

COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2023)



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**COLLEGE OF OUR LADY OF THE ELMS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF ACTIVITIES	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Trustees
College of Our Lady of the Elms
Chicopee, Massachusetts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of College of Our Lady of the Elms (the College), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the College as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with 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 Auditors' Responsibilities for the Audit of the Consolidated 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the College adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

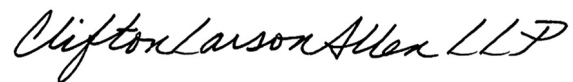
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 consolidated 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.

Board of Trustees
College of Our Lady of the Elms

Report on Summarized Comparative Information

We have previously audited the College's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
March 27, 2025

COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	2024	2023
ASSETS		
Cash	\$ 11,991,646	\$ 13,860,038
Student Accounts Receivable, Net of Allowance for Credit Losses	3,296,776	2,002,167
Notes Receivable - Students, Net of Allowance for Credit Losses	373,040	476,030
Grants and Other Receivables	1,316,429	1,519,406
Pledges Receivable, Net	2,108,349	1,891,562
Prepaid Expenses	517,012	438,001
Right-of-Use Assets, Net	211,239	43,734
Investments	25,043,610	21,699,764
Beneficial Interest in Perpetual Trust	2,437,168	2,206,874
Cash Value of Life Insurance	38,527	38,040
Investment in Plant, Net	35,613,420	35,114,886
Total Assets	\$ 82,947,216	\$ 79,290,502
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,490,832	\$ 1,944,907
Deferred Revenue	1,549,611	1,566,146
Assets Held for Others	191,286	232,476
Annuity Obligations	18,226	9,232
Operating Lease Liability	211,239	43,734
Bonds Payable, Net	14,056,378	14,354,089
Total Liabilities	18,517,572	18,150,584
NET ASSETS		
Without Donor Restrictions	41,161,650	41,055,293
With Donor Restrictions	23,267,994	20,084,625
Total Net Assets	64,429,644	61,139,918
Total Liabilities and Net Assets	\$ 82,947,216	\$ 79,290,502

See accompanying Notes to Consolidated Financial Statements.

COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE, SUPPORT, AND GAINS				
Tuition and Fees	\$ 39,003,504	\$ -	\$ 39,003,504	\$ 35,179,259
Residence and Dining	3,577,215	-	3,577,215	3,146,158
Less: Scholarships and Awards	(18,789,890)	-	(18,789,890)	(15,192,129)
Net Tuition and Fees	<u>23,790,829</u>	<u>-</u>	<u>23,790,829</u>	<u>23,133,288</u>
Gifts and Grants, Net	1,413,349	3,384,997	4,798,346	4,562,735
CARES Act Grants	-	1,043,945	1,043,945	2,968,157
Dividend and Interest Income	375,846	-	375,846	322,070
Other Auxiliary Activities	112,148	-	112,148	119,246
Other Income	346,318	-	346,318	289,325
Endowment Spending Allocation	267,515	540,554	808,069	713,471
Investment Return Released for Current Operations	542,228	(542,228)	-	-
Net Assets Released from Restrictions	3,333,181	(3,333,181)	-	-
Total Revenue, Support, and Gains	<u>30,181,414</u>	<u>1,094,087</u>	<u>31,275,501</u>	<u>32,108,292</u>
EXPENSES				
Program Services Expense:				
Student Instruction	11,551,256	-	11,551,256	10,934,507
Student Services	6,355,492	-	6,355,492	6,411,881
Ancillary Activities	1,302,951	-	1,302,951	1,221,878
HEERF	-	-	-	163,617
Total Program Expenses	<u>19,209,699</u>	<u>-</u>	<u>19,209,699</u>	<u>18,731,883</u>
Supporting Services Expense:				
Management and General	10,914,263	-	10,914,263	10,415,364
Fundraising	715,666	-	715,666	687,064
Total Supporting Services Expenses	<u>11,629,929</u>	<u>-</u>	<u>11,629,929</u>	<u>11,102,428</u>
Total Expenses	<u>30,839,628</u>	<u>-</u>	<u>30,839,628</u>	<u>29,834,311</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(658,214)	1,094,087	435,873	2,273,981
OTHER CHANGES				
Net Assets Released for Acquisition of Plant Assets	120	(120)	-	-
Contributions for Long-Term Purposes	-	565,277	565,277	46,020
Investment Return, Net of Amount Designated for Operations	985,041	1,834,385	2,819,426	1,999,974
Appropriation of Endowment Assets for Operations	(267,515)	(540,554)	(808,069)	(713,471)
Net Change in Beneficial Interest in Perpetual Trusts	-	230,294	230,294	138,412
Loss on Sale of Property	-	-	-	(18,459)
Gain on Water Damage	46,925	-	46,925	1,141,708
Total Other Changes	<u>764,571</u>	<u>2,089,282</u>	<u>2,853,853</u>	<u>2,594,184</u>
CHANGE IN NET ASSETS	106,357	3,183,369	3,289,726	4,868,165
Net Assets - Beginning of Year	<u>41,055,293</u>	<u>20,084,625</u>	<u>61,139,918</u>	<u>56,271,753</u>
NET ASSETS - END OF YEAR	<u>\$ 41,161,650</u>	<u>\$ 23,267,994</u>	<u>\$ 64,429,644</u>	<u>\$ 61,139,918</u>

