



Nichols College

Learn. Lead. Succeed.

FINANCIAL STATEMENT YEAR END REVIEW JUNE 30, 2022

Overview

The June 30, 2022 audited financial statements were reviewed and accepted by the Audit Committee at its meeting on September 12, 2022. Our audit firm of Bollus Lynch, LLC gave an unmodified or “clean” audit opinion with no material weaknesses in controls identified and there were no significant audit or financial reporting items noted.

Statement of Financial Position:

Total assets for FY22 decreased by approximately \$3.2M driven primarily by a decrease in investments of \$5.2M. This was offset by an increase in property, plant and equipment of \$1.8M. The decrease in investments is due to a negative investment return of \$5.4M. The increase in property, plant and equipment is due to capital projects being completed and placed into service.

Total liabilities for the period increased by \$2.5M due to increases in the line of credit of \$2.2M and in long-term debt of \$384K. The increase in the line of credit is primarily attributed to ongoing capital projects on campus. The increase in long-term debt is a result of the College making the required monthly payments offset by a drawdown of \$985K against the additional debt taken in FY21 of \$3.1M.

Net assets decreased by \$5.7M for the year. Details of change in net assets are displayed on the Statement of Activities.

Statement of Activities:

The decrease in total net assets for FY22 was \$5.7M which is approximately a 152% decrease over the prior year change in net assets of \$10.9M.

Total revenues of \$33.1M decreased by \$15.1M from the prior year. The decrease is primarily driven by a decrease in net investment return of \$13.3M and in tuition and fees of \$1.5M, offset by an increase in auxiliary enterprises of \$1.7M, and smaller increases in various revenues lines. The decrease in net investment return is attributable to market conditions. The decrease in tuition and fees was a result of decreases in Day and UGA of \$769K and in GPS of \$741K. The increase in the auxiliary enterprises is due to an increase in

residential students. There were 654 resident students in Fall 2020 compared to 761 resident students in Fall 2021.

Total expenses increased by \$1.4M or 3.8% over the prior year. The increase was driven by increases in the following expense categories: travel and entertainment \$670K, operations and maintenance \$532K, salaries and wages \$484K, benefits and payroll taxes \$412K, vendor services \$309K, rent \$221K, food service \$177K, uncollectible accounts expense \$149K and depreciation and amortization of \$119K. These increases were offset by a large decrease in supplies expense of \$1.6M. The increase in travel and entertainment is due to the College returning to normal travel post COVID. The increase in operations and maintenance was due to increases in the following categories: cleaning contract \$178K, electricity \$121K, water/sewer \$62K, grounds expense \$62K, equipment \$40K, cleaning supplies \$32K, and consultant/professional services \$27K. The increase in the salaries line is a result of an increase in adjunct salaries of \$309K, in athletics salaries of \$143K and in CIPA salaries of \$139K offset by decreases in various other salary lines. The increase in the benefits and payroll taxes line is a result of an increase in health insurance of \$273K, in fringe benefits of \$275K and in FICA of \$60K. The increase in health insurance is due to the College not receiving a premium rebate from Blue Cross in FY22 due to high claims activity. In FY21 the College received a rebate of \$262K. The increases in fringe benefits and FICA are related to the increase in salaries. The increase in the vendor services line is due to an increase in IT contracts of \$166K and in tuition exchange of \$134K. The increase in the rent line is due to an increase in the rental expense related to commencement of \$35K and an increase in athletics rental expense for ice and vehicles as teams are traveling more post COVID. The increase in the food service line is a result of this being the College's first year with ADC. Bob LaVigne is working very closely with ADC to make sure they come in on budget in FY23. The increase in uncollectible accounts expense is due to the fact that in the prior year some students applied their CARES Act II and III funds towards their outstanding balances. Lastly, the increase in depreciation and amortization is attributed to capital projects being completed and placed into service.

Statement of Cash Flows:

The College continues to generate sufficient cash flows from operations and uses excess funds generated to reinvest in the physical plant. The net cash provided by operating activities was \$4.7M compared to \$4.2M for the prior year.

