



**REGIS**  
A CATHOLIC UNIVERSITY  
IN GREATER BOSTON

**FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**REGIS COLLEGE**

Contents  
June 30, 2019 and 2018

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## Independent Auditor's Report

To the Board of Trustees of  
Regis College:

We have audited the accompanying financial statements of Regis College (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regis College as of June 30, 2019 and 2018, 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.

Westborough, Massachusetts  
September 4, 2019

**REGIS COLLEGE**Statements of Financial Position  
June 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current Assets:		
Cash and cash equivalents	\$ 318,373	\$ 3,165,001
Short-term investments in securities	5,692,384	3,830,059
Current portion of restricted cash	1,528,089	847,141
Student accounts receivable, net of allowance for doubtful accounts of approximately \$1,565,000 and \$1,480,000, respectively	1,464,762	1,340,224
Current portion of pledges receivable	709,441	668,252
Other current assets	<u>1,448,670</u>	<u>1,047,851</u>
Total current assets	11,161,719	10,898,528
Restricted Cash, net of current portion	2,160,313	1,601,061
Investments in Securities	19,194,229	18,904,350
Pledges Receivable, net of current portion, discount and allowance for doubtful accounts of approximately \$292,000 and \$270,000, respectively	4,283,888	3,859,074
Student Loans Receivable, net of allowance of \$200,000 and \$300,000, respectively	1,858,385	2,079,007
Other Asset	1,032,358	610,548
Investment in Land	19,100,000	18,800,000
Property and Equipment, net	<u>50,055,227</u>	<u>52,628,901</u>
Total assets	<u>\$ 108,846,119</u>	<u>\$ 109,381,469</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of bonds payable	\$ 1,235,730	\$ 1,198,025
Current portion of notes payable to a bank	132,462	1,126,117
Accounts payable and accrued expenses	5,392,127	5,701,678
Deposits held for others	116,096	114,859
Deferred tuition, fees and other	<u>5,747,898</u>	<u>3,901,705</u>
Total current liabilities	12,624,313	12,042,384
Bonds Payable, net of unamortized debt issuance costs and current portion	43,991,251	45,214,455
Notes Payable to a Bank, net of current portion	5,603,455	6,235,375
Advances for Federal Student Loans	3,352,489	2,585,748
Deposits and Other Long-Term Payables	655,681	756,249
Annuity Payment Liability	<u>152,665</u>	<u>156,947</u>
Total liabilities	<u>66,379,854</u>	<u>66,991,158</u>
Net Assets:		
Without donor restrictions:		
Operating and property and equipment	(3,664,949)	(2,242,675)
Board designated for endowment	<u>17,312,083</u>	<u>17,920,521</u>
Total without donor restrictions	13,647,134	15,677,846
With donor restrictions	<u>28,819,131</u>	<u>26,712,465</u>
Total net assets	<u>42,466,265</u>	<u>42,390,311</u>
Total liabilities and net assets	<u>\$ 108,846,119</u>	<u>\$ 109,381,469</u>

The accompanying notes are an integral part of these statements.

**REGIS COLLEGE**

Statement of Activities  
For the Year Ended June 30, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenue:</b>			
Tuition and fees	\$ 76,624,480	\$ -	\$ 76,624,480
Scholarships and grants	(24,563,410)	-	(24,563,410)
Tuition and fees, net	52,061,070	-	52,061,070
Auxiliary enterprises	11,379,570	-	11,379,570
Annual Fund contributions	966,478	712,143	1,678,621
Facilities rentals and other income	3,090,319	-	3,090,319
Investment return designated for current operations	1,139,268	692,577	1,831,845
Grants and contributions	420,400	1,344,334	1,764,734
Net assets released from restrictions	2,366,525	(2,366,525)	-
Total operating revenue	<u>71,423,630</u>	<u>382,529</u>	<u>71,806,159</u>
<b>Operating Expenses:</b>			
Instruction	25,524,750	-	25,524,750
Student services	10,501,913	-	10,501,913
Academic services	7,068,599	-	7,068,599
Auxiliary enterprises	4,490,587	-	4,490,587
Institutional support	23,056,276	-	23,056,276
Development	2,203,779	-	2,203,779
Total operating expenses	<u>72,845,904</u>	<u>-</u>	<u>72,845,904</u>
Changes in net assets from operations	<u>(1,422,274)</u>	<u>382,529</u>	<u>(1,039,745)</u>
<b>Non-Operating Revenue:</b>			
Grants for capital and endowment	-	1,087,273	1,087,273
Investment return reduced by spending policy	(608,438)	636,864	28,426
Total non-operating revenue	<u>(608,438)</u>	<u>1,724,137</u>	<u>1,115,699</u>
Changes in net assets	<u>\$ (2,030,712)</u>	<u>\$ 2,106,666</u>	<u>\$ 75,954</u>

