



WELLESLEY COLLEGE

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

WELLESLEY COLLEGE

Financial Statements
June 30, 2021 and 2020

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Wellesley College:

We have audited the accompanying financial statements of Wellesley College (the College), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wellesley College as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 25, 2021

WELLESLEY COLLEGE

Statements of Financial Position

June 30, 2021 and 2020

(In thousands)

Assets	2021	2020
Cash and cash equivalents	\$ 212,220	99,723
Receivables, net	19,086	18,825
Contributions receivable, net	40,474	52,199
Prepaid, inventory and other assets	6,760	4,552
Investments	3,250,684	2,295,151
Planned giving investments	67,517	55,214
Land, buildings and equipment, net	528,788	465,704
Total assets	<u>\$ 4,125,529</u>	<u>2,991,368</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 65,028	46,347
Deferred income and advances under grants and contracts	10,307	8,141
Annuities and unitrusts payable	35,112	31,225
Asset retirement and environmental obligations	23,716	22,515
Accrued pension liability	24,883	42,015
Bonds payable	466,209	319,483
Other liabilities	32,472	35,693
Total liabilities	<u>657,727</u>	<u>505,419</u>
Net assets:		
Without donor restrictions	990,578	694,999
With donor restrictions	2,477,224	1,790,950
Total net assets	<u>3,467,802</u>	<u>2,485,949</u>
Total liabilities and net assets	<u>\$ 4,125,529</u>	<u>2,991,368</u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2021

(In thousands)

	Without donor restrictions	With donor restrictions	2021 Total
Operating revenues:			
Tuition, fees, room and board, net of financial aid of \$70,917	\$ 80,192	—	80,192
Auxiliary operations	5,081	—	5,081
Government grants	7,903	—	7,903
Private gifts and grants	21,175	4,431	25,606
Endowment distributed for operations	79,183	16,366	95,549
Amounts transferred from endowment funds	937	—	937
Restricted and designated funds used in operations	1,829	—	1,829
Other	4,043	—	4,043
Net assets released from restrictions	14,534	(14,534)	—
Total operating revenues	<u>214,877</u>	<u>6,263</u>	<u>221,140</u>
Operating expenses:			
Instruction	88,716	—	88,716
Sponsored research and centers	11,482	—	11,482
Student services	52,807	—	52,807
Academic support	21,192	—	21,192
Institutional support	39,455	—	39,455
Auxiliary operations	8,036	—	8,036
Total operating expenses	<u>221,688</u>	<u>—</u>	<u>221,688</u>
Change in net assets from operating activities	<u>(6,811)</u>	<u>6,263</u>	<u>(548)</u>
Nonoperating activities:			
Investment return, net of spending allocation	284,202	656,415	940,617
Endowment distributed for operations	(937)	—	(937)
Matured planned giving agreements	2,426	(2,426)	—
Gifts and pledges	4,041	30,633	34,674
Pension related changes other than net periodic pension cost	15,612	—	15,612
Net unrealized gain on interest swap	6,442	—	6,442
Other changes	(12,178)	—	(12,178)
Net assets released from restrictions	2,782	(4,611)	(1,829)
Total nonoperating revenues	<u>302,390</u>	<u>680,011</u>	<u>982,401</u>
Change in net assets	<u>295,579</u>	<u>686,274</u>	<u>981,853</u>
Net assets:			
Beginning of year	<u>694,999</u>	<u>1,790,950</u>	<u>2,485,949</u>
End of year	<u>\$ 990,578</u>	<u>2,477,224</u>	<u>3,467,802</u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2020

(In thousands)

	Without donor restrictions	With donor restrictions	2020 Total
Operating revenues:			
Tuition, fees, room and board, net of financial aid of \$67,876	\$ 93,376	—	93,376
Auxiliary operations	7,324	—	7,324
Government grants	5,552	—	5,552
Private gifts and grants	19,288	4,335	23,623
Endowment distributed for operations	84,699	7,457	92,156
Amounts transferred from endowment funds	990	—	990
Restricted and designated funds used in operations	3,810	—	3,810
Other	6,192	—	6,192
Net assets released from restrictions	7,821	(7,821)	—
Total operating revenues	229,052	3,971	233,023
Operating expenses:			
Instruction	90,291	—	90,291
Sponsored research and centers	13,516	—	13,516
Student services	51,571	—	51,571
Academic support	24,235	—	24,235
Institutional support	38,400	—	38,400
Auxiliary operations	11,790	—	11,790
Total operating expenses	229,803	—	229,803
Change in net assets from operating activities	(751)	3,971	3,220
Nonoperating activities:			
Investment return, net of spending allocation	34,929	44,293	79,222
Endowment distributed for operations	(990)	—	(990)
Matured planned giving agreements	1,592	(1,592)	—
Gifts and pledges	7,731	49,636	57,367
Pension related changes other than net periodic pension cost	(15,326)	—	(15,326)
Net unrealized loss on interest swap	(8,838)	—	(8,838)
Other changes	(1,481)	—	(1,481)
Net assets released from restrictions	17,991	(21,801)	(3,810)
Change in net asset classification and transfers	(1,095)	1,095	—
Total nonoperating revenues	34,513	71,631	106,144
Change in net assets	33,762	75,602	109,364
Net assets:			
Beginning of year	661,237	1,715,348	2,376,585
End of year	\$ 694,999	1,790,950	2,485,949