FY22 Actual to Budget Results:

The total actual change in net assets for FY22 was a decrease of \$5.7M vs budgeted increase of \$5.5M representing a difference of \$11.2M. Actual total revenue from all sources of \$38.5M fell behind the budget target of \$45M by \$6.5M driven primarily by net investment return falling behind the budgeted amount by \$8M and restricted contributions falling behind the budgeted amount by \$2.7M. Actual total expenses were \$38.8M vs budget of \$39.6M. The decrease is primarily due to decreases in travel and entertainment and depreciation and amortization expenses.

FY23 Projections

The FY23 budget has been revised to account for a total change in net assets of \$2.9M with a deficit from operations of \$184K expected. The revised budget is based on the following enrollment activity.

<u>Term</u>	<u>FY22 Actual</u>	<u>FY23 Original</u>	<u>FY23 Revised</u>
Fall	1,102	1,111	1,043
Spring	1,007	1038	994
Fall – Residents	762	760	746
Spring – Resident	668	734	710

NICHOLS COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
AND
INDEPENDENT AUDITOR'S REPORT

NICHOLS COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 20

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Nichols College

Opinion

We have audited the financial statements of Nichols 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.

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 September 13, 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.

Ballus Lynch, LLP

Worcester, Massachusetts
September 12, 2022

NICHOLS COLLEGE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With summarized comparative information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 1,210,008	\$ 1,013,849
Student accounts receivable, less allowance for doubtful accounts of \$1,923,666 and \$1,588,130 in 2022 and 2021, respectively	2,090,543	1,868,229
Contributions receivable, net	1,446,531	1,021,791
Other receivables	1,943,129	2,249,002
Investments	38,110,496	43,298,498
Other assets	798,353	971,430
Beneficial interests	1,549,876	1,749,499
Property and equipment, net	<u>67,572,562</u>	<u>65,730,702</u>
	<u>\$ 114,721,498</u>	<u>\$ 117,903,000</u>
Liabilities and Net Assets		
Note payable	\$ 4,900,878	\$ 2,675,000
Accounts payable, trade	1,421,411	1,456,375
Accrued and other liabilities	1,007,585	1,085,834
Deferred tuition and fees	2,749,665	2,744,674
Long-term debt, net	<u>17,081,283</u>	<u>16,697,905</u>
Total liabilities	<u>27,160,822</u>	<u>24,659,788</u>
Net assets		
Without donor restrictions	53,409,041	54,193,940
With donor restrictions	<u>34,151,635</u>	<u>39,049,272</u>
Total net assets	<u>87,560,676</u>	<u>93,243,212</u>
	<u>\$ 114,721,498</u>	<u>\$ 117,903,000</u>

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

NICHOLS COLLEGE

STATEMENT OF ACTIVITIES

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

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Operating activities:				
Revenue and other support				
Tuition and fees, net of financial aid of \$20,943,213 and \$20,728,380 in 2022 and 2021, respectively	\$ 21,171,264	\$ -	\$ 21,171,264	\$ 22,681,306
Auxiliary enterprises	10,565,027	-	10,565,027	8,877,723
Contributions and gifts	1,151,627	2,189,663	3,341,290	3,108,292
Government grants	2,663,387	-	2,663,387	2,267,985
Endowment return appropriated for operations	505,196	-	505,196	541,578
Change in value of beneficial interests	-	377	377	77,906
Other revenue	216,107	-	216,107	293,447
Net assets released from restrictions	2,134,761	(2,134,761)	-	-
Total	38,407,369	55,279	38,462,648	37,848,237
Expenses				
Instruction	7,946,485	-	7,946,485	7,596,582
Academic support	4,167,522	-	4,167,522	4,211,841
Student services	10,256,674	-	10,256,674	8,830,790
Institutional support	7,574,613	-	7,574,613	8,553,090
Institutional development	1,060,589	-	1,060,589	965,907
Auxiliary enterprises	7,810,680	-	7,810,680	7,235,938
Total	38,816,563	-	38,816,563	37,394,148
Change in net assets from operating activities	(409,194)	55,279	(353,915)	454,089
Non-operating activities:				
Contributions and gifts for capital purposes	-	149,611	149,611	90,107
Contributions and gifts for long-term investment	-	420,834	420,834	3,020,351
Loss on extinguishment of debt	-	-	-	(110,853)
Net investment return	(651,257)	(4,742,613)	(5,393,870)	7,948,152
Endowment return appropriated for operations	(123,287)	(381,909)	(505,196)	(541,578)
Net assets released from restrictions	398,839	(398,839)	-	-
Change in net assets from non-operating activities	(375,705)	(4,952,916)	(5,328,621)	10,406,179
Change in net assets	(784,899)	(4,897,637)	(5,682,536)	10,860,268
Net assets, beginning of year	54,193,940	39,049,272	93,243,212	82,382,944
Net assets, end of year	\$ 53,409,041	\$ 34,151,635	\$ 87,560,676	\$ 93,243,212