**REGIS COLLEGE**

Statement of Activities  
For the Year Ended June 30, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenue:</b>			
Tuition and fees	\$ 64,394,482	\$ -	\$ 64,394,482
Scholarships and grants	(22,532,305)	-	(22,532,305)
	<u>41,862,177</u>	<u>-</u>	<u>41,862,177</u>
Tuition and fees, net			
	41,862,177	-	41,862,177
Auxiliary enterprises	11,102,033	-	11,102,033
Annual Fund contributions	3,278,246	876,128	4,154,374
Facilities rentals and other income	2,597,907	-	2,597,907
Investment return designated for current operations	1,211,592	821,294	2,032,886
Grants and contributions	859,418	794,103	1,653,521
Net assets released from restrictions	2,669,401	(2,669,401)	-
	<u>63,580,774</u>	<u>(177,876)</u>	<u>63,402,898</u>
Total operating revenue			
	63,580,774	(177,876)	63,402,898
<b>Operating Expenses:</b>			
Instruction	22,759,100	-	22,759,100
Student services	10,386,970	-	10,386,970
Academic services	6,526,339	-	6,526,339
Auxiliary enterprises	4,270,763	-	4,270,763
Institutional support	17,698,511	-	17,698,511
Development	2,162,083	-	2,162,083
	<u>63,803,766</u>	<u>-</u>	<u>63,803,766</u>
Total operating expenses			
	63,803,766	-	63,803,766
Changes in net assets from operations	(222,992)	(177,876)	(400,868)
<b>Non-Operating Revenue:</b>			
Grants for capital and endowment	-	305,492	305,492
Investment return reduced by spending policy	(879,479)	423,415	(456,064)
	<u>(879,479)</u>	<u>728,907</u>	<u>(150,572)</u>
Total non-operating revenue			
	(879,479)	728,907	(150,572)
Changes in net assets	<u>\$ (1,102,471)</u>	<u>\$ 551,031</u>	<u>\$ (551,440)</u>

**REGIS COLLEGE**Statements of Changes in Net Assets  
For the Years Ended June 30, 2019 and 2018

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, June 30, 2017</b>	\$ 16,780,317	\$ 26,161,434	\$ 42,941,751
Changes in net assets	<u>(1,102,471)</u>	<u>551,031</u>	<u>(551,440)</u>
<b>Net Assets, June 30, 2018</b>	15,677,846	26,712,465	42,390,311
Changes in net assets	<u>(2,030,712)</u>	<u>2,106,666</u>	<u>75,954</u>
<b>Net Assets, June 30, 2019</b>	<u>\$ 13,647,134</u>	<u>\$ 28,819,131</u>	<u>\$ 42,466,265</u>

**REGIS COLLEGE**

Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 75,954	\$ (551,440)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,800,839	3,706,832
Interest - amortization expense	12,527	12,525
Amortization of food services deposit	75,000	75,000
Bad debts	717,305	519,556
Grants for capital and endowment	(1,087,273)	(305,492)
Actuarial adjustment to annuity liability obligations	9,505	(20,358)
Net unrealized and realized gains on investments	(1,407,152)	(1,194,165)
Adjustment to carrying value of land held for investment	(300,000)	-
Changes in operating assets and liabilities:		
Student accounts receivable	(841,843)	(448,379)
Pledges receivable	(1,181,003)	2,518,621
Other current assets	(400,819)	(186,727)
Other asset	(421,810)	(333,753)
Accounts payable and accrued expenses	(218,659)	2,250,996
Deposits held for others	1,237	(50,093)
Deferred tuition, fees and other	1,846,193	1,002,961
Deposits and other long-term payables	(175,568)	(143,441)
Net cash provided by operating activities	<u>504,433</u>	<u>6,852,643</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of property and equipment	(1,318,057)	(3,355,677)
Purchases of investments in securities	(745,052)	(23,025)
Increase in student loans receivable	220,622	(60,660)
Net increase in restricted cash	(1,240,200)	(520,993)
Net cash used in investing activities	<u>(3,082,687)</u>	<u>(3,960,355)</u>
<b>Cash Flows from Financing Activities:</b>		
Net advances for federal student loans	766,741	221,348
Principal payments on notes payable to a bank	(125,575)	(119,419)
Net repayments on line of credit	(1,500,000)	(2,000,000)
Principal payments of bonds payable	(1,198,026)	(1,157,487)
Proceeds from annuitants	10,000	10,000
Principal payments to annuitants	(23,787)	(23,853)
Grants for capital and endowment	1,802,273	605,492
Net cash used in financing activities	<u>(268,374)</u>	<u>(2,463,919)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(2,846,628)	428,369
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>3,165,001</u>	<u>2,736,632</u>
End of year	<u>\$ 318,373</u>	<u>\$ 3,165,001</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest - expensed	<u>\$ 1,916,560</u>	<u>\$ 1,996,464</u>
Property and equipment included in accounts payable and accrued expenses	<u>\$ 7,792</u>	<u>\$ 98,684</u>



REGIS COLLEGE

Statement of Functional Expenses  
For the Year Ended June 30, 2019

(With Summarized Comparative Totals for the Year Ended June 30, 2018)