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	Program Service Expense			Program Services Expense	Supporting Services Expense		2024 Total	2023 Total
	Student Instruction	Student Services	Ancillary Activities		Management and General	Fundraising		
Advertising	\$ 5,022	\$ 2,463	\$ -	\$ 7,485	\$ 334,449	\$ -	\$ 341,934	\$ 365,705
Depreciation and Amortization	933,613	513,672	105,310	1,552,595	882,129	57,843	2,492,567	2,544,363
Equipment Rental and Maintenance	27,232	68,268	3,224	98,724	229,287	35,452	363,463	829,201
Fees for Service	132,002	427,440	3,135	562,577	1,275,890	-	1,838,467	983,804
Food Services	-	65,933	1,147,167	1,213,100	-	-	1,213,100	1,042,609
Institutional Support	59,167	61,446	-	120,613	1,706,955	-	1,827,568	1,498,906
Interest	188,533	103,731	21,266	313,530	178,135	11,681	503,346	511,862
Occupancy	41,914	46,860	21,855	110,629	856,251	-	966,880	829,212
Office Expenses	352,049	347,169	994	700,212	106,556	35,608	842,376	1,132,968
Other	38,956	156,911	-	195,867	133,560	1,448	330,875	321,767
Salaries and Benefits	9,609,840	4,107,410	-	13,717,250	5,032,564	553,299	19,303,113	18,898,540
Travel, Meetings, and Conferences	162,928	454,189	-	617,117	178,487	20,335	815,939	711,757
Higher Education Emergency Relief (HEERF)	-	-	-	-	-	-	-	163,617
Total Functional Expenses	\$ 11,551,256	\$ 6,355,492	\$ 1,302,951	\$ 19,209,699	\$ 10,914,263	\$ 715,666	\$ 30,839,628	\$ 29,834,311

See accompanying Notes to Consolidated Financial Statements.

COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,289,726	\$ 4,868,165
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization Expense	2,492,566	2,605,866
Gain on Extraordinary Event	(46,925)	(1,141,708)
Interest Expense, Debt Issuance Costs	7,210	7,210
Net Realized and Unrealized Gains on Investments	(2,237,901)	(1,521,986)
Net Change in Beneficial Interest in Perpetual Trusts	(230,294)	(138,412)
Bad Debt Provision and Present Value Discount	428,664	44,275
Contributions Restricted for Long-Term Investments	(565,277)	(46,020)
Changes in Operating Assets and Liabilities:		
Student Accounts Receivable	(1,698,264)	(316,775)
Other Receivables	202,977	2,291,645
Notes Receivable	37,108	-
Pledges Receivable	(200,951)	480,027
Prepaid Expenses	(79,011)	31,798
Cash Value of Life Insurance	(487)	59,796
Accounts Payable and Accrued Expenses	313,115	(1,042,440)
Deferred Revenue	(16,535)	(1,149,722)
Assets Held for Others	(41,190)	52,362
Net Cash Provided by Operating Activities	1,654,531	5,084,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes Receivable, Student Payments	25,037	(114,810)
Purchases of Property and Equipment	(2,711,662)	(3,383,443)
Insurance Proceeds from Extraordinary Event	46,925	930,127
Purchases of Investments	(1,581,086)	(4,838,389)
Proceeds from Sales of Investments	475,141	2,186,385
Net Cash Used by Investing Activities	(3,745,645)	(5,220,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Annuity Obligations	8,994	(7,061)
Payments of Lease Liabilities	(46,628)	(61,503)
Principal Payments on Bonds Payable	(304,921)	(295,949)
Contributions Restricted for Long-Term Investments	565,277	46,020
Net Cash Provided (Used) by Financing Activities	222,722	(318,493)
NET CHANGE IN CASH	(1,868,392)	(454,542)
Cash - Beginning of Year	13,860,038	14,314,580
CASH - END OF YEAR	\$ 11,991,646	\$ 13,860,038

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024	2023
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 496,997	\$ 505,489
Capital Assets Acquired with Accounts Payable	\$ 232,810	\$ 429,726
Assets Purchased from Financing and Operating Leases	\$ 214,133	\$ 58,951

See accompanying Notes to Consolidated Financial Statements.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

College of Our Lady of the Elms (the College) is a co-educational, Catholic liberal arts college founded in 1928 by the Sisters of St. Joseph. The College's mission is to challenge students to embrace change without compromising principle, to respond creatively to the demands of their chosen careers, and to advocate for people in need. The College is a community rooted in faith, educated in mind, compassionate in heart, and responsive to civic and social obligations. The College offers undergraduate and graduate programs, both full-time and part-time, during the day and evening hours, and on weekends.

The College has a nonprofit supporting organization called Elms College Foundation, Inc. (the Foundation) to solicit, hold, and administer funds on behalf of the College.

All entities are collectively referred to as the "Organization".

Basis of Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated statement of financial position present assets and liabilities based upon their relative liquidity.

Principles of Consolidation

The consolidated financial statements include the accounts of the College, Friends of Elms and the Foundation. All significant inter-entity accounts and transactions have been eliminated upon consolidation.

Comparative Financial Information

The consolidated statement of activities and consolidated statement of functional expenses includes 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Adoption of New Accounting Standard

On July 1, 2023, the College adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The College adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the College's financial statements, but did change how the allowance for credit losses is determined.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measure of Operations

The statement of activities reports the changes in net assets from operating and non-operating activities. Operating revenues consist of revenues attributable to the College's undergraduate and graduate programs, investment return utilized or appropriated for operations, and contributions without restriction or for long-term investment. Investment return in excess of the College's spending policy, and contributions for capital are reported as non-operating revenue.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefit. Indirect costs, depreciation, and interest are allocated based on total expense.

