



**FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**REGIS COLLEGE**

Contents  
June 30, 2022 and 2021

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50 Washington Street  
Westborough, MA 01581  
508.366.9100  
aafcpcpa.com

## Independent Auditor's Report

To the Board of Trustees of  
Regis College:

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Regis College (a Massachusetts corporation, not for profit) (the College) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years 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 Regis College as of June 30, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 the 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 within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

***Auditor's Responsibilities for the Audit of the Financial Statements*** (Continued)

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.

*AAFCPAs, Inc.*

Boston, Massachusetts  
September 19, 2022

**REGIS COLLEGE**

Statements of Financial Position  
June 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current Assets:		
Cash and cash equivalents	\$ 12,528,221	\$ 17,684,566
Short-term investments in securities	8,862,103	8,579,563
Current portion of restricted cash	777,923	887,636
Student accounts receivable, net of allowance for doubtful accounts of approximately \$2,250,000 and \$1,658,000 at June 30, 2022 and 2021, respectively	211,890	994,891
Current portion of pledges receivable	418,651	209,428
Other current assets	640,430	697,738
Total current assets	23,439,218	29,053,822
Restricted Cash, net of current portion	1,411,393	1,592,309
Investments in Securities	18,094,909	23,632,792
Pledges Receivable, net of current portion, discount and allowance for doubtful accounts of approximately \$76,000 and \$254,000 at June 30, 2022 and 2021, respectively	941,796	3,857,843
Student Loans Receivable, net of allowance of \$125,000 and \$150,000 at June 30, 2022 and 2021, respectively	952,397	1,170,024
Other Asset	1,384,281	1,120,777
Investment in Land	21,100,000	21,100,000
Property and Equipment, net	42,188,092	45,012,025
Total assets	\$ 109,512,086	\$ 126,539,592
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of bonds payable	\$ 1,444,099	\$ 1,401,869
Current portion of notes payable to a bank	154,206	146,644
Accounts payable and accrued expenses	12,719,413	19,464,849
Deposits held for others	133,775	134,033
Deferred tuition, fees and other	6,076,950	6,873,885
Total current liabilities	20,528,443	28,021,280
Bonds Payable, net of unamortized debt issuance costs and current portion	39,838,240	41,242,916
Notes Payable to a Bank, net of current portion	665,057	818,636
Advances for Federal Student Loans	1,799,520	2,274,403
Deposits and Other Long-Term Payables	556,619	647,515
Total liabilities	63,387,879	73,004,750
Net Assets:		
Without donor restrictions:		
Operating and property and equipment	1,329,501	1,056,271
Board designated for endowment	16,450,728	17,433,957
Total without donor restrictions	17,780,229	18,490,228
With donor restrictions	28,343,978	35,044,614
Total net assets	46,124,207	53,534,842
Total liabilities and net assets	\$ 109,512,086	\$ 126,539,592

**REGIS COLLEGE**

 Statements of Activities  
 For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>						
Tuition and fees	\$ 89,756,403	\$ -	\$ 89,756,403	\$ 87,994,960	\$ -	\$ 87,994,960
Scholarships and grants	(24,411,077)	-	(24,411,077)	(22,554,405)	-	(22,554,405)
Tuition and fees, net	65,345,326	-	65,345,326	65,440,555	-	65,440,555
Auxiliary enterprises	9,509,678	-	9,509,678	3,624,543	-	3,624,543
Grants and contributions	2,014,969	1,899,597	3,914,566	2,395,287	1,296,958	3,692,245
Facilities rentals and other income	3,237,767	-	3,237,767	2,279,046	-	2,279,046
Annual Fund contributions	2,036,087	-	2,036,087	340,807	60,970	401,777
Investment return designated for current operations	48,515	571,544	620,059	1,989,569	663,015	2,652,584
Net assets released from restrictions	1,980,771	(1,980,771)	-	2,774,720	(2,774,720)	-
Total operating revenue	84,173,113	490,370	84,663,483	78,844,527	(753,777)	78,090,750
<b>Operating Expenses:</b>						
Instruction	28,380,658	-	28,380,658	25,740,798	-	25,740,798
Student services	10,463,614	-	10,463,614	8,102,338	-	8,102,338
Academic services	6,310,377	-	6,310,377	5,652,704	-	5,652,704
Auxiliary enterprises	4,918,958	-	4,918,958	3,621,851	-	3,621,851
Institutional support	31,959,667	-	31,959,667	29,677,172	-	29,677,172
Development	1,866,609	-	1,866,609	1,333,425	-	1,333,425
Total operating expenses	83,899,883	-	83,899,883	74,128,288	-	74,128,288
Changes in net assets from operations	273,230	490,370	763,600	4,716,239	(753,777)	3,962,462
<b>Non-Operating Revenue (Loss):</b>						
Grants for capital and endowment	-	889,369	889,369	-	719,096	719,096
Write-off of endowment pledge	-	(3,000,000)	(3,000,000)	-	-	-
Investment return reduced by spending policy	(983,229)	(5,080,375)	(6,063,604)	1,048,542	4,878,321	5,926,863
Total non-operating revenue (loss)	(983,229)	(7,191,006)	(8,174,235)	1,048,542	5,597,417	6,645,959
Changes in net assets	\$ (709,999)	\$ (6,700,636)	\$ (7,410,635)	\$ 5,764,781	\$ 4,843,640	\$ 10,608,421

The accompanying notes are an integral part of these statements.

