



ENDICOTT COLLEGE

Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(With Independent Auditors' Report Thereon)

ENDICOTT COLLEGE

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Trustees
Endicott College:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Endicott College (the College), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the College's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report ended October 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Hartford, Connecticut
October 25, 2024

ENDICOTT COLLEGE

Statement of Financial Position

June 30, 2024

(with comparative information for June 30, 2023)

Assets	2024	2023
Cash and cash equivalents	\$ 23,127,013	24,027,033
Other investments (note 2)	5,455,074	24,725,624
Accounts and loans receivables, net (note 4)	6,639,749	5,424,222
Contributions receivable, net (note 5)	3,546,986	3,748,182
Other assets	3,460,992	1,422,878
Investments, at fair value (note 6)	146,734,426	130,663,794
Land, buildings, improvements, and equipment, net (note 8)	346,394,124	318,058,400
Total assets	<u>\$ 535,358,364</u>	<u>508,070,133</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 12,842,238	11,805,387
Student deposits and deferred revenue	12,280,887	10,812,760
Bonds and notes payable, net (note 9)	114,364,541	117,620,626
Fair value of interest rate swaps (note 9)	1,509,742	2,129,979
Refundable advances – U.S. government grants	808,247	824,170
Total liabilities	<u>141,805,655</u>	<u>143,192,922</u>
Net assets:		
Without donor restrictions	366,046,560	340,696,274
With donor restrictions (note 10)	27,506,149	24,180,937
Total net assets	<u>393,552,709</u>	<u>364,877,211</u>
Total liabilities and net assets	<u>\$ 535,358,364</u>	<u>508,070,133</u>

See accompanying notes to financial statements.

ENDICOTT COLLEGE

Statement of Activities

Year ended June 30, 2024

(with summarized information for the year ended June 30, 2023)

	2024			2023 Total
	Without donor restrictions	With donor restrictions	Total	
Operating:				
Revenues:				
Tuition and fees	\$ 141,012,222	—	141,012,222	127,830,484
Residence and dining fees	47,064,789	—	47,064,789	42,495,560
Financial aid	(48,949,397)	—	(48,949,397)	(45,436,825)
Net student fees (note 2)	139,127,614	—	139,127,614	124,889,219
Contributions	751,775	2,364,505	3,116,280	3,804,413
Federal and state grants	1,134,290	—	1,134,290	3,070,818
Investment income	2,058,441	—	2,058,441	2,182,413
Appropriation of endowment assets for expenditure	4,197,640	613,525	4,811,165	4,462,850
Conference and education services	10,333,751	—	10,333,751	9,418,866
Other auxiliary income	970,476	—	970,476	857,054
Other income	4,210,735	294,168	4,504,903	2,984,252
Net assets released from restrictions (note 11)	1,510,258	(1,510,258)	—	—
Total revenues	164,294,980	1,761,940	166,056,920	151,669,885
Expenses:				
Instruction	56,472,820	—	56,472,820	47,264,506
Academic support	7,308,353	—	7,308,353	6,782,152
Student services	20,590,130	—	20,590,130	17,451,029
Institutional support	24,474,407	—	24,474,407	21,136,543
Conference and education services	7,512,053	—	7,512,053	6,401,740
Other auxiliary services	31,461,857	—	31,461,857	29,880,073
Total expenses	147,819,620	—	147,819,620	128,916,043
Increase in net assets from operations	16,475,360	1,761,940	18,237,300	22,753,842
Nonoperating:				
Contributions	—	351,413	351,413	2,782,295
Federal and state grants	—	—	—	136,670
Investment income (loss), net	12,432,329	1,825,384	14,257,713	11,005,403
Appropriation of endowment assets for expenditure	(4,197,640)	(613,525)	(4,811,165)	(4,462,850)
Gain (loss) on disposal of asset	20,000	—	20,000	—
Change in fair value of interest rate swaps (note 9)	620,237	—	620,237	1,659,514
Total nonoperating	8,874,926	1,563,272	10,438,198	11,121,032
Increase in net assets	25,350,286	3,325,212	28,675,498	33,874,874
Net assets at beginning of year	340,696,274	24,180,937	364,877,211	331,002,337
Net assets at end of year	\$ 366,046,560	27,506,149	393,552,709	364,877,211

