Springfield College

Financial Statements

June 30, 2023 and 2022

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Springfield College

Index

Independent Auditor's Report

To the Board of Trustees
Springfield College

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Springfield College, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Springfield College as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Springfield College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Springfield College's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Springfield 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 Springfield 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of Springfield College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Springfield College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springfield College's internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
November 16, 2023
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Springfield College

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 6,380,521	$ 7,798,776
Short-term investments	16,614,814	19,643,453
Accounts receivable, net	4,095,612	4,380,229
Contributions receivable, net	1,734,139	2,414,643
Prepaid expenses and other assets	3,713,671	3,999,902
Loans receivable, net	835,503	1,243,957
Restricted cash	401,673	480,667
Investments held by bond trustee	13,719,431	47,900,439
Long-term investments	99,112,201	91,559,373
Right of use assets, net	1,130,408	3,750,167
Land, buildings and equipment, net	155,815,668	123,304,642
Total assets	$ 303,553,641	$ 306,476,248
Liabilities		
Accounts payable and accrued expenses	$ 13,230,229	$ 9,615,493
Deferred income and deposits	5,343,290	5,512,554
Accounts held for others	32,802	33,323
Grants refundable	1,867,671	2,271,241
Lease liability	1,569,662	4,137,506
Asset retirement obligations	1,691,980	1,691,602
Debt arrangements, net	115,401,144	117,671,931
Total liabilities	139,136,778	140,933,650
Net Assets		
Net assets without donor restrictions	77,214,524	85,376,337
Net assets with donor restrictions		
Time or purpose	43,111,534	38,231,148
Perpetual	44,090,805	41,935,113
Total net assets with donor restrictions	87,202,339	80,166,261
Total net assets	164,416,863	165,542,598
Total liabilities and net assets	$ 303,553,641	$ 306,476,248

The accompanying notes are an integral part of the financial statements

Springfield College

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions: Time or Purpose	With Donor Restrictions: Perpetual	Total
Operating				
Revenues, gains and other support				
Net tuition and fees revenue	$ 58,447,775	$ -	$ -	$ 58,447,775
Private contributions and grants	1,588,012	79,577	-	1,667,589
Government grants	715,980	2,451,935	-	3,167,915
Net investment income	2,249,173	-	-	2,249,173
Endowment spending allocation	1,454,662	2,630,028	-	4,084,690
Sales and services of educational departments	1,589,694	36,197	-	1,625,891
Sales and services of auxiliary enterprises	22,435,170	-	-	22,435,170
Other income	1,805,210	200,856	-	2,006,066
Net assets released from restrictions	5,693,403	(5,693,403)	-	-
Total revenues, gains and other support	95,979,079	(294,810)	-	95,684,269
Expenses				
Educational	70,409,799	-	-	70,409,799
Institutional support	10,580,447	-	-	10,580,447
Auxiliary enterprises	23,051,769	-	-	23,051,769
Total expenses	104,042,015	-	-	104,042,015
Changes in net assets from operations	(8,062,936)	(294,810)	-	(8,357,746)
Non-operating Activities				
Private contributions and grants	-	1,492,356	2,148,867	3,641,223
Net investment income	2,081,985	6,911,527	-	8,993,512
Endowment spending allocation	(1,454,662)	(2,630,028)	-	(4,084,690)
Change in split interest agreements	-	(49,075)	(9,669)	(58,744)
Loss on disposal of assets	(1,259,290)	-	-	(1,259,290)
Change in donor intent and transfers	19,024	(35,518)	16,494	-
Net assets released from restrictions	514,066	(514,066)	-	-
Net non-operating activities	(98,877)	5,175,196	2,155,692	7,232,011
Change in Net Assets	(8,161,813)	4,880,386	2,155,692	(1,125,735)
Net Assets - Beginning of Year	85,376,337	38,231,148	41,935,113	165,542,598
Net Assets - End of Year	$ 77,214,524	$ 43,111,534	$ 44,090,805	$ 164,416,863

The accompanying notes are an integral part of the financial statements

Springfield College

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions: Time or Purpose	With Donor Restrictions: Perpetual	Total
Operating				
Revenues, gains and other support				
Net tuition and fees revenue	$ 58,943,723	$ -	$ -	$ 58,943,723
Private contributions and grants	1,903,865	904,539	-	2,808,404
Government grants	575,773	11,140,479	-	11,716,252
Net investment loss	(2,307,530)	-	-	(2,307,530)
Endowment spending allocation	1,311,790	2,338,058	-	3,649,848
Sales and services of educational departments	650,219	1,860	-	652,079
Sales and services of auxiliary enterprises	21,350,318	-	-	21,350,318
Other income	1,687,387	267,656	-	1,955,043
Net assets released from restrictions	14,529,379	(14,529,379)	-	-
Total revenues, gains and other support	98,644,924	123,213	-	98,768,137
Expenses				
Educational	69,289,105	-	-	69,289,105
Institutional support	10,665,332	-	-	10,665,332
Auxiliary enterprises	22,337,463	-	-	22,337,463
Scholarship and fellowships	4,464,842	-	-	4,464,842
Total expenses	106,756,742	-	-	106,756,742
Changes in net assets from operations	(8,111,818)	123,213	-	(7,988,605)
Non-operating Activities				
Private contributions and grants	-	610,650	1,374,193	1,984,843
Net investment loss	(2,896,605)	(9,768,421)	(169,194)	(12,834,220)
Endowment spending allocation	(1,311,790)	(2,338,058)	-	(3,649,848)
Change in split interest agreements	-	(17,814)	(118,094)	(135,908)
Loss on defeasance of debt	(2,294,640)	-	-	(2,294,640)
Loss on disposal of assets	(271,650)	-	-	(271,650)
Change in donor intent	1,539	(182,991)	181,452	-
Net assets released from restrictions	1,000	(1,000)	-	-
Net non-operating activities	(6,772,146)	(11,697,634)	1,268,357	(17,201,423)
Change in Net Assets	(14,883,964)	(11,574,421)	1,268,357	(25,190,028)
Adjusted to implement Topic 842	291,782	-	-	291,782
Adjusted Change in Net Assets	(14,592,182)	(11,574,421)	1,268,357	(24,898,246)
Net Assets - Beginning of Year	99,968,519	49,805,569	40,666,756	190,440,844
Net Assets - End of Year	$ 85,376,337	$ 38,231,148	$ 41,935,113	$ 165,542,598

