ENDICOTT COLLEGE

Financial Statements

June 30, 2022
(with comparative information for June 30, 2021)

(With Independent Auditors' Report Thereon)

ENDICOTT COLLEGE

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Endicott College:

Opinion

We have audited the financial statements of Endicott College (the College), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 U.S. generally accepted accounting principles, 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 that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Report on Summarized Comparative Information

We have previously audited the College's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which is has been derived.

KPMG LLP

Boston, Massachusetts
October 27, 2022

ENDICOTT COLLEGE

Statement of Financial Position

June 30, 2022
(with comparative information for June 30, 2021)

Assets		2022	2021
Cash and cash equivalents	$	33,219,382	21,233,264
Other investments (Note 2)		23,914,535	3,442,436
Accounts and loans receivables, net (note 4)		4,739,280	3,583,531
Contributions receivable, net (note 5)		948,971	857,471
Other assets		3,158,369	903,693
Investments, at fair value (note 6)		119,158,127	129,111,878
Land, buildings, improvements, and equipment, net (note 8)		283,344,320	273,529,438
Total assets	$	468,482,984	432,661,711
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	10,767,490	8,752,669
Student deposits and deferred revenue		10,518,066	11,554,321
Bonds, notes, and leases payable, net (note 9)		111,581,587	85,846,048
Fair value of interest rate swaps (note 9)		3,789,493	7,546,079
Refundable advances – U.S. government grants		824,011	605,106
Total liabilities		137,480,647	114,304,223
Net assets:			
Without donor restrictions		311,885,023	298,475,159
With donor restrictions (note 10)		19,117,314	19,882,329
Total net assets		331,002,337	318,357,488
Total liabilities and net assets	$	468,482,984	432,661,711

See accompanying notes to financial statements.

ENDICOTT COLLEGE

Statement of Activities

Year ended June 30, 2022
(with summarized information for the year ended June 30, 2021)

	2022 Without donor restrictions	2022 With donor restrictions	2022 Total	2021 Total
Operating:				
Revenues:				
Tuition and fees	$ 118,421,640	—	118,421,640	115,852,891
Residence and dining fees	41,014,746	—	41,014,746	36,845,492
Financial Aid	(41,714,538)	—	(41,714,538)	(39,119,874)
Net student fees (note 2)	117,721,848	—	117,721,848	113,578,509
Contributions	869,430	2,073,847	2,943,277	1,439,666
Federal and state grants	6,471,085	—	6,471,085	3,869,660
Investment income	757,631	—	757,631	2,819,546
Appropriation of endowment assets for expenditure	—	391,135	391,135	381,317
Conference and education services	8,963,147	—	8,963,147	765,692
Other auxiliary income	828,652	—	828,652	149,841
Other income	2,439,341	45,016	2,484,357	1,291,340
Net assets released from restrictions (note 11)	1,444,979	(1,444,979)	—	—
Total revenues	139,496,113	1,065,019	140,561,132	124,295,571
Expenses:				
Instruction	42,871,288	—	42,871,288	38,527,732
Academic support	7,333,209	—	7,333,209	11,705,287
Student services	18,767,150	—	18,767,150	15,359,752
Institutional support	18,365,860	—	18,365,860	16,902,911
Conference and education services	5,608,041	—	5,608,041	2,150,307
Other auxiliary services	26,298,078	—	26,298,078	25,935,014
Total expenses	119,243,626	—	119,243,626	110,581,003
Increase in net assets from operations	20,252,487	1,065,019	21,317,506	13,714,568
Nonoperating:				
Contributions	—	275,000	275,000	1,963,233
Investment (loss) income, net	(10,696,273)	(1,616,835)	(12,313,108)	27,376,002
Appropriation of endowment assets for expenditure	—	(391,135)	(391,135)	(381,317)
Change in fair value of interest rate swaps (note 9)	3,756,586	—	3,756,586	2,526,937
Net assets released from restrictions (note 11)	97,064	(97,064)	—	—
Total nonoperating	(6,842,623)	(1,830,034)	(8,672,657)	31,484,855
Increase (decrease) in net assets	13,409,864	(765,015)	12,644,849	45,199,423
Net assets at beginning of year	298,475,159	19,882,329	318,357,488	273,158,065
Net assets at end of year	$ 311,885,023	19,117,314	331,002,337	318,357,488

See accompanying notes to financial statements.