Net Assets

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

Net Assets with Donor Restrictions – Net assets with donor restrictions represents amounts subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed stipulations are perpetual in nature whereby the donor stipulates that they be maintained permanently.

Net Assets without Donor Restrictions – Net assets without donor restrictions represents amounts not subject to donor-imposed stipulations. These funds are available to be used for the general purposes of the College and may be designated for specific purposes by action of the board of trustees.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions for time or purpose (i.e., not held into perpetuity, the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases between the applicable classes of net assets. Revenue with donor-imposed restrictions is recognized in net assets without donor restrictions if the restriction is met in the year the revenue is recognized.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give that are scheduled to be received after the financial position date, or which are restricted by the donor to a specific purpose which has not been met as of the financial position date, are shown as increases in net assets with donor restrictions. Contributions with donor restrictions for the acquisition of plant assets are recorded as revenue with donor restrictions. This revenue is reclassified to net assets without donor restrictions when the assets are placed into service.

Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Dividends, interest and net gains or losses of endowments and similar funds are reported as follows:

1. as increases in net assets with donor restrictions if the terms of the gift or the College's interpretation of relevant state law require that they be added to the principal of a permanent endowment;
2. as increases (decreases) in net assets with donor restrictions if the terms of the gift or the College's interpretation of relevant state law impose restrictions on the current use of the income or net gains; and
3. as increases (decreases) in net assets without donor restrictions in all other cases.

Reclassification

Certain amounts in the summarized comparative consolidated financial statements have been reclassified to conform with the current year presentation.

Student Accounts Receivable and Allowance for Credit Losses

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Accounts receivable are billed and collected monthly in the ordinary course of business. The receivable balance is recorded at the aggregate unpaid amount less any allowance for credit losses. The College's method for estimating an allowance is based upon historical bad debt experience and specific identification of certain accounts, and consideration of current economic conditions and reasonable and supportable forecasts. Accounts are continuously reviewed and written off only when all collection means have been exhausted.

On any balance for currently enrolled students which is more than 60 days past due, an assessment of 1.5% of the outstanding balance can be charged to the account. The allowance for credit losses was \$1,006,527 and \$602,872 at June 30, 2024 and 2023, respectively.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Student Accounts Receivable and Allowance for Credit Losses (Continued)

At June 30, 2024 and 2023, respectively, the balance of the contract assets shown as student accounts receivable, net of allowance for credit losses on the consolidated statements of financial position, was \$3,296,776 and \$2,002,167.

Notes Receivable

Notes receivable for student loans are recorded at the aggregate unpaid principal balance less any allowance for credit losses. The notes receivable are serviced by a third party and the allowance is determined based upon the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. The allowance for doubtful accounts was \$444,647 and \$403,802 at June 30, 2024 and 2023, respectively. The third-party servicer determines delinquency status. As of June 30, 2024, \$321,359 in notes are past due and are in default. As of June 30, 2023, \$200,667 in notes were past due and in default.

Accounts receivable are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Student Accounts	\$ 4,303,303	\$ 2,605,039
Other	817,687	879,832
Total	5,120,990	3,484,871
Less: Allowance for Expected Credit Losses	(1,451,174)	(1,006,674)
Total Accounts and Loans Receivable, Net	<u>\$ 3,669,816</u>	<u>\$ 2,478,197</u>

Investments Including Endowments

Investments are stated at fair value using methodologies as discussed in Fair Value Measurements (Note 7). Fair value is defined as the amount that would be recovered as a result of selling an asset or, the amount that would be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Dividend and interest income are accrued when earned and reported net of investment advisory fees.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the consolidated financial statements.

The College's investments consist of donor-restricted endowment funds and funds functioning as quasi- endowment funds (Note 6). Endowments with donor restrictions

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investments Including Endowments (Continued)

consist of gifts received with a donor stipulation that require the funds to be invested in perpetuity. Quasi-endowment funds consist of purpose funds with donor restrictions which are gifts received with a donor stipulation to be used for a particular purpose, but with no requirement for the funds to be invested in perpetuity and for which a fund was established to function as an endowment.

Professional accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Massachusetts "Uniform Prudent Management of Institutional Funds Act" statute, which was effective June 2009 (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds.

The board of trustees of the College interpreted UPMIFA, as adopted by the Commonwealth of Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions held into perpetuity the original value of gifts donated to the endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held into perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: the duration and preservation of the funds, the purpose of the College and the donor restricted endowment funds, 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.

UPMIFA allows prudent appropriation of the total return on donor-restricted endowment funds taking into consideration the College's long and short-term needs, present and anticipated financial requirements, expected future total return on its investments, price level trends and general economic conditions. The board has authorized a spending policy where the College may appropriate up to 5%, after fees, of a 12-quarter average market value of these funds as of December 31 preceding the fiscal year. This policy is designed to preserve the value of donor-restricted endowment funds in real terms (after inflation) and provide a predictable flow of funds to support operations. This approach emphasizes total return which consists of current yield (interest and dividends) as well as appreciation (realized and unrealized gains). Although not required by state law, the same spending policy is followed for the quasi-endowment funds. The appropriations were \$808,069 and \$713,471 for the years ended June 30, 2024 and 2023, respectively.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Beneficial Interest in Perpetual Trusts

The College has been named as a beneficiary of the income from the Margaret E. O'Donnell and Agnes K. O'Donnell Trust and the Antoinette B. Hurst Trust, which are held in perpetuity by an independent trustee. The income from the trusts has been designated to benefit students of the College through scholarships. The principal of these funds is neither in the possession, nor under the control of the College and therefore, is not recorded in the accompanying consolidated financial statements.