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

NICHOLS COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

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

	Instruction	Academic Support	Student Services	Institutional Support	Institutional Development	Auxiliary Enterprises	Totals	
							2022	2021
Salaries and wages	\$ 5,529,420	\$ 1,860,825	\$ 4,351,207	\$ 2,170,899	\$ 580,952	\$ 92,232	\$ 14,585,535	\$ 14,101,495
Employee benefits and payroll taxes	938,689	493,111	1,208,679	628,111	126,071	21,581	3,416,242	3,003,983
Food services	-	-	-	-	-	2,451,122	2,451,122	2,274,320
Professional fees	3,659	877	452,201	514,313	13,932	1,439	986,421	977,421
Vendor services	17,980	74,320	233,908	1,934,328	57,997	187,125	2,505,658	2,196,395
Utilities	-	-	1,294	153,555	-	137,707	292,556	264,924
Supplies	36,505	141,923	250,845	245,437	7,987	66,904	749,601	2,382,384
Repairs and maintenance	-	8,299	55,746	9,222	2,414	156,492	232,173	151,221
Rent	-	40,171	289,277	7,219	-	5,549	342,216	121,194
General insurance	-	-	51,816	332,216	-	13,532	397,564	383,403
Small equipment/software	2,774	6,746	172,544	103,310	110	12,533	298,017	228,477
Advertising	1,000	14,920	467,014	5,100	-	-	488,034	436,758
Printing and mailing	291	17,799	63,365	4,772	80,377	20,069	186,673	189,326
Dues and subscriptions	733	5,294	56,084	100,121	962	301	163,495	125,243
Travel and entertainment	57,215	127,676	608,719	165,835	138,620	4,404	1,102,469	432,457
Scholarships	-	651,148	-	-	-	-	651,148	888,640
Credit card and bank fees	-	-	-	14,635	6,530	-	21,165	33,862
Uncollectible accounts expense	-	-	-	863,140	-	-	863,140	714,676
Operation and maintenance	575,396	306,878	843,915	134,593	18,846	1,956,348	3,835,976	3,303,754
Interest	83,452	44,508	122,396	19,521	2,733	283,737	556,347	588,176
Depreciation and amortization	698,814	372,701	1,024,927	163,463	22,888	2,375,967	4,658,760	4,539,964
Other	557	326	2,737	4,823	170	23,638	32,251	56,075
	<u>\$ 7,946,485</u>	<u>\$ 4,167,522</u>	<u>\$ 10,256,674</u>	<u>\$ 7,574,613</u>	<u>\$ 1,060,589</u>	<u>\$ 7,810,680</u>	<u>\$ 38,816,563</u>	<u>\$ 37,394,148</u>