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2021 and 2020

(In thousands)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 981,853	109,364
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	24,151	22,160
Contributions restricted for long-term purposes	(17,565)	(35,468)
Donated securities received	(14,218)	(2,155)
Realized and unrealized net gains on investments	(1,102,038)	(150,651)
Change in discount and allowance for doubtful accounts	(1,311)	203
Pension related changes other than net periodic pension cost	(15,612)	(15,326)
Unrealized (gain)/loss on interest rate swap	(6,442)	8,838
Changes in operating assets and liabilities:		
Receivables	(507)	3,704
Contributions receivable	12,873	(2,344)
Prepaid, inventory and other assets	(2,680)	(3,475)
Accounts payable, accrued expenses and other	9,141	34,125
Student deposits and deferred revenue	2,166	(1,131)
Annuities and unitrusts payable	3,887	2,124
Other liabilities	3,221	(1,223)
Net cash used in operating activities	(123,081)	(31,255)
Cash flows from investing activities:		
Purchases of land, buildings and equipment	(78,131)	(66,015)
Proceeds from student loans collections	1,009	986
Student loans issued	(600)	(864)
Decrease in restricted cash for construction funds	—	28,383
Purchases of investments	(471,604)	(437,639)
Proceeds from sales and maturities of investments	605,806	477,263
Net cash provided by investing activities	56,480	2,114
Cash flows from financing activities:		
Proceeds from contributions for:		
Investment in endowment	16,170	24,788
Investment in planned giving	1,395	10,680
Proceeds from sale of donated securities restricted for long-term purposes	14,218	2,155
Receipts from line of credit	—	30,000
Payments on line of credit	—	(30,000)
Proceeds from bonds issued	150,000	—
Payments on bonds and notes payable	(2,685)	(1,140)
Net cash provided by financing activities	179,098	36,483
Net increase in cash and cash equivalents	112,497	7,342
Cash and cash equivalents:		
Beginning of year	99,723	92,381
End of year	\$ 212,220	99,723
Supplemental disclosure:		
Donated securities included in operating activities	\$ 4,295	15,805
Cash paid for interest	14,922	11,457
Change in capital additions included in accounts payable and accrued expenses	8,020	381

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2021 and 2020

(1) Summary of Significant Accounting Policies

(a) Organization

Founded in 1870, Wellesley College (the College) is a private, nonprofit liberal arts college for women. In pursuit of the College mission, Wellesley prepares women for leadership roles and educates them to make a difference in the world.

(b) Basis of Presentation

The financial statements of Wellesley College have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, but which may be designated for specific purposes by the College or otherwise be limited by contractual agreements with outside parties. The College records any donor-restricted contributions for which the donor-imposed restrictions are met in the same reporting period as the contribution is received within net assets without donor restrictions.

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

Nonoperating activities reflect transactions of a long-term investment or capital nature, including contributions to be invested by the College to generate a return that will support future operations, contributions to be used for facilities and equipment, and investment return beyond what the College has appropriated for current operational support in accordance with the College's investment return spending guidelines. Nonoperating activities also include net unrealized gains and losses on the interest rate swap, pension related changes other than the service cost component of changes in pension obligation and matured planned giving agreements.

(c) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less. Cash equivalents included in endowment and planned giving investments are not considered cash and cash equivalents for the purpose of the statement of cash flows.

(d) Investments

Investments are generally carried at fair value. Purchases and sales of investments are recorded on the trade date of the transaction. Realized gains and losses arising from sales of investments are recorded based upon the average cost of investments sold. Investment income is recorded on the accrual basis. The investment in faculty mortgages is stated at unpaid principal balances.

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For investments made directly by the College whose values are based on quoted market prices in active markets, the market price is used to report fair value. The College's interests in alternative investment funds such as hedge, private equity, and absolute return, are reported at the net asset value (NAV) reported by the fund managers as a practical expedient to fair value, unless it is probable that all or a portion of the investments will be sold for an amount other than NAV.

The College has established a framework for measuring fair value under GAAP. The College determines fair value based on amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The College follows a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at measurement date.

Level 2: Quoted prices, other than those included in Level 1, that are either directly or indirectly observable for the assets or liabilities.

Level 3: Unobservable quoted prices used when little or no market data is available.

Derivative investments in the College's portfolio may include currency forward contracts, currency and interest rate swaps, call and put options, exchange-traded futures contracts, debt futures contracts and other vehicles that may be appropriate in certain circumstances as permitted within the managers' investment guidelines. The College's external investment managers use investments in derivative securities predominantly to reduce interest rate risk and risk in the foreign fixed income market.

The absolute return alternative asset investments include equity hedge funds, risk arbitrage, distressed securities and commodity hedge funds. The College's investments in these strategies use minimal leverage as part of their strategies.

The College's split-interest agreements with donors consist of irrevocable charitable gift annuities, pooled life income funds, charitable remainder unitrusts and annuities and perpetual trusts. Unitrusts, in which the College has a remainder interest, but that are held in trust and administered by outside agents, have been recorded as gifts that are with donor restrictions. Unitrusts, in which the College has a remainder interest and which are managed by the College, periodically pay income earned on the assets to designated beneficiaries. For planned giving contracts, the contributed assets are included at fair value within planned giving investments and investments on the Statements of Financial Position. Contribution revenues are recognized as of the date the donated assets are transferred to the College and liabilities are recorded for the present value of the estimated future payments to the donors or other beneficiaries. The liabilities are adjusted during the term of the planned giving contracts consistent with changes in the value of the assets and actuarial assumptions, and are included in annuities and unitrusts payable on the Statements of Financial Position.

