



FINANCIAL STATEMENTS
JUNE 30, 2024

REGIS COLLEGE

Contents
June 30, 2024

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Independent Auditor's Report

To the Board of Trustees of
Regis College:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regis College (a Massachusetts corporation, not for profit) (the College) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Regis College as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. 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, 2023, the College adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. 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.

AAFCPA, Inc.

Boston, Massachusetts
January 10, 2025

REGIS COLLEGEStatement of Financial Position
June 30, 2024**Assets**

Current Assets:

Cash and cash equivalents	\$ 5,995,929
Short-term investments in securities	4,697,756
Current portion of restricted cash	419,632
Student accounts receivable, net of allowance for credit losses of approximately \$457,000	1,743,752
Current portion of pledges receivable	635,375
Other current assets	1,597,656
Total current assets	<u>15,090,100</u>

Restricted Cash, net of current portion	1,692,923
Investments in Securities, net of current portion	24,600,259
Pledges Receivable, net of current portion, discount and allowance for doubtful accounts of approximately \$28,000	420,960
Right-Of-Use Assets - Finance	195,589
Right-Of-Use Assets - Operating	597,043
Other Asset	1,396,153
Investment in Land	27,600,000
Property and Equipment, net	<u>38,206,200</u>
Total assets	<u>\$ 109,799,227</u>

Liabilities and Net Assets

Current Liabilities:

Line of credit	\$ 15,000,000
Current portion of bonds payable	1,532,318
Current portion of notes payable to a bank	170,517
Current portion of finance lease liabilities	48,407
Current portion of operating lease liabilities	391,553
Accounts payable and accrued expenses	5,227,584
Deposits held for others	197,029
Deferred tuition, fees and other	4,455,621
Total current liabilities	<u>27,023,029</u>

Bonds Payable, net of unamortized debt issuance costs and current portion	36,816,050
Notes Payable to a Bank, net of current portion	333,725
Finance lease liabilities, net of current portion	146,112
Operating lease liabilities, net of current portion	269,315
Advances for Federal Student Loans	1,090,795
Deposits and Other Long-Term Payables	<u>795,016</u>
Total liabilities	<u>66,474,042</u>

Net Assets:

Without donor restrictions:

Operating and property and equipment	(13,290,233)
Board designated for endowment	20,770,520
Total without donor restrictions	<u>7,480,287</u>

With donor restrictions

Total net assets	<u>35,844,898</u>
	<u>43,325,185</u>

Total liabilities and net assets	<u>\$ 109,799,227</u>
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REGIS COLLEGEStatement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Tuition and fees	\$ 78,938,951	\$ -	\$ 78,938,951
Scholarships and grants	(25,464,456)	-	(25,464,456)
Tuition and fees, net	53,474,495	-	53,474,495
Auxiliary enterprises	10,043,042	-	10,043,042
Facilities rentals and other income	3,889,093	-	3,889,093
Investment return designated for current operations	1,561,308	928,465	2,489,773
Grants and contributions	738,226	1,388,744	2,126,970
Annual Fund contributions	1,548,058	305,730	1,853,788
Net assets released from restrictions	2,572,730	(2,572,730)	-
Total operating revenue	73,826,952	50,209	73,877,161
Operating Expenses:			
Instruction	29,776,400	-	29,776,400
Student services	10,560,796	-	10,560,796
Academic services	6,468,644	-	6,468,644
Auxiliary enterprises	5,251,471	-	5,251,471
Institutional support	29,045,253	-	29,045,253
Development	1,935,649	-	1,935,649
Total operating expenses	83,038,213	-	83,038,213
Changes in net assets from operations	(9,211,261)	50,209	(9,161,052)
Non-Operating Revenue:			
Grants for capital and endowment	-	1,540,529	1,540,529
Investment return reduced by spending policy	(1,143,542)	2,517,797	1,374,255
Total non-operating revenue	(1,143,542)	4,058,326	2,914,784
Changes in net assets	\$ (10,354,803)	\$ 4,108,535	\$ (6,246,268)

REGIS COLLEGEStatement of Changes in Net Assets
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, July 1, 2023	\$ 16,978,204	\$ 31,736,363	\$ 48,714,567
Cumulative adjustment from adoption of new credit loss standard	856,886	-	856,886
Changes in net assets	<u>(10,354,803)</u>	<u>4,108,535</u>	<u>(6,246,268)</u>
Net Assets, June 30, 2024	<u><u>\$ 7,480,287</u></u>	<u><u>\$ 35,844,898</u></u>	<u><u>\$ 43,325,185</u></u>