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

NICHOLS 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	\$ (5,682,536)	\$ 10,860,268
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,658,760	4,539,964
Uncollectible accounts expense	863,140	714,676
Loss on extinguishment of debt	-	110,853
Change in value of beneficial interests	(377)	(77,906)
Net investment (gains) losses	6,601,034	(7,384,587)
Contributions and gifts for capital purposes	(149,611)	(90,107)
Contributions and gifts for long-term investment	(420,834)	(3,020,351)
(Increase) decrease in operating assets:		
Student accounts receivable	(1,085,454)	(507,190)
Contributions receivable	(451,250)	270,617
Other receivables	305,873	(1,837,548)
Beneficial interests	200,000	200,000
Other assets	173,077	(135,089)
Increase (decrease) in operating liabilities:		
Accounts payable, trade	(152,216)	459,579
Accrued and other liabilities	(78,249)	196,378
Deferred tuition and fees	4,991	84,586
Deferred contract revenue	-	(146,875)
Total adjustments	10,468,884	(6,623,000)
Net cash provided by operating activities	4,786,348	4,237,268
Cash flows from investing activities:		
Expenditures for property and equipment	(6,373,263)	(1,459,558)
Proceeds from sales and maturities of investments	74,292	5,948,537
Purchases of investments	(1,487,324)	(12,382,759)
Net cash used in investing activities	(7,786,295)	(7,893,780)
Cash flows from financing activities:		
Net borrowings of note payable	2,225,878	1,296,445
Proceeds from long-term debt	985,557	16,900,000
Repayments of long-term debt	(612,284)	(17,434,233)
Payment of debt issuance costs	-	(202,707)
Contributions received for capital purposes	149,611	901,463
Contributions received for long-term investment	447,344	3,062,678
Net cash provided by financing activities	3,196,106	4,523,646
Net increase in cash	196,159	867,134
Cash, beginning of year	1,013,849	146,715
Cash, end of year	\$ 1,210,008	\$ 1,013,849

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

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION

Nichols College (the “College”) is a nonprofit, private college, located in Dudley, Massachusetts. The College is governed by a Board of Trustees. The College is empowered to award associate, baccalaureate and masters 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.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Net assets (continued)

The College's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

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 other than endowment investments 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

The College maintains its cash in bank deposit accounts 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.

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 after the final payment due date of the semester. 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 a twelve-month collection period, the account is written off. The collectability of individual accounts is evaluated closely at the close of each fiscal year, and the allowance for uncollectable accounts is adjusted to a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The College does not assess finance charges against student receivables that are past due.

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.

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.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Endowment funds

The College's endowment consists of individual donor restricted funds established for a variety of purposes. 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.

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 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 College's Finance Committee shall seek to invest the endowment funds in such a manner that the investments will provide a spendable return consistent with a long-term goal of preserving the funds in real terms. 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, as needed, amounts for the purpose of scholarships and financial aid, special programs, capital improvements, and academic and athletic support programs. 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.

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. There were no such deficiencies as of June 30, 2022.

Debt issuance costs

Debt issuance costs represent fees and other costs associated with obtaining long-term financing. Such costs are being amortized on a straight-line basis over the terms of the financing. Long-term financing 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 \$5,000 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 and amortization is computed using the straight-line method over the estimated useful lives of the assets.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Deferred tuition and fees

Certain deposits and advance payments received for tuition and fees related to the College's Summer Continuing Education and Graduate 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.

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.

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 and investment earnings related to the endowment are recognized as non-operating activities. In addition, the Board of Trustees may designate unrestricted funds for specific non-operating capital or endowment purposes.

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.

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.
- Operation and maintenance, depreciation, amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

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.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Expense recognition and allocation (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The College generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising, academic 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 \$488,034 and \$436,758 in 2022 and 2021, respectively.

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, changes in net assets 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 proceeds in the amount of \$2,990,800 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 for operating needs with an opportunity for such loans to be forgiven as a grant by meeting certain established spending requirements. The College accounted for these proceeds as a conditional grant in accordance with FASB ASC 958-65, whereby grant revenue is not recognized until certain conditions are substantially met or explicitly waived. The College believed that its use of the funds 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 a government grant during the year ended June 30, 2020. The loan was formally forgiven during the year ended June 30, 2021.

In May 2020, the College was a recipient of allocations from the Higher Education Emergency Relief Fund ("HEERF") of the CARES Act in the amount of \$1,236,800. 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 April 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 \$1,932,689, of which \$618,401 was to be refunded to students and \$1,314,288 was to cover the institutional costs related to the coronavirus.

In July 2021, the College was a recipient of allocations from HEERF of the American Rescue Plan Act ("ARP Act") in the amount of \$1,674,750, all of which was to be refunded to students.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)3 - RISKS AND UNCERTAINTIES (Continued)

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, allowance for uncollectible contributions receivable, and valuation of investments and beneficial interests. See footnote 18 for additional risks regarding the College's investments.

