Pine Manor College

FINANCIAL STATEMENTS
MAY 31, 2021 AND JUNE 30, 2020

PINE MANOR COLLEGE

Contents
May 31, 2021 and June 30, 2020

AAFCPAs
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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 May 31, 2021 and June 30, 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses for the eleven months ended May 31, 2021 and the year ended June 30, 2020, 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 May 31, 2021 and June 30, 2020, and the changes in its net assets and its cash flows for the eleven months ended May 31, 2021, and the year ended June 30, 2020, 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. In addition, during the eleven months ended May 31, 2021, Pine Manor College elected to change the fiscal year end to May 31 to coincide with the fiscal year end used by Boston College. Our opinion is not modified with respect to these matters.

AAFCPAs, Inc.

Westborough, Massachusetts
September 20, 2021

PINE MANOR COLLEGE

Statement of Financial Position
May 31, 2021

Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Cash and Cash Equivalents	$ 305,764	$ 74,000	$ 379,764
Student Accounts Receivable, net of allowance for doubtful accounts of approximately $50,000	3,706	-	3,706
Other Accounts Receivable	40,491	-	40,491
Pledges Receivable	-	134,000	134,000
Prepaid Expenses and Other	23,292	-	23,292
Investments	-	13,724,637	13,724,637
Due From (To) Funds	(697,108)	697,108	-
Property and Equipment, net	15,896,779	-	15,896,779
Total assets	$ 15,572,924	$ 14,629,745	$ 30,202,669
Liabilities and Net Assets			
Accounts Payable and Accrued Expenses	$ 2,255,398	$ -	$ 2,255,398
Due to Boston College	10,906,170	-	10,906,170
Deferred Tuition and Fees	116,429	-	116,429
Asset Retirement Obligation	232,280	-	232,280
Total liabilities	13,510,277	-	13,510,277
Net Assets:			
Without donor restrictions	2,062,647	-	2,062,647
With donor restrictions	-	14,629,745	14,629,745
Total net assets	2,062,647	14,629,745	16,692,392
Total liabilities and net assets	$ 15,572,924	$ 14,629,745	$ 30,202,669

PINE MANOR COLLEGE

Statement of Financial Position
June 30, 2020

Assets	Without Donor Restrictions	With Donor Restrictions	Total
Cash and Cash Equivalents	$ 296,702	$ 71,740	$ 368,442
Student Accounts Receivable, net of allowance for doubtful accounts of approximately $93,000	181,529	-	181,529
Other Accounts Receivable	508,726	-	508,726
Pledges Receivable	-	286,584	286,584
Prepaid Expenses and Other	108,160	-	108,160
Assets Held Under Split-Interest Agreements	-	242,998	242,998
Investments	-	9,313,687	9,313,687
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			
Bond Payable	$ 4,687,314	$ -	$ 4,687,314
Accounts Payable and Accrued Expenses	3,118,280	-	3,118,280
Deferred Tuition and Fees	212,511	-	212,511
Note Payable to a Bank	1,904,725	-	1,904,725
Notes Payable	1,409,903	-	1,409,903
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

PINE MANOR COLLEGE

Statement of Activities
For the Eleven Months Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Tuition and fees	$ 5,414,170	$ -	$ 5,414,170
Auxiliary enterprises	212,314	-	212,314
Less - student aid	(2,586,452)	-	(2,586,452)
Tuition, fees, and auxiliary enterprises, net	3,040,032	-	3,040,032
Boston College income	3,611,306	-	3,611,306
Grants and contributions	1,465,589	242,126	1,707,715
Rental income	4,851,102	-	4,851,102
Other income	281,465	-	281,465
Sales and services of educational activities	212,158	-	212,158
Investment return designated for current operations	187,851	-	187,851
Federal and state student aid	265,340	-	265,340
Net assets released from restrictions	142,292	(142,292)	-
Total operating revenue	14,057,135	99,834	14,156,969
Operating Expenses:			
Instruction	3,201,642	-	3,201,642
Academic services	693,823	-	693,823
Student services	2,039,665	-	2,039,665
Institutional support	2,870,018	-	2,870,018
Other expenses	78,046	-	78,046
Auxiliary enterprises	1,793,570	-	1,793,570
Independent operations	591,453	-	591,453
Total operating expenses	11,268,217	-	11,268,217
Changes in net assets from operations	2,788,918	99,834	2,888,752
Non-Operating Revenue (Expenses):			
Severance expense	(2,056,782)	-	(2,056,782)
Loss on debt retirement	(480,977)	-	(480,977)
Interest income (expense) on endowment borrowing	(5,287)	5,287	-
Loss on termination of charitable trust interest	-	(199,515)	(199,515)
Investment return reduced by amount for current operations	-	3,552,776	3,552,776
Total non-operating revenue (expenses)	(2,543,046)	3,358,548	815,502
Changes in net assets	$ 245,872	$ 3,458,382	$ 3,704,254