The present values of the estimated future cash flow receipts from the trusts are recorded as net assets with donor restrictions held into perpetuity and contribution revenues at the date the trusts were established. Distributions from the trusts are recorded as income and the carrying value of the assets are adjusted for changes in estimates of future receipts.

Investment in Plant

Land, buildings and improvements, equipment and computers and books are stated at cost, or fair value at the date of donation in the case of gifts, less accumulated depreciation. Works of art, historical treasures, and similar assets are stated at fair value based upon appraisals at the date of donation. Buildings and improvements, equipment and computers and books are depreciated over their estimated useful lives using the straight-line method. Works of art, historical treasures, and similar assets are not subject to depreciation. The College's policy is to capitalize plant asset purchases greater than \$1,000 with a useful life greater than one year. Depreciation and amortization expense totaled \$2,492,567 and \$2,544,363 for the years ended June 30, 2024 and 2023, respectively. Depreciation and amortization are recorded in net assets without donor restrictions. The College evaluated the carrying value of its long-lived assets and no impairment was recorded.

Maintenance and repairs are charged to expense in net assets without donor restrictions. The cost of assets sold or retired, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement.

Assets Held for Others

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

Annuity Obligations

The College has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, the College is obligated to provide an annuity to the donor for the remainder of their life with any remainder at death reverting to the College. The liability is recognized for the estimated present value of the annuity obligation at the time of the gift and the investment is recorded at their gross market value. The portion attributable to the present value of the future benefits to be received by the College is recorded in the consolidated statements of activities as a contribution with donor restrictions in the period the obligation is established. Assets held in investments totaled \$0 as of both June 30, 2024 and 2023, and are reported at fair market value in the College's consolidated statements of financial position.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Annuity Obligations (Continued)

The present value of the estimated future payments was calculated using discount rates ranging from 0% to 2.4% as of June 30, 2024 and 2023, based on applicable mortality tables. Circumstances affecting these estimates can change the estimate of the liability in future periods.

Tax-Exempt Status

The College was granted an exempt status under Internal Revenue Code (IRC) Section 501(a) as a College described under IRC Section 501(c)(3). Under IRC 501(a), the College is generally exempt from income taxes on related income. The College monitors its activities and it considers the potential for income taxes if any activities are not related to its exempt purpose.

Elms College Foundation, Inc. was granted exempt status under IRC Section 501(c)(3) and, accordingly, no provision for federal or state income taxes have been made.

Debt Issuance Costs

These costs are recorded net of bonds payable and are being amortized on the straight-line basis over the life of the related debt. Amortization recorded as interest expense was \$7,210 and \$7,210 for the years ended June 30, 2024 and 2023, respectively.

Advertising and Promotions

The Organization expenses the cost of advertising as incurred.

Uncertain Tax Positions

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The College, the Foundation, and Friends of Elms tax returns are subject to examination by taxing authorities for all years ending on or after June 30, 2019.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The College's significant estimates include the valuation of investments, valuation allowances for credit losses and its valuation of contributions. Accordingly, actual results could differ from those estimates.

Asset Retirement Obligations

The College is required to recognize a liability for a conditional asset retirement obligation. Management has considered this, specifically as it relates to its legal obligations to perform asset retirement activities, on its existing properties.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Asset Retirement Obligations (Continued)

The College has no plans to do major renovation in, or demolition of, campus buildings that would require removal of sealed asbestos, if any, in those buildings. The College expects to maintain these buildings by repairs and maintenance activities that would not involve the removal of the asbestos, if any. Because the settlement date, or range of potential settlement dates, cannot be reasonably estimated, the liability for the cost of the asset retirement obligation cannot be estimated in the campus buildings that may contain sealed asbestos. The College will recognize any liability for the campus buildings containing sealed asbestos as decisions about future facilities needs and plans are made so that there is sufficient information to allow for reasonable estimates of the cost of asbestos remediation in the case of extensive renovation or removal in the case of demolition.

NOTE 2 REVENUE RECOGNITION

The following table represents net revenue by type for the years ended June 30:

	2024		2023	
	Amount	Percent	Amount	Percent
Tuition and Fees, Net of				
Scholarships Disbursed	\$ 20,213,614	59.31%	\$ 19,987,130	59.52%
Residence and Dining	3,577,215	10.50	3,146,158	9.37
Other Auxiliary Activities	112,148	0.33	119,246	0.36
Federal Work Study	136,306	0.40	115,889	0.35
Gifts and Grants, Net*	6,407,568	18.80	7,576,912	22.56
Dividend and Interest Income*	375,846	1.10	322,070	0.96
Other Income*	210,012	0.62	173,436	0.52
Net Realized and Unrealized				
Gains on Investments,				
Net of Fees*	2,819,426	8.27	1,999,974	5.96
Net Change in Beneficial Interest				
in Perpetual Trusts*	230,294	0.68	138,412	0.41
Total Revenue	<u>\$ 34,082,429</u>	100.00	<u>\$ 33,579,227</u>	100.00

*This revenue category is not subject to ASC 606.

