



CONNECTICUT COLLEGE

Financial Statements

June 30, 2024

(With Independent Auditors' Report Thereon)

CONNECTICUT COLLEGE

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Trustees
Connecticut College:

Opinion

We have audited the financial statements of Connecticut College (the College), which comprise the balance sheet as of June 30, 2024, and the related statements of activities and cash flows for the year 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 College as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 College's ability to continue as a going concern for one year after the date that 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the College's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Hartford, Connecticut
December 23, 2024

CONNECTICUT COLLEGE

Balance Sheet

June 30, 2024

(with comparative information for June 30, 2023)

(Dollars in thousands)

	2024	2023
Assets		
Cash and cash equivalents	\$ 53,363	44,474
Contributions receivable, net	19,714	16,755
Inventories and other assets	6,513	3,370
Investments	484,856	452,547
Funds held in trust	16,724	16,382
Deposits with bond trustee	40,539	52,819
Land, buildings, and equipment, net	133,267	130,605
Total assets	<u>\$ 754,976</u>	<u>716,952</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 10,844	11,970
Deposits and advances	2,713	2,038
Liabilities under split-interest agreements	4,256	4,140
Accrued postretirement benefit obligation	6,607	7,004
Bonds and notes payable	141,838	144,171
Other obligations	2,268	2,137
Total liabilities	<u>168,526</u>	<u>171,460</u>
Net Assets		
Without donor restrictions	97,346	95,971
With donor restrictions	489,104	449,521
Total net assets	<u>586,450</u>	<u>545,492</u>
Total liabilities and net assets	<u>\$ 754,976</u>	<u>716,952</u>

See accompanying notes to financial statements.

CONNECTICUT COLLEGE

Statement of Activities

Year ended June 30, 2024

(with summarized comparative information for the year ended June 30, 2023)

(Dollars in thousands)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Operating:				
Revenues:				
Student charges, net of financial aid of \$72,315 in 2024 and \$67,524 in 2023	\$ 86,874	—	86,874	83,991
Grant and contract income	1,575	—	1,575	2,334
Contributions	5,542	2,464	8,006	8,272
Endowment spending used in operations	7,626	13,581	21,207	19,318
Other revenues	6,175	7	6,182	4,088
Net assets released from restrictions	14,612	(14,612)	—	—
Total revenues and other support from operations	122,404	1,440	123,844	118,003
Expenses:				
Salaries and wages	51,952	—	51,952	51,570
Employee benefits	18,660	—	18,660	17,642
Supplies, services, other	37,245	—	37,245	34,325
Depreciation and amortization	9,463	—	9,463	9,396
Interest	3,483	—	3,483	4,059
Utilities	3,496	—	3,496	4,182
Total expenses	124,299	—	124,299	121,174
(Decrease) increase in net assets from operating activities	(1,895)	1,440	(455)	(3,171)
Nonoperating activities:				
Contributions restricted for long-term investment	14	14,941	14,955	11,882
Investment return, less endowment spending used in operations	2,135	22,494	24,629	14,367
Change in value of split-interest agreements	464	1,289	1,753	672
Other increases (decreases)	481	(481)	—	—
Postretirement related changes other than service cost	76	—	76	389
Net assets released from restrictions	100	(100)	—	—
Increase in net assets from nonoperating activities	3,270	38,143	41,413	27,310
Change in net assets	1,375	39,583	40,958	24,139
Net assets, beginning of year	95,971	449,521	545,492	521,353
Net assets, end of year	\$ 97,346	489,104	586,450	545,492

See accompanying notes to financial statements.