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended June 30, 2024

(with comparative information for the year ended June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 28,675,498	33,874,874
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,817,994	10,045,072
Gain on disposal of fixed asset	(20,000)	—
Change in fair value of interest rate swaps	(620,237)	(1,659,514)
Net realized and unrealized gains on investments	(12,746,701)	(9,422,382)
Contributions for long-term investments	(351,413)	(923,664)
Changes in accounts receivable, net	(1,005,536)	(549,505)
Changes in contributions receivable, net	201,196	(2,799,211)
Changes in other assets	(2,038,114)	1,735,491
Changes in accounts payable and accrued expenses	2,309,146	2,705,532
Changes in student deposits and deferred revenues	1,468,127	294,694
Net cash provided by operating activities	25,689,960	33,301,387
Cash flows from investing activities:		
Purchases of equipment and building improvements	(39,362,317)	(46,363,090)
Proceeds from sale of equipment and building improvements	20,000	—
Purchase of investments	(30,955,755)	(19,350,518)
Proceeds from sales and maturities of investments	46,902,372	16,456,144
Change in loans receivable	(209,991)	(135,437)
Net cash used in investing activities	(23,605,691)	(49,392,901)
Cash flows from financing activities:		
Proceeds from term loan issuance	—	10,000,000
Payments on bonds and notes payable	(3,319,779)	(4,024,658)
Contributions for long-term investment	351,413	923,664
Change in refundable government grants	(15,923)	159
Net cash (used in) provided by financing activities	(2,984,289)	6,899,165
Net decrease in cash and cash equivalents	(900,020)	(9,192,349)
Cash and cash equivalents, beginning of year	24,027,033	33,219,382
Cash and cash equivalents, end of year	\$ 23,127,013	24,027,033
Supplemental data:		
Cash paid for interest	\$ 3,374,435	3,339,461
Change in accounts payable related to property and equipment	1,272,294	(1,667,634)

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(1) Background and History

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

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

Traditional undergraduate students can enroll in the Bachelor of Fine Arts, Bachelor of Arts, and Bachelor of Science degrees. Traditional undergraduate enrollment as of fall 2023 includes 3,066 full-time students. Approximately 87% live on campus. The Van Loan Program enrolls a non-traditional adult undergraduate population and offers an Associate in Science, Bachelor of Arts, and Bachelor of Science degrees. Fall 2023 enrollment totaled 201 students.

Graduate degree programs at Endicott College include a Master of Arts, Master of Education, Master of Fine Arts, Master of Science, Master of Business Administration, Doctor of Education, Doctor of Nursing Practice, and Doctor of Philosophy degrees in addition to Post-Baccalaureate and Post-Master’s certificates. Enrollment in graduate-level courses and programs in Beverly, Boston, and other sites in Massachusetts, Madrid, Spain, and Leysin, Switzerland totaled 1,101 students in fall 2023.

(2) Summary of Significant Accounting Policies

(a) Basis of Statement Presentation

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

(b) Classification of Net Assets

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

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

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(c) Statement of Activities

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

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

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

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

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

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

Expenses associated with fundraising activities of the College were \$2,353,966 and \$2,415,741 in 2024 and 2023, respectively, which are included principally in institutional support in the statement of activities.

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(d) Cash and Cash Equivalents

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

(e) Fair Value Measurements

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

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

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

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

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

(f) Land, Buildings, Improvements, and Equipment

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

(g) Bond Issue Costs

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

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(with comparative information for June 30, 2023)

(h) Revenue Recognition from Contracts with Customers

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

(i) Tuition and Fees, Residence and Dining Fees

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

Revenue is presented at transaction price, determined by annual published rates less institutional financial aid awarded to qualifying students. The billing and academic cycles vary whether the student is enrolled in the Undergraduate College or in the Van Loan School for Graduate and Professional Studies. For the year ended June 30, 2024, the College recorded \$188,077,011 in revenue from tuition and fees, housing and dining revenue, net of financial aid of \$48,949,397. For the year ended June 30, 2023, the College recorded \$170,326,044 in revenue from tuition and fees, housing and dining revenue, net of financial aid of \$45,436,825.

