Regis College

FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

REGIS COLLEGE

Contents
June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter - Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, effective July 1, 2022, the College adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-02, *Leases* (*Topic 842*), using the alternative transition method which does not require prior periods to be recast. Our opinion is not modified with respect to that matter.

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, which 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.

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, which 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
October 27, 2023

REGIS COLLEGE

Statements of Financial Position
June 30, 2023 and 2022

Assets	**2023**	**2022**
Current Assets:		
Cash and cash equivalents	$ 5,640,964	$ 12,528,221
Short-term investments in securities	9,555,583	8,862,103
Current portion of restricted cash	849,887	777,923
Student accounts receivable, net of allowance for doubtful accounts of approximately $1,460,000 and $2,250,000 at June 30, 2023 and 2022, respectively	245,577	211,890
Current portion of pledges receivable	738,928	418,651
Other current assets	1,187,716	640,430
Total current assets	18,218,655	23,439,218
Restricted Cash, net of current portion	2,040,424	1,411,393
Investments in Securities	21,134,292	18,094,909
Pledges Receivable, net of current portion, discount and allowance for doubtful accounts of approximately $25,000 and $76,000 at June 30, 2023 and 2022, respectively	320,308	941,796
Student Loans Receivable, net of allowance of $100,000 and $125,000 at June 30, 2023 and 2022, respectively	818,207	952,397
Right-of-use assets - finance	241,366	-
Right-of-use assets - operating	883,429	-
Other Asset	1,705,919	1,384,281
Investment in Land	27,600,000	21,100,000
Property and Equipment, net	40,219,763	42,188,092
Total assets	$ 113,182,363	$ 109,512,086

Liabilities and Net Assets	**2023**	**2022**
Current Liabilities:		
Line of credit	$ 8,000,000	$ -
Current portion of bonds payable	1,484,395	1,444,099
Current portion of notes payable to a bank	160,890	154,206
Current portion of finance lease liabilities	46,842	-
Current portion of operating lease liabilities	371,154	-
Accounts payable and accrued expenses	6,486,121	12,719,413
Deposits held for others	144,753	133,775
Deferred tuition, fees and other	5,312,553	6,076,950
Total current liabilities	22,006,708	20,528,443
Bonds Payable, net of unamortized debt issuance costs and current portion	38,339,161	39,838,240
Notes Payable to a Bank, net of current portion	504,732	665,057
Finance lease liabilities, net of current portion	194,518	-
Operating lease liabilities, net of current portion	596,097	-
Advances for Federal Student Loans	2,145,930	1,799,520
Deposits and Other Long-Term Payables	680,650	556,619
Total liabilities	64,467,796	63,387,879
Net Assets:		
Without donor restrictions:		
Operating and property and equipment	(4,948,253)	1,329,501
Board designated for endowment	21,926,457	16,450,728
Total without donor restrictions	16,978,204	17,780,229
With donor restrictions	31,736,363	28,343,978
Total net assets	48,714,567	46,124,207
Total liabilities and net assets	$ 113,182,363	$ 109,512,086

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Tuition and fees	$ 82,507,201	$ -	$ 82,507,201	$ 89,756,403	$ -	$ 89,756,403
Scholarships and grants	(24,811,019)	-	(24,811,019)	(24,411,077)	-	(24,411,077)
Tuition and fees, net	57,696,182	-	57,696,182	65,345,326	-	65,345,326
Auxiliary enterprises	9,961,461	-	9,961,461	9,509,678	-	9,509,678
Facilities rentals and other income	3,646,418	-	3,646,418	3,237,767	-	3,237,767
Annual Fund contributions	2,317,599	892,956	3,210,555	2,036,087	-	2,036,087
Investment return designated for current operations	1,578,439	904,561	2,483,000	48,515	571,544	620,059
Grants and contributions	417,354	1,783,693	2,201,047	2,014,969	1,899,597	3,914,566
Net assets released from restrictions	3,965,972	(3,965,972)	-	1,980,771	(1,980,771)	-
Total operating revenue	79,583,425	(384,762)	79,198,663	84,173,113	490,370	84,663,483
Operating Expenses:						
Instruction	30,688,558	-	30,688,558	28,380,658	-	28,380,658
Student services	10,988,546	-	10,988,546	10,463,614	-	10,463,614
Academic services	6,642,769	-	6,642,769	6,310,377	-	6,310,377
Auxiliary enterprises	5,243,302	-	5,243,302	4,918,958	-	4,918,958
Institutional support	30,511,308	-	30,511,308	31,959,667	-	31,959,667
Development	2,071,209	-	2,071,209	1,866,609	-	1,866,609
Total operating expenses	86,145,692	-	86,145,692	83,899,883	-	83,899,883
Changes in net assets from operations	(6,562,267)	(384,762)	(6,947,029)	273,230	490,370	763,600
Non-Operating Revenue (Loss):						
Investment return reduced by spending policy	5,475,729	1,990,186	7,465,915	(983,229)	(5,080,375)	(6,063,604)
Grants for capital and endowment	-	1,786,961	1,786,961	-	889,369	889,369
Donated equipment	284,513	-	284,513	-	-	-
Write-off of endowment pledge	-	-	-	-	(3,000,000)	(3,000,000)
Total non-operating revenue (loss)	5,760,242	3,777,147	9,537,389	(983,229)	(7,191,006)	(8,174,235)
Changes in net assets	$ (802,025)	$ 3,392,385	$ 2,590,360	$ (709,999)	$ (6,700,636)	$ (7,410,635)

