



Financial Statements

Simmons University

June 30, 2024 and 2023

SIMMONS UNIVERSITY

Financial Statements

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Independent Auditors' Report

To the Board of Trustees
Simmons University

Opinion

We have audited the financial statements of Simmons University (the "University"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.¹

Boston, Massachusetts
October 16, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

SIMMONS UNIVERSITY

Statements of Financial Position (in thousands)

	<i>June 30,</i> 2024	2023
Assets		
Cash and cash equivalents	\$ 5,545	\$ 10,368
Accounts receivable, net	11,157	14,393
Contributions receivable, net	4,289	4,861
Restricted short-term investments	23,136	23,600
Investments	250,351	225,925
Other assets	13,755	12,052
Beneficial interest in trusts and other split-interest agreements	10,525	9,861
Property, plant and equipment, net	<u>246,740</u>	<u>254,416</u>
Total assets	<u>\$ 565,498</u>	<u>\$ 555,476</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 17,406	\$ 17,777
Deposits and deferred revenues	11,309	15,058
Bonds payable	281,326	273,508
Other liabilities	<u>4,060</u>	<u>7,358</u>
Total liabilities	<u>314,101</u>	<u>313,701</u>
Net assets:		
Without donor restrictions	35,119	48,815
With donor restrictions	<u>216,278</u>	<u>192,960</u>
Total net assets	<u>251,397</u>	<u>241,775</u>
Total liabilities and net assets	<u>\$ 565,498</u>	<u>\$ 555,476</u>

SIMMONS UNIVERSITY

Statement of Activities (in thousands)

Year Ended June 30, 2024
(with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues and other support				
Student income				
Tuition and fees, net	\$ 97,008	\$ -	\$ 97,008	\$ 110,913
Residence and dining fees, net	16,133	-	16,133	14,598
Total student income, net	113,141	-	113,141	125,511
Investment return used in operations	6,119	9,466	15,585	12,544
Contributions	2,184	3,475	5,659	5,391
Government grants	2,688	-	2,688	5,494
Auxiliary and other operating revenues	14,565	-	14,565	21,615
Net assets released from restrictions	12,710	(12,710)	-	-
Total operating revenues and other support	151,407	231	151,638	170,555
Operating expenses				
Instruction and academic support	92,720	-	92,720	105,947
Student services	14,525	-	14,525	15,110
Institutional support and advancement	35,952	-	35,952	36,190
Auxiliary activities	20,728	-	20,728	19,308
Sponsored activities	2,395	-	2,395	2,455
Total operating expenses	166,320	-	166,320	179,010
Results from operations	(14,913)	231	(14,682)	(8,455)
Nonoperating activity				
Contributions	-	8,513	8,513	3,060
Investment return, net of amounts used in operations	1,489	13,971	15,460	10,573
Change in value of trusts	-	664	664	359
Loss on extinguishment of debt	(333)	-	(333)	(12)
Net assets released for nonoperating activity	61	(61)	-	-
Change from nonoperating activity	1,217	23,087	24,304	13,980
Total change in net assets	(13,696)	23,318	9,622	5,525
Net assets, beginning of year	48,815	192,960	241,775	236,250
Net assets, end of year	\$ 35,119	\$ 216,278	\$ 251,397	\$ 241,775

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

SIMMONS UNIVERSITY

Statement of Activities (in thousands)

Year Ended June 30, 2023

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Operating revenues and other support			
Student income			
Tuition and fees, net	\$ 110,913	\$ -	\$ 110,913
Residence and dining fees, net	14,598	-	14,598
Total student income, net	125,511	-	125,511
Investment return used in operations	3,172	9,372	12,544
Contributions	1,907	3,484	5,391
Government grants	5,494	-	5,494
Auxiliary and other operating revenues	21,615	-	21,615
Net assets released from restrictions	15,058	(15,058)	-
Total operating revenues and other support	172,757	(2,202)	170,555
Operating expenses			
Instruction and academic support	105,947	-	105,947
Student services	15,110	-	15,110
Institutional support and advancement	36,190	-	36,190
Auxiliary activities	19,308	-	19,308
Sponsored activities	2,455	-	2,455
Total operating expenses	179,010	-	179,010
Results from operations	(6,253)	(2,202)	(8,455)
Nonoperating activity			
Contributions	-	3,060	3,060
Investment return, net of amounts used in operations	2,423	8,150	10,573
Change in value of trusts	-	359	359
Loss on extinguishment of debt	(12)	-	(12)
Net assets released for nonoperating activity	3,591	(3,591)	-
Change from nonoperating activity	6,002	7,978	13,980
Total change in net assets	(251)	5,776	5,525
Net assets, beginning of year	49,066	187,184	236,250
Net assets, end of year	\$ 48,815	\$ 192,960	\$ 241,775