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
Grants and contributions	2,206,757	43,622	2,250,379
Rental income	2,121,085	-	2,121,085
Other income	365,794	-	365,794
Sales and services of educational activities	1,239,389	-	1,239,389
Investment return designated for current operations	855,838	-	855,838
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

Statements of Changes in Net Assets
For the Eleven Months Ended May 31, 2021 and the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
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
Changes in net assets	245,872	3,458,382	3,704,254
Net Assets, May 31, 2021	$ 2,062,647	$ 14,629,745	$ 16,692,392

PINE MANOR COLLEGE

Statements of Cash Flows
For the Eleven Months Ended May 31, 2021 and the Year Ended June 30, 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	$ 3,704,254	$ (3,537,823)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	870,900	827,668
Interest - amortization of debt issuance costs	19,938	22,333
Bad debts	-	220,000
Net unrealized and realized (gains) losses on carrying value of interest rate swap contracts	61,800	(58,244)
Net realized and unrealized gains on investments	(4,410,950)	38,196
Change in discount on pledges receivable	19,584	(6,979)
Loss on termination of charitable remainder trust interest	199,515	-
Loss on debt retirement	279,171	-
Endowment contributions	-	(119,550)
Changes in operating assets and liabilities:		
Student accounts receivable	177,823	(73,824)
Other accounts receivable	468,235	(179,208)
Pledges receivable	133,000	816,090
Prepaid expenses and other	84,868	14,549
Accounts payable and accrued expenses	(862,882)	1,059,896
Deferred tuition and fees	(96,082)	(825,314)
Asset retirement obligation	11,040	265
Conditional grant advance	(433,788)	433,788
Net cash provided by (used in) operating activities	226,426	(1,368,157)
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	10,602,919	3,153,377
Change in assets held under split-interest agreements	43,483	15,993
Change in annuity payment obligation	(43,483)	(2,783)
Acquisition of property and equipment	(2,737,628)	(258,642)
Purchases of investments	(10,602,919)	(2,883,554)
Net cash provided by (used in) investing activities	(2,737,628)	24,391
Cash Flows from Financing Activities:		
Advances from Boston College	10,906,170	-
Net borrowing (repayment) on note payable to a bank	(1,904,725)	1,904,725
Endowment contributions	-	119,550
Payments on capital lease obligation	(82,595)	(22,212)
Principal payments on bond payable	(4,967,245)	(271,384)
Principal payments on notes payable	(1,429,081)	(245,732)
Net cash provided by financing activities	2,522,524	1,484,947
Net Change in Cash and Cash Equivalents	11,322	141,181
Cash and Cash Equivalents:		
Beginning of year	368,442	227,261
End of year	$ 379,764	$ 368,442
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 106,830	$ 285,775

The accompanying notes are an integral part of these statements.