	2019								2018	
	Instruction	Student Services	Academic Services	Auxiliary Enterprises	Total Program	Institutional Support	Development	Plant	Total	
<b>Personnel and Related Costs:</b>										
Salaries and wages	\$ 17,098,510	\$ 4,105,539	\$ 3,733,442	\$ 924,269	\$ 25,861,760	\$ 6,711,472	\$ 1,073,627	\$ 1,659,762	\$ 35,306,621	\$ 31,426,524
Payroll taxes and fringe benefits	3,008,037	1,232,036	906,851	321,469	5,468,393	1,485,757	191,295	468,571	7,614,016	7,703,533
Work study wages and student employment	11,364	240,032	92,381	64,392	408,169	56,517	4,301	21,503	490,490	442,203
<b>Total personnel and related costs</b>	<b>20,117,911</b>	<b>5,577,607</b>	<b>4,732,674</b>	<b>1,310,130</b>	<b>31,738,322</b>	<b>8,253,746</b>	<b>1,269,223</b>	<b>2,149,836</b>	<b>43,411,127</b>	<b>39,572,260</b>
<b>Occupancy:</b>										
Depreciation	1,490,925	609,384	373,109	260,488	2,733,906	934,803	132,130	-	3,800,839	3,706,832
Utilities	-	-	-	-	-	-	-	1,979,428	1,979,428	1,905,144
Repairs and maintenance	36,294	50,356	14,706	-	101,356	60,294	-	1,785,194	1,946,844	1,966,374
<b>Total occupancy</b>	<b>1,527,219</b>	<b>659,740</b>	<b>387,815</b>	<b>260,488</b>	<b>2,835,262</b>	<b>995,097</b>	<b>132,130</b>	<b>3,764,622</b>	<b>7,727,111</b>	<b>7,578,350</b>
<b>Other:</b>										
Online support services	-	-	-	-	-	7,312,331	-	-	7,312,331	3,088,145
Consulting and contracted services	133,596	341,315	49,802	500	525,213	1,414,568	36,342	220,583	2,196,706	2,313,278
Room and board	-	-	-	1,920,559	1,920,559	-	-	-	1,920,559	1,823,503
Interest	743,521	303,898	186,069	129,905	1,363,393	478,709	65,893	-	1,907,995	1,987,899
Student activities and events	-	765,921	-	190,908	956,829	296,494	-	-	1,253,323	1,396,217
Travel, meals and entertainment	47,394	576,083	95,151	7,277	725,905	81,213	245,497	-	1,052,615	1,164,709
Program supplies	194,677	203,321	324,277	37,904	760,179	140,730	33,890	2,927	937,726	713,208
Technology	102,990	62,096	284,242	14,491	463,819	412,423	2,077	10,247	888,566	958,070
Bad debts	-	-	-	-	-	717,305	-	-	717,305	519,556
Miscellaneous	236,516	189,425	225,715	45,945	697,601	-	3,099	-	700,700	405,216
Legal and professional fees	-	-	-	-	-	626,972	-	-	626,972	449,639
Advertising	13,713	346,300	1,420	1,523	362,956	47,835	-	-	410,791	324,965
Insurance	-	-	-	-	-	392,761	-	-	392,761	182,976
Transportation	83,694	110,457	-	-	194,151	-	-	190,529	384,680	252,218
Postage, printing and publications	12,469	126,937	24,911	8,764	173,081	-	175,832	255	349,168	378,373
Memberships and subscriptions	24,167	96,569	27,247	2,887	150,870	71,812	18,165	-	240,847	214,895
Telephone	5,165	14,548	3,243	66,484	89,440	92,641	453	8,132	190,666	190,106
Professional development	17,849	41,325	51,713	6,982	117,869	19,914	325	2,360	140,468	130,386
Outside events	-	-	-	-	-	76,539	6,948	-	83,487	159,797
<b>Total other</b>	<b>1,615,751</b>	<b>3,178,195</b>	<b>1,273,790</b>	<b>2,434,129</b>	<b>8,501,865</b>	<b>12,182,247</b>	<b>588,521</b>	<b>435,033</b>	<b>21,707,666</b>	<b>16,653,156</b>
<b>Total expenses before plant allocation</b>	<b>23,260,881</b>	<b>9,415,542</b>	<b>6,394,279</b>	<b>4,004,747</b>	<b>43,075,449</b>	<b>21,431,090</b>	<b>1,989,874</b>	<b>6,349,491</b>	<b>72,845,904</b>	<b>63,803,766</b>
<b>Plant Allocation</b>	<b>2,263,869</b>	<b>1,086,371</b>	<b>674,320</b>	<b>485,840</b>	<b>4,510,400</b>	<b>1,625,186</b>	<b>213,905</b>	<b>(6,349,491)</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>\$ 25,524,750</b>	<b>\$ 10,501,913</b>	<b>\$ 7,068,599</b>	<b>\$ 4,490,587</b>	<b>\$ 47,585,849</b>	<b>\$ 23,056,276</b>	<b>\$ 2,203,779</b>	<b>\$ -</b>	<b>\$ 72,845,904</b>	<b>\$ 63,803,766</b>

The accompanying notes are an integral part of these statements.