Payments received in advance of services rendered are recognized as a contract liability and reported as student deposits and deferred revenue on the statement of financial position. This amounted to \$7,652,121 and \$6,979,027 as of June 30, 2024 and 2023, respectively, and are recognized when earned, primarily in the subsequent fiscal year.

(ii) Conference and Education Services

Conference and education service revenue consists of direct contracts with customers for Misselwood Events and a contract with an external service provider for goods and services for the Wylie Inn and Conference Center (the Center), which was in place until December 31, 2022, at which point the College took over the management at the Center. Performance obligations vary based on the contract entered into and can contain a combination of venue rental, food and beverage, and lodging. Revenue is recognized when the event occurs. Deposits and advanced payments are recognized as student deposits and deferred revenue on the statement of financial position and amounted to \$1,603,544 and \$1,148,315 as of June 30, 2024 and June 30, 2023, respectively.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the valuation of contributions, loans, investments, swaps, and other receivables, and the useful lives of buildings, improvements, and equipment. Actual results could differ from those estimates.

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(j) Tax Status

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

(k) Other Investments

The financial statements include certain investments that are not part of the College's endowment and are without donor restriction and undesignated and are thus not included in footnote 6. The investments are comprised of Level 1 investments within the fair value hierarchy. Fixed income securities account for \$5,258,907 and \$24,547,517 of other investments as of June 30, 2024 and 2023, respectively.

(l) Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(m) Reclassification

Certain 2023 balances have been reclassified to conform to the 2024 presentation.

(3) Liquidity

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 23,127,013	24,027,033
Accounts receivable, net	5,353,025	4,418,228
Contributions receivable due in one year or less, net	20,500	6,955
Other investments, at fair value	5,258,907	24,547,517
Budgeted fiscal year endowment appropriation	<u>5,163,656</u>	<u>4,801,883</u>
Total financial assets available within one year	<u>\$ 38,923,101</u>	<u>57,801,616</u>

Included in the financial assets not available for expenditure within one year, the College had \$128,684,649 of board-designated endowment funds as of June 30, 2024. The amounts from those funds could be made available, if necessary, subject to approval by the Board of Trustees and investment liquidity provisions. However, the College does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of the annual budget process.

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

(4) Accounts and Loans Receivables, Net

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

	2024	2023
Student accounts receivable, net	\$ 3,135,535	2,736,937
Other accounts receivable	2,326,787	1,719,849
Loans receivable, net	1,177,427	967,436
	\$ 6,639,749	5,424,222

Student accounts receivable are net of an allowance for uncollectible accounts of approximately \$1,122,612 and \$560,034 as of June 30, 2024 and 2023, respectively.

Loans receivable are net of an allowance for uncollectible loans of approximately \$31,124 and \$56,000 as of June 30, 2024 and 2023, respectively.

(5) Contributions Receivable, Net

Contributions receivable consisted of the following as of June 30:

	2024	2023
Unconditional promises expected to be collected in:		
Less than one year	\$ 560,571	254,243
One year to five years	3,103,454	3,684,911
Five years and thereafter	94,800	222,515
	3,758,825	4,161,669
Less present value discount (1.43% to 21.03%) and allowance for uncollectible pledges	(211,839)	(413,487)
	\$ 3,546,986	3,748,182

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(6) Investments

(a) Strategy

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

(b) Reporting Basis

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

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

The following tables summarize the College's investments by major category in the fair value hierarchy as of June 30, 2024 and 2023, as well as related strategy, liquidity and funding commitments:

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Total</u>	<u>Liquidity</u>	<u>Days' notice</u>
Investments at fair value:				
Cash equivalents	\$ 1,100,102	1,100,102		
Money market funds	1,063,587	1,063,587		
Fixed income	23,497,150	23,497,150		
U.S. equities	39,135,435	39,135,435		
Non-U.S. equities	17,796,965	17,796,965		
Real assets	1,806,333	1,806,333		
Commingled trusts:	—	—		
Multiple strategies	<u>7,123,874</u>	<u>7,123,874</u>		
Investments at fair value	91,523,446	91,523,446		
Investments measured at NAV:				
Hedge funds	—	34,186,004	Varies (1)	Varies (2)
Private equity:				
Venture capital funds	—	16,370,209	Illiquid (3)	Not applicable
Real estate	<u>—</u>	<u>4,654,767</u>	Illiquid (3)	Not applicable
Total investments	<u>\$ 91,523,446</u>	<u>146,734,426</u>		

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

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

(3) These funds are expected to liquidate within 5-10 years. Unfunded future commitments aggregate \$11,665,297.

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Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Total</u>	<u>Liquidity</u>	<u>Days' notice</u>
Investments at fair value:				
Cash equivalents	\$ 2,180,752	2,180,752		
Money market funds	1,036,104	1,036,104		
Fixed income	14,616,842	14,616,842		
U.S. equities	35,853,192	35,853,192		
Non-U.S. equities	22,137,853	22,137,853		
Real assets	1,142,957	1,142,957		
Commingled trusts:				
Multiple strategies	<u>6,625,352</u>	<u>6,625,352</u>		
Investments at fair value	83,593,052	83,593,052		
Investments measured at NAV:				
Hedge funds	—	30,393,358	Varies (1)	Varies (2)
Private equity:				
Venture capital funds	—	11,952,730	Illiquid (3)	Not applicable
Real estate	<u>—</u>	<u>4,724,654</u>	Illiquid (3)	Not applicable
Total investments	<u>\$ 83,593,052</u>	<u>130,663,794</u>		

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

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

(3) These funds are expected to liquidate within 5-10 years. Unfunded future commitments aggregate \$12,189,888.

(c) Commitments

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

Certain hedge funds of funds contain "rolling" lock-up provisions. Under such provisions, tranches of the investment are available for redemption at calendar year-end once every two or three years, if the College makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement.

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(with comparative information for June 30, 2023)

(7) Endowment

The College's endowment consists of 146 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

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

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Deficiencies of this nature that are reported as underwater funds or reductions in net assets with donor restrictions totaled \$0 and \$7,745 as of June 30, 2024 and 2023, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of the contributions with donor restrictions.

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(with comparative information for June 30, 2023)

Endowment funds consist of the following as of June 30, 2024:

	Without donor restrictions	With donor restrictions		Total
		Original gift	Accumulated gains (losses)	
Board-designated	\$ 128,684,649	—	—	128,684,649
Donor-restricted:				
Underwater	—	—	—	—
Other	—	13,720,646	4,329,131	18,049,777
Total endowment funds	\$ 128,684,649	13,720,646	4,329,131	146,734,426

Endowment funds consist of the following as of June 30, 2023:

	Without donor restrictions	With donor restrictions		Total
		Original gift	Accumulated gains (losses)	
Board-designated	\$ 115,138,795	—	—	115,138,795
Donor-restricted:				
Underwater	—	318,275	(7,745)	310,530
Other	—	12,089,451	3,125,018	15,214,469
Total endowment funds	\$ 115,138,795	12,407,726	3,117,273	130,663,794

Changes in endowment funds for the year ended June 30, 2024 are as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment funds, July 1, 2023	\$ 115,138,795	15,524,999	130,663,794
Investment return:			
Investment income	1,379,152	202,496	1,581,648
Net appreciation	11,053,177	1,622,888	12,676,065
Total	12,432,329	1,825,384	14,257,713
Contributions	500,000	1,312,919	1,812,919
Reinvestment of appropriation of endowment assets for expenditure	4,811,165	—	4,811,165
Appropriation of endowment assets for expenditure	(4,197,640)	(613,525)	(4,811,165)
Endowment funds, June 30, 2024	\$ 128,684,649	18,049,777	146,734,426

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The table above does not include an additional \$655,559 of endowment contributions that had not yet been transferred to the endowment pool as of June 30, 2024.

