FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Contents
June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Trustees of
Pine Manor College:

Report on the Financial Statements

We have audited the accompanying financial statements of Pine Manor College (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pine Manor College as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further described in Note 1 to the financial statements, effective June 30, 2020, the College executed an integration agreement with Boston College. Under the terms of the agreement, two-thirds of the College's Board of Trustees will be appointed by Boston College. Subsequent to June 30, 2020, Boston College also provided significant financial support to restructure elements of the College's long-term debt and increase working capital.

AAFCPAs, Inc.

Westborough, Massachusetts
November 30, 2020

PINE MANOR COLLEGE

Statement of Financial Position
June 30, 2020

Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Current Assets:			
Cash and cash equivalents	$ 296,702	$ 71,740	$ 368,442
Student accounts receivable, net of allowance for doubtful accounts of approximately $92,000	181,529	-	181,529
Other accounts receivable	508,726	-	508,726
Current portion of pledges receivable	-	143,333	143,333
Prepaid expenses and other	108,160	-	108,160
Total current assets	1,095,117	215,073	1,310,190
Assets Held Under Split-Interest Agreements	-	242,998	242,998
Investments	-	9,313,687	9,313,687
Pledges Receivable, net of current portion and discount	-	143,251	143,251
Due from (to) Funds	(1,256,354)	1,256,354	-
Property and Equipment, net	14,030,051	-	14,030,051
Interest Rate Swap Contracts in Gain Position	61,800	-	61,800
Total assets	$ 13,930,614	$ 11,171,363	$ 25,101,977
Liabilities and Net Assets			
Current Liabilities:			
Current portion of bond payable	$ 283,597	$ -	$ 283,597
Accounts payable and accrued expenses	3,157,482	-	3,157,482
Deferred tuition and fees	165,464	-	165,464
Total current liabilities	3,606,543	-	3,606,543
Note payable to a bank	1,904,725	-	1,904,725
Notes Payable	1,417,748	-	1,417,748
Bond Payable, net of current portion	4,403,717	-	4,403,717
Conditonal Grant Advance	433,788	-	433,788
Capital Lease Payable	82,595	-	82,595
Annuity Payment Obligation	43,483	-	43,483
Asset Retirement Obligation	221,240	-	221,240
Total liabilities	12,113,839	-	12,113,839
Net Assets:			
Without donor restrictions	1,816,775	-	1,816,775
With donor restrictions	-	11,171,363	11,171,363
Total net assets	1,816,775	11,171,363	12,988,138
Total liabilities and net assets	$ 13,930,614	$ 11,171,363	$ 25,101,977

The accompanying notes are an integral part of these statements.

PINE MANOR COLLEGE

Statement of Financial Position
June 30, 2019

Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Current Assets:			
Cash and cash equivalents	$ 121,519	$ 105,742	$ 227,261
Student accounts receivable, net of allowance for doubtful accounts of approximately $93,000	327,705	-	327,705
Other accounts receivable	329,518	-	329,518
Current portion of pledges receivable	183,090	633,333	816,423
Prepaid expenses and other	122,709	-	122,709
Total current assets	1,084,541	739,075	1,823,616
Assets Held Under Split-Interest Agreements	-	258,991	258,991
Investments	-	9,621,706	9,621,706
Pledges Receivable, net of current portion and discount	-	279,272	279,272
Due from (to) Funds	(963,388)	963,388	-
Property and Equipment, net	14,599,077	-	14,599,077
Interest Rate Swap Contracts in Gain Position	3,556	-	3,556
Total assets	$ 14,723,786	$ 11,862,432	$ 26,586,218
Liabilities and Net Assets			
Current Liabilities:			
Current portion of notes payable	$ 267,000	$ -	$ 267,000
Current portion of bond payable	271,384	-	271,384
Current portion of capital lease payable	19,567	-	19,567
Accounts payable and accrued expenses	2,097,586	-	2,097,586
Deferred tuition and fees	990,778	-	990,778
Total current liabilities	3,646,315	-	3,646,315
Notes Payable, net of current portion	1,393,897	-	1,393,897
Bond Payable, net of current portion	4,667,564	-	4,667,564
Capital Lease Payable, net of current portion	85,240	-	85,240
Annuity Payment Obligation	46,266	-	46,266
Asset Retirement Obligation	220,975	-	220,975
Total liabilities	10,060,257	-	10,060,257
Net Assets:			
Without donor restrictions:	4,663,529	-	4,663,529
With donor restrictions	-	11,862,432	11,862,432
Total net assets	4,663,529	11,862,432	16,525,961
Total liabilities and net assets	$ 14,723,786	$ 11,862,432	$ 26,586,218

PINE MANOR COLLEGE

Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Tuition and fees	$ 10,314,632	$ -	$ 10,314,632
Auxiliary enterprises	2,909,283	-	2,909,283
Less - student aid	(5,904,239)	-	(5,904,239)
Tuition, fees, and auxiliary enterprises, net	7,319,676	-	7,319,676
Rental income	2,121,085	-	2,121,085
Grants and contributions	2,206,757	43,622	2,250,379
Sales and services of educational activities	1,239,389	-	1,239,389
Investment return designated for current operations	855,838	-	855,838
Other income	365,794	-	365,794
Federal and state student aid	305,147	-	305,147
Net assets released from restrictions	218,000	(218,000)	-
Total operating revenue	14,631,686	(174,378)	14,457,308
Operating Expenses:			
Instruction	4,477,063	-	4,477,063
Academic services	850,981	-	850,981
Student services	3,703,135	-	3,703,135
Institutional support	4,275,226	-	4,275,226
Other expenses	441,953	-	441,953
Auxiliary enterprises	2,559,461	-	2,559,461
Independent operations	1,197,970	-	1,197,970
Total operating expenses	17,505,789	-	17,505,789
Changes in net assets from operations	(2,874,103)	(174,378)	(3,048,481)
Non-Operating Revenue (Expenses):			
Endowment contributions	-	119,550	119,550
Net unrealized gain on carrying value of interest rate swap contracts	58,244	-	58,244
Interest income (expense) on endowment borrowing	(30,895)	30,895	-
Investment return reduced by amount for current operations	-	(667,136)	(667,136)
Total non-operating revenue (expenses)	27,349	(516,691)	(489,342)
Changes in net assets	$ (2,846,754)	$ (691,069)	$ (3,537,823)

