ANNA MARIA COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

AND

INDEPENDENT AUDITOR'S REPORT

ANNA MARIA COLLEGE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Anna Maria College

Opinion

We have audited the financial statements of Anna Maria College (the College), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the 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 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 the College's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bollus Lynch, LLP

Worcester, Massachusetts
March 17, 2023

ANNA MARIA COLLEGE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With summarized comparative information for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Assets				
Cash and cash equivalents	$ 534,171	$ 2,529,450	$ 3,063,621	$ 5,480,596
Accounts receivable				
Students, less allowance for doubtful accounts of $1,021,214 and $941,782 in 2022 and 2021, respectively	940,226	-	940,226	1,073,989
Government grants	984,285	-	984,285	2,573,887
Other	147,945	-	147,945	313,402
Contributions receivable, net	-	1,023,858	1,023,858	840,415
Student loans, net	601,684	-	601,684	652,131
Prepaid expenses and other assets	443,289	-	443,289	366,218
Investments	12,343,823	1,362,507	13,706,330	14,215,106
Other assets	78,026	-	78,026	-
Hedging instrument	35,098	-	35,098	-
Property and equipment, net	27,419,773	-	27,419,773	28,672,815
	$ 43,528,320	$ 4,915,815	$ 48,444,135	$ 54,188,559
Liabilities and Net Assets				
Accounts payable	$ 1,202,583	$ -	$ 1,202,583	$ 1,095,650
Accrued and other liabilities	775,472	-	775,472	717,064
Deferred tuition, fees and other	786,912	-	786,912	887,041
Refundable advances	-	-	-	2,492,700
Student deposits	225,180	-	225,180	243,093
Agency funds	36,497	-	36,497	103,119
Deferred contract revenue	1,157,876	-	1,157,876	1,303,709
Capital lease obligations	-	-	-	51,929
Long-term debt, net	20,994,736	-	20,994,736	21,751,037
Hedging instrument	-	-	-	1,463,524
Student loans - Federal Perkins Loan Program	501,627	-	501,627	597,560
Total liabilities	25,680,883	-	25,680,883	30,706,426
Net assets				
Without donor restrictions	17,847,437	-	17,847,437	19,817,250
With donor restrictions	-	4,915,815	4,915,815	3,664,883
Total net assets	17,847,437	4,915,815	22,763,252	23,482,133
	$ 43,528,320	$ 4,915,815	$ 48,444,135	$ 54,188,559

See accompanying independent auditor’s report and notes to financial statements.

ANNA MARIA COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022
(With summarized comparative information for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Operating revenue and other support:				
Tuition and fees	$ 41,675,620	$ -	$ 41,675,620	$ 41,923,831
Less: Financial aid	22,137,071	-	22,137,071	22,318,140
Employee tuition benefits	567,443	-	567,443	437,226
Tuition and fees, net	18,971,106	-	18,971,106	19,168,465
Auxiliary enterprises	5,980,044	-	5,980,044	5,358,924
Contributions and gifts	11,080	639,378	650,458	693,390
Government grants	3,978,886	-	3,978,886	3,352,472
Interest income	-	-	-	3,797
Investment return appropriated for operations	254,929	-	254,929	214,949
Other revenue	236,843	-	236,843	164,166
Net assets released from restriction:				
Purpose restrictions	664,166	(664,166)	-	-
Total	30,097,054	(24,788)	30,072,266	28,956,163
Operating expenses:				
Instruction	8,890,393	-	8,890,393	7,902,712
Academic support	1,377,755	-	1,377,755	1,251,324
Student services	11,585,916	-	11,585,916	10,115,235
Auxiliary enterprises	2,461,333	-	2,461,333	2,111,609
Institutional support	6,807,519	-	6,807,519	7,246,104
Institutional development	778,530	-	778,530	464,125
	31,901,446	-	31,901,446	29,091,109
Other				
Scholarships	181,943	-	181,943	124,485
Total	32,083,389	-	32,083,389	29,215,594
Change in net assets from operating activities	(1,986,335)	(24,788)	(2,011,123)	(259,431)
Non-operating revenue (expense):				
Contributions and gifts restricted for capital purposes	-	1,869,547	1,869,547	1,031,000
Contributions and gifts restricted for long-term investment	-	17,355	17,355	2,100
Investment return (loss) net of amounts appropriated for operations	(1,852,544)	(240,738)	(2,093,282)	2,294,377
Unrealized gain on hedging instrument	1,498,622	-	1,498,622	850,029
Net assets released from restrictions:				
Purpose restrictions	370,444	(370,444)	-	-
Change in net assets from non-operating activities	16,522	1,275,720	1,292,242	4,177,506
Change in net assets	(1,969,813)	1,250,932	(718,881)	3,918,075
Net assets, beginning of year	19,817,250	3,664,883	23,482,133	19,564,058
Net assets, end of year	$ 17,847,437	$ 4,915,815	$ 22,763,252	$ 23,482,133