Changes in endowment funds for the year ended June 30, 2023 are as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment funds, July 1, 2022	\$ 104,551,423	14,606,704	119,158,127
Investment return:			
Investment income	1,722,447	241,796	1,964,243
Net appreciation	8,061,464	979,696	9,041,160
Total	9,783,911	1,221,492	11,005,403
Contributions	500,264	—	500,264
Reinvestment of appropriation of endowment assets for expenditure	4,462,850	—	4,462,850
Appropriation of endowment assets for expenditure	(4,159,653)	(303,197)	(4,462,850)
Endowment funds, June 30, 2023	\$ 115,138,795	15,524,999	130,663,794

The table above does not include an additional \$1,312,918 of endowment contributions that had not yet been transferred to the endowment pool as of June 30, 2023.

(b) Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that are intended to ensure a total return (yield plus capital appreciation) necessary to at least preserve, but expected to enhance (in real dollar terms) endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period of time as well as board-designated funds. Board-designated funds are net assets without donor restrictions and account for approximately 88% and 88% of the total endowment as of June 30, 2024 and 2023, respectively.

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments in a 55-20-25% ratio to achieve its long-term return objectives within prudent risk constraints.

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

Under the College's current endowment spending policy, which is conservative when measured against the guidelines specified under state law, income and dividends are reinvested and appropriations (draws) are made only for donor-stipulated purposes; that amount is typically less than 1% of the

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endowment. Generally, the maximum draw is no greater than 5% of the average fair value of each individual donor-restricted endowment investment. A total of \$4,811,165 and \$4,462,850 was appropriated in 2024 and 2023, respectively. However, in 2024 and 2023, the College reinvested these appropriations back into the investment pool. The College expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate greater than planned payouts. Further, the College has committed to an annual transfer from operations to help build the endowment.

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

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

	<u>Estimated lives</u>	<u>2024</u>	<u>2023</u>
Land	—	\$ 10,884,133	10,884,132
Construction in process	—	31,536,216	45,840,565
Buildings and land improvements	50 years	390,130,081	346,925,156
Furniture, equipment, and books	3–10 years	39,742,320	31,074,409
Motor vehicles and similar assets	3 years	2,557,568	2,036,033
		474,850,318	436,760,295
Less accumulated depreciation		(128,456,194)	(118,701,895)
		\$ 346,394,124	318,058,400

Depreciation expense charged to operations amounted to \$9,754,299 and \$9,981,376 in 2024 and 2023, respectively.

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

(a) Bonds Payable

On March 31, 2015, the College entered into an agreement with the Massachusetts Development Finance Agency (MDFA) for an \$18,000,000 Revenue Bond, Series 2015. The bond was purchased by People's United Bank for the purpose of constructing a new residence hall on campus, which was completed in September 2015. The Bond has a fifteen-year term and carries a fixed interest rate of 2.50%. The balance as of June 30, 2024 and 2023 was \$14,143,001 and \$14,696,259, respectively.

On March 15, 2017 the College entered into an agreement with MDFA for a \$32,625,000 Revenue Bond, Series 2017. The bond was purchased by Bank of America for the purpose of refinancing both the Series 2012 MHEFA Revenue Bond as well as a taxable term loan with Bank of America from August 2012 and for the payment of closing costs. In September 2022, the College amended this agreement to remove the variable interest rate benchmark of LIBOR plus .70% and to replace it with SOFR plus .55%. The interest rate as of June 30, 2024 and 2023 was 4.89% and 4.64%, respectively. The bonds did have a seven-year term with a balloon payment due at the end of the term, but this refinancing also extended the term to fifteen years with no balloon due at the end of the term. The balance as of June 30, 2024 and 2023 was \$24,000,000 and \$25,500,000, respectively.