Deferred Revenue and Student Deposits

Contract liabilities arise when payment is received in advance of the satisfaction of performance obligations. The College had contract liabilities to students, reported as deferred revenue, comprising of deposits and prepayments for future academic terms and services for which performance obligations have not yet been satisfied.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 2 REVENUE RECOGNITION (CONTINUED)

Deferred Revenue and Student Deposits (Continued)

The activity and balances of contract liabilities are shown in the following table.

	Net Tuition, Fees, Room and Board	HEERF Funds	Other	Total
Balance at June 30, 2022	\$ 942,251	\$ 1,677,907	\$ 95,710	\$ 2,715,868
Revenue Recognized	(942,251)	(1,677,907)	(95,710)	(2,715,868)
Amounts Received for Future Performance Obligations	1,014,317	-	551,829	1,566,146
Balance at June 30, 2023	1,014,317	-	551,829	1,566,146
Revenue Recognized	(1,014,317)	-	(251,278)	(1,265,595)
Amounts Received for Future Performance Obligations	1,183,870	-	65,190	1,249,060
Balance at June 30, 2024	<u>\$ 1,183,870</u>	<u>\$ -</u>	<u>\$ 365,741</u>	<u>\$ 1,549,611</u>

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2024 and 2023, the following table shows the total financial assets held by the College and the amounts of those financial assets that are expected to be available within one year of the statement of financial position date to meet general expenditures:

	2024	2023
Financial Assets:		
Cash	\$ 11,991,646	\$ 13,860,038
Student Accounts Receivable, Net of Credit Losses	3,296,776	2,002,167
Grants and Other Receivables	1,316,429	1,519,406
Pledges Receivable, Net	2,108,349	1,891,562
Investments	25,043,610	21,699,764
Total	<u>43,756,810</u>	<u>40,972,937</u>
Less: Financial Assets not for Current Use		
Less: Investments not Appropriated for Policy Draw	(16,314,178)	(14,484,036)
Less: Pledges Receivable for Future Periods	(991,082)	(1,107,618)
Total	<u>(17,305,260)</u>	<u>(15,591,654)</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 26,451,550</u>	<u>\$ 25,381,283</u>

The College has adopted a policy that requires sizing operating cash sufficient to cover three months of forecasted net operating cash needs as well as an emergency cash reserve of one month's operations to manage temporary liquidity disruptions. The College also manages its liquidity by developing and adopting annual operating budgets that are designed to provide sufficient funds for general expenditures and allow the College to meet its liabilities and other obligations as they become due while also striving to maximize the investment of its available funds. In addition, the financial assets available to meet general expenditures of the College at its discretion could utilize investments not appropriated by its policy draw to satisfy general obligations. The College also has available a \$4,500,000 line of credit.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 4 PLEDGES RECEIVABLE, NET

Net pledges receivable consisted of the following components at June 30:

	2024	2023
Gross Pledges Receivable:		
Due Within One Year	\$ 1,145,915	\$ 803,213
Due Within One to Five Years	1,083,921	1,207,000
Total Gross Pledges Receivable	2,229,836	2,010,213
Present Value Adjustment	(67,554)	(70,982)
Allowance for Doubtful Accounts	(53,933)	(47,669)
Pledges Receivable, Net	\$ 2,108,349	\$ 1,891,562

The fair value of long-term pledges receivable is estimated by discounting future cash flows using a risk-free rate of return ranging from 0.34% to 5.11% in 2024 and 0.07% to 3.21% in 2023.

NOTE 5 INVESTMENTS

The board of trustees of the College, as the governing authority, is responsible for oversight of the College's investments. Establishment and implementation of investment policy, including the establishment of investment guidelines and the selection of investment managers, has been delegated by the board to its Finance Committee. Investments authorized by the Finance Committee include marketable equity and fixed income securities and other types of investments may be made with the prior approval of the Finance Committee.

The College's investment portfolio consists of an investment pool in which a large number of individual funds (donor-restricted endowment funds and funds functioning as quasi-endowment funds) participate in order to benefit from the diversification and economies of scale. Funds added or withdrawn from the pool are recorded at their share of the then current value of the pool. Investment income is recognized and posted on a quarterly basis.

The primary investment objective of the investment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future activities of the College. Long term, the total return on the portfolio should equal the rate of inflation, plus the payout rate which is used to support current activities, plus an amount reinvested to support future activities. The long-term investment objective of the portfolio is to attain real total returns (interest and dividend income and capital gains), net of all management and brokerage fees, at least equal to the endowment fund spending rate.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires to be retained for perpetual funds. The historic gift value of donor-restricted endowment funds cannot be reduced for any excess losses. Any excess losses shall reduce net assets with donor restrictions. There were no cumulative losses at June 30, 2024 and 2023 on the investments of donor-restricted endowment funds.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 5 INVESTMENTS (CONTINUED)

Investments at June 30 consist of the following fair values:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 54,959	\$ 30,808
Mutual Funds	15,854,796	14,859,626
Fixed Income Fund	5,945,865	3,963,977
Limited Partnerships	3,187,990	2,845,353
Total	<u>\$ 25,043,610</u>	<u>\$ 21,699,764</u>

At both June 30, 2024 and 2023, approximately 87% of investments are reported at fair value based on quoted market prices. The remaining investments are reported at estimated fair value or net asset value as determined by management based upon various valuation techniques developed by the general partners or investment managers. Because these investments are not readily marketable, their reported values are subject to additional uncertainty, and therefore values realized upon disposition may vary, even significantly, from the currently reported amounts. The estimated value of these alternative investments is based on quarterly valuations and other data provided by the external investment managers, updated for capital calls and distributions and other market activity. The valuations for these alternative investments involve appraisals, assumptions, and methods that are reviewed by the College's management, as well as the Finance Committee.