**REGIS COLLEGE**Statements of Changes in Net Assets  
For the Years Ended June 30, 2022 and 2021

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, June 30, 2020</b>	\$ 12,725,447	\$ 30,200,974	\$ 42,926,421
Changes in net assets	<u>5,764,781</u>	<u>4,843,640</u>	<u>10,608,421</u>
<b>Net Assets, June 30, 2021</b>	18,490,228	35,044,614	53,534,842
Changes in net assets	<u>(709,999)</u>	<u>(6,700,636)</u>	<u>(7,410,635)</u>
<b>Net Assets, June 30, 2022</b>	<u><u>\$ 17,780,229</u></u>	<u><u>\$ 28,343,978</u></u>	<u><u>\$ 46,124,207</u></u>

**REGIS COLLEGE**

 Statements of Cash Flows  
 For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (7,410,635)	\$ 10,608,421
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,823,378	3,969,132
Interest - amortization expense	9,210	9,210
Amortization of food services deposit	75,000	75,000
Write-off of endowment pledge	3,000,000	-
Bad debts	676,953	428,046
Grants for capital and endowment	(889,369)	(719,096)
Actuarial adjustment to annuity liability obligations	8,581	17,615
Net unrealized and realized losses (gains) on investments	4,734,289	(6,257,912)
Adjustment to carrying value of land held for investment	-	(2,000,000)
Changes in operating assets and liabilities:		
Student accounts receivable	106,048	26,557
Pledges receivable	(643,513)	1,290,483
Other current assets	57,308	672,397
Other asset	(263,504)	(225,570)
Accounts payable and accrued expenses	(6,745,436)	9,216,712
Deposits held for others	(258)	3,511
Deferred tuition, fees and other	(796,935)	1,727,971
Deposits and other long-term payables	(150,000)	(707,913)
Net cash provided by (used in) operating activities	<u>(4,408,883)</u>	<u>18,134,564</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of property and equipment	(999,445)	(902,605)
Purchases of investments in securities	(92,012)	(2,683,068)
Proceeds from sale of investments in securities	613,066	2,020,236
Decrease in student loans receivable	217,627	209,715
Net cash used in investing activities	<u>(260,764)</u>	<u>(1,355,722)</u>
<b>Cash Flows from Financing Activities:</b>		
Net repayments for Federal student loans	(474,883)	(302,456)
Principal payments on notes payable to a bank	(146,017)	(5,138,751)
Principal payments of bonds payable	(1,371,656)	(1,367,097)
Principal payments to annuitants	(24,477)	(24,477)
Grants for capital and endowment	1,239,706	1,069,433
Net cash used in financing activities	<u>(777,327)</u>	<u>(5,763,348)</u>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(5,446,974)</b>	<b>11,015,494</b>
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of year	<u>20,164,511</u>	<u>9,149,017</u>
End of year	<u>\$ 14,717,537</u>	<u>\$ 20,164,511</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:</b>		
Cash and cash equivalents	\$ 12,528,221	\$ 17,684,566
Current portion of restricted cash	777,923	887,636
Restricted cash, net of current portion	<u>1,411,393</u>	<u>1,592,309</u>
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 14,717,537</u>	<u>\$ 20,164,511</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest - expensed	<u>\$ 1,353,446</u>	<u>\$ 1,423,790</u>



REGIS COLLEGE

Statement of Functional Expenses

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022								2021	
	Instruction	Student Services	Program Academic Services	Auxiliary Enterprises	Total Program	Institutional Support	Development	Plant	Total	Total
<b>Personnel and Related Costs:</b>										
Salaries and wages	\$ 18,965,453	\$ 4,397,753	\$ 3,429,884	\$ 1,098,020	\$ 27,891,110	\$ 6,714,365	\$ 925,331	\$ 1,542,234	\$ 37,073,040	\$ 32,957,683
Payroll taxes and fringe benefits	3,487,410	1,391,043	940,346	421,380	6,240,179	1,491,685	209,022	425,871	8,366,757	7,082,355
Work study wages and student employment	9,993	181,739	63,617	61,174	316,523	(147,332)	1,575	4,242	175,008	119,849
Total personnel and related costs	22,462,856	5,970,535	4,433,847	1,580,574	34,447,812	8,058,718	1,135,928	1,972,347	45,614,805	40,159,887
<b>Occupancy:</b>										
Depreciation	1,605,348	593,967	314,412	282,420	2,796,147	918,667	108,564	-	3,823,378	3,969,132
Repairs and maintenance	38,465	56,907	-	-	95,372	52,181	-	1,588,686	1,736,239	1,138,905
Utilities	-	-	-	-	-	-	-	1,735,732	1,735,732	1,494,327
Total occupancy	1,643,813	650,874	314,412	282,420	2,891,519	970,848	108,564	3,324,418	7,295,349	6,602,364
<b>Other:</b>										
Online support services	-	-	-	-	-	15,720,338	-	-	15,720,338	15,636,480
Consulting and contracted services	201,043	295,977	78,194	16,687	591,901	1,706,272	79,479	484,310	2,861,962	2,226,098
Food service	-	-	-	2,078,300	2,078,300	-	-	-	2,078,300	1,348,240
Program supplies	285,874	268,771	314,688	62,750	932,083	906,275	8,406	11,816	1,858,580	1,595,912
Student activities and events	17,500	966,814	-	212,273	1,196,587	267,095	-	-	1,463,682	1,076,385
Interest	563,347	208,434	110,333	99,106	981,220	331,587	38,097	-	1,350,904	1,404,379
Miscellaneous	332,002	165,609	159,968	31,124	688,703	132,627	58,037	251	879,618	567,473
Technology	266,361	49,986	254,124	7,563	578,034	129,064	760	22,673	730,531	941,473
Bad debts	-	-	-	-	-	676,953	-	-	676,953	428,046
Legal and professional fees	-	-	-	-	-	641,576	-	-	641,576	507,711
Travel, meals and entertainment	19,235	408,689	8,209	1,890	438,023	32,533	137,976	-	608,532	90,758
Insurance	-	-	-	-	-	606,141	-	-	606,141	444,482
Advertising	61,520	393,261	741	775	456,297	40,060	-	-	496,357	353,261
Memberships and subscriptions	13,673	54,369	116,300	6,331	190,673	113,109	18,636	9,012	331,430	196,957
Transportation	-	1,151	-	-	1,151	-	-	305,724	306,875	176,871
Telephone	7,646	8,290	630	74,415	90,981	99,093	-	5,153	195,227	189,663
Postage, printing and publications	7,220	46,853	3,350	1,631	59,054	20,925	102,698	46	182,723	181,848
Total other	1,775,421	2,868,204	1,046,537	2,592,845	8,283,007	21,423,648	444,089	838,985	30,989,729	27,366,037
Total expenses before plant allocation	25,882,090	9,489,613	5,794,796	4,455,839	45,622,338	30,453,214	1,688,581	6,135,750	83,899,883	74,128,288
<b>Plant Allocation</b>	2,498,568	974,001	515,581	463,119	4,451,269	1,506,453	178,028	(6,135,750)	-	-
Total expenses	\$ 28,380,658	\$ 10,463,614	\$ 6,310,377	\$ 4,918,958	\$ 50,073,607	\$ 31,959,667	\$ 1,866,609	\$ -	\$ 83,899,883	\$ 74,128,288