REGIS COLLEGEStatement of Cash Flows
For the Year Ended June 30, 2024**Cash Flows from Operating Activities:**

Changes in net assets	\$ (6,246,268)
Adjustments to reconcile changes in net assets to net cash, cash equivalents and restricted cash used in operating activities:	
Depreciation and amortization	3,728,969
Interest - amortization expense	9,210
Amortization of food services deposit	75,000
Recovery for credit loss	(146,998)
Grants for capital and endowment	(1,540,529)
Noncash lease expenses	45,777
Actuarial adjustment to annuity liability obligations	5,807
Net unrealized and realized gains on investments	(3,426,364)
Changes in operating assets and liabilities:	
Student accounts receivable	(494,291)
Other current assets	(409,940)
Pledges receivable	(82,099)
Other asset	309,766
Accounts payable and accrued expenses	(1,258,537)
Change in operating lease liabilities	(19,997)
Deposits held for others	52,276
Deferred tuition, fees and other	(856,932)
Advances for federal student loans	818,207
Deposits and other long-term payables	33,559
Net cash used in operating activities	<u>(9,403,384)</u>

Cash Flows from Investing Activities:

Acquisitions of property and equipment	(1,715,406)
Purchases of investments in securities	(142,668)
Proceeds from sale of investments in securities	4,960,892
Net cash provided by investing activities	<u>3,102,818</u>

Cash Flows from Financing Activities:

Net issuance for Federal student loans	(1,055,135)
Principal payments on notes payable to a bank	(161,380)
Net draws on line of credit	7,000,000
Principal payments of bonds payable	(1,484,398)
Payments on finance lease obligations	(46,841)
Grants for capital and endowment	1,625,529
Net cash provided by financing activities	<u>5,877,775</u>

Net Change in Cash, Cash Equivalents and Restricted Cash (422,791)

Cash, Cash Equivalents and Restricted Cash:

Beginning of year	<u>8,531,275</u>
End of year	<u>\$ 8,108,484</u>

Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported**Within the Statement of Financial Position:**

Cash and cash equivalents	\$ 5,995,929
Current portion of restricted cash	419,632
Restricted cash, net of current portion	<u>1,692,923</u>

Total cash, cash equivalents and restricted cash shown
in the statements of cash flows \$ 8,108,484

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest - expensed	<u>\$ 2,326,889</u>
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REGIS COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program				Institutional Support	Development	Plant	Total
	Instruction	Student Services	Academic Services	Auxiliary Enterprises				
Personnel and Related Costs:								
Salaries and wages	\$ 18,994,125	\$ 4,339,572	\$ 3,350,117	\$ 1,201,350	\$ 6,248,858	\$ 1,068,569	\$ 1,662,561	\$ 36,865,152
Payroll taxes and fringe benefits	3,359,756	1,506,825	1,006,331	467,998	1,756,774	255,329	316,494	8,669,507
Work study wages and student employment	35,889	228,327	50,819	87,910	-	1,737	-	404,682
Total personnel and related costs	22,389,770	6,074,724	4,407,267	1,757,258	8,005,632	1,325,635	1,979,055	45,939,341
Occupancy:								
Depreciation and amortization	1,322,769	476,093	282,991	232,952	1,325,217	88,947	-	3,728,969
Utilities	-	-	-	-	-	-	2,346,527	2,346,527
Repairs and maintenance	44,019	21,786	-	-	54,128	-	1,697,564	1,817,497
Total occupancy	1,366,788	497,879	282,991	232,952	1,379,345	88,947	4,044,091	7,892,993
Other:								
Online support services	-	-	-	-	12,771,743	-	-	12,771,743
Consulting and contracted services	1,458,998	230,875	60,712	26,857	1,425,873	-	86,041	3,289,356
Interest	806,153	290,152	172,467	141,971	862,630	54,208	-	2,327,581
Food service	-	-	-	2,268,447	2,268,447	-	-	2,268,447
Student activities and events	93,511	1,315,877	62,326	212,640	1,684,354	-	-	1,942,197
Program supplies	491,492	280,900	267,152	66,816	1,106,360	1,418	19,805	1,315,031
Travel, meals and entertainment	13,010	375,972	222,745	1,523	613,250	177,305	-	871,346
Technology	409,664	38,187	277,718	6,480	732,049	74,055	13,717	819,821
Insurance	-	-	-	-	679,960	-	-	679,960
Miscellaneous	366,955	48,413	153,781	44,605	613,754	440	-	674,967
Legal and professional fees	-	-	-	-	564,474	-	-	564,474
Advertising	84,172	425,961	-	1,182	511,315	-	-	563,305
Transportation	20,780	1,247	-	-	22,027	-	328,226	350,253
Memberships and subscriptions	19,011	57,308	55,906	5,357	137,582	27,055	100	240,787
Outside events	-	-	-	-	178,527	33,363	-	211,890
Postage, printing and publications	15,576	67,470	1,887	495	85,428	70,038	493	170,613
Telephone	7,077	9,534	378	72,448	89,437	-	5,365	116,565
Professional development	4,324	4,675	3,051	635	12,685	-	5,834	27,543
Total other	3,790,723	3,146,571	1,278,123	2,849,456	17,317,598	363,827	459,581	29,205,879
Total expenses before plant allocation	27,547,281	9,719,174	5,968,381	4,839,666	48,074,502	1,778,409	6,482,727	83,038,213
Plant Allocation	2,229,119	841,622	500,263	411,805	2,342,678	157,240	(6,482,727)	-
Total expenses	\$ 29,776,400	\$ 10,560,796	\$ 6,468,644	\$ 5,251,471	\$ 52,057,311	\$ 1,935,649	\$ -	\$ 83,038,213