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Statements of Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, June 30, 2021	$ 18,490,228	$ 35,044,614	$ 53,534,842
Changes in net assets	(709,999)	(6,700,636)	(7,410,635)
Net Assets, June 30, 2022	17,780,229	28,343,978	46,124,207
Changes in net assets	(802,025)	3,392,385	2,590,360
Net Assets, June 30, 2023	$ 16,978,204	$ 31,736,363	$ 48,714,567

The accompanying notes are an integral part of these statements.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Changes in net assets	$ 2,590,360	$ (7,410,635)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	3,813,533	3,823,378
Interest - amortization expense	9,209	9,210
Amortization of food services deposit	75,000	75,000
Write-off of endowment pledge	-	3,000,000
Bad debts	12,117	676,953
Grants for capital and endowment	(1,786,961)	(889,369)
Donated equipment	(284,513)	-
Noncash lease expenses	83,816	-
Actuarial adjustment to annuity liability obligations	7,157	8,581
Net unrealized and realized losses (gains) on investments	(3,300,942)	4,734,289
Adjustment to carrying value of land held for investment	(6,500,000)	-
Changes in operating assets and liabilities:		
Student accounts receivable	(45,804)	106,048
Pledges receivable	(49,126)	(643,513)
Other current assets	(547,286)	57,308
Other asset	(321,638)	(263,504)
Accounts payable and accrued expenses	(6,233,292)	(6,745,436)
Deposits held for others	10,978	(258)
Deferred tuition, fees and other	(764,397)	(796,935)
Deposits and other long-term payables	63,323	(150,000)
Net cash used in operating activities	(13,168,466)	(4,408,883)
Cash Flows from Investing Activities:		
Acquisitions of property and equipment	(1,560,691)	(999,445)
Purchases of investments in securities	(431,921)	(92,012)
Proceeds from sale of investments in securities	-	613,066
Decrease in student loans receivable	134,190	217,627
Net cash used in investing activities	(1,858,422)	(260,764)
Cash Flows from Financing Activities:		
Net repayments (issuance) for Federal student loans	346,410	(474,883)
Principal payments on notes payable to a bank	(153,641)	(146,017)
Net draws on line of credit	8,000,000	-
Principal payments of bonds payable	(1,467,992)	(1,371,656)
Principal payments to annuitants	(21,449)	(24,477)
Grants for capital and endowment	2,137,298	1,239,706
Net cash provided by (used in) financing activities	8,840,626	(777,327)
Net Change in Cash, Cash Equivalents and Restricted Cash	(6,186,262)	(5,446,974)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	14,717,537	20,164,511
End of year	$ 8,531,275	$ 14,717,537
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	$ 5,640,964	$ 12,528,221
Current portion of restricted cash	849,887	777,923
Restricted cash, net of current portion	2,040,424	1,411,393
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$ 8,531,275	$ 14,717,537
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest - expensed	$ 1,396,517	$ 1,423,790
Supplemental Disclosure of Non-Cash Information:		
Right-to-use assets - operating leases obtained in exchange for operating lease obligation	$ 1,261,155	$ -
Right-to-use assets - finance leases obtained in exchange for finance lease obligation	$ 249,688	$ -