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Statement of Functional Expenses  
For the Year Ended June 30, 2021

	Program				Total Program	Institutional Support	Development	Plant	Total
	Instruction	Student Services	Academic Services	Auxiliary Enterprises					
<b>Personnel and Related Costs:</b>									
Salaries and wages	\$ 17,330,513	\$ 3,616,989	\$ 3,206,764	\$ 984,061	\$ 25,138,327	\$ 5,856,983	\$ 746,556	\$ 1,215,817	\$ 32,957,683
Payroll taxes and fringe benefits	2,992,878	1,092,860	846,931	331,709	5,264,378	1,294,417	127,188	396,372	7,082,355
Work study wages and student employment	12,593	56,081	18,630	21,789	109,093	8,441	30	2,285	119,849
Total personnel and related costs	20,335,984	4,765,930	4,072,325	1,337,559	30,511,798	7,159,841	873,774	1,614,474	40,159,887
<b>Occupancy:</b>									
Depreciation	1,738,146	615,231	345,878	251,429	2,950,684	928,391	90,057	-	3,969,132
Repairs and maintenance	39,204	16,584	-	-	55,788	24,145	-	1,058,972	1,138,905
Utilities	-	-	-	-	-	-	-	1,494,327	1,494,327
Total occupancy	1,777,350	631,815	345,878	251,429	3,006,472	952,536	90,057	2,553,299	6,602,364
<b>Other:</b>									
Online support services	-	-	-	-	-	15,636,480	-	-	15,636,480
Consulting and contracted services	69,240	228,352	97,827	1,475	396,894	1,655,273	80,825	93,106	2,226,098
Food service	-	-	-	1,348,240	1,348,240	-	-	-	1,348,240
Program supplies	188,885	188,306	108,195	43,037	528,423	1,004,330	1,458	61,701	1,595,912
Student activities and events	-	815,272	-	128,825	944,097	132,288	-	-	1,076,385
Interest	610,967	216,257	121,578	88,379	1,037,181	335,543	31,655	-	1,404,379
Miscellaneous	319,143	16,026	183,408	36,203	554,780	11,553	-	1,140	567,473
Technology	487,492	55,635	273,514	13,843	830,484	92,480	6,570	11,939	941,473
Bad debts	-	-	-	-	-	428,046	-	-	428,046
Legal and professional fees	-	-	-	-	-	507,711	-	-	507,711
Travel, meals and entertainment	2,662	62,766	6,584	2,433	74,445	5,003	11,310	-	90,758
Insurance	-	-	-	-	-	444,482	-	-	444,482
Advertising	4,439	321,239	316	775	326,769	26,492	-	-	353,261
Memberships and subscriptions	18,347	37,364	35,570	4,582	95,863	89,058	12,036	-	196,957
Transportation	-	-	-	-	-	-	-	176,871	176,871
Telephone	2,007	12,522	1,115	71,481	87,125	94,057	-	8,481	189,663
Postage, printing and publications	4,115	33,626	3,174	478	41,393	19,698	120,753	4	181,848
Total other	1,707,297	1,987,365	831,281	1,739,751	6,265,694	20,482,494	264,607	353,242	27,366,037
Total expenses before plant allocation	23,820,631	7,385,110	5,249,484	3,328,739	39,783,964	28,594,871	1,228,438	4,521,015	74,128,288
<b>Plant Allocation</b>	1,920,167	717,228	403,220	293,112	3,333,727	1,082,301	104,987	(4,521,015)	-
Total expenses	\$ 25,740,798	\$ 8,102,338	\$ 5,652,704	\$ 3,621,851	\$ 43,117,691	\$ 29,677,172	\$ 1,333,425	\$ -	\$ 74,128,288

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS

Regis College (the College) is a private, Massachusetts nonprofit corporation established in 1927. The College is comprised of the School of Arts and Sciences, the School of Nursing, the School of Health Sciences, and the School of Business and Communication, and is located in Weston, Massachusetts. The College offers the facilities and advantages of higher education to both resident and nonresident students. It was founded by the Congregation of the Sisters of St. Joseph of Boston (the Congregation), whose members desired to put their resources to use for the good of society through education. The College is a sponsored ministry of the Congregation and is accredited by the New England Commission of Higher Education.

The College is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The College is also exempt from state income taxes. Donors may deduct contributions made to the College within the IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Cash and Cash Equivalents

Management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents for the statement of cash flow purposes.

#### Student Accounts and Loans Receivable and Allowance for Doubtful Accounts

Student accounts receivable are recorded at the invoiced amounts and do not bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in student accounts receivable. The allowance is based on account aging and the percentage of revenue methods. The College also takes into consideration historical trends and future expectations. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Student loans receivable include loans made with funds advanced to the College by the U.S. government under the Federal Perkins Loan Program (see Note 11). Such funds are re-loaned by the College after collection, but in the event that the College no longer participates in the program, the amounts are generally refundable to the U.S. government. The allowance for doubtful accounts is based on the monthly default rate and current expectations about future losses. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

#### Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable consist of contributions committed to the College. Pledges are recorded at their net present value when unconditionally committed. The allowance for doubtful accounts is based on management's estimate of collectability (see Note 3).

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments in Securities**

Investments in securities are recorded in the financial statements at fair value (see Note 4). If an investment is directly held by the College and an active market with quoted prices exists, the market price of an identical security is used to report fair value.

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on market value changes during the period.

Investments in securities include donor endowment, as well as certain unrestricted operating funds of the College. Endowment assets include those assets restricted by donors that the College must hold in perpetuity. Accordingly, endowment investments in securities have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity of individual securities. 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 Investment Committee is responsible for selecting the investment managers of the College's portfolio. The Investment Committee's strategy is to include an array of strategies and investment managers for the portfolio in order to maximize risk adjusted returns.