CONNECTICUT COLLEGE
Statement of Cash Flows
Year ended June 30, 2024
(with comparative information for the year ended June 30, 2023)
(Dollars in thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 40,958	24,139
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	9,289	9,179
Net realized and unrealized gains on investments	(47,488)	(36,554)
Net unrealized gains on split-interest agreements	(371)	(209)
Contributions restricted for long-term investment	(13,154)	(20,236)
Contributions receivable, net	(2,959)	8,186
Accounts payable and accrued liabilities	(1,822)	56
Accrued postretirement benefit obligation	(401)	(721)
Other changes in working capital, net	(2,332)	(145)
Net cash used in operating activities	<u>(18,280)</u>	<u>(16,305)</u>
Cash flows from investing activities:		
Student loans repaid	36	47
Purchases of investments	(80,189)	(14,606)
Proceeds from sale of investments	87,166	30,929
Purchases of land, buildings, and equipment	(11,700)	(24,550)
Net cash used in investing activities	<u>(4,687)</u>	<u>(8,180)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	13,154	20,236
Proceeds from bond issue	—	5,000
Change in deposits with bond trustee	12,280	4,525
Repayments of finance lease obligations	(117)	(172)
Repayments of long-term debt	(2,036)	(1,567)
Net cash provided by financing activities	<u>23,281</u>	<u>28,022</u>
Net increase in cash and cash equivalents	314	3,537
Cash and cash equivalents at beginning of year	<u>53,503</u>	<u>49,966</u>
Cash and cash equivalents at end of year	<u>\$ 53,817</u>	<u>53,503</u>
Supplemental disclosures of cash flow information:		
Cash and cash equivalents	\$ 53,363	44,474
Cash held in investments	<u>454</u>	<u>9,029</u>
Total cash and cash equivalents	<u>\$ 53,817</u>	<u>53,503</u>
Cash paid during the year for interest excluding leases	\$ 3,402	3,937
Cash paid for amounts included in the measurement of finance lease liabilities	17	19
Fixed asset purchases financed with capital leases	—	23
Change in accounts payable related to property and equipment	696	55

See accompanying notes to financial statements.

CONNECTICUT COLLEGE

Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) Organization

Connecticut College (the College), an independent, coeducational institution, was chartered in 1911 and opened in New London, Connecticut in 1915 as the first independent college for women in the State of Connecticut. In 1959, the College was authorized to grant degrees to men in its graduate program, and in 1969, the undergraduate College was made coeducational.

(b) General

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The financial statements report on the College as a whole and report transactions and net assets based on the existence or absence of donor-imposed restrictions. Two categories of net assets serve as the foundation for the accompanying financial statements. Brief definitions of the two net asset classes are presented below.

Without donor restrictions net assets are not subject to donor stipulations restricting their use, but may be designated for specific purposes by the College or may be limited by contractual agreements with outside parties.

With donor restrictions net assets are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

The College's measure of operations presented in the statement of activities includes income from tuition and fees, grants and contracts, contributions for operating programs, endowment spending used in operations and other revenues. Operating expenses are reported on the statement of activities by natural categories, after allocating costs for operation and maintenance of plant.

Nonoperating activity includes contributions and other activities related to land, buildings, and equipment that are not included in the College's measure of operations. In addition, nonoperating activities also includes contributions, investment returns and other activities related to endowment, and split-interest agreements.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

As of June 30, 2024 and 2023, student charges on the Statement of Activities were as follows:

	<u>2024</u>	<u>2023</u>
Tuition and fee revenue	\$ 127,459	121,061
Room and board revenue	31,730	30,454
Financial aid	<u>(72,315)</u>	<u>(67,524)</u>
Total student charges	<u>\$ 86,874</u>	<u>83,991</u>

(c) Contribution Revenue

The College reports contributions (including unconditional promises from donors) as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are time restricted pledges. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions subject to donor-imposed restrictions that are met in the same reporting period are reported as revenue without donor restriction. The College reports gifts of land, buildings or equipment as nonoperating support without donor restriction unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as nonoperating support without donor restriction provided the long-lived assets are placed in service during the same reporting period; otherwise, the contributions are reported as with donor restriction until the assets are acquired and placed in service.

Contributions are recorded at fair value. The College estimates the fair value for noncash contributions. Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated cash receipts (after allowance is made for uncollectible pledges) and discounting such amounts at appropriate discount rates. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible pledges is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions are satisfied.

Fundraising expenses were \$3,763 and \$4,226 for the years ended June 30, 2024 and 2023, respectively.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash management accounts, money market and overnight investments with maturities at date of purchase of less than 90 days. These amounts do not include

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

cash equivalents components of the College's investment funds, deposits with bond trustee, or cash that is held in investment managers' accounts until suitable investment opportunities are identified.

(e) Investments

The College's portfolio is managed by outside investment managers who are selected according to the investment guidelines established by the Board of Trustees and its Investment Subcommittee. Investments are recorded at fair value. Unrealized gains and losses that result from market fluctuations are recognized in the statement of activities in the period in which the fluctuations occur. Realized gains and losses are computed based on the trade-date basis.

