

**COLLEGE OF OUR LADY OF THE ELMS  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS  
FOR THE YEAR ENDED JUNE 30, 2024)**



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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

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## 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, 2025, 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, 2025, 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.

#### ***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:

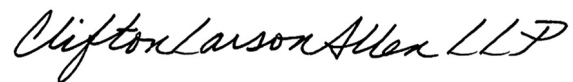
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures 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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 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  
November 25, 2025

**COLLEGE OF OUR LADY OF THE ELMS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2024)

	2025	2024
<b>ASSETS</b>		
Cash	\$ 9,251,430	\$ 11,991,646
Student Accounts Receivable, Net of Allowance for Credit Losses	3,206,410	3,296,776
Notes Receivable - Students, Net of Allowance for Credit Losses	202,571	373,040
Grants and Other Receivables	350,794	1,316,429
Pledges Receivable, Net	1,849,597	2,108,349
Prepaid Expenses	486,993	517,012
Right-of-Use Assets, Net	405,761	211,239
Investments	27,242,253	25,043,610
Beneficial Interest in Perpetual Trust	2,617,545	2,437,168
Cash Value of Life Insurance	46,654	38,527
Investment in Plant, Net	36,232,968	35,613,420
	\$ 81,892,976	\$ 82,947,216
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,167,212	\$ 2,490,832
Deferred Revenue	2,510,521	1,549,611
Assets Held for Others	198,584	191,286
Annuity Obligations	7,213	18,226
Lease Liability	405,761	211,239
Bonds Payable, Net	13,746,657	14,056,378
Total Liabilities	19,035,948	18,517,572
<b>NET ASSETS</b>		
Without Donor Restrictions	38,681,115	41,161,650
With Donor Restrictions	24,175,913	23,267,994
Total Net Assets	62,857,028	64,429,644
Total Liabilities and Net Assets	\$ 81,892,976	\$ 82,947,216

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
<b>REVENUE, SUPPORT, AND GAINS</b>				
Tuition and Fees	\$ 37,568,859	\$ -	\$ 37,568,859	\$ 39,003,504
Residence and Dining	3,030,982	-	3,030,982	3,577,215
Less: Scholarships and Awards	(18,202,819)	-	(18,202,819)	(18,789,890)
Net Tuition and Fees	<u>22,397,022</u>	<u>-</u>	<u>22,397,022</u>	<u>23,790,829</u>
Gifts and Grants, Net	559,193	2,581,131	3,140,324	4,798,346
CARES Act Grants	-	-	-	1,043,945
Dividend and Interest Income	352,411	-	352,411	375,846
Other Auxiliary Activities	90,850	-	90,850	112,148
Other Income	406,597	-	406,597	346,318
Endowment Spending Allocation	321,886	612,429	934,315	808,069
Investment Return Released for				
Current Operations	590,264	(590,264)	-	-
Net Assets Released from Restrictions	<u>3,128,602</u>	<u>(3,128,602)</u>	<u>-</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>27,846,825</u>	<u>(525,306)</u>	<u>27,321,519</u>	<u>31,275,501</u>
<b>EXPENSES</b>				
Program Services Expense:				
Student Instruction	11,356,966	-	11,356,966	11,551,256
Student Services	6,100,903	-	6,100,903	6,355,492
Ancillary Activities	<u>1,445,635</u>	<u>-</u>	<u>1,445,635</u>	<u>1,302,951</u>
Total Program Expenses	<u>18,903,504</u>	<u>-</u>	<u>18,903,504</u>	<u>19,209,699</u>
Supporting Services Expense:				
Management and General	11,556,963	-	11,556,963	10,914,263
Fundraising	<u>718,241</u>	<u>-</u>	<u>718,241</u>	<u>715,666</u>
Total Supporting Services Expenses	<u>12,275,204</u>	<u>-</u>	<u>12,275,204</u>	<u>11,629,929</u>
Total Expenses	<u>31,178,708</u>	<u>-</u>	<u>31,178,708</u>	<u>30,839,628</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(3,331,883)	(525,306)	(3,857,189)	435,873
<b>OTHER CHANGES</b>				
Net Assets Released for Acquisition of				
Plant Assets	182,866	(182,866)	-	-
Contributions for Long-Term Purposes	-	40,015	40,015	565,277
Investment Return, Net of Amount				
Designated for Operations	1,014,416	1,984,080	2,998,496	2,819,426
Appropriation of Endowment Assets for Operations	(321,886)	(612,429)	(934,315)	(808,069)
Net Change in Beneficial Interest in				
Perpetual Trusts	-	180,377	180,377	230,294
Gain on Water Damage	-	-	-	46,925
Board Designated Transfer to Permanent Endowment	<u>(24,048)</u>	<u>24,048</u>	<u>-</u>	<u>-</u>
Total Other Changes	<u>851,348</u>	<u>1,433,225</u>	<u>2,284,573</u>	<u>2,853,853</u>
<b>CHANGE IN NET ASSETS</b>	(2,480,535)	907,919	(1,572,616)	3,289,726
Net Assets - Beginning of Year	<u>41,161,650</u>	<u>23,267,994</u>	<u>64,429,644</u>	<u>61,139,918</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 38,681,115</u>	<u>\$ 24,175,913</u>	<u>\$ 62,857,028</u>	<u>\$ 64,429,644</u>