REGIS COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023									2022
	Program									
	Instruction	Student Services	Academic Services	Auxiliary Enterprises	Total Program	Institutional Support	Development	Plant	Total	Total
Personnel and Related Costs:										
Salaries and wages	$ 19,525,021	$ 4,518,615	$ 3,560,716	$ 1,226,212	$ 28,830,564	$ 7,314,370	$ 1,097,154	$ 1,621,544	$ 38,863,632	$ 37,073,040
Payroll taxes and fringe benefits	3,613,632	1,527,169	1,083,643	406,679	6,631,123	1,479,755	244,954	352,723	8,708,555	8,366,757
Work study wages and student employment	17,731	198,059	54,967	77,794	348,551	35,139	3,691	-	387,381	175,008
Total personnel and related costs	23,156,384	6,243,843	4,699,326	1,710,685	35,810,238	8,829,264	1,345,799	1,974,267	47,959,568	45,614,805
Occupancy:										
Depreciation and amortization	1,588,021	593,724	382,534	281,689	2,845,968	853,202	114,363	-	3,813,533	3,823,378
Repairs and maintenance	-	-	-	-	-	-	-	1,800,554	1,800,554	1,736,239
Utilities	45,165	37,245	-	6,426	88,836	62,329	-	1,525,473	1,676,638	1,735,732
Total occupancy	1,633,186	630,969	382,534	288,115	2,934,804	915,531	114,363	3,326,027	7,290,725	7,295,349
Other:										
Online support services	-	-	-	-	-	14,713,920	-	-	14,713,920	15,720,338
Consulting and contracted services	1,266,734	241,947	48,209	23,727	1,580,617	2,052,071	-	474,065	4,106,753	2,861,962
Food service	-	-	-	2,144,782	2,144,782	-	-	-	2,144,782	2,078,300
Student activities and events	162,930	1,205,385	-	220,537	1,588,852	243,677	-	-	1,832,529	1,463,682
Interest	587,575	219,680	132,668	104,226	1,044,149	311,083	42,315	-	1,397,547	1,350,904
Program supplies	457,523	295,481	273,198	133,806	1,160,008	198,804	2,264	14,801	1,375,877	1,858,580
Miscellaneous	391,537	79,723	408,063	49,182	928,505	160,195	248	-	1,088,948	879,618
Travel, meals and entertainment	20,774	445,899	38,862	1,632	507,167	85,702	123,398	-	716,267	608,532
Insurance	-	-	-	-	-	599,968	-	-	599,968	606,141
Advertising	49,078	460,861	-	1,425	511,364	55,349	-	-	566,713	496,357
Technology	397,732	51,579	-	9,301	458,612	79,973	7,559	5,288	551,432	730,531
Legal and professional fees	-	-	-	-	-	485,311	-	-	485,311	641,576
Transportation	-	2,106	-	-	2,106	-	-	385,030	387,136	306,875
Memberships and subscriptions	28,052	51,149	34,515	7,546	121,262	102,760	20,845	-	244,867	331,430
Postage, printing and publications	6,954	46,622	2,721	4,273	60,570	22,800	159,103	-	242,473	182,723
Telephone	7,555	10,994	462	68,996	88,007	110,243	-	6,214	204,464	195,227
Outside events	-	-	-	-	-	82,538	63,792	-	146,330	-
Professional development	7,829	11,371	23,772	4,925	47,897	26,752	649	2,667	77,965	-
Bad debts	-	-	-	-	-	12,117	-	-	12,117	676,953
Total other	3,384,273	3,122,797	962,470	2,774,358	10,243,898	19,343,263	420,173	888,065	30,895,399	30,989,729
Total expenses before plant allocation	28,173,843	9,997,609	6,044,330	4,773,158	48,988,940	29,088,058	1,880,335	6,188,359	86,145,692	83,899,883
Plant Allocation	2,514,715	990,937	598,439	470,144	4,574,235	1,423,250	190,874	(6,188,359)	-	-
Total expenses	$ 30,688,558	$ 10,988,546	$ 6,642,769	$ 5,243,302	$ 53,563,175	$ 30,511,308	$ 2,071,209	$ -	$ 86,145,692	$ 83,899,883