PINE MANOR COLLEGE

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Tuition and fees	$ 11,221,781	$ -	$ 11,221,781
Auxiliary enterprises	2,801,326	-	2,801,326
Less - student aid	(5,358,480)	-	(5,358,480)
Tuition, fees, and auxiliary enterprises, net	8,664,627	-	8,664,627
Rental income	3,483,379	-	3,483,379
Grants and contributions	1,743,906	501,571	2,245,477
Sales and services of educational activities	1,980,193	-	1,980,193
Investment return designated for current operations	652,000	-	652,000
Other income	445,878	-	445,878
Federal and state student aid	18,188	-	18,188
Net assets released from restrictions	335,910	(335,910)	-
Total operating revenue	17,324,081	165,661	17,489,742
Operating Expenses:			
Instruction	4,725,917	-	4,725,917
Academic services	836,921	-	836,921
Student services	4,083,077	-	4,083,077
Institutional support	3,840,716	-	3,840,716
Other expenses	414,792	-	414,792
Auxiliary enterprises	2,810,083	-	2,810,083
Independent operations	1,369,786	-	1,369,786
Total operating expenses	18,081,292	-	18,081,292
Changes in net assets from operations	(757,211)	165,661	(591,550)
Non-Operating Revenue (Expenses):			
Endowment contributions	-	2,500	2,500
Gain on sale of life insurance policies	896,933	-	896,933
Net unrealized gain on carrying value of interest rate swap contracts	(64,399)	-	(64,399)
Interest income (expense) on endowment borrowing	(37,824)	37,824	-
Investment return reduced by amount for current operations	-	11,248	11,248
Total non-operating revenue (expenses)	794,710	51,572	846,282
Changes in net assets	$ 37,499	$ 217,233	$ 254,732

PINE MANOR COLLEGE

Statements of Changes in Net Assets
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, June 30, 2018	$ 4,626,030	$ 11,645,199	$ 16,271,229
Changes in net assets	37,499	217,233	254,732
Net Assets, June 30, 2019	4,663,529	11,862,432	16,525,961
Changes in net assets	(2,846,754)	(691,069)	(3,537,823)
Net Assets, June 30, 2020	$ 1,816,775	$ 11,171,363	$ 12,988,138

The accompanying notes are an integral part of these statements.

PINE MANOR COLLEGE

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Changes in net assets	$ (3,537,823)	$ 254,732
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	827,668	834,879
Interest - amortization of debt issuance costs	22,333	25,000
Bad debts	220,000	216,994
Net unrealized (gains) losses on carrying value of interest rate swap contracts	(58,244)	64,399
Net realized and unrealized gains on investments	38,196	(504,026)
Change in discount on pledges receivable	(6,979)	(2,003)
Gain on sale of life insurance policies	-	(896,933)
Endowment contributions	(119,550)	(2,500)
Changes in operating assets and liabilities:		
Student accounts receivable	(73,824)	(367,121)
Other accounts receivable	(179,208)	(175,436)
Pledges receivable	816,090	(738,090)
Prepaid expenses and other	14,549	36,998
Accounts payable and accrued expenses	1,059,896	375,138
Deferred tuition and fees	(825,314)	(141,103)
Asset retirement obligation	265	9,642
Conditional grant advance	433,788	-
Net cash used in operating activities	(1,368,157)	(1,009,430)
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	3,153,377	3,737,745
Change in assets held under split-interest agreements	15,993	(5,399)
Net decrease in restricted cash	-	65,447
Proceeds from sale of life insurance policies	-	1,534,500
Change in cash surrender value of life insurance policies	-	(56,951)
Change in annuity payment obligation	(2,783)	(2,885)
Acquisition of property and equipment	(258,642)	(304,700)
Purchases of investments	(2,883,554)	(3,247,635)
Net cash provided by investing activities	24,391	1,720,122
Cash Flows from Financing Activities:		
Net borrowing (repayment) on note payable to a bank	1,904,725	(500,000)
Endowment contributions	119,550	2,500
Payments on capital lease obligation	(22,212)	-
Principal payments on bond payable	(271,384)	(259,697)
Principal payments on notes payable	(245,732)	(271,604)
Net cash provided by (used in) financing activities	1,484,947	(1,028,801)
Net Change in Cash and Cash Equivalents	141,181	(318,109)
Cash and Cash Equivalents:		
Beginning of year	227,261	545,370
End of year	$ 368,442	$ 227,261
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 285,775	$ 310,340
Supplemental Disclosure of Non-Cash Transactions:		
Assets acquired with capital leases	$ -	$ 104,807

The accompanying notes are an integral part of these statements.

