial need resulted in disbursement of need-based federal aid to ineligible students.

Questioned Costs

\$5,088

Recommendation

We recommend that the University update their student information system configuration to appropriately pull the EFC for each student to ensure federal student financial assistance is awarded to eligible students.

Management's Views and Corrective Action Plan:

Management's response is reported in management's views and corrective action plan included at the end of this report.

ENSIGN COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended December 31, 2024

The prior year audit disclosed an audit finding that was reportable under the requirements of the OMB Uniform Guidance for the year ended December 31, 2023 as follows:

Item	Description
2023-001	For one student the College did not appropriately communicate the date and amount of their loan disbursement. Two students did not receive a loan disbursement letter prior to Title IV funds being disbursed. (Significant Deficiency)

Grantor:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Assistance Listing #:	84.268
Title:	Federal Direct Student Loan Program
Award Years:	7/2022 – 6/2023

Status

During May 2024 a consultant was brought in to help correct the financial aid notification process configuration. These corrections included ensuring the appropriate data fields were pulled into the financial aid notification process and that the loan amount was placed in the correct area on the loan disbursement letter. An additional step was added to review loan disbursement letters for accuracy and completeness. There were no findings related to loan notification letters in 2024.

Item	Description
2023-002	For two students, the return of Title 4 funds was not completed within 45 days.
Grantor:	U.S. Department of Education
Program:	Student Financial Assistance Cluster
Assistance Listing #:	84.268, 84.063
Title:	Federal Direct Student Loan Program, Federal Pell Grant
Program	
Award Years:	7/2022 – 6/2024

Status

During Spring and Fall semesters, Riley Niemand (Financial aid manager) provided additional return of Title IV training to all financial aid staff members. There were no findings related to the return of Title 4 funds in 2024.



**Management Views and Corrective Action Plan
Year Ending December 31, 2024**

Finding 2024-001 – Enrollment Reporting

Grantor: U.S. Department of Education
Program: Student Financial Assistance Cluster
Assistance Listing#: 84.268, 84.063
Award Titles: Federal Direct Student Loan Program, Federal Pell Grant Program
Award Years: 7/2023 – 6/2026

Management agrees with the finding and proposes the following corrective action plan:

Corrective Action Plan

Campus Status

Matt Smith, College Registrar, will work with Tom Cote, NSC Enrollment Reporting Consultant, to adjust the enrollment report produced by PeopleSoft. With this change, PeopleSoft will report a student's campus-level enrollment as withdrawn when they withdraw in the middle of a semester instead of leaving them as less than half-time.

Program Status

Matt Smith, College Registrar, and Riley Niemand, Director of Financial Aid, will use the NSLDS Enrollment Error Report to reconcile what is being reported from NSC to NSLDS to ensure it is accurate.

Timing

Campus Status

Matt Smith is currently working with Tom Cote to make these changes and work will be completed by the end of May 2025.

Program Status

Matt Smith and Riley Niemand will have this reconciliation implemented by the end of June 2025.

Sincerely,

A handwritten signature in black ink that reads "S. Christopher Reitz". The signature is fluid and cursive, with the last name "Reitz" being particularly prominent.

S. Christopher Reitz
Director of Financial Services and Controller
creitz@ensign.edu
801-524-8109



**Management Views and Corrective Action Plan
Year Ending December 31, 2024**

Finding 2024-002 – Non-Compliance with Financial Need Requirements for Subsidized Direct Loans

Grantor: U.S. Department of Education
Program: Student Financial Assistance Cluster
Assistance Listing#: 84.268
Award Titles: Federal Direct Student Loan Program
Award Years: 7/2023 – 6/2026

Management agrees with the finding and proposes the following corrective action plan:

Corrective Action Plan

The incomplete installation of a student information system (PeopleSoft) update resulted in certain EFCs not prorating correctly. The incomplete system update that created this issue has been corrected. Moving forward, all PeopleSoft updates will be reviewed upon completion by Jesus Garcia, PeopleSoft project manager, to ensure all steps have been finalized as expected. Additionally, with the implementation of the 2024–25 FAFSA Simplification Act, prorated EFCs are no longer applicable. As such, this issue will not recur in future processing cycles.

Timing

The incomplete PeopleSoft update was corrected in March 2024. PeopleSoft updates are done every quarter and will be reviewed upon completion by Jesus Garcia. Because the 2024-25 FAFSA Simplification Act eliminated the use of prorated EFCs in this process there will be no further action taken.

Sincerely,

A handwritten signature in black ink that reads "S. Christopher Reitz". The signature is fluid and cursive, with a large, stylized "R" at the end.

S. Christopher Reitz
Director of Financial Services and Controller
creitz@ensign.edu
801-524-8109