See accompanying independent auditor’s report and notes to financial statements.

ANNA MARIA COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services						Totals	
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Institutional Development	2022	2021
Salaries and wages	$ 6,102,909	$ 811,539	$ 3,082,540	$ 185,704	$ 2,217,535	$ 410,237	$ 12,810,464	$ 11,882,039
Payroll taxes and employee benefits	1,101,068	181,091	558,094	20,436	725,242	87,625	2,673,556	1,969,389
Food services	-	-	-	1,779,856	-	-	1,779,856	1,562,880
Recruiting	4,000	-	1,964,257	-	48,857	-	2,017,114	2,069,550
Student activities	-	4,659	201,229	15,039	-	-	220,927	146,477
Utilities	199,203	41,540	617,324	72,152	238,290	-	1,168,509	873,590
Repairs and maintenance	55,266	11,118	270,176	38,607	21,614	-	396,781	326,578
Supplies	207,230	16,397	257,828	22,737	71,026	5,619	580,837	535,710
Supplies, other	-	-	-	-	456,422	-	456,422	1,128,002
Professional fees	406,796	30,702	876,527	27,813	1,348,259	169,757	2,859,854	2,104,523
Vendor services	287,567	57,513	891,459	100,649	100,648	-	1,437,836	1,432,626
General insurance	-	-	-	-	334,863	-	334,863	123,285
Computer charges	793	65,087	12,113	287	439,639	-	517,919	392,738
Travel and entertainment	29,728	2,821	475,345	41,548	29,525	73,146	652,113	167,211
Faculty development	1,028	7,832	8,411	656	599	-	18,526	13,182
Advertising	-	-	72,405	-	24,603	17,605	114,613	66,807
Printing and mailing	799	2,426	38,032	173	148,991	14,331	204,752	184,793
Dues and subscriptions	29,875	53,926	43,316	23	79,993	210	207,343	193,744
Credit card and bank fees	-	-	-	-	143,769	-	143,769	178,396
Uncollectible accounts expense	-	-	-	-	154,431	-	154,431	425,346
Interest	2,706	2,706	862,190	2,706	2,702	-	873,010	927,873
Depreciation and amortization	436,990	87,398	1,354,670	152,947	152,945	-	2,184,950	2,080,143
Other	24,435	1,000	-	-	67,566	-	93,001	306,227
	$ 8,890,393	$ 1,377,755	$ 11,585,916	$ 2,461,333	$ 6,807,519	$ 778,530	$ 31,901,446	$ 29,091,109

See accompanying independent auditor’s report and notes to financial statements.