REGIS COLLEGE

Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program				Total Program	Institutional Support	Development	Plant	Total
	Instruction	Student Services	Academic Services	Auxiliary Enterprises					
<b>Personnel and Related Costs:</b>									
Salaries and wages	\$ 14,611,155	\$ 3,892,083	\$ 3,358,447	\$ 817,783	\$ 22,679,468	\$ 6,096,249	\$ 991,223	\$ 1,659,584	\$ 31,426,524
Payroll taxes and fringe benefits	3,030,328	1,191,351	926,940	313,192	5,461,811	1,542,867	182,972	515,883	7,703,533
Work study wages and student employment	9,646	249,309	93,597	70,745	423,297	-	3,162	15,744	442,203
Total personnel and related costs	17,651,129	5,332,743	4,378,984	1,201,720	28,564,576	7,639,116	1,177,357	2,191,211	39,572,260
<b>Occupancy:</b>									
Depreciation	1,383,943	644,339	357,804	264,827	2,650,913	933,367	122,552	-	3,706,832
Utilities	-	-	-	-	-	-	-	1,905,144	1,905,144
Repairs and maintenance	6,756	23,619	64,578	-	94,953	65,955	239	1,805,227	1,966,374
Total occupancy	1,390,699	667,958	422,382	264,827	2,745,866	999,322	122,791	3,710,371	7,578,350
<b>Other:</b>									
Online support services	-	-	-	-	-	3,088,145	-	-	3,088,145
Consulting and contracted services	70,664	437,994	81,581	250	590,489	1,387,541	58,471	276,777	2,313,278
Room and board	-	-	-	1,823,503	1,823,503	-	-	-	1,823,503
Interest	737,505	343,369	190,674	141,127	1,412,675	509,916	65,308	-	1,987,899
Student activities and events	-	895,857	1,800	199,148	1,096,805	299,412	-	-	1,396,217
Travel, meals and entertainment	119,208	557,106	153,260	4,131	833,705	74,768	256,128	108	1,164,709
Program supplies	188,315	174,798	215,857	22,480	601,450	111,758	-	-	713,208
Technology	107,806	55,975	255,884	17,119	436,784	505,467	1,891	13,928	958,070
Bad debts	-	-	-	-	-	519,556	-	-	519,556
Miscellaneous	50,598	185,824	106,656	62,124	405,202	-	14	-	405,216
Legal and professional fees	-	-	-	-	-	449,639	-	-	449,639
Advertising	31,060	249,375	487	4,059	284,981	39,984	-	-	324,965
Insurance	-	-	-	-	-	182,976	-	-	182,976
Transportation	-	87,440	-	-	87,440	-	-	164,778	252,218
Postage, printing and publications	12,267	146,210	29,675	8,178	196,330	-	181,857	186	378,373
Memberships and subscriptions	10,696	90,805	14,689	200	116,390	83,342	15,163	-	214,895
Telephone	4,818	16,320	4,360	62,001	87,499	92,578	2,527	7,502	190,106
Professional development	7,630	38,645	55,576	5,098	106,949	22,472	965	-	130,386
Outside events	-	-	-	-	-	90,652	69,145	-	159,797
Total other	1,340,567	3,279,718	1,110,499	2,349,418	8,080,202	7,458,206	651,469	463,279	16,653,156
Total expenses before plant allocation	20,382,395	9,280,419	5,911,865	3,815,965	39,390,644	16,096,644	1,951,617	6,364,861	63,803,766
<b>Plant Allocation</b>	2,376,705	1,106,551	614,474	454,798	4,552,528	1,601,867	210,466	(6,364,861)	-
Total expenses	\$ 22,759,100	\$ 10,386,970	\$ 6,526,339	\$ 4,270,763	\$ 43,943,172	\$ 17,698,511	\$ 2,162,083	\$ -	\$ 63,803,766

The accompanying notes are an integral part of these statements.

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

#### OPERATIONS AND NONPROFIT STATUS

Regis College (the College) is a private, Massachusetts nonprofit corporation established in 1927. The College is comprised of the Schools 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.

#### SIGNIFICANT ACCOUNTING POLICIES

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

#### Cash and Cash Equivalents

Management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents for statement of cash flow purposes, except for those amounts considered to be restricted cash.

#### 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 10). Such funds are re-loaned by the College after collection, but in the event that the College no longer participates in the Program, the amounts are generally refundable to the U.S. government. The allowance for doubtful accounts is based on the monthly default rate and current expectations about future losses. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

#### Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable consist of contributions committed to the College. Pledges are recorded at their net present value when unconditionally committed. The allowance for doubtful accounts is based on management's estimate of collectability (see Note 2).

**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments in Securities**

Investments in securities are recorded in the financial statements at fair value (see Note 3). 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 (see Note 3).

Investments in securities include primarily donor endowment. Endowment assets include those assets restricted by donors that the College must hold in perpetuity. Accordingly, most investments in securities have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity of individual securities. To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee is responsible for selecting the investment managers of the College's portfolio. The Investment Committee's strategy is to include an array of strategies and investment managers for the portfolio in order to maximize risk adjusted returns.

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

The College has an investment policy, which combined with the spending rate, attempts to provide a predictable stream of returns combined with asset protection. Under the College's investment policy and spending rate, both approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary. Spending draws, in accordance with this policy, are included in the accompanying statements of activities as investment return designated for current operations (see Note 3).

**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 4). 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, 2019 and 2018. 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).

**REGIS COLLEGE**Notes to Financial Statements  
June 30, 2019 and 2018

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investment in Land (Continued)**

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

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 18,800,000	\$ 18,800,000
Increase in carrying value	<u>300,000</u>	<u>-</u>
Ending balance	<u>\$ 19,100,000</u>	<u>\$ 18,800,000</u>

**Property and Equipment and Depreciation**

Purchased property and equipment are recorded at cost (see Note 5). Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments that exceed \$2,500 and have a useful life of at least three years are capitalized, while repairs and maintenance are expensed as they are incurred.

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

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

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. As of June 30, 2019 and 2018, 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.

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2019 and 2018

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

***Without Donor Restrictions***

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

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

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

**Board designated for endowment net assets** represent the College's investment in land (see page 10) that has been designated by the Board of Trustees as a portion of the College's endowment (see Note 4).