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

SIMMONS UNIVERSITY

Statements of Cash Flows (in thousands)

	Years Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 9,622	\$ 5,525
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and accretion expense	16,145	16,095
Amortization of bond premium/discount and bond issuance costs, net	(904)	(843)
Loss on extinguishment of long-term debt	333	12
Noncash contribution securities received	(1,208)	(393)
Proceeds from sale of contributed securities	527	137
Net realized and unrealized gain on investments	(27,326)	(19,432)
Change in beneficial interest in trusts	(664)	(359)
Contributions to be used for long-term purposes	(7,880)	(2,086)
Change in reserve for bad debt	517	225
Changes in assets and liabilities:		
Receivables and other assets	1,654	(1,376)
Increase in payables and other liabilities	(1,497)	(591)
Deferred revenues and deposits payable	(3,749)	(6,882)
Net cash used in operating activities	(14,430)	(9,968)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(10,551)	(15,838)
Proceeds from the sale and maturities of investments	60,673	33,430
Purchases of investments	(58,143)	(25,860)
Deposits with bond trustee	(13,102)	-
Use of unspent bond proceeds	14,102	23,640
Student loans advanced	(95)	(117)
Student loans collected	99	151
Net cash provided by (used in) investing activities	(7,017)	15,406
Cash flows from financing activities:		
Repayments of long-term debt	(4,475)	(3,575)
Advance refunding of long-term debt	-	(2,505)
Proceeds from bond issuance	31,855	-
Repayment of bond payable	(18,665)	-
Debt issuance costs	(704)	(316)
Premium on bond payable	378	-
Payments to annuity beneficiaries	(90)	(82)
Contributions to be used for long-term purposes	7,880	2,086
Proceeds from sale of contributed securities for long-term purposes	445	270
Net cash provided by (used in) financing activities	16,624	(4,122)
Net change in cash and cash equivalents	(4,823)	1,316
Cash and cash equivalents, beginning of year	10,368	9,052
Cash and cash equivalents, end of year	\$ 5,545	\$ 10,368
Supplemental data/noncash investing and financing activity:		
Cash paid for interest	\$ 10,894	\$ 12,967
Purchases of property, plant and equipment in accounts payable and accrued liabilities	1,354	2,566

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

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 1 - Organization

Simmons University, founded in 1899, (the “University” or “Simmons”) is a respected private, not-for-profit, nonsectarian institution located in Boston’s Back Bay that currently serves over 2,200 undergraduate women and nonbinary students through a wide range of majors and programs, and over 2,800 men, women, and nonbinary students in its graduate programs at the master and doctoral levels. Simmons also offers Online Graduate Programs in several disciplines. The University, a longtime leader in online higher education, also offers CompleteDegree@Simmons – a fully online undergraduate program for adult learners. Simmons’ unique model of higher education combines leadership in high-demand professional fields along with the intellectual foundation of the liberal arts so that students graduate with the ability to lead in their professional, personal, and civic lives. The University is accredited by the New England Commission of Higher Education along with accreditation of specific programs by bodies recognized as accreditors to programs and fields of study.

The University participates in student financial aid programs sponsored by the United States Department of Education (“DOE”), which facilitates the payment of tuition and other expenses for a significant portion of its students.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for not-for-profit entities which requires the University to classify its net assets into two categories based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions: Net assets available for general use and not subject to donor restrictions. The Board of Trustees has designated from net assets without donor restrictions funds to function as endowment.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions of which some are temporary in nature that may or will be met by the passage of time, events specified by the donor, or both and others are perpetual in nature where the donor stipulates the resources be maintained in perpetuity. Accumulated unspent gains on perpetual funds are temporary in nature and are subject to the endowment spending policy as adopted by the Board of Trustees.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the classes of net assets.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonoperating Activity

Nonoperating activity includes contributions with donor restrictions that are not available for current operational use, investment return net of investment return used in operations, the change in value of trusts, nonoperating net assets released for capital improvements and donor redesignation as well as other items not related to the University's academic or research activities.

Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost and represent bank deposits and other highly liquid debt instruments with original maturities of three months or less at the date of purchase. Cash equivalents held by investment managers (and amounts associated with split-interest agreements) are considered part of investments given the expectation of near-term reinvestment.

The University maintains its cash balances at several financial institutions, which at times may exceed federally insured limits. The University monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Accounts, Contributions and Loans Receivable

Accounts receivable principally relate to amounts due from students for educational, residence and dining services provided by the University. Accounts receivable is recorded net of an allowance for credit losses of \$3,330 and \$2,831 for the years ended June 30, 2024 and 2023, respectively.