The accompanying notes are an integral part of the financial statements

Springfield College

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

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (1,125,735)	$ (24,898,246)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	7,889,874	7,870,804
Amortization of bond premium	(367,884)	(190,642)
Non-cash operating lease costs	1,048,917	1,218,670
Adjustment to implement Topic 842	-	(291,782)
Loss on defeasance of debt	-	2,294,640
Bad debt expense (recoveries)	(161,612)	45,742
Net realized and unrealized investment (gains) losses	(6,945,533)	19,800,169
Contributions restricted for long-term investment	(2,155,692)	(1,437,551)
Receipt of contributed securities	(610,899)	(159,629)
Loss on disposal of assets	1,259,290	271,650
(Increase) decrease in operating assets:		
Accounts receivable	352,007	(587,801)
Contributions receivable	1,145,461	297,313
Inventories	-	325,431
Prepaid expenses and other assets	286,231	(748,271)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	3,614,736	(281,263)
Deferred income and deposits	(169,264)	(115,110)
Accounts held for others	(521)	(373,590)
Lease liability - operating	(1,005,133)	(1,277,379)
Grants refundable	(403,570)	(468,068)
Asset retirement obligations	378	366
Net cash provided by operating activities	2,651,051	1,295,453
Cash Flows from Investing Activities		
Purchases of land, buildings and equipment	(41,565,591)	(11,714,866)
Proceeds from sales of assets	44,497	1,900
Payments received for loans receivable	408,454	465,433
Proceeds from sales of contributed securities	610,899	159,629
Purchases of short-term investments	(2,131,355)	(52,759,136)
Sales and maturities of short-term investments	40,210,965	3,895,821
Purchases of long-term investments	(11,067,436)	(9,572,941)
Sales and maturities of long-term investments	9,590,178	6,802,946
Net cash used in investing activities	(3,899,389)	(62,721,214)
Cash Flows from Financing Activities		
Proceeds from debt arrangements	-	119,999,772
Payments on debt arrangements	(1,902,903)	(65,544,820)
Cost of bond issuance	-	(1,783,020)
Payments on finance lease	(130,965)	(76,327)
Proceeds from contributions restricted for long-term investment	1,784,957	1,475,593
Net cash (used in) provided by financing activities	(248,911)	54,071,198
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(1,497,249)	(7,354,563)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	8,279,443	15,634,006
Cash, Cash Equivalents and Restricted Cash - End of Year	$ 6,782,194	$ 8,279,443
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 4,372,308	$ 3,454,182
Construction related assets included in accounts payable	$ 5,115,569	$ 2,690,111
Supplemental disclosure of noncash financing and investing activities		
Right of use assets obtained in exchange for lease liabilities		
Operating leases	$ 144,940	$ 523,149
Finance leases	$ -	$ 695,479

The accompanying notes are an integral part of the financial statements

Note 1 - Summary of significant accounting policies

Description of organization

Springfield College (the "College") is an independent, nonprofit, coeducational institution founded in 1885. Nearly 3,500 students, including 2,000 full-time traditional undergraduate students, study at its main campus in Springfield, Massachusetts, and at its regional campuses across the country. Springfield College inspires students through the guiding principles of its Humanics philosophy - educating students in spirit, mind, and body for leadership in service to others.

Basis of accounting and presentation

The College's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

GAAP establishes standards for general purpose financial statements of private, not-for-profit organizations that measure aggregate net assets based on the absence or existence of donor-imposed restrictions. GAAP requires the College to classify its net assets into two classifications: net assets without donor restrictions and net assets with donor restrictions.

Brief definitions of the two net asset classes are presented below:

Net assets without donor restriction

Net assets derived from tuition and other institutional resources that are not subject to explicit donor-imposed stipulations or to those imposed by operation of law. Net assets without donor restriction may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions

Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or accumulated investment income and gains on donor-restricted assets. In addition, net assets with donor restrictions include net assets that are subject to explicit donor-imposed stipulations that they be maintained in perpetuity by the College. When time and purpose restrictions are met or expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Operations measure

Changes in net assets from operations presented in the statement of activities include revenue, gains and other support, and operating expenses. Operating revenue, gains and other support include revenue from tuition and fees, net of scholarships, grants and contracts, contributions for operations, the allocation of endowment spending for operations, sales and services of educational departments and auxiliary enterprises, and other revenue. Operating expenses are classified on the statement of activities by functional classification. Non-operating activity includes contributions for the acquisition and construction of long-lived assets, contributions to the College's endowment, net investment income related to the endowment, gain or loss on the disposal of assets, and other items.

Classification of revenues and expenses

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled, gains are appropriated for expenditure and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Tuition and fees are recognized in the period in which the educational instruction is performed and are presented net of financial aid. Accordingly, any tuition and fees which are billed or for which an obligation of payment exists in accordance with the terms of the enrollment agreement as of the end of the current fiscal year, are deferred until the period in which instruction is performed.

Dividends, interest and net realized and unrealized gains or losses, net of external investment expenses, on investments of endowments and similar funds are reported as increases or decreases in net assets with donor restrictions if the terms of the gift or the College's interpretation of relevant state law impose restrictions on the current use of the income or net gains, and as increases or decreases in net assets without restrictions in all other cases.

Liquidity
The College regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. In addition to the available financial assets, a significant portion of the College's annual expenditures will be funded by current year operating revenues including tuition revenue, contributions without donor restrictions and program supporting revenue and fees. The College structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the College invests excess operating cash in various income earning investments including money markets, certificates of deposit, or U.S. government instruments.

Additionally, while the College operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures, liabilities and other obligations, the College has board-designated funds of $22,119,354, which could be made available if necessary.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to the operations of the College along with any debt obligations to be general expenditures. Student loans receivable are not considered to be available to meet general expenditures due to the payments received on these loans being used to solely make new loans.