ANNA MARIA COLLEGE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With summarized comparative information for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (718,881)	$ 3,918,075
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,170,875	2,066,068
Amortization of debt issuance costs	14,075	14,075
Uncollectible accounts expense	154,431	425,346
Net investment (gains) losses	2,129,539	(2,406,014)
Amortization of deferred contract revenue	(145,833)	(145,766)
Unrealized gain on hedging instrument	(1,498,622)	(850,029)
Contributions restricted for capital improvements	(1,869,547)	(1,031,000)
Contributions restricted for long-term investment	(17,355)	(2,100)
Non-cash contributions	(1,338,822)	(187,146)
Increase (decrease) in operating assets:		
Accounts, loans and contributions receivable	3,132,385	(2,694,193)
Prepaid expenses and other assets	(155,097)	90,508
(Increase) decrease in operating liabilities:		
Accounts payable, trade	(115,716)	(72,569)
Accrued and other liabilities	58,408	(239,971)
Deferred tuition and fees	(100,129)	49,464
Refundable advances	(2,492,700)	(196,701)
Student deposits	(17,913)	24,759
Agency funds	(66,622)	75,653
Total adjustments	(158,643)	(5,079,616)
Net cash used in operating activities	(877,524)	(1,161,541)
Cash flows from investing activities:		
Payments for purchases of investments	(6,541,504)	(3,410,758)
Proceeds from sales of investments	6,259,563	3,310,905
Expenditures for property and equipment	(695,184)	(873,198)
Net cash used in investing activities	(977,125)	(973,051)
Cash flows from financing activities:		
Principal payments of long-term debt	(770,376)	(741,031)
Principal payments of capital lease obligations	(51,929)	(358,142)
Change in student loans - Federal Perkins Loan Program	(95,933)	(59,666)
Contributions restricted for long-term investment	355,912	232,699
Net cash used in financing activities	(562,326)	(926,140)
Net decrease in cash and cash equivalents	(2,416,975)	(3,060,732)
Cash and cash equivalents, beginning of year	5,480,596	8,541,328
Cash and cash equivalents, end of year	$ 3,063,621	$ 5,480,596

See accompanying independent auditor's report and notes to financial statements.

1 - DESCRIPTION OF ORGANIZATION

Anna Maria College (the "College") is a nonprofit, private college, located in Paxton, Massachusetts. The College is governed by a Board of Trustees. The College is empowered to award baccalaureate and master's degrees as well as programs of continuing education.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the College are described subsequently to enhance the usefulness and understandability of the financial statements.

Summarized comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Basis of accounting

The financial statements of the College have been prepared on the accrual method of accounting. Accordingly, assets are recorded when the College obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the College's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The College's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

> Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the College, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, the governing board of the College may elect to designate such resources for specific purposes. This designation may be removed at the board's discretion.
>
> Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the College must continue to use the resources in accordance with the donor's instructions.
>
> The College's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the College, unless the donor provides more specific directions about the period of its use.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and cash equivalents

The College maintains accounts at various financial institutions which, at times, may exceed federally insured limits. The College has not experienced any losses in such accounts. The College believes it is not exposed to any significant credit risk on cash and cash equivalents.

For purposes of these financial statements, the College considers all undesignated money market funds and highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Student accounts receivable

Student accounts receivable are reported net of any anticipated losses due to uncollectible amounts. The College considers an account to be past due when a student leaves mid-semester with an unpaid account balance or when a student has an account balance at the end of the semester. Current students with unpaid balances during the semester are assessed finance charges. Former students with past due accounts are subject to past due letter collection efforts and are subsequently placed with third-party collection agencies. If an account balance still exists at the conclusion of the 12 month collection period the account is in consideration to be written off. The collectability of individual accounts is evaluated closely at the close of each fiscal year, and the allowance for uncollectible accounts is adjusted to a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. Historical past-due history as a percentage of outstanding receivable balances is used to help establish an appropriate allowance for uncollectable amounts. The College does not assess finance charge against student receivables that are placed in collection.

Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student loans receivable

Student loans receivable are reported net of any anticipated losses due to uncollectibility. The College considers a loan to be in default when it has been past due for a period of twelve months. All loans are placed with a third-party collection agency. The allowance for uncollectible loans is calculated as the average of the outstanding loan balance multiplied by the cohort default rate for institutional loans. The Federal Perkins Loan program has provisions for deferment, forbearance, and cancellation of individual loans. Interest continues to accrue while the loan is placed with a collection agency.

Investments

Investments are reported at fair value. The net investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law.

Endowment funds

The College's endowment consists of individual donor restricted funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the College to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed or legal restrictions. Endowment funds include invested gifts and cash.