The fair value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded. Nonmarketable securities include alternative investments such as private equity, venture capital, hedge funds, natural resources partnerships, and distressed securities, which are valued using net asset value (NAV), obtained from the general partner or investment manager. The College has utilized the NAV reported by the general partner or investment manager as a practical expedient to estimate the fair value of certain investments. The NAV generally reflects discounts for liquidity and considers variables such as financial performance of investments, including comparison of earnings multiples of comparable companies, cash flow analysis, recent sales prices of investments and other pertinent information. The agreements under which the College participates in nonmarketable investment funds may limit the College's ability to liquidate its interest in such investments for a period of time; in the absence of such limits, these investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements and operations of the underlying funds. Due to the nature of the investments held in nonmarketable investment funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds. Furthermore, changes in the liquidity provisions of the funds may significantly impact the College's interest in the fund. Although certain investments may be sold in secondary market transactions, subject to meeting certain requirements by governing documents of the funds, the secondary market is not always active, is generally thinly traded with respect to nonmarketable funds, and individual transactions are not necessarily observable. It is, therefore, reasonably possible that if the College were to sell its interest in a fund in the secondary market, the sale could occur at an amount materially different than the reported value.

As of June 30, 2024, the College had no specific plans or intentions to sell investments at amounts different than NAV.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- **Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- **Level 2** – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – Inputs are unobservable for the asset or liability.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments measured at NAV as a practical expedient are not categorized within the fair value hierarchy.

(f) *Spending from Endowment*

The College invests a significant portion of its endowment assets in an investment pool and distributes cash for expenditure in accordance with its endowment spending policy, which is intended to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. To meet these objectives, spending from endowment is set by the Board of Trustees at an amount equal to a percentage of average endowment market value for the twelve previous quarters for both with donor restriction and without donor restriction endowment funds. The spending rate was 5% for the years ended June 30, 2024 and 2023.

Certain endowment assets are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of a quarterly period in which transactions take place. Endowment spending is distributed based on the number of subscribed units at the end of each quarter.

(g) *Split-Interest Agreements*

The College's split-interest agreements consist primarily of charitable gift annuities, pooled income funds, perpetual trusts, charitable lead trusts and irrevocable charitable remainder trusts. Assets are invested by the College or by third-party trustees. Payments are made to donors and/or other beneficiaries in accordance with the individual agreements. Split-interest agreements of \$4,303 and \$3,427 are reported as level 2 investments at June 30, 2024 and 2023 respectively.

Contribution revenues for split-interest agreements are recognized at the dates the agreements are established, and the College becomes aware of them. Revenues are recorded at fair value, net of the estimated liability for future amounts payable, where applicable.

The present value of payments to beneficiaries under split-interest agreements is calculated using discount rates that represent the risk-free rates in existence at the date of the gift for all trusts in which the College is the trustee. For those trusts with third-party trustees, the discount rates used represent the risk-free rates in existence at the end of the fiscal year.

(h) *Land, Buildings, and Equipment*

Plant assets are recorded in the balance sheet at historical cost or at estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the lease term or asset's useful life.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

(i) Tax Status

The College generally does not provide for income taxes since it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accounting Standards Codification (ASC) 740, *Income Taxes*, permits an entity to recognize the benefit and requires accrual of an uncertain tax position only when the position is “more likely than not” to be sustained in the event of examination by tax authorities. In evaluating whether a tax position has met the recognition threshold, the College must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. ASC 740 also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. Tax positions deemed to meet the “more-likely-than-not” threshold are recorded as a tax expense in the current year. The College has analyzed all open tax years, as defined by the statutes of limitations, for all major jurisdictions. Open tax years are those that are open for exam by taxing authorities. Major jurisdictions for the College include federal and the state of Connecticut. As of June 30, 2024, open federal and Connecticut tax years for the College include the tax years ended June 30, 2020 through June 30, 2024. The College has no examinations in progress. The College believes it has no significant uncertain tax positions.

(j) Collections

Library and art collections are not recognized as assets on the balance sheet. Purchases of such collections are recorded as expenses in the period in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from the sale of collection items or insurance recoveries are reflected as increases in the appropriate net asset class.

(k) Use of Estimates

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Significant estimates include collectability of gifts, pledges, student loans, accounts and other receivables, valuation of certain investments, leases, and the liability for postretirement benefits. Actual results could differ from such estimates.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

(2) Liquidity

As of June 30, 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital costs not financed with debt, were as follows:

		2024	2023
Cash and cash equivalents	\$	53,363	44,474
Contributions, notes, and accounts receivable due within one year, net		6,714	3,249
Subsequent fiscal year budgeted endowment appropriation		31,158	19,584
Total financial assets available within one year	\$	<u>91,235</u>	<u>67,307</u>

The College's Board of Trustees establishes the annual spending policy. For fiscal year 2025, the Board approved a spending rate of 5% of the 12-quarter average of the endowment pool's market value, as well as a supplemental draw of 2.4%, for a total spending allocation of \$31,158. Additionally, the College has board-designated endowment funds of \$75,452 as of June 30, 2024. Although the College does not intend to spend from its board-designated endowment funds other than amounts appropriated for operation, amounts could be made available if necessary.