ENDICOTT COLLEGE

Statement of Cash Flows

Year ended June 30, 2022
(with comparative information for the year ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Increase in net assets	$ 12,644,849	45,199,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,455,245	9,173,142
Change in fair value of interest rate swaps	(3,756,586)	(2,526,937)
Net realized and unrealized losses (gains)	13,290,624	(27,326,961)
Contributions for long-term investments	(531,345)	(1,669,000)
Changes in accounts and other receivables, net	(1,000,542)	(500,605)
Changes in contributions receivable, net	(91,500)	836,487
Changes in other assets	(2,254,676)	(69,911)
Changes in accounts payable and accrued expenses	2,519,597	938,772
Changes in student deposits and deferred revenues	(1,036,255)	(3,331,406)
Net cash provided by operating activities	29,239,411	20,723,004
Cash flows from investing activities:		
Purchases of equipment and building improvements	(19,717,186)	(12,051,406)
Purchase of investments	(51,052,999)	(15,438,173)
Proceeds from sales and maturities of investments	27,244,027	10,961,704
Change in loans receivable	(155,207)	41,022
Net cash used in investing activities	(43,681,365)	(16,486,853)
Cash flows from financing activities:		
Repayment of borrowing from line of credit	—	(4,000,000)
Proceeds from bond issuance	30,000,000	—
Payments on bonds and notes payable	(4,322,178)	(4,091,688)
Contributions for long-term investment	531,345	1,669,000
Change in refundable government grants	218,905	(28,176)
Change in deposits with bond trustee	—	234
Net cash provided by (used in) financing activities	26,428,072	(6,450,630)
Net increase (decrease) in cash and cash equivalents	11,986,118	(2,214,479)
Cash and cash equivalents, beginning of year	21,233,264	23,447,743
Cash and cash equivalents, end of year	$ 33,219,382	21,233,264
Supplemental data:		
Cash paid for interest	$ 3,037,166	3,191,722
Change in accounts payable related to property and equipment	(504,776)	695,196

See accompanying notes to financial statements.

(1) Background and History

Endicott College (Endicott or the College) is located on a 235-acre oceanfront campus in Beverly, Massachusetts, 30 miles north of the City of Boston. Founded in 1939, Endicott is a private coeducational, not-for-profit, nonsectarian institution of higher education. In 1944, the College was approved by the Commonwealth of Massachusetts to grant Associate in Arts and Associate in Science degrees and in 1952 received accreditation from the New England Association of Schools and Colleges. Founded as a two-year institution "to educate women for greater independence and an enhanced position in the workplace," Endicott became a two-plus-two year institution in 1988 and became a four-year coeducational institution in 1994. Today, all traditional undergraduate students are bachelor's degree applicants. Master's level programs were offered to begin in 1996. Doctoral programs were offered to begin in 2012.

Endicott College seeks to provide an education built upon a combination of theory and practice, which is tested through internships and work experience. The College supports seven academic schools which house associate, bachelor, master, and doctoral programs.

Traditional undergraduate students can enroll in the Bachelor of Fine Arts, Bachelor of Arts, and Bachelor of Science degrees. Traditional undergraduate enrollment as of fall 2021 includes 2,880 full-time students. Approximately 84% live on campus. The Van Loan Program enrolls a non-traditional adult undergraduate population and offers an Associate in Science, Bachelor of Arts, and Bachelor of Science degrees. Fall 2021 enrollment totaled 209 students.

Graduate degree programs at Endicott College include a Master of Arts, Master of Education, Master of Fine Arts, Master of Science, Master of Business Administration, Doctor of Education, Doctor of Nursing Practice, and Doctor of Philosophy degrees in addition to Post-Baccalaureate and Post-Master's certificates. Enrollment in graduate-level courses and programs in Beverly, Boston, and other sites in Massachusetts, Madrid, Spain, and Leysin, Switzerland totaled 1,214 students in fall 2021.

(2) Summary of Significant Accounting Policies

(a) Basis of Statement Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP), have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

(b) Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the College, the passage of time, or be maintained in perpetuity.
- *Without donor restrictions* – Net assets not subject to donor-imposed stipulations.

(c) Statement of Activities

The statement of activities reports the change in net assets from operating and nonoperating activities. Operating revenues consist of those items attributable to the College's undergraduate and graduate programs, as well as internally and externally managed conference and events services. Endowment activities relating to the College's investments and valuation changes on the interest rate swaps are reported as nonoperating revenue.