PINE MANOR COLLEGE

Statement of Functional Expenses
For the Eleven Months Ended May 31, 2021

	Instruction	Academic Services	Student Services	Institutional Support	Other Expenses	Plant	Auxiliary Enterprises	Independent Operations	Total
Personnel and Related Costs:									
Salaries and wages	$ 1,692,379	$ 423,191	$ 840,559	$ 1,143,814	$ 50,177	$ 171,055	$ -	$ 330,249	$ 4,651,424
Payroll taxes and fringe benefits	438,441	47,584	201,397	261,380	12,314	41,980	-	79,898	1,082,994
Work study wages and student employment	19,226	15,509	60,860	4,911	-	-	-	-	100,506
Professional development	-	5,819	-	3,168	-	-	-	-	8,987
Total personnel and related costs	2,150,046	492,103	1,102,816	1,413,273	62,491	213,035	-	410,147	5,843,911
Occupancy:									
Repairs and maintenance	-	-	-	-	-	855,181	-	-	855,181
Utilities	-	-	-	-	-	812,209	-	-	812,209
Depreciation	-	-	-	-	-	484,665	-	-	484,665
Interest	-	-	-	-	-	87,044	-	-	87,044
Total occupancy	-	-	-	-	-	2,239,099	-	-	2,239,099
Other:									
Consulting and contracted services	-	17,593	183,576	503,714	-	281,455	-	-	986,338
Depreciation	-	-	-	-	-	386,235	-	-	386,235
Placement commission and fees	307,119	-	-	-	-	-	-	26,795	333,914
Room and board	-	-	-	-	-	-	283,127	-	283,127
Miscellaneous	9,775	16,047	102,653	119,231	-	14,044	-	3,039	264,789
Program supplies	10,815	38,764	72,821	5,444	-	55,695	-	1,043	184,582
Insurance	-	-	-	158,075	-	-	-	-	158,075
Legal and professional fees	-	-	-	153,063	-	-	-	-	153,063
Vehicle	-	-	117,541	-	-	3,570	-	-	121,111
Telephone	75	-	7,225	65,971	-	480	-	104	73,855
Postage, printing and publications	672	768	1,042	43,834	-	-	-	118	46,434
Student activities and events	-	-	41,701	-	-	-	-	-	41,701
Interest	-	-	-	19,786	-	19,938	-	-	39,724
Memberships and subscriptions	55	-	5,933	31,904	-	150	-	55	38,097
Advertising	-	-	-	27,925	-	-	-	1,536	29,461
Travel	-	-	-	-	-	8	-	19,672	19,680
Outside events	-	-	-	-	15,555	-	-	-	15,555
Repairs and maintenance	-	-	9,071	-	-	-	-	395	9,466
Total other	328,511	73,172	541,563	1,128,947	15,555	761,575	283,127	52,757	3,185,207
Total expenses before plant allocation	2,478,557	565,275	1,644,379	2,542,220	78,046	3,213,709	283,127	462,904	11,268,217
Plant Allocation	723,085	128,548	395,286	327,798	-	(3,213,709)	1,510,443	128,549	-
Total expenses	$ 3,201,642	$ 693,823	$ 2,039,665	$ 2,870,018	$ 78,046	$ -	$ 1,793,570	$ 591,453	$ 11,268,217

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:									
Repairs and maintenance	-	-	400	-	-	765,702	-	-	766,102
Utilities	-	-	-	-	-	1,049,390	-	-	1,049,390
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
Depreciation	-	-	-	-	-	367,062	-	-	367,062
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
Miscellaneous	14,898	42,144	47,075	150,894	-	5,298	-	15,539	275,848
Program supplies	55,031	37,425	150,660	9,381	589	69,558	-	13,878	336,522
Insurance	-	-	-	186,594	-	-	-	-	186,594
Legal and professional fees	-	-	-	427,001	-	-	-	-	427,001
Vehicle	-	-	36,055	450	-	28,715	-	7,954	73,174
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
Interest	-	-	-	111,774	-	22,333	-	-	134,107
Memberships and subscriptions	110	110	29,102	41,863	275	230	-	1,535	73,225
Advertising	6,624	-	550	25,774	-	-	-	7,607	40,555
Travel	5,840	160	51,555	3,711	62	175	-	-	61,503
Outside events	-	-	-	-	309,592	-	-	-	309,592
Repairs and maintenance	-	435	38,168	32,318	1,900	-	-	6,956	79,777
Bad debts	-	-	-	220,000	-	-	-	-	220,000
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

1. 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 is recognized as a leading institution in serving underrepresented and underserved first generation college students.

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 is 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 (see Note 11).

