Consolidated Financial Statements and Report of Independent Certified Public Accountants

Marist College and Affiliates

June 30, 2021 and 2020

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist College and Affiliates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Marist College and Affiliates (the “College”), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Grant Thornton

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marist College and Affiliates as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
November 19, 2021

Marist College and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 70,292,671	$ 35,458,326
Short-term investments	16,655,595	23,148,543
Accounts receivable, net	2,801,222	4,238,880
Contributions receivable, net	4,251,468	5,739,100
Deposits with bond trustees	7,784,759	7,663,684
Other assets	1,899,488	1,750,663
Student loans receivable	3,995,681	4,993,921
Assets held in charitable remainder trust	554,270	509,390
Investments	416,457,408	312,536,578
Right-of-use lease assets	1,927,619	-
Assets held for sale	19,500,000	22,103,858
Construction in progress	4,347,966	4,186,604
Land, buildings and equipment, net	433,829,760	449,606,083
Total assets	$ 984,297,907	$ 871,935,630
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 25,990,972	$ 28,341,848
Deferred income	9,930,289	10,059,105
Annuities payable	335,231	284,991
Finance lease liabilities	981,252	986,289
Operating lease liabilities	1,989,383	-
U.S. government advances refundable	3,979,388	4,950,976
Bonds payable, net	184,245,432	191,781,307
Note payable	384,000	384,000
Accrued post-retirement benefits	9,627,527	10,949,553
Interest rate swap obligation	4,839,276	6,806,346
Total liabilities	242,302,750	254,544,415
Net assets		
Without donor restrictions	629,330,803	526,886,005
With donor restrictions		
Restricted by time or purpose	71,516,252	50,849,360
Perpetual in nature	41,148,102	39,655,850
Total with donor restrictions	112,664,354	90,505,210
Total net assets	741,995,157	617,391,215
Total liabilities and net assets	$ 984,297,907	$ 871,935,630

The accompanying notes are an integral part of these consolidated financial statements.

Marist College and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition, fees, room and board, net	$ 185,051,047	$ -	$ 185,051,047
Government grants	9,234,199	-	9,234,199
Private grants and contracts	1,036,810	-	1,036,810
Contributions	2,275,102	2,294,707	4,569,809
Investment return designated for operations, net	2,156,362	3,129,449	5,285,811
Other income	2,787,930	-	2,787,930
Net assets released from restrictions	2,868,109	(2,868,109)	-
Total operating revenues	205,409,559	2,556,047	207,965,606
Operating expenses			
Instructional	71,385,565	-	71,385,565
Research	148,909	-	148,909
Public service	509,692	-	509,692
Academic support	16,391,400	-	16,391,400
Student services	36,725,296	-	36,725,296
Institutional support	18,006,313	-	18,006,313
Scholarships and fellowships	2,418,943	-	2,418,943
Auxiliary enterprises	38,381,021	-	38,381,021
Total operating expenses	183,967,139	-	183,967,139
Changes in net assets from operating activities	21,442,420	2,556,047	23,998,467
Nonoperating activities			
Net gain on disposal of fixed assets	30,599	-	30,599
Write down of assets held for sale	(2,209,233)	-	(2,209,233)
Net investment return in excess of amounts designated for operations	79,657,788	19,479,532	99,137,320
Net loss from Sprout Creek Farm, Inc.	(64,655)	-	(64,655)
Change in value of interest rate swap obligation	1,967,070	-	1,967,070
Payment to beneficiaries	-	(69,245)	(69,245)
Post-retirement related changes other than net periodic benefit costs	1,813,619	-	1,813,619
Changes to donor's restriction/net asset class	(192,810)	192,810	-
Changes in net assets from nonoperating activities	81,002,378	19,603,097	100,605,475
CHANGE IN NET ASSETS	102,444,798	22,159,144	124,603,942
Net assets, beginning of year	526,886,005	90,505,210	617,391,215
Net assets, end of year	$ 629,330,803	$ 112,664,354	$ 741,995,157

The accompanying notes are an integral part of this consolidated financial statement.

Marist College and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition, fees, room and board, net	$ 195,793,110	$ -	$ 195,793,110
Government grants	5,507,147	-	5,507,147
Private grants and contracts	937,200	-	937,200
Contributions	2,092,924	4,469,992	6,562,916
Investment return designated for operations, net	2,723,764	2,923,537	5,647,301
Other income	5,413,543	-	5,413,543
Net assets released from restrictions	2,789,673	(2,789,673)	-
Total operating revenues	215,257,361	4,603,856	219,861,217
Operating expenses			
Instructional	83,150,936	-	83,150,936
Research	139,609	-	139,609
Public service	573,507	-	573,507
Academic support	16,276,316	-	16,276,316
Student services	39,426,546	-	39,426,546
Institutional support	21,451,600	-	21,451,600
Scholarships and fellowships	1,602,703	-	1,602,703
Auxiliary enterprises	36,366,936	-	36,366,936
Total operating expenses	198,988,153	-	198,988,153
Changes in net assets from operating activities	16,269,208	4,603,856	20,873,064
Nonoperating activities			
Net gain on disposal of fixed assets	145,837	-	145,837
Net investment return (loss) in excess of amounts designated for operations	8,179,245	(402,276)	7,776,969
Net loss from Sprout Creek Farm, Inc.	(1,015,331)	-	(1,015,331)
Change in value of interest rate swap obligation	(1,665,486)	-	(1,665,486)
Payment to beneficiaries	-	(17,919)	(17,919)
Post-retirement related changes other than net periodic benefit costs	56,084	-	56,084
Changes to donor's restriction/net asset class	11,666	(11,666)	-
Changes in net assets from nonoperating activities	5,712,015	(431,861)	5,280,154
CHANGE IN NET ASSETS	21,981,223	4,171,995	26,153,218
Net assets, beginning of year	504,904,782	86,333,215	591,237,997
Net assets, end of year	$ 526,886,005	$ 90,505,210	$ 617,391,215

The accompanying notes are an integral part of this consolidated financial statement.