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

1. OPERATIONS AND NONPROFIT STATUS

Regis College (the College) is a 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 a Division of Professional Studies, 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 Pronouncement

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial statements held by the College that are subject to the guidance in ASC Topic 326 were student accounts receivable.

The College adopted the standard effective July 1, 2023, utilizing a cumulative-effect adjustment for all financial assets measured at amortized cost. As a result of the adoption, the College recorded a transition adjustment, which included an \$856,886 decrease to the allowance for credit losses for student accounts receivable, which is presented on the statement of financial position as a reduction to the total amount of student accounts receivable. In addition, the transition adjustment resulted in an increase of \$856,886 to beginning net assets as of July 1, 2023, which represents the cumulative effect of adopting ASC Topic 326.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Student Accounts Receivable and Allowance for Credit Losses**

Student accounts receivable are recorded at the invoiced amounts and do not bear interest. Accounts receivable are presented net of the College's allowance for credit losses as of June 30, 2024. The College accounts for credit losses under Topic 326 using an expected credit loss impairment model for financial instruments. The College's expected credit allowance methodology for accounts receivable is developed using historical experience, present economic conditions, and other relevant factors management considers relevant to estimate expected credit losses. Management performs ongoing evaluations of the College's existing and potential student trends and future expectations. Individual uncollectible accounts are written-off against the allowance. Changes to the allowance for expected credit losses for the year ended June 30, 2024, are recorded as miscellaneous expenses in the accompanying statement of functional expenses. Student accounts receivable was \$2,309,887 as of July 1, 2023.

Changes in the allowance for credit losses are as follows for the year ended June 30, 2024:

Beginning balance	\$ 603,590
Change in estimate	<u>(146,998)</u>
Ending balance	<u>\$ 456,592</u>

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 statement 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 statement 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 (\$27,600,000) is a reasonable estimate of fair value as of June 30, 2024. 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).

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost (see Note 7). 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, 2024, 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.

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

The College assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The College only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with initial terms, including renewal options, of twelve months or less are treated as short-term leases and are not recorded on the statement of financial position. The College's leases generally do not have residual value guarantees or restrictive covenants.

The College's leases are presented as a right-of-use asset (ROU) with a corresponding current and long-term lease liabilities in the accompanying statement of financial position. The ROU assets represent the College's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

Operating and finance lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The College uses the implicit discount rate when it is readily determinable. Since the College's leases do not provide an implicit rate, the College uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments.

Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. The College accounts for the lease and non-lease components as a single lease component except for non-lease components for which there is variability in future lease payments. The College does not have lease agreements with non-lease components as of June 30, 2024. Lease expense is recognized on a straight-line basis over the lease term. The College's lease terms may include options to extend or terminate leases when it is reasonably certain that the options will be exercised.