During fiscal year 2021, BC provided the College with unrestricted contribution revenue totaling $3,611,306 to support operations. In addition, BC has provided other cash advances to retire the College's long-term debt (see Notes 9 and 10) and to enhance the College's liquidity. The outstanding advances are reflected as due to Boston College on the accompanying statement of financial position at May 31, 2021. There are no specific repayment terms on the advances.

Within the eleven months ended May 31, 2021, the Board of Trustees voted to change the fiscal year end to May 31 to coincide with the fiscal year observed by BC.

2. 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).

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 4).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 May 31, 2021 and June 30, 2020, consist of uncollected contributions committed to the College. Pledges are recorded at their net present value when unconditionally committed (see Note 3). 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. There was an allowance of $20,000 as of May 31, 2021. No allowance was deemed necessary as of June 30, 2020.

Investments

The College records its investments in marketable securities (see Note 4) at fair value using Level 1 inputs, which are based on quoted prices in active markets. As of June 30, 2020, 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. As of May 31, 2021, the College participates in BC's investment pool (see Note 4). Asset valuations are reported at the assigned value per unit as reported by BC, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

Substantially all investments are components of the College's endowment (see Note 5).

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 6). 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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

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 $11,040 and $265 in fiscal years 2021 and 2020, respectively, which are included in repairs and maintenance in the accompanying statements of functional expenses. The College has accreted $232,280 and $221,240 of asset retirement obligations related to asbestos removal as of May 31, 2021 and June 30, 2020, 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.

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 11 and Note 4), split-interest liabilities (see Note 7), and interest rate swap agreements (see Notes 9 and 10).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 5).

Net assets with donor restrictions consist of the following at May 31, 2021 and June 30, 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarships	$ 69,354	$ 58,909
Other operating expenses	533,906	491,448
Capital expenditures	8,447	8,447
	611,707	558,804
Subject to the passage of time:		
Unrestricted promises to give that are unavailable for expenditure until collected	132,964	285,548
Subject to the College's endowment spending policy and appropriation (see Note 5):		
Investment in perpetuity (including amounts above the original gift amounts of $10,327,012 as of May 31, 2021 and June 30, 2020, respectively), which once appropriated is expendable to support:		
Scholarships	5,254,802	3,407,914
Educational programs and general use	8,630,272	6,919,097
	13,885,074	10,327,011
	$ 14,629,745	$ 11,171,363

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 eleven months ended May 31, 2021 and the year ended June 30, 2020:

	2021	2020
Expiration of time restrictions:		
Time restricted pledge payments	$ 133,000	$ 208,000
Satisfaction of purpose restrictions:		
Scholarships	-	10,000
Other operating expenses	9,292	-
	$ 142,292	$ 218,000

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 severance, investments, endowment, interest rate swap contracts, and capital activities. Severance expenses during the eleven months ended May 31, 2021 related to benefits made available to existing College employees at the time of the integration with BC (see Note 1).

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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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.

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 May 31, 2021 and June 30, 2020. The College's information returns are subject to examination by the Federal and state jurisdictions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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). All debt issuance costs were written-off with the retirement of the related obligations.

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 September 20, 2021, which is the date the financial statements were available to be issued. There were no events subsequent to year end that require recognition or disclosure.

3. PLEDGES RECEIVABLE

Pledges receivable at May 31, 2021 and June 30, 2020, are expected to be received as follows:

	2021	2020
Less than one year	$ 154,000	$ 143,333
One to five years	-	143,667
	154,000	287,000
Less - discount/allowance	20,000	-
Less - discount	-	416
	$ 134,000	$ 286,584

Pledges have been discounted using an interest rate of 0.29% as of June 30, 2020, as based on U.S. Treasury Notes in effect on the dates of the pledges. No discount was recorded as of May 31, 2021, as all pledges recorded are expected to be paid in fiscal year 2022.

4. INVESTMENTS

During the eleven months ending May 31, 2021, in accordance with the integration agreement (see Note 1), the College's investment portfolio was liquidated and the net proceeds transferred to BC to participate in BC's endowment investment portfolio on a unitized basis.

Investments held by BC are stated at fair value and include accrued income. The value of publicly traded securities is based upon quoted market prices and net asset values. Other securities, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers or appraisers.