Unconditional promises to contribute to the University are recorded at fair value when initially pledged. The initially recorded fair value is considered a Level 2 approach. Initial recording for contributions receivable expected to be collected in one year or more is arrived at by using the present value of a risk adjusted rate to account for the inherent risk associated with the expected future cash flows. Contributions receivable are discounted at rates ranging between 2.3% - 6.7%. Amortization of the discount is included in contributions revenue. Contributions receivable is also recorded net of an allowance for credit losses as described in Note 3. Conditional promises are not included as support until the conditions are substantially met.

Loans receivable principally represents institutional loans due from students, as well as amounts due under the Federal Perkins Loan Program and amounted to \$573 and \$884 at June 30, 2024 and 2023, respectively. A substantial portion of the funding for this program was made available by the Department of Education (the "DOE") and must be returned should the University no longer participate in the program. Accordingly, the University carries a liability for funds advanced under the program subject to certain adjustments and amounted to \$87 and \$622 at June 30, 2024 and 2023, respectively, and is included in Other liabilities in the Statements of Financial Position. Loans in default that meet certain requirements can be, and have been, assigned to the DOE, reducing the obligation for Government advances for student loans. Credit risk is mitigated given the ability to assign such loans to the DOE. Given this program has been terminated by the DOE, management expects that loans will be assigned back to the DOE in due course. Loans receivable is recorded net of an allowance for credit losses of \$478 for the years ended June 30, 2024 and 2023.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounts, Contributions and Loans Receivable (Continued)

Accounts, contributions and loans receivable are periodically reviewed to estimate an allowance for credit losses. The University estimates expected credit losses based on relevant information about past events, current conditions, and a reasonable and supportable forecast. Changes in the allowance for credit losses are reported in credit loss expense. An account is considered uncollectible when all efforts to collect the account have been exhausted.

Restricted Short-Term Investments

Restricted short-term investments for ongoing construction of the Living and Learning Center are carried at cost in a mix of certificate of deposit accounts and in a central depository account, diversified across many lending institutions in an amount below the federally insured limit.

Investments

The University's investments are recorded at fair value as per the fair value policies described elsewhere in this section. Investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and investment management expenses.

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund its board-approved spending policy and to increase investment value after inflation.

Beneficial Interest in Trusts and other Split-Interest Agreements

Beneficial interest in trusts and other split-interest agreements are recorded at fair value as per the fair value policies described elsewhere in this section. The University has various split-interest agreements such as perpetual trusts, charitable remainder trusts, charitable gift annuities, and pooled life income funds. The University's interest in charitable gift annuities and pooled life income funds are included in Investments and its interest in perpetual trusts and charitable remainder trusts are included in Beneficial interest in trusts on the Statements of Financial Position. These assets represent the University's share of the trust assets as of year-end. Distributions of income from the trusts to the University are recorded as revenue and the carrying value of the assets is adjusted for changes in value over time.

Fair Value Measurements

The University reports financial instruments in accordance with fair value standards on a recurring or non-recurring basis depending on the underlying policy of the instrument. Recurring fair value items include investments and beneficial interest in trusts. Non-recurring fair values include items such as the present value of expected cash flows on contributions. Fair value is defined as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the University reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so-called "practical expedient" for such investments. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories along with a category for items at NAV as follows:

Level 1 – quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 – pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

Leases

Leases are recorded using a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the Statements of Financial Position for all leases with a term greater than 12 months. The right-of-use asset amounted to \$246 and \$292 at June 30, 2024 and 2023, respectively, and is included in Other assets on the Statements of Financial Position. The operating lease payable amounted to \$246 and \$310 at June 30, 2024 and 2023, respectively, and is included in Accounts payable and accrued liabilities on the Statements of Financial Position. Due to the minimal amounts involved, the University has omitted certain additional disclosures regarding leases.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Lease expense is recognized on the straight-line basis over the term of the lease. The University recognizes variable expenses, other than those related to indices or specifically identified in the lease arrangements, in operating expenses in the period in which the obligation is incurred.

Property, Plant and Equipment

For all items over a management established capitalization threshold, property, plant and equipment are recorded at cost at the date of acquisition or, in the case of gifts, at fair value on the date of donation as per the fair value policies described elsewhere in this section. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets or the term of the lease if shorter. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend its estimated useful life are expensed as incurred.

Due to certain renovations on campus, the University updated its estimate of the remaining useful life of certain assets resulting in accelerating the depreciation expense of those assets and is noted as a separate line item on the Statements of Activities.