Massachusetts state law allows the College to appropriate as much of the College's donor-restricted endowments as is prudent considering the College's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The College has an investment policy, which combined with the spending rate, attempts to provide a predictable stream of returns combined with asset protection. Under the College's investment policy and spending rate, both approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary. Spending draws, in accordance with this policy, are included in the accompanying statements of activities as investment return designated for current operations.

**Investment in Land**

The College has designated an undeveloped sixty-acre parcel of land for long-term investment, which reflects the College's intent to hold the property for long-term investment purposes within the College's endowment (see Note 5). The investment in land is reported at fair value in accordance with the *Other Investments* standard of U.S. GAAP. The value of this investment is determined using an independent certification of value by licensed professionals. The College commissions an appraisal on the property bi-annually. This fair value is derived based on the highest and best use consideration, which considers the potential development of the land into separate parcels of real estate for the building of homes or other residential construction. The College believes that the reported amount of its investment in land is a reasonable estimate of fair value as of June 30, 2022 and 2021. Because of the inherent uncertainties of valuation, this estimated fair value may differ significantly from a value that would be realized in a market transaction. The underlying assumptions of the certification are considered to be Level 3 inputs which are unobservable (see page 14). Subsequent to June 30, 2022, the College entered into a purchase and sale agreement for this land and expects to close the sale during fiscal year 2023.

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment in Land (Continued)

A reconciliation of the Level 3 investment activity associated with the investment in land is as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 21,100,000	\$ 19,100,000
Increase in carrying value (see Note 4)	<u>-</u>	<u>2,000,000</u>
Ending balance	<u>\$ 21,100,000</u>	<u>\$ 21,100,000</u>

#### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost (see Note 6). Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments that exceed \$2,500 and have a useful life of at least three years are capitalized, while repairs and maintenance are expensed as they are incurred.

Depreciation is computed using the straight-line method and the half-year convention for additions over the following estimated useful lives:

Building and land improvements	15 years
Buildings	50 years
Furniture and equipment	7 years
Sewer facilities	30 years
Computer equipment	3 years
Vehicles	5 years

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. As of June 30, 2022 and 2021, the College was unable to estimate the range of settlement dates and the related probabilities for certain asbestos remediation. Because these conditional obligations have indeterminate settlement dates, the College cannot develop a reasonable estimate of their fair values. Management has evaluated the potential exposure and determined the exposure to be less than significant. The College will continue to assess its ability to estimate fair values at each future reporting date. Any related liability will be recognized once necessary information becomes available.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of 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.

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

##### *Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the College.

The College has grouped its net assets without donor restrictions into the following categories:

**Operating and property and equipment net assets** represent net assets which are available for operations and bear no external restrictions, and amounts expended and resources available for property and equipment used in normal operations, net of related debt.

**Board designated for endowment net assets** represent the College's investment in land (see page 9) that has been designated by the Board of Trustees as a portion of the College's endowment (see Note 5).

##### *With Donor Restrictions*

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purposes (purpose restricted), amounts with donor capital restrictions which will be recognized when the assets are placed in service (capital restricted), amounts for unrestricted use in future periods (time restricted), and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent. In accordance with Massachusetts law, all earnings and appreciation of a donor restricted endowment are restricted until appropriated by the Board of Trustees.

Net assets with donor restrictions are restricted as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Other operating expenses	\$ 2,868,861	\$ 2,442,446
Scholarships	<u>1,712,026</u>	<u>1,236,062</u>
	<u>4,580,887</u>	<u>3,678,508</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until collected	<u>608,300</u>	<u>417,713</u>
Subject to the College's endowment spending policy and appropriation (see Note 5):		
Investment in perpetuity (including amounts above the original gift amounts of \$19,694,445 and \$21,844,447 as of June 30, 2022 and 2021, respectively), which once appropriated is expendable to support:		
Scholarships	15,875,373	21,912,582
Educational programs	4,757,709	5,853,688
General use	<u>2,521,709</u>	<u>3,182,123</u>
	<u>23,154,791</u>	<u>30,948,393</u>
	<u>\$ 28,343,978</u>	<u>\$ 35,044,614</u>

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *With Donor Restrictions (Continued)*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions:		
Annual fund	\$ 70,608	\$ 123,174
Satisfaction of purpose restrictions:		
Educational programs	670,875	680,121
Scholarships	588,757	305,994
Purpose restricted pledge payments	<u>78,987</u>	<u>1,002,416</u>
	<u>1,409,227</u>	<u>2,111,705</u>
Restricted-purpose endowment spending distributions and appropriations:		
Scholarships (see Note 4)	289,044	380,765
Educational programs	135,000	168,250
General use	<u>147,500</u>	<u>114,000</u>
	<u>571,544</u>	<u>663,015</u>
	<u>\$ 1,980,771</u>	<u>\$ 2,774,720</u>

#### Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and expenses in the accompanying statements of activities. Non-operating revenue includes capital and endowment transactions.

#### Revenue Recognition

The College generally measures revenue for qualifying exchange transactions based on the amount of consideration the College expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the College satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The College evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

The College recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is satisfied through academic instruction delivered continually throughout the academic year; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students have an option to room and board on premises. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a weekly meal plan. Contracts for tuition, room and board are combined into a single portfolio of similar contracts. Payment for tuition and room and board is required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized. Fees and deposits received in advance of services provided are recorded as deferred tuition, fees and other (see Note 12).

The College occasionally leases certain facilities for events. Facility rental income is recognized when the events occur.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the College must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the College should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions are recorded as revenue, net of applicable discounts for doubtful accounts and net present value, when unconditionally received or pledged. Grants and contributions with donor restrictions are recorded as revenue with donor restrictions and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Annual Fund contributions include those funds raised in a yearly appeal to alumni and other constituent supporters of the College and are classified based on the presence or absence of donor restrictions.

**Expense Allocation**

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, occupancy, interest, and depreciation, which are allocated based on an estimate of time and level of effort spent on the College's program and supporting functions.



**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising Costs**

The College expenses advertising costs as incurred.

**Income Taxes**

The College accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The College has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2022 and 2021. The College's information returns are subject to examination by the Federal and state jurisdictions.