4. INVESTMENTS (Continued)

Endowment funds held with BC are valued based on the number of units held by the College and the fund's unit value, which is considered to be net asset value (NAV). As reported by BC, the investments in the pooled investment fund are comprised of 10% fixed income, 45% domestic and international equities, and 45% alternative investments. As of May 31, 2021, the College's units in the BC endowment were valued at $13,724,637 on the NAV basis.

The following table present the College's investments by level within the fair valuation framework (see Note 2) as of June 30, 2020:

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

5. 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.

5. ENDOWMENT (Continued)

Investment Return Objectives, Risk Parameters and Strategies (Continued)

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.

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 4, management of the College's endowment was transferred to BC in August 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 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. Effective with fiscal year 2017, the spending draw was 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 temporarily increase the spending draw to be calculated as 8% of the five year average investment balance. During fiscal year 2021, consistent with BC's investment spending policy, the amount that can be expended for operations on an annual basis is calculated as follows:

70%: Prior year spending adjusted for an inflationary factor
30%: 5% of a 12 quarter moving average of market values

The Board of Trustees appropriated $187,851 and $855,838 for operations during fiscal years 2021 and 2020, respectively.

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 $5,287 and $30,895 in interest to the endowment during the eleven months ended May 31, 2021 and year ended June 30, 2020, respectively. The outstanding principal balance of the endowment borrowing was $852,887 as of June 30, 2020, and was included in due from (to) funds in the accompanying statements of financial position. During fiscal year 2021, the College repaid the remainder of the endowment borrowing in full using funds advanced from BC (see Note 1).

5. ENDOWMENT (Continued)

Endowment Activity

Changes in endowment net assets as of May 31, 2021 and June 30, 2020, are as follows:

	Eleven Months Ended May 31, 2021	Year Ended June 30, 2020
Endowment net assets, beginning of year	$ 10,327,011	$ 10,843,702
Total investment return	3,740,627	188,702
Endowment contributions and other	-	119,550
Interest on endowment borrowing	5,287	30,895
Less - investment return designated for operations	(187,851)	(855,838)
Net change in endowment	3,558,063	(516,691)
Endowment net assets, end of year	$ 13,885,074	$ 10,327,011

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of May 31, 2021 and June 30, 2020:

	2021	2020
Buildings and improvements	$ 32,672,060	$ 30,120,155
Furniture and equipment	11,199,301	11,140,563
Land and land improvements	3,142,917	3,142,917
Vehicles	461,427	461,427
	47,475,705	44,865,062
Less - accumulated depreciation	31,757,892	30,886,993
Net property and equipment placed in service	15,717,813	13,978,069
Construction in process	178,966	51,982
Property and equipment, net	$ 15,896,779	$ 14,030,051

Depreciation expense for the eleven months ended May 31, 2021 and the year ended June 30, 2020, was $870,900 and $827,668, respectively. At May 31, 2021 and June 30, 2020, construction in process consists of building improvements and other projects that are not yet in service.

7. ASSETS HELD UNDER SPLIT-INTEREST AGREEMENTS

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

The value of the investments held in the charitable remainder trust was determined using Level 1 inputs as contemplated under the fair value measurement hierarchy (see Note 2). The fair value of the annuity payment liability under the charitable remainder trust was presented in the accompanying statements of financial position as annuity payment obligation and totaled $43,483 at June 30, 2020. During fiscal year 2021, the College was notified that it was no longer a trustee of the trust and its interest in the remainder of the trust was cancelled. Therefore the liability and related asset were written-off. The changes in the annuity payment obligation were as follows for the eleven months ended May 31, 2021 and the year ended June 30, 2020:

	2021	2020
Beginning Balance	$ 43,483	$ 46,266
Termination of agreement	(43,483)	-
Payments	-	(10,363)
Change in value	-	7,580
Ending Balance	$ -	$ 43,483

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.

8. NOTE PAYABLE TO A BANK

The College had a revolving line of credit agreement with a bank that provided 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 was payable monthly at the bank's base lending rate (4.75% at June 30, 2020), plus 1.5%, with a minimum rate of 4.75%. The line of credit required an annual thirty-day clean-up of principal borrowings. The line of credit was 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 6) and an assignment of a lease of certain College facilities (see Note 11).