***With Donor Restrictions***

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

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

	<u>2019</u>	<u>2018</u>
<b>Subject to expenditure for specified purpose:</b>		
Other operating expenses	\$ 1,570,405	\$ 1,194,526
Scholarships	<u>1,326,849</u>	<u>1,304,352</u>
	<u>2,897,254</u>	<u>2,498,878</u>
<b>Subject to the passage of time:</b>		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until collected	<u>1,398,433</u>	<u>1,022,235</u>
<b>Subject to the College's endowment spending policy and appropriation (see Note 4):</b>		
Investment in perpetuity (including amounts above the original gift amounts of \$20,150,107 and \$19,454,879 as of June 30, 2019 and 2018, respectively), which once appropriated is expendable to support:		
Scholarships	17,276,442	16,338,840
Educational programs	4,553,664	4,229,559
General use	<u>2,693,338</u>	<u>2,622,953</u>
	<u>24,523,444</u>	<u>23,191,352</u>
	<u>\$ 28,819,131</u>	<u>\$ 26,712,465</u>

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2019 and 2018

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**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****SIGNIFICANT ACCOUNTING POLICIES (Continued)****Net Assets (Continued)*****With Donor Restrictions* (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions:		
Annual fund	\$ 102,882	\$ 75,105
Satisfaction of purpose restrictions:		
Educational programs	632,688	841,650
Scholarships	482,173	337,859
Purpose restricted pledge payments	<u>456,205</u>	<u>593,493</u>
	<u>1,673,948</u>	<u>1,848,107</u>
Restricted-purpose endowment spending distributions and appropriations:		
Scholarships (see Note 3)	382,301	325,030
Educational programs	179,130	198,500
General use	<u>131,146</u>	<u>297,764</u>
	<u>692,577</u>	<u>821,294</u>
	<u>\$ 2,366,525</u>	<u>\$ 2,669,401</u>

**Statements of Activities**

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

**Revenue Recognition**

Tuition and fees are recorded as services are provided. Fees and deposits received in advance of services provided are recorded as deferred tuition, fees and other (see Note 11).

Auxiliary enterprises revenue, which consists primarily of room and board, is recognized when earned.

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

Grants and contributions are recorded as revenue, net of applicable discounts for doubtful accounts and net present value, when received or unconditionally 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.

**1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Therefore, these expenses require allocation 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, 2019 and 2018. The College's information returns are subject to examination by the Federal and state jurisdictions.

**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.

**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.



## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements (Continued)

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 3), split-interest agreements (see Note 6), and investment in land (see page 10).

##### Subsequent Events

Subsequent events have been evaluated through September 4, 2019, which is the date the financial statements were available to be issued (see Notes 8 and 15).

### 2. PLEDGES RECEIVABLE

Pledges receivable are due as follows at June 30:

	<b>2019</b>		
	<b>Endowment</b>	<b>Other</b>	<b>Total</b>
Due within one year	\$ 1,345,000	\$ 709,441	\$ 2,054,441
Due in two to eight years	<u>2,199,895</u>	<u>1,036,961</u>	<u>3,236,856</u>
	3,544,895	1,746,402	5,291,297
Less - discount	<u>3,597</u>	<u>2,442</u>	<u>6,039</u>
	3,541,298	1,743,960	5,285,258
Less - allowance for uncollectable accounts	<u>-</u>	<u>291,929</u>	<u>291,929</u>
	3,541,298	1,452,031	4,993,329
Less - current portion, non-endowment	<u>-</u>	<u>709,441</u>	<u>709,441</u>
Long-term pledges receivable, net	<u>\$ 3,541,298</u>	<u>\$ 742,590</u>	<u>\$ 4,283,888</u>

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2019 and 2018

**2. PLEDGES RECEIVABLE (Continued)**

	<b>2018</b>		
	<u>Endowment</u>	<u>Other</u>	<u>Total</u>
Due within one year	\$ 220,000	\$ 668,252	\$ 888,252
Due in two to five years	<u>3,220,000</u>	<u>701,920</u>	<u>3,921,920</u>
	3,440,000	1,370,172	4,810,172
Less - discount	<u>3,538</u>	<u>771</u>	<u>4,309</u>
	3,436,462	1,369,401	4,805,863
Less - allowance for uncollectable accounts	<u>-</u>	<u>278,537</u>	<u>278,537</u>
	3,436,462	1,090,864	4,527,326
Less - current portion, non-endowment	<u>-</u>	<u>668,252</u>	<u>668,252</u>
	-	-	-
Long-term pledges receivable, net	<u>\$ 3,436,462</u>	<u>\$ 422,612</u>	<u>\$ 3,859,074</u>

Long-term pledges have been discounted using discount factors based on U.S. Treasury note rates. As of June 30, 2019, pledges from one donor represented 60% of pledges receivable. As of June 30, 2018, pledges from one donor represented 62% of pledges receivable. All pledges receivable for endowment are classified as long-term in the accompanying statements of financial position at June 30, 2019 and 2018, due to the permanent and long-term nature of the funds.