**Fair Value Measurements**

The College follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the College would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The College uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the College. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. Assets subject to disclosure under this framework include investments in securities (see Note 4), split-interest agreements (see Note 7), and investment in land (see page 9).

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2022 and 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Subsequent Events**

Subsequent events have been evaluated through September 19, 2022, which is the date the financial statements were available to be issued. See page 9 for an event that met the criteria for disclosure in the notes to the financial statements.

**3. PLEDGES RECEIVABLE**

Pledges receivable are due as follows at June 30:

	<b>2022</b>		
	<u>Endowment</u>	<u>Other</u>	<u>Total</u>
Due within one year	\$ 122,147	\$ 418,651	\$ 540,798
Due in two to five years	200,000	588,302	788,302
Due beyond five years	<u>100,000</u>	<u>18,000</u>	<u>118,000</u>
	422,147	1,024,953	1,447,100
Less - discount	<u>(10,672)</u>	<u>-</u>	<u>(10,672)</u>
	411,475	1,024,953	1,436,428
Less - allowance for uncollectable accounts	<u>-</u>	<u>(75,981)</u>	<u>(75,981)</u>
	411,475	948,972	1,360,447
Less - current portion, non-endowment	<u>-</u>	<u>(418,651)</u>	<u>(418,651)</u>
Long-term pledges receivable, net	<u>\$ 411,475</u>	<u>\$ 530,321</u>	<u>\$ 941,796</u>
	<b>2021</b>		
	<u>Endowment</u>	<u>Other</u>	<u>Total</u>
Due within one year	\$ 1,025,000	\$ 209,428	\$ 1,234,428
Due in two to five years	2,224,558	408,496	2,633,054
Due beyond five years	<u>400,000</u>	<u>62,000</u>	<u>462,000</u>
	3,649,558	679,924	4,329,482
Less - discount	<u>(8,468)</u>	<u>-</u>	<u>(8,468)</u>
	3,641,090	679,924	4,321,014
Less - allowance for uncollectable accounts	<u>-</u>	<u>(253,743)</u>	<u>(253,743)</u>
	3,641,090	426,181	4,067,271
Less - current portion, non-endowment	<u>-</u>	<u>(209,428)</u>	<u>(209,428)</u>
Long-term pledges receivable, net	<u>\$ 3,641,090</u>	<u>\$ 216,753</u>	<u>\$ 3,857,843</u>

Long-term pledges have been discounted using discount factors based on U.S. Treasury note rates. As of June 30, 2022, pledges from one donor represent 56% of pledges receivable. As of June 30, 2021, pledges from two donors represented 68% of pledges receivable. All pledges receivable for endowment are classified as long-term in the accompanying statements of financial position at June 30, 2022 and 2021, due to the permanent and long-term nature of the funds.

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2022 and 2021

**4. INVESTMENTS IN SECURITIES**

The following table presents the College's investments in securities by level within the valuation framework as of June 30:

<u>Investment Type</u>	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Fixed income securities:				
Bond mutual funds	\$ 5,945,648	\$ -	\$ -	\$ 5,945,648
Equity securities:				
Corporate stocks	17,473,543	-	-	17,473,543
Mutual funds	1,067,243	-	-	1,067,243
Exchange-traded funds	<u>2,470,578</u>	<u>-</u>	<u>-</u>	<u>2,470,578</u>
Total	<u>\$ 26,957,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,957,012</u>
<u>Investment Type</u>	<u>2021</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Fixed income securities:				
Bond mutual funds	\$ 4,404,467	\$ -	\$ -	\$ 4,404,467
Equity securities:				
Corporate stocks	22,521,260	-	-	22,521,260
Mutual funds	5,065,839	-	-	5,065,839
Exchange-traded funds	<u>220,789</u>	<u>-</u>	<u>-</u>	<u>220,789</u>
Total	<u>\$ 32,212,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,212,355</u>

As presented in the accompanying statements of financial position, invested resources of the College's endowment are presented as non-current assets and other investments in securities are included within current assets. The balances of each were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Endowment investments in securities	\$ 18,094,909	\$ 23,632,792
Short-term investments in securities	<u>8,862,103</u>	<u>8,579,563</u>
Total	<u>\$ 26,957,012</u>	<u>\$ 32,212,355</u>

The College has an investment return allocation policy which allowed for appropriations up to 5% of the twelve-quarter trailing market average of the investment portfolio, including the Board designated endowment fund which includes land held for investment (see Notes 2 and 5). In accordance with the College's investment return allocation policy (see Note 2), the College appropriated \$1,554,773 and \$1,602,078 for current operations from Board designated and donor endowment funds, which included \$983,229 and \$939,063 appropriated based on the value of the investment in land for the years ended June 30, 2022 and 2021, respectively (see Note 5). Investment return designated for current operations also includes a loss of \$934,714 and a gain of \$1,050,506 for the years ended June 30, 2022 and 2021, respectively, earned on investments without donor restrictions and certain restricted cash balances (see Note 8).

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2022 and 2021

**4. INVESTMENTS IN SECURITIES (Continued)**

The following schedule summarizes the investment return and its classification in the accompanying statements of activities (including change in appreciation of land held for investment) for the years ended June 30:

<u>2022</u>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, net of fees	\$ 34,257	\$ 266,015	\$ 300,272
Net realized losses	(170,277)	(839,081)	(1,009,358)
Net unrealized losses	<u>(798,694)</u>	<u>(3,935,765)</u>	<u>(4,734,459)</u>
Net return from investments in securities	(934,714)	(4,508,831)	(5,443,545)
Less - investment return designated for current operations	<u>(48,515)</u>	<u>(571,544)</u>	<u>(620,059)</u>
Investment return reduced by spending policy	<u>\$ (983,229)</u>	<u>\$ (5,080,375)</u>	<u>\$ (6,063,604)</u>
<u>2021</u>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income, net of fees	\$ 67,531	\$ 243,004	\$ 310,535
Net realized gains	(58,093)	(317,128)	(375,221)
Net unrealized gains	<u>1,215,889</u>	<u>5,428,244</u>	<u>6,644,133</u>
Net return from investments in securities	1,225,327	5,354,120	6,579,447
Adjustment to carrying value of land held for investment (see Note 2)	<u>1,812,784</u>	<u>187,216</u>	<u>2,000,000</u>
Total return all investments	3,038,111	5,541,336	8,579,447
Less - investment return designated for current operations	<u>(1,989,569)</u>	<u>(663,015)</u>	<u>(2,652,584)</u>
Investment return reduced by spending policy	<u>\$ 1,048,542</u>	<u>\$ 4,878,321</u>	<u>\$ 5,926,863</u>

Investment fees were \$347,863 and \$272,759 for the years ended June 30, 2022 and 2021, respectively, and have been netted against investment income.