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.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

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 represents a portion of the College's investment in land 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, 2024:

Subject to expenditure for specified purpose:	
Other operating expenses	\$ 2,420,728
Scholarships	996,699
	<u>3,417,427</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>997,732</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 \$22,898,132 as of June 30, 2024), which once appropriated is expendable to support:	
Scholarships	21,274,889
Educational programs	7,217,036
General use	2,937,814
	<u>31,429,739</u>
Total with donor restriction	<u>\$ 35,844,898</u>

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (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 year ended June 30, 2024:

Expiration of time restrictions:	
Annual fund	\$ 62,603
Satisfaction of purpose restrictions:	
Educational programs	1,100,888
Purpose restricted pledge payments	218,355
Scholarships	138,616
Capital	123,803
	<u>1,581,662</u>
Restricted-purpose endowment spending distributions and appropriations:	
Scholarships (see Note 4)	662,465
Educational programs	133,000
General use	133,000
	<u>928,465</u>
Total net assets released from restrictions	\$ <u>2,572,730</u>

Statement 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 statement 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. The College evaluates its revenue contracts with customers based on the five-step model under Topic ASC 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 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 14).

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.

Advertising Costs

The College expenses advertising costs as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**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, 2024. 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 9), and investment in land (see page 9).

Subsequent Events

Subsequent events have been evaluated through January 10, 2025, which is the date the financial statements were available to be issued. See Notes 12 and 20 for events that met the criteria for disclosure.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

For the year ended June 30, 2024, there were no related party transactions that are required to be disclosed.

3. PLEDGES RECEIVABLE

Pledges receivable are due as follows at June 30, 2024:

	<u>Endowment</u>	<u>Other</u>	<u>Total</u>
Due within one year	\$ -	\$ 635,375	\$ 635,375
Due in two to five years	15,000	424,250	439,250
Due beyond five years	-	10,000	10,000
	<u>15,000</u>	<u>1,069,625</u>	<u>1,084,625</u>
Less - allowance for uncollectable accounts	-	(28,290)	(28,290)
	<u>15,000</u>	<u>1,041,335</u>	<u>1,056,335</u>
Less - current portion, non-endowment	-	(635,375)	(635,375)
Long-term pledges receivable, net	<u>\$ 15,000</u>	<u>\$ 405,960</u>	<u>\$ 420,960</u>

There was no discount calculated as of June 30, 2024, as it was not deemed material to the financial statements. As of June 30, 2024, pledges from three donor represent 68% of pledges receivable.

4. INVESTMENTS IN SECURITIES

The following table presents the College's investments in securities by level within the valuation framework as of June 30, 2024.

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income securities:				
Bond mutual funds	\$ 2,673,402	\$ -	\$ -	\$ 2,673,402
Equity securities:				
Corporate stocks	19,443,251	-	-	19,443,251
Mutual funds	4,250,186	-	-	4,250,186
Exchange-traded funds	<u>2,931,176</u>	<u>-</u>	<u>-</u>	<u>2,931,176</u>
Total	<u>\$ 29,298,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,298,015</u>

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

4. INVESTMENTS IN SECURITIES (Continued)

As presented in the accompanying statement 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, 2024:

Endowment investments in securities	\$ 24,600,259
Short-term investments in securities	<u>4,697,756</u>
Total	<u>\$ 29,298,015</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). The following schedule summarizes the investment return and its classification in the accompanying statement of activities (including change in appreciation of land held for investment) for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net realized gains	\$ 275,483	\$ 2,272,531	\$ 2,548,014
Net unrealized gains	94,964	783,386	878,350
Investment income, net of fees	<u>47,319</u>	<u>390,345</u>	<u>437,664</u>
Net return from investments in securities	417,766	3,446,262	3,864,028
Less - investment return designated for current operations	<u>(1,561,308)</u>	<u>(928,465)</u>	<u>(2,489,773)</u>
Investment return reduced by spending policy	<u>\$ (1,143,542)</u>	<u>\$ 2,517,797</u>	<u>\$ 1,374,255</u>

Investment fees were \$291,601 for the year ended June 30, 2024, and have been netted against investment income.