4 - LIQUIDITY AND AVAILABLE FUNDS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 1,210,008	\$ 1,013,849
Student accounts receivable, net	2,090,543	1,868,229
Contributions receivable, net	1,446,531	1,021,791
Other receivables	1,943,129	2,249,002
Investments	<u>38,110,496</u>	<u>43,298,498</u>
Total financial assets	44,800,707	49,451,369
Less: Financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	8,999,322	10,257,975
Contributions receivable unavailable for spending for more than one year, some of which are also subject to purpose restrictions	1,245,531	815,291
Donor-restricted endowment funds	22,155,906	26,020,007
Less: Board-designated endowment funds	<u>5,178,810</u>	<u>6,080,554</u>
Amount available for general expenditures within one year	<u>\$ 7,221,138</u>	<u>\$ 6,277,542</u>

The above table reflects donor-restricted endowment funds as unavailable because it is the College's intention to invest those resources for the long-term support of the College. However, in the case of need, the Board of Trustees could appropriate resources from the donor-restricted funds available for general use (\$22,155,906, of which \$15,341,025 is the original gift) or from its designated endowment fund \$5,178,810. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

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. In addition to the available financial assets summarized above, the College has various sources of liquidity at its disposal, including a line of credit. See note 10 for information about the College's line of credit. Further, the College anticipates collecting sufficient contributions and revenue to cover general expenditures not covered by donor-restricted resources and endowment appropriations.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)5 - CONTRIBUTIONS RECEIVABLE

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

2023	\$ 697,000
2024	356,450
2025	251,000
2026	221,000
2027	220,000
	<u>1,745,450</u>
Less: Allowance for uncollectible contributions receivable	160,726
Unamortized discount	<u>138,193</u>
	<u>\$ 1,446,531</u>

6 - INVESTMENTS

Investments are included in the following classes of net assets:

	<u>2022</u>	<u>2021</u>
With donor restrictions		
Donor restricted endowment	\$ 22,155,906	\$ 26,020,007
Purpose restrictions	8,999,322	10,257,975
Without donor restrictions		
Board-designated endowment	5,178,810	6,080,554
Undesignated	<u>1,776,458</u>	<u>939,962</u>
	<u>\$ 38,110,496</u>	<u>\$ 43,298,498</u>

Investments are composed of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Equity securities	\$ 71,580	\$ 72,633	\$ 67,052	\$ 79,294
Exchange traded funds	15,566	14,828	18,451	18,800
Mutual funds, equities	22,806,540	24,233,765	21,642,640	28,730,435
Mutual funds, bonds	14,141,765	13,494,741	13,891,000	14,171,801
Money market funds	<u>294,529</u>	<u>294,529</u>	<u>298,168</u>	<u>298,168</u>
	<u>\$ 37,329,980</u>	<u>\$ 38,110,496</u>	<u>\$ 35,917,311</u>	<u>\$ 43,298,498</u>

The net investment return is composed of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,281,457	\$ 624,101
Realized losses	(364)	(1,800)
Unrealized gains (losses)	(6,600,670)	7,386,387
Investment fees	<u>(74,293)</u>	<u>(60,536)</u>
	<u>\$ (5,393,870)</u>	<u>\$ 7,948,152</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)7 - BENEFICIAL INTERESTS

The College is the beneficiary of a charitable lead annuity trust restricted for various purposes. Under the terms of the trust agreement, the College is to receive \$50,000 quarterly for twenty years, at which point the trust is to terminate, and the remaining trust assets are to be distributed to others. The present value of the estimated future receipts under the trust agreement (\$1,527,238 as of June 30, 2022) is calculated using a discount rate of 2.5% and is included in net assets with donor restrictions. Changes in the fair value of the beneficial interest are classified in the statement of activities as net assets with donor restrictions.

The College is the beneficiary of two charitable remainder trusts, where the College is not the trustee. Under the terms of the trust agreements, the donors are to receive quarterly payments starting in December 2015 and June 2020 for their remaining lifetime, after which the College receives the remaining assets in the trusts. The present value of the estimated future receipts under the trust agreements (\$22,638 as of June 30, 2022) is calculated using discount rates of 4.5% and 3.6% and is included in net assets with donor restrictions. Changes in the fair value of the beneficial interest are classified in the statement of activities as net assets with donor restrictions.