The College's financial assets available within one year for general expenditure as of June 30, 2023 and 2022 are as follows:

	2023	2022
Total assets, end of year	$ 303,553,641	$ 306,476,248
Less nonfinancial assets		
Prepaid expenses and other assets	(3,713,671)	(3,999,902)
Right of use assets, net	(1,130,408)	(3,750,167)
Land, buildings and equipment, net	(155,815,668)	(123,304,642)
Financial assets, end of year	142,893,894	175,421,537
Less unavailable for general expenditure within one year due to		
Loans receivable, net	(835,503)	(1,243,957)
Restricted cash	(401,673)	(480,667)
Investments held by bond trustee	(13,719,431)	(47,900,439)
Contributions receivable not due in one year or less	(733,529)	(1,256,567)
Contractual or donor-imposed restrictions:		
Restricted by donors with time or purpose restrictions	(10,538,029)	(9,011,385)
Donor-restricted endowment subject to appropriation	(31,839,976)	(27,963,196)
Donor-restricted endowments to be retained in perpetuity	(44,090,805)	(41,935,113)
Board-designated endowments	(22,119,354)	(20,989,664)
Expected to be available for general expenditure within one year		
Pay-out on donor-restricted endowments	2,775,000	2,627,000
Pay-out on board-designated endowments	1,493,000	1,445,000
Financial assets available for expenditure within one year	$ 22,883,594	$ 28,712,549

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash, cash equivalents and restricted cash
Cash and cash equivalents consist of cash and money market investments with maturities of 90 days or less at the date of purchase. These amounts do not include cash equivalents held as collateral or cash that is held in an investment manager's account until suitable investment opportunities are identified.

Restricted cash consists primarily of cash on deposit with banks for compliance with debt service along with cash held for the revolving loan fund for Federal Perkins Loans and funds designated for transfer to the College's pooled endowment.

Cash, cash equivalents and restricted cash consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash	$ 3,607,419	$ 7,753,914
Cash equivalents	2,773,102	44,862
Total cash and cash equivalents	6,380,521	7,798,776
Cash restricted for debt	53,987	2,752
Cash restricted for student loans	347,686	477,915
Total restricted cash	401,673	480,667
Total cash, cash equivalents and restricted cash	$ 6,782,194	$ 8,279,443

Short-term investments
Short-term investments consist primarily of cash, certificates of deposit, fixed income securities and mutual funds. Certificates of deposit are recorded at face value.

Accounts receivable
Accounts receivable are stated net of allowance for doubtful accounts. The College estimates the allowance based on its historical experience of the relationship between actual bad debts and net revenue, taking into consideration the age of past due accounts and an assessment of the debtor's ability to pay. Uncollectible account balances are written off when management determines the probability of collection is remote. Accounts receivable, net, as of June 30, 2021 was $3,870,528.

Contributions receivable
Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as net assets without donor restriction support. Promises to give that are scheduled to be received after the fiscal year-end 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 permanently are recognized as increases in net assets with perpetual donor restrictions.

A conditional promise to give is a transaction where the College has to meet certain obligations to be entitled to the gift and the donor has the right of return of any advanced funding if the College does not meet those obligations. The College recognizes the contribution revenue upon overcoming the barrier and any funding received prior to overcoming the barrier is recognized as a refundable advance.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using the risk-free rates applicable to the year in which the promises are received. The discount rates used ranged from 1.07% to 6.40% for 2023 and 1.07% to 4.01% for 2022. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restriction, if any, on the contributions.

Investment valuation and income recognition
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Securities received by gift are initially recorded at fair value at the date of acquisition. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains (losses) include the College's gains and losses on investments bought and sold as well as held during the year, net of external investment management fees. Net realized and unrealized gains and losses and investment income on donor-restricted endowment assets are classified as net assets with donor restrictions until appropriated for expenditure.

The College commingles certain investment assets of its various funds into investment pools and uses the unit-share method for distributing pooled investment income and net realized and unrealized gains and losses.

The Investment Committee of the College determines the College's valuation policies and procedures utilizing information provided by investment advisors, asset custodians and fund managers.

Land, buildings and equipment

Land, buildings and equipment, including capitalized interest, are recorded at cost on the date of acquisition or, in the case of gifts, fair value at the date of receipt plus the cost of any related asset retirement obligations. Maintenance and repairs are charged to expense as incurred; individual additions, renewals and betterments of $5,000 or more are capitalized. For assets sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation expense is computed on a straight-line basis over the estimated useful lives using a half-year convention beginning in the year of acquisition or capitalization of construction in progress. Useful lives of the assets are as follows:

Buildings	30 or 75 years
Improvements	5 to 15 years
Furniture	10 years
Equipment	3 to 10 years
Library books	10 years

Bond issuance costs

Bond issuance costs are fees and other costs incurred in obtaining financing that are amortized on an effective interest rate basis over the term of related debt. Bond issuance costs are presented as a direct deduction of the carrying amount of the debt. Amortization of bond issuance costs is included in interest expense.

Accounts held for others

Accounts held for others, which are reported as liabilities in the accompanying financial statements, represent funds placed on deposit with the College as custodian.

Asset retirement obligations

The College recognizes conditional asset retirement obligations, primarily arising from regulations on the disposal of certain hazardous material if facilities are demolished or undergo major renovations or repairs. Asset retirement obligations are initially recorded in the period in which they occurred if a reasonable estimate of approximate fair value can be made, and the liability is accreted to its present value each period. The discount rates used for the present value calculations range from 3.30% to 4.00%. When the liability is initially recorded, the cost of the related long-lived asset is increased for the amount of the liability, which is then depreciated over the useful life of the asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities.

During 2023 and 2022, the College recognized accretion on the conditional asset retirement obligation of $378 and $366, respectively, which is reported within expenditures on the statements of activities. A liability has been recorded for the conditional asset retirement obligations of $1,691,980 and 1,691,602 as reported in the statements of financial position at June 30, 2023 and 2022, respectively.

Leases
The College has entered into a variety of leases for office space and equipment. The obligations associated with these leases have been recognized as a liability in the statement of financial position based on future lease payments, discounted by the incremental borrowing rate. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Donated materials, equipment and services
Donated materials and equipment are recorded at their estimated fair value at the date of receipt. No amounts have been reflected in the accompanying financial statements for donated services since such services generally do not require specialized skills.

Tuition and fee revenue
The College recognizes tuition and fees based on the academic semesters to which they apply and are presented net of institutional aid. Tuition and fees are charged at varying amounts depending on the program the students are enrolled in. The College bills students for tuition and fees, which are treated as a single performance obligation, at the start of each semester. Payment, or other payment arrangements such as financing through federal loan and grant programs, institutional payment plans, private and institutional scholarships, and other funding methods, are due prior to the start of the semester. Tuition and fees are recognized as revenue on a prorated basis based on the semester's defined time period.