PINE MANOR COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Instruction	Academic Services	Student Services	Institutional Support	Other Expenses	Plant	Auxiliary Enterprises	Independent Operations	Total
Personnel and Related Costs:									
Salaries and wages	$ 1,983,380	$ 532,528	$ 1,734,201	$ 1,413,179	$ 106,299	$ 295,092	$ -	$ 648,111	$ 6,712,790
Payroll taxes and fringe benefits	481,289	68,737	380,286	241,685	23,236	68,164	-	144,504	1,407,901
Work study wages and student employment	17,047	9,303	37,123	3,513	-	-	-	6,885	73,871
Professional development	120	6,007	5,255	13,891	-	-	-	-	25,273
Total personnel and related costs	2,481,836	616,575	2,156,865	1,672,268	129,535	363,256	-	799,500	8,219,835
Occupancy:									
Utilities	-	-	-	-	-	1,049,390	-	-	1,049,390
Repairs and maintenance	-	-	400	-	-	765,702	-	-	766,102
Depreciation	-	-	-	-	-	460,606	-	-	460,606
Interest	-	-	-	-	-	174,001	-	-	174,001
Total occupancy	-	-	400	-	-	2,449,699	-	-	2,450,099
Other:									
Consulting and contracted services	6,372	6,254	630,366	883,435	-	159,263	-	-	1,685,690
Placement commission and fees	1,094,650	-	-	-	-	-	-	126,852	1,221,502
Room and board	28,261	7,654	21,593	15,186	-	-	930,334	76,728	1,079,756
Legal and professional fees	-	-	-	427,001	-	-	-	-	427,001
Depreciation	-	-	-	-	-	367,062	-	-	367,062
Program supplies	55,031	37,425	160,908	9,381	589	71,621	-	13,878	348,833
Outside events	-	-	-	-	309,592	-	-	-	309,592
Miscellaneous	14,898	42,144	36,827	150,894	-	3,235	-	15,539	263,537
Bad debts	-	-	-	220,000	-	-	-	-	220,000
Insurance	-	-	-	186,594	-	-	-	-	186,594
Interest	-	-	-	111,774	-	22,333	-	-	134,107
Telephone	293	-	5,636	86,501	-	638	-	825	93,893
Postage, printing and publications	3,247	1,575	23,849	54,521	-	-	-	1,947	85,139
Student activities and events	-	-	84,915	-	-	-	-	-	84,915
Repairs and maintenance	-	435	38,168	32,318	1,900	-	-	6,956	79,777
Memberships and subscriptions	110	110	29,102	41,863	275	230	-	1,535	73,225
Vehicle	-	-	36,055	450	-	28,715	-	7,954	73,174
Travel	5,840	160	51,555	3,711	62	175	-	-	61,503
Advertising	6,624	-	550	25,774	-	-	-	7,607	40,555
Total other	1,215,326	95,757	1,119,524	2,249,403	312,418	653,272	930,334	259,821	6,835,855
Total expenses before plant allocation	3,697,162	712,332	3,276,789	3,921,671	441,953	3,466,227	930,334	1,059,321	17,505,789
Plant Allocation	779,901	138,649	426,346	353,555	-	(3,466,227)	1,629,127	138,649	-
Total expenses	$ 4,477,063	$ 850,981	$ 3,703,135	$ 4,275,226	$ 441,953	$ -	$ 2,559,461	$ 1,197,970	$ 17,505,789

PINE MANOR COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Instruction	Academic Services	Student Services	Institutional Support	Other Expenses	Plant	Auxiliary Enterprises	Independent Operations	Total
Personnel and Related Costs:									
Salaries and wages	$ 2,123,421	$ 525,953	$ 1,878,851	$ 1,199,547	$ 140,375	$ 328,190	$ -	$ 596,448	$ 6,792,785
Payroll taxes and fringe benefits	387,882	64,524	403,397	269,855	27,877	76,925	-	126,639	1,357,099
Work study wages and student employment	27,152	7,364	53,294	3,037	-	-	-	12,755	103,602
Professional development	1,151	12,068	13,619	7,750	-	-	-	479	35,067
Total personnel and related costs	2,539,606	609,909	2,349,161	1,480,189	168,252	405,115	-	736,321	8,288,553
Occupancy:									
Utilities	-	-	-	-	-	1,085,682	-	-	1,085,682
Repairs and maintenance	-	-	-	-	-	773,772	-	-	773,772
Depreciation	-	-	-	-	-	464,619	-	-	464,619
Interest	-	-	-	-	-	196,190	-	-	196,190
Total occupancy	-	-	-	-	-	2,520,263	-	-	2,520,263
Other:									
Consulting and contracted services	6,470	8,657	734,169	910,715	-	119,165	-	-	1,779,176
Placement commission and fees	1,244,216	-	-	-	-	-	-	210,923	1,455,139
Room and board	33,206	3,593	42,122	15,243	117	-	1,155,650	128,769	1,378,700
Legal and professional fees	-	-	-	143,336	-	-	-	-	143,336
Depreciation	-	-	-	-	-	370,260	-	-	370,260
Program supplies	67,321	38,565	161,598	15,670	664	64,773	-	21,825	370,416
Outside events	-	-	-	-	245,344	-	-	-	245,344
Miscellaneous	16,381	29,511	-	200,900	-	-	-	49,012	295,804
Bad debts	-	-	-	170,280	-	-	-	46,714	216,994
Insurance	-	-	-	145,961	-	-	-	2,446	148,407
Interest	-	-	-	114,150	-	25,000	-	-	139,150
Telephone	469	-	8,378	65,134	-	644	-	1,526	76,151
Postage, printing and publications	5,048	5,149	21,573	77,022	42	-	-	2,222	111,056
Student activities and events	-	-	138,158	-	-	-	-	-	138,158
Repairs and maintenance	585	-	22,999	767	-	-	-	4,392	28,743
Memberships and subscriptions	34	280	22,857	27,235	250	205	-	1,447	52,308
Vehicle	-	-	44,791	-	-	14,169	-	20,398	79,358
Travel	19,815	454	103,780	10,427	123	476	-	1,916	136,991
Advertising	750	-	522	104,640	-	-	-	1,073	106,985
Total other	1,394,295	86,209	1,300,947	2,001,480	246,540	594,692	1,155,650	492,663	7,272,476
Total expenses before plant allocation	3,933,901	696,118	3,650,108	3,481,669	414,792	3,520,070	1,155,650	1,228,984	18,081,292
Plant Allocation	792,016	140,803	432,969	359,047	-	(3,520,070)	1,654,433	140,802	-
Total expenses	$ 4,725,917	$ 836,921	$ 4,083,077	$ 3,840,716	$ 414,792	$ -	$ 2,810,083	$ 1,369,786	$ 18,081,292

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Pine Manor College (the College) is a Massachusetts nonprofit corporation established in 1911. The College is accredited by New England Commission of Higher Education (NECHE) and offers Bachelor of Arts degrees under a four-year program and Associates Degrees under a two-year program. The College is situated on approximately 50 acres in Chestnut Hill, Massachusetts, acquired in 1965. The College has historically operated as a women-only college but became a co-educational institution in 2013.

The College is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The College is also exempt from state income taxes. Donors may deduct contributions made to the College within IRC requirements.

Change in Control

The College, in response to long-term financial fragility and the sudden impact of the COVID-19 pandemic on auxiliary revenue streams, announced late in fiscal year 2020 the intent to integrate with Boston College (BC).