Marist College and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	$ 124,603,942	$ 26,153,218
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for investment in endowment	(412,232)	(3,803,624)
Gifts of stock	(131,184)	(146,321)
Interest and dividends restricted for endowment	(932,283)	(1,262,839)
Net realized gain on investments	(25,824,006)	(7,773,376)
Net realized loss (gain) on short-term investments	26,992	(903)
Net investment (gain) loss on assets held in charitable remainder trust	(44,880)	49,413
Noncash items:		
Depreciation	19,620,160	19,873,530
Amortization of bond issuance costs	122,902	122,904
Amortization of bond premium	(678,953)	(718,444)
Bad debt expense	(80,553)	51,050
Net unrealized gain on investments	(52,812,301)	(3,367,909)
Net unrealized loss (gain) on short-term investments	130,249	(397,830)
Net (gain) loss on interest rate swap obligation	(1,967,070)	1,665,486
Non-cash contributions	(26,500)	-
Non-cash lease expense	61,764	-
Gain on disposal of fixed assets	(30,599)	(145,837)
Write down of assets held for sale	2,209,233	-
Accrued post-retirement benefits	(1,322,026)	411,573
(Increase) decrease in:		
Accounts receivable	1,437,658	1,332,450
Contributions receivable	1,568,185	290,990
Other assets	(148,825)	42,381
Increase (decrease) in:		
Accounts payable and accrued liabilities	(1,114,511)	6,692,522
Deferred revenue	(128,816)	(1,725,330)
Annuities payable	50,240	79,236
Net cash provided by operating activities	64,176,586	37,422,340
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	97,352,329	105,059,326
Purchases of investments	(122,505,668)	(109,573,748)
Purchase of short-term investments	(5,491,523)	(12,030,291)
Proceeds from sale of short-term investments	11,827,230	10,881,382
Proceeds from sale of fixed assets	448,140	947,466
Purchase of property and equipment	(4,660,812)	(30,488,925)
Repayments on student loans	998,240	999,785
Net cash used in investing activities	(22,032,064)	(34,205,005)
Cash flows from financing activities:		
Repayments of principal on indebtedness	(6,979,824)	(6,684,070)
Repayment of principal on finance lease liabilities	(582,205)	(390,790)
Repayments of funds on U.S. government advances	(971,588)	(1,033,419)
Change in deposits with bond trustees	(121,075)	11,661,755
Interest and dividends restricted for endowment	932,283	1,262,839
Contributions restricted for investment in endowment	412,232	3,803,624
Net cash (used in) provided by financing activities	(7,310,177)	8,619,939
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,834,345	11,837,274
Cash and cash equivalents, beginning of year	35,458,326	23,621,052
Cash and cash equivalents, end of year	$ 70,292,671	$ 35,458,326
Supplemental cash flow information:		
Cash paid during the year for interest	$ 7,002,358	$ 7,220,449
Purchases of land, buildings and equipment within accounts payable and accrued liabilities	$ 7,092,497	$ 8,328,862
Assets acquired in finance lease	$ 577,168	$ -

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist College (the "College") is an independent, comprehensive institution located on a 210 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the College's wholly owned subsidiaries, Sprout Creek Farm, Inc., Marist Real Property Service, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the College to purchase and hold real estate for the benefit and use of the College. The College is the single member of VAYU, LLC which holds real and personal property in Esopus, New York. Sprout Creek Farm, Inc. (the "Farm") is a New York 501(c)3 corporation which has provided educational experiences for children and adults. The College took over control of the Farm in January 2018. During the year ended June 30, 2020 all operations of the Farm were ceased (see Note 25).

Basis of Presentation

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:

<u>Net Assets Without Donor Restrictions</u>

Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties (see also Notes 16 and 17).

<u>Net Assets With Donor Restrictions</u>

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that will be met either by actions of the College and/or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions also include earnings on donor-restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure. Net assets with donor restrictions also include gifts from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

The College follows guidance that provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds;

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies; and

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the College's perceived risk of that instrument. As permitted by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic, 820-10, the College has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments consisting of demand deposit accounts, money market funds, and debt instruments with original maturities of three months or less at the time of purchase. Cash and cash equivalents held in the investment portfolio are excluded as a result of the College's intent to segregate these designated funds from cash available for current operations.

Accounts Receivable

Accounts receivable include student accounts receivable, grants receivable and other receivables and are reported net of allowance for doubtful accounts. The College provides for potentially uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Receivables are written-off when deemed uncollectible and payments subsequently collected are recorded as revenue in the period received.

Revenue Recognition and Receivables

In accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the College recognizes revenue when control of the promised goods or services are transferred to the College's students or outside parties in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The College has identified student revenues, sales and services of educational activities and sales of other auxiliary enterprise revenue as revenue categories subject to the adoption of ASC 606. The College recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

Tuition revenues for the fall and spring terms are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities are recognized as earned. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible.

The College also generates other revenue through Cloud Computing and Analytics contracts, NCAA and MAAC distributions as part of the athletics program, as well as various camps and events on campus. Generally, this revenue is recognized over time with the completion of the specific performance obligations.

Contributions, Grants and Contracts

The College recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Unconditional contributions are recognized as revenues when donors' commitments are received. Contributions of assets other than cash are recorded at their estimated fair value. Conditional pledges are recognized as revenues when conditions are substantially met.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a credit-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the with donor restrictions' net asset class. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported with donor restrictions until the assets are placed in service.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The College has recorded revenue from conditional promises of $110,000 and $126,304 for the years ended June 30, 2021 and 2020, respectively, as the conditions on these pledges have been met. There were $100,000 of conditional pledges received during the year ended June 30, 2021.

Contributions with donor-imposed restrictions are reported as revenues restricted by time or purpose and are released to net assets without donor restrictions when donor-imposed restrictions are satisfied.

Contributions restricted for the acquisition of land, buildings and equipment or for the construction of assets are reported as revenues with donor restrictions. These contributions are released to net assets upon acquisition of the assets or when the assets are placed into service.

Government grants and contracts have been deemed to be conditional contributions. Accordingly, revenue is recognized when conditions have been met, that is, generally as related costs are incurred under the grant or contract. Amounts expended in excess of reimbursements are reported as accounts receivable on the consolidated statements of financial position.

Student Loans Receivable and U.S. Government Advances Refundable

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. Government advances refundable in the consolidated statements of financial position.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the consolidated financial statements.

Deposits with Bond Trustees

Deposits with bond trustees represent funds held by designated bond trustees for debt service payments and construction building projects. Deposits with trustees are held in cash, money market funds, and fixed income and are recorded at fair value as of June 30, 2021 and 2020.

Land, Buildings and Equipment

Land, buildings and equipment purchased in excess of $5,000 are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation is computed on a straight-line basis, using the half-year convention, over the estimated useful lives of the related assets as follows:

	Years
Buildings and building improvements	20 - 45
Ground improvements	15 - 20
Equipment, furniture and fixtures	3 - 10
Library books	5
Vehicles	5

Works of art, historical treasures and similar assets (collectively, “collections”) have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Collections are capitalized but not depreciated.

The College has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost and, if donated, they are capitalized at their fair value as of the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statements of activities as with or without donor-restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that have been billed and/or received prior to the fiscal year end.

Interest Rate Swap Obligation

The College makes limited use of derivative financial instruments, specifically an interest rate swap, for the purpose of managing interest rate risks associated with its variable rate debt obligations. An interest rate swap agreement is used to mitigate the variability of future changes in net assets and cash flows caused by movement in interest rates. The differentials paid or received on the interest rate swap agreement are recognized as adjustments to interest expense. The reported fair value of the interest rate swap obligation represents the cost to terminate the agreement at the measurement date, taking into account current and projected market interest rates. Changes in fair value are reported as part of nonoperating activities on the consolidated statements of activities.

Conditional Asset Retirement Obligation

The College is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the College concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements and, accordingly, has not recognized a liability for this obligation as of June 30, 2021 and 2020.

Functional Expenses

Facilities operations and maintenance expenses, depreciation and amortization of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities (see Note 20).

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under Internal Revenue Code (the “Code”) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to $1,496,864 and $1,816,464 for the years ended June 30, 2021 and 2020, respectively. Such amounts are included in student services on the accompanying consolidated statements of activities.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions are used to determine disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation, post-retirement benefits, allowance for doubtful accounts, contributions receivable, certain accrued liabilities and certain overhead allocations, among others.

Concentrations of Credit Risk

The College maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. The College has not experienced, nor does it anticipate, any losses with respect to such accounts. The College has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Measure of Operations

The accompanying consolidated statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs, research, training and supporting activities. Operating revenues also include investment return pursuant to the College's spending rate policy earned on long-term investments held for endowment and similar purposes.