The College's academic year is divided into three academic semesters. Fall and Spring semesters are approximately 15 weeks in length and the Summer semester is approximately 12 weeks in length. As the Summer semester is in session over the time period of June 30th, the portion of Summer semester tuition and fees billed to students but not yet earned is recorded as deferred revenue and reported as deferred income and deposits on the statement of financial position. The College expects to earn these deferred revenues within the next year. Any payments received during the year for the following academic year are also recorded as deferred income. Any deferred tuition and fees are presented net of the associated unearned institutional aid. Deferred income and deposits as of June 30, 2021 was $5,627,664.

The College's refund policy depends on the date on which the student withdraws from the academic semester. The published academic catalog addresses the College's refund policy should a student withdraw from the College. The refund policy includes a deadline by which notification must be received by the College in order to cancel an enrollment contract without further financial obligation to the College. Subsequent to that date, students who withdraw will generally be liable for the entire academic semester's tuition and fees. For the Summer semester, the unearned tuition and fees in relation to the College's refund policy is recorded as deferred revenue and reported as deferred income and deposits on the statement of financial position.

The following is the composition of net tuition and fees revenue for June 30, 2023 and 2022:

	2023	2022
Gross tuition and fees revenue	$ 114,016,328	$ 111,981,683
less scholarship aid	(55,568,553)	(53,037,960)
Net tuition and fees revenue	$ 58,447,775	$ 58,943,723

Government grants
Revenues associated with government grants for educational purposes and contracts are recognized as the related direct costs are incurred and are accounted for as net assets without donor restrictions or net assets with donor restrictions depending on the nature of the grant. The College records reimbursement of indirect costs relating to the Federal Pell Grant, Supplemental Education Opportunity Grant and Corporation for National and Community Service Grants at authorized rates for each fiscal year as net assets without donor restrictions revenue.

Sales and services of educational departments
Sales and services of educational departments revenue is primarily derived from camp programs and event facilities rentals. The College charges registration and fees based on the number of sessions a camper enrolls in, or the number of participants and the period of the event facilities rental. The College bills campers and event facilities renters a single charge that covers the registration, rental and any fees, which are treated as a single performance obligation. Generally, the College bills each camper prior to the start of the program; event facilities renters may be billed after the final event, with a deposit due prior to the event rental. Revenue is recognized on a prorated basis, based on the session or event's defined time period.

The portion of registration and fees paid by campers, or deposits paid by event renters, but not yet earned is recorded as deferred revenue and is reported as a deferred income and deposits on the statement of financial position. The College expects to earn these revenues within the next year.

Sales and services of auxiliary enterprises
Sales and services of auxiliary enterprises revenue is primarily derived from meal plan and housing fees.

The College charges fees based on the meal plan or housing choice the student enrolls in. The College bills the student a single charge that covers the fees, which are treated as a single performance obligation. Generally, the College bills each student prior to the start of the semester. Revenue is recognized on a prorated basis, based on each semester's defined term.

The portion of fees paid by students, but not yet earned is recorded as deferred revenue and is reported as deferred income and deposits on the statement of financial position. The College expects to earn these revenues within the next year.

Other income
Other income primarily represents other rentals of space on the College's campus. The College issues rental contracts to customers with stated rates and terms. Revenue is recognized on a prorated basis, based on the period of time the facility is rented. Customers are invoiced at the time the facility rental takes place.

Functional allocation of expenses
The costs of providing the College's programs and other activities have been summarized on a functional basis in the statements of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited.

Income taxes
The College has been granted tax-exempt status under the Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3) and, accordingly, does not provide for income taxes. However, the College is subject to unrelated business income taxes related to other program income and such taxes are included in management and general expenses in the statements of activities.

The College had no uncertain tax positions at June 30, 2023 or 2022. The College's federal information returns prior to fiscal year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Risks and uncertainties
Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the statements of financial position and activities.

Reclassifications
Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.

Subsequent events
In preparing these financial statements, management has evaluated subsequent events through November 16, 2023, which represents the date the financial statements were available to be issued.

Note 2 - Accounts receivable

Accounts receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Student accounts receivable	$ 5,850,479	$ 6,218,492
Other receivables	1,088,061	758,730
	6,938,540	6,977,222
Less allowance for doubtful accounts	(2,842,928)	(2,596,993)
Accounts receivable, net	$ 4,095,612	$ 4,380,229

Note 3 - Ground lease

In May 1990, the College, as lessor, entered into a 75-year ground lease. The land has been developed into a continuing care retirement community (the "CCRC") by an unrelated party. The lease, as amended and restated on August 18, 2009, provided for an annual base rent of $40,000 beginning August 1, 2014. This amount increased to $75,000 on August 1, 2019 and increased to $100,000 on August 1, 2022 through the rent termination date.

During the year ended June 30, 2009, the College loaned the CCRC $375,000 for operational purposes, which is included in accounts receivable, net on the accompanying statements of financial position. Interest payments commenced on August 1, 2011 at 5% per annum on the unpaid balance on a monthly basis. Principal payments commenced on August 1, 2014, with the principal balance being amortized over 10 years.

In January 2018, the College, as lessor, entered into a 60-year ground lease with EC Springfield Realty, Inc. The land was developed by the lessee into a pre-kindergarten through secondary school. The lease provides for an annual base rent of $100, which was prepaid in full for the entire term of the ground lease. Upon the termination of the lease, all permanent additions and improvements to the leased property become property of the College.

Note 4 - Contributions receivable

Contributions receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Contributions receivable	$ 2,043,860	$ 2,829,032
Less discount to present value	(64,458)	(74,904)
Less allowance for uncollectible contributions	(245,263)	(339,485)
Contributions receivable, net	$ 1,734,139	$ 2,414,643

Contributions receivable are expected to be realized during the following years as of June 30, 2023 and 2022:

	2023	2022
Less than one year	$ 1,310,331	$ 1,572,465
One to five years	732,529	1,256,567
More than five years	1,000	-
Contributions receivable	$ 2,043,860	$ 2,829,032

The College also currently has conditional promises to give in the amount of $15,592,061 as of June 30, 2023. These amounts are not included in contributions receivable or revenue in the accompanying financial statements.