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(e) Endowment Investment Return Spending Policy

The College has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The College's investment strategy is based on a long-term policy portfolio that serves as a guide for asset allocation. The Policy Portfolio was established with the goal of balancing long-term returns and risks by increasing portfolio diversification through the allocation of assets to less efficient asset classes. The return objective for the endowment assets, measured over a full market cycle, is to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The College uses a "total return" approach to managing endowment assets in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Funds are invested to maximize total return consistent with prudent risk without regard to the mix of current investment income and realized and unrealized gains or losses.

Wellesley's Endowment Spending Policy is based on a combination of the prior year's spending and a percentage of the latest endowment value with a weighting of 80% and 20%, respectively. Prior year spending is adjusted for Higher Education Price Index (HEPI) inflation, and 4.25% is the rate applied to the most recent endowment value on December 31. The amount of allowable spending will be capped at 5.0% or no less than 4.0% of the average of the last three fiscal year end endowment values adjusted for HEPI inflation. The Endowment Spending Policy is applied on a per unit basis. Investment return earned in prior years may be utilized if current year income is less than current year spend. The spending policy is designed to insulate investment policy from budgetary pressures, and to insulate program spending from fluctuations in capital markets.

In accordance with the Massachusetts Uniform Prudent of Management of Institutional Funds Act, the College considers the following factors in making a determination to appropriate for spending 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 appreciation of investments
6. Other resources of the College
7. The College's investment policies

(f) Receivables

Accounts receivable include amounts due from students, student organizations and other miscellaneous receivables. Loans to students are carried at net realizable value. Student accounts receivable as of June 30, 2021 and 2020 were \$1,645,000 and \$1,098,000, respectively, and are reported net of allowances for doubtful accounts of \$361,000 and \$172,000, respectively. Loans

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June 30, 2021 and 2020

receivable as of June 30, 2021 and 2020 were \$6,472,000 and \$6,854,000, respectively, and are reported net of allowances for doubtful loans of \$829,000 and \$855,000, respectively. The provisions are intended to provide for student accounts and loans that may not be collected. The remaining balance as of June 30, 2021 and 2020 consists of grants and other accounts receivable.

(g) Contributions

Contributions of cash and other assets, including unconditional promises to give, are recorded as revenue based on any donor-imposed restrictions on the date of the donors' commitment or gift. Contributions of other assets are recorded at their estimated fair value at the date of the gift. Unconditional pledges are recorded at their estimated present value, which approximates fair value, net of an allowance for uncollectible amounts. Conditional pledges are not recognized as revenue until such time as the conditions are met. Contributions to be used to acquire or construct long-lived assets are initially reported as with donor restrictions and released from restrictions when the resulting asset is placed in service.

(h) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, or if donated, at estimated fair value at the date of donation and are presented net of accumulated depreciation. Additions to plant assets are capitalized while scheduled maintenance and minor renovations are charged to operations. Library books are expensed when purchased. Museum collections are not capitalized. Interest, depreciation, operations, and maintenance expenses have been allocated to functional expense classifications based on square footage utilized. When assets are retired or disposed, the cost and accumulated depreciation are removed from the accounts and gains and losses from disposal are included in the Statements of Activities. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Buildings and Infrastructure	20–60
Building improvements	20
Furniture and equipment	4–12

(i) Student Charges

The College recognizes revenue from tuition, fees, room, and board within the fiscal year in which educational services are provided. Financial aid, in the form of scholarships and grants, includes amounts funded by the endowment, gifts and unrestricted institutional resources. This amount reduces the published price of tuition for students receiving such aid. As such, financial aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and fee revenue was \$131,001,000 and \$132,195,000 for the years ended June 30, 2021 and 2020, respectively, and room and board revenue was \$20,108,000 and \$29,057,000. Financial aid provided to students totaled \$70,917,000 and \$67,876,000 for the years ended June 30, 2021 and 2020, respectively.

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Notes to Financial Statements

June 30, 2021 and 2020

(j) Grant Revenue

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The College has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions include donor-restricted contributions for which purpose restrictions and conditions are met in the same reporting period. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$12,683,000 and \$10,559,000 for the years ended June 30, 2021 and 2020, respectively, and are included in the government grants and private gifts and grants the Statements of Activities. Payments received from sponsors in advance of conditions being met are reported within deferred income and advances under grants and contracts on the Statements of Financial Position, and totaled \$6,294,000 and \$7,304,000 as of June 30, 2021 and 2020, respectively.

Government grants normally provide for the recovery of direct and indirect costs. Recovery of related indirect costs is generally recorded at predetermined fixed rates negotiated with the government or at other predetermined rates determined by the grant provider.

(k) Auxiliary Operations

Auxiliary operations include summer programs, the Nehoiden Golf Club, and the Wellesley College Club, which operates a private dining and conference center, and use of the campus during the summer by internal and external groups. Related expenses include the direct expenses of running these operations, as well as an allocation for depreciation, debt service and physical plant maintenance and operation based on square footage.

Room and board expenses are included in the student services functional line item on the Statements of Activities.

(l) Internal Revenue Code Status

The College has been granted tax-exempt status as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

The College has no material uncertain tax provisions as of June 30, 2021 and 2020.