**3. INVESTMENTS IN SECURITIES**

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

<u>Investment Type</u>	<b>2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income securities:				
Bond mutual funds	\$ 7,719,997	\$ -	\$ -	\$ 7,719,997
Equity securities:				
Exchange-traded funds	6,831,050	-	-	6,831,050
Corporate stocks	5,387,123	-	-	5,387,123
Mutual funds	2,278,084	-	-	2,278,084
Mutual funds - alternative strategies	<u>2,670,359</u>	<u>-</u>	<u>-</u>	<u>2,670,359</u>
Total	<u>\$ 24,886,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,886,613</u>
<u>Investment Type</u>	<b>2018</b>			
<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	\$ 6,794,658	\$ -	\$ -	\$ 6,794,658
Equity securities:				
Exchange-traded funds	6,470,171	-	-	6,470,171
Corporate stocks	4,781,003	-	-	4,781,003
Mutual funds	3,434,404	-	-	3,434,404
Mutual funds - alternative strategies	<u>1,254,173</u>	<u>-</u>	<u>-</u>	<u>1,254,173</u>
Total	<u>\$ 22,734,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,734,409</u>

**REGIS COLLEGE**Notes to Financial Statements  
June 30, 2019 and 2018**3. INVESTMENTS IN SECURITIES (Continued)**

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

	<u>2019</u>	<u>2018</u>
Endowment investments in securities	\$ 19,194,229	\$ 18,904,350
Short-term investments in securities	<u>5,692,384</u>	<u>3,830,059</u>
Total	<u>\$ 24,886,613</u>	<u>\$ 22,734,409</u>

The College has an investment return allocation policy which allowed for appropriations up to 5% of the 12-quarter trailing market average of the investment portfolio, including the board designated endowment fund which includes land held for investment (see Notes 1 and 4). In accordance with the College's investment return allocation policy (see Note 1), the College appropriated \$1,601,015 and \$1,700,773 for current operations for the years ended June 30, 2019 and 2018, respectively, from board designated and donor endowment funds, which included \$908,438 and \$879,479 appropriated based on the value of the investment in land for the years ended June 30, 2019 and 2018, respectively (see Note 4). Investment return designated for current operations also includes \$230,830 and \$332,113 for the years ended June 30, 2019 and 2018, respectively, earned on investments without donor restrictions and certain restricted cash balances (see Note 7).

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

<u>2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income, net of fees	\$ 85,822	\$ 367,297	\$ 453,119
Net realized gains	7,194	47,727	54,921
Net unrealized gains	137,814	914,417	1,052,231
Adjustment to carrying value of land held for investment (see page 11)	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	530,830	1,329,441	1,860,271
Less – investment return designated for current operations	<u>(1,139,268)</u>	<u>(692,577)</u>	<u>(1,831,845)</u>
Investment return reduced by spending policy	<u>\$ (608,438)</u>	<u>\$ 636,864</u>	<u>\$ 28,426</u>

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2019 and 2018

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

<u>2018</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income, net of fees	\$ 92,683	\$ 289,974	\$ 382,657
Net realized gains	13,479	53,749	67,228
Net unrealized gains	<u>225,951</u>	<u>900,986</u>	<u>1,126,937</u>
	332,113	1,244,709	1,576,822
Less - investment return designated for current operations	<u>(1,211,592)</u>	<u>(821,294)</u>	<u>(2,032,886)</u>
Investment return reduced by spending policy	<u>\$ (879,479)</u>	<u>\$ 423,415</u>	<u>\$ (456,064)</u>

Investment fees were \$90,815 and \$86,335 for the years ended June 30, 2019 and 2018, respectively, and have been netted against investment income in the table on page 17 and the above table.

**4. 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, 2017	<u>\$ 18,800,000</u>	<u>\$ 22,513,009</u>	<u>\$ 41,313,009</u>
Total investment returns	-	1,244,709	1,244,709
Contributions	-	283,867	283,867
Fund reclassification	-	(28,939)	(28,939)
Appropriation of endowment assets for expenditure (see Note 3)	<u>(879,479)</u>	<u>(821,294)</u>	<u>(1,700,773)</u>
Net change in endowment	<u>(879,479)</u>	<u>678,343</u>	<u>(201,136)</u>
Endowment net assets, June 30, 2018	<u>17,920,521</u>	<u>23,191,352</u>	<u>41,111,873</u>
Total investment returns	-	1,329,441	1,329,441
Contributions	-	695,228	695,228
Adjustment to the carrying value of investment in land	300,000	-	300,000
Appropriation of endowment assets for expenditure (see Note 3)	<u>(908,438)</u>	<u>(692,577)</u>	<u>(1,601,015)</u>
Net change in endowment	<u>(608,438)</u>	<u>1,332,092</u>	<u>723,654</u>
Endowment net assets, June 30, 2019	<u>\$ 17,312,083</u>	<u>\$ 24,523,444</u>	<u>\$ 41,835,527</u>

During fiscal year 2018, a scholarship fund that was previously established as an endowment account was reclassified by the donor to be expendable in entirety. The amount reclassified is reflected as fund reclassification above.

**REGIS COLLEGE**

Notes to Financial Statements  
June 30, 2019 and 2018

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**5. PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</u>
Building and land improvements	\$ 57,715,415	\$ 57,076,817
Buildings	42,219,148	42,219,148
Furniture and equipment	14,056,129	13,856,957
Sewer facilities	5,306,177	5,306,177
Computer equipment	3,533,552	3,046,242
Land	522,323	522,323
Vehicles	<u>174,517</u>	<u>164,643</u>
	123,527,261	122,192,307
Less - accumulated depreciation	<u>74,045,164</u>	<u>70,244,325</u>
Net property and equipment placed in service	49,482,097	51,947,982
Work in progress	<u>573,130</u>	<u>680,919</u>
Total	<u>\$ 50,055,227</u>	<u>\$ 52,628,901</u>

Depreciation expense for the years ended June 30, 2019 and 2018, was \$3,800,839 and \$3,706,832, respectively. Work in progress consists of ongoing projects that had not been placed into service as of year-end.