Effective June 30, 2020, the College entered into an integration agreement with BC. Under the terms of the agreement, two-thirds of the College's Board of Trustees will be appointed by BC. Students of the College will remain at the school in a teach out agreement for an initial period up to two years. Costs of the teach out period will be subsidized by BC. In addition, the College entered into a lease agreement with BC effective July 1, 2020, for dormitory space at a predetermined rate per available dormitory bed during the initial period.

Subsequent to June 30, 2020, the following transactions were executed between the College and BC incident to the integration agreement noted above:

- BC provided working capital as needed in support of operations.
- The line of credit and notes payable were retired (see Notes 8 and 10).
- The endowment loan was repaid in full (see Note 4).
- The investment accounts of the College were transferred to BC as part of strategic endowment management (see Note 3).

Funds transferred to the College to pay maturing debts were made in the form of an advance with unspecified repayment terms. Though terms are not specified, it is understood that this advance payable does not constitute a current liability.

SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognitio*n, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 1, 2019, the College adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2019 (the practical expedient elected). Results for reporting periods beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the College's historic accounting under Topic 605. There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. The College does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

On July 1, 2019, the College adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The College adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the fiscal year 2020 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding money market and cash accounts held in the investment portfolio (see Note 3).

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amounts and do not bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in accounts receivable. The allowance is based upon specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable the receivables will not be recovered, and all reasonable collection efforts have been exhausted.

Pledges Receivable

Pledges receivable at June 30, 2020 and 2019, consist of uncollected contributions committed to the College. Pledges are recorded at their net present value when unconditionally committed (see Note 2). Any allowance for uncollectible pledges is recorded based on management's analysis of specific pledges and their estimate of amounts that may become uncollectible. Pledges are written off against the allowance when they are determined to be uncollectible. No allowance was deemed necessary as of June 30, 2020 or 2019.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The College records its investments in marketable securities (see Note 3) at fair value using Level 1 inputs, which are based on quoted prices in active markets. The College maintains other investments in fixed income - corporate bonds and fixed income - government obligations also at fair value based on observable prices and factors for identical or similar assets which are Level 2 inputs.

Substantially all investments are components of the College's endowment (see Note 4). Accordingly, these investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity of the individual securities held.

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period.

Property and Equipment and Depreciation

Purchased property and equipment over $2,500 are recorded at cost (see Note 5). Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 40 years
Land improvements	15 - 40 years
Furniture and equipment	3 - 15 years
Vehicles	5 years

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with the standards for *Accounting for Conditional Asset Retirement Obligation*, if a reasonable estimate of the fair value of the obligation can be made. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities.

Substantially all of the impact of the asset retirement obligation relates to estimated costs to remove asbestos that is contained within the College's facilities. Accretion costs associated with this project were $265 and $3,886 in fiscal years 2020 and 2019, respectively, which are included in repairs and maintenance in the accompanying statements of functional expenses. The College has accreted $221,240 and $220,975 of asset retirement obligations related to asbestos removal as of June 30, 2020 and 2019, respectively.

Fair Value Measurements

The College follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the College would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The College uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the College. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. Assets and liabilities subject to disclosures under this framework include investments (see page 12 and Note 3), split-interest liabilities (see Note 6), and interest rate swap agreements (see Notes 9 and 10).

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the College.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purposes (purpose restricted), amounts for unrestricted use in future periods (time restricted), or amounts received from donors with the stipulation that the principal will be held in perpetuity. In accordance with Massachusetts law, all earnings and appreciation of a donor-restricted endowment are restricted until appropriated by the Board of Trustees (see Note 4).

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions consist of the following at June 30:

	2020	2019
Subject to expenditure for specified purpose:		
Scholarships	$ 58,909	$ 51,234
Other operating expenses	606,474	602,530
Capital expenditures	8,447	4,992
	673,830	658,756
Subject to the passage of time:		
Unrestricted promises to give that are unavailable for expenditure until collected	285,548	475,000
Subject to the College's endowment spending policy and appropriation (see Note 4):		
Investment in perpetuity (including amounts above the original gift amounts of $10,327,012 and $10,207,462 as of June 30, 2020 and 2019, respectively), which once appropriated is expendable to support:		
Scholarships	3,363,914	3,526,241
Educational programs and general use	6,848,071	7,202,435
	10,211,985	10,728,676
	$ 11,171,363	$ 11,862,432

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019.

	2020	2019
Expiration of time restrictions:		
Time restricted pledge payments	$ 208,000	$ 200,000
Satisfaction of purpose restrictions:		
Scholarships	10,000	10,860
Other operating expenses	-	125,050
	$ 218,000	$ 335,910

Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statements of activities. Peripheral or incidental transactions are reported as non-operating revenue (expenses). Non-operating revenue (expenses), includes activity related to investments, endowment, interest rate swap contracts, and capital activities.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The College generally measures revenue for qualifying exchange transactions based on the amount of consideration the College expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the College satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The College evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The College recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is satisfied through academic instruction delivered continually throughout the academic year; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students have an option to room and board on premises. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a weekly meal plan. Contracts for tuition, room, and board are combined into a single portfolio of similar contracts. Payment for tuition and room and board is required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized. Fees and deposits received in advance of services provided are recorded as deferred tuition, fees and other (see Note 12).

Sales and services of educational activities consists of fees charged for College’s English learning institute (ELI) program and the child studies center. The College recognizes fees during the year in which related services are provided. The performance obligation of providing services is satisfied continually over the academic year; therefore, the revenue is recognized ratably over the course of the academic year. Any amounts received prior to the academic year are deferred to the applicable period.

The College occasionally leases certain facilities, including dormitories, to other area colleges (see Note 11). The College also occasionally leases its facilities for outside events. Facility rental income is recognized when the events occur.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the College must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the College should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions are recorded as revenue, net of applicable discounts for doubtful accounts and net present value, when unconditionally received or pledged. Grants and contributions with donor restrictions are recorded as revenue with donor restrictions and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Annual Fund contributions include those funds raised in a yearly appeal to alumni and other constituent supporters of the College and are classified based on the presence or absence of donor restrictions.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each program.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on an estimate of time and level of effort include personnel and related costs. Occupancy and depreciation are allocated based on the square footage of facilities occupied.