As required by generally accepted accounting principles, the College classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (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. The remaining portion of the donor-restricted endowment fund that is not classified as non-expendable net assets is classified as expendable net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by state law.

In accordance with the Uniform Prudent Management of Institutional Funds Act, the College may consider 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; and the investment policies of the College.

The College has adopted investment and spending policies for its board-designated and other endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a portfolio of debt and equity securities with the objective of achieving long-term capital appreciation while moderating the level of investment risk. Actual returns in any given year may vary from this amount.

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 has invested in debt and equity securities that target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of appropriating for distribution each year 5.00% of the twelve quarter average fair market value of the endowment calculated as of June 30 for the preceding the year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of its endowment.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment funds (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor imposed restrictions require the College to retain as a fund of perpetual duration. The College may appropriate for expenditure from these underwater endowment funds in accordance with the prudent measures prescribed by state law. Such deficiencies amounted to $52,092 and $26,437 as of June 30, 2022 and 2021, respectively, with an original gift value of $180,016 and $46,325 as of 2022 and 2021, respectively.

Debt issuance costs

Debt issuance costs, which represent fees and other costs associated with obtaining long-term debt, are deferred and amortized using the straight-line method, which approximates the level yield method, over the term of the financing. Bond issuance costs will be amortized at a monthly rate of $1,171 through 2040. Long-term debt is presented net of unamortized debt issuance costs on the statement of financial position.

Property and equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of $2,500 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Deferred tuition and fees

Certain deposits and advance payments received for tuition and fees related to the College’s Summer Session II programs and tuition billed relating to the ensuing academic year are deferred and are recorded as deferred tuition and fees.

Deferred contract revenue

Refundable advances received from the College’s food service vendor are recorded as deferred contract revenue and recognized ratably over the life of the contract.

Hedging instruments

Hedging instruments, including interest rate swaps, are recorded on the statement of financial position as either assets or liabilities measured at their fair value. All changes in the fair value of hedging instruments are recognized currently in the statement of activities.

Measure of operations

In its statement of activities, the College includes in its definition of *operations* all revenues and expenses that are an integral part of its programs and supporting activities. Contributions restricted for endowment and capital purposes, investment earnings related to the endowment, and hedging instrument activity are recognized as non-operating activities. The net investment return is recognized as non-operating item until drawn for operations.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and gifts

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-kind contributions

The College receives contributions in a form other than cash or investments. If material, donated supplies and other items are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the College receives a contribution of equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the College's capitalization policy.

The College benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the College's program operations and in its fund-raising events. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Expense recognition and allocation

The cost of providing the College's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Utilities, depreciation and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- General insurance and supplies that cannot be directly identified are allocated on the same basis as occupancy for each program and supporting activity.

Management periodically evaluates the basis on which costs are allocated.

Institutional support expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the College.

Institutional development costs are expensed as incurred, even though they may result in contributions received in future years. The College generally does not conduct its institutional development activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between institutional development, academic support and institutional support expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. Advertising expense was approximately $223,230 and $112,670 in 2022 and 2021, respectively.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Self-insured state unemployment program

Under Massachusetts law, a not-for-profit organization may elect to fund its state unemployment claims under the direct reimbursement financing plan. Under this plan, the College is required to pay the state only for claims made by its former employees for unemployment benefits.

Tax-exempt status

The College is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the College are tax deductible to donors under Section 170 of the IRC. The College is not classified as a private foundation.

3 - RISKS AND UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global markets experienced significant volatility in value resulting from uncertainty caused by the pandemic. The College is closely monitoring its liquidity and is actively working to minimize the impact of this situation. The extent of the impact of COVID-19 on the College's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the College's students, donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the College's financial position, net income and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

In April, 2020, the College received loan proceeds in the amount of $2,492,700 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses. The loans and accrued interest at 1.00% are forgivable as a conditional grant after a certain period of time as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the certain period of time. Accrued interest is $0 and $24,927 as of 2022 and 2021, respectively. The College has accounted for these loan proceeds as a conditional contribution in accordance with FASB ASC 958-605, whereby revenue is not recognized until certain conditions are substantially met or explicitly waived. The College believed that its use of the loan proceeds for purposes was consistent with the PPP and it met the conditions for forgiveness of the loan. As a result, these proceeds were recorded on the statement of activities as government grants during the year ending June 30, 2022. The loan was forgiven in September 2021.