**REGIS COLLEGE**Notes to Financial Statements  
June 30, 2022 and 2021**5. ENDOWMENT**

A reconciliation of endowment activity is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 16,373,020	\$ 25,375,163	\$ 41,748,183
Total investment returns	-	5,541,336	5,541,336
Contributions	-	694,909	694,909
Adjustment to the carrying value of investment in land	2,000,000	-	2,000,000
Appropriation of endowment assets for expenditure (see Note 4)	<u>(939,063)</u>	<u>(663,015)</u>	<u>(1,602,078)</u>
Net change in endowment	<u>1,060,937</u>	<u>5,573,230</u>	<u>6,634,167</u>
Endowment net assets, June 30, 2021	<u>17,433,957</u>	<u>30,948,393</u>	<u>48,382,350</u>
Total investment returns	-	(5,072,056)	(5,072,056)
Contributions	-	849,998	849,998
Write-off of endowment pledge	-	(3,000,000)	(3,000,000)
Adjustment to the carrying value of investment in land	-	-	-
Appropriation of endowment assets for expenditure (see Note 4)	<u>(983,229)</u>	<u>(571,544)</u>	<u>(1,554,773)</u>
Net change in endowment	<u>(983,229)</u>	<u>(7,793,602)</u>	<u>(8,776,831)</u>
Endowment net assets, June 30, 2022	<u>\$ 16,450,728</u>	<u>\$ 23,154,791</u>	<u>\$ 39,605,519</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Building and land improvements	\$ 60,199,057	\$ 59,441,892
Buildings	42,219,148	42,219,148
Furniture and equipment	15,168,774	15,119,117
Sewer facilities	5,306,177	5,306,177
Computer equipment	3,835,409	3,686,263
Land	522,323	522,323
Vehicles	<u>235,654</u>	<u>192,177</u>
	127,486,542	126,487,097
Less - accumulated depreciation	<u>(85,690,769)</u>	<u>(81,867,391)</u>
Net property and equipment placed in service	41,795,773	44,619,706
Work in progress	<u>392,319</u>	<u>392,319</u>
Total	<u>\$ 42,188,092</u>	<u>\$ 45,012,025</u>

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 6. PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended June 30, 2022 and 2021, was \$3,823,378 and \$3,969,132, respectively. Work in progress consists of ongoing projects that had not been completed or placed into service as of year-end.

### 7. SPLIT-INTEREST AGREEMENTS

#### Gifts Subject to Life Interests

The College has entered into charitable gift annuity contracts with multiple donors. Under such contracts, donors transfer assets to the College in return for promises by the College to pay specific annuities to designated beneficiaries for their lifetimes. Under these arrangements, the obligation to make annuity payments is guaranteed by all the assets of the College. Upon the death of a beneficiary, the annuity payment obligation ceases.

The changes in split-interest agreement liabilities are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 141,789	\$ 148,651
Change in value	(15,896)	17,615
Payments	<u>-</u>	<u>(24,477)</u>
Ending balance	<u>\$ 125,893</u>	<u>\$ 141,789</u>

The ending balance of split-interest agreement liabilities is included in deposits and other long-term payables in the accompanying statements of financial position at June 30, 2022 and 2021.

Contributions implicit in these split-interest agreements are generally recorded as increases in net assets without donor restrictions, unless the donor has permanently restricted the College's use of future distributions of assets or imposed other donor restrictions on the use of the transferred assets.

The present value of gifts subject to life interests is calculated using interest rates and life expectancy tables. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy (see Note 2).

### 8. RESTRICTED CASH

#### Self-Funded Health Care Plan Escrow

Under the self-funded health care plan participation agreement (see Note 16), the College maintains a separate cash account to be utilized for the deposit of monthly fees and the payment of monthly claims, as outlined in the agreement.

#### MDFA Restricted Reserves

Under the 2013 bond payable agreement with the Massachusetts Development Finance Agency (MDFA) (see Note 10), the College is required to maintain a debt service reserve fund. The debt service reserve fund requires the lesser of \$1,000,000 or the amount which is approximately equal to the maximum amount of principal and interest due in a year. This account was adequately funded at June 30, 2022 and 2021.

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 8. RESTRICTED CASH (Continued)

#### Nursing Faculty Loan Program

During fiscal year 2009, the College entered into an agreement with the Nurse Faculty Loan Program (NFLP), Section 846A of the Public Health Service Act, to establish and operate a student loan fund to increase the number of qualified nursing faculty (see Note 11). In accordance with the terms of the agreement, the College has established a loan fund to be used only for making NFLP loans to eligible students and for the costs associated with collection of these loans. During the year ended June 30, 2022 and 2021, there were no Federal or institutional capital contributions and the College issued loans of \$1,359,848 and \$1,308,833, respectively.

Restricted cash consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Current portion:		
Self-Funded Health Care Plan Escrow	\$ 777,923	\$ 887,636
Non-current portion:		
MDFA debt service reserve funds - 2013 Bonds	1,036,823	1,035,794
Nursing Faculty Loan Program	<u>374,570</u>	<u>556,515</u>
	<u>1,411,393</u>	<u>1,592,309</u>
Total restricted cash	<u>\$ 2,189,316</u>	<u>\$ 2,479,945</u>

### 9. NOTES PAYABLE TO A BANK

The College has an on demand line of credit agreement with a bank in the amount of \$15,000,000. Borrowings under the agreement bear interest at the bank's base lending rate (5.50% and 3.25% at June 30, 2022 and 2021, respectively). The line of credit is secured by the real estate of the College. The College must also maintain compliance with certain covenants as specified in the agreement. The College was in compliance with these covenants at June 30, 2022 and 2021. As of June 30, 2022 and 2021, there was no outstanding balance. The agreement has a thirty-day cleanup provision for balances exceeding \$5,000,000.