Advertising Costs

The College expenses advertising costs as they are incurred.

Income Taxes

The College accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The College has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the accompanying financial statements at June 30, 2020 and 2019. The College's information returns are subject to examination by the Federal and state jurisdictions.

Debt Issuance Costs

Debt issuance costs are amortized as interest expense over the period the related obligation is outstanding using the straight line method, which approximates the effective interest method. The balance of unamortized debt issuance costs is netted against the balance of the related obligation (see Notes 9 and 10).

Estimates

The preparation of financial statements in accordance with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 30, 2020, which is the date the financial statements were available to be issued. See page10 and Notes 3, 4, 8 and 10 for events that met the criteria for disclosure in the financial statements.

2. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 and 2019, are expected to be received as follows:

	2020	2019
Less than one year	$ 143,333	$ 816,423
One to five years	143,667	286,667
	287,000	1,103,090
Less - discount	416	7,395
	286,584	1,095,695
Less - current portion	143,333	816,423
Pledges receivable, net	$ 143,251	$ 279,272

Pledges have been discounted using interest rates between 0.29% and 1.76% as of June 30, 2020 and 2019, respectively, as based on U.S. Treasury Notes in effect on the dates of the pledges.

3. INVESTMENTS

The following tables present the College's investments by level within the fair valuation framework (see Note 1) as of June 30:

2020	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	$ -	$ 404,290	$ -	$ 404,290
Government obligations	-	2,600,947	-	2,600,947
Mutual funds	908,349	-	-	908,349
Equities:				
Domestic markets	2,672,609	-	-	2,672,609
Mutual funds	1,465,121	-	-	1,465,121
Money market accounts	1,262,371	-	-	1,262,371
	$ 6,308,450	$ 3,005,237	$ -	$ 9,313,687

2019	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds	$ -	$ 877,550	$ -	$ 877,550
Government obligations	-	1,869,937	-	1,869,937
Mutual funds	1,174,729	-	-	1,174,729
Equities:				
Domestic markets	2,738,006	-	-	2,738,006
Mutual funds	2,235,847	-	-	2,235,847
Money market accounts	725,637	-	-	725,637
	$ 6,874,219	$ 2,747,487	$ -	$ 9,621,706

3. INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the accompanying statements of activities at June 30:

	2020	2019
Net realized gains	$ 435,208	$ 269,639
Investment income	276,315	208,215
Net unrealized gain (loss)	(473,404)	234,387
Investment expense	(49,417)	(48,993)
	188,702	663,248
Designation under spending policy (see Note 4)	(855,838)	(652,000)
Investment return reduced by amount for current operations	$ (667,136)	$ 11,248

Subsequent to June 30, 2020, management of the College's investments was transferred to BC. The College's investments were sold and reinvested with BC (see Note 1).

4. ENDOWMENT

The College's endowment consists of approximately sixty-five individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All of the College's endowment funds are included in net assets with donor restrictions.

The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the College, and (7) the College's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

Massachusetts state law allows the College to appropriate as much of the College's donor-restricted endowments as is prudent considering the College's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The College has an investment policy, which combined with the spending rate, attempts to provide a predictable stream of returns combined with asset protection. Endowment assets include those assets restricted by donors that the College must hold in perpetuity. Under the College's investment policy and spending rate, both approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

4. ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters and Strategies (Continued)

To satisfy its long-term rate-of-return objectives, the College relied on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee, advised by a third party investment advisor, was responsible for selecting the investment managers of the College's portfolio. The Investment Committee's strategy was to include an array of strategies and investment managers for the portfolio in order to maximize risk adjusted returns. As described in Notes 1 and 3, management of the College's endowment were transferred to BC subsequent to June 30, 2020. BC is required to account for the College's endowment separately from BC's assets and ensure that the spending rate applied to the College's endowment is the same rate as applied to BC's endowment.

Spending Policy

The Board of Trustees has voted to allow for the use of a portion of total investment return for operations each year. Investment draws in accordance with this policy, are reflected in the accompanying statements of activities as investment return designated for current operations (see Note 3). Effective with fiscal year 2017, the spending draw is calculated as 5% of the five year average investment balance, with a discretionary 1% additional draw to be approved by the Board of Trustees annually. Effective March 2020, the Board of Trustees voted to allow to temporarily increase the spending draw to be calculated as 8% of the five year average investment balance. The fiscal year 2020 spending appropriation was computed at the 5% rate plus the 3% supplemental draw of $321,244. The fiscal year 2019 spending appropriation was computed at the 5% maximum and includes a supplemental draw of $198,741. The Board of Trustees appropriated $855,838 and $652,000 for operations during fiscal years 2020 and 2019, respectively (see Note 3).

Borrowing

The Massachusetts Office of Attorney General, Division of Public Charities (DPC), and the College's Board of Trustees had previously authorized the College to borrow $2,132,218 from the endowment. Repayment terms for the endowment borrowing were determined in an agreement with the DPC. Monthly principal payments of $17,768, plus interest of 3.25%, were due through June 30, 2024. The College paid $30,895 and $37,824 in interest to the endowment during the years ended June 30, 2020 and 2019, respectively. The outstanding principal balance of the endowment borrowing was $852,887 and $1,064,994 as of June 30, 2020 and 2019, respectively, and is included in due from (to) funds in the accompanying statements of financial position as follows at June 30:

	2020	**2019**
Endowment borrowing	$ 852,887	$ 1,064,994
Other	403,467	(101,606)
	$ 1,256,354	$ 963,388

Subsequent to June 30, 2020, the College repaid the endowment borrowing in full using funds advanced from BC (see Note 1).

Endowment Activity

At June 30, 2020, endowment funds with original gift values of $10,327,012 and fair values of $10,211,985 (see Note 1) were reported in net assets with donor restrictions. At June 30, 2019, endowment funds with original gift values of $10,207,462 and fair values of $10,728,676 were reported in net assets with donor restrictions.