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In conjunction with the College's issuances of variable-rate debt, the College entered into several interest rate swaps with Bank of America (the counterparty) for the purpose of swapping the variable rates on the underlying debt for fixed rates. The interest rates on the Series C, Series D and Series E swaps were 4.40%, 4.165% and 3.82% with termination dates of October 1, 2023, May 1, 2024 and October 1, 2037, respectively. As part of the refinancing noted above, the College replaced the variable interest rate benchmark from LIBOR to SOFR and combined the three different swap agreements into one agreement with a termination date of October 1, 2027, to match the amortization schedule of the bonds. The value of the swap, which is recorded as a liability of \$1,509,742 and \$2,129,979 as of June 30, 2024 and 2023, respectively, represents the estimated cost to the College to cancel the agreement at each reporting date and is based on pricing models that consider interest rates and other market factors. Interest rate volatility, remaining outstanding principal, and time to maturity will affect the swaps' fair value at subsequent reporting dates. If the College repays the debt on schedule, the value of each swap will reach zero at its final maturity. Because the swap fair value is based predominantly on observable inputs that are corroborated by market data, it is categorized as Level 2 in the fair value hierarchy.

On December 6, 2017, the College entered into an agreement with MDFA for a \$25,900,000 Revenue Bond, Series 2017B. The bond was purchased by People's United Bank for the purpose of constructing an academic center on campus. The parking garage was completed in August 2018 and Phase 1 of this project was completed on June 1, 2019. Phase 2 was completed in December 2020. The Bond has a thirty-year term and carries a fixed interest rate of 2.87%. The balance as of June 30, 2024 and 2023 was \$23,465,326 and \$24,210,494, respectively.

On December 6, 2017, the College entered into an agreement with MDFA for an \$8,893,000 Revenue Refunding Bond, Series 2017C. The bond was purchased by People's United Bank for the purpose of refinancing a \$10,000,000 Series F Bond. The Bond has a 24-four year term and carries a fixed interest rate of 2.84%. The balance as of June 30, 2024 and 2023 was \$6,957,161 and \$7,302,230, respectively.

b) Notes Payable

(i) Line of Credit

The College maintains its line of credit with Bank of America for \$8,500,000 available through March 28, 2025. The interest rate charged as of June 30, 2024 is the BSBY Rate plus 100 Basis points. The balance was \$0 as of June 30, 2024 and 2023, respectively.

(ii) Term Loan

On July 1, 2013, the College entered into a loan agreement in the amount of \$10,000,000 with Bank of America for the purposes of repaying the College's existing term loan and funding various capital projects at the College at an interest rate of 2.60% per annum thru June 30, 2023 and then at a fixed rate of 3.50% per annum plus an applicable premium which is tied to the College's liquidity rate. The premium ranges from 0 basis points for a liquidity ratio of .76 to 1 to 30 Basis points for a liquidity ratio less than .66 to 1 (thru the end of the loan). In September 2022, the College restructured this loan agreement to include an additional \$10,000,000 in borrowing at a fixed interest rate of 3.58% per annum plus an applicable premium, which is tied to the College's

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liquidity rate. The premium ranges from 0 basis points for a liquidity ratio of .76 to 1 to 30 basis points for a liquidity ratio less than .66 to 1. In addition, this restructuring extended the term of the loan to September 2023. The balance as of June 30, 2024 and 2023 was \$16,647,257 and \$16,823,542, respectively.

On September 29, 2021, the College entered into a loan agreement in the amount of \$30,000,000 with Bank of America for the purposes of funding the construction of a new nursing school building on campus which is slated to be completed in September 2023. The loan has a 20-year term and carries a fixed interest rate of 2.34% per annum plus an applicable premium which is tied to the college's liquidity rate. The premium ranges from 0 basis points for a liquidity ratio of .76 to 1 to 30 basis points for a liquidity ratio less than .66 to 1. The balance as of June 30, 2024 and June 30, 2023 was \$30,000,000.