Revenues are reported as increases and expenses are reported as decreases in net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets. When resources with donor restriction (including endowment income appropriated under the spending formula) are expended for the purposes specified by the donor, the amounts are reclassified from revenue with donor restriction to revenue without donor restriction.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions and endowment income subject to donor-imposed stipulations that are met in the same reporting period are reported as support for net assets without donor restrictions. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions are satisfied. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

The College reports contributions of land, buildings, or equipment as nonoperating support without donor restriction unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as nonoperating support without donor restrictions, provided the long-lived assets are placed in service in the same reporting period; otherwise, the contributions are reported as nonoperating support with donor restrictions until the assets are acquired and placed in service.

Dividends, interest, and net gains (losses) on investments are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund or if the terms of the gift impose restrictions on the current use of the income or net gains; and
- as increases (decreases) in net assets without donor restrictions in all other cases.

Expenses associated with fundraising activities of the College were $2,353,411 and $1,670,478 in 2022 and 2021, respectively, which are included principally in institutional support in the statement of activities.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the College considers investments acquired with an original maturity date of three months or less to be cash equivalents, unless they are part of long-term investment funds. Cash equivalents included in funds held by bond trustee and endowment assets are not considered cash and cash equivalents for the purpose of the statement of cash flows.

(e) Fair Value Measurements

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments are measured and reported at fair value using a hierarchy that prioritizes inputs used to measure fair value into one of the following three categories:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities as of the measurement date;

Level 2 – inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – unobservable inputs for assets or liabilities are used in situations in which little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The College utilizes valuation techniques that maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability.

(f) Land, Buildings, Improvements, and Equipment

Land, buildings, improvements, and equipment are stated at cost, except for donated assets, which are recorded at fair market value at the date of gift. Depreciation is computed using the straight-line method over the related assets' estimated useful economic lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized.

(g) Bond Issue Costs

Bond issue costs are amortized using the effective interest rate method over the life of the associated bond issue.

(Continued)

(h) Revenue Recognition from Contracts with Customers

Revenue is recognized when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration expected to be entitled for in exchange for the provision of the goods or services.

(i) Tuition and Fees, Residence and Dining Fees

A contract is entered into when a student enrolls in a program and covers a course or semester. The contract consists of one performance obligation if the student is enrolled in only academic course work and multiple performance obligations if the contract contains residence and/or dining services. Tuition and fee revenue occurs when the student begins attending the course and is recognized ratably over the academic period. Housing and dining revenue is recognized when the student begins using the services and is recognized over the period that the services are provided.

Revenue is presented at transaction price, determined by annual published rates less institutional financial aid awarded to qualifying students. The billing and academic cycles vary whether the student is enrolled in the Undergraduate College or in the Van Loan School for Graduate and Professional Studies. For the year ended June 30, 2022, the College recorded $159,436,386 in revenue from tuition and fees, housing and dining revenue net of financial aid of $41,417,538. For the year ended June 30, 2021, the College recorded $152,698,383 in revenue from tuition and fees, housing and dining revenue net of financial aid of $39,119,874.

Payments received in advance of services rendered are recognized as a contract liability and reported as student deposits and deferred revenue on the statement of financial position. This amounted to $7,817,108 and $7,833,199 as of June 30, 2022 and 2021, respectively, and are recognized when earned, primarily in the subsequent fiscal year.

(ii) Conference and Education Services

Conference and education service revenue consists of direct contracts with customers for Misselwood Events and a contract with an external service provider for goods and services for the Wylie Inn and Conference Center (the Center), which was in place until December 31, 2022, at which point the College took over the management at the Center. Performance obligations vary based on the contract entered into and can contain a combination of venue rental, food and beverage, and lodging, Revenue is recognized when the event occurs. Deposits and advanced payments are recognized as student deposits and deferred revenue on the statement of financial position and amounted to $565,468 and $560,362 as of June 30, 2022 and June 30, 2021, respectively.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Such estimates include the valuation of contributions, loans, and other receivables, and the useful lives of buildings, improvements, and equipment. Actual results could differ from those estimates.

(Continued)

(j) Tax Status

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The College is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

(k) Other Investments

The financial statements include certain investments that are not part of the College's endowment and are without donor restriction and undesignated and are thus not included in footnote 6. The investments are comprised of level 1 investments within the fair value hierarchy. Fixed income securities account for $23,495,221 and $3,145,143 of other investments as of June 30, 2022 and 2021, respectively.