4. ENDOWMENT (Continued)

Endowment Activity (Continued)

Changes in endowment net assets as of June 30 are as follows:

	2020	2019
Endowment net assets, beginning of year	$ 10,728,676	$ 10,677,122
Total investment return (see Note 3)	188,702	663,248
Endowment contributions and other	119,550	2,482
Interest on endowment borrowing	30,895	37,824
Less - investment return designated for operations	(855,838)	(652,000)
Net change in endowment	(516,691)	51,554
Endowment net assets, end of year	$ 10,211,985	$ 10,728,676

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2020	2019
Buildings and improvements	$ 30,120,155	$ 29,914,759
Furniture and equipment	11,140,568	11,130,211
Land and land improvements	3,142,917	3,142,917
Vehicles	461,422	461,422
	44,865,062	44,649,309
Less - accumulated depreciation	30,886,993	30,059,325
Net property and equipment placed in service	13,978,069	14,589,984
Construction in process	51,982	9,093
Property and equipment, net	$ 14,030,051	$ 14,599,077

Depreciation expense for the years ended June 30, 2020 and 2019, was $827,668 and $834,879, respectively. At June 30, 2020 and 2019, construction in process consists of building improvements and other projects that are not yet in service.

6. SPLIT-INTEREST AGREEMENTS

The College is the beneficiary of various split-interest planned giving arrangements. These gifts are classified within the following categories:

Charitable remainder trust - The College has an interest in a charitable remainder trust. Upon the beneficiary's death, the remaining asset balance will revert to the College. The asset balance is presented as assets held under split interest agreements.

6. SPLIT-INTEREST AGREEMENTS (Continued)

Gift annuity - A donor transfers assets to the College in return for a promise by the College to pay a specific annuity to a designated beneficiary for their lifetime. Under this arrangement, the transferred assets are maintained in a restricted account and the obligation to make annuity payments is guaranteed by all assets of the College. Upon the beneficiary's death, the annuity payment obligation ceases and the transferred assets are released from restriction.

The value of the investments related held in the charitable remainder trust was determined using Level 1 inputs as contemplated under the fair value measurement hierarchy (see Note 1).

The fair value of the annuity payment liability under gift annuity arrangements is presented in the accompanying statements of financial position as annuity payment obligation and totaled $43,483 and $46,266 at June 30, 2020 and 2019, respectively. The changes in the annuity payment obligation were as follows for the fiscal years ended June 30:

	2020	2019
Beginning Balance	$ 46,266	$ 49,151
Payments	(10,363)	(10,363)
Change in value	7,580	7,478
Ending Balance	$ 43,483	$ 46,266

The value of the liability was determined using Level 3 inputs (donor life expectancy and present value factors) as contemplated under the fair value measurement hierarchy. Contributions received under pooled income arrangements are generally recorded at discounted values as increases in net assets with restrictions.

7. CASH SURRENDER VALUE OF LIFE INSURANCE

The College was the beneficiary of two insurance policies on the lives of an alumna and her husband, with death benefits aggregating approximately $5.4 million and cash surrender values aggregating $1,030,616 as of June 30, 2018. The College had elected to borrow against the cash surrender value of these policies for operating cash flow purposes. Total borrowings at June 30, 2018, were $450,000. Borrowings were repayable to the policies with interest at rates of 3.25% and 5%. During fiscal year 2019, the College sold the two insurance policies for proceeds totaling $1,534,500. The College realized a gain on sale of the policies of $896,933 net of transaction costs.

8. NOTE PAYABLE TO A BANK

The College has a revolving line of credit agreement with a bank that provides for borrowing up to $500,000 that expired in March 31, 2020. During fiscal year 2020, the borrowing limit increased to $2,500,000 and the maturity date was extended to September 30, 2021. Interest is payable monthly at the bank's base lending rate (4.75% and 5.50% at June 30, 2020 and 2019, respectively), plus 1.5%, with a minimum rate of 4.75%. The line of credit requires an annual thirty-day clean-up of principal borrowings. The line of credit is secured by a first mortgage on four residential lots adjacent to the College's main campus, a second mortgage on the main campus (see Note 5) and an assignment of a lease of certain College facilities (see Note 11).

The line of credit is cross-collateralized with a term loan (see Note 10) and is subject to the same covenant compliance requirements on those obligations. There was $1,904,725 of outstanding borrowings at June 30, 2020, and no outstanding balance at June 30, 2019. In July 2020, the remaining balance of the line of credit was paid off with funds advanced from BC (see Note 1) and accordingly has been reclassified to non-current liability as it is deemed to have been refinanced on a long-term basis.

8. NOTE PAYABLE TO A BANK (Continued)

The College must comply with certain financial and non-financial covenants. The College was not in compliance with these covenants as of June 30, 2020, and received a waiver. The College was in compliance with these covenants as of June 30, 2019.

9. BOND PAYABLE

In July 2008, the College entered into a tax-exempt bond financing agreement in the amount of $7,500,000 issued by the Massachusetts Development Finance Agency (MDFA), secured by a first mortgage on the College's main campus, to finance the construction of new athletic fields, general capital improvements to facilities and grounds, equipment to improve the College's energy utilization, acquisition of furnishings, fixtures and equipment, and the repayment of substantially all of the College's pre-existing fixed debt. The bond obligation matures in July 2033. The interest rate is equal to the product of 0.7 times the sum of the London Interbank Offered Rate (LIBOR) (0.45% as of June 30, 2020 and 2019), plus 300 basis points. The bond is secured by all business assets of the College.

The College must comply with certain financial and non-financial covenants, including debt service ratios, as defined in the continuing covenants agreement. The College was not in compliance with these covenants as of June 30, 2020, and received a waiver. The College was in compliance with these covenants at June 30, 2019.