**6. SPLIT-INTEREST AGREEMENTS****Gifts Subject to Life Interests**

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

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

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 156,947	\$ 191,158
New gifts	10,000	10,000
Change in value	9,505	(20,358)
Payments	<u>(23,787)</u>	<u>(23,853)</u>
Ending balance	<u>\$ 152,665</u>	<u>\$ 156,947</u>

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 1).

## REGIS COLLEGE

Notes to Financial Statements  
June 30, 2019 and 2018

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### 7. RESTRICTED CASH

#### Self-Funded Health Care Plan Escrow

Under the self-funded health care plan participation agreement (see Note 15), 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 9), 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, 2019 and 2018.

#### 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 10). In accordance with the terms of the agreement, the College has established a loan fund to be used only for making NFLP loans to eligible students and for the costs associated with collection of these loans. During the year ended June 30, 2019, the College deposited into the fund the Federal capital contribution of \$659,978 and the institutional capital contribution of \$73,331, and issued loans of \$263,876. During the year ended June 30, 2018, the College deposited into the fund the Federal capital contribution of \$158,618 and the institutional capital contribution of \$17,624, and issued loans of \$177,588.

Restricted cash consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Current portion:		
Self-Funded Health Care Plan Escrow	\$ <u>1,528,089</u>	\$ <u>847,141</u>
Non-current portion:		
MDFA debt service reserve funds - 2013 Bonds	1,020,069	1,011,457
Nursing Faculty Loan Program	<u>1,140,244</u>	<u>589,604</u>
	<u>2,160,313</u>	<u>1,601,061</u>
Total restricted cash	<u>\$ 3,688,402</u>	<u>\$ 2,448,202</u>

## REGIS COLLEGE

Notes to Financial Statements  
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### 8. NOTES PAYABLE TO A BANK

The College has a line of credit agreement with a bank in the amount of \$15,000,000. Borrowings under the agreement bear interest at the bank's base lending rate (5.50% and 5.00% at June 30, 2019 and 2018, respectively). The line of credit is secured by the real estate of the College and expires in July 2020. The College must also maintain compliance with certain covenants as specified in the agreement. The College was not in compliance with these covenants at June 30, 2019 and received a waiver. The College was in compliance with these covenants as of June 30, 2018. As of June 30, 2019 and 2018, there was an outstanding balance of \$4,500,000 and \$6,000,000, respectively, under this agreement, which is due upon expiration. The agreement has a thirty-day cleanup provision for balances exceeding \$5,000,000. Therefore, as of June 30, 2018, \$1,000,000 of the outstanding balance was reflected as a current liability in the accompanying statement of financial position. Subsequent to June 30, 2019, the College drew down an additional \$3,000,000 on the line of credit.

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 \$1,235,917 and \$1,361,492 as of June 30, 2019 and 2018, respectively.

#### Interest Expense

Interest expense on the notes payable was \$242,826 and \$275,951 for the years ended June 30, 2019 and 2018, respectively.

#### Maturities

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

2020	\$ 132,462
2021	\$ 4,639,452
2022	\$ 146,644
2023	\$ 154,206
2024	\$ 162,082

### 9. 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 7), as well as a negative pledge on certain investments in securities. The bonds are scheduled to mature in thirty years. Payments of principal and interest of \$232,280 are due monthly through June 2043, subject to adjustment for interest rate changes. The bonds carry an initial fixed rate of 3.4%. This rate will be adjusted at the seven-year anniversary date of the bonds, and every seven years thereafter until maturity, based upon the seven-year Federal Home Loan Bank rate, plus 250 basis points.

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**9. BONDS PAYABLE (Continued)**

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

	<u>2019</u>	<u>2018</u>
Bonds payable	\$ 45,450,221	\$ 46,648,247
Less - unamortized debt issuance costs	<u>223,240</u>	<u>235,767</u>
	45,226,981	46,412,480
Less - current portion	<u>1,235,730</u>	<u>1,198,025</u>
Bonds payable and unamortized debt issuance costs, net of current portion	<u>\$ 43,991,251</u>	<u>\$ 45,214,455</u>

Unamortized 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 approximately \$12,500 for both of the years ended June 30, 2019 and 2018.

**Interest Expense**

Interest incurred on the bonds payable was \$1,652,642 and \$1,699,423 for the years ended June 30, 2019 and 2018, respectively.

**Maturities**

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

2020	\$ 1,235,730
2021	\$ 1,283,261
2022	\$ 1,328,203
2023	\$ 1,374,719
2024	\$ 1,419,122

The bonds payable agreements contain certain financial covenants, with which the College was not in compliance as of June 30, 2019, and received a waiver. The College was in compliance with the requirements as of June 30, 2018.

**10. ADVANCES FOR FEDERAL STUDENT LOANS**

The Perkins Loan Program is a campus-based revolving Federal program governed under Title IV, with loans having a 5% fixed interest rate and nine-month payback deferral after graduation or non-enrollment. To obtain these funds, various documentation must be completed by the student and the College including: application, interview, promissory note, cancellation provisions, repayment schedule, and Federal reporting requirements. The College uses a third-party service to assist in the recording and collection effort. Enrollment criteria for the Perkins Loan Program includes: citizenship, enrollment in a full-time or part-time master's or doctorate program, maintaining enrollment for two consecutive terms, and good academic standing. The annual loan amount is restricted to \$30,000 per year. There was \$2,070,255 and \$2,004,865 of Perkins Loan Program advances outstanding as of June 30, 2019 and 2018, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position. The U.S. Department of Education is in the process of terminating the Perkins Loan Federal Program and requiring repayment of the federal share of the loan program. The College is in the process of evaluating their options and is awaiting further instructions from the U.S. Department of Education.