For fiscal years 2021 and 2020, the College was subject to the federal excise tax of 1.4% imposed on colleges and universities meeting certain criteria. The excise tax imposed is on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on assets subject to the tax. The current portion of the excise tax was approximately \$893,000. The College has made provisions for a deferred tax liability resulting from net unrealized gains on qualifying assets and estimated at the 1.4% tax rate, of \$11,055,000 as of June 30, 2021 and \$6,622,000 as of June 30, 2020 respectively, and are included within accounts payable and accrued expenses on the Statements of Financial Position.

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Notes to Financial Statements

June 30, 2021 and 2020

(m) Asset Retirement and Environmental Obligations

Asset retirement and environmental obligations (ARO) are legal obligations associated with long-lived assets. The College has recognized an estimated liability for legal obligations associated with environmental asset retirements in the period in which the obligation is incurred, typically when the College becomes obligated to remediate. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently amortized over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College adjusts the ARO liabilities when the related obligations are settled. 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.

(n) Interest Rate Swap

In fiscal year 2008, the College entered into an interest rate swap agreement in conjunction with the issuance of the Massachusetts Development Finance Agency, Variable Rate Revenue Bonds, Series I in order to convert the variable rate debt to fixed rate, thereby hedging against changes in the cash flow requirements of the College's variable rate debt obligations.

Net payments or receipts (differences are between variable and fixed rate) under the swap agreement are recorded as interest expense in the operating section of the Statements of Activities and are allocated to the functional expense categories. The change in fair value of the swap is recorded in the nonoperating section of the Statements of Activities as net unrealized gain(loss) on interest swap.

(o) Use of Estimates

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

(p) New Accounting Pronouncements

FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, as amended, which requires a lessee to recognize a right-of-use (ROU) asset representing an entity's right to use the underlying asset for the lease term and a liability for the obligation for lease payments on the Statements of Financial Position. As permitted by the ASU, for leases with a term of less than 12 months, the College has elected to not record lease assets or liabilities. This ASU became effective for the College for the year ended June 30, 2021, and the College's adoption did not have a material effect on the College's financial statements.

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Notes to Financial Statements

June 30, 2021 and 2020

(2) Liquidity and Availability

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, interest and principal payments on debt, and capital renewal programs, were as follows (in thousands):

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 212,220	99,723
Contributions and accounts receivable, net	9,821	16,176
Fiscal 2022/2021 endowment appropriation	100,561	95,590
Total financial assets available	322,602	211,489
Liquidity resources:		
Bank line of credit available	60,000	60,000
Total financial assets and other liquidity resources available	\$ 382,602	271,489

To manage liquidity, the College regularly monitors the availability of resources available to meet its general operating expenditures. Cash flows are subject to seasonal variations attributable to the timing of tuition billings, receipts of gifts and grants, pledge payments and transfers from the endowment.

In addition, as of June 30, 2021 and 2020, the College had \$983 million and \$691 million of board designated endowment funds, respectively. Although the College does not intend to spend from its board-designated endowment funds, these amounts could be made available with Board approval, subject to liquidity provisions of underlying investments.

(3) Contributions Receivable

Contributions receivable, net, is summarized as follows at June 30 (in thousands):

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 5,865	14,227
One year to five years	29,822	32,572
Over five years	3,178	3,870
Less discounts and allowance for uncollectible accounts	(5,066)	(6,215)
Total	33,799	44,454
Assets held by external trustee	6,675	7,745
Contributions receivable, net	\$ 40,474	52,199

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Notes to Financial Statements

June 30, 2021 and 2020

Contributions receivable expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the contribution. Discount rates used to calculate the present value of contributions receivable ranged from 3.0% to 5.0% as of June 30, 2021 and 2020.

(4) Investments and Fair Value Measurements

The fair values of investments at June 30, 2021 and 2020 were as follows (in thousands):

	2021	2020
Investments:		
Investments pooled:		
Cash and cash equivalents	\$ 166,000	116,565
Bonds	92,390	54,000
Equities	847,655	699,921
Private equity	1,359,233	741,639
Real assets	143,299	131,688
Absolute return	616,998	528,087
Total pooled investments	3,225,575	2,271,900
Faculty mortgages	24,889	23,031
Total pooled investments and faculty mortgages	3,250,464	2,294,931
Investments not pooled:		
Cash and cash equivalents	220	220
Total investments	\$ 3,250,684	2,295,151
Planned giving investments:		
Pooled income funds and annuities:		
Cash and cash equivalents	\$ 725	782
Bonds	10,176	12,082
Equities	38,787	29,681
Other assets	—	23
Total pooled income and annuities	49,688	42,568

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Notes to Financial Statements

June 30, 2021 and 2020

	2021	2020
Charitable remainder trusts:		
Cash and cash equivalents	\$ 31	221
Bonds	2,509	2,203
Equities	10,776	6,208
Other assets	1,888	1,972
Assets held by external trustee	2,625	2,042
Total charitable remainder trusts	17,829	12,646
Total planned giving investments	\$ 67,517	55,214

The majority of College investments are invested in the College's long-term investment pool. Assets in this pool also include faculty mortgages and planned giving assets. Planned giving assets have a readily determinable fair value and are categorized in Level 1 in the fair value hierarchy.

Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding for private equity investments. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls. Outstanding commitments approximated \$316,650,000 and \$343,488,000 as of June 30, 2021 and 2020, respectively.