In May 2020, the College was awarded $956,392 from the Higher Education Emergency Relief Fund ("HEERF") of the CARES Act of which $196,701 was recorded as government grants on the statement of activities for the year ending June 30, 2021. Approximately fifty percent of these funds were to be refunded to students and fifty percent of the funds were to cover the institutional costs for any costs associated with significant changes to the delivery of instruction due to the coronavirus.

In March 2021, the College was a recipient of allocations from HEERF of the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA Act") in the amount of $1,619,045, of which $455,901 was to be refunded to students and $1,163,144 was to cover the institutional costs related to lost revenue and the coronavirus.

3 - RISKS AND UNCERTAINTIES (Continued)

In July 2021, the College was a recipient of allocations from HEERF of the American Rescue Plan Act ("ARP Act") in the amount of $1,409,786, of which $1,409,786 was to cover the institutional costs related to lost revenue and the coronavirus. The College also received $126,940 of the ARP's allocation, of which this amount was to be refunded to students. Of these amounts, $1,536,726 is recorded as government grant receivable on the statement of financial position at June 30, 2021.

The College was recipient of allocations from HEERF of the ARP Act in the amount of $1,486,186, of which $1,486,186 was to be refunded to students. Of these amounts, $1,486,186 is recorded as government grants on the statement of activities at June 30, 2022.

Additionally, it is possible that estimates made in the financial statements may be materially and adversely impacted in the near term as a result of these conditions, including the allowance for doubtful student accounts receivable, valuation of investments, and valuation of hedging instruments. See footnote 19 for additional risks regarding the College's investments.

4 - LIQUIDITY AND AVAILABILITY

The following totals reflect the College's financial assets as of June 30, 2022 and 2021, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 3,063,621	$ 5,480,596
Accounts receivable, net	2,072,456	3,961,278
Contributions receivable, net	1,023,858	840,415
Student loans	601,684	652,131
Investments	13,706,330	14,215,106
Other assets	78,026	-
Total financial assets	20,545,975	25,149,526
Less: Financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	3,005,127	1,356,324
Contributions receivable unavailable for spending for more than one year, some of which are also subject to purpose restriction	548,181	613,696
Donor-restricted endowment funds	1,362,507	1,694,863
Less: Financial assets not available within one year:		
Student loans	601,684	652,131
Less: Board-designated endowment fund	4,458,831	5,495,152
Amount available for general expenditures within one year	$ 10,569,645	$ 15,337,360

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the College's intention to invest those resources for the long-term support of the College. If needed, the Board of Trustees can approve the board-designated endowment fund to be used for operations in its entirety. Some of the College's operating funds are in short term investments, however the bulk resides in money market accounts which is accessible for operations. The College does not have access to a line of credit at this time.

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Further, the College anticipates collecting sufficient contributions and revenue to cover general expenditures not covered by donor-restricted resources and endowment appropriations.

5 - CONTRIBUTIONS RECEIVABLE

Payments on contributions receivable as of June 30, 2022 are expected to be received as follows:

2023	$ 475,677
2024	261,257
2025	241,026
2026	39,898
2027	9,000
	1,026,858
Less: Reserve for uncollectible contributions receivable	3,000
	$ 1,023,858

6 - STUDENT LOANS

Student loans consist of the following:

	2022	2021
Perkins loans	$ 590,432	$ 640,793
AMC direct and AMC loans, net of allowance for uncollectible loans of $402,877	11,252	11,338
	$ 601,684	$ 652,131

7 - INVESTMENTS

Investments are included in the following classes of net assets:

	2022	2021
With donor restrictions:		
Donor restricted endowment funds	$ 1,362,507	$ 1,694,863
Without donor restrictions:		
Board-designated endowment funds	4,458,831	5,495,152
Undesignated	7,884,992	7,025,091
	$ 13,706,330	$ 14,215,106