Interest costs incurred as a result of borrowing to fund a specific capital project are capitalized as part of the cost of the asset during the time of construction period and depreciated over the useful life of the asset once placed in service.

The University recognizes the liability for legal obligations associated with asset retirements in the period in which the obligation is incurred if a reasonable estimate of the obligation can be made. When the liability is initially recorded, the University capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. 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 Statements of Activities. Asset retirement obligations amounted to \$1,360 and \$2,088 at June 30, 2024 and 2023, respectively, and is included in Other liabilities in the Statements of Financial Position.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

The University's policy is not to capitalize collections, primarily art objects, as they are held for educational, research, and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Any proceeds from the sale of collection items are used to acquire other items for the collection.

Deposits and Deferred Revenues

Deposits and deferred revenues represent reservation deposits and other advance payments by students on account and other payments in advance of revenue being recognized. Such amounts are reflected as revenue ratably over time with such amounts generally being recognized in the upcoming year given the nature and duration of the underlying services being provided.

Bonds Payable, Bond Discounts/Premiums and Origination Costs

Bonds payable are reported at the face value of the remaining obligation under the related debt, net of discounts, premiums and origination costs. Bond discounts/premiums and origination costs are capitalized in the period of issuance and amortized over the period of the related debt using the straight-line method. This approximates the effective interest method.

Revenue Recognition

Earned Revenues

Earned revenues are recorded using a principles-based process that requires entities to: 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 the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

The majority of earned revenues include tuition, fees, residence, and dining charges as well as sales of auxiliary services and are recognized ratably over the academic period of the course or program offered based on time elapsed.

As described in Note 1, the University offers undergraduate and graduate degree programs. The following table summarizes the percentages of revenue from each of the programs, with residence and dining charges, if any, being ascribed to the program from which such revenues are derived.

	<i>2024</i>	<i>2023</i>
Undergraduate programs	37%	33%
Graduate programs	63%	67%

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Earned Revenues (Continued)

The majority of the University's programs are designed to be completed within the fiscal year. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Such revenue is presented at transaction prices, which are determined based on standard published rates for the services provided. Tuition and fees are net of any scholarships and aid awarded by the University to qualifying students. The amount of revenue per student varies based on the specific programs in which the student is enrolled, as well as whether the student lives on campus. Scholarships and aid awarded for tuition and fees and residence amounted to \$60,054 and \$59,309 at June 30, 2024 and 2023, respectively. Of this amount, \$523 and \$391 were paid directly to students in 2024 and 2023, respectively, and are reported within Materials, supplies and other in Note 9 to the financial statements and in operating expenses in the Statements of Activities. Discounts provided to employees are considered part of fringe benefits within operating expenses and likewise are recorded over time.

Auxiliary and other operating revenues include revenues from contracts with customers to provide office space, parking services, ticket sales for conferences and athletic events, hosting of conferences and events for third parties, and other miscellaneous activities. Parking service revenue is recorded ratably over the period for which the parking permits have been sold. For ticket sales, revenue is recognized upon the occurrence of the event. Revenues are recorded for the hosting of conferences and events ratably over the duration of the conference or event.

The University leases to third parties certain parking garage and office space under operating lease agreements expiring at various dates through July 2034. The leases have scheduled annual increases which the University recognizes on the straight-line basis over the lease term beginning with the start of the lease. The tenant commissions to obtain tenants are amortized over the lease terms with such amounts being recorded in Other assets on the Statements of Financial Position.

Future minimum lease revenue under the operating lease agreements for the parking garage and office space is as follows:

Year ending June 30,	
2025	\$ 5,705
2026	5,912
2027	5,753
2028	5,910
2029	5,993
Thereafter	<u>31,047</u>
	<u>\$ 60,320</u>

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributed Support

All unconditional contributions are recorded as revenue in the period verifiably committed by the donor. Contributions with donor-imposed restrictions, including unconditional promises to give, are reported in net assets with donor restrictions. Restricted gifts that impact more than one reporting period are recognized as increases in net assets with donor restrictions and are released to net assets without donor restrictions when the donor restrictions, or time restrictions, are satisfied. Contributions of cash or other assets that must be used to acquire long-lived assets are reported in net assets without donor restrictions, provided the long-lived assets are placed in service in the same reporting period and there are no explicit donor stipulations specifying how the donated assets must be used; otherwise, the contributions are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long the long-lived asset must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived asset is placed into service. Contributions of assets other than cash are recorded at their estimated fair value as per the fair value policies described elsewhere in these policies. Conditional contributions are recognized as revenues when the barriers to entitlement have been met.