The scheduled principal payments for all debt are as follows:

	Bonds	Term loans	Total
Year ending June 30:			
2025	\$ 2,974,658	739,759	3,714,417
2026	3,203,257	955,704	4,158,961
2027	3,298,366	1,175,358	4,473,724
2028	3,396,767	1,260,459	4,657,226
2029	3,502,357	1,322,601	4,824,958
2030 and thereafter	52,190,083	41,193,376	93,383,459
	\$ 68,565,488	46,647,257	115,212,745

Scheduled principal payments for all debt include unamortized issuance costs of \$848,204 and \$911,899 as of June 30, 2024 and 2023, respectively.

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

(10) Net Assets with Donor Restrictions

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

	2024	2023
Donor restricted endowments:		
Scholarship and fellowships	\$ 16,297,213	14,668,184
Endowment chairs	672,105	810,493
Other programming	2,135,062	1,359,240
Contributions receivable	3,410,213	3,599,907
Purpose restricted and other	4,991,556	3,743,113
	\$ 27,506,149	24,180,937

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(11) Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the purposes or occurrence of events specified by the donors as of June 30, 2024 and 2023 were as follows:

	2024	2023
Scholarship	\$ 379,764	509,059
Capital purposes	—	325,801
Entrepreneurship and engineering	30,359	105,439
Center for Humanities	52,113	28,677
Student services	582,157	720,259
Other purposes	465,865	217,801
	\$ 1,510,258	1,907,036

(12) Pension Plan

All full-time personnel are covered by the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) professional retirement plan, a defined contribution plan. The College incurred pension expense under this plan of \$3,555,206 and \$3,110,582 for the years ended June 30, 2024 and 2023, respectively.

(13) Natural Classification of Expenses

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

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

The following presents expenses by natural and functional classification as of June 30, 2024 and 2023:

	2024						
	Instruction	Academic support	Student services	Institutional support	Conference and education services	Other auxiliary services	Total
Salaries and employee benefits	\$ 42,240,534	5,162,773	12,447,253	12,292,360	4,019,665	7,110,523	83,273,108
Supplies and service contracts	3,252,847	677,677	3,063,370	6,035,620	3,130,561	12,303,717	28,463,792
Depreciation and amortization	2,463,200	303,572	1,093,406	582,086	6,555	5,369,175	9,817,994
Occupancy	1,998,645	246,319	887,191	472,306	5,318	4,356,559	7,966,338
Interest	846,600	104,337	375,802	200,062	2,253	1,845,381	3,374,435
Other operating expenses	5,670,994	813,675	2,723,108	4,891,973	347,701	476,502	14,923,953
	\$ 56,472,820	7,308,353	20,590,130	24,474,407	7,512,053	31,461,857	147,819,620

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	2023						
	Instruction	Academic support	Student services	Institutional support	Conference and education services	Other auxiliary services	Total
Salaries and employee benefits	\$ 37,513,413	4,600,658	10,317,069	11,868,764	3,327,615	6,736,801	74,364,320
Supplies and service contracts	2,509,799	856,507	2,210,362	5,814,612	2,837,909	10,897,770	25,126,959
Depreciation and amortization	2,347,524	325,591	1,172,715	433,585	7,030	5,758,627	10,045,072
Occupancy	1,547,331	214,608	772,975	285,790	4,634	3,795,701	6,621,039
Interest	780,429	108,242	389,866	144,144	2,337	1,914,443	3,339,461
Other operating expenses	2,566,010	676,546	2,588,042	2,589,648	222,215	776,731	9,419,192
	\$ 47,264,506	6,782,152	17,451,029	21,136,543	6,401,740	29,880,073	128,916,043

(14) Related Parties

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

(15) Commitments and Contingencies

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

(16) Subsequent Events

The College has evaluated subsequent events for potential recognition or disclosure through October 25, 2024, the date on which the financial statements were available to be issued.