(l) Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

(m) Reclassification

Certain 2021 balances have been reclassified to conform to the 2022 presentation. Short term excess cash and trusts have been reclassified from Investments to Other Investments.

(3) Liquidity

The College has the following financial assets available to meet its general expenditures, which includes operating expenses, scheduled principal payments on debt, and capital construction costs not financed by debt, as of June 30:

		2022	2021
Cash and cash equivalents	$	33,008,826	21,233,264
Accounts receivable, net		3,907,281	2,906,739
Contributions receivable due in one year or less, net		10,000	105,600
Other investments, at fair value		23,914,535	3,301,297
Budgeted fiscal year endowment appropriation		694,857	503,267
Total financial assets available within one year	$	61,535,499	28,050,167

Included in the financial assets not available for expenditure within one year, the College had $104,551,423 and $113,093,285 of board-designated endowment funds as of June 30, 2022 and 2021, respectively. The amounts from those funds could be made available, if necessary, subject to approval by the Board of Trustees and investment liquidity provisions. However, the College does not intend to spend from this

(Continued)

endowment, other than amounts appropriated for general expenditure as part of the annual budget process.

In addition to the financial resources available to meet expenditures within one year, the College anticipates collecting sufficient operating revenues to cover general expenditures. Cash flows from operating revenue have seasonal fluctuations due to the timing of tuition billings, conferencing and events, and contributions received.

(4) Accounts and Loans Receivables, Net

Accounts receivable and loans receivables, net, consisted of the following as of June 30:

		2022	2021
Student accounts receivable, net	$	2,498,485	2,215,907
Other accounts receivable		1,408,796	690,832
Loans receivable, net		831,999	676,792
	$	4,739,280	3,583,531

Student accounts receivable are net of an allowance for uncollectible accounts of approximately $574,286 and $554,432 as of June 30, 2022 and 2021, respectively.

Loans receivable are net of an allowance for uncollectible loans of approximately $56,000 and $57,000 as of June 30, 2022 and 2021, respectively.

(5) Contributions Receivable, Net

Contributions receivable consisted of the following as of June 30:

		2022	2021
Unconditional promises expected to be collected in:			
Less than one year	$	205,834	155,000
One year to five years		733,146	662,082
Five years and thereafter		60,515	58,400
		999,495	875,482
Less present value discount (0.29% to 2.73%) and allowance for uncollectible pledges		(50,524)	(18,011)
	$	948,971	857,471

(6) Investments

(a) Strategy

The overall investment objective of the College is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The College diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Investment Committee, which oversees the College's investment program in accordance with established guidelines.

(b) Reporting Basis

Investments are reported at estimated fair value. If an investment is held directly by the College and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. The College also holds shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity and real asset strategies which are valued using current estimates at fair value based upon net asset value (NAV) unless they are determined to have a readily determinable fair value. These valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the College's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets. NAV is used as a practical expedient to estimate the fair value of the College's interest in these funds, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. The College has assessed the NAV provided by the external managers and believes the amounts reported represent a reasonable estimate of fair value.

The following tables summarize the College’s investments by major category in the fair value hierarchy as of June 30, 2022 and 2021, as well as related strategy, liquidity and funding commitments:

June 30, 2022		Level 1	Total	Liquidity	Days' notice
Investments at fair vlaue:					
Cash equivalents	$	25,504	25,504		
Money market funds		1,035,794	1,035,794		
Registered investment companies:					
Fixed income		13,675,471	13,675,471		
U.S. equities		28,696,533	28,696,533		
Non-U.S. equities		23,922,172	23,922,172		
Real assets		1,164,652	1,164,652		
Commingled trusts:					
Multiple strategies		7,228,145	7,228,145		
Investments at fair value		75,748,271	75,748,271		
Investments measured at NAV:					
Hedge funds		—	27,691,270	Varies (1)	Varies (2)
Private equity:					
Venture capital funds		—	10,026,218	Illiquid (3)	Not applicable
Real estate		—	5,692,368	Illiquid (3)	Not applicable
Total investments	$	75,748,271	119,158,127		

(1) Redemption or liquidation period is quarterly or semi-annually.

(2) Between 30-90 days' notice is required.

(3) These funds are expected to liquidate within 5-10 years. Unfunded future commitments aggregage $10,607,476.