The University received and recognized FEMA revenues of \$1,871 for the year ended June 30, 2023. The University also recorded revenues associated with the Employee Retention Tax Credit program in the amount of \$846 for the year ended June 30, 2023. These revenues are reported as Government grants revenue within the Statements of Activities.

Functional Reporting of Expenses

The costs of providing the various programs and other activities and supporting services have been summarized on a functional basis in the Statements of Activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the programs and supporting services benefited. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage of facilities. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of debt.

Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "IRC") and is generally exempt from federal income taxes pursuant to Section 501(a) of the IRC. The University is also generally exempt from state income taxes. Given the limited taxable activities of the University, management concluded that such disclosures related to tax provisions are not necessary.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The University is required to assess uncertain tax positions. The University has determined that its tax status and decisions over which activities are related and unrelated are its only tax positions and that such positions do not result in uncertainty requiring recognition. The University's federal and state tax returns are generally open for examination for three years following the date filed. No examinations are currently in process.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

Certain new accounting standards will be effective in future years. Management's preliminary assessment is that these items will be of limited impact to the University and as such has determined that detail of those pending standards is not necessary.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year's presentation.

Subsequent Events

The University has evaluated all events or transactions that occurred after June 30, 2024, up through October 16, 2024, the date these financial statements were issued.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 3 - Contributions Receivable

Contributions receivable, net consists of the following at June 30:

	2024	2023
Due in one year or less	\$ 1,350	\$ 1,300
Due between one year and five years	3,594	4,190
	<u>4,944</u>	<u>5,490</u>
Less:		
Allowance for uncollectible contributions	(93)	(111)
Discount to present value	<u>(562)</u>	<u>(518)</u>
Contributions receivable, net	<u>\$ 4,289</u>	<u>\$ 4,861</u>

At June 30, 2024 and 2023, major portions of Contributions receivable are from members of the University's Board of Trustees.

Conditional contributions under grant arrangements that have been committed but not yet recognized as revenue given a barrier to entitlement amounted to \$2,240 and \$2,576 as of June 30, 2024 and 2023, respectively.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 4 - Investments and Fair Value of Financial Instruments

The valuation of the University's financial instruments are as follows at June 30:

2024					
	Level 1	Level 2	Level 3	Measured at Net Asset Value	Total
Assets					
Investments					
Cash and short-term investments	\$ 11,317	\$ -	\$ -	\$ -	\$ 11,317
Fixed income securities	31,084	-	-	-	31,084
Equities	62,121	-	-	65,210	127,331
Alternative investments - private equity	-	-	-	43,160	43,160
Alternative investments - hedge funds	-	-	-	37,378	37,378
	<u>104,522</u>	<u>-</u>	<u>-</u>	<u>145,748</u>	<u>250,270</u>
Charitable annuities and pooled income funds					
Cash	36	-	-	-	36
Equities	-	-	-	45	45
	<u>36</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>81</u>
Total investments	<u>104,558</u>	<u>-</u>	<u>-</u>	<u>145,793</u>	<u>250,351</u>
Unspent bond proceeds	23,136	-	-	-	23,136
Beneficial interest in trusts	-	-	10,525	-	10,525
Total assets	<u>\$ 127,694</u>	<u>\$ -</u>	<u>\$ 10,525</u>	<u>\$ 145,793</u>	<u>\$ 284,012</u>
2023					
	Level 1	Level 2	Level 3	Measured at Net Asset Value	Total
Assets					
Investments					
Cash and short-term investments	\$ 4,705	\$ -	\$ -	\$ -	\$ 4,705
Fixed income securities	20,686	-	-	-	20,686
Equities	47,725	-	-	74,483	122,208
Alternative investments - private equity	-	-	-	36,053	36,053
Alternative investments - hedge funds	-	-	-	42,080	42,080
	<u>73,116</u>	<u>-</u>	<u>-</u>	<u>152,616</u>	<u>225,732</u>
Charitable annuities and pooled income funds					
Cash	124	-	-	-	124
Equities	-	-	-	69	69
	<u>124</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>193</u>
Total investments	<u>73,240</u>	<u>-</u>	<u>-</u>	<u>152,685</u>	<u>225,925</u>
Unspent bond proceeds	23,600	-	-	-	23,600
Beneficial interest in trusts	-	-	9,861	-	9,861
Total assets	<u>\$ 96,840</u>	<u>\$ -</u>	<u>\$ 9,861</u>	<u>\$ 152,685</u>	<u>\$ 259,386</u>

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 4 - Investments and Fair Value of Financial Instruments (Continued)

There were no transfers among levels during the years ended June 30, 2024 and 2023.