The outstanding balance under the bond payable is as follows as of June 30:

	2020	2019
Total bond payable	$ 4,947,307	$ 5,218,691
Less - current portion	(283,597)	(271,384)
Less - unamortized debt issuance costs	(259,993)	(279,743)
	$ 4,403,717	$ 4,667,564

Future maturities of the principal of the bond for the next five years are as follows:

2021	$ 283,597
2022	$ 296,359
2023	$ 309,726
2024	$ 323,369
2025	$ 338,197

Debt Issuance Costs and Amortization

Debt issuance costs consist of closing costs and other fees related to the issuance of the bond payable. These costs are amortized over the duration of each obligation. Debt issuance costs consist of the following as of June 30:

	2020	2019
Debt issuance costs	$ 452,615	$ 452,615
Less - accumulated amortization	192,622	172,872
Unamortized debt issuance costs	$ 259,993	$ 279,743

9. BOND PAYABLE (Continued)

Debt Issuance Costs and Amortization (Continued)

Interest expense related to the amortization of debt issuance costs was $19,750 for the years ended June 30, 2020 and 2019, and is included in interest expense in the accompanying statements of functional expenses. Amortization expense through the maturity of the bond will be approximately $19,700 per year.

10. NOTES PAYABLE

Term Loan

The College had a term loan in the original amount of $3,500,000 with the same bank that holds the bond payable (see Note 9) and issued the line of credit (see Note 8) to refinance a pre-existing line of credit. This loan was set to mature March 2026. Interest was payable monthly at the LIBOR Advantage Rate, plus a 3.5% spread. Principal was due in monthly installments of $14,798 through March 15, 2026. Prepayment was permitted at any time, but subject to certain penalties as described in the loan agreement. This note was cross-collateralized with the same assets securing borrowings on the line of credit (see Note 8). The balance was $1,024,450 and $1,202,030 as of June 30, 2020 and 2019, respectively.

The College had to comply with certain financial covenants, including debt service ratios, as defined in the note payable agreement and certain non-financial covenants. The College was not in compliance with these covenants as of June 30, 2020. However the loan was paid off subsequent to year-end with funds advanced by BC (see Note 1).

To hedge against potential interest rate exposure under the floating rate note, the College entered into an interest rate swap agreement with the following terms, which effectively fixed interest rates on the outstanding principal balance of the note. The swap contract had an initial notional amount of $3,500,000, which declined on a schedule based upon the note's expected amortization. The notional amount was $1,024,450 and $1,202,030 at June 30, 2020 and 2019, respectively.

Other significant terms of the swap contract included:

Fixed Rate Assumed by the College	5.22%
Basis for Variable Rate Assumed by Counterparty	LIBOR + 3.5% spread
Effective Date	March 15, 2016
Termination Date	March 15, 2026
Counterparty	Rockland Trust Company

The swap contract is reported at fair value in the accompanying statements of financial position. Fair value is derived using Level 3 inputs (see Note 1), including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors.

Gain or loss on the value of the swap contract is recorded as part of the changes in net assets without donor restrictions. For the years ended June 30, 2020 and 2019, the College recorded an unrealized gain (loss) of $44,783 and $(16,768), respectively, on the swap contract, which is included in net unrealized gain (loss) on carrying value of interest rate swap contracts in the accompanying statements of activities. The swap contract was in a gain position of $45,709 and $926 at June 30, 2020 and 2019, respectively. In connection with the term loan payoff, this swap agreement was also terminated.

10. NOTES PAYABLE (Continued)

Construction Loan

The College had a construction loan for a maximum of $700,000 from the same bank that issued the line of credit (see Note 8) and $3,500,000 term loan (see page 23). The proceeds of the loan were used to support the renovation of existing buildings for dormitory space. This loan was set to mature March 2026. Interest was payable monthly at the LIBOR Advantage Rate, plus a 3.5% spread. Principal was due in monthly installments of $5,210 through March 15, 2026. Prepayment was permitted at any time but was subject to certain penalties as described in the loan agreement. This note was cross-collateralized with the same assets securing borrowings on the line of credit and the term loan. As of June 30, 2020 and 2019, the outstanding principal balance was $360,642 and $423,157, respectively. However, subsequent to June 30, 2020, the construction loan was paid in full with funds advanced from BC (see Note 1).

In connection with the construction loan on page 23, the College maintained a rate swap agreement at the initial notional amount of $626,329. The notional amount was $360,642 and $423,157 at June 30, 2020 and 2019, respectively.

Other significant terms of the swap contract include:

Fixed Rate Assumed by the College	5.22%
Basis for Variable Rate Assumed by Counterparty	LIBOR
Effective Date	March 15, 2016
Termination Date	March 15, 2026
Counterparty	Rockland Trust Company

The swap contract is reported at fair value in the accompanying statements of financial position as of June 30, 2020 and 2019. Fair value is derived using Level 3 inputs (see Note 1), including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors.

Gain or loss in the value of the swap contract is recorded as part of the changes in net assets without donor restrictions. For the years ended June 30, 2020 and 2019, the College recorded an unrealized gain (loss) of $13,461 and $(47,631), respectively, on the swap contract, which is included in net unrealized gain (loss) on carrying value of interest rate swap contracts in the accompanying statements of activities. The swap contract was in a gain position of $16,091 and $2,630 at June 30, 2020 and 2019, respectively. In connection with the construction loan payoff, this swap agreement was also terminated.

Computer and Equipment Loans

The College had several computer and equipment loans. These loans bore interest at rates of 3.00% through 7.06% and had monthly principal payments of $667 through $16,228. The individual loans required payments expiring through April 30, 2021. The balance of the computers and equipment loans was $43,989 and $49,626 at June 30, 2020 and 2019, respectively. Subsequent to June 30, 2020, these loans were paid in full with funds advanced from BC (see Note 1).

10. NOTES PAYABLE (Continued)

Maturity

Total notes payable were as follows as of June 30:

	2020	2019
Term loan	$ 1,024,450	$ 1,202,030
Construction loan	360,642	423,157
Computer and equipment loans	43,989	49,626
Total notes payable	1,429,081	1,674,813
Less - current portion	-	(267,000)
Less - unamortized debt issuance costs (see below)	(11,333)	(13,916)
	$ 1,417,748	$ 1,393,897

As noted above and on page 23, the notes payable were paid off with funds advanced by BC (see Note 1). As a result, the balances are deemed to have been refinanced on a long-term basis and are presented as non-current liabilities.