The College's cash flows have seasonal variations attributable to the timing of tuition billing and contributions received. To manage liquidity, the College maintains a working capital portfolio which corresponds with the projected liquidity need. As part of the College's liquidity management, the College maintains working capital lines of credit, and maintains capital allocations which provides liquidity of assets available to meet general expenditures as liabilities and other obligation come due. General expenditures consist of funding for the College's operating budget including debt obligation payments and funding for the annual capital renewal and replacement expenditures.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

(3) Contributions Receivable

Contributions receivable consisted of the following unconditional promises to give as of June 30:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 5,802	2,718
One to five years	18,997	15,951
More than five years	<u>—</u>	<u>601</u>
Gross contributions receivable	24,799	19,270
Less:		
Present value discount	(766)	(625)
Allowance for uncollectible pledges	<u>(4,319)</u>	<u>(1,890)</u>
Contributions receivable, net	<u>\$ 19,714</u>	<u>16,755</u>
	<u>2024</u>	<u>2023</u>
Purpose:		
Endowment giving	\$ 7,179	6,625
Capital purposes	10,888	7,370
Operating purposes	<u>6,732</u>	<u>5,275</u>
Gross contributions receivable	<u>\$ 24,799</u>	<u>19,270</u>

The discount rates used to present the value of the pledges range from 1.07% to 4.50% at June 30, 2024 and 2023.

As of June 30, 2024 and 2023, the College had a pledge receivable from one donor that comprised 8% and 10%, respectively, of the contributions receivable, net on the balance sheet.

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Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

(4) Investments and Fair Value

The College's investments at June 30, 2024 and 2023 that are reported at fair value are summarized in the tables below and, as applicable, by their fair value hierarchy classification:

2024					
	Investments measured at NAV	Level 1	Level 2	Level 3	Total fair value
Investments:					
Short-term ¹	\$ —	20,757	6,969	—	27,726
U.S. equities	105,781	22,756	—	—	128,537
International equities	93,627	—	—	—	93,627
Fixed income	—	16,062	22,903	—	38,965
Private equity	45,100	—	—	—	45,100
Venture capital	45,728	—	—	—	45,728
Inflation hedging ²	4,946	—	—	7,163	12,109
Hedge funds	83,204	—	—	—	83,204
Distressed debt	5,557	—	—	—	5,557
Split-interest agreements	—	—	4,303	—	4,303
Total	\$ 383,943	59,575	34,175	7,163	484,856
2023					
	Investments measured at NAV	Level 1	Level 2	Level 3	Total fair value
Investments:					
Short-term ¹	\$ —	16,178	6,366	—	22,544
U.S. equities	125,201	209	—	—	125,410
International equities	77,754	—	—	—	77,754
Fixed income	—	16,893	18,863	—	35,756
Private equity	39,127	—	—	—	39,127
Venture capital	50,729	—	—	—	50,729
Inflation hedging ²	5,605	—	—	6,311	11,916
Hedge funds	79,823	—	—	—	79,823
Distressed debt	6,061	—	—	—	6,061
Split-interest agreements	—	—	3,427	—	3,427
Total	\$ 384,300	33,280	28,656	6,311	452,547

CONNECTICUT COLLEGE

Notes to Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Dollars in thousands)

1. Short-term includes cash and cash equivalents, derivative instruments and the cash surrender value of a life insurance policy.
2. Inflation hedging includes such investments as natural resources partnerships, agricultural and other commodities, real estate and treasury inflation-protected securities.