Fair Value Disclosures

The following fair value hierarchy tables present information about the College's assets and liabilities measured at fair value on a recurring basis at June 30, 2021 and 2020 (in thousands):

Assets	2021				
	NAV Practical expedient	Level 1	Level 2	Level 3	Total
Investments:					
Equities	\$ 824,834	22,821	—	—	847,655
Fixed income	—	92,390	—	—	92,390
Private equity	1,359,233	—	—	—	1,359,233
Real assets	143,299	—	—	—	143,299
Absolute return	616,997	—	—	—	616,997
Cash equivalents and other assets	—	166,221	—	24,889	191,110
Total investments at fair value	2,944,363	281,432	—	24,889	3,250,684
Liabilities					
Interest rate swap agreement	\$ —	—	(19,104)	—	(19,104)
Total	\$ —	—	(19,104)	—	(19,104)

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

Assets	2020				
	NAV Practical expedient	Level 1	Level 2	Level 3	Total
Investments:					
Equities	\$ 689,107	10,814	—	—	699,921
Fixed income	—	54,000	—	—	54,000
Private equity	741,639	—	—	—	741,639
Real assets	131,688	—	—	—	131,688
Absolute return	528,087	—	—	—	528,087
Cash equivalents and other assets	—	116,785	—	23,031	139,816
Total investments at fair value	<u>2,090,521</u>	<u>181,599</u>	<u>—</u>	<u>23,031</u>	<u>2,295,151</u>
Liabilities					
Interest rate swap agreement	\$ —	—	(25,546)	—	(25,546)
Total	<u>\$ —</u>	<u>—</u>	<u>(25,546)</u>	<u>—</u>	<u>(25,546)</u>

Interest rate swap is valued at the present value of the series of net cash flows resulting from the exchange of fixed-rate payments for floating rate payments over the remaining life of the contract from Statements of Financial Position date. Each floating rate payment is calculated based on forward market rates at valuation date for each respective payment date. Inputs to determine discount factors and forward rates include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Certain inputs are unobservable; therefore the fair value is categorized as Level 2.

The following table presents faculty mortgages carried at fair value as of June 30, 2021 and 2020 that are classified within Level 3 of the fair value hierarchy (in thousands):

	2021	2020
Balance beginning of year	\$ 23,031	23,056
Realized and unrealized gains (losses)/accrued interest	675	(425)
Additions	3,307	870
Payments received	(2,124)	(470)
Balance end of year	<u>\$ 24,889</u>	<u>23,031</u>

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2021 and 2020

Detailed liquidity of the College's investments as of June 30, 2021 and 2020 is as follows (in thousands):

2021						
	<u>Daily/monthly</u>	<u>Quarterly</u>	<u>Greater than quarterly and less than one year</u>	<u>Greater than one year</u>	<u>Illiquid</u>	<u>Total</u>
Investments:						
Equities	\$ 497,597	225,200	28,959	80,362	15,537	847,655
Fixed income	92,390	—	—	—	—	92,390
Private equity	—	—	—	—	1,359,233	1,359,233
Real assets	—	—	—	—	143,299	143,299
Absolute return	79,651	140,530	216,875	114,593	65,348	616,997
Cash and other assets	166,221	—	—	—	24,889	191,110
Total investments at fair value	<u>\$ 835,859</u>	<u>365,730</u>	<u>245,834</u>	<u>194,955</u>	<u>1,608,306</u>	<u>3,250,684</u>
2020						
	<u>Daily/monthly</u>	<u>Quarterly</u>	<u>Greater than quarterly and less than one year</u>	<u>Greater than one year</u>	<u>Illiquid</u>	<u>Total</u>
Investments:						
Equities	\$ 421,222	174,915	24,534	64,753	14,497	699,921
Fixed income	54,000	—	—	—	—	54,000
Private equity	—	—	—	—	741,639	741,639
Real assets	—	—	—	—	131,688	131,688
Absolute return	59,506	107,558	241,449	67,132	52,442	528,087
Cash and other assets	116,785	—	—	—	23,031	139,816
Total investments at fair value	<u>\$ 651,513</u>	<u>282,473</u>	<u>265,983</u>	<u>131,885</u>	<u>963,297</u>	<u>2,295,151</u>

(5) Endowment

The College's endowment consists of approximately 2,000 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 (quasi funds). Net assets associated with 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.

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2021 and 2020

At June 30, 2021 and 2020, endowment net assets consisted of the following (in thousands):

	2021		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 982,676	—	982,676
Donor-restricted endowment funds:			
Historical cost	—	634,058	634,058
Appreciation	—	1,620,051	1,620,051
Total endowment net assets	<u>\$ 982,676</u>	<u>2,254,109</u>	<u>3,236,785</u>
	2020		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 691,216	—	691,216
Donor-restricted endowment funds:			
Historical cost	—	620,136	620,136
Appreciation	—	974,045	974,045
Total endowment net assets	<u>\$ 691,216</u>	<u>1,594,181</u>	<u>2,285,397</u>

Changes in endowment net assets for the year ended June 30, 2021 and 2020 were as follows (in thousands):

	Without donor restrictions	With donor restrictions	Total
Balance June 30, 2020	\$ 691,216	1,594,181	2,285,397
Net investment return	314,310	712,163	1,026,473
Contributions and transfers	6,982	14,419	21,401
Distributions	(29,832)	(66,654)	(96,486)
Balance June 30, 2021	<u>\$ 982,676</u>	<u>2,254,109</u>	<u>3,236,785</u>

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2021 and 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance June 30, 2019	\$ 663,756	1,509,659	2,173,415
Net investment return	52,521	123,958	176,479
Contributions and transfers	3,627	25,022	28,649
Distributions	<u>(28,688)</u>	<u>(64,458)</u>	<u>(93,146)</u>
Balance June 30, 2020	<u>\$ 691,216</u>	<u>1,594,181</u>	<u>2,285,397</u>

The College had no underwater donor-restricted endowment funds as of June 30, 2021 and 2020.