8 - PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives	2022	2021
Land, buildings, and improvements	10 - 40 years	\$ 105,339,671	\$ 103,846,050
Vehicles and equipment	3 - 7 years	7,838,291	6,743,919
Furniture and fixtures	5 - 10 years	1,726,466	1,936,402
Construction in progress	-	2,716,688	322,865
		117,621,116	112,849,236
Less: Accumulated depreciation		50,048,554	47,118,534
		<u>\$ 67,572,562</u>	<u>\$ 65,730,702</u>

Depreciation expense was \$4,648,655 and \$4,532,935 in 2022 and 2021, respectively.

9 - ENDOWMENT ASSETS

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

	Without Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	<u>\$ 6,080,554</u>	<u>\$ 26,020,007</u>	<u>\$ 32,100,561</u>
Net investment return	(778,457)	(3,289,760)	(4,068,217)
Additions	-	699,994	699,994
Release of donor restriction	-	(892,426)	(892,426)
Appropriation for expenditure	<u>(123,287)</u>	<u>(381,909)</u>	<u>(505,196)</u>
Endowment assets, end of year	<u>\$ 5,178,810</u>	<u>\$ 22,155,906</u>	<u>\$ 27,334,716</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)10 - NOTE PAYABLE

The College had a \$9,000,000 revolving line of credit with its bank, secured by significant assets of the College, bearing interest at an adjustable annual rate equal to the Prime Rate, less one-half of one percent. The line of credit was closed in May 2021 as part of the College's refinancing debt obligations.

In May 2021, the College obtained a \$10,000,000 revolving line of credit with its bank, secured by significant assets of the College. The note bears interest at the Prime Rate (4.75% as of June 30, 2022). There was \$4,900,878 and \$2,675,000 outstanding on this line of credit as of June 30, 2022 and 2021, respectively

11 - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
Bonds payable, secured by significant assets of the College, at an annual rate equal to 2.95% through June 2036, and increased to the 15-year FHLB Rate plus 1.50% through June 2041. The College has up to \$20 million of bond available to be drawn until May 2025.	17,273,273	16,900,000
Less: Unamortized debt issuance costs	<u>191,990</u>	<u>202,095</u>
	<u>\$ 17,081,283</u>	<u>\$ 16,697,905</u>

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

<u>Year Ended June 30</u>	
2023	\$ 646,669
2024	665,023
2025	686,444
2026	707,259
2027	728,705
Thereafter	<u>13,839,173</u>
	<u>\$ 17,273,273</u>

The bonds payable requires, among other considerations, the maintenance of certain financial covenants.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)12 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Included in net assets without donor restrictions are board-designated endowment funds reserved for future operations. All spending from this reserve must be approved by the governing board. The balance in the board-designated operating reserve is \$5,178,810 and \$6,080,554 as of June 30, 2022 and 2021, respectively.

13 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Purpose restrictions, available for spending		
Public service programs	\$ 120,789	\$ 191,560
Academic support programs	1,614,670	1,097,339
Student services	679,421	819,719
Institutional support	3,472,579	4,224,854
Capital improvements	2,098,437	2,658,233
Scholarships and financial aid	<u>1,013,426</u>	<u>1,266,270</u>
Total purpose restricted net assets	<u>8,999,322</u>	<u>10,257,975</u>
Time restrictions		
Contributions receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	1,446,531	1,021,791
Charitable remainder trusts, which are unavailable for spending until the deaths of the beneficiaries	22,638	62,940
Beneficial interest in charitable lead annuity trust	<u>1,527,238</u>	<u>1,686,559</u>
Total time restricted net assets	<u>2,996,407</u>	<u>2,771,290</u>
Endowment funds, which must be appropriated by the Board of Trustees before use		
Instruction (original gifts of \$2,319,000 in 2022 and 2021)	4,590,646	5,529,512
Academic support programs (original gifts of \$2,875,557 in 2022 and \$2,593,601 in 2021)	4,110,047	5,209,832
Student services (original gifts of \$221,133 in 2022 and \$215,167 in 2021)	265,026	301,897
Institutional support (original gifts of \$1,000,000 in 2022 and 2021)	1,236,057	1,451,105
Scholarships and financial aid (original gifts of \$8,925,335 in 2022 and \$8,386,368 in 2021)	<u>11,954,130</u>	<u>13,527,661</u>
Total endowment funds managed by the College	<u>22,155,906</u>	<u>26,020,007</u>
Total net assets with donor restrictions	<u>\$ 34,151,635</u>	<u>\$ 39,049,272</u>