Certain investments are redeemable with the funds or limited partnerships at NAV under the terms of the subscription agreements and/or partnership agreements. Investments with daily liquidity generally do not require any notice prior to withdrawal. Investments with monthly, quarterly or annual redemption frequency typically require notice periods ranging from 30 to 60 days. The long-term investments' fair values are broken out below by their redemption frequency as of June 30, 2024 and June 30, 2023:

2024							
	Daily	Monthly	Quarterly	Semi-annual	Subject to Rolling Lockups	Illiquid	Total
Investments:							
Short-term investments	\$ 27,726	—	—	—	—	—	27,726
U.S. equities	22,793	—	88,801	—	9,936	7,007	128,537
International equities	—	87,211	6,416	—	—	—	93,627
Fixed income	38,965	—	—	—	—	—	38,965
Private equity	—	—	682	—	—	44,418	45,100
Venture capital	—	—	—	—	—	45,728	45,728
Inflation hedging	—	—	—	—	—	12,109	12,109
Hedge funds	—	18,503	31,521	9,031	—	24,149	83,204
Distressed debt	—	—	—	—	—	5,557	5,557
Split-interest agreements	—	—	—	—	—	4,303	4,303
Total	\$ 89,484	105,714	127,420	9,031	9,936	143,271	484,856

2023							
	Daily	Monthly	Quarterly	Semi-annual	Subject to Rolling Lockups	Illiquid	Total
Investments:							
Short-term investments	\$ 22,544	—	—	—	—	—	22,544
U.S. equities	213	27,412	88,645	—	9,140	—	125,410
International equities	—	71,531	6,223	—	—	—	77,754
Fixed income	35,756	—	—	—	—	—	35,756
Private equity	—	—	—	—	—	39,127	39,127
Venture capital	—	—	—	—	—	50,729	50,729
Inflation hedging	—	—	—	—	—	11,916	11,916
Hedge funds	—	16,955	23,187	8,529	—	31,152	79,823
Distressed debt	—	—	—	—	—	6,061	6,061
Split-interest agreements	—	—	—	—	—	3,427	3,427
Total	\$ 58,513	115,898	118,055	8,529	9,140	142,412	452,547

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The College enters into derivative instruments such as futures to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Index future contracts are included in investments on the balance sheet and included in short-term investments above, of which \$7,904 and \$6,946 represents collateral cash as of June 30, 2024 and 2023, respectively.

The fair market value of investment derivatives held by the fund at June 30, 2024 and 2023, are summarized in the following table:

	2024		2023	
	Long notional	Unrealized gain	Long notional	Unrealized gain
Instrument type:				
Equity index futures	\$ 19,049	30	3,142	90
Currency futures	293	—	681	6
International equity index futures	11,652	11	9,417	35
Total	\$ 30,994	41	13,240	131

At June 30, 2024, the College's remaining outstanding commitments on investments totaled \$42,629. These commitments are expected to be funded from existing investments included within the endowment. Generally, these commitments have 10-year terms, with the option to extend. As of June 30, 2024, the average remaining life of the commitments is 4 years. The remaining outstanding commitments are summarized in the table below:

Private equity	\$ 27,219
Venture capital	4,616
Inflation hedging	8,674
Distressed securities	2,120
	<u>\$ 42,629</u>

At June 30, 2024, funds with redemption lockup periods in the amount of \$9,936 will expire in fiscal year 2025.

(5) Endowment

The College's pooled endowment consists of approximately 650 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with

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endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or state statute.

(a) Relevant Law

The State of Connecticut has enacted the Connecticut Uniform Prudent Management of Institutional Funds Act (CT UPMIFA), which governs the management of donor-restricted endowment funds by institutions.

Although CT 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 CT UPMIFA, the College's Board of Trustees (the Board) is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the with donor restriction amount will remain intact. This perspective is aligned with the accounting standards definition that with donor restriction funds are those that must be held in perpetuity even though some portions of the historic dollar value may be reduced by drawings on a temporary basis.

The College classifies as with donor restriction net assets (a) the original value of gifts donated to the with donor restriction endowment, (b) the original value of subsequent gifts to the with donor restriction endowment, and (c) accumulations to the with donor restriction endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with donor restriction net assets is classified as with donor restriction net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by CT UPMIFA.

In accordance with CT 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 fund
- (2) The purposes of the College and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the College
- (7) The investment policies of the College
- (8) The need to support activities of the College for both current and future generations of students.

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(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level classified as with donor restriction consistent with donor restrictions and college policies under CT UPMIFA. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets as reported in the following tables. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of with donor restriction contributions and/or appropriation for certain programs that was deemed prudent by the College.