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, 2023	<u>\$ 21,914,062</u>	<u>\$ 27,371,413</u>	<u>\$ 49,285,475</u>
Total investment returns	-	3,446,262	3,446,262
Contributions	-	1,540,529	1,540,529
Appropriation of endowment assets for expenditure (see Note 4)	<u>(1,143,542)</u>	<u>(928,465)</u>	<u>(2,072,007)</u>
Net change in endowment	<u>(1,143,542)</u>	<u>4,058,326</u>	<u>2,914,784</u>
Endowment net assets, June 30, 2024	<u>\$ 20,770,520</u>	<u>\$ 31,429,739</u>	<u>\$ 52,200,259</u>

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

6. NET ASSET BORROWING

During fiscal year 2024, the Board of Trustees approved a borrowing of certain contributions held in perpetuity to allow the College to use the funds in the best interest of the College. During fiscal year 2024, the College borrowed \$1,000,000 from these funds. Total borrowings as of June 30, 2024, were \$1,000,000.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2024:

Building and land improvements	\$ 63,293,149
Buildings	42,219,148
Furniture and equipment	15,220,044
Sewer facilities	5,306,177
Computer equipment	4,156,151
Land	522,323
Vehicles	<u>278,472</u>
	130,995,464
Less - accumulated depreciation	<u>(93,233,271)</u>
Net property and equipment placed in service	37,762,193
Work in progress	<u>444,007</u>
Total	<u>\$ 38,206,200</u>

Depreciation expense for the year ended June 30, 2024, was \$3,728,969. Work in progress consists of ongoing projects that had not been completed or placed into service as of year-end.

8. 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 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.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

8. LEASES (Continued)

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, 2024:

Operating lease cost included in miscellaneous	\$ 440,333
Finance lease costs:	
Amortization of lease assets included in miscellaneous	46,842
Interest on finance lease liabilities included in interest	<u>7,091</u>
Total lease expense	<u>\$ 494,266</u>

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2024:

Weighted-Average Remaining Lease Term:	
Operating leases	1.68 years
Finance leases	3.92 years
Weighted-Average Discount Rate:	
Operating leases	3.05%
Finance leases	3.29%

The maturities of lease liabilities as of June 30, 2024, are as follows:

<u>Year Ending June 30:</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 405,029	\$ 53,932
2026	271,825	53,932
2027	-	53,932
2028	<u>-</u>	<u>44,946</u>
Total future undiscounted lease payments	676,854	206,742
Less - present value discount/interest	<u>(15,986)</u>	<u>(12,223)</u>
	660,868	194,519
Less - current portion of lease liabilities	<u>(391,553)</u>	<u>(48,407)</u>
Lease liabilities, net	<u>\$ 269,315</u>	<u>\$ 146,112</u>

As of June 30, 2024, there were no material leases that have been executed but not yet commenced.

9. 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.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

9. SPLIT-INTEREST AGREEMENTS (Continued)

Gifts Subject to Life Interests (Continued)

The changes in split-interest agreement liabilities are as follows for the year ended June 30, 2024:

Beginning balance	\$ 118,914
Change in value	<u>(5,807)</u>
Ending balance	<u>\$ 113,107</u>

The ending balance of split-interest agreement liabilities is included in deposits and other long-term payables in the accompanying statement of financial position at June 30, 2024.

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).

10. 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 12), 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, 2024.

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 13). 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.

REGIS COLLEGE

Notes to Financial Statements
June 30, 2024

10. RESTRICTED CASH (Continued)

Nursing Student Loans

The College has 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 13). 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.

Restricted cash consists of the following at June 30, 2024:

Current portion:	
Self-funded health care plan escrow	\$ 362,159
Division of professional studies	2,503
Line of credit reserve	<u>54,970</u>
Total current portion of restricted cash	<u>419,632</u>
Non-current portion:	
MDFA debt service reserve funds - 2013 Bonds	1,045,934
Nursing student loans	451,452
Nursing faculty loan program	<u>195,537</u>
Total non-current portion of restricted cash	<u>1,692,923</u>
Total restricted cash	<u>\$ 2,112,555</u>

11. 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 (8.50% at June 30, 2024). 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, 2024, however, received a one-time waiver from the bank. As of June 30, 2024, the outstanding balance was \$15,000,000. The balance is due on demand.

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 \$504,242 as of June 30, 2024.

Interest Expense

Interest expense on the notes payable was \$1,062,152 for the year ended June 30, 2024.

Maturities

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

2025	\$ 170,517
2026	\$ 179,311
2027	\$ 154,414

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Notes to Financial Statements
June 30, 2024

12. 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 10), 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.

In December, 2024, the agreement was amended to remove the debt covenants in existence at June 30, 2024. As part of this agreement, the borrowing rate of the bonds was increased to 4.93%, restrictions were put in place as to the usage of the proceeds of any potential sale of the land held for investment (see page 9), specific transactions were required to be entered into by the College, and various debt covenants were added effective June 30, 2025.