June 30, 2021		Level 1	Total	Liquidity	Days' notice
Investments at fair vlaue:					
Cash equivalents	$	618,989	618,989		
Money market funds		1,035,483	1,035,483		
Registered investment companies:					
Fixed income		15,071,583	15,071,583		
U.S. equities		35,641,807	35,641,807		
Non-U.S. equities		30,302,169	30,302,169		
Real assets		1,327,838	1,327,838		
Commingled trusts:					
Non-U.S. equities		5,700,651	5,700,651		
Real assets		5,176,721	5,176,721		
Multiple strategies		9,442,544	9,442,544		
Investments at fair value		104,317,785	104,317,785		
Investments measured at NAV:					
Hedge funds		—	14,877,176	Varies (1)	Varies (2)
Private equity:					
Venture capital funds		—	5,447,869	Illiquid (3)	Not applicable
Real estate		—	4,469,048	Illiquid (3)	Not applicable
Total investments	$	104,317,785	129,111,878		

(1) Redemption or liquidation period is quarterly or semi-annually.

(2) Between 30-90 days' notice is required.

(3) These funds are expected to liquidate within 5-10 years. Unfunded future commitments aggregage $10,607,476.

(c) Commitments

Private equity and venture capital investments are generally made through limited partnerships. Under the terms of such agreements, the College may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund’s strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The College cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.

Certain hedge funds of funds contain “rolling” lock-up provisions. Under such provisions, tranches of the investment are available for redemption at calendar year-end once every two or three years, if the

College makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement.

(7) Endowment

The College's endowment consists of 130 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

The Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) permits the Board of Trustees to exercise its discretion in determining the appropriate level of expenditure from a donor-restricted endowment fund in accordance with a set of guidelines about what constitutes prudent spending. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. UPMIFA permits the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide the College in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the College and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the College; and, 7) the investment policy of the College.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. In accordance with appropriate accounting standards, the College classifies as the amounts to be held in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (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. The remaining portion of the donor-restricted endowment fund consists of accumulated investment income on the gift, until appropriated for spending by the Board of Trustees.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Deficiencies of this nature that are reported as underwater funds or reductions in net assets with donor restrictions totaled $32,783 and $0 as of June 30, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of the contributions with donor restrictions.

Endowment funds consist of the following as of June 30, 2022:

	Without donor restrictions	With donor restrictions: Original gift	With donor restrictions: Accumulated gains (losses)	Total
Board-designated	$ 104,551,423	—	—	104,551,423
Donor-restricted				
Underwater	—	377,898	(32,783)	345,115
Other	—	12,029,828	2,231,761	14,261,589
Total endowment funds	$ 104,551,423	12,407,726	2,198,978	119,158,127

Endowment funds consist of the following as of June 30, 2021:

	Without donor restrictions	With donor restrictions: Original gift	With donor restrictions: Accumulated gains (losses)	Total
Board-designated	$ 113,093,285	—	—	113,093,285
Donor-restricted				
Underwater	—	—	—	—
Other	—	11,811,645	4,206,948	16,018,593
Total endowment funds	$ 113,093,285	11,811,645	4,206,948	129,111,878

Changes in endowment funds for the year ended June 30, 2022 are as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment funds, July 1, 2021	$ 113,093,285	16,018,593	129,111,878
Investment return:			
Investment income	1,263,276	186,666	1,449,942
Net depreciation	(10,696,273)	(1,803,501)	(12,499,774)
Total	(9,432,997)	(1,616,835)	(11,049,832)
Contributions	891,135	596,081	1,487,216
Appropriation of endowment assets for expenditure	—	(391,135)	(391,135)
Endowment funds, June 30, 2022	$ 104,551,423	14,606,704	119,158,127

(Continued)

Changes in endowment funds for the year ended June 30, 2021 are as follows:

		Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment funds, July 1, 2020	$	86,125,440	11,190,380	97,315,820
Investment return:				
Investment income		2,460,332	343,615	2,803,947
Net appreciation		23,952,176	3,080,207	27,032,383
Total		26,412,508	3,423,822	29,836,330
Contributions		555,337	1,785,708	2,341,045
Appropriation of endowment assets for expenditure		—	(381,317)	(381,317)
Endowment funds, June 30, 2021	$	113,093,285	16,018,593	129,111,878

(b) Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that are intended to ensure a total return (yield plus capital appreciation) necessary to at least preserve, but expected to enhance (in real dollar terms) endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period of time as well as board-designated funds. Board-designated funds are net assets without donor restrictions and account for approximately 88% and 88% of the total endowment as of June 30, 2022 and 2021, respectively.