The College has defined nonoperating activities principally to include investment income earned, and gains and losses on investments held for long-term purposes, net of amounts distributed to support operations in accordance with the endowment spending policy; gains or losses on its interest rate swap obligation; activities related to the Farm; and activity related to post-retirement benefit plans. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of nonoperating activities.

New Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. This guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires not-for-profit lessees to report a right-of-use ("ROU") asset along with a lease liability.

The College adopted ASU 2016-02 effective July 1, 2020 and, as a result, the accompanying consolidated statement of financial position as of June 30, 2021 includes the ROU assets and lease liabilities, which are not reflected in the accompanying consolidated statement of financial position as of June 30, 2020 (see Note 24). The College elected to apply practical expedients allowing it to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The College also elected to apply the practical expedient to use hindsight in determining the lease term. The adoption of Topic 842 did not have a material impact on the College's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”). ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. The provisions of ASU No. 2020-04 are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying ASU 2020-04.

Subsequent Events

The College evaluated its June 30, 2021 consolidated financial statements for subsequent events through November 19, 2021, the date the consolidated financial statements were issued. Except as disclosed in Note 11, the College is not aware of any other subsequent events which would require recognition or disclosure in the consolidated financial statements.

NOTE 2 - SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit with original maturities of greater than 90 days and short-term corporate and municipal bond funds maturing within a 5 year period in accordance with the short-term investment policy. The fair value as of June 30, 2021 and 2020 is $16,655,595 and $23,148,543, including $130,249 and $397,830 in unrealized depreciation and appreciation, respectively.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2021 and 2020:

	2021	2020
Student accounts receivable	$ 1,265,451	$ 1,154,229
Less: allowance for doubtful accounts	(265,700)	(213,500)
	999,751	940,729
Grants and contracts receivable	996,820	2,135,576
Other receivables	804,651	1,162,575
Accounts receivable, net	$ 2,801,222	$ 4,238,880

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consists of unconditional promises to give and are summarized as follows at June 30, 2021 and 2020:

	2021	2020
Unconditional promises to give are expected to be collected in:		
Less than one year	$ 1,658,744	$ 2,272,700
One to five years	2,968,677	3,747,078
More than five years	100,000	259,428
	4,754,421	6,279,206
Less:		
Allowance for uncollectible amounts	(398,979)	(479,532)
Discount to present value (with rates ranging from 0.07% to 1.21%)	(103,974)	(60,574)
	$ 4,251,468	$ 5,739,100

At June 30, 2021 and 2020, approximately 69% and 62%, respectively, of gross pledges receivable were due from four donors.

At June 30, 2021 and 2020, the College had outstanding conditional pledges and bequests of $3,075,393 and $3,085,393, respectively, which, in accordance with U.S. GAAP, have not been recorded in the accompanying consolidated financial statements.

NOTE 5 - STUDENT LOANS RECEIVABLE

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2021 and 2020, student loans totaled $3,995,681 and $4,993,921, respectively, and represented 0.4% and 0.6% of total assets, respectively.

The College participates in the Federal Perkins revolving loan program. The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $3,979,388 and $4,950,976 at June 30, 2021 and 2020, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans and a decrease in the College's liability to the government.

Amounts due under the Federal Perkins loan program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances. On September 30, 2015, the Federal Perkins Loan Program expired. It was then extended on December 18, 2015 under The Perkins Loan Extension Act of 2015 to permit institutions to issue new loans, under amended guidelines, until September 30, 2017. No new Perkins loans can be issued under this Act subsequent to September 30, 2017. In addition, as part of this Act, prior to October 1, 2017, the College is required to annually return the federal share of excess liquid capital, as defined, to the federal government.

At June 30, 2021 and 2020, the following amounts were past due under student loan programs:

	2021	2020
1-60 days past due	$ 4,703	$ 4,866
60-90 days past due	5,885	8,567
90+ days past due	1,001,231	993,301
Total past due	$ 1,011,819	$ 1,006,734

NOTE 6 - INVESTMENTS

The fair value of investments at June 30, 2021 and 2020, is as follows:

	2021	2020
Endowments and other investible funds:		
Cash and cash equivalents	$ 29,212,170	$ 19,265,803
Investments made in advance	10,250,000	-
Fixed income securities	23,673,423	18,021,667
Domestic equity securities	12,526,591	5,023,906
International equity securities	28,661,837	22,847,163
Commingled fund	177,704,709	150,318,684
Hedge funds	70,377,444	54,456,903
Private equity	63,527,379	41,785,536
Total pooled investments	415,933,553	311,719,662
Operating and other investments:		
Domestic equity securities	292,321	213,401
Investment in TIAA annuities and mutual funds	231,534	603,515
Total operating and other investments	523,855	816,916
Total investments	$ 416,457,408	$ 312,536,578

NOTE 7 - CONSTRUCTION IN PROGRESS

Construction in progress consists of the following at June 30, 2021 and 2020:

	2021	2020
Dyson Center addition/upgrades	$ 4,322,169	$ 3,434,923
Other projects and renovations	25,797	751,681
Total construction in progress	$ 4,347,966	$ 4,186,604

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT, NET AND ASSETS HELD FOR SALE

Land, buildings and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Buildings and building improvements	$ 591,710,847	$ 588,867,591
Equipment, furniture and fixtures	80,587,207	80,828,430
Equipment acquired under finance leases	3,431,853	2,854,685
	675,729,907	672,550,706
Less: accumulated depreciation	(267,017,134)	(248,035,110)
	408,712,773	424,515,596
Land	17,239,362	17,239,362
Artwork and collectibles	7,877,625	7,851,125
Land, buildings and equipment, net	$ 433,829,760	$ 449,606,083

The net ROU asset relating to equipment acquired under finance leases is $1,055,767 at June 30, 2021, and is included in land, buildings and equipment in the above chart.

Depreciation expense for the years ended June 30, 2021 and 2020 totaled $19,620,160 and $19,873,530, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities (Note 20).

During the year ended June 30, 2020, the Board of Trustees and management decided to cease using space it had purchased in a New York City building, obtained an appraisal to determine the fair value of the asset, and began to actively market the asset for sale. As the appraised value approximated the carrying value, management reclassified the carrying value to assets held for sale, which totaled $21,709,233 at June 30, 2020. During 2021, based on a recent market valuation, the College took a write down of approximately $2.2 million on the New York City building to reflect the current market value of $19,500,000.

In addition, during the year ended June 30, 2020, the College has reclassified the carrying value of a gifted condominium totaling $394,625, which is approximately its fair market value. During the year ended June 30, 2021, the College sold the gifted condominium.

NOTE 9 - PENSION PLANS

Defined Contribution Plans

The College has a defined contribution pension plan for all eligible employees as defined in the "Retirement Resolution." Pension obligations under the plan are funded each pay period by the College as they become due. Contributions are applied to annuities for each participant by the Teachers Insurance and Annuity Association ("TIAA") and/or College Retirement Equities Fund ("CREF"). College contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The College's contributions to the plan for the years ended June 30, 2021 and 2020 totaled $5,543,603 and $6,081,120, respectively.

The College funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The College's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The College's contributions for the years ended June 30, 2021 and 2020 totaled $662,763 and $748,468, respectively.