Investments are composed of the following:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Investment securities				
Equity securities	$ 5,301,976	$ 6,503,963	$ 4,304,677	$ 8,286,038
U.S. Treasury securities	2,572,227	2,425,617	1,744,700	1,765,318
Corporate bonds	2,548,936	2,351,428	1,692,644	1,736,582
Mortgage-backed securities	424	213	452	241
Cash and money market accounts	2,425,109	2,425,109	2,327,610	2,327,610
Exchange traded products	-	-	98,416	99,317
	$ 12,848,672	$ 13,706,330	$ 10,168,499	$ 14,215,106

7 - INVESTMENTS (Continued)

Net investment return is composed of the following:

	2022	2021
Net investment gains (losses)	$ (2,129,539)	$ 2,406,014
Dividends and interest	352,762	154,682
Investment management fees	(61,576)	(51,370)
	$ (1,838,353)	$ 2,509,326

8 - ENDOWMENT ASSETS

Endowment assets includes board designated funds and donor restricted funds. Changes in endowment assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 5,495,152	$ 1,694,863	$ 7,190,015
Investment return:			
Interest and dividends	121,971	37,578	159,549
Net depreciation (realized/unrealized)	(903,363)	(278,316)	(1,181,679)
Total investment return	(781,392)	(240,738)	(1,022,130)
Additions	-	22,355	22,355
Appropriation for expenditure	(254,929)	(113,973)	(368,902)
End of year	$ 4,458,831	$ 1,362,507	$ 5,821,338

9 - PROPERTY AND EQUIPMENT

Property and equipment, together with estimated useful lives, consists of the following:

	Estimated Useful Lives	2022	2021
Land	-	$ 113,480	$ 113,480
Land improvements	50 years	10,060,535	10,043,067
Buildings and improvements	20 - 50 years	41,813,730	41,605,139
Furniture and equipment	5 - 15 years	12,132,410	11,922,472
Motor vehicles	5 years	442,140	375,424
Library books, periodicals, and audio-visual materials	5 years	2,020,876	2,020,876
Construction in process	-	415,120	-
		66,998,291	66,080,458
Less: Accumulated depreciation		39,578,518	37,407,643
		$ 27,419,773	$ 28,672,815

Depreciation expense was $2,170,875 and $2,066,068 in 2022 and 2021, respectively

10 - DEFERRED CONTRACT REVENUE

The College entered into a twelve year contract with Sodexo Operations, LLC (Sodexo) to have Sodexo provide all dining services for the College. Under the terms of the contract, the College provides all dining facilities and is responsible for all maintenance and repairs to the facility. Dining services personnel are considered Sodexo employees. As part of the contract, Sodexo made a payment of $1,750,000 to the College in June 2018 for facility enhancements to the dining facilities. This amount is included as restricted cash until expended. This amount has been recorded as deferred contact revenue on the Statement of Financial Position and is being amortized over the life of the contract. The amount amortized was $145,833 and $145,766 in 2022 and 2021, respectively, leaving a remaining amount to be amortized of $1,157,876 and $1,303,709 in 2022 and 2021, respectively.

11 - LONG-TERM DEBT

Long-term debt consists of the following:

	2022	2021
Note payable, MDFA, secured by substantially all assets of the College due in increasing monthly principal installments ranging from $61,750 to $131,666 plus interest at 65% of the sum of adjusted LIBOR Rate (.69% as of June 30, 2022) plus 3.25% through December, 2040.	$ 21,253,967	$ 22,024,343
Less: Unamortized debt issuance costs, net of accumulated amortization of $64,038 and $49,963 in 2022 and 2021, respectively	259,231	273,306
	$ 20,994,736	$ 21,751,037

In connection with the note payable, MDFA agreement, the College has agreed to various restrictive covenants. The College was in violation of a certain covenant requirement for the year ending June 30, 2022 for which the College obtained a written waiver of compliance from the note holder.