Accordingly, such values may differ from the values that would have been used had a ready market for these investments existed. Such differences could be material. Limited partnerships consist of collective funds, hedge funds, and other types of private investments with underlying investment holdings.

The College's total return on its invested assets consisted of the following components as reported on the consolidated statements of activities:

	<u>2024</u>	<u>2023</u>
Dividend and Interest Income	\$ 581,525	\$ 477,987
Net Realized and Unrealized Gain, Net of Advisory Fees	2,237,901	1,521,987
Total	<u>\$ 2,819,426</u>	<u>\$ 1,999,974</u>

Investment advisory fees were \$45,830 and \$37,013 for the years ended June 30, 2024 and 2023, respectively.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 6 ENDOWMENTS

Endowments by net asset class and type at June 30 consist of:

June 30, 2024	Without Donor Restriction	With Donor Restrictions	Total
Quasi Endowment Funds	\$ 8,407,546	\$ -	\$ 8,407,546
Donor Restricted Endowment Funds	-	15,996,419	15,996,419
Total	<u>\$ 8,407,546</u>	<u>\$ 15,996,419</u>	<u>\$ 24,403,965</u>

June 30, 2023	Without Donor Restriction	With Donor Restrictions	Total
Quasi Endowment Funds	\$ 6,948,213	\$ -	\$ 6,948,213
Donor Restricted Endowment Funds	-	14,039,891	14,039,891
Total	<u>\$ 6,948,213</u>	<u>\$ 14,039,891</u>	<u>\$ 20,988,104</u>

The following schedule reconciles the change in endowments by net asset class for the years ended June 30:

June 30, 2024	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 6,948,213	\$ 14,039,891	\$ 20,988,104
Investment Income	203,827	377,698	581,525
Realized and Unrealized Gain	797,243	1,486,488	2,283,731
Contributions - Cash	741,807	662,697	1,404,504
Investment Fees	(16,029)	(29,801)	(45,830)
Appropriation of Endowment Assets for Operations	(267,515)	(540,554)	(808,069)
Endowment Net Assets - End of Year	<u>\$ 8,407,546</u>	<u>\$ 15,996,419</u>	<u>\$ 24,403,965</u>

June 30, 2023	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 6,407,621	\$ 10,953,690	\$ 17,361,311
Investment Income	172,966	305,021	477,987
Realized and Unrealized Gain	515,080	1,043,919	1,558,999
Contributions - Cash	128,608	2,211,682	2,340,290
Investment Fees	(12,738)	(24,274)	(37,012)
Appropriation of Endowment Assets for Operations	(263,324)	(450,147)	(713,471)
Endowment Net Assets - End of Year	<u>\$ 6,948,213</u>	<u>\$ 14,039,891</u>	<u>\$ 20,988,104</u>

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 7 FAIR VALUE MEASUREMENTS

The College follows established guidelines for a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. Market price is generally obtained from exchange or dealer markets.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, 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. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3 – Unobservable inputs that are supported by little or no market activity as they trade infrequently or not at all and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis were as follows at June 30:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments Measured at Fair Value:				
Mutual Funds:				
Stock Fund	\$ 8,809,392	\$ -	\$ -	\$ 8,809,392
Bond Fund	5,945,865	-	-	5,945,865
International Stock Fund	5,321,385	-	-	5,321,385
Real Estate Stock Fund	750,475	-	-	750,475
Real Asset Stock Fund	973,544	-	-	973,544
Total Investments at Fair Value	<u>\$ 21,800,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,800,661</u>
Investments Measured at Net Asset Value:				
Limited Partnerships				<u>\$ 3,187,990</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,437,168</u>	<u>\$ 2,437,168</u>
	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments Measured at Fair Value:				
Mutual Funds:				
Stock Fund	\$ 7,881,468	\$ -	\$ -	\$ 7,881,468
Bond Fund	3,963,977	-	-	3,963,977
International Stock Fund	5,592,609	-	-	5,592,609
Real Estate Stock Fund	392,432	-	-	392,432
Real Asset Stock Fund	993,116	-	-	993,116
Total Investments at Fair Value	<u>\$ 18,823,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,823,602</u>
Investments Measured at Net Asset Value:				
Limited Partnerships				<u>\$ 2,845,353</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,206,874</u>	<u>\$ 2,206,874</u>

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Mutual funds and common stocks are reported at fair value based on quoted market prices, where available, and/or other market data for the same or comparable instruments and transactions in establishing the prices. Fair value for certain other investments and limited partnerships not actively traded was determined by management based upon various valuation techniques developed by the general partners or investment managers (Note 6).

The fair value of investments classified as Level 2 such as fixed income fund, consumer goods, commodity futures, and diversified emerging market is determined using a fundamental analysis model. This includes a review of the underlying assets of the funds, review of the financial statements of the fund, the types of assets and risks involved, and the investor's exit and termination parameters.