To satisfy 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) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments in a 55-20-25% ratio to achieve its long-term return objectives within prudent risk constraints.

(c) Spending Policy and How the Investment Objectives Relate to Spending Policy

Under the College's current endowment spending policy, which is conservative when measured against the guidelines specified under state law, income and dividends are reinvested and appropriations (draws) are made only for donor-stipulated purposes; that amount is typically less than 1% of the endowment. Generally, the maximum draw is no greater than 5% of the average fair value of each individual donor-restricted endowment investment. A total of $391,135 and $381,317 was appropriated in 2022 and 2021, respectively. The College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate greater than planned payouts. Further, the College has committed to an annual transfer from operations to help build the endowment.

(8) Land, Buildings, Improvements, and Equipment, Net

The College's investment in plant as of June 30 is as follows:

	Estimated lives		2022	2021
Land	—	$	10,884,132	10,884,132
Construction in process	—		13,452,917	5,472,617
Buildings and land improvements	50 years		336,426,425	326,767,308
Furniture, equipment, and books	3–10 years		29,402,198	28,056,928
Motor vehicles and similar assets	3 years		1,899,167	1,671,444
			392,064,839	372,852,429
Less accumulated depreciation			(108,720,519)	(99,322,991)
		$	283,344,320	273,529,438

Depreciation expense charged to operations amounted to $9,397,528 and $9,120,789 in 2022 and 2021, respectively.

(9) Bonds, Notes, and Leases Payable, Net

(a) Bonds Payable

On March 31, 2015, the College entered into an agreement with the Massachusetts Development Finance Agency (MDFA) for an $18,000,000 Revenue Bond, Series 2015. The bond was purchased by People's United Bank for the purpose of constructing a new residence hall on campus which was completed in September 2015. The Bond has a fifteen-year term and carries a fixed interest rate of 2.50%. The balance as of June 30, 2022 and 2021 was $15,194,201 and $15,679,685, respectively.

On March 15, 2017, the College entered into an agreement with MDFA for a $32,625,000 Revenue Bond, Series 2017. The bond was purchased by Bank of America for the purpose of refinancing both the Series 2012 MHEFA Revenue Bond as well as a taxable term loan with Bank of America from August 2012 and for the payment of closing costs. The bond has a seven-year term and carries a variable interest rate of 68% of the one month LIBOR rate plus 0.70%. The interest rate as of June 30, 2022 and 2021 was 1.60% and 0.82%, respectively. The balance as of June 30, 2022 and 2021 was $26,950,000 and $28,355,000, respectively. In addition to this refinancing, the College partially terminated a portion of its interest rate swaps associated with the variable rate debt in order to correctly align the amortization of the interest rate swaps with the underlying debt.

In conjunction with the College's issuances of variable-rate debt, the College entered into interest rate swaps with a financial institution counterparty for the purpose of swapping the variable rates on the underlying debt for fixed rates. The interest rates on the Series C, Series D and Series E swaps are 4.40%, 4.165% and 3.82% with termination dates of October 1, 2023, May 1, 2024 and October 1, 2037, respectively. The value of the swap, which is recorded as a liability of $3,789,493 as of June 30, 2022 and $7,546,079 as of June 30, 2021, represents the estimated cost to the College to cancel the agreement at each reporting date and is based on pricing models that consider interest rates and other market factors. Interest rate volatility, remaining outstanding principal, and time to maturity will affect the swaps' fair value at subsequent reporting dates. If the College repays the debt on schedule, the value of each swap will reach zero at its final maturity. Because the swap fair value is based predominantly on observable inputs that are corroborated by market data, it is categorized as Level 2 in the fair value hierarchy.

On December 6, 2017, the College entered into an agreement with MDFA for a $25,900,000 Revenue Bond, Series 2017B. The bond was purchased by People's United Bank for the purpose of constructing an academic center on campus. The parking garage was completed in August 2018 and Phase 1 of this project was completed on June 1, 2019. Phase 2 was scheduled to be completed in December 2020. The Bond has a thirty-year term and carries a fixed interest rate of 2.87%. The balance as of June 30, 2022 and 2021 was $24,878,836 and 25,528,033, respectfully.