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

	Program Service Expense			Program Services Expense	Supporting Services Expense		Total	
	Student Instruction	Student Services	Ancillary Activities		Management and General	Fundraising	2025	2024
Advertising	\$ 13,266	\$ 8,342	\$ -	\$ 21,608	\$ 296,870	\$ -	\$ 318,478	\$ 341,934
Depreciation and Amortization	973,575	522,999	123,927	1,620,501	990,720	61,571	2,672,792	2,492,567
Equipment Rental and Maintenance	3,795	82,422	1,479	87,696	507,348	27,049	622,093	363,463
Fees for Service	127,794	274,523	45,000	447,317	1,477,497	-	1,924,814	1,838,467
Food Services	-	78,456	1,153,176	1,231,632	-	-	1,231,632	1,213,100
Institutional Support	68,952	44,176	-	113,128	1,201,587	-	1,314,715	1,460,014
Insurance	-	-	-	-	481,300	-	481,300	367,554
Interest	179,502	96,428	22,849	298,779	182,663	11,352	492,794	503,346
Occupancy	31,786	57,544	68,687	158,017	866,156	-	1,024,173	966,880
Office Expenses	455,112	327,378	4,164	786,654	75,610	35,924	898,188	842,376
Other	50,595	158,719	-	209,314	119,691	1,655	330,660	330,875
Salaries and Benefits	9,296,466	4,002,435	26,353	13,325,254	5,171,247	557,036	19,053,537	19,303,113
Travel, Meetings, and Conferences	156,123	447,481	-	603,604	186,274	23,654	813,532	815,939
Total Functional Expenses	<u>\$ 11,356,966</u>	<u>\$ 6,100,903</u>	<u>\$ 1,445,635</u>	<u>\$ 18,903,504</u>	<u>\$ 11,556,963</u>	<u>\$ 718,241</u>	<u>\$ 31,178,708</u>	<u>\$ 30,839,628</u>

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,572,616)	\$ 3,289,726
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization Expense	2,672,792	2,492,567
Gain on Extraordinary Event	-	(46,925)
Interest Expense, Debt Issuance Costs	7,209	7,209
Net Realized and Unrealized Gains on Investments	(2,213,776)	(2,237,901)
Net Change in Beneficial Interest in Perpetual Trusts	(180,377)	(230,294)
Bad Debt Provision and Present Value Discount	583,307	428,664
Contributions Restricted for Long-Term Investments	(40,015)	(565,277)
Changes in Operating Assets and Liabilities:		
Student Accounts Receivable	(499,157)	(1,698,264)
Other Receivables	965,635	202,977
Notes Receivable	124,107	37,108
Pledges Receivable	294,793	(200,951)
Prepaid Expenses	30,019	(79,011)
Cash Value of Life Insurance	(8,127)	(487)
Accounts Payable and Accrued Expenses	(398,793)	313,115
Deferred Revenue	960,910	(16,535)
Assets Held for Others	7,298	(41,190)
Net Cash Provided by Operating Activities	733,209	1,654,531
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Notes Receivable, Student Payments	16,537	25,037
Purchases of Property and Equipment	(3,154,050)	(2,711,662)
Insurance Proceeds from Extraordinary Event	-	46,925
Purchases of Investments	(806,259)	(1,581,086)
Proceeds from Sales of Investments	821,392	475,141
Net Cash Used by Investing Activities	(3,122,380)	(3,745,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in Annuity Obligations	(11,013)	8,994
Principal Payments of Lease Liabilities	(63,117)	(46,628)
Principal Payments on Bonds Payable	(316,930)	(304,921)
Contributions Restricted for Long-Term Investments	40,015	565,277
Net Cash (Used) Provided by Financing Activities	(351,045)	222,722
<b>NET CHANGE IN CASH</b>	(2,740,216)	(1,868,392)
Cash - Beginning of Year	11,991,646	13,860,038
<b>CASH - END OF YEAR</b>	\$ 9,251,430	\$ 11,991,646