In March 2017, the College entered into a term note agreement with a bank in the amount of \$1,500,000. Commencing in May 2017, payments of principal and interest of \$15,494 became due monthly through April 2027, at which time all amounts outstanding will become payable. Borrowings under this agreement bear interest at 4.97% per annum. The agreement is secured by tuition receipts, investments in securities, land, and land improvements. The outstanding balance under this agreement was \$819,263 and \$965,280 as of June 30, 2022 and 2021, respectively.

#### Interest Expense

Interest expense was \$1,404,379 and \$1,648,880 for the years ended June 30, 2022 and 2021, respectively.

**REGIS COLLEGE**Notes to Financial Statements  
June 30, 2022 and 2021**9. NOTES PAYABLE TO A BANK (Continued)****Maturities**

Maturities of the notes payable for the next five years are as follows for the years ending June 30:

2023	\$ 154,206
2024	\$ 162,082
2025	\$ 170,517
2026	\$ 179,311
2027	\$ 153,147

**10. BONDS PAYABLE**

In June 2013, the College entered into a tax-exempt bond financing agreement in the amount of \$50,000,000 issued by the MDFA to pay off pre-existing bonds and other long-term debt and to finance project costs associated with the College's master plan. The bonds are general obligations of the College, collateralized by a mortgage, loan and security agreement, pledge and tuition receipts of the College, a debt service reserve fund (see Note 8), as well as a negative pledge on certain investments in securities (see Note 4). Payments of principal and interest are due monthly through June 2043, subject to adjustment for interest rate changes. The bonds carried an initial fixed rate of 3.4%, which was adjusted to 2.93% in June 2020. This rate was adjusted at the seven-year anniversary date of the bonds, and will be adjusted every seven years thereafter until maturity, based upon the seven-year Federal Home Loan Bank rate, plus 250 basis points.

Bonds payable, net of unamortized debt issuance costs, consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Bonds payable	\$ 41,475,739	\$ 42,847,395
Less - unamortized debt issuance costs	<u>(193,400)</u>	<u>(202,610)</u>
	41,282,339	42,644,785
Less - current portion	<u>(1,444,099)</u>	<u>(1,401,869)</u>
Bonds payable and unamortized debt issuance costs, net of current portion	<u>\$ 39,838,240</u>	<u>\$ 41,242,916</u>

Debt issuance costs are amortized over the thirty-year bond term using the straight-line method, which approximates the effective interest method. Amortization expense was \$9,210 for the years ended June 30, 2022 and 2021.

**Interest Expense**

Interest incurred on the bonds payable was \$1,327,490 and \$1,339,400 for the years ended June 30, 2022 and 2021, respectively.



## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 10. BONDS PAYABLE (Continued)

#### Maturities

Maturities of bonds payable for the next five years are as follows for the years ending June 30:

2023	\$ 1,444,099
2024	\$ 1,484,400
2025	\$ 1,532,318
2026	\$ 1,578,477
2027	\$ 1,626,028

The bonds payable agreements contain certain financial covenants with which the College was in compliance as of June 30, 2022 and 2021.

### 11. ADVANCES FOR FEDERAL STUDENT LOANS

The Perkins Loan Program is a campus-based revolving Federal program governed under Title IV, with loans having a 5% fixed interest rate and nine-month payback deferral after graduation or non-enrollment. To obtain these funds, various documentation must be completed by the student and the College including: application, interview, promissory note, cancellation provisions, repayment schedule, and Federal reporting requirements. The College uses a third-party service to assist in the recording and collection effort. Enrollment criteria for the Perkins Loan Program includes: citizenship, enrollment in a full-time or part-time master's or doctorate program, maintaining enrollment for two consecutive terms, and good academic standing. The annual loan amount is restricted to \$30,000 per year. There was \$1,424,950 and \$1,592,095 of Perkins Loan Program advances outstanding as of June 30, 2022 and 2021, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position. Included in cash and cash equivalents is \$241,585 and \$275,365 of funds held for the Perkins Loan Program at June 30, 2022 and 2021, respectively.

The U.S. Department of Education is in the process of terminating the Perkins Loan Federal Program and requiring repayment of the Federal share of the loan program. The College received notification of the second close-out payment due to the Department of Education in December 2020 and a payment of \$384,024 was made in January 2021.

The Nursing Faculty Loan Program (see Note 8) is administered under the Title VIII Public Health Service Act, designed to increase the number of qualified nursing faculty by providing loans to students in advanced education nursing programs. Loans have a 3% fixed interest rate and nine-month deferral after graduation or non-enrollment. In addition, failure to teach thereafter results in an immediate payback at a higher market interest rate. After graduation, up to 85% of students' loan balances may be forgiven over a consecutive four-year period while serving as a full-time teacher. There was \$374,570 and \$682,308 of Nursing Faculty Loan Program funds outstanding as of June 30, 2022 and 2021, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position.

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 12. DEFERRED TUITION, FEES AND OTHER

Deferred tuition, fees and other consist of nonrefundable student deposits, daycare deposits, and fees received in advance of services performed. The balance as of June 30, 2022 and 2021, is comprised of the following:

	<u>2022</u>	<u>2021</u>
Student deposits	\$ 5,875,755	\$ 6,696,043
Daycare fees and other	<u>201,195</u>	<u>177,842</u>
Total	<u>\$ 6,076,950</u>	<u>\$ 6,873,885</u>

### 13. RETIREMENT AND OTHER PLANS

The College maintains a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all benefit-eligible employees who had attained the age of twenty-one and provided a minimum expected work schedule of 1,000 hours annually. The Plan allows the College to make discretionary contributions to the Plan. The College elected to contribute 2.5% of employee salaries for the year ended June 30, 2022, and made contributions totaling \$606,334. During fiscal year 2021, the College elected to suspend contributions to the Plan. Contributions of \$121,804 were made prior to the suspension during the year ended June 30, 2021.