(6) Land, Buildings and Equipment

Investment in land, buildings and equipment consists of the following at June 30 (in thousands):

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 50,403	50,093
Buildings and building improvements	718,727	701,229
Equipment	11,444	10,243
Construction in progress	<u>110,218</u>	<u>44,180</u>
	890,792	805,745
Less accumulated depreciation	<u>(362,004)</u>	<u>(340,041)</u>
Total	<u>\$ 528,788</u>	<u>465,704</u>

Depreciation and amortization expense was \$24,267,000 and \$21,914,000 for the years ended June 30, 2021 and 2020, respectively.

The College recognized \$868,000 and \$949,000 of operating expenses relating to the accretion of environmental liabilities associated with the asset retirement obligations for the years ended June 30, 2021 and 2020, respectively. Conditional asset retirement obligations of \$23,716,000 and \$22,515,000 at June 30, 2021 and 2020, respectively, are presented in the liabilities section of the Statements of Financial Position.

(7) Bonds Payable and Lines of Credit

Indebtedness at June 30, 2021 and 2020 includes various bonds issued through the Massachusetts Development Finance Agency (MDFA) and other parties. Interest payments on debt totaled \$14,922,000 and \$11,457,000 during fiscal years 2021 and 2020, respectively.

The College has an available line of credit with a bank. The line of credit allows the College to borrow up to \$60 million, with a monthly variable rate based on one-month LIBOR plus 0.25%. This line of credit can be used for varying purposes and expires on March 01, 2026. As of June 30, 2021 and 2020, there were no amounts outstanding under this line of credit.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

During July 2020, the College entered into a Note Purchase Agreement with New York Life providing for \$150 million of senior unsecured notes at a rate of 3.00% due in periodic installments. The College will utilize the proceeds for various purposes, including but not limited to, ongoing capital expenditures.

Balances of outstanding bonds payable at June 30 consisted of the following (in thousands):

	2021	2020
MDFA, Series I, Variable Rate Demand Bonds, bearing interest at a weekly rate, maturing July 2039. The rate at June 30, 2021 was 0.364%.	\$ 57,385	57,385
MDFA, Series G, Variable Rate Demand Bonds, bearing interest at a weekly rate, maturing July 2039. The rate at June 30, 2021 was 0.364%.	20,000	20,000
MDFA, Series J, Revenue Bonds, issued at an interest rate of 5.0%, maturing 2042.	49,800	49,800
Wellesley College, Series K, Taxable Bonds, bearing interest at a rate of 2.935% to 4.196%, maturing 2042.	86,095	87,625
MDFA, Series L, Revenue Bonds, issued at an interest rate of 4.000% to 5.000%, maturing 2048.	93,185	94,340
New York Life Note Agreement, issued at an interest rate of 3.00%, maturing through 2050.	150,000	—
Total bonds payable	456,465	309,150
Less unamortized bond issue costs	(1,737)	(1,835)
Add unamortized original issue premium	11,481	12,168
	\$ 466,209	319,483

The total of the College's bonds payable described above matures as follows (in thousands):

2022	\$ 3,790
2023	4,555
2024	3,620
2025	3,785
2026	5,315
Thereafter	435,400
Total bonds payable	\$ 456,465

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

In order to reduce exposure to floating interest rates on the MDFA Series I variable Rate Demand Bonds, in January 2008, the College entered into an interest rate swap agreement with a term through 2039. This swap effectively locks in a fixed rate of 3.239% per annum. The agreement has a notional amount of \$57,385,000. At June 30, 2021 and 2020, the fair value of the swap agreement was a liability of \$19,104,090 and \$25,546,000, respectively. The fair value of the swap is the estimated amount that the College would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties. The value of the interest rate swap is reflected within other liabilities on the Statements of Financial Position. The change in fair value of the swap is recorded in the nonoperating section of the Statements of Activities as net unrealized gain or loss on interest swap. This financial instrument necessarily involves counterparty credit exposure and the College's own nonperformance risk. The counterparty for this swap agreement is a major financial institution that meets the College's criteria for financial stability and credit-worthiness. The change in fair value resulted in a gain of \$6,442,000 in 2021 and a loss of \$8,838,000 in 2020. Additionally, the College paid net interest expense in association with the swap agreement of \$1,656,000 and \$1,229,000 for the years ended June 30, 2021 and 2020, respectively, which is recorded as interest expense and allocated to functional categories in the operating section of the Statements of Activities.

In the event that the College receives notice of any optional tender on its variable-rate bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the College will be obligated to purchase the bonds tendered with internal liquidity.

(8) Annuities and Unitrusts Payable

The College has split-interest agreements consisting primarily of annuities, pooled life income funds, and charitable remainder unitrusts for which the College may or may not serve as trustee. Split-interest agreements are included in planned giving investments, and at June 30, 2021 and 2020, there is approximately \$13,899,000 and \$9,754,000, respectively, invested alongside the endowment, which is included within the investments totals on the Statements of Financial Position. Contributions are recognized at the dates the trusts are established net of a liability for the present value of the estimated future cash outflows to beneficiaries. The present value of payments is discounted at a rate of return that ranges from 3.5% to 4.5%. The liability of \$35,112,000 and \$31,225,000 at June 30, 2021 and 2020, respectively, is adjusted during the term of the agreement for changes in actuarial assumptions. Payments of income to beneficiaries are principally funded by the investment income of the related gift annuity and unitrust investments.