Deferred Compensation Plans

The College has deferred compensation plans for several employees based on years of service, which provide for cash payments at the end of the employment contract which are not guaranteed. The cost of the plans is being accrued over the period of active employment from the contract date. The liability under the agreements is determined based on the contributions required by the plans. The plans require annual contributions from $25,000 to $85,000, ranging from one to three years and coincide with the end of the respective employee's contract. The plans require that the contributions be deposited in separate investment accounts. The assets related to these plans are maintained at TIAA-CREF, and are included in investments on the accompanying consolidated statements of financial position. The obligation related to and fair value of the assets of these plans at June 30, 2021 and 2020 was $401,534 and $728,514, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. Total contributions to these plans for the years ended June 30, 2021 and 2020 totaled $110,000 and $65,000, respectively.

NOTE 10 - CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the College serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The fair value of the assets at June 30, 2021 and 2020 totaled $554,270 and $509,390, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the College receives the assets remaining in the trust. The trust is recorded at the fair value of the trust's assets, less the present value of estimated future payments to be made under the specific terms of the trust and is revalued at the end of each fiscal year.

NOTE 11 - BONDS PAYABLE, NET

Bonds payable, net consists of the following at June 30, 2021 and 2020:

June 30, 2021	Maturity Date	Interest Rate		Total	
Dutchess County Industrial Development Agency					
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.09%	*	$ 14,405,000	A
Dutchess County Local Development Corp.					
Series 2012-A Revenue Bonds	July 1, 2021	2.43%		2,070,000	B
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04%		12,575,000	C
Series 2013B-1 Revenue Bonds	July 1, 2028	0.53%	**	3,733,354	D
Series 2013B-2 Revenue Bonds	July 1, 2028	0.53%	**	5,701,902	D
Series 2013B-3 Revenue Bonds	July 1, 2035	0.53%	**	12,555,629	D
Series 2015-A Revenue Bonds	July 1, 2045	4.09%		76,520,000	E
Series 2016 Revenue Bonds	July 1, 2031	0.61%	**	10,340,000	F
Series 2018 Revenue Bonds	July 1, 2048	3.98%		35,790,000	G
Total principal				173,690,885	
Unamortized bond premium				12,499,431	
Unamortized bond issuance costs				(1,944,884)	
Total bonds payable, net				$ 184,245,432	

June 30, 2020	Maturity Date	Interest Rate		Total	
Dutchess County Industrial Development Agency					
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	1.14%	*	$ 14,970,000	A
Dutchess County Local Development Corp.					
Series 2012-A Revenue Bonds	July 1, 2021	2.43%		4,035,000	B
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04%		12,910,000	C
Series 2013B-1 Revenue Bonds	July 1, 2028	1.51%	**	4,182,086	D
Series 2013B-2 Revenue Bonds	July 1, 2028	1.51%	**	6,387,244	D
Series 2013B-3 Revenue Bonds	July 1, 2035	1.51%	**	13,211,379	D
Series 2015-A Revenue Bonds	July 1, 2045	4.09%		78,045,000	E
Series 2016 Revenue Bonds	July 1, 2031	1.61%	**	11,140,000	F
Series 2018 Revenue Bonds	July 1, 2048	3.98%		35,790,000	G
Total principal				180,670,709	
Unamortized bond premium				13,178,384	
Unamortized bond issuance costs				(2,067,786)	
Total bonds payable, net				$ 191,781,307	

* The variable interest rate is the interest rate which, in the best judgment of the remarketing agent, is the lowest rate of interest which would permit the remarketing agent to sell such bonds in a secondary market at par plus accrued interest. Amounts shown represent the rate in effect as of June 30, 2021 and 2020.

** The interest rate presented represents the average interest paid directly to TD Bank covering the same period as the financial statements. This rate does not include interest paid related to the interest rate swap with Morgan Stanley.

A. Series 2008-A

On January 1, 2008, the College entered into an agreement with the Dutchess County IDA and Morgan Stanley & Company to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is reset weekly by a remarketing agent and payable monthly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was $380,000 and gradually increases to $1,065,000 in the final year. The Series 2008-A bonds are secured by a letter of credit issued by TD Bank, N.A. that expires in January 2022. The College's obligation to the letter of credit provider is an unsecured general obligation of the College with a springing mortgage on certain College property upon a default under the bank agreement. The Bonds contain certain financial covenants including an annual liquidity covenant defined as unrestricted cash and investments to long-term debt of not less than 0.45:1.00 which expires upon defeasance of the 2013B Bonds, a debt service coverage covenant of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

B. Series 2012-A

On May 17, 2012, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $13,420,000. The College also recorded a premium amount on the bond of $1,995,962. Proceeds were used to refund the Series 2003 bonds issued by the Dutchess County Industrial Development Agency. The Series 2003 bonds were issued to refund the Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest is payable semi-annually based on predetermined interest rates starting at 4.0% in the initial year and increasing to 5.0% in 2017. The last principal payment of $2,070,000 was made on July 1, 2021. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test.

C. Series 2013-A

On March 28, 2013, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial and term bonds in the par amount of $14,710,000. The College also recorded a premium amount on the bond of $552,546. Proceeds were used to finance construction of multi-purpose academic building in Poughkeepsie, New York. Interest is payable semi-annually based on predetermined interest rates starting at 2.0% in the initial year and increasing to 5.0% in 2033. Principal payments will be made annually through July 1, 2043 based upon a predetermined schedule ranging from $280,000 to $835,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test.

D. Series 2013-B

On September 12, 2013, the College refinanced the Series 1998-A, 1999-A, and 2005-A bonds totaling $33,045,000 from letter of credit enhanced variable rate demand bonds to variable rate revenue bonds, whereby TD Bank (the "Purchaser") became the sole holder of these bonds.

Proceeds from the Series 2013B-1 bonds of $6,505,000 were used primarily to refund the Dutchess County IDA Series 1998-A bonds which were previously used for the construction of the West Cedar student housing facility. Proceeds from the Series 2013B-2 bonds of $9,935,000 were used primarily to refund the Dutchess County IDA Series 1999-A bonds which were previously used for the construction of the library facility and humanities building. Proceeds from the Series 2013B-3 bonds of $16,605,000 were used primarily to refund the Dutchess County IDA 2005-A bonds which were previously used for the construction of the Upper Fulton Street student housing facility.

The Purchaser can tender the 2013-B Bonds to the College for purchase on September 12, 2023 provided that it has provided at least 120 days' notice to the College. The 2013-B Bonds are secured by a Bond Purchase and Loan Agreement by and between the Issuer, the Purchaser and the College which provides for an unconditional College obligation to make debt service payments. The 2013-B Bonds also contain certain financial covenants including an annual liquidity covenant defined as unrestricted (i.e. net assets without donor restrictions) and temporarily restricted (i.e. net assets with donor restricted less those to be held in perpetuity) liquid assets to long-term debt, of 0.45:1.00 and an additional bonds test of maximum annual debt service on pro-forma debt of less than 10% of the College's unrestricted (i.e. net assets without donor restrictions) operating revenues.

The Series 2013-B bonds are variable rate bonds with monthly interest that resets as a percentage of LIBOR plus a credit spread. Both interest and principal are payable monthly; principal payments will be made monthly through July 1, 2028 for the Series 2013B-1 and 2013B-2 bonds and through July 1, 2035 for the Series 2013B-3 bonds, based on a predetermined schedule ranging from $1,274,390 to $2,352,598.