Maturities of long-term debt in subsequent years are as follows:

2023	$ 800,885
2024	832,601
2025	865,572
2026	823,407
2027	935,485
Thereafter	16,996,017
	$ 21,253,967

12 - HEDGING INSTRUMENT

The College maintains an interest-rate risk-management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest-rate volatility.

The College entered into an interest rate swap agreement in 2018 related to its long-term debt. The swap is utilized to manage interest rate exposures and is designated as a highly effective cash flow hedge. The differential to be paid or received on the swap agreement is accrued as interest rates change and is recognized over the life of the agreement in interest expense. The swap agreement's expiration date is November, 2027 and the rate is 1.792%. The notional amount is $21,253,967 and $22,024,343 in 2022 and 2021, respectively. Included in statement of activities is an unrealized gain of $1,498,622 and $850,029 relating to changes in the fair value of the swap agreement in 2022 and 2021, respectively.

13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Included in net assets without donor restrictions are board-designated endowment funds for future operations. All spending for this reserve must be approved by the governing board. The balance in the board-designated endowment funds is $4,458,831 and $5,495,152 as of June 30, 2022 and June 30, 2021, respectively.

14 - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2022 and 2021, net assets with donor restrictions are available for the following purposes or periods:

	2022	2021
Purpose restrictions, available for spending		
Scholarships and financial aid	$ 279,014	$ 261,705
Lecture series	78,356	66,859
Acquisition of property and equipment	1,641,318	331,622
Ethics Institute activities	44,614	40,674
Multi-cultural activities	12,563	12,878
Library	37,013	29,313
Education	23,701	9,830
Molly Bish Center	6,288	6,288
Other	406,583	370,436
Total purpose restricted net assets	2,529,450	1,129,605
Time restrictions:		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	1,023,858	840,415
Endowment funds, which must be appropriated by the Board of Trustees before use:		
Student scholarships (original gifts of $737,387 and $715,032 in 2022 and 2021, respectively)	1,029,678	1,282,808
Library support (original gifts of $56,619)	83,235	103,090
Lecture series (original gifts of $110,000)	232,420	284,350
Ethics Institute activities (original gifts of $21,113)	17,174	24,615
Total endowment funds managed by the College	1,362,507	1,694,863
Total net assets with donor restrictions	$ 4,915,815	$ 3,664,883

14 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	2022	2021
Purpose restrictions:		
Operating:		
Scholarships and financial aid	$ 90,463	$ 81,525
Multi-cultural activities	18,065	1,500
Lecture series	-	2,000
Education	54,227	25,355
Other	501,411	55,896
Total operating release from restrictions	664,166	166,276
Non-operating:		
Acquisition of property and equipment	370,444	-
	$ 1,034,610	$ 166,276

15 - RETIREMENT PLAN

The College offers a 403(b) retirement plan which covers substantially all employees. Participants in the plan may direct investments to the Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF) as custodians of the plan. In general, contributions to this defined contribution plan are made by the employees of the College and the College on a matching basis. Contributions provided by the College amounted to $376,058 and $38,340 in 2022 and 2021, respectively.

16 - FAIR VALUE MEASUREMENTS

The College reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When available, the College measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the College is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

16 - FAIR VALUE MEASUREMENTS (Continued)

The primary uses of fair value measures in the College's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give
- recurring measurement of endowment and long-term investments.
- recurring measurement of hedging instruments.

Determination of fair value

Following is a description of the valuation methodologies used for items measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2022.

Equity securities, mutual funds and exchange traded products: Valued at the closing price reported on the active market in which the individual securities are traded. These funds held by the College are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The securities held by the College are deemed to be actively traded.

U.S. Treasury Securities, Corporate bonds and Mortgage-back securities: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year if the same or an obligation with a similar maturity is actively traded.

Cash and money market accounts – Valued at the closing price reported in the market in which the individual securities are traded.