Endowment net asset composition by type of fund consist of the following at June 30, 2024:

	Without donor restrictions	With donor restrictions		Total	Total 2024
		Original gift	Accumulated gains (losses)		
Board-designated endowment funds	\$ 75,452	—	—	—	75,452
Donor restricted endowment funds:					
Underwater	—	40	(8)	32	32
Other	—	228,095	178,779	406,874	406,874
	<u>\$ 75,452</u>	<u>228,135</u>	<u>178,771</u>	<u>406,906</u>	<u>482,358</u>

Endowment net asset composition by type of fund consist of the following at June 30, 2023:

	Without donor restrictions	With donor restrictions		Total	Total 2023
		Original gift	Accumulated gains (losses)		
Board-designated endowment funds	\$ 73,318	—	—	—	73,318
Donor restricted endowment funds:					
Underwater	—	4,877	(138)	4,739	4,739
Other	—	214,374	156,422	370,796	370,796
	<u>\$ 73,318</u>	<u>219,251</u>	<u>156,284</u>	<u>375,535</u>	<u>448,853</u>

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Changes in pooled endowment funds for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds, June 30, 2023	\$ 73,318	375,535	448,853
Return on long-term investments:			
Dividends and interest	133	665	798
Net gains on investments	7,551	39,937	47,488
Investment management fees	(350)	(2,739)	(3,089)
	7,334	37,863	45,197
Appropriation of endowment assets for expenditure	(5,200)	(15,370)	(20,570)
Investment return, less endowment spending used in operations	2,134	22,493	24,627
Contributions and transfers	—	8,878	8,878
Endowment funds, June 30, 2024	\$ 75,452	406,906	482,358

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Changes in pooled endowment funds for the year ended June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds, June 30, 2022	\$ 71,715	344,920	416,635
Return on long-term investments:			
Dividends and interest	57	275	332
Net gains on investments	6,308	30,246	36,554
Investment management fees	(661)	(3,149)	(3,810)
	5,704	27,372	33,076
Appropriation of endowment assets for expenditure	(4,518)	(14,191)	(18,709)
Investment return, less endowment spending used in operations	1,186	13,181	14,367
Contributions and transfers	417	17,434	17,851
Endowment funds, June 30, 2023	\$ 73,318	375,535	448,853

(c) Return Objectives and Risk Parameters

The College pursues investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the endowment funds in perpetuity. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the College's investment policy, the endowment assets are currently invested in a manner that is intended to produce results consistent with the return and risk results of a combination of various indexes representative of portfolio target allocations. The College expects its endowment funds, over the long-term, to provide an average annual rate of return in excess of spending plus inflation while carrying a moderate level of risk. Actual returns in any given year may vary from such amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation of domestic and international equities, fixed income, marketable and nonmarketable alternative investments (hedge funds and private investments), and real assets to achieve its long-term return objectives within prudent risk constraints.

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(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The College has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value using the prior twelve quarters through June 30 preceding the fiscal year in which the distribution is planned. In establishing its spending policy, the College considered the expected return on its endowment. Accordingly, the College expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

(6) Land, Buildings, and Equipment

Included in land, buildings, and equipment as of June 30 are the following amounts:

	Estimated useful lives	2024	2023
Campus land	—	\$ 1,080	1,080
Land improvements	20 years	26,651	26,392
Buildings and building improvements	20–40 years	244,407	239,586
Equipment and furniture	5–10 years	44,206	43,938
Software	3–10 years	6,050	6,050
Construction in progress		24,854	17,936
		347,248	334,982
Less accumulated depreciation		(213,981)	(204,377)
		<u>\$ 133,267</u>	<u>130,605</u>

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(7) Bonds and Notes Payable

The following is a summary of bonds and notes payable at June 30:

	<u>2024</u>	<u>2023</u>
Connecticut Health and Education Facilities Authority:		
Series L-1 bonds, face amount \$40,725 issued 2017, interest is fixed at rates ranging from 3.0% to 5.0%, maturities to 2046	40,725	40,725
Series L-2 bonds, face amount \$12,910 issued 2017, interest is fixed at rates ranging from 1.316% to 2.902%, maturities to 2027	4,955	6,265
Series M bonds, face amount \$60,825 issued 2022, interest is fixed at rates ranging from 3% to 5%, maturities to 2052	60,415	60,695
Boston Private Bank and Trust Company:		
Boston Private Series A Term Note, issued 2021, interest is fixed at 3.09%, maturities to 2041	22,925	23,125
Boston Private Series B Term Note, issued 2023, interest is fixed at 3%, maturities to 2030	4,755	5,000
	<u>133,775</u>	<u>135,810</u>
Net bond premiums	8,959	9,301
Net bond issuance costs	<u>(896)</u>	<u>(940)</u>
Total bonds and notes payable	\$ <u>141,838</u>	144,171

Future maturities of the bonds and notes payable are as follows:

	<u>Bonds</u>
2025	\$ 1,620
2026	2,899
2027	3,020
2028	3,113
2029	3,211
Thereafter	<u>119,912</u>
	\$ <u>133,775</u>

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The College has an unsecured \$10,000 line of credit established with Citizens Bank for short-term working capital purposes that matures on March 31, 2026. As of June 30, 2024 and 2023, there were no outstanding advances under the line of credit. As of June 30, 2024 and 2023, the interest rate was set at SOFR plus an applicable margin.