The line of credit was cross-collateralized with a term loan (see Note 10) and was subject to the same covenant compliance requirements on those obligations. There were $1,904,725 of outstanding borrowings at June 30, 2020. In July 2020, the remaining balance of the line of credit was paid off with funds advanced from BC (see Note 1). The line of credit was terminated in March 2021.

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 was set to mature in July 2033. The interest rate was equal to the product of 0.7 times the sum of the London Interbank Offered Rate (LIBOR) (0.45% as of June 30, 2020), plus 300 basis points. The bond was secured by all business assets of the College. During fiscal year 2021, the bond was paid off in full with funds advanced from BC (see Note 1).

The outstanding balance under the bond payable as of June 30, 2020, was as follows:

Total bond payable	$ 4,947,307
Less - unamortized debt issuance costs	(259,993)
	$ 4,687,314

Debt Issuance Costs and Amortization

Debt issuance costs consisted of closing costs and other fees related to the issuance of the bond payable. These costs were being amortized over the duration of the bond. Debt issuance costs consisted of the following as of June 30, 2020:

Debt issuance costs	$ 452,615
Less - accumulated amortization	192,622
Unamortized debt issuance costs	$ 259,993

Interest expense related to the amortization of debt issuance costs was $19,938 and $19,750 for the eleven months ended May 31, 2021 and year ended June 30, 2020, respectively, and is included in interest expense in the accompanying statements of functional expenses. The remainder of the debt issuance costs were written-off with the retirement of the bond and are included in loss on debt retirement in the accompanying statement of activities for the eleven months ended May 31, 2021.

10. NOTES PAYABLE

Term Loan

The College had a term loan in the original amount of $3,500,000 with the same bank that held the bond payable (see Note 8) 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 as of June 30, 2020. The term loan was paid in full during fiscal year 2021 with funds advanced from BC (see Note 1).

10. NOTES PAYABLE (Continued)

Term Loan (Continued)

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 at June 30, 2020.

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 was reported at fair value in the accompanying statements of financial position as of June 30, 2020. Fair value is derived using Level 3 inputs (see Note 2), 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 year ended June 30, 2020, the College recorded an unrealized gain of $44,783 on the swap contract, which is included in net unrealized gain (loss) on the carrying value of interest rate swap contracts in the accompanying statements of activities. The swap contract was in a gain position of $45,709 at June 30, 2020. In connection with the term loan payoff, this swap agreement was also terminated and the realized loss on the swap agreement was $45,709 and is included in loss on debt retirement in the accompanying statement of activities for the eleven months ended May 31, 2021.

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 Note 10). The proceeds of the loan were used to support the renovation of existing buildings for dormitory space. This loan was set to mature in 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, the outstanding principal balance was $360,642. In fiscal year 2021, the construction loan was paid in full with funds advanced from BC (see Note 1).

In connection with the construction loan above, the College maintained a rate swap agreement at the initial notional amount of $626,329. The notional amount was $360,642 at June 30, 2020.

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 was reported at fair value in the accompanying statement of financial position as of June 30, 2020. Fair value is derived using Level 3 inputs (see Note 2), including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors.

10. NOTES PAYABLE (Continued)

Construction Loan (Continued)

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 year ended June 30, 2020, the College recorded an unrealized gain of $13,461, on the swap contract, which is included in net unrealized gain (loss) on carrying value of interest rate swap contracts in the accompanying statement of activities. The swap contract was in a gain position of $16,091 at June 30, 2020. In connection with the construction loan payoff, this swap agreement was also terminated and the realized loss on the swap agreement was $16,091 and is included in loss on debt retirement in the accompanying statement of activities for the eleven months ended May 31, 2021.

Computer and Equipment Loans

The College had several computer and equipment loans. These loans bore interest at rates of 3.00% to 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 $36,144 at June 30, 2020. During fiscal year 2021, these loans were paid in full (see Note 1).