E. <u>Series 2015-A</u>

On June 25, 2015, the College entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of $80,885,000. The College also recorded a premium amount on the bond of $9,672,609. Proceeds were used to finance construction of the Science and Allied Health Building and Phase I of the North Campus student housing facility in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments will be made annually through July 1, 2045 based upon a predetermined schedule ranging from $1,385,000 to $5,170,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

F. <u>Series 2016</u>

In 2016, the College refinanced the Series 2000-A bonds totaling $13,795,000 from letter of credit enhanced variable rate demand bonds to variable rate revenue bonds, whereby TD Bank, N.A. became the sole holder of these bonds until they mature in 2031; the bank does not have a put option prior to maturity. The Series 2016 Bonds are variable rate bonds with monthly interest that re-sets as a percentage of LIBOR plus a credit spread. Principal payments will be made annually through July 1, 2031, based on a predetermined schedule ranging from $140,000 to $1,075,000. The Bonds also contain certain financial covenants including an annual liquidity covenant defined as unrestricted cash and investments to long-term debt of not less than 0.45:1.00 which expires upon defeasance of the 2013B Bonds, a debt service coverage covenant of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

G. <u>Series 2018</u>

On October 4, 2018, the College entered into an agreement with the Dutchess County Local Development Corporation and Wells Fargo Securities to issue fixed rate serial and term bonds in the par amount of $35,790,000. The College also recorded a premium amount on the bond of $4,747,062. Proceeds were used to finance construction on the Steel Plant Studios and McCann Fitness Center Building, both located in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Principal payments, starting on July 1, 2022, will be made annually through July 1, 2048 based on a predetermined schedule ranging from $640,000 to $2,355,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

For the years ended June 30, 2021 and 2020, interest expense related to long-term debt totaled $6,929,032 and $7,027,036, respectively.

The College is in compliance with all required financial loan covenants at June 30, 2021 and 2020.

At June 30, 2021, aggregate principal maturities of long-term debt for each of the next five years and in total thereafter are as follows:

Fiscal year ending:	
2022	$ 7,281,405
2023	6,065,617
2024	6,311,100
2025	6,587,813
2026	6,856,408
Thereafter	140,588,542
	173,690,885
Plus: unamortized bond premium	12,499,431
Less: unamortized bond issuance costs	(1,944,884)
Total	$ 184,245,432

Bond issuance costs consist of the following at June 30, 2021 and 2020:

	2021	2020
Bond issuance costs	$ 2,930,774	$ 2,930,774
Less: accumulated amortization	(985,890)	(862,988)
Bond issuance costs, net	$ 1,944,884	$ 2,067,786

Amortization expense for the years ended June 30, 2021 and 2020 amounted to $122,902 and $122,904, respectively.

NOTE 12 - NOTE PAYABLE

On January 1, 2018, the College entered into a change of Control Agreement with the Society of Sacred Heart United States-Canada Province, Inc. (the “Society”) for the Farm. As a condition of the agreement, the College assumed a note and mortgage from the Society in the amount of $480,000. The Society agreed to forgive the note on a straight-line basis annually over ten years provided that the College continues to operate the Farm for agricultural and educational purposes. For the years ended June 30, 2021 and 2020, no amounts were forgiven by the Society. The balance on the note and mortgage is $384,000 at June 30, 2021 and 2020, respectively, and is included in note payable on the accompanying consolidated statements of financial position.

NOTE 13 - INTEREST RATE SWAP OBLIGATION

In order to mitigate the College's interest rate exposure on variable rate debt obligations, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc. (the "Counterparty"). The notional principal amount of the swap was $33,015,000 and $35,425,000 at June 30, 2021 and 2020, respectively. The swap agreement matures on July 1, 2035. Under the terms of the agreement, the Counterparty will pay the College a variable interest rate at 68% of LIBOR (0.10% and 0.21% at June 30, 2021 and 2020, respectively) while the College is obligated to pay the Counterparty a fixed rate of 3.42%.

The fair value of this obligation as of June 30, 2021 and 2020 totaled $4,839,276 and $6,806,346, respectively, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this obligation totals $1,967,070 and ($1,665,486) for the years ended June 30, 2021 and 2020, respectively, and is included in the accompanying consolidated statements of activities as change in fair value of interest rate swap obligation.

Additional interest paid by the College related to the swap agreement amounted to approximately $1,081,447 and $827,726 for the years ended June 30, 2021 and 2020, respectively.

Under the terms of the agreement, cash serves as collateral when the fair value of the swap liability exceeds a threshold of $10 million. The cash is restricted as to withdrawal or use and would be held in custody by the Counterparty.

The swap agreement contains provisions that require the College to meet certain financial covenants. The College was in compliance with these covenants at June 30, 2021 and 2020. Had the College not been in compliance, an additional termination event could occur and the Counterparty has the right to early terminate the agreement and the College could be responsible for a settlement amount based on market quotation.

NOTE 14 - POST-RETIREMENT HEALTH CARE BENEFITS

The College sponsors three defined benefit post-retirement plans (the "plan") which cover substantially all employees that attain either pre-defined ages and/or years of service, or retirement with a disability benefit. The College offers a medical benefits plan, a dental benefits plan and a life insurance benefits plan. Under the medical plan, eligible retirees have a choice of one indemnity plan and one PPO. Both the indemnity plan and the PPO plan are contributory with retiree contributions adjusted annually. For all active and new employees, only the PPO plan is available. Effective July 1, 2012, the College's Board of Trustees froze the post-retirement plan and it is now closed to new participants.

The following table provides a reconciliation of the changes in the plan's benefit obligations and fair value of assets for the years ended June 30, 2021 and 2020:

	2021	2020
Reconciliation of benefit obligation:		
Obligation at beginning of year	$ 10,949,553	$ 10,537,980
Service cost, including expenses	344,604	297,967
Interest cost	232,938	298,320
Plan participants' contributions	1,819	122,057
Actuarial (gain) loss	(1,510,717)	278,237
Benefits payments and expected expenses	(390,670)	(585,008)
Medicare Part D reimbursements	-	-
Obligation at end of year	9,627,527	10,949,553
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	-	-
Employer contributions	388,851	462,951
Plan participants' contributions	1,819	122,057
Benefit payments and actual expenses	(390,670)	(585,008)
Medicare Part D reimbursements	-	-
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ 9,627,527	$ 10,949,553

The effect of a one-percentage-point increase/decrease in the assumed health care cost trend rates for each future year on the accumulated post-retirement benefit obligation for health care benefits and the aggregate on the service and interest cost components of net periodic post-retirement health care benefit cost are shown below.

	Post-Retirement Benefits	
	Accumulated Post-Retirement Benefit Obligation	Service Cost Plus Interest Cost
At trend	$ 9,627,527	$ 577,542

The amounts recognized in net assets without donor restrictions on the consolidated statements of financial position at June 30, 2021 and 2020, consisted of:

	2021	2020
Prior service credit	$ (559,755)	$ (575,748)
Actuarial gain	(2,375,368)	(934,607)
Total	$ (2,935,123)	$ (1,510,355)

Components of net periodic cost on the consolidated statements of activities for the years ended June 30, 2021 and 2020 consist of the following:

	2021	2020
Net periodic benefit cost:		
Service cost	$ 344,604	$ 297,967
Interest cost	232,938	298,320
Amortization of prior service credit	(15,993)	(17,272)
Amortization of net gain	(69,956)	(111,358)
Net periodic benefit cost	$ 491,593	$ 467,657

Amounts recognized in net assets without donor restrictions as of June 30, 2021 and 2020 are as follows:

	2021	2020
Actuarial (gain) loss	$ (1,510,717)	$ 278,237
Amortization of prior service credit	15,993	17,272
Amortization of net gain	69,956	111,358
Total other amounts recognized in net assets without donor restrictions	$ (1,424,768)	$ 406,867

The expected effect in net assets without donor restrictions of the estimated transition obligation, prior service cost, and net gain for the plan that will be recognized as components of net periodic benefit cost for the year ended June 30, 2021 are $0, $15,993, and $69,956, respectively.