Note 5 - Loans receivable

The College's student loan receivables consist of a revolving loan fund for Federal Perkins Loans (the Program), for which the College acts as an agent for the federal government in administering the Program, and an institutional loan fund created by the College to assist students in funding their education.

Other loans receivable consists of loans to employees for the College's Employee Neighborhood Homeownership Program.

Loans receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Student loans		
Federal government programs	$ 814,251	$ 1,391,499
Institutional programs	23,378	26,649
Total student loans	837,629	1,418,148
Less allowance for doubtful accounts		
Beginning of year	(176,002)	(296,810)
Decreases	172,669	120,808
End of year	(3,333)	(176,002)
Student loan receivables, net	834,296	1,242,146
Other loans receivable	1,207	1,811
Loans receivable, net	$ 835,503	$ 1,243,957

Funds advanced by the federal government of $1,867,671 and $2,271,241 at June 30, 2023 and 2022, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying statements of financial position.

The following amounts were past due under the Program at June 30, 2023 and 2022:

	1-89 Days Past Due	90-179 Days Past Due	>180 Days Past Due	Total Past Due
June 30, 2023	$ 476	$ 2,843	$ 3,318	$ 6,637
June 30, 2022	$ 255	$ 24,563	$ 178,822	$ 203,640

Allowances for doubtful accounts are established based on prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

Note 6 - Fair value measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

Financial instruments measured at fair value
The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Equity securities
These items are valued at the closing price reported in the active market in which the individual securities are traded.

Fixed income securities
Fixed income securities include corporate bonds and U.S. Treasuries valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

Mutual funds
Mutual funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

Real estate and limited partnerships
Interests in real estate and limited partnerships are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. The valuations involve assumptions and methods that are reviewed by the College's Investment Committee. Because investments in these partnerships are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such investments existed.

Absolute return and hedge funds
Interests in absolute return and hedge funds are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. The valuations involve assumptions and methods that are reviewed by the College's Investment Committee. Because investments in these funds are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such investments existed.

There have been no changes in the methodologies used at June 30, 2023 and 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the College's assets and liabilities at fair value, including cash and cash equivalents held by investment managers, as of June 30, 2023 and 2022:

	2023			
Description	Level 1	Level 2	Level 3	Total
Long-term investments				
Cash and cash equivalents	$ 280,976	$ -	$ -	$ 280,976
Equity securities	11,587,808	-	-	11,587,808
Mutual funds:				
Money market funds	73,515	-	-	73,515
Domestic equity funds	24,628,582	-	-	24,628,582
International and global equity	24,746,604	-	-	24,746,604
Fixed income	19,495,445	-	-	19,495,445
Real assets	2,248,729	-	-	2,248,729
Investments measured at net asset value (a)				
Real estate and limited partnerships	-	-	-	15,802,076
Absolute return and hedge funds	-	-	-	248,466
Total long-term investments	83,061,659	-	-	99,112,201
Short-term investments				
Cash and cash equivalents	69,472	-	-	69,472
Mutual funds:				
Equity funds	5,081,986	-	-	5,081,986
Fixed income	11,463,356	-	-	11,463,356
Total short-term investments	16,614,814	-	-	16,614,814
Investments held by bond trustee				
Cash and cash equivalents	2,534,398	-	-	2,534,398
Money market funds	4,018,254	-	-	4,018,254
Fixed income	7,166,779	-	-	7,166,779
Total investments held by trustee	13,719,431	-	-	13,719,431
Total assets recorded at fair value	$ 113,395,904	$ -	$ -	$ 129,446,446
Liabilities under split-interest agreements	$ -	$ -	$ 1,075,032	$ 1,075,032

Description	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total
Long-term investments				
Cash and cash equivalents	$ 101,525	$ -	$ -	$ 101,525
Equity securities	10,100,005	-	-	10,100,005
Mutual funds:				
Money market funds	13,472	-	-	13,472
Domestic equity funds	22,977,704	-	-	22,977,704
International and global equity	22,837,724	-	-	22,837,724
Fixed income	18,997,113	-	-	18,997,113
Real assets	2,322,236	-	-	2,322,236
Investments measured at net asset value (a)				
Real estate and limited partnerships	-	-	-	13,985,371
Absolute return and hedge funds	-	-	-	236,409
Total long-term investments	77,349,779	-	-	91,571,559
Short-term investments				
Cash and cash equivalents	128,918	-	-	128,918
Mutual funds:				
Equity funds	5,725,554	-	-	5,725,554
Fixed income	13,788,981	-	-	13,788,981
Total short-term investments	19,643,453	-	-	19,643,453
Investments held by bond trustee				
Cash and cash equivalents	19,961,444	-	-	19,961,444
Money market funds	6,665,562	-	-	6,665,562
Fixed income	21,273,433	-	-	21,273,433
Total investments held by trustee	47,900,439	-	-	47,900,439
Total assets recorded at fair value	$ 144,893,671	$ -	$ -	$ 159,115,451
Liabilities under split-interest agreements	$ -	$ -	$ 944,571	$ 944,571

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended June 30, 2023 and June 30, 2022.

The College uses pricing information supplied by investment managers to determine the net asset value for real estate and limited partnerships and absolute return and hedge funds.

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2023 and 2022 is as follows:

	2023				
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Absolute return and hedge funds:					
Commonfund global distressed investors (a)	$ 248,466	$ 273,300	N/A	N/A	No redemption provisions
Real estate and limited partnerships:					
Commonfund Capital Partners 2000 (b)	6,314	23,567	N/A	N/A	No redemption provisions
Commonfund Capital Partners VII LP (b)	5,402,360	1,145,000	N/A	N/A	No redemption provisions
Hamilton Lane Secondary Feeder LP (c)	830,077	442,952	N/A	N/A	No redemption provisions
Macquarie Infrastructure and Real Assets Global (d)	3,055,854	342,515	N/A	N/A	No redemption provisions
Polaris Capital International Value LP (e)	4,042,114	-	N/A	N/A	Monthly liquidity
Siguler Guff Small Buyout Opport. Fund IV LP (f)	956,323	276,616	N/A	N/A	No redemption provisions
HarbourVest 2021 Global Feeder Fund (g)	676,523	878,750	N/A	N/A	No redemption provisions
Vistria Fund IV (h)	832,511	200,783	N/A	N/A	No redemption provisions
	$ 16,050,542	$ 3,583,483			