See accompanying Notes to Consolidated Financial Statements.

**COLLEGE OF OUR LADY OF THE ELMS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 486,481	\$ 496,997
Capital Assets Acquired with Accounts Payable	\$ 75,173	\$ 232,810
Assets Purchased from Financing and Operating Leases	\$ 283,068	\$ 214,133

*See accompanying Notes to Consolidated Financial Statements.*

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(COMPARATIVE TOTALS FOR JUNE 30, 2024)**

**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, 2024, from which the summarized information was derived.

**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 nonoperating revenue.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(COMPARATIVE TOTALS FOR JUNE 30, 2024)**

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

**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, 2025**  
**(COMPARATIVE TOTALS FOR JUNE 30, 2024)**

**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.

**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 \$1,596,050 and \$1,006,527 at June 30, 2025 and 2024, respectively.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
(COMPARATIVE TOTALS FOR JUNE 30, 2024)

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

**Student Accounts Receivable and Allowance for Credit Losses (Continued)**

At June 30, 2025 and 2024, 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 \$3,206,410 and \$3,296,776.

**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 credit losses was \$474,472 and \$444,647 at June 30, 2025 and 2024, respectively. The third-party servicer determines delinquency status. As of June 30, 2025, \$424,187 in notes are past due and are in default. As of June 30, 2024, \$321,359 in notes were past due and in default.

Accounts receivable are summarized as follows at June 30:

	2025	2024
Student Accounts	\$ 4,802,460	\$ 4,303,303
Other	677,043	817,687
Total	5,479,503	5,120,990
Less: Allowance for Expected Credit Losses	(2,070,522)	(1,451,174)
Total Accounts and Loans Receivable, Net	\$ 3,408,981	\$ 3,669,816

**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.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(COMPARATIVE TOTALS FOR JUNE 30, 2024)**

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

**Investments Including Endowments (Continued)**

The College's investments consist of donor-restricted endowment funds and funds functioning as quasi- endowment funds (Note 6). Endowments with donor restrictions 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 \$934,315 and \$808,069 for the years ended June 30, 2025 and 2024, respectively.

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

**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 \$2,672,792 and \$2,492,567 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, and are reported at fair market value in the College's consolidated statements of financial position.

**COLLEGE OF OUR LADY OF THE ELMS**  
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**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, 2025 and 2024, 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 \$7,209 for both the years ended June 30, 2025 and 2024.

**Advertising and Promotions**

The College 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, 2020.

**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**  
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**JUNE 30, 2025**  
(COMPARATIVE TOTALS FOR JUNE 30, 2024)

**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:

	2025		2024	
	Amount	Percent	Amount	Percent
Tuition and Fees, Net of Scholarships Disbursed	\$ 19,366,040	65.41%	\$ 20,213,614	59.31%
Residence and Dining	3,030,982	10.24	3,577,215	10.50
Other Auxiliary Activities	90,850	0.31	112,148	0.33
Federal Work Study	171,084	0.58	136,306	0.40
Gifts and Grants, Net*	3,180,339	10.74	6,407,568	18.80
Dividend and Interest Income*	352,411	1.19	375,846	1.10
Other Income*	235,513	0.80	210,012	0.62
Net Realized and Unrealized Gains on Investments, Net of Fees*	2,998,496	10.13	2,819,426	8.27
Net Change in Beneficial Interest in Perpetual Trusts*	180,377	0.61	230,294	0.68
Total Revenue	\$ 29,606,092	100.00	\$ 34,082,429	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**  
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**NOTE 2 REVENUE RECOGNITION (CONTINUED)**