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program: Instruction	Program: Student Services	Program: Academic Services	Program: Auxiliary Enterprises	Program: Total Program	Institutional Support	Development	Plant	Total
Personnel and Related Costs:									
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
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
Work study wages and student employment	9,993	181,739	63,617	61,174	316,523	(147,332)	1,575	4,242	175,008
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
Occupancy:									
Depreciation	1,605,348	593,967	314,412	282,420	2,796,147	918,667	108,564	-	3,823,378
Repairs and maintenance	38,465	56,907	-	-	95,372	52,181	-	1,588,686	1,736,239
Utilities	-	-	-	-	-	-	-	1,735,732	1,735,732
Total occupancy	1,643,813	650,874	314,412	282,420	2,891,519	970,848	108,564	3,324,418	7,295,349
Other:									
Online support services	-	-	-	-	-	15,720,338	-	-	15,720,338
Consulting and contracted services	201,043	295,977	78,194	16,687	591,901	1,706,272	79,479	484,310	2,861,962
Food service	-	-	-	2,078,300	2,078,300	-	-	-	2,078,300
Student activities and events	17,500	966,814	-	212,273	1,196,587	267,095	-	-	1,463,682
Interest	563,347	208,434	110,333	99,106	981,220	331,587	38,097	-	1,350,904
Program supplies	285,874	268,771	314,688	62,750	932,083	906,275	8,406	11,816	1,858,580
Miscellaneous	332,002	165,609	159,968	31,124	688,703	132,627	58,037	251	879,618
Travel, meals and entertainment	19,235	408,689	8,209	1,890	438,023	32,533	137,976	-	608,532
Insurance	-	-	-	-	-	606,141	-	-	606,141
Advertising	61,520	393,261	741	775	456,297	40,060	-	-	496,357
Technology	266,361	49,986	254,124	7,563	578,034	129,064	760	22,673	730,531
Legal and professional fees	-	-	-	-	-	641,576	-	-	641,576
Transportation	-	1,151	-	-	1,151	-	-	305,724	306,875
Memberships and subscriptions	13,673	54,369	116,300	6,331	190,673	113,109	18,636	9,012	331,430
Postage, printing and publications	7,220	46,853	3,350	1,631	59,054	20,925	102,698	46	182,723
Telephone	7,646	8,290	630	74,415	90,981	99,093	-	5,153	195,227
Bad debts	-	-	-	-	-	676,953	-	-	676,953
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
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
Plant Allocation	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

The accompanying notes are an integral part of these statements.

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).

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued guidance ASC 842, *Leases,* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities in the combined statement of financial position.

The College elected to adopt Topic 842 on July 1, 2022, using the alternative transition method provided in Accounting Standards Update (ASU) 2018-11. Under this transition method, financial information related to years prior to adoption were as originally reported under Topic 840. The adoption of Topic 842 did not impact net assets as of July 1, 2022. The College elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the College to carry forward the historical lease classification as operating leases. The College also elected to combine lease and non-lease components and to exclude short-term leases from combined statement of financial position. The College did not elect the hindsight practical expedient in determining the lease term for the existing leases as of July 1, 2022.

The most significant impact of adoption was the recognition of operating lease assets of $1,261,155, operating lease liabilities of $1,358,546 (see Note 7), a finance lease asset of $249,688, and a finance lease obligation of $245,194 (see Note 7). As part of adoption, the College also modified its control procedures and processes, none of which materially affected the internal controls over financial reporting.

During fiscal year 2023, the College also adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The adoption of this ASU did not impact the College's net asset classes, results of operations, or cash flows for the year ended June 30, 2023. This ASU has been applied retrospectively to all periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 12). Such funds are shown as long-term in the accompanying statements of financial position as funds are re-loaned by the College after collection. In the event that the College elects to no longer participate 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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Securities (Continued)

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, 2023 and 2022. 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 15).

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

	2023	2022
Beginning balance	$ 21,100,000	$ 21,100,000
Increase in carrying value (see Note 4)	6,500,000	-
Ending balance	$ 27,600,000	$ 21,100,000

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

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, 2023 and 2022, 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.

Leases

The College determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, vehicle, or equipment (an identified asset) in exchange for consideration. The College determines such assets are leased because the College has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the College determines it does not have the right to control and direct the use of the identified asset.

In evaluating its contracts, the College separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings, apartments and vehicles. The College has elected the practical expedient to not separate lease and non-lease components, and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities in the accompanying balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The College determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The College uses the implicit rate when readily determinable. Since most of the College’s leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement.