Limited partnerships are valued at net asset values received on monthly or quarterly statements received from the fund managers adjusted for any capital calls or distributions from the funds from the valuation date received from the fund managers to year-end. As such, the net asset value is determined by a third party and the College is not applying any unobservable inputs to measure these investments.

As of June 30, 2024, there were no withdrawal restrictions on Level 3 investments.

Redemption frequencies are as follows:

Mutual Funds and Common Stock	Daily, one day notice
Limited Partnerships	Not applicable

During the years ended June 30, 2024 and 2023, there were no transfers in or out of purchases or issuances of Level 3 assets and liabilities.

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

Beneficial interests in perpetual trust are valued based upon the College's allocable share of the community foundation's pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the fund, minus its liabilities. These assets are classified within Level 3 of the valuation hierarchy, because the fair value is not quoted on a public or private market. The fair value is based upon the allocable share of the pooled investment portfolio at the community foundation that was determined by combining the fair market valuations for a combination of Level 1, Level 2, and Level 3 inputs.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements (Continued)

The beneficial interests in investments are valued monthly by the community foundation and are allocated based upon each organization's calculated share of the community foundation's pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the community foundation indicating the additions to the investment (via contributions), withdrawals from the investment (via grants), and the investment returns allocated via a unitization process. The College calculates the fair value of its beneficial interest in the pooled investment assets held by the community foundation based on the estimated fair value of the underlying assets. The community foundation controls the investments and makes all management and investment decisions.

NOTE 8 CASH VALUE OF LIFE INSURANCE

The College is the owner and the beneficiary on a number of life insurance policies with a cash value of \$38,527 and \$38,040 as of June 30, 2024 and 2023, respectively. These policies had a total face value of \$45,000 at both June 30, 2024 and 2023.

NOTE 9 INVESTMENT IN PLANT

Investment in plant consisted of the following at June 30:

	2024	2023	Estimated Useful Lives
Land	\$ 144,370	\$ 144,370	
Buildings and Improvements	55,248,674	52,170,559	15 to 75 Years
Equipment and Computers	22,001,372	21,252,480	3 to 10 Years
Books	2,318,506	2,318,506	5 to 10 Years
Subtotal	<u>79,712,922</u>	<u>75,885,915</u>	
Less: Accumulated Depreciation	<u>(44,577,110)</u>	<u>(42,131,173)</u>	
Subtotal	35,135,812	33,754,742	
Construction in Progress	406,738	1,289,274	
Works of Art and Fine Metals	70,870	70,870	
Net Investment in Plant	<u>\$ 35,613,420</u>	<u>\$ 35,114,886</u>	

As of June 30, 2024 and 2023, there were approximately \$627,212 and \$1,301,333, respectively, of outstanding purchase commitments for various projects on campus.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 10 BORROWINGS UNDER LINE OF CREDIT

The College has a general line of credit of \$4,500,000, with interest payable at the prime rate, 8.50% as of June 30, 2024 and 8.25% as of June 30, 2023, which is due on demand and is subject to annual review. There was no outstanding borrowing on the line of credit at June 30, 2024 and 2023. The general line of credit is secured by junior positions on all available assets of the College.

NOTE 11 BONDS PAYABLE

The College's bonds payable at June 30 consisted of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
\$14,986,000 Massachusetts Development Finance Authority bonds with interest at 3.39%. Interest only monthly payments to December 2021, then monthly installments of principal and interest of \$66,736 until December 2049. These bonds are secured by assignment and pledge of revenues.	\$ 14,240,219	\$ 14,545,140
Less: Unamortized Costs	<u>(183,841)</u>	<u>(191,051)</u>
Total Bonds Payable, Net Debt Issuance Costs	<u>\$ 14,056,378</u>	<u>\$ 14,354,089</u>

The aggregate maturities of bonds payable during the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>
2025	\$ 316,930
2026	327,996
2027	339,449
2028	350,065
2029	363,525
Thereafter	<u>12,542,254</u>
Total	<u>\$ 14,240,219</u>

Total interest expense was \$503,346 and \$511,862 during the years ended June 30, 2024 and 2023, respectively.

Certain debt required that the College maintains a debt service ratio as defined of 1.35:1. As of the year ended June 30, 2024, management believes the College was in compliance with this covenant.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 12 LEASES – ASC 842

The College leases various office equipment under noncancelable operating leases with payments due through May 2029. Monthly operating lease payments are between \$42 and \$3,622 per month. The following table provides quantitative information for the College's leases at June 30:

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	\$ 47,108	\$ 62,073
Other Information:		
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities	\$ 214,133	\$ 96,828
Weighted-Average Remaining Lease Term -		
Operating Leases	4.9 Years	1.1 Years
Weighted-Average Discount Rate -		
Operating Leases	3.00%	3.00%

The following is a schedule of future minimum lease payments required under operating leases as of June 30, 2024:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 42,833	\$ 1,128	\$ 43,961
2026	42,715	871	43,586
2027	42,847	615	43,462
2028	43,104	357	43,461
2029	39,740	99	39,839
Total Required Minimum Lease Payments	<u>\$ 211,239</u>	<u>\$ 3,070</u>	<u>\$ 214,309</u>

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 consisted of pledges receivable and net assets with restrictions related to:

	<u>2024</u>	<u>2023</u>
Purpose Driven:		
Educational	\$ 431,285	\$ 288,486
Institutional Support	3,180,170	2,172,842
Capital Projects	182,866	182,866
Financial Aid	1,041,505	991,367
Accumulated Gains	3,977,090	2,683,260
Held in Perpetuity	12,017,910	11,558,930
Perpetual Trusts	2,437,168	2,206,874
Total	<u>\$ 23,267,994</u>	<u>\$ 20,084,625</u>

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 14 NET ASSETS RELEASED FROM RESTRICTIONS

The net assets with donor restrictions released from restriction related to the following:

	2024	2023
Net Assets with Donor Restrictions Released:		
Educational	\$ 2,375,943	\$ 3,578,384
Institutional Support	332,496	1,027,866
Capital Projects	120	172,841
Financial Aid	1,166,970	622,463
Total	\$ 3,875,529	\$ 5,401,554

NOTE 15 RELATED PARTY TRANSACTIONS

The College utilized an electrical company whose President and Chief Executive Officer is a member of the board of trustees. The College paid approximately \$151,000 and \$232,000 to this company during the years ended June 30, 2024 and 2023, respectively.

Board members made outright contributions of \$48,090 and received new pledges during the current year from board members totaling \$80,600 for the year ended June 30, 2024. The ending balance of related party pledges is \$555,000 as of June 30, 2024.

Board members made outright contributions of \$161,970 and received new pledges from board members totaling \$135,501 for the year ended June 30, 2023. The ending balance of related party pledges was \$696,500 as of June 30, 2023.

NOTE 16 RETIREMENT PLANS

A contributory retirement annuity 403(b) plan is provided by the College through the Teachers Insurance and Annuity Association of America (TIAA) for its faculty, administration and support staff. The College matches an employee's contribution up to 5% of that employee's compensation. The College's retirement expense was \$284,558 for 2024 and \$487,012 for 2023.

A 457(b) eligible deferred compensation plan was established in fiscal year 2018 for eligible employees of the College. There were expenses of \$3,545 and \$-0- during 2024 and 2023, respectively.

NOTE 17 CONCENTRATION OF CREDIT RISK

The College maintains its cash balances in financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in excess of this amount are not insured by the Deposit Insurance Fund. The College has not experienced any losses on these accounts. The College believes it is not exposed to any significant credit risk on cash.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 18 COMMITMENTS AND CONTINGENCIES

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

The College participates in a number of federal programs that are subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the College does not expect these amounts, if any, to be material to the consolidated financial statements.

The College may be involved in certain litigation arising in the normal course of business. In the opinion of management, after consultation with legal counsel, none of these matters will have a material effect on the College's financial position or results of operations.

In 2023, the College entered into a five year contract with optional annual renewal periods of five years with Aladdin Food Management Services, LLC ("Aladdin") to operate its campus food service program. Under the financial commitment provisions of the contract, Aladdin agreed to pay the College (a) \$100,000 signing bonus and (b) a \$235,000 grant for certain investments in the College's dining facilities. These amounts have been considered exchange transactions and were recorded as deferred revenue. This deferred revenue is recognized as revenue without donor restrictions as earned, over a period of ten years, commencing in July 2022. Upon termination of this agreement, by either party for any reason prior to the end of the contract, any remaining deferred revenue becomes payable to Aladdin. Deferred revenue related to this contract was \$248,579 and \$279,651 as of June 30, 2024 and 2023, respectively.

NOTE 19 RISKS AND UNCERTAINTIES

Note 1 describes the College's interest in the Margaret E. O'Donnell and Agnes K. O'Donnell Trust, which is held in perpetuity by an independent trustee. The College has recognized the present value of the estimated future cash flow receipts from the trust as an asset since Fiscal year 2000. During Fiscal Year 2021, Community Foundation of Western Massachusetts asserted that they have variance power over the trust, suggesting that the College does not have an irrevocable right to the income stream and has no ownership. The College believes that there is not enough evidence to substantiate the claim, and therefore, the interest in the trust remains an asset to the College. The value of the College's interest in the trust is \$609,503 for the year ended June 30, 2020. Due to the position of the Community Foundation of Western Massachusetts, the value of the trust at June 30, 2024 and 2023 was not shared, therefore, the College's interest of \$650,188 and \$562,154 at June 30, 2024 and 2023, respectively, is an estimate.

COLLEGE OF OUR LADY OF THE ELMS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024
(COMPARATIVE TOTALS FOR JUNE 30, 2023)

NOTE 19 RISKS AND UNCERTAINTIES (CONTINUED)

Through June 30, 2024, the College has received an allocation under the Higher Education Emergency Relief Fund (HEERF) of \$3,122,209 in student portion and \$3,873,769 in institutional portion from the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) collectively, as well as \$312,196 from the Strengthening Institutions Program (SIP). From the institutional portion, the Organization had expended \$1,043,945 and \$2,556,599 for various eligible expenses for the years ended June 30, 2024 and 2023, respectively. The Organization had expended \$-0- and \$163,617 related to emergency student grants for years ended June 30, 2024 and 2023, respectively. The College has expended \$-0- and \$247,941 from the SIP program for various eligible expenses for the years ended June 30, 2024 and 2023, respectively. The College has \$514,109 ,and \$91,814 in accounts receivable as of June 30, 2024 and 2023 in related institutional portion funding and \$-0- as of June 30, 2024 and 2023 in student portion amounts to be drawn.

NOTE 20 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2025, the date which the consolidated financial statements were available to be issued.



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