Debt Issuance Costs and Amortization

Debt issuance costs consist of closing costs and other fees related to the issuance of the notes payable. These costs are amortized over the duration of each obligation. Debt issuance costs consist of the following as of June 30:

	2020	2019
Debt issuance costs	$ 103,038	$ 103,038
Less - accumulated amortization	91,705	89,122
Unamortized debt issuance costs	$ 11,333	$ 13,916

Interest expense related to the amortization of debt issuance costs was $2,583 and $5,250 for the years ended June 30, 2020 and 2019, respectively, and is included in interest expense in the accompanying statements of functional expenses. Subsequent to June 30, 2020, the unamortized balance of debt issuance costs were written off in connection with the payoff of the notes payable.

11. RENTAL ACTIVITY

Long-Term Leases

The College leases certain dormitory, athletic and other facilities to other area colleges and schools under long-term lease agreements with original expiration dates through May, 2024. During fiscal year 2020, these agreements were terminated early as a result of the COVID-19 pandemic (see also Note 18). Rental income of approximately $1,726,430 and $3,017,000 was earned under these agreements for the years ended June 30, 2020 and 2019, respectively, and is included in rental income in the accompanying statements of activities.

At June 30, 2020 and 2019, 100% of other accounts receivable was from one area college in connection with rentals.

11. RENTAL ACTIVITY (Continued)

Special Events

The College also leases its facilities for special events and meetings. Total rental income is as follows for the years ended June 30:

	2020	2019
Long-term leases	$ 1,726,430	$ 3,017,369
Special events and other	394,655	466,010
	$ 2,121,085	$ 3,483,379

12. DEFERRED TUITION AND FEES

Deferred tuition and fees consist substantially of nonrefundable student tuition and English Language Institute program fees received in advance of services performed (see Note 1). The balance is as follows as of June 30:

	2020	2019
Special events deposits	$ 165,223	$ 97,833
English Language Institute program fees	241	312,372
Deferred tuition and deposits	-	366,067
Child Studies Center tuition and fees	-	214,506
	$ 165,464	$ 990,778

13. PENSION PLAN

The College has a defined contribution pension plan pursuant to IRC Section 403(b), which covers all qualifying full-time employees. The College contributed 1% of eligible employees' wages in accordance with the plan document, totaling $27,709 and $28,958 for the years ended June 30, 2020 and 2019, respectively, which is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

14. CONCENTRATION

Credit Risk

The College maintains its cash balances in Massachusetts banks, which are insured within limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. The College has not experienced any losses in such accounts. The College's management believes the College is not exposed to any significant credit risk on its cash and cash equivalents.

15. COMMITMENTS

Operating Leases

The College has entered into various operating leases for equipment with monthly payments totaling $3,812. The agreements are set to expire at various times through January 2022.

15. COMMITMENTS (Continued)

Operating Leases (Continued)

Future minimum payments under these lease agreements are as follows for the years ending June 30:

2021	$ 23,418
2022	$ 11,400

Capital Lease

During fiscal year 2019, the College entered into a capital lease agreement for equipment, with a monthly lease obligation of $1,672. The annual imputed interest rate on the capital lease is 6.07%. Subsequent to June 30, 2020, this lease agreement was paid in full with funds advanced from BC (see Note 1). As such, the balance is deemed to have been refinanced on a long-term basis and is reflected as a non-current liability in the accompanying statement of financial position at June 30, 2020.

Contracts

The College was committed under various food service contracts with payments varying based on the number of students served and special events held. The agreement was set to expire in June 2027. Under this and prior agreements, the College incurred $1,100,305 and $1,347,075 of food service cost for the years ended June 30, 2020 and 2019, respectively. This contract was terminated September 11, 2020.

During fiscal year 2019, the College entered into a campus security contract which was set to expire in August 2023. Under this agreement, the College would incur approximately $537,600 per year for the next five years. Under the contract, the College incurred $530,930 and $616,609 for the years ended June 30, 2020 and 2019, respectively. This contract was terminated September 17, 2020.

16. LIQUIDITY

The College's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

	2020	2019
Cash and cash equivalents	$ 368,442	$ 227,261
Student accounts receivable, net	181,529	327,705
Other accounts receivable	508,726	329,518
Pledges receivable	143,333	816,423
	1,202,030	1,700,907
Less - net assets with donor restrictions	215,073	105,742
Financial assets available to meet cash needs for general expenditures within one year	$ 986,957	$ 1,595,165

The College has been substantially supported by tuition that is billed and received during the fiscal year, with additional support from donors and endowment and rental income. As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Subsequent to June 30, 2020, BC advanced the College funds to repay certain debt obligations and provide additional working capital (see Note 1).

17. CONDITIONAL GRANTS

Forgivable Paycheck Protection Loan

The College applied for and was awarded a loan of $1,408,788 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds will be used to pay certain payroll costs, including benefits as well as utilities during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations are subject to review and approval by the lending bank and the Small Business Association (SBA). In the opinion of management, the results of such reviews will not have a material effect on the financial position of the College as of June 30, 2020, and on the changes in its net assets for the years then ended.

The College believes there is not more than a remote chance this loan will not be forgiven and therefore is accounting for it as a conditional grant under ASC Subtopic 958-605. It is determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when the College has incurred expenditures in compliance with the loan application and CARES Act requirements. As of June 30, 2020, the College recognized $975,000 of grant revenue. The remaining balance of $433,788 is shown as a conditional grant advance in the accompanying June 30, 2020 statement of financial position. The College has not accrued interest as of June 30, 2020, since it expects the interest to be forgiven.

Other

The College has been awarded a U.S. Department of Education grant under the CARES Act of $518,912. The grant is contingent on incurring eligible costs and certain performance obligations, as outlined in the agreement. The College had not met all conditions as of June 30, 2020 and accordingly there was $259,456 remaining under the award which has not yet been recognized as of June 30, 2020.

18. CONTINGENCY

During fiscal year 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the College's future operations will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses such as required physical distancing, restrictions on operations and travel, the pace of recovery of economic activity and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the College, if any, cannot be reasonably estimated at this time.

19. RECLASSIFICATION

Certain amounts in the fiscal year 2019 financial statements have been reclassified to conform with fiscal year 2020.