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)13 - 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:

	<u>2022</u>	<u>2021</u>
Purpose restrictions		
Operating		
Academic support programs	\$ 219,584	\$ 18,622
Student services	329,818	99,535
Institutional support	1,211,311	435,906
Scholarships and financial aid	<u>374,048</u>	<u>561,961</u>
	2,134,761	1,116,024
Non-operating		
Capital improvements	<u>398,839</u>	<u>675,131</u>
	<u>\$ 2,533,600</u>	<u>\$ 1,791,155</u>

14 - STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information is as follows:

	<u>2022</u>	<u>2021</u>
Cash paid during the year for		
Interest	\$ 562,519	\$ 580,812

Included in accounts payable at June 30, 2022 and 2021 are property and equipment acquisitions of \$966,078 and \$848,826, respectively.

15 - RETIREMENT PLAN

The College offers a 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 is made by the College and its employees on a matching basis, with the College and employees contributing 3%. Effective July 2020, the matching contribution was temporarily suspended and reinstated in April 2021. Contributions provided by the College amounted to approximately \$286,000 and \$309,000 in 2022 and 2021, respectively.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)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).

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 beneficial interests in trusts.

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 years ended June 30, 2022 and 2021.

Equity securities, mutual funds (equities and corporate bond based) and exchange traded funds: Valued at the closing price reported on the active market in which the individual securities are traded. The mutual and exchange traded 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.

Money market funds: Valued at the closing price reported in the market in which the individual securities are traded. Fair value hierarchy for each is based on the level of active trading within the respective markets for each asset or liability.

Beneficial interests: Valued at the present value of the estimated future receipts.

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.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)16 - FAIR VALUE MEASUREMENTS (Continued)Determination of fair value (continued)

The College's 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	\$ 72,633	\$ -	\$ -	\$ 72,633
Exchange traded funds	14,828	-	-	14,828
Mutual funds, equities	24,233,765	-	-	24,233,765
Mutual funds, bonds	13,494,741	-	-	13,494,741
Money market funds	294,529	-	-	294,529
Total investments	38,110,496	-	-	38,110,496
Beneficial interests	-	-	1,549,876	1,549,876
Total	<u>\$ 38,110,496</u>	<u>\$ -</u>	<u>\$ 1,549,876</u>	<u>\$ 39,660,372</u>

The College's 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	\$ 79,294	\$ -	\$ -	\$ 79,294
Exchange traded funds	18,800	-	-	18,800
Mutual funds, equities	28,730,435	-	-	28,730,435
Mutual funds, bonds	14,171,801	-	-	14,171,801
Money market funds	298,168	-	-	298,168
Total investments	43,298,498	-	-	43,298,498
Beneficial interests	-	-	1,749,499	1,749,499
Total	<u>\$ 43,298,498</u>	<u>\$ -</u>	<u>\$ 1,749,499</u>	<u>\$ 45,047,997</u>

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.

The College did not measure any liabilities at fair value on a recurring or non-recurring basis on the statement of financial position as of June 30, 2022 and June 30, 2021.

The following is a reconciliation of level 3 assets:

Balance at June 30, 2021	\$ 1,749,499
Payments received	(200,000)
Change in value of beneficial interest	377
Balance at June 30, 2022	<u>\$ 1,549,876</u>

17 - COMMITMENTS

The College has entered into various construction contracts for the renovation of Lombard Dining Hall, Remillard Building, Library, Davis Hall Café, and Budleigh Hall Kitchen, in the amount of \$10,781,600. As of June 30, 2022, \$2,334,624 of such contract commitments had not yet been incurred.

NICHOLS COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)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 - RELATED-PARTY TRANSACTIONS

At June 30, 2022 and 2021, contributions receivable included \$1,520,000 and \$503,993, respectively, from members of the College's Board of Trustees. Total contributions received from board members were \$2,668,982 and \$3,979,182 in 2022 and 2021, respectively.

20 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2022, 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.