(9) Retirement Plans

The College has a defined contribution, noncontributory annuity pension plan for faculty and administrative personnel administered by TIAA. As part of its response to the COVID-19 pandemic, the plan was amended August 1, 2020 through June 30, 2021, to change the employer contribution from 9% to 3% of participant's compensation. Under this Plan, the College contributed \$3,074,000 and \$8,748,000, respectively, for the years ended June 30, 2021 and 2020.

The College also has a defined benefit pension plan for certain classified office and service employees. The Plan provides retirement and death benefits based on the highest thirty-six months of consecutive earnings. Contributions to the plan are made in amounts sufficient to meet the minimum funding

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

requirements set forth in the Employee Retirement Income Security Act of 1974. As of December 2012, this plan is no longer accepting new participants.

The measurement dates for determining the benefit obligations and net periodic benefit cost for the defined benefit plan were June 30, 2021 and 2020.

The significant assumptions underlying the actuarial computations and changes in the benefit obligation as of and for the years ended June 30 were as follows (in thousands):

	2021	2020
Assumptions used to determine benefit obligations:		
Discount rate	2.65 %	2.55 %
Rate of compensation increase	3.00	3.00
Assumptions used to determine net periodic benefit cost:		
Discount rate	2.55 %	3.45 %
Expected return on plan assets	7.00	7.00
Rate of compensation increase	3.00	3.00
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 95,592	80,268
Service cost	2,508	2,135
Interest cost	2,379	2,712
Actuarial (gain)/loss, net of administrative expenses paid	(4,071)	13,785
Benefits paid	(3,839)	(3,308)
Benefit obligation at end of year	\$ 92,569	95,592
Accumulated benefit obligation	\$ 82,939	84,236

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Notes to Financial Statements
June 30, 2021 and 2020

	2021	2020
Change in plan assets:		
Fair value of plan assets at end of prior year	\$ 53,577	53,119
Actual return on plan assets, net of administrative expenses	14,485	(37)
Employer contributions	3,464	3,803
Benefits paid	(3,839)	(3,308)
Fair value of plan assets at end of year	\$ 67,687	53,577
Funded status:		
Funded status	\$ (24,883)	(42,015)
Components of net periodic benefit cost:		
Service cost	\$ 2,508	2,135
Interest cost	2,379	2,712
Expected return on plan assets	(3,223)	(3,272)
Net loss on amortization	2,364	1,021
Net periodic benefit cost	\$ 4,028	2,596

Estimated future benefit payments reflecting anticipated service, as appropriate, are expected to be paid as shown below (in thousands):

2022	\$ 3,820
2023	4,366
2024	5,285
2025	5,271
2026	4,552
2027–2030	4,232
	\$ 27,526

The College expects to make an employer contribution into the defined benefit plan of \$3,400,000 in the 2022 fiscal year.

In selecting the long-term rate of return on assets, the College considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefit of the Plan. This included considering asset allocation and the expected returns likely to be earned over the life of the Plan, as well as assessing current valuation measures, income, economic growth and inflation forecasts, and historical risk premiums. Although this basis is consistent with prior years, assumptions vary from year to year.

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Notes to Financial Statements
June 30, 2021 and 2020

The following lists the Plan's asset allocation at June 30, 2021 and 2020 (in thousands):

<u>Asset category</u>	<u>Fair value at June 30</u>	
	<u>2021</u>	<u>2020</u>
Equity securities	\$ 55,226	34,943
Real estate investment trust	—	1,482
Commodities	—	2,744
Fixed income	12,457	14,398
Cash and cash equivalents	4	10
	<u>\$ 67,687</u>	<u>53,577</u>

All pension plan assets are categorized in Level 1 of the fair value hierarchy and are in commingled funds.

The investment strategy for the pension assets is consistent with the approach to all other investment assets. The policies and strategies governing all investments for the College are designed to achieve targeted investment objectives while managing risk prudently. Risk management strategies include maintaining a diversified portfolio based on asset class, investment approach and security holdings. For the pension plan assets, an additional strategy is to maintain sufficient liquidity to meet benefit obligations as they become current.

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2021 and 2020

(10) Net Assets

Net assets consist of the following at June 30, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Board designated endowments:		
Student financial aid	\$ 54,097	38,560
Professorships	175,298	116,081
Other programming	<u>753,281</u>	<u>536,575</u>
Total board designated endowments	982,676	691,216
Undesignated	(84,541)	(52,362)
Accrued pension liability	(24,883)	(42,015)
Interest rate swap liability	(19,104)	(25,546)
Net investment in plant	<u>136,430</u>	<u>123,706</u>
Total without donor restrictions	<u>990,578</u>	<u>694,999</u>
With donor restrictions:		
Donor restricted endowments:		
Student financial aid	869,145	615,120
Professorships	634,480	453,587
Other programming	<u>750,484</u>	<u>525,474</u>
Total donor restricted endowments	2,254,109	1,594,181
Purpose restricted and other:		
Student financial aid and loans	9,661	9,535
Capital	65,083	44,040
Annuity funds	47,968	36,425
Life income funds	3,062	3,728
Other programming	58,818	59,254
Unexpended endowment income	26,858	23,310
Other	<u>11,664</u>	<u>20,477</u>
Total with donor restrictions	<u>2,477,223</u>	<u>1,790,950</u>
Total net assets	<u>\$ 3,467,801</u>	<u>2,485,949</u>