The lease term may include options to extend or to terminate the lease that the College is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The College has elected not to record leases with an initial term of twelve months or less on the balance sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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

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.

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 represents a portion of the College's investment in land (see page 10) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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

	2023	2022
Subject to expenditure for specified purpose:		
Other operating expenses	$ 2,868,736	$ 2,868,861
Scholarships	877,140	1,712,026
Capital	123,803	-
	3,869,679	4,580,887
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until collected	1,058,549	608,300
Subject to the College's endowment spending policy and appropriation (see Note 5):		
Investment in perpetuity (including amounts above the original gift amounts of $21,357,603 and $19,694,445 as of June 30, 2023 and 2022, respectively), which once appropriated is expendable to support:		
Scholarships	18,216,799	15,875,373
Educational programs	6,772,888	4,757,709
General use	1,818,448	2,521,709
	26,808,135	23,154,791
	$ 31,736,363	$ 28,343,978

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, 2023 and 2022:

	2023	2022
Expiration of time restrictions:		
Annual fund	$ 149,623	$ 70,608
Satisfaction of purpose restrictions:		
Educational programs	2,021,968	670,875
Purpose restricted pledge payments	667,731	78,987
Scholarships	222,089	588,757
	3,061,411	1,409,227
Restricted-purpose endowment spending distributions and appropriations:		
Scholarships (see Note 4)	636,561	289,044
Educational programs	151,000	135,000
General use	117,000	147,500
	904,561	571,544
	$ 3,965,972	$ 1,980,771

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and donated equipment.

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.

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 the option of 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 13).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023 and 2022. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 10).

In-Kind Contributions

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The College received contributed equipment during the year ended June 30, 2023, with a fair value on the dates of donation of $284,513. This amount has been reported have been reported as donated equipment in the accompany fiscal year 2023 statement of activities. The College recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. There was no recognition of contributed services for the years ended June 30, 2023 and 2022.

Subsequent Events

Subsequent events have been evaluated through October 27, 2023, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Related Party

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 has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees may participate in any decision in which he or she has a material financial interest. Each Trustee and senior manager are required to certify compliance with the conflict of interest policy on an annual basis, as well as disclose any potential related-party transactions to the audit committee. When such a relationship exists, the College requires that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the College. For senior management, the College requires annual disclosure of significant financial interests in, or governance of employment or consulting relationships with, entities doing business with the College. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interest of the College.

3. PLEDGES RECEIVABLE

Pledges receivable are due as follows at June 30, 2023:

	Other
Due within one year	$ 738,928
Due in two to five years	335,125
Due beyond five years	10,500
	1,084,553
Less - allowance for uncollectable accounts	(25,317)
	1,059,236
Less - current portion, non-endowment	738,928
Long-term pledges receivable, net	$ 320,308

Pledges receivable are due as follows at June 30, 2022:

	Endowment	Other	Total
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	100,000	18,000	118,000
	422,147	1,024,953	1,447,100
Less - discount	(10,672)	-	(10,672)
	411,475	1,024,953	1,436,428
Less - allowance for uncollectable accounts	-	(75,981)	(75,981)
	411,475	948,972	1,360,447
Less - current portion, non-endowment	-	(418,651)	(418,651)
Long-term pledges receivable, net	$ 411,475	$ 530,321	$ 941,796

Long-term pledges have been discounted using discount factors based on U.S. Treasury note rates as of June 30, 2022. There was no discount calculated as of June 30, 2023, as it was not deemed material to the financial statements. As of June 30, 2023, pledges from three donor represent 80% of pledges receivable. All pledges receivable for endowment were classified as long-term in the accompanying statement of financial position at June 30, 2022, due to the permanent and long-term nature of the funds.