Bonds payable, net of unamortized debt issuance costs, consist of the following at June 30, 2024:

Bonds payable	\$ 38,523,349
Less - unamortized debt issuance costs	<u>(174,981)</u>
	38,348,368
Less - current portion	<u>(1,532,318)</u>
Bonds payable and unamortized debt issuance costs, net of current portion	<u>\$ 36,816,050</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 year ended June 30, 2024.

Interest Expense

Interest incurred on the bonds payable was \$1,199,204 for the year ended June 30, 2024.

Maturities

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

2025	\$ 1,532,318
2026	\$ 1,578,477
2027	\$ 1,626,028
2028	\$ 1,672,330
2029	\$ 1,725,387

13. 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 \$443,350 of Perkins Loan Program advances outstanding as of June 30, 2024, which are included in advances for Federal student loans in the accompanying statement of financial position. Included in cash and cash equivalents is \$130,857 of funds held for the Perkins Loan Program at June 30, 2024.

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 10) 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. The College issued \$879,345 of loans under this program for the year ended June 30, 2024. There were \$198,402 of Nursing Faculty Loan Program funds outstanding as of June 30, 2024, which are included in advances for Federal student loans in the accompanying statement of financial position.

Nursing Student Loans (see Note 10) are 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. The College issued \$401,653 of loans under this program for the year ended June 30, 2024. There were \$449,043 of Nursing Student Loans funds outstanding as of June 30, 2024, which is included in advances for Federal student loans in the accompanying statement of financial position.

14. DEFERRED TUITION, FEES AND OTHER

Deferred tuition, fees and other consist of nonrefundable student deposits, daycare fees and other received in advance of services performed. The balance as of June 30, 2024 and July 1, 2023, is comprised of the following:

	<u>June 30, 2024</u>	<u>July 1, 2023</u>
Student deposits	\$ 4,189,774	\$ 5,100,474
Daycare fees and other	<u>265,847</u>	<u>212,079</u>
Total	<u>\$ 4,455,621</u>	<u>\$ 5,312,553</u>

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. The College contributed 3.5% for qualified employees enrolled in the Plan totaling \$164,790, which is included in payroll taxes and fringe benefits in the accompanying statement of functional expenses.

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. The deferred compensation agreement was extended to June 30, 2025, under the same terms. At June 30, 2024, \$369,664 were accrued under this agreement and is included in deposits and other long-term payables in the accompanying statement 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, 2024, the College has accrued \$400,783 related to the self-funded health care plan, which is included in accounts payable and accrued expenses in the accompanying statement 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, 2024, the College had accumulated an equity position in the plan of \$1,366,573, which is comprised of capital contributions and the College's share of the plan's accumulated surplus. This amount is included in other asset in the accompanying statement of financial position. The College received distributions of \$136,327 and a dividend payment of \$475,673, which are included in facilities rentals and other income in the accompanying statement of activity during the year ended June 30, 2024. The College also maintains a self-funded health care plan escrow account, which is included in current portion of restricted cash in the accompanying statement of financial position (see Note 10).

18. 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, which was exercised in July 2024. 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 year ended June 30, 2024, the College recognized \$75,000, which is included in facilities rentals and other income in the accompanying statement of activities. The unamortized amount of \$150,000 is included in deposits and other long-term payables in the accompanying statement of financial position as of June 30, 2024.

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 year 2024, the College incurred fees of \$12,771,743 to the Vendor, which is reflected as online support services in the accompanying statement of functional expenses. As of June 30, 2024, the College has accrued \$2,122,200 for amounts owed to the Vendor, which is included in accounts payable and accrued expenses in the accompanying statement of financial position.

19. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the College within one year from the statement of financial position date are as follows as of June 30, 2024:

Cash and cash equivalents	\$ 5,995,929
Short-term investments in securities	4,697,756
Student accounts receivable, net of allowance for credit losses	1,743,752
Current portion of pledges receivable	<u>635,375</u>
Total financial assets	13,072,812
Less - amounts restricted by donors for a specific purpose	<u>(3,994,199)</u>
	<u>\$ 9,078,613</u>

As part of the College's liquidity management, the College has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligation become due.

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Notes to Financial Statements
June 30, 2024

20. SUBSEQUENT EVENT

In July 2024, the College entered into a note agreement with a third party in the amount of \$887,204 to finance WiFi upgrades at the College. Commencing in July 2024, payments of principal and interest of \$40,940 became due monthly through May 31, 2026, at which time all amounts outstanding will become payable. Borrowings under this agreement bear interest at 10% per annum.