	2022				
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Absolute return and hedge funds:					
Commonfund global distressed investors (a)	$ 236,409	$ 273,300	N/A	N/A	No redemption provisions
Real estate and limited partnerships:					
Commonfund Capital Partners 2000 (b)	39,465	23,567	N/A	N/A	No redemption provisions
Commonfund Capital Partners VII LP (b)	5,381,672	1,550,000	N/A	N/A	No redemption provisions
Hamilton Lane Secondary Feeder LP (c)	761,189	488,927	N/A	N/A	No redemption provisions
Macquarie Infrastructure and Real Assets Global (d)	2,726,186	573,268	N/A	N/A	No redemption provisions
Polaris Capital International Value LP (e)	3,508,567	-	N/A	N/A	Monthly liquidity
Siguler Guff Small Buyout Opport. Fund IV LP (f)	793,020	379,028	N/A	N/A	No redemption provisions
HarbourVest 2021 Global Feeder Fund (g)	330,356	1,192,500	N/A	N/A	No redemption provisions
Vistria Fund IV (h)	444,916	574,261	N/A	N/A	No redemption provisions
	$ 14,221,780	$ 5,054,851			

The investment strategies of these investments are as follows:

a. To invest primarily in U.S. commercial real estate and distressed investment strategies.
b. To invest in venture capital, global private equity and natural resource investments in order to deliver long-term capital appreciation through risk adjusted net returns in equity investments.
c. To invest in secondary private equity investments that leverage the Firm's competitive advantages which include differentiated deal flow, and a platform for identifying and executing high quality, risk adjusted secondary opportunities in both single funds and portfolios as well as more complex structured secondary transactions.
d. To invest in equity and equity related investments in core and core-plus infrastructure and infrastructure related businesses predominantly in the Americas, Europe and Asia Pacific.
e. To invest in long-term capital growth and income by investing in a diversified portfolio consisting of primarily foreign securities.
f. To invest in buyout opportunities in the small and lower middle markets; portfolio will invest in a mix of primary fund investments as well as co-investments in select deals.
g. To invest in newly formed funds raised by experienced managers that invest in buyout, and to a lesser extent, growth equity and venture capital, special situations, and other private market transactions.

h. To invest in private companies with enterprise values up to $500 million through equity investments ranging from approximately $50 million to $100 million per company.

Note 7 - Leases

The College leases office space and equipment. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the College recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. The College has elected and applies the practical expedient available to lessees to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The College remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The College determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the College estimates its incremental borrowing rate as the discount rate. The College’s incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment.

For accounting purposes, the College’s leases commence on the earlier of (i) the date upon which the College obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the College’s leases coincides with the contractual effective date. The College’s leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the College and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Unless the College determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The College’s office space leases generally require reimbursement of real estate taxes, common area maintenance, and insurance. Rental payments on these leases typically provide for fixed minimum payments that may increase over the lease term at predetermined amounts.

The College exercised their rights to early terminate the Boston lease agreement as allowed under the agreement. The lease will terminate on February 14, 2024 with a final payment of $401,670.

The following table summarizes the College's lease assets and liabilities as of June 30, 2023 and 2022:

	Balace Sheet Classification	2023	2022
Right of use assets			
Operating	Right of use assets, net	$ 655,164	$ 3,135,827
Financing	Right of use assets, net	475,244	614,340
Total right of use assets		$ 1,130,408	$ 3,750,167
Lease liabilities			
Operating	Lease liability	$ 1,081,474	$ 3,518,354
Financing	Lease liability	488,188	619,152
Total lease liabilities		$ 1,569,662	$ 4,137,506

The following table summarizes the College's lease related cost for the year ended June 30, 2023 and 2022:

	Statement of Activities Classification	2023	2022
Financing lease cost			
Amortizaton expense	Depreciation & amortization	$ 139,096	$ 81,139
Interest expense	Interest expense, net	21,934	12,864
Operating lease costs	Institutional support	1,048,917	1,218,670
Total lease cost		$ 1,209,947	$ 1,312,673

The following table summarizes maturities of lease liability as of June 30, 2023 and 2022:

	Operating	Financing
2024	$ 933,374	$ 152,899
2025	89,260	152,899
2026	81,096	152,899
2027	10,248	63,708
Total future payments	1,113,978	522,405
Less imputed interest	(32,504)	(34,217)
Present value of lease liabilities	1,081,474	488,188
Less current portion of lease liabilities	(908,186)	(139,192)
Noncurrent portion of lease liabilities	$ 173,288	$ 348,996

Supplemental cash flow information related to the College's leases for the years ended, June 30, 2023 and 2022.

	2023	2022
Cash paid		
Operating leases	$ 1,096,964	$ 1,277,379
Finance leases	$ 130,965	$ 89,191
Total cash paid for lease liabilities	$ 1,227,929	$ 1,366,570

The following table summarizes information about leases as of June 30, 2023:

	Operating	Financing
Weighted average remaining lease term	1.08 Years	4.02 Years
Weighted average discount rate	3.92%	3.92%

Note 8 - Land, buildings and equipment

Land, buildings and equipment consists of the following at June 30, 2023 and 2022:

	2023	2022
Land	$ 5,979,928	$ 5,602,430
Buildings and leasehold improvements	197,218,050	210,579,787
Furniture	4,953,245	12,493,223
Equipment	13,021,097	37,031,360
Library books	86,430	1,319,990
Total land, buildings and equipment	221,258,750	267,026,790
Less accumulated depreciation	(112,354,993)	(156,298,042)
	108,903,757	110,728,748
Construction in progress	46,911,911	12,575,894
Land, buildings and equipment, net	$ 155,815,668	$ 123,304,642

Construction in progress at June 30, 2023 and 2022 represents the cost of certain campus improvement projects not yet placed into service or depreciated as of the end of the fiscal year.

Depreciation expense of the above assets amounted to $7,750,778 and $7,789,663 for the years ended June 30, 2023 and 2022, respectively.