**Deferred Revenue and Student Deposits (Continued)**

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

	<u>Net Tuition, Fees, Room and Board</u>	<u>Other</u>	<u>Total</u>
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	<u>1,183,870</u>	<u>65,190</u>	<u>1,249,060</u>
Balance at June 30, 2024	1,183,870	365,741	1,549,611
Revenue Recognized	(1,183,870)	(155,713)	(1,339,583)
Amounts Received for Future Performance Obligations	<u>1,427,133</u>	<u>873,360</u>	<u>2,300,493</u>
Balance at June 30, 2025	<u>\$ 1,427,133</u>	<u>\$ 1,083,388</u>	<u>\$ 2,510,521</u>

**NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of June 30, 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:

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash	\$ 9,251,430	\$ 11,991,646
Student Accounts Receivable, Net of Credit Losses	3,206,410	3,296,776
Grants and Other Receivables	350,794	1,316,429
Pledges Receivable, Net	1,849,597	2,108,349
Investments	<u>27,242,253</u>	<u>25,043,610</u>
Total	41,900,484	43,756,810
Less: Investments not Appropriated for Policy Draw	(17,816,770)	(16,314,178)
Less: Pledges Receivable for Future Periods	<u>(625,958)</u>	<u>(991,082)</u>
Total	<u>(18,442,728)</u>	<u>(17,305,260)</u>
Financial Assets Available to Meet General Expenditures	<u>\$ 23,457,756</u>	<u>\$ 26,451,550</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**  
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**NOTE 4 PLEDGES RECEIVABLE, NET**

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

	<u>2025</u>	<u>2024</u>
Gross Pledges Receivable:		
Due Within One Year	\$ 1,255,122	\$ 1,145,915
Due Within One to Five Years	679,921	1,083,921
Total Gross Pledges Receivable	<u>1,935,043</u>	<u>2,229,836</u>
Present Value Adjustment	(38,119)	(67,554)
Allowance for Doubtful Accounts	(47,327)	(53,933)
Pledges Receivable, Net	<u>\$ 1,849,597</u>	<u>\$ 2,108,349</u>

The fair value of long-term pledges receivable is estimated by discounting future cash flows using a risk-free rate of return ranging from 0.84% to 5.11% in 2025 and 0.34% to 5.11% in 2024.

**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, 2025 and 2024 on the investments of donor-restricted endowment funds.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 INVESTMENTS (CONTINUED)**

Investments at June 30 consist of the following fair values:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 39,860	\$ 54,959
Mutual Funds	16,466,092	15,854,796
Fixed Income Fund	6,500,423	5,945,865
Limited Partnerships	4,235,878	3,187,990
Total	<u>\$ 27,242,253</u>	<u>\$ 25,043,610</u>

At June 30, 2025 and 2024, approximately 84% and 87% of investments are reported at fair value based on quoted market prices, respectively. 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>2025</u>	<u>2024</u>
Dividend and Interest Income	\$ 784,720	\$ 581,525
Net Realized and Unrealized Gains, Net of Advisory Fees	2,213,776	2,237,901
Total	<u>\$ 2,998,496</u>	<u>\$ 2,819,426</u>

Investment advisory fees were \$52,081 and \$45,830 for the years ended June 30, 2025 and 2024, respectively.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 ENDOWMENTS**

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

June 30, 2025	Without Donor Restriction	With Donor Restrictions	Total
Quasi Endowment Funds	\$ 9,076,028	\$ -	\$ 9,076,028
Donor Restricted Endowment Funds	-	18,110,983	18,110,983
Total	<u>\$ 9,076,028</u>	<u>\$ 18,110,983</u>	<u>\$ 27,187,011</u>
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>