Weighted average assumptions as of June 30th (measurement date):

	2021	2020
Discount rate	2.62%	2.42%

The following schedule summarizes the benefits to be paid by the plan in each of the next five years along with the aggregate to be paid for the five years thereafter:

	Net Benefits
Fiscal year ending June 30:	
2022	$ 404,276
2023	421,239
2024	432,495
2025	448,129
2026	461,762
2027 through 2031	2,495,622
Total	$ 4,663,523

The College's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects, as of June 30, 2021 the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

NOTE 15 - FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Short-term investments:				
Cash and cash equivalents	$ 4,137,355	$ -	$ -	$ 4,137,355
Fixed income securities	12,518,240	-	-	12,518,240
Total short-term investments	16,655,595	-	-	16,655,595
Assets held in charitable remainder trusts:				
Cash equivalents, fixed income securities and equities	-	554,270	-	554,270
Pooled endowment investments at fair value:				
Cash and cash equivalents	29,212,170	-	-	29,212,170
Fixed income securities	23,673,423	-	-	23,673,423
Domestic equity securities	12,526,591	-	-	12,526,591
International equity securities	28,661,837	-	-	28,661,837
Total pooled investments at fair value	94,074,021			94,074,021
Total investments at NAV				311,609,532
Investments made in advance				10,250,000
Total pooled endowment investments				415,933,553
Other investments:				
Domestic equity securities	292,321	-	-	292,321
Investment in TIAA annuities and mutual funds	-	231,534	-	231,534
Total assets	$ 111,021,937	$ 785,804	$ -	$ 433,667,273
Liabilities				
Interest rate swap obligation	$ -	$ 4,839,276	$ -	$ 4,839,276

Assets and liabilities measured at fair value on a recurring basis at June 30, 2020 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Short-term investments:				
Fixed income securities	$ 23,148,543	$ -	$ -	$ 23,148,543
Assets held in charitable remainder trusts:				
Cash equivalents, fixed income securities and equities	-	509,390	-	509,390
Pooled endowment investments at fair value:				
Cash and cash equivalents	19,265,803	-	-	19,265,803
Fixed income securities	18,021,667	-	-	18,021,667
Domestic equity securities	5,023,906	-	-	5,023,906
International equity securities	22,847,163	-	-	22,847,163
Total pooled investments at fair value	65,158,539	-	-	65,158,539
Total investments at NAV				246,561,123
Total pooled endowment investments				311,719,662
Other investments:				
Domestic equity securities	213,401	-	-	213,401
Investment in TIAA annuities and mutual funds	-	603,515	-	603,515
Total assets	$ 88,520,483	$ 1,112,905	$ -	$ 336,194,511
Liabilities				
Interest rate swap obligation	$ -	$ 6,806,346	$ -	$ 6,806,346

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments by major category as of June 30, 2021 and 2020:

2021

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	22	$ 177,704,709	N/A	None	N/A	1 - 60 days	Redemptions range from daily to annually
Multi-Strategy Hedge funds	25	70,377,444	N/A	None	N/A	2 - 126 days	Redemptions range from daily to triennially; 8 funds have a quarterly gate of 25%, 3 funds have annual liquidity, 1 fund has biannual liquidity, 1 fund has triennial liquidity
Private equity	25	63,527,379	3 – 15 years	$ 31,370,144	N/A	N/A	N/A
Total	72	$ 311,609,532					

2020

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	26	$ 150,318,684	N/A	None	N/A	1 - 60 days	Redemptions range from daily to annually
Multi-Strategy Hedge funds	24	54,456,903	N/A	None	N/A	30 - 126 days	Redemptions range from monthly to triennially; 5 funds have a quarterly gate of 25%, 1 fund has a semiannual gate of 25%, 2 funds have annual liquidity, 1 fund has biannual liquidity, 2 funds have triennial liquidity
Private equity	24	41,785,536	3 – 15 years	$ 28,084,521	N/A	N/A	N/A
Total	74	$ 246,561,123					

NOTE 16 - NET ASSETS

Net assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Without donor restrictions:		
For general operations	$ 304,506,176	$ 283,153,170
Designated for quasi-endowment	324,824,627	243,732,835
Total net assets without donor restrictions	629,330,803	526,886,005
With donor restrictions:		
Instruction, research and divisional support	4,190,360	4,014,884
Building and construction activities	16,616,183	17,337,628
Scholarship and endowment	50,709,709	29,496,848
Endowment funds held in perpetuity	41,148,102	39,655,850
Total net assets with donor restrictions	112,664,354	90,505,210
Total net assets	$ 741,995,157	$ 617,391,215

NOTE 17 - ENDOWMENT

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

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as net assets with donor restrictions, unless otherwise stipulated by the donor as follows: (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 funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The College has received instructions from donors, who have contributed $397,558 and $397,308 in donor-restricted contributions (with a fair value of $733,661 and $567,549 as of June 30, 2021 and 2020, respectively), for which the College must maintain the historical dollar value of these funds. At June 30, 2021 and 2020, the College had spent below the historical dollar value of its endowments by $0 and $12,428, respectively.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding three fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity are classified as net assets with donor restrictions until such amounts are appropriated for expenditure by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund;

(2) The purposes of the College and its donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of the College;

(7) The investment policies of the College; and

(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the College.

The table which follows presents information with respect to the College's endowment, inclusive of pledges of $1,202,390, as of June 30, 2021:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2021
		Original Gift	Accumulated Gains	Total	
Board-designated endowment funds	$ 324,824,627	$ -	$ -	$ -	$ 324,824,627
Donor-restricted endowment funds	-	41,148,102	50,709,709	91,857,811	91,857,811
Total endowment funds	$ 324,824,627	$ 41,148,102	$ 50,709,709	$ 91,857,811	$ 416,682,438

The table which follows presents information with respect to the College's endowment, inclusive of pledges of $1,321,651, as of June 30, 2020:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2020
		Original Gift	Accumulated Gains	Total	
Board-designated endowment funds	$ 243,732,835	$ -	$ -	$ -	$ 243,732,835
Donor-restricted endowment funds:					
Underwater endowment funds	-	166,770	(12,428)	154,342	154,342
Other endowment funds	-	39,489,080	29,509,276	68,998,356	68,998,356
	-	39,655,850	29,496,848	69,152,698	69,152,698
Total endowment funds	$ 243,732,835	$ 39,655,850	$ 29,496,848	$ 69,152,698	$ 312,885,533

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2021
		Original Gift	Accumulated Gains	Total	
Endowment net assets, beginning of year	$ 243,732,835	$ 39,655,850	$ 29,496,848	$ 69,152,698	$ 312,885,533
Transfer to board-designated endowment	591,034	-	-	-	591,034
Net investment return	80,931,833	4,809	22,587,571	22,592,380	103,524,213
Payment to beneficiaries	-	-	(69,245)	(69,245)	(69,245)
Contributions	102,200	1,157,137	15,718	1,172,855	1,275,055
Change in donor designation/transfers	-	330,306	65,564	395,870	395,870
Awards made	(533,275)	-	(1,386,747)	(1,386,747)	(1,920,022)
Endowment net assets, end of year	$ 324,824,627	$ 41,148,102	$ 50,709,709	$ 91,857,811	$ 416,682,438