Note 9 - Debt arrangements

Debt arrangements consist of bonds and notes payable at June 30, 2023 and 2022:

	2023		2022	
	Principal	Unamortized Debt Issuance and Premium	Principal	Unamortized Debt Issuance and Premium
$1,340,019 CIT Bank N.A. installment financing: 0% interest over 36 months, due quarterly through 2023.	$ -	$ -	$ 446,653	$ -
$45,095,000 Massachusetts Development Finance Agency 2021 Series A Revenue bonds; 35-year fixed interest rate of 4.0% due monthly through 2056.	42,837,917	(4,692,472)	44,294,167	(4,834,190)
$61,580,000 Massachusetts Development Finance Agency 2021 Series B Revenue bonds; 29-year fixed interest rate of 4.0% due monthly through 2050.	61,580,000	(6,290,755)	61,580,000	(6,516,921)
Total	104,417,917	$ (10,983,227)	106,320,820	$ (11,351,111)
Unamortized debt issuance costs and premium	10,983,227		11,351,111	
Debt arrangements, net	$ 115,401,144		$ 117,671,931	

The following is a schedule of debt maturities payable over the next five years and thereafter by the College at June 30, 2023:

Year ending June 30	
2024	$ 1,531,250
2025	1,606,667
2026	1,687,083
2027	1,772,083
2028	1,857,917
Thereafter	95,962,917
Total principal payments	$ 104,417,917

Restricted cash of $53,987 and $2,752 at June 30, 2023 and 2022, respectively, has been established in accordance with bond agreements for debt service funds. Investments held by bond trustee have been established for the remaining funds to be drawn on the 2022 Series A and B bonds for the amount of $13,719,431 and $47,900,439 at June 30, 2023 and 2022, respectively.

Interest expense was $3,265,818 and $3,172,665 for the years ended June 30, 2023 and 2022, respectively. The College must satisfy certain contractual covenants under the terms of certain bond agreements that include, among others, a debt service coverage ratio, the College is not in compliance of the covenants at June 30, 2023. Total capitalized interest was $899,637 and $29,978 for the years ended June 30, 2023 and 2022, respectively.

In December 2021, the College issued $106,675,000 in Revenue Bonds with the MDFA, which consist of Series A and Series B bonds. The proceeds of $50,000,000 from the 2021 Series A issuance will be used to finance the completion of a new Health Sciences building, including a new parking lot, and to cover the cost of issuance. Construction of the Health Sciences building began in 2023 and is anticipated to be completed for the start of the 2023-2024 academic year.

The proceeds from the 2021 Series B issuance were primarily used to refinance the existing MDFA 2012 and 2016 Bond issues and to cover the cost of issuance. Additional proceeds of $5,237,610 from the 2021 Series B issuance will be used for campus improvements, renovations, deferred maintenance projects and the purchase of an Enterprise Resource Planning software.

Note 10 - Net assets

Following is the composition of the College's net assets at June 30, 2023 and 2022:

	2023	2022
Without donor restrictions		
Board designated endowment, subject to spending policy and appropriations	$ 22,119,354	$ 20,989,664
Undesignated	55,095,170	64,386,673
Total net assets without donor restrictions	$ 77,214,524	$ 85,376,337
With donor restrictions		
Donor-restricted endowments, subject to spending policy and appropriations	$ 31,839,976	$ 27,963,196
Unexpended gift and grants balances	11,271,558	10,267,952
Total donor-restricted for time or purpose	43,111,534	38,231,148
Donor-restricted endowments, perpetual in nature	44,090,805	41,935,113
Total net assets with donor restrictions	$ 87,202,339	$ 80,166,261

Pursuant to The Commonwealth of Massachusetts Attorney General's position regarding the treatment of donor-restricted funds in financial statements prepared in accordance with GAAP, such appreciation is considered net assets with donor restrictions until appropriated pursuant to board action. The Board of Trustees can appropriate for expenditure such appreciation subject to its fiduciary responsibilities under the Massachusetts state version of the Uniform Prudent Management of Institutional Funds Act ("MAUPMIFA").

Note 11 - Net assets released from restriction

Donor-restricted income that was both received and expended during the year was recorded as net assets without restrictions revenue. Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donor.

The net assets with donor restrictions released from restriction for the years ended June 30, 2023 and 2022, related to the following:

	2023	2022
Purpose restrictions accomplished		
Student aid	$ 2,873,071	$ 7,003,603
Capital improvements	14,750	26,200
Instruction and research	1,682,889	1,135,699
Public service	18,966	41,618
Student services	649,091	612,972
Other activities	565,267	5,251,927
Passage of time	403,435	458,361
Total net assets released from restrictions	$ 6,207,469	$ 14,530,380

Note 12 - Endowment

Interpretation of relevant law

The Board of Trustees of the College has interpreted MAUPMIFA as encouraging the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) accumulations of investment returns not yet appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by MAUPMIFA. In accordance with MAUPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

Endowment net assets

The College's endowment consists of approximately 475 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	June 30, 2023			
	Without	With Donor Restrictions		
	Donor Restrictions	Time or Purpose	Perpetual	Total
Donor-restricted endowment funds	$ -	$ 31,926,995	$ 44,090,805	$ 76,017,800
Board-designated endowment funds	22,119,354	-	-	22,119,354
Underwater endowment funds	-	(87,019)	-	(87,019)
Total endowment net assets	$ 22,119,354	$ 31,839,976	$ 44,090,805	$ 98,050,135

	June 30, 2022			
	Without	With Donor Restrictions		
	Donor Restrictions	Time or Purpose	Perpetual	Total
Donor-restricted endowment funds	$ -	$ 28,119,195	$ 41,935,113	$ 70,054,308
Board-designated endowment funds	20,989,664	-	-	20,989,664
Underwater endowment funds	-	(155,999)	-	(155,999)
Total endowment net assets	$ 20,989,664	$ 27,963,196	$ 41,935,113	$ 90,887,973

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023			
	Without Donor Restrictions	With Donor Restrictions: Time or Purpose	With Donor Restrictions: Perpetual	Total
Endowment net assets - June 30, 2022	$ 20,989,664	$ 27,963,196	$ 41,935,113	$ 90,887,973
Investment returns, net	2,081,985	6,862,454	(9,669)	8,934,770
Contributions	3,051	143,670	2,165,361	2,312,082
Appropriation for expenditure	(955,346)	(3,129,344)	-	(4,084,690)
Endowment net assets - June 30, 2023	$ 22,119,354	$ 31,839,976	$ 44,090,805	$ 98,050,135

	2022			
	Without Donor Restrictions	With Donor Restrictions: Time or Purpose	With Donor Restrictions: Perpetual	Total
Endowment net assets - June 30, 2021	$ 23,891,522	$ 40,547,579	$ 40,666,756	$ 105,105,857
Investment returns, net	(2,896,607)	(9,786,236)	(287,288)	(12,970,131)
Contributions	98,178	-	1,555,645	1,653,823
Additional board designations	750,000	-	-	750,000
Appropriation for expenditure	(853,429)	(2,798,147)	-	(3,651,576)
Endowment net assets - June 30, 2022	$ 20,989,664	$ 27,963,196	$ 41,935,113	$ 90,887,973

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MAUPMIFA requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restriction were $87,019 and $155,999 as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new perpetually donor-restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The College permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations.