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

June 30, 2025	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 8,407,546	\$ 15,996,419	\$ 24,403,965
Investment Income	265,200	519,520	784,720
Realized and Unrealized Gain	766,808	1,499,049	2,265,857
Transfers	(24,048)	24,048	-
Contributions - Cash	-	718,865	718,865
Investment Fees	(17,592)	(34,489)	(52,081)
Appropriation of Endowment Assets for Operations	(321,886)	(612,429)	(934,315)
Endowment Net Assets - End of Year	<u>\$ 9,076,028</u>	<u>\$ 18,110,983</u>	<u>\$ 27,187,011</u>
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>

**COLLEGE OF OUR LADY OF THE ELMS**  
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**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.

The College follows guidance on measuring the fair value of alternative investments, which offers investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value (NAV). Under this practical expedient, entities are permitted to use NAV without adjustment for certain investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Additionally, investments measured using the NAV practical expedient are exempt from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the required information for assets measured using the NAV practical expedient.

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

	June 30, 2025			Total
	Level 1	Level 2	Level 3	
Investments Measured at Fair Value:				
Mutual Funds:				
Stock Fund	\$ 8,983,316	\$ -	\$ -	\$ 8,983,316
Bond Fund	6,500,423	-	-	6,500,423
International Stock Fund	5,311,561	-	-	5,311,561
Real Estate Stock Fund	816,160	-	-	816,160
Real Asset Stock Fund	1,355,055	-	-	1,355,055
Total Investments at Fair Value	<u>\$ 22,966,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,966,515</u>
Investments Measured at Net Asset Value:				
Limited Partnerships*				<u>\$ 4,235,878</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,617,545</u>	<u>\$ 2,617,545</u>

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**  
**(COMPARATIVE TOTALS FOR JUNE 30, 2024)**

**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
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>

\* Certain investments that are measured at fair value using the NAV per share (or its equivalents) practical expedient have not been categorized in the fair value hierarchy above. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position. Investments are redeemable in 30 days or less. There are no future purchase commitments for these investments.

**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 NAV 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 NAV is determined by a third party and the College is not applying any unobservable inputs to measure these investments.

As of June 30, 2025, 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, 2025 and 2024, there were no transfers in or out of purchases or issuances of Level 3 assets and liabilities.

**COLLEGE OF OUR LADY OF THE ELMS**  
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**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**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.

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 \$46,654 and \$38,527 as of June 30, 2025 and 2024, respectively. These policies had a total face value of \$45,000 at both June 30, 2025 and 2024.

**NOTE 9 INVESTMENT IN PLANT**

Investment in plant consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Land	\$ 144,370	\$ 144,370	
Buildings and Improvements	57,640,829	55,248,674	15 to 75 Years
Equipment and Computers	22,800,658	22,001,372	3 to 10 Years
Books	2,318,506	2,318,506	5 to 10 Years
Subtotal	<u>82,904,363</u>	<u>79,712,922</u>	
Less: Accumulated Depreciation	<u>(47,186,786)</u>	<u>(44,577,110)</u>	
Subtotal	35,717,577	35,135,812	
Construction in Progress	444,521	406,738	
Works of Art and Fine Metals	70,870	70,870	
Net Investment in Plant	<u><u>\$ 36,232,968</u></u>	<u><u>\$ 35,613,420</u></u>	

As of June 30, 2025 and 2024, there were approximately \$134,750 and \$627,212, respectively, of outstanding purchase commitments for various projects on campus.

**COLLEGE OF OUR LADY OF THE ELMS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**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, 7.5% as of June 30, 2025 and 8.50% as of June 30, 2024, which is due on demand and is subject to annual review. There was no outstanding borrowing on the line of credit at June 30, 2025 and 2024. 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>2025</u>	<u>2024</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.	\$ 13,923,289	\$ 14,240,219
Less: Unamortized Costs	<u>(176,632)</u>	<u>(183,841)</u>
Total Bonds Payable, Net Debt Issuance Costs	<u><u>\$ 13,746,657</u></u>	<u><u>\$ 14,056,378</u></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>
2026	\$ 327,996
2027	339,449
2028	350,065
2029	363,525
2030	376,219
Thereafter	<u>12,166,035</u>
Total	<u><u>\$ 13,923,289</u></u>

Total interest expense was \$492,794 and \$503,346 during the years ended June 30, 2025 and 2024, 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, 2025, the College was not in compliance with this covenant and obtained a debt covenant waiver.