The preceding debt agreements impose certain restrictions upon the College with respect to incurring additional indebtedness, selling real property, and establishing liens or encumbrances on the mortgaged assets of the College, as well as minimum debt to expendable net assets ratio requirements.

The College maintains debt service reserve funds and unspent proceeds from the issuance of CHEFA Series M as required by the associated bond agreements. The deposits with trustees of debt obligations are reported in deposits with bond trustee on the balance sheet.

Bond interest expense for the years ended June 30, 2024 and 2023 was \$3,402 and \$3,937, respectively.

(8) Retirement Plan

Retirement benefits are provided for eligible employees of the College through Teachers' Insurance and Annuity Association and College Retirement Equities Fund under a defined-contribution plan. Under the plan, the College contributed 5% of the gross salaries of eligible employees within limits established by the Internal Revenue Code for the years ended June 30, 2024 and 2023. Total retirement expense for the fiscal years ended June 30, 2024 and 2023 was \$4,173 and \$3,571, respectively.

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(9) Postretirement Medical Benefit Plan

Prior to July 1, 2007, the College provided certain healthcare benefits, including insurance for medical care and prescription drug components, for certain of its retired employees under a defined benefit plan. Effective June 30, 2007, the College closed the defined benefit plan. Information with respect to the closed defined benefit plan is as follows:

	June 30	
	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 7,004	7,725
Service cost	169	176
Interest cost	323	316
Plan participants' contributions	149	148
Medicare Part D subsidy received	5	12
Actuarial gain	(527)	(750)
Benefits paid	(516)	(623)
Benefit obligation at end of year	6,607	7,004
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	362	463
Plan participants' contributions	149	148
Medicare Part D subsidy received	5	12
Benefits paid	(516)	(623)
Fair value of plan assets at end of year	—	—
Funded status	\$ (6,607)	(7,004)

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	June 30			
	2024		2023	
	Medical	Drug	Medical	Drug
Discount rate used to value obligations	5.22 %	5.22 %	4.84 %	4.84 %
Discount rate used to value expenses	4.84	4.84	4.27	4.27
Weighted average healthcare cost trend:				
Initial trend rate	6.00	7.00	6.50	7.50
Ultimate trend rate	5.00	5.00	5.00	5.00
Year ultimate trend rate attained	2026	2028	2026	2028

	June 30	
	2024	2023
Components of net periodic postretirement benefit cost:		
Service costs	\$ 169	176
Interest cost	323	316
Total net periodic postretirement benefit cost	<u>\$ 492</u>	<u>492</u>
Recognized in employee benefits expense:		
Service cost	\$ 169	176
Total recognized in employee benefits expense	<u>\$ 169</u>	<u>176</u>
Recognized in nonoperating activities:		
Actuarial gain, net	\$ 527	750
Interest cost	(323)	(316)
Net amortization of unrecognized prior service cost	(128)	(45)
Total recognized in nonoperating activities	<u>\$ 76</u>	<u>389</u>

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Estimated future benefit payments, net of employee contributions and expected Medicare Part D Subsidy, are as follows:

	<u>Estimated benefit payments</u>
Year beginning July 1:	
2024	\$ 584
2025	621
2026	608
2027	556
2028	564
2029–2033	2,723

Effective July 1, 2007, the College adopted the Emeriti Retiree Health Plan and began funding separate health accounts for eligible employees for retirement medical expenses under a defined contribution plan. For employees who were nearing retirement at the time the defined benefit plan was closed, the College provides a transition benefit in the defined contribution plan. Total postretirement medical expenses for the Emeriti Retiree Health Plan for fiscal years ended June 30, 2024 and 2023 were \$211 and \$212, respectively.