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction			Total Funds as of June 30, 2020
		Original Gift	Accumulated Gains	Total	
Endowment net assets, beginning of year	$ 232,891,417	$ 36,413,214	$ 28,285,538	$ 64,698,752	$ 297,590,169
Transfer to board-designated endowment	1,951,255	-	-	-	1,951,255
Net investment return	9,258,319	859	2,520,402	2,521,261	11,779,580
Payment to beneficiaries	-	-	(17,919)	(17,919)	(17,919)
Contributions	130,071	3,253,443	60,452	3,313,895	3,443,966
Change in donor designation/transfers	-	(11,666)	-	(11,666)	(11,666)
Awards made	(498,227)	-	(1,351,625)	(1,351,625)	(1,849,852)
Endowment net assets, end of year	$ 243,732,835	$ 39,655,850	$ 29,496,848	$ 69,152,698	$ 312,885,533

NOTE 18 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors are as follows:

	2021	2020
Capital projects	$ 487,857	$ 467,857
Scholarships	1,401,877	1,108,859
Instruction, research and divisional support	978,375	1,212,957
Total	$ 2,868,109	$ 2,789,673

NOTE 19 - TUITION, FEES, ROOM AND BOARD, NET

The College has various revenue streams that revolve primarily around student enrollment and instruction. Revenue is generated mainly through tuition, housing, meals and various fees associated with enrollment in the College. Generally, enrollment and instructional services are billed prior to when a course or term begins and due within thirty days of the bill date. Other fee revenue is recognized when the fee is charged to the student which coincides with the completion of the specific performance obligation to the student.

In the following table, revenue is disaggregated by type of service provided:

For the year ended June 30, 2021	Tuition & Fees	Room	Board	Total
Revenues	$ 227,543,197	$ 37,054,224	$ 8,071,230	$ 272,668,651
Less: student aid	(86,380,337)	(908,182)	(329,085)	(87,617,604)
Net	$ 141,162,860	$ 36,146,042	$ 7,742,145	$ 185,051,047
For the year ended June 30, 2020	**Tuition & Fees**	**Room**	**Board**	**Total**
Revenues	$ 235,609,340	$ 33,340,720	$ 9,492,695	$ 278,442,755
Less: student aid	(81,249,838)	(1,025,157)	(374,650)	(82,649,645)
Net	$ 154,359,502	$ 32,315,563	$ 9,118,045	$ 195,793,110

The College has taken a portfolio approach in determining whether student aid should apply across tuition and fees, room, and board. In general, the College awards student aid factoring in the total cost of attendance including tuition, fees, room and board and the students' expected ability to contribute towards such charges. Unless specifically earmarked, the College first applies student aid to tuition and fees charges. Any remaining student aid is applied to room and board. Accordingly, student aid has been applied against all student revenues.

For the year ended June 30, 2021 and 2020, the College recognized revenue of $9,044,121 and $9,990,820, respectively, from amounts that were included in deferred revenue at the beginning of the fiscal year. At June 30, 2021, deferred revenue totaled $9,930,289. Performance obligations related to $9,415,305 of this balance are expected to be met in one year. The remaining deferred revenue will be recognized as revenue as earned over the remainder of contract terms of 2 years.

NOTE 20 - FUNCTIONAL TO NATURAL EXPENSES

2021	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Scholarships and Fellowships	Auxiliary	Total
Salaries and wages	$ 40,010,661	$ 85,168	$ 39,697	$ 7,386,905	$ 15,894,743	$ 9,341,291	$ -	$ 6,381,002	$ 79,139,467
Employee benefits	15,319,828	17,574	837	3,462,492	7,128,231	3,988,709	-	3,947,677	33,865,348
Scholarships and fellowships	-	-	-	-	-	-	2,418,943	-	2,418,943
Travel	34,296	-	-	1,169	650,415	17,559	-	7,517	710,956
Supplies	2,585,492	6,804	585	1,916,310	2,337,539	758,431	-	871,089	8,476,250
Utilities	872,171	-	-	201,050	451,278	58,641	-	1,968,193	3,551,333
Other contractual services	3,078,307	-	430,288	1,016,549	5,548,028	2,273,193	-	11,169,119	23,515,484
Depreciation	5,772,501	11,758	-	1,792,183	2,657,045	760,923	-	8,748,651	19,743,061
Interest	2,186,806	-	-	183,702	1,130,524	33,516	-	3,415,269	6,949,817
Other	1,525,503	27,605	38,285	431,040	927,493	774,050	-	1,872,504	5,596,480
Total expenses	$ 71,385,565	$ 148,909	$ 509,692	$ 16,391,400	$ 36,725,296	$ 18,006,313	$ 2,418,943	$ 38,381,021	$ 183,967,139

2020	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Scholarships and Fellowships	Auxiliary	Total
Salaries and wages	$ 41,919,258	$ 75,181	$ 33,303	$ 7,697,225	$ 16,732,738	$ 11,037,929	$ -	$ 7,286,768	$ 84,782,402
Employee benefits	14,426,064	13,154	425	3,102,654	6,616,357	4,469,964	-	3,736,321	32,364,939
Scholarships and fellowships	-	-	-	-	-	-	1,602,703	-	1,602,703
Travel	458,148	13,234	2,153	152,740	2,185,682	158,124	-	11,441	2,981,522
Supplies	2,878,669	2,593	1,054	1,784,785	2,657,685	876,825	-	1,013,215	9,214,826
Utilities	754,095	-	-	176,148	376,731	180,685	-	1,728,327	3,215,986
Other contractual services	4,950,762	6,211	520,113	782,358	6,437,171	2,873,041	-	8,712,686	24,282,342
Depreciation	6,426,866	13,193	-	1,758,374	2,286,748	980,110	-	8,531,143	19,996,434
Interest	2,114,232	-	-	202,712	930,530	36,586	-	3,812,184	7,096,244
Other	9,222,842	16,043	16,459	619,320	1,202,904	838,336	-	1,534,851	13,450,755
Total expenses	$ 83,150,936	$ 139,609	$ 573,507	$ 16,276,316	$ 39,426,546	$ 21,451,600	$ 1,602,703	$ 36,366,936	$ 198,988,153

Allocations

In the above analysis, the costs of operation and maintenance of plant, information technology, depreciation, interest expense, post-retirement costs, medical plan costs and insurance have been allocated across all functional expense categories to reflect the full cost of those activities. Costs are allocated using the following methods:

- Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant are allocated based on square footage.
- Depreciation expenses for buildings are allocated based on the square footage used to support each function. Depreciation on equipment is allocated to other functions based on the original purchase and usage of the equipment. These allocations are based on information obtained through a periodic inventory of space and usage.
- Interest expense on capital debt is allocated based on usage of debt-financed space.
- Post-retirement periodic pension costs are allocated based on participants enrolled in the medical plan within each function.
- Information technology costs which support the institution, including enterprise computing, systems and technology, telecom and network, digital publication center and postal services are allocated to other functions based on total labor costs by function.

- The College has a self-insured hospitalization and medical coverage program for its employees. An estimation of annual plan costs is calculated each year, and are expensed throughout the year through the payroll labor distribution system. At year end, a medical liability analysis is performed, and additional or reduction of expense is allocated across functions based on medical participants currently in each function.

- The College's insurance costs, including general liability, property, professional liability, automobile and crime policies are allocated across functions based on square footage. Worker's compensation insurance costs are allocated based on total labor distribution per function.