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**NOTE 12 LEASES – ASC 842**

The College leases various office equipment under noncancelable finance leases with payments due through December 2029. Monthly finance lease payments are between \$42 and \$3,622 per month. The College leases classroom space under a noncancelable operating lease with payments due through June 2027 of \$2,200 per month. The following table provides quantitative information for the College's leases at June 30:

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	\$ 25,429	\$ -
Finance Lease Cost:		
Amortization of Right to Use Asset	63,117	46,628
Total Lease Cost	<u>\$ 88,546</u>	<u>\$ 46,628</u>
Other Information:		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 77,464	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 205,604	\$ 214,133
Weighted-Average Remaining Lease Term - Operating Leases	2 Years	-
Weighted-Average Remaining Lease Term - Finance Leases	4.2 Years	4.9 Years
Weighted-Average Discount Rate - Operating Leases	4.58%	-
Weighted-Average Discount Rate - Finance Leases	3.72%	3.00%

The following is a schedule of future minimum lease payments required under operating and financing leases as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 108,993	\$ 2,876	\$ 111,869
2027	110,002	1,868	111,870
2028	84,402	1,068	85,470
2029	81,399	449	81,848
2030	20,965	38	21,003
Total Required Minimum Lease Payments	<u>\$ 405,761</u>	<u>\$ 6,299</u>	<u>\$ 412,060</u>

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**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>2025</u>	<u>2024</u>
Purpose Driven:		
Educational	\$ 1,082,817	\$ 431,285
Institutional Support	295,100	2,974,297
Capital Projects	605,172	182,866
Financial Aid	1,057,478	1,041,505
Accumulated Gains	5,350,159	3,977,090
Promises to Give Restricted to Endowment	406,818	205,873
Held in Perpetuity	12,760,824	12,017,910
Perpetual Trusts	2,617,545	2,437,168
Total	<u>\$ 24,175,913</u>	<u>\$ 23,267,994</u>

**NOTE 14 NET ASSETS RELEASED FROM RESTRICTIONS**

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

	<u>2025</u>	<u>2024</u>
Net Assets with Donor Restrictions Released:		
Educational	\$ 1,353,481	\$ 2,375,943
Institutional Support	732,477	332,496
Capital Projects	182,866	120
Financial Aid	1,632,908	1,166,970
Total	<u>\$ 3,901,732</u>	<u>\$ 3,875,529</u>

**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 \$100,000 and \$151,000 to this company during the years ended June 30, 2025 and 2024, respectively.

Board members made outright contributions of \$55,995 and received new pledges during the current year from board members totaling \$54,575 for the year ended June 30, 2025. The ending balance of related party pledges is \$287,185 as of June 30, 2025.

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.

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**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 \$332,437 for 2025 and \$284,558 for 2024.

A 457(b) eligible deferred compensation plan was established in fiscal year 2018 for eligible employees of the College. There were expenses of \$0 and \$3,545 during 2025 and 2024, 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. Funds exceeding the limit were \$9,386,546 and \$12,154,300 at June 30, 2025 and 2024, respectively. The College has not experienced any losses on these accounts. The College believes it is not exposed to any significant credit risk on cash.

**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 10 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 \$217,506 and \$248,579 as of June 30, 2025 and 2024, respectively.

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**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 2000. During 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, 2025 and 2024 was not shared, therefore, the College's interest of \$720,018 and \$650,188 at June 30, 2025 and 2024, respectively, is an estimate.

Through June 30, 2025, the College received an allocation under the Higher Education Emergency Relief Fund (HEERF) of \$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. From the institutional portion, the College had expended \$0 and \$1,043,945 for various eligible expenses for the years ended June 30, 2025 and 2024, respectively. The College has \$0 and \$514,109, respectively, in accounts receivable as of June 30, 2025 and 2024 in related institutional portion funding.

**NOTE 20 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 25, 2025, the date which the consolidated financial statements were available to be issued.



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