On December 6, 2017, the College entered into an agreement with MDFA for an $8,893,000 Revenue Refunding Bond, Series 2017C. The bond was purchased by People's United Bank for the purpose of refinancing a $10,000,000 Series F Bond. The Bond has a twenty-four year term and carries a fixed interest rate of 2.84%. The balance as of June 30, 2022 and 2021 was $7,611,265 and $7,911,538, respectively.

b) Notes Payable

(i) Line of Credit

The College maintains its line of credit with Bank of America for $8,500,000 available through April 1, 2023. The interest rate charged as of June 30, 2022 is the BSBY Rate plus 100 basis points. The balance was $0 as of June 30, 2022 and 2021, respectively.

(ii) Term Loan

On July 1, 2013, the College entered into a loan agreement in the amount of $10,000,000 with Bank of America for the purposes of repaying the College's existing term loan and funding various capital projects at the College at an interest rate of 2.60% per annum. The balance as of June 30, 2022 and 2021 was $7,182,906 and $7,532,931, respectively.

On January 27, 2016, the College entered into a loan agreement in the amount of $6,000,000 with Bank of America for the purposes of funding the construction of a new residence hall on campus which was completed in September 2016. The loan has a 7-year term and carries a fixed interest rate of 2.38% per annum. The balance as of June 30, 2022 and June 30, 2021 was $602,000 and $1,613,000, respectively.

On September 29, 2021, the College entered into a loan agreement in the amount of $30,000,000 with Bank of America for the purposes of funding the construction of a new Nursing school building on campus which is scheduled to be completed in September 2023. The loan has a 20-year term and carries a fixed interest rate of 2.34% per annum plus an applicable premium which is tied to the College's liquidity rate. The premium ranges from 0 basis points for a liquidity ratio of .76 to 1 to 30 basis points for a liquidity ratio less than .66 to 1. The balance as of June 30, 2022 and June 30, 2021 was $30,000,000 and $0, respectively.

(iii) Finance Lease Line of Credit

On September 1, 2019, the College entered into a Lease Line of Credit with Trimarc Financing Solutions in the amount of $43,795 for new athletic equipment. The amount outstanding on the lease line of credit as of June 30, 2022 and 2021 was $0 and $13,943 respectively.

The scheduled principal payments for all debt are as follows:

		Bonds	Term loans	Total
Year ending June 30:				
2023	$	2,867,608	961,365	3,828,973
2024		2,955,628	6,823,541	9,779,169
2025		3,046,672	585,000	3,631,672
2026		3,145,541	780,000	3,925,541
2027		3,240,649	825,000	4,065,649
2028 and thereafter		58,540,583	27,810,000	86,350,583
	$	73,796,681	37,784,906	111,581,587

Scheduled principal payments for all debt include unamortized issuance costs of $837,621 and $788,082 as of June 30, 2022 and 2021, respectively.

On an annual basis the College is required to meet various financial covenants.

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

		2022	2021
Donor restricted endowments:			
Scholarship and fellowships	**$**	13,384,851	14,481,211
Endowment chairs		732,890	667,320
Other programming		878,217	970,839
Pledges receivable		948,971	857,471
Purpose restricted and other		3,172,385	2,905,488
	$	19,117,314	19,882,329

(11) Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the purposes or occurrence of events specified by the donors as of June 30, 2022 and 2021 were as follows:

		2022	2021
Scholarship	$	520,690	619,375
Capital purposes		97,064	128,222
Entrepreneurship and engineering		32,303	151,600
Center for Humanities		15,822	122,911
Student services		772,346	—
Other purposes		103,818	297,379
	$	1,542,043	1,319,487

(12) Pension Plan

All full-time personnel are covered by the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) professional retirement plan, a defined contribution plan. The College incurred pension expense under this plan of $3,040,684 and $3,089,078 for the years ended June 30, 2022 and 2021, respectively.

(13) Natural Classification of Expenses

Expenses are presented by functional classification on the Statement of Activities. Program services include instruction, academic support, student services, conference and education services, and other auxiliary services. Supporting services include institutional support.

The College allocates expenses for fringe benefits, operation and maintenance of plant, depreciation, amortization, and interest expense across the functional categories. Fringe benefits are allocated based on the salary and wage expense at the end of the fiscal year. Operation of maintenance of plant, depreciation, amortization, and interest are allocated based on square footage.