4. INVESTMENTS IN SECURITIES

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

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed income securities:				
Bond mutual funds	$ 3,948,211	$ -	$ -	$ 3,948,211
Equity securities:				
Corporate stocks	20,525,300	-	-	20,525,300
Mutual funds	3,606,187	-	-	3,606,187
Exchange-traded funds	2,610,177	-	-	2,610,177
Total	$ 30,689,875	$ -	$ -	$ 30,689,875

	2022			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
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	2,470,578	-	-	2,470,578
Total	$ 26,957,012	$ -	$ -	$ 26,957,012

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:

	2023	**2022**
Endowment investments in securities	$ 21,134,292	$ 18,094,909
Short-term investments in securities	9,555,583	8,862,103
Total	$ 30,689,875	$ 26,957,012

4. INVESTMENTS IN SECURITIES (Continued)

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). 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:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, net of fees	$ 80,427	$ 281,846	$ 362,273
Net realized losses	(32,892)	(181,422)	(214,314)
Net unrealized gains	7,006,633	2,794,323	9,800,956
Net return from investments in securities	7,054,168	2,894,747	9,948,915
Less - investment return designated for current operations	(1,578,439)	(904,561)	(2,483,000)
Investment return reduced by spending policy	$ 5,475,729	$ 1,990,186	$ 7,465,915

2022	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, net of fees	$ 34,257	$ 266,015	$ 300,272
Net realized losses	(170,277)	(839,081)	(1,009,358)
Net unrealized losses	(798,694)	(3,935,765)	(4,734,459)
Net return from investments in securities	(934,714)	(4,508,831)	(5,443,545)
Less - investment return designated for current operations	(48,515)	(571,544)	(620,059)
Investment return reduced by spending policy	$ (983,229)	$ (5,080,375)	$ (6,063,604)

Investment fees were $283,807 and $347,863 for the years ended June 30, 2023 and 2022, respectively, and have been netted against investment income.

5. ENDOWMENT

A reconciliation of endowment activity is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 17,433,957	$ 30,948,393	$ 48,382,350
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)
Appropriation of endowment assets for expenditure (see Note 4)	(983,229)	(571,544)	(1,554,773)
Net change in endowment	(983,229)	(7,793,602)	(8,776,831)
Endowment net assets, June 30, 2022	16,450,728	23,154,791	39,605,519
Total investment returns	-	2,894,747	2,894,747
Contributions	-	1,663,158	1,663,158
Adjustment to the carrying value of investment in land	6,500,000	-	6,500,000
Appropriation of endowment assets for expenditure (see Note 4)	(1,024,271)	(904,561)	(1,928,832)
Net change in endowment	5,475,729	3,653,344	9,129,073
Endowment net assets, June 30, 2023	$ 21,926,457	$ 26,808,135	$ 48,734,592

6. PROPERTY AND EQUIPMENT

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

	2023	2022
Building and land improvements	$ 61,658,791	$ 60,199,057
Buildings	42,219,148	42,219,148
Furniture and equipment	15,190,684	15,168,774
Sewer facilities	5,306,177	5,306,177
Computer equipment	4,156,151	3,835,409
Land	522,323	522,323
Vehicles	278,472	235,654
	129,331,746	127,486,542
Less - accumulated depreciation	(89,504,302)	(85,690,769)
Net property and equipment placed in service	39,827,444	41,795,773
Work in progress	392,319	392,319
Total	$ 40,219,763	$ 42,188,092

Depreciation expense for the years ended June 30, 2023 and 2022, was $3,813,533 and $3,823,378, respectively. Work in progress consists of ongoing projects that had not been completed or placed into service as of year-end.

7. LEASES

The College has entered into the following lease arrangements:

Finance Lease

The College has one equipment lease that expires in May 2028 that qualifies as a finance lease. The lease requires monthly payments of approximately $4,500. Termination of the lease is prohibited unless there is a violation under the lease agreement.

Operating Leases

During 2019, The College signed a seven-year lease agreement for a dental program space in Waltham, Massachusetts. The lease requires escalating monthly payments through the end of the lease term, which is set to expire in March 2026. Termination of the lease is prohibited unless there is a violation under the lease agreement.

The College also has operating lease agreements for equipment that have various expiration dates between October 2023 through August 2024. Monthly payments for the office equipment leases range from approximately $532 to $4,500 over the lease terms. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The College also has operating lease agreements for vehicles that have various expiration dates between January 1, 2025 and August 2025. Monthly payments for the vehicle leases range from approximately $760 to $4,750 over the lease terms. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The following summarizes the line items in the accompanying statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease cost included in miscellaneous	$ 410,237
Finance lease costs:	
Amortization of lease assets included in miscellaneous	4,161
Interest on finance lease liabilities included in interest	660
Total lease expense	$ 415,058

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2023:

Weighted-Average Remaining Lease Term:	
Operating leases	2.55 years
Finance leases	4.76 years
Weighted-Average Discount Rate:	
Operating leases	2.85%
Finance leases	3.29%

7. LEASES (Continued)

The maturities of lease liabilities as of June 30, 2023, are as follows:

Year Ending June 30:	Operating	Finance
2024	$ 392,833	$ 53,932
2025	348,028	53,932
2026	262,325	53,932
2027	-	53,932
2028	-	44,946
Total future undiscounted lease payments	1,003,186	260,674
Less - present value discount/interest	(35,935)	(19,314)
Present value of lease liabilities	$ 967,251	$ 241,360

As of June 30, 2023, there were no material leases that have been executed but not yet commenced.

The College recorded rent on a straight-line basis over the term of the leases in accordance with ASU Topic 840, *Leases,* for the year ended June 30, 2022. Total rent expense amounted to $376,637 for the year ended June 30 2022, and is included in miscellaneous expenses in the accompanying 2022 statement of functional expenses.

The following is a schedule of future minimum lease payments in accordance with the lease agreements as of June 30:

2023	$ 320,037
2024	$ 330,530
2025	$ 341,022
2026	$ 262,325

8. 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:

	2023	2022
Beginning balance	$ 125,893	$ 141,789
Change in value	(6,979)	(15,896)
Ending balance	$ 118,914	$ 125,893

8. SPLIT-INTEREST AGREEMENTS (Continued)

Gifts Subject to Life Interests (Continued)

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, 2023 and 2022.

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).

9. RESTRICTED CASH

Self-Funded Health Care Plan Escrow

Under the self-funded health care plan participation agreement (see Note 18), 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 11), 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, 2023 and 2022.

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 12). 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. Federal and Institutional Capital Contributions during the year ended June 30, 2023, were $395,564 and $248,072, respectively. Federal and Institutional Capital Contributions during the year ended June 30, 2022, were $979,630 and $108,848, respectively.

Nursing Student Loans

During fiscal year 2023, the College entered into an agreement with the Nurse Student Loans, Section 846A of the Public Health Service Act, to establish and operate a student loan fund to increase the number of nursing students (see Note 12). In accordance with the terms of the agreement, the College has established a loan fund to be used only for making Nurse Student Loans to eligible students and for the costs associated with collection of these loans. Federal and Institutional Capital Contributions during the year ended June 30, 2023, were $990,000 and $110,000, respectively.

9. RESTRICTED CASH (Continued)

Restricted cash consists of the following at June 30:

	2023	2022
Current portion:		
Self-funded health care plan escrow	$ 775,081	$ 777,923
Division of professional studies	20,111	-
Line of credit reserve	54,695	-
Total current portion of restricted cash	849,887	777,923
Non-current portion:		
MDFA debt service reserve funds - 2013 Bonds	1,040,711	1,036,823
Nursing student loans	996,594	
Nursing faculty loan program	3,119	374,570
Total non-current portion of restricted cash	2,040,424	1,411,393
Total restricted cash	$ 2,890,311	$ 2,189,316

10. NOTES PAYABLE TO A BANK

The College has an on-demand line of credit agreement, amended during fiscal year 2023 to a revolving, with a bank in the amount of $15,000,000. Borrowings under the agreement bear interest at the bank's base lending rate (8.25% and 5.50% at June 30, 2023 and 2022, 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 not in compliance with certain financial covenants as of June 30, 2023, however, received a waiver from the bank. The College was in compliance with these covenants at June 30, 2022. As of June 30, 2023, the outstanding balance was $8,000,000. There was no outstanding balance at June 30, 2022.

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 $665,622 and $819,263 as of June 30, 2023 and 2022, respectively.

Interest Expense

Interest expense was $210,497 and $54,358 for the years ended June 30, 2023 and 2022, respectively.

Maturities

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

2024	$ 160,890
2025	$ 169,350
2026	$ 178,256
2027	$ 157,124

11. 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 9), 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:

	2023	2022
Bonds payable	$ 40,007,747	$ 41,475,739
Less - unamortized debt issuance costs	(184,191)	(193,400)
	39,823,556	41,282,339
Less - current portion	(1,484,395)	(1,444,099)
Bonds payable and unamortized debt issuance costs, net of current portion	$ 38,339,161	$ 39,838,240

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 $9,209 and $9,210 for the years ended June 30, 2023 and 2022, respectively.