(10) Net Assets

Net assets as of June 30, 2024 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment:			
Scholarship	\$ 16,504	138,502	155,006
Professorship/directorship	3,676	71,767	75,443
General purpose	55,272	196,637	251,909
Plant funds	—	27,947	27,947
Assets held in trust and split-interest agreements	(1,388)	18,159	16,771
Accrued postretirement benefits and other funds	23,282	36,092	59,374
	<u>\$ 97,346</u>	<u>489,104</u>	<u>586,450</u>

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Net assets as of June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment:			
Scholarship	\$ 15,969	126,298	142,267
Professorship/directorship	3,564	67,665	71,229
General purpose	53,785	181,572	235,357
Plant funds	—	24,860	24,860
Assets held in trust and split-interest agreements	(1,835)	17,504	15,669
Accrued postretirement benefits and other funds	24,488	31,622	56,110
	<u>\$ 95,971</u>	<u>449,521</u>	<u>545,492</u>

Net assets with donor restrictions for the years ended June 30, 2024 and 2023 were released from donor restrictions as a result of incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Such assets were utilized to fund expenditures in the following categories:

	2024	2023
Instruction and research	\$ 4,943	4,758
Financial aid	5,035	4,262
Academic support	2,711	2,602
Student services	1,080	838
General institutional	843	1,808
Total operating net assets released from restrictions	<u>14,612</u>	<u>14,268</u>
Plant and other nonoperating	<u>100</u>	<u>3,701</u>
Total nonoperating net assets released from restrictions	<u>100</u>	<u>3,701</u>
Total net assets released from restrictions	<u>\$ 14,712</u>	<u>17,969</u>

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(11) Functional Expenses

The statement of activities present expenses by natural classification. The College also summarizes its expenses by functional classification. Operation and maintenance of plant are allocated based on square footage. Depreciation expense for capital assets is allocated to functional classifications based on the functional classifications of the departments for which the capital asset serves. Interest expense is allocated based on the functional purpose for which the debt proceeds were used.

Functional expenses for the year ended June 30, 2024 are as follows (in thousands):

	Instruction	Research and public service	Academic support	Student services	Auxiliary services	Institutional support	Operations and maintenance	Total
Salaries and wages	\$ 20,938	279	6,142	7,030	3,721	9,809	4,033	51,952
Employee benefits	7,360	64	1,876	2,271	1,236	4,582	1,271	18,660
Supplies, services, other	5,584	565	3,983	5,698	5,983	9,275	6,157	37,245
Depreciation and amortization	900	130	2,669	1,753	2,986	1,025	—	9,463
Interest	80	54	580	134	181	2,431	23	3,483
Utilities	—	—	—	—	—	—	3,496	3,496
Operations and maintenance	2,343	325	2,593	2,761	6,133	825	(14,980)	—
	<u>\$ 37,205</u>	<u>1,417</u>	<u>17,843</u>	<u>19,647</u>	<u>20,240</u>	<u>27,947</u>	<u>—</u>	<u>124,299</u>

Functional expenses for the year ended June 30, 2023, are as follows (in thousands):

	Instruction	Research and public service	Academic support	Student services	Auxiliary services	Institutional support	Operations and maintenance	Total
Salaries and wages	\$ 20,512	445	5,650	6,636	3,459	10,826	4,042	51,570
Employee benefits	7,207	74	1,789	2,154	1,231	4,009	1,178	17,642
Supplies, services, other	4,623	742	4,326	5,501	6,206	7,304	5,623	34,325
Depreciation and amortization	839	145	2,635	1,641	2,961	1,175	—	9,396
Interest	79	54	920	118	181	2,705	2	4,059
Utilities	—	—	—	—	—	—	4,182	4,182
Operations and maintenance	2,314	322	2,562	2,729	6,040	1,060	(15,027)	—
	<u>\$ 35,574</u>	<u>1,782</u>	<u>17,882</u>	<u>18,779</u>	<u>20,078</u>	<u>27,079</u>	<u>—</u>	<u>121,174</u>

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(12) Commitments and Contingencies

The College is subject to certain legal proceedings and claims that arose in the ordinary course of its business. In the opinion of management, the amount of the ultimate liability with respect to those actions will not materially affect the financial position of the College.

(13) Related-Party Transactions

Members of the Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly with companies doing business with the College. The College has a written conflict of interest policy that requires annual reporting by each Board member as well as the College senior management. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, based on terms in the best interest of the College.

(14) Subsequent Events

The College evaluated subsequent events for potential recognition or disclosure through December 23, 2024, the date on which the financial statements were issued. No subsequent events were identified.