The liquidity of the University's investments are as follows at June 30:

<i>Redemption Frequency</i>	<i>Fair Value</i>	
	<i>2024</i>	<i>2023</i>
Daily	\$ 120,475	\$ 107,754
Weekly	23,317	5,929
Monthly	16,934	30,145
Quarterly	17,866	20,996
>Quarterly to 1 year	16,870	13,228
>1 year	10,695	1,863
Illiquid	44,194	46,010
Total investments	\$ 250,351	\$ 225,925

The above table considers the notice periods in availing such funds.

The University has no plans or intentions to liquidate any of its investments using NAV methods at other than the ordinary course as allowed under such investments.

The University also has unfunded commitments to purchase investments of \$21,975 and \$23,705 at June 30, 2024 and 2023, respectively.

Note 5 - Property, Plant and Equipment

Property, plant and equipment, net are as follows at June 30:

	<i>Estimated Useful Lives</i>	<i>2024</i>	<i>2023</i>
Land	-	\$ 815	\$ 815
Buildings and improvements	20-50 years	370,963	369,318
Furniture, fixtures and equipment	3-15 years	80,512	79,880
Library books	10 years	10,886	10,593
Leasehold improvements	5-20 years	14,246	14,246
Construction in progress	-	11,766	5,867
		489,188	480,719
Less: Accumulated depreciation		(242,448)	(226,303)
Property, plant and equipment, net		\$ 246,740	\$ 254,416

The University capitalized interest costs associated with construction of facilities of \$1,601 and \$892 for the years ended June 30, 2024 and 2023, respectively.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 6 - Bonds Payable

Bonds payable consists of the following on June 30:

	<i>Par Amount</i>	<i>Final Bond Maturity</i>	<i>Fixed Interest Rate</i>	<i>Outstanding Principal</i>	
				<i>2024</i>	<i>2023</i>
Massachusetts Development Finance Agency (MDFA)					
Revenue Bonds					
Publicly placed Simmons College Series H	\$ 39,885	10/1/2033	5.25%	\$ 21,820	\$ 23,800
Publicly placed Simmons College Series J	18,970	10/1/2039	5.125%–5.5%	-	18,665
Publicly placed Simmons College Series K-1	34,595	10/1/2036	4%–5%	28,665	30,970
Publicly placed Simmons University Series L	42,385	10/1/2035	4%–5%	41,615	41,805
Publicly placed Simmons University Series M	77,255	10/1/2050	4%–5%	77,255	77,255
Publicly placed Simmons University Series N	31,855	10/1/2033	5%–5.25%	31,855	-
Total MDFA Revenue Bonds				201,210	192,495
Simmons University Series 2022 Taxable	71,675	10/1/2052	5%	71,675	71,675
				272,885	264,170
Unamortized bond premium/discount, net				15,497	16,353
Unamortized bond issuance costs				(7,056)	(7,015)
Total bonds payable				\$ 281,326	\$ 273,508

Aggregate principal payments related to bonds payable are as follows:

Year ending June 30,	
2025	\$ 4,545
2026	5,245
2027	5,575
2028	5,925
2029	6,290
Thereafter	245,305
	\$ 272,885

In August of 2023, the University issued \$31,855 of MDFA Revenue Bonds, Series N. \$19,000 of the proceeds were used to defease the outstanding Series J bonds and the remainder represents new money to be used for capitalized interest and capital expenditures. The transaction resulted in a loss on extinguishment of debt of \$333.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 6 - Bonds Payable (Continued)

Bank Line of Credit

The University has a line of credit with a bank in the amount of \$20,000, which expires on February 20, 2025. The University intends to renew the line of credit on similar terms prior to its expiration. There were no draws or amounts outstanding on the line of credit as of and for the years ended June 30, 2024 and 2023.

Loan Covenants

Certain bond and bank obligations are collateralized by a mortgage on a portion of the University's campus, a pledge on the University's tuition receipts and contain limits on the issuance of additional debt. In addition, the University's line of credit agreement requires annual compliance with financial covenants requiring minimum liquidity.

Note 7 - Endowments

The University's endowment consists of approximately 560 individual restricted endowment funds as well as Board-designated endowment funds for a variety of purposes plus other funds such as those held in support of split-interest agreements. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted in Massachusetts as requiring the preservation 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 University tracks the original value of gifts donated to the permanent endowment, subsequent gifts to the permanent endowment and any required additions to these funds per the donor agreement. Any amounts in excess of these levels which is generally accumulated unspent gains on such funds are subject to appropriation for expenditure by the University via the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University also considers the following factors in making a determination to appropriate endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the University and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the University; and
- 7) The investment policies of the University.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 7 - Endowments (Continued)

Relevant Law (Continued)

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below the historic dollar value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be dipped into on a temporary basis.