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### 10. ADVANCES FOR FEDERAL STUDENT LOANS (Continued)

The Nursing Faculty Loan Program is administered under the Title VIII Public Health Service Act, designed to increase the number of qualified nursing faculty by providing loans to students in advanced education nursing programs. Loans have a 3% fixed interest rate and nine-month deferral after graduation or non-enrollment. In addition, failure to teach thereafter results in an immediate payback at a higher market interest rate. After graduation, up to 85% of students' loan balances may be forgiven over a consecutive four-year period while serving as a full-time teacher. There was \$1,282,234 and \$580,883 of Nursing Faculty Loan Program funds outstanding as of June 30, 2019 and 2018, respectively, which are included in advances for Federal student loans in the accompanying statements of financial position.

### 11. 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 current portion as of June 30, 2019 and 2018, is comprised of the following:

	<u>2019</u>	<u>2018</u>
Student deposits	\$ 5,330,164	\$ 3,404,226
Daycare fees and other	370,372	450,117
Deferred rent	<u>47,362</u>	<u>47,362</u>
Total	<u>\$ 5,747,898</u>	<u>\$ 3,901,705</u>

### 12. RETIREMENT AND OTHER PLANS

The College maintains a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all benefit-eligible employees who had attained the age of twenty-one and provided a minimum expected work schedule of 1,000 hours annually. The Plan allows the College to make discretionary contributions to the Plan. The College elected to contribute 2.5% of employee salaries for the years ended June 30, 2019 and 2018, and made contributions totaling \$595,230 and \$535,212, respectively.

The College also maintains another IRC Section 403(b) Retirement Plan covering all employees of the College. The College may elect to contribute to the Plan as defined in the plan document.

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 on June 30, 2021, plus an amount equal to the annual employer contribution toward health insurance provided she remains President for five years. At June 30, 2019 and 2018, \$240,000 and \$160,000, respectively, were accrued under this agreement and are included in accounts payable and accrued expenses in the accompanying statements of financial position.

### 13. 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, most of whom are residents of Boston, Massachusetts and surrounding areas.

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Notes to Financial Statements  
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### 14. CONTINGENCIES

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

### 15. 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. The College estimates liabilities and risk based on an actuarial report, and actual claims could exceed such estimates. As of June 30, 2019 and 2018, the College had accumulated an equity position in the plan of \$1,032,358 and \$610,548 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 also maintains a self-funded health care plan escrow account, which is included in the current portion of restricted cash in the accompanying statements of financial position (see Note 7). As of June 30, 2019 and 2018, the College has accrued \$181,162 and \$170,359, 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.

#### 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, 2019 and 2018, the College recognized \$75,000, which is included in other income in the accompanying statements of activities. The unamortized amounts of \$525,000 and \$600,000 are included in deposits and other long-term payables in the accompanying statements of financial position as of June 30, 2019 and 2018, 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 2019 and 2018 the College remitted fees of \$7,312,331 and \$3,088,145 to the Vendor, respectively, which is reflected as online support services in the accompany statements of functional expenses. As of June 30, 2019 and 2018, the College has accrued \$1,733,047 and \$1,320,859, respectively, for amounts owed to the Vendor, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

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Notes to Financial Statements  
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### 15. COMMITMENTS (Continued)

#### Lease Agreements

Effective May 18, 2018, the College entered into a one-year lease agreement for space and dental equipment to be used for dental programming. The lease commenced August 1, 2018, and has the option for one additional extension through July 2020. At the conclusion of the lease agreement, the College will take ownership of the leased equipment and will be responsible for the costs of relocating or disposing of the equipment.

Future minimum lease payments, including the extension, under the agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 177,500
2021	\$ 15,000

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

#### Memorandum of Understanding

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

### 16. RELATED PARTY

A board member of the College is the owner of a company that provided consulting services to the College totaling \$392,319 during fiscal year 2018, which was included in accounts payable and accrued expenses as of June 30, 2018. This amount was paid in full during fiscal year 2019 and there were no additional services rendered.

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**17. LIQUIDITY**

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:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 318,373	\$ 3,165,001
Short-term investments in securities	5,692,384	3,830,059
Student accounts receivable, net of allowance	1,464,762	1,340,224
Current portion of pledges receivable	709,441	668,252
Other current assets	<u>799,524</u>	<u>481,249</u>
Total financial assets	8,984,484	9,484,785
Less – amounts restricted by donors for a specific purpose	<u>(2,756,577)</u>	<u>(2,401,310)</u>
	<u>\$ 6,227,907</u>	<u>\$ 7,083,475</u>

The College has a policy to structure its financial assets to be available and liquid as its obligations become due. The College has financial assets equal to approximately one month of operating expenses as of June 30, 2019 and 2018. In addition, the College has a line of credit agreement (see Note 8) which allows for additional available borrowings up to \$10,500,000 as of June 30, 2019, and \$9,000,000 as of June 30, 2018.

**18. RECLASSIFICATION**

The College reclassified the expense associated with online learning services (see Note 15) in the 2018 financial statements to conform with the fiscal year 2019 presentation. This resulted in separately presenting online support services expense on the statement of functional expenses in the amount of \$3,088,145 for the year ended June 30, 2018, and increasing tuition and fees by the same amount. This expense was previously netted against tuition and fees revenue in previously issued financial statements.