NOTE 21 - DEVELOPMENT EXPENSES

The College incurred expenses amounting to $1,413,239 and $1,617,569 related to development and fundraising for the years ended June 30, 2021 and 2020, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

NOTE 22 - SELF-INSURED MEDICAL BENEFITS

The College has a self-insured hospitalization and medical coverage program for its employees. The College is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to $200,000 per plan year, respectively. Healthcare costs of $13,306,162 and $10,348,719 are included in the accompanying consolidated statements of activities for the years ended June 30, 2021 and 2020, respectively. The amount reserved for claims incurred at June 30, 2021 and 2020 totals $1,817,613 and $1,518,585, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position. Management believes they have adequately provided for all claims incurred in the accompanying consolidated financial statements, however, since the accrued liability is based on estimates, the College's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrual are reviewed continually and any resulting adjustments are reflected in change in net assets for the current year.

NOTE 23 - RELATED PARTY TRANSACTIONS

Unconditional promises to give include approximately $2.3 million and $2.8 million due from Board members and entities related to Board members for the years ended June 30, 2021 and 2020, respectively. Additionally, the College had approximately $71,000 and $102,000, due from employees as of June 30, 2021 and 2020, respectively.

NOTE 24 - COMMITMENTS, CONTINGENCIES AND LEASES

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that existing insurance policies are sufficient and that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

The College is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the Program. As of June 30, 2021 and 2020, the College believes there is no exposure for future liabilities.

In addition to the benefits described in Note 9 above, the College has employment agreements in place that extend through fiscal 2023.

The future commitments for employment agreements are as follows:

Fiscal year ending:	
2022	$ 1,522,796
2023	308,848
Total	$ 1,831,644

The College has multiple leases for residential and classroom space in Florence, Italy for its international program. Leases expiring through August 2023.

Additionally, the College leases automobiles, copier equipment, and other equipment under finance and operating leases with terms ranging from three to five years.

The College assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the College's right to control the use of an identified asset for a period of time in exchange for consideration. The College has several non-cancelable operating leases for building space used in the delivery of College programs and the operation of the College bookstore, for which a ROU asset and a lease liability are recorded in the accompanying 2021 consolidated statement of financial position. The College measures its lease assets and liabilities using a risk-free rate of return selected based on the term lease. The College considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and lease liabilities. The College's lease payments include both fixed and variable payments. Variable payments are based on indices specified in the leases. The leases contain no termination options or residual value guarantees.

The College has elected the practical expedient to forgo applying the recognition requirements in Accounting Standards Codification 842 to short-term leases. The College has short-term leases for a vehicle and copiers, which are expensed as paid. The College has finance leases for computer equipment.

The components of lease cost for the year ended June 30, are as follows:

	2021
Operating lease cost	$ 1,349,185
Short-term lease cost	2,750,000
Finance lease cost:	
Amortization of ROU assets	76,519
Interest on lease liabilities	65,861
Variable lease cost	7,219
Total lease cost	$ 4,248,784

The maturity of the lease liability as of June 30, 2021 is as follows:

Fiscal year ending:	Finance Leases	Operating Leases
2022	$ 683,156	$ 1,085,625
2023	372,887	710,629
2024	17,097	223,548
2025	-	41,130
Total lease liability, gross	1,026,140	2,060,933
Less: amounts representing interest rates from 0.17% to 9.16%	(44,888)	(71,550)
Total lease liability	$ 981,252	$ 1,989,383
Weighted average remaining lease term (expressed in years)	1.6	2.4
Weighted average discount rate	5.64%	0.41%

NOTE 25 - OPERATIONS OF SPROUT CREEK FARM INC.

As previously referred to in Note 1, the College determined the Farm could not sustain its operations. The Board of Directors of the Farm authorized operations to cease and implemented protocols for its shutdown. The Board of Directors are evaluating several options for future of the Farm.

The following table summarizes the assets and liabilities reflected on the accompanying consolidated statements of financial position:

Cash	$ 309,872
Property and equipment	2,800,734
Other assets	12,024
Accounts payable due to Marist	(3,128,921)
Accounts payable and accrued expenses	(286,747)
Note and mortgage payable	(384,000)
Net assets	$ (677,038)

The College recorded a net nonoperating loss relating to the Farm of $64,655 on the accompanying consolidated statement of activities for the year ended June 30, 2021.

NOTE 26 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021 and 2020, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2021	2020
Cash and cash equivalents	$ 70,292,671	$ 35,458,326
Less: Cash with donor restrictions	(6,849,968)	(6,604,484)
Perkins cash	(1,099,806)	(1,126,607)
Short-term investments	16,655,595	23,148,543
Accounts receivable due within one year	2,801,222	4,238,880
Contributions (without donor restrictions) due in one year or less	443,658	1,191,907
Payout on donor-restricted endowments	3,278,068	2,926,773
Payout on board-designated endowments	12,157,584	11,701,680
	$ 97,679,024	$ 70,935,018

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. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Student loans receivable are not considered to be available to meet general expenditures because principal and interest on these loans are not available for operating activities of the College.

In addition to financial assets available to meet general expenditures over the next 12-months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of the College's cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

The College's governing board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2021, board-designated funds totaled $324,824,627.

NOTE 27 - IMPACT OF COVID-19

During the fiscal years ended June 30, 2021 and 2020, the federal government provided higher education institutions with Higher Education Emergency Relief Funding ("HEERF"), which was allocated under various acts of Congress. The Coronavirus Aid, Relief, and Economic Securities Act ("CARES") was signed into law on March 27, 2020 and provided the College with total funding of $3,344,611 under HEERF I. The Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") was signed into law on December 27, 2020 and provided the College with total funding of $5,195,563 under HEERF II. The American Rescue Plan ("ARP") was signed into law on March 11, 2021 and provided the School with total funding of $9,312,724 under HEERF III. Each of these awards has a student aid portion and an institutional portion. The Department of Education provided required uses of the funds for both the student portion and institutional portion and until the conditions associated with those requirements are satisfied, revenue cannot be recognized, in accordance with ASU 2018-08.

For the years ending June 30, 2021 and 2020, the College has recognized revenue as follows:

		Revenue Recognition						
		Institutional Share		Student Share		Total		Amount Remaining to be Recognized
	Total Award	2021	2020	2021	2020	2021	2020	
HEERF I	$ 3,344,611	$ 510,780	$ 1,161,525	$ 510,781	$ 1,161,525	$ 1,021,561	$ 2,323,050	$ -
HEERF II	$ 5,195,563	3,523,257	-	1,672,306	-	5,195,563	-	-
HEERF III	$ 9,312,724							9,312,724
		$ 4,034,037	$ 1,161,525	$ 2,183,087	$ 1,161,525	$ 6,217,124	$ 2,323,050	$ 9,312,724

Student distributions were prioritized for those with the greatest financial need, according to their Expected Family Contribution as reflected on their FAFSA. The institutional portion of HEERF funding was utilized to defray the costs of dining and housing refunds made during the Spring of 2020 and Fall of 2021, technology costs, quarantining and isolation capacity, surveillance testing for COVID-19 for students and staff during the fall of 2020 and spring of 2021, and other costs to mitigate the spread of COVID-19.

These funds are subject to Single Audit and compliance with federal regulations. The College believes it has met the conditions to retain these funds, and no amounts are reserved for repayment at June 30, 2021 in the consolidated statements of financial position.