The amount to which funds were underwater for the years ended June 30, 2023 and 2022 was calculated as follows:

	2023	2022
Total original gift amount	$ 1,330,106	$ 1,777,193
Total fair value	1,243,087	1,621,194
Total underwater	$ 87,019	$ 155,999

Return objectives and risk parameters
The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to earn a sufficient total return without harming the long-term real value (the inflation-adjusted purchasing power of principal and income) after accounting for endowment spending, inflation and costs of investment management. In order to achieve this objective, the endowment assets are invested in a manner that is intended to produce results that are in line with or exceed the price and yield results of similarly managed accounts over a full market cycle (three to five years) as measured by a blend of mutually agreeable benchmarks while assuming a reasonable level of investment risk. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy
The College has a policy of appropriating for distribution each year an amount that shall not exceed 5% of its endowment fund's average fair value of the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The appropriations were $4,084,690 and $3,649,848 for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, the College determined the endowment draw would be 5%. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow at a rate to recognize the ongoing obligation to pay out annually substantial monies for operations. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 13 - Functional and natural classifications of expenses

The total operating and non-operating expenses reported for the years ended June 30, 2023 and 2022 by functional and natural classifications were as follows:

	2023			
	Program		Support	
	Instruction	Auxiliary	Institutional	Total
Salaries and wages	$ 38,105,889	$ 3,968,961	$ 4,752,728	$ 46,827,578
Employee benefits	10,344,150	1,152,899	1,400,366	12,897,415
Professional services	2,486,388	763,769	682,585	3,932,742
Advertising and marketing	791,422	21,613	22,959	835,994
Office expenses	5,029,873	1,178,713	615,460	6,824,046
Information technology	1,189,573	618,708	687,563	2,495,844
Rent and utilities	2,770,786	2,166,455	466,692	5,403,933
Travel	2,183,109	269,877	416,932	2,869,918
Athletics	1,567,484	-	-	1,567,484
Auxiliary enterprises	-	7,738,550	-	7,738,550
Other expenses	928,574	269,839	433,502	1,631,915
Depreciation expense	3,526,604	3,449,096	775,078	7,750,778
Interest expense	1,485,947	1,453,289	326,582	3,265,818
Total expenses	$ 70,409,799	$ 23,051,769	$ 10,580,447	$ 104,042,015

	2022			
	Program		Support	
	Instruction	Auxiliary	Institutional	Total
Salaries and wages	$ 37,020,906	$ 4,488,886	$ 4,444,888	$ 45,954,680
Employee benefits	10,377,954	1,242,384	1,240,270	12,860,608
Professional services	1,604,207	862,896	1,243,717	3,710,820
Advertising and marketing	763,567	5,057	10,113	778,737
Office expenses	6,264,417	1,014,908	1,230,384	8,509,709
Information technology	979,395	563,922	550,621	2,093,938
Rent and utilities	3,634,870	1,812,228	291,603	5,738,701
Travel	862,321	49,587	67,269	979,177
Athletics	1,743,032	-	-	1,743,032
Auxiliary enterprises	74,386	6,961,731	11,853	7,047,970
Scholarships	4,464,842	-	-	4,464,842
Other expenses	976,184	457,621	478,395	1,912,200
Depreciation expense	3,544,297	3,466,400	778,966	7,789,663
Interest expense	1,443,569	1,411,843	317,253	3,172,665
Total expenses	$ 73,753,947	$ 22,337,463	$ 10,665,332	$ 106,756,742

The College allocates the cost of operations and maintenance of plant, management and general, depreciation, amortization and interest expense across all functional expense categories to reflect the full cost of those activities. The College applies various methods of cost allocation, primarily using estimates of the percentage of building space usage and percentage of time spent. There are no dedicated lines showing the allocation of operations and maintenance of plant or management and general as they have been allocated to the natural expense categories.

Expenses are categorized as a functional expense as follows: instruction expenses include educational services, academic support, student services, public services and athletics; institutional support expenses include management and general and fundraising; auxiliary enterprises expenses includes expenses related to non-tuition revenue generation, such as housing and dining services expenses.

Note 14 - Retirement plan

Retirement benefits for most of the faculty, administration and staff are provided through the Teachers Insurance and Annuity Association under a defined contribution plan. Eligible employees may contribute up to a certain dollar value of their annual salaries, pre-tax, subject to various restrictions of the Internal Revenue Code. The College contributes 8% or 9% of a plan participant's annual salary, depending upon the employee's contribution. The College's total contribution to the plan was approximately $3,186,000 and $2,942,000 for the years ended June 30, 2023 and 2022, respectively.

Note 15 - Commitments

The College participates in the Massachusetts College Savings Prepaid Tuition program. This program allows participants to pay in advance (against a bond) for future tuition at the cost of tuition at the time of the bond purchase increased by the Consumer Price Index plus 2%. The potential financial impact associated with this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the College.

The College entered into an agreement that ends in 2024, whereby the College engaged Harvest Table, a division of Aramark Educational Services, Inc. ("Aramark") to provide the College with meals. In consideration, Aramark has made payments either to the College or directly for purchases of equipment for $2,000,000 for investment in food service facility renovations. This balance is being amortized as deferred deposits through 2024.

In fiscal year 2024 the agreement was amended and extended through fiscal year 2029.

Note 16 - Concentrations

Credit risk

Financial instruments which potentially subject the College to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The College maintains its cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits. At June 30, 2023, the College had cash in excess of federally insured limits of approximately $7,700,000.

Concentrations of credit risk with respect to receivables are limited due to the large number of students and donors and generally short payment terms. In addition, management closely monitors these balances while maintaining allowances for potential losses.

CohnReznick

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