Maturity

Total notes payable were as follows as of June 30, 2020:

Term loan	$ 1,024,450
Construction loan	360,642
Computer and equipment loans	36,144
Total notes payable	1,421,236
Less - unamortized debt issuance costs (see below)	(11,333)
	$ 1,409,903

Debt Issuance Costs and Amortization

Debt issuance costs consisted of closing costs and other fees related to the issuance of the notes payable. These costs were amortized over the duration of each obligation. Debt issuance costs consist of the following at June 30, 2020:

Debt issuance costs	$ 103,038
Less - accumulated amortization	91,705
Unamortized debt issuance costs	$ 11,333

Interest expense related to the amortization of debt issuance costs was $1,833 and $2,583 for the eleven months ended May 31, 2021 and year ended June 30, 2020, respectively, and is included in interest expense in the accompanying statements of functional expenses. In fiscal year 2021 the unamortized balance of debt issuance costs were written-off in connection with the payoff of the notes payable and included in loss on debt retirement in the accompanying statement of activities for the eleven months ended May 31, 2021.

11. RENTAL ACTIVITY

Long-Term Leases

The College leased 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). Starting in fiscal year 2021, the College entered into an agreement with BC (see Note 1) to rent dormitory space in connection with the College's integration with BC. Rental income of $4,693,370 and $1,726,430 was earned under these agreements for the eleven months ended May 31, 2021 and year ended June 30, 2020, respectively, and is included in rental income in the accompanying statements of activities.

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

Special Events

The College also leases its facilities for special events and meetings. Total rental income is as follows:

	Eleven Months Ended May 31, 2021	Year Ended June 30, 2020
Long-term leases	$ 4,693,370	$ 1,726,430
Special events and other	157,732	394,655
	$ 4,851,102	$ 2,121,085

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 2). The balance as of May 31, 2021 and June 30, 2020, is as follows:

	2021	2020
Special events deposits	$ 74,325	$ 165,223
Deferred tuition and deposits	42,104	47,288
	$ 116,429	$ 212,511

13. PENSION PLAN

The College has a defined contribution retirement 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 $28,052 and $27,709 for the eleven months ended May 31 ,2021 and year ended June 30, 2020, 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.

Future minimum payments under these lease agreements total $11,400 for fiscal year 2022.

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%. During fiscal year 2021, this lease agreement was paid in full with funds advanced from BC (see Note 1).

Contracts

As part of the integration with BC, the College reimburses BC for services provided related to dining, transportation, and facilities and grounds maintenance. The College incurred costs of approximately $750,000 in relation to these services, which are included in repairs, vehicle, maintenance and room and board in the accompanying statement of functional expenses for the eleven months ended May 31, 2021.

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:

	May 31, 2021	June 30, 2020
Cash and cash equivalents	$ 379,764	$ 368,442
Student accounts receivable, net	3,706	181,529
Other accounts receivable	40,491	508,726
Pledges receivable - current portion	134,000	143,333
	557,961	1,202,030
Less - net assets with donor restrictions	75,036	215,073
Financial assets available to meet cash needs for general expenditures within one year	$ 482,925	$ 986,957

16. LIQUIDITY (Continued)

The College has been substantially supported by tuition that is billed and received during the fiscal year, with additional support from donors endowments 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. Since the change in control described in Note 1, BC has provided substantial operating and financial support of the College's operations.

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 were used to pay certain payroll costs, including benefits, as well as utilities during the 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 would be due over a two-year period with interest at 1%. Any repayment would be deferred for a period of ten months from the end of the covered period, when the note, plus interest, would be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations were subject to review and approval by the lending bank and the Small Business Administration (SBA). The loan was forgiven by the SBA during fiscal year 2021.

Amounts received were recognized as revenue when the College 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 was recognized as grant revenue for the eleven months ended May 31, 2021. The College received formal forgiveness from the SBA on March 8, 2021.

Other

The College had been awarded a U.S. Department of Education grant under the CARES Act of $518,912. The grant was 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 had not yet been recognized as of June 30, 2020. The conditions were met for the remaining balance, and the amount was recognized as revenue during fiscal year 2021.

18. CONTINGENCY

During fiscal year 2020, and continuing through fiscal year 2021, 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 future financial impact to the College, if any, cannot be reasonably estimated at this time.

19. RECLASSIFICATION

Certain amounts in the fiscal year 2020 financial statements have been reclassified to conform with the fiscal year 2021 presentation.