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of funds with donor restrictions. The deficits were de minimis for the years ended June 30, 2024 and 2023.

Return Objectives and Risk Parameters

The investment objective of the endowment funds, through the careful management of assets, is designed to preserve the funds' purchasing power and to ensure a total return (income plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the funds, and at the same time provide a dependable source of income for current operations and programs. To accomplish this objective, the funds seek to generate a total return that will exceed not only its spending authority, but also the eroding effects of inflation and its operating expenses over the long term. To meet this long-term objective, all total return (interest income, dividends, realized gains and unrealized gains), above and beyond the amount approved for expenditures, will be reinvested in the funds.

Strategies Employed for Achieving Investment Objectives

The funds have a long-term investment horizon with relatively low liquidity needs. For this reason, the funds can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the funds can take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 7 - Endowments (Continued)

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of the University determines the method to be used to distribute endowment funds for expenditure. Under the University's endowment spending policy for the years ended June 30, 2024 and 2023, the University applied a rate of 5.75% and 6.0%, respectively, to the average of the prior twelve quarter end market values as of December 31. To the extent the current yield is inadequate to meet the annual spending rate, a portion of cumulative realized and unrealized net gains is also available for current use.

Endowment net asset composition by type of fund is as follows at June 30:

	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Donor-restricted endowment funds	\$ -	\$ 92,995	\$ 100,466	\$ 193,461
Board-designated endowment funds	55,728	-	-	55,728
Total endowment funds	\$ 55,728	\$ 92,995	\$ 100,466	\$ 249,189
	2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Donor-restricted endowment funds	\$ -	\$ 84,290	\$ 86,510	\$ 170,800
Board-designated endowment funds	54,776	-	-	54,776
Total endowment funds	\$ 54,776	\$ 84,290	\$ 86,510	\$ 225,576

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 7 - Endowments (Continued)

Changes in endowment net assets are as follows for the years ended June 30, 2024 and 2023:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets at July 1, 2022	\$ 51,917	\$ 160,365	\$ 212,282
Contributions	397	2,418	2,815
Investment income	891	2,756	3,647
Net appreciation	4,743	14,633	19,376
Amounts appropriated for expenditure	<u>(3,172)</u>	<u>(9,372)</u>	<u>(12,544)</u>
Endowment net assets at June 30, 2023	54,776	170,800	225,576
Contributions	125	8,710	8,835
Investment income	735	2,450	3,185
Net appreciation	6,211	20,967	27,178
Amounts appropriated for expenditure	<u>(6,119)</u>	<u>(9,466)</u>	<u>(15,585)</u>
Endowment net assets at June 30, 2024	<u>\$ 55,728</u>	<u>\$ 193,461</u>	<u>\$ 249,189</u>

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 8 - Net Assets

The composition of the University's net assets with donor restrictions is as follows as of June 30:

	2024	2023
Endowment funds		
Original principal and unspent income and appreciation		
Scholarship support	\$ 89,774	\$ 78,683
Program support	52,159	44,176
Unrestricted support	51,528	47,941
Total endowment funds	<u>193,461</u>	<u>170,800</u>
Other net assets with restrictions		
Annuity and life income agreements	(560)	(442)
Split-interest agreements	1,262	1,244
Perpetual trusts	9,198	8,543
Student loan funds	1,909	1,909
Unexpended gifts		
Buildings and equipment	265	44
Instruction, research, and institutional support	4,409	3,996
Scholarship	2,045	2,006
Contributions receivable	4,289	4,860
Total other net assets with restrictions	<u>22,817</u>	<u>22,160</u>
Total net assets with donor restrictions	<u><u>\$ 216,278</u></u>	<u><u>\$ 192,960</u></u>

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 8 - Net Assets (Continued)

Net assets were released from donor restrictions as a result of the endowment spending policy and incurring expenses satisfying the restricted purposes or the occurrence of events specified by the donors. Net assets released from restrictions are for the following purposes for the years ended June 30:

	2024	2023
Endowment return utilized in operations:		
Scholarships	\$ 4,680	\$ 4,375
Other program support	1,888	2,547
Unrestricted	2,730	2,799
Capital improvements (non-operating)	66	3,331
Scholarships	1,485	1,437
Other program support	1,922	4,160
Net assets released from restrictions	\$ 12,771	\$ 18,649

Note 9 - Functional Classifications of Expenditures

A summary of expenses by natural and functional classifications are as follows at June 30:

	2024					
	<i>Instruction and Academic Support</i>	<i>Student Services</i>	<i>Institutional Support and Advancement</i>	<i>Auxiliary Operations and Other</i>	<i>Sponsored Activities</i>	<i>Total</i>
Salaries and wages	\$ 38,052	\$ 6,224	\$ 14,137	\$ 1,036	\$ 1,269	\$ 60,718
Employee benefits	7,061	1,258	4,824	192	225	13,560
Materials, supplies and other	8,325	3,881	11,607	13,710	901	38,424
Partner share of online programs	26,579	-	-	-	-	26,579
Interest	6,988	1,401	733	1,772	-	10,894
Depreciation and accretion expense	5,715	1,761	4,651	4,018	-	16,145
Total expenses	\$ 92,720	\$ 14,525	\$ 35,952	\$ 20,728	\$ 2,395	\$ 166,320

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 9 - Functional Classifications of Expenditures (Continued)

	2023					
	<i>Instruction and Academic Support</i>	<i>Student Services</i>	<i>Institutional Support and Advancement</i>	<i>Auxiliary Operations and Other</i>	<i>Sponsored Activities</i>	<i>Total</i>
Salaries and wages	\$ 41,073	\$ 5,961	\$ 15,814	\$ 1,115	\$ 1,223	\$ 65,186
Employee benefits	8,683	1,360	3,726	239	234	14,242
Materials, supplies and other	8,913	4,271	11,190	12,594	998	37,966
Partner share of online programs	34,163	-	-	-	-	34,163
Interest	7,538	1,696	740	1,384	-	11,358
Depreciation and accretion expense	5,577	1,822	4,720	3,976	-	16,095
Total expenses	\$ 105,947	\$ 15,110	\$ 36,190	\$ 19,308	\$ 2,455	\$ 179,010

Expenses associated with fundraising were \$2,365 and \$2,254 for the years ended June 30, 2024 and 2023, respectively, and are included in Institutional support and advancement expenditures.

Note 10 - Retirement Plan

The University has a qualified defined contribution retirement plan for eligible employees. The University's contributions are based on a percentage of eligible compensation and immediately vest to the participant. Both the plan participants and the University make annual contributions. The University's share of these contributions was \$2,166 and \$2,208 for the years ended June 30, 2024 and 2023, respectively.

Note 11 - Availability of Resources and Liquidity

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while maximizing the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 11 - Availability of Resources and Liquidity (Continued)

The following summarizes financial assets and liquidity resources available over a 12-month period at each fiscal year end:

	2024	2023
Financial assets available		
Cash and cash equivalents	\$ 5,545	\$ 10,228
Accounts receivable, net	10,584	13,509
Investments appropriated for spending in following year	29,194	15,775
Investments not subject to donor or Board restrictions	236	69
Total financial assets available within 12 months	<u>45,559</u>	<u>39,581</u>
Liquidity resources		
Bank line of credit	<u>20,000</u>	<u>20,000</u>
Total financial assets and other liquidity resources	<u>\$ 65,559</u>	<u>\$ 59,581</u>

The University's governing board has designated a portion of its resources without donor restrictions as endowment funds for general purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The Board designated endowment was \$55,728 and \$54,776 at June 30, 2024 and 2023, respectively.

Note 12 - Commitments and Contingencies

From time to time, the University is the subject of various claims and litigation. In management's opinion, the ultimate resolution of such claims will not have a material effect on the financial position of the University.

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

The University receives certain federal funding which is conditional upon compliance with terms and conditions of the funding agreements. These funds are subject to after the fact financial and compliance audits. Management believes it has complied with the conditions associated with the various sources of funds utilized by the University.

SIMMONS UNIVERSITY

Notes to Financial Statements

(Dollars in Thousands)

Note 12 - Commitments and Contingencies (Continued)

The University has commitments under construction contracts related to various renovations on campus of \$26,253 and \$26,442 at June 30, 2024 and 2023, respectively. Management expects to fund these commitments from existing funds obtained and held for construction purposes.

The University has long-term agreements with certain third-party vendors for their food service, book store and cleaning services that expire at various points through fiscal year 2028.

The University has key employee agreements common in the education sector. The University also has a tenure program for certain faculty.

The University has an exchange agreement with a developer that provides for a 99-year ground lease on the University's residential campus in exchange for funding a substantial portion of the cost to construct a living and learning center on the University's academic campus that is expected to be completed in fiscal year 2027.

Note 13 - Related Parties

The University may procure certain services from business organizations that employ individuals that are also members of the University's Board of Trustees. The procurement of these services is performed in accordance with the University's established policies and procedures, and management and the Board of Trustees report and monitor related party transactions in accordance with a formally adopted conflict of interest policy. Total related party transactions amounted to \$5 and \$122 for the years ended June 30, 2024 and 2023, respectively.