Interest Expense

Interest incurred on the bonds payable was $1,186,390 and $1,282,785 for the years ended June 30, 2023 and 2022, respectively.

Maturities

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

2024	$ 1,484,395
2025	$ 1,532,313
2026	$ 1,576,469
2027	$ 1,626,023
2028	$ 1,672,224

The bonds payable agreements contain certain financial covenants with which the College was not in compliance with as of June 30, 2023, however, received a waiver from the bank. The College was in compliance with these covenants at June 30, 2022.

12. 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 were $1,266,794 and $1,424,950 of Perkins Loan Program advances outstanding as of June 30, 2023 and 2022, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position. Included in cash and cash equivalents is $150,891 and $241,585 of funds held for the Perkins Loan Program at June 30, 2023 and 2022, 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 Nursing Faculty Loan Program (see Note 9) 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 were $3,119 and $374,570 of Nursing Faculty Loan Program funds outstanding as of June 30, 2023 and 2022, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position.

Nursing Student Loans (see Note 9) is administered under the Title VIII Public Health Service Act, designed to increase the number of nursing students by providing loans to students in advanced education nursing programs. Loans have a 5% fixed interest rate and nine-month deferral after graduation or non-enrollment. After the nine-month deferral period, payments are due over a ten-year repayment period. There were $876,017 of Nursing Student Loans funds outstanding as of June 30, 2023, which is included in advances for Federal student loans in the accompanying fiscal year 2023 statement of financial position.

13. 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, 2023 and 2022, is comprised of the following:

	2023	2022
Student deposits	$ 5,100,474	$ 5,875,755
Daycare fees and other	212,079	201,195
Total	$ 5,312,553	$ 6,076,950

14. DONATED PROPERTY

Donated property is recognized if it enhances non-financial assets or would typically need to be purchased if not provided by donation. Donated property was utilized by the College's programs services operations. There were no donor-imposed restrictions associated with the donated property.

15. 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. Effective September 22, 2022, the college increased the contribution for qualified employees enrolled in the Plan from 3.0% to 3.5% percentage and made contributions totaling $921,980 and $606,334, respectively.

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, 2023 and 2022, $495,525 and $446,713, respectively, were accrued under this agreement and are included in deposits and other long-term payables in the accompanying statements of financial position.

16. 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.

17. 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.

18. 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, 2023 and 2022, the College has accrued $205,910 and $242,678, 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.

18. COMMITMENTS (Continued)

Self-Funded Health Care Plan (Continued)

As of June 30, 2023 and 2022, the College had accumulated an equity position in the plan of $1,705,919 and $1,384,281, 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 $321,638 and $263,504 during the years ended June 30, 2023 and 2022, 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 9).

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, 2023 and 2022, the College recognized $75,000, which is included in facilities rentals and other income in the accompanying statements of activities. The unamortized amounts of $225,000 and $300,000 are included in deposits and other long-term payables in the accompanying statements of financial position as of June 30, 2023 and 2022, 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 2023 and 2022, the College incurred fees of $14,713,920 and $15,720,338, respectively, to the Vendor, which is reflected as online support services in the accompanying statements of functional expenses. As of June 30, 2023 and 2022, the College has accrued $2,619,020 and $8,325,660, respectively, for amounts owed to the Vendor, which are included in accounts payable and accrued expenses in the accompanying statements of financial position.

Memorandum of Understanding

The College had 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 had access to certain facilities of the Associate, as outlined in the agreement. The College was required to pay on a square footage basis for the use of such space, in addition to clerical and security related charges. The College elected to end this agreement at the end of fiscal year 2022.

19. 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:

	2023	2022
Cash and cash equivalents	$ 5,640,964	$ 12,528,221
Short-term investments in securities (see Note 4)	9,555,583	8,862,103
Student accounts receivable, net of allowance	245,577	211,890
Current portion of pledges receivable (see Note 3)	738,928	418,651
Other current assets	1,187,716	640,430
Total financial assets	17,368,768	22,661,295
Less - amounts restricted by donors for a specific purpose (see Note 2)	(3,869,679)	(4,580,887)
	$ 13,499,089	$ 18,080,408

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 10) which allowed for additional available borrowings up to $7,000,000 and $15,000,000 as of June 30, 2023 and 2022, respectively.