The following presents expenses by natural and functional classification as of June 30, 2022 and 2021:

2022	Instruction	Academic support	Student services	Institutional support	Conference and education services	Other auxiliary services	Total
Salaries and employee benefits	$ 35,172,404	5,067,753	9,174,523	10,502,575	1,631,890	5,455,264	67,004,409
Supplies and service contracts	2,897,231	881,568	2,110,723	5,207,563	3,821,398	9,815,291	24,733,774
Depreciation and amortization	2,209,682	306,473	1,103,856	408,126	6,617	5,420,491	9,455,245
Occupancy	1,447,204	200,721	722,956	267,297	4,334	3,550,083	6,192,595
Interest	709,783	98,444	354,575	131,096	2,126	1,741,143	3,037,167
HEERF Grants	—	—	2,961,200	—	—	—	2,961,200
Other operating expenses	434,984	778,250	2,339,317	1,849,203	141,676	315,806	5,859,236
	$ 42,871,288	7,333,209	18,767,150	18,365,860	5,608,041	26,298,078	119,243,626

2021	Instruction	Academic support	Student services	Institutional support	Conference and education services	Other auxiliary services	Total
Salaries and employee benefits	$ 30,843,536	9,640,655	9,027,602	10,077,872	630,206	4,874,897	65,094,768
Supplies and service contracts	2,995,999	973,341	2,873,084	4,704,049	914,468	10,346,506	22,807,447
Depreciation and amortization	2,175,348	297,519	1,070,524	395,775	6,487	5,227,489	9,173,142
Occupancy	813,625	99,107	354,899	133,370	288,513	1,457,981	3,147,495
Interest	753,551	103,062	370,834	137,098	2,247	1,810,827	3,177,619
HEERF Grants	—	—	1,031,150	—	—	—	1,031,150
Other operating expenses	945,673	591,603	631,359	1,454,747	308,686	2,217,314	6,149,382
	$ 38,527,732	11,705,287	15,359,452	16,902,911	2,150,607	25,935,014	110,581,003

(14) Related Parties

Members of the College's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College's conflict of interest policy requires, among other things, that no member of the Board of Trustees or its committees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. For members of the Board of Trustees and senior management, the College requires an annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the College. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the College and ensure compliance with relevant conflict of interest laws or policy. The College has determined that for the fiscal years ended June 30, 2022 and 2021, no significant relationships existed.

(15) Commitments and Contingencies

The College is subject to certain legal proceedings and claims that arose in the ordinary course of conducting its activities. Management has determined, after consultation with legal counsel, that the College has defensible positions and that any ultimate liabilities not covered by insurance will not materially affect the College's financial position.

(16) Risks and Uncertainties – Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. Although it is not possible to determine the pandemic's ultimate length, severity, or impacts on the economy or the College's finances, the College could experience material adverse effects posed by the risks, or our stakeholders' perceptions of the risks, related to COVID-19.

As a result of the pandemic, the College was granted a total of $5,870,023 and $2,063,007 from the Coronavirus Response and Relief Supplemental Appropriations Act for the year ended June 30, 2022 and 2021, respectively. The College utilized funds to make disbursements to students in the form of emergency financial aid grants, with the remaining i funds utilized to support institutional expenditures or lost revenues related to the pandemic.

(17) Subsequent Events

The College has evaluated subsequent events for potential recognition or disclosure through October 27, 2022, the date on which the financial statements were issued.

On September 1, 2022, the College amended its variable rate bonds Series 2017 as well as its interest rate swaps which were both benchmarked to LIBOR. With the elimination of LIBOR in 2023, the College has transitioned these debt instruments to be benchmarked on 1 Month SOFR. The Series 2017 bonds now carry a variable interest rate equal to 80% of 1 Month SOFR plus any applicable margins which are tied to the College's liquidity rate. The premium ranges from 55 basis points for a liquidity ratio of .76 to 1 to 1.15 basis points for a liquidity ratio less than .66 to 1. In conjunction with the amending of the Series 2017 bonds the College also amended its interest rate swaps with a financial institution counterparty for the purpose of swapping the variable rates on the underlying debt for fixed rates. The Series C, Series D and Series E swaps have been combined into one new swap in which the College receives a variable rate equal to 80% of 1 Month SOFR and pays out a fixed rate of 4.27%.

On September 1, 2022, the College refinanced its term loan, which was originally signed on July 1, 2013, in the amount of $10,000,000 with Bank of America. The refinancing extends the term of the loan to September 2032 as well as adding another $10,000,000 in new debt. The interest rate on this loan will remain fixed at 2.60% plus any applicable margins which are tied to the College's liquidity rate. The premium ranges from 10 basis points for a liquidity ratio of .76:1 to 30 basis points for a liquidity ratio less than .66:1, until June 30, 2023, at which time the fixed portion will increase to 3.50% for the remainder of the loan.