Hedging instrument – Valued using unobservable inputs, such as quotations received from counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk and correlations of such inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

16 - FAIR VALUE MEASUREMENTS (Continued)

The College's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2022 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	$ 6,503,963	$ -	$ -	$ 6,503,963
U.S. Treasury securities	-	2,425,617	-	2,425,617
Corporate bonds	-	2,351,428	-	2,351,428
Mortgage-backed securities	-	213	-	213
Cash and money market accounts	2,425,109	-	-	2,425,109
Total investments	8,929,072	4,777,258	-	13,706,330
Other assets				
Equity securities	39,484	-	-	39,484
Mutual funds	22,022	-	-	22,022
Cash and cash equivalents	16,520	-	-	16,520
Total other assets	78,026	-	-	78,026
Hedging instrument	-	-	35,098	35,098
Total recurring fair value measurements	$ 9,007,098	$ 4,777,258	$ 35,098	$ 13,819,454

The College's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2021 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Equity securities	$ 8,286,038	$ -	$ -	$ 8,286,038
U.S. Treasury securities	-	1,765,318	-	1,765,318
Corporate bonds	-	1,736,582	-	1,736,582
Mortgage-backed securities	-	241	-	241
Cash and money market accounts	2,327,610	-	-	2,327,610
Exchange traded products	99,317	-	-	99,317
Total investments	$ 10,712,965	$ 3,502,141	$ -	$ 14,215,106

The College's financial liabilities that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2021 as follows:

	Level 1	Level 2	Level 3	Total
Hedging instrument	$ -	$ -	$ (1,463,524)	$ (1,463,524)

16 - FAIR VALUE MEASUREMENTS (Continued)

There were no significant transfers between the levels during the year. The College's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

A reconciliation of assets (liabilities) measured at fair value using significant unobservable inputs (Level 3) follows:

Balance at June 30, 2021	$ (1,463,524)
Total unrealized gain included in change in net assets	1,498,622
Balance at June 30,2022	$ 35,098

17 - STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information are as follows:

	2022	2021
Cash paid during the year for interest	$ 899,969	$ 911,320

Included in accounts payable and accrued and other liabilities at June 30, 2022 and 2021 are amounts owed for property and equipment acquisitions of $232,359 and $9,710, respectively.

18 - CONCENTRATIONS OF RISK

The College's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the College's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

19 - COMMITMENTS AND CONTINGENCIES

Net assets without donor restrictions include $1,021,901, representing the proceeds of a contingent note payable to the Congregation of the Sisters of Saint Anne. In the event that the College liquidates its assets, it will be required to repay this amount.

The College entered into an employment agreement with the President of the College through June 30, 2024.

The College is involved in litigation on several matters and is subject to certain claims which arise in the normal course of business. Management believes that adverse decisions, if any, relative to these matters will not have a material effect on the College's financial position.

The College has been named in a complaint involving a certain employment matter. The College did not have sufficient information at the end of fiscal year ending June 30, 2020 to evaluate the potential exposure involved in this complaint. Based on the investigation in 2021 of pertinent circumstances, management of the College now believes that the possibility is remote that the complaint, even if it should prevail, will recover damages, for which the College maintains an insurance policy, in an amount that management considers material.

20 - DEFERRED COMPENSATION

The College established an Internal Revenue Code (IRC) section 457(b) plan and a section 457(f) plan for a certain employee. The College may make discretionary contributions to the 457(b) plan and section 457(f) plan. The College made contributions of $27,000 and $0 to the 457(b) plan during 2022 and 2021, respectively. Additionally, the College made contributions of $75,000 and $0 to the 457(f) plan during 2022 and 2021, respectively. Deferred compensation plan assets of $78,026 and $0 at June 30, 2022 and 2021, respectively, have been earmarked by the College to fund the deferred compensation liabilities and are included in other assets in the accompanying statements of financial position. The plan liabilities are included in accrued and other liabilities in the accompanying statements of financial position. Deferred compensation plan assets consist of equity securities, mutual funds and cash and cash equivalents at fair value as of June 30, 2022.

21 - RELATED PARTY TRANSACTIONS

During 2022 and 2021, a member of the College's board of trustees was a partner at a law firm that provided services to the College. The College paid the law firm approximately $454 and $2,000 in 2022 and 2021, respectively for services.

Total contributions received from board members was approximately $116,000 and $74,000 in 2022 and 2021, respectively.

22 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 17, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.