The College entered into a deferred compensation agreement with the President of the College commencing on July 1, 2016. The College agreed to provide the President with a cash deferred compensation payable by March 15, 2022, in the amount of annual rate of base salary for the preceding academic year, plus an amount equal to the annual employer contribution toward health insurance provided she remained President for five years. During fiscal year 2022, the deferred compensation agreement was extended to June 30, 2025, under the same terms. At June 30, 2022 and 2021, \$446,713 and \$400,000, respectively, were accrued under this agreement and are included in deposits and other long-term payables in the accompanying statements of financial position.

### 14. CONCENTRATIONS

The College maintains its operating cash balances in Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The College has not experienced any losses in such accounts. Management believes the College is not exposed to any significant credit risk on its cash balances.

The College grants credit without collateral to some students and their families.

### 15. CONTINGENCIES

#### Legal Cases

The College is engaged in legal cases that have arisen in the normal course of its operations. The College believes that the outcome of these cases will not have a material adverse effect on the financial position of the College.

**15. CONTINGENCIES (Continued)**

**Coronavirus Pandemic**

In March 2020, and continuing during fiscal year 2022, the COVID-19 coronavirus pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential future financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on the College, its operations and future financial statements. The accompanying financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of the College is monitoring these events closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, the College is unable to accurately predict how the Coronavirus will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

In March 2020, the College elected to defer the deposit and payment of the College's share of Social Security tax that would otherwise have been due on or after March 27, 2020, and before January 1, 2021, under the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act. In order for deferred deposits of the employer's share of Social Security to be treated as timely, 50% of the deferred amount was deposited by December 31, 2021, and the remaining amount will be deposited by December 31, 2022. The accrued balance of \$726,714 is included in accounts payable and accrued expenses in the accompanying statement of financial position at June 30, 2022, based on repayment terms.

**16. COMMITMENTS**

**Self-Funded Health Care Plan**

The College has an annual agreement with a consortium of education institutions to coordinate management of its self-funded health care plan. The agreement requires the College to pay various program funding obligations, including health care plan benefits up to \$60,000 per employee per plan year, administrative services, premiums for stop-loss coverage, and required capital contributions, as outlined in the agreement. As of June 30, 2022 and 2021, the College has accrued \$242,678 and \$150,134, respectively, related to the self-funded health care plan, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. The College estimates liabilities and risk based on an actuarial report, and actual claims could exceed such estimates.

As of June 30, 2022 and 2021, the College had accumulated an equity position in the plan of \$1,384,281 and \$1,120,777, respectively, which is comprised of capital contributions and the College's share of the plan's accumulated surplus. This amount is reflected as other asset in the accompanying statements of financial position. The College received distributions of \$263,504 and \$225,030 during the years ended June 30, 2022 and 2021, respectively. The College also maintains a self-funded health care plan escrow account, which is included in current portion of restricted cash in the accompanying statements of financial position (see Note 8).

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2022 and 2021

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### 16. COMMITMENTS (Continued)

#### Food Services Management Agreement

Effective July 1, 2014, the College entered into a ten-year agreement with a food services provider to provide exclusive meal and dining services, with an option for the College to extend an additional two years. As part of this agreement, the food services provider paid the College \$900,000 for renovations and the purchase of certain equipment and upgrades to the dining space. The agreement stipulates that the College will amortize the amount paid over a twelve-year period and any unamortized amount will be due back to the food services provider in the event of cancellation or termination. For the years ended June 30, 2022 and 2021, the College recognized \$75,000, which is included in other income in the accompanying statements of activities. The unamortized amounts of \$300,000 and \$375,000 are included in deposits and other long-term payables in the accompanying statements of financial position as of June 30, 2022 and 2021, respectively.

#### Online Learning Services

Effective February 26, 2016, the College entered into an agreement with a vendor (the Vendor) for the purposes of marketing, promoting and delivering e-learning programs to students of the College. Under the agreement, the College is obligated to contribute the foundational academic and educational content to be communicated to program students. The Vendor is obligated to contribute intellectual property, including a platform for delivering e-courses. The initial term of the agreement is through September 2027. Under the agreement, the College remits to the Vendor an amount up to 55% of tuition collected for courses administered. During fiscal years 2022 and 2021, the College incurred fees of \$15,720,338 and \$15,636,480, respectively, to the Vendor, which is reflected as online support services in the accompanying statements of functional expenses. As of June 30, 2022 and 2021, the College has accrued \$8,325,660 and \$13,816,050, respectively, for amounts owed to the Vendor, which are included in accounts payable and accrued expenses in the accompanying statements of financial position.

#### Lease Agreement

Effective January 29, 2019, the College entered into a seven-year and three-month lease agreement for space to be used for the dental hygiene clinic. The lease commenced during fiscal year 2020 upon completion of renovations of the space. The monthly lease amount ranges from \$23,609 to \$29,730 and the College is responsible for certain routine maintenance and direct expenses of the facility. Under the agreement, the College also received the first three months of rent free of charge. The scheduled minimum lease payments under the lease terms are as follows:

<b>Year Ending</b>	
<b><u>June 30:</u></b>	
2023	\$ 320,037
2024	\$ 330,530
2025	\$ 341,022
2026	\$ 262,325

**REGIS COLLEGE**Notes to Financial Statements  
June 30, 2022 and 2021

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**16. COMMITMENTS (Continued)****Memorandum of Understanding**

The College has entered into a memorandum of understanding agreement with another college (the Associate) to provide certain programming through September 1, 2025. Under the agreement, the College has access to certain facilities of the Associate, as outlined in the agreement. The College is required to pay on a square footage basis for the use of such space, in addition to clerical and security related charges.

**17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for use by the College within one year from the statements of financial position date are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 12,528,221	\$ 17,684,566
Short-term investments in securities (see Note 4)	8,862,103	8,579,563
Student accounts receivable, net of allowance	211,890	994,891
Current portion of pledges receivable (see Note 3)	418,651	209,428
Other current assets	<u>640,430</u>	<u>144,396</u>
Total financial assets	22,661,295	27,612,844
Less - amounts restricted by donors for a specific purpose (see Note 2)	<u>(4,580,887)</u>	<u>(3,678,508)</u>
	<u>\$ 18,080,408</u>	<u>\$ 23,934,336</u>

The College has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, the College has a line of credit agreement (see Note 9) which allowed for additional available borrowings up to \$15,000,000 as of June 30, 2022 and 2021.