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

(11) Expenses

The Statements of Activities present expenses by functional classification. The College also summarizes its expenses by natural classification. The composition of functional expenses for the years ended June 30, 2021 and 2020 by natural classification are as follows (in thousands):

	2021					
	Salaries and wages	Employee benefits	Supplies and services	Other expenses	Depreciation, amortization and interest	Total expenses
Instruction	\$ 50,095	14,763	1,887	8,753	13,218	88,716
Sponsored research	5,436	1,528	181	4,337	—	11,482
Student services	17,451	5,042	6,978	7,202	16,134	52,807
Academic support	9,084	2,674	1,886	3,807	3,741	21,192
Institutional support	20,715	3,254	3,657	7,223	4,606	39,455
Auxiliary operations	1,947	536	777	2,218	2,558	8,036
Total operating expenses for 2021	\$ 104,728	27,797	15,366	33,540	40,257	221,688
Net periodic postretirement cost other than service cost	\$ —	1,520	—	—	—	1,520

	2020					
	Salaries and wages	Employee benefits	Supplies and services	Other expenses	Depreciation, amortization and interest	Total expenses
Instruction	\$ 49,421	16,740	2,868	10,048	11,214	90,291
Sponsored research	6,165	1,896	944	4,511	—	13,516
Student services	18,434	6,089	8,271	5,088	13,689	51,571
Academic support	10,196	3,302	2,577	4,986	3,174	24,235
Institutional support	19,707	5,283	5,292	4,210	3,908	38,400
Auxiliary operations	3,099	979	1,633	3,909	2,170	11,790
Total operating expenses for 2020	\$ 107,022	34,289	21,585	32,752	34,155	229,803
Net periodic postretirement cost other than service cost	\$ —	461	—	—	—	461

(12) Related Parties

The Wellesley College Alumnae Association is a separate 501(c)(3) organization whose mission is to support the institutional priorities of Wellesley College. Endowment investments held on its behalf are included in the College's long-term investment pool and are reflected as part of the College's assets and liabilities. Assets at fair value totaled \$13,159,000 and \$9,368,000 at June 30, 2021 and 2020, respectively, and are included within investments on the Statements of Financial Position and a corresponding liability included within other liabilities.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2021 and 2020

Mortgages due from faculty of \$24,889,000 and \$23,031,000 at June 30, 2021 and 2020, respectively, are included within investments on the Statements of Financial Position.

(13) Commitments and Contingencies

In 1975, the College identified the presence of hazardous materials from an abandoned 19th century paint factory acquired by the College in 1932. When federal and state superfund laws were promulgated in the 1980s the College gained responsibility for the clean-up of contaminants found. The remediation was substantially completed in 2014, but the College continues periodic monitoring and reporting under the Massachusetts Contingency Plan (MCP).

In June of 2002, the College discovered an old gas plant site. Following MA DEP MCP guidelines, the College conducted remedial activities and is now in a temporary solution conducting operation, maintenance and monitoring activities for certain chemicals in groundwater.

In 2018, the College offered a voluntary retirement program to eligible faculty and staff. Total expenses related to the program were \$9,832,000. The future payment obligations of \$1,941,000 and \$3,822,000 at June 30, 2021 and 2020, respectively, are included in accounts payable and accrued expenses on the Statements of Financial Position.

The College has several legal cases pending that have arisen in the normal course of its operations. The College believes that the outcome of these cases will have no material adverse effect on the financial position of the College.

(14) COVID-19 Pandemic

As a result of the COVID 19 pandemic (the pandemic), during fiscal year 2021, the College decided to provide single-occupancy rooms only for students living on campus. All other students attended classes remotely. This resulted in approximately 1,100 students living on campus each semester, representing approximately one-half of total enrolled students, and reduced room and board revenue for the fiscal year ended June 30, 2021 by approximately \$18,000,000.

During fiscal year 2020, the College closed its residential campus effective March 23, 2020, and issued refunds and future statement credits to students for room and board charges based on a prorated amount. These refunds and credits amounted to \$7,360,000 and resulted in a reduction of room and board revenue for the fiscal year ended June 30, 2020.

As a result of the pandemic, in fiscal year 2020, the College was awarded \$985,000 from the Higher Education Emergency Relief Fund (HEERF). The funds were used for emergency financial aid grants to students under the 1800(a)(1) Coronavirus Aid, Relief and Economic Security Act (Cares Act). The College disbursed \$724,000 to students in fiscal year 2020 to assist the students in their transition to remote learning, and disbursed the remaining \$261,000 to students in fiscal year 2021. The College was also awarded \$985,000 of HEERF funding in fiscal year 2020 to support institutional expenditures relating to the pandemic. The College utilized \$463,000 for pandemic related expenses in fiscal year 2020 and utilized the remaining \$522,000 for pandemic related expenses in fiscal year 2021.

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Notes to Financial Statements

June 30, 2021 and 2020

In fiscal year 2021, the College was awarded a second round of funding from the Higher Education Emergency Relief Fund II (HEERF II) under Section 341(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA). The College received \$985,000 to provide additional emergency financial aid grants to students. The College disbursed \$968,000 to students in fiscal year 2021, and will disburse the remaining \$17,000 to students in fiscal year 2022. The College was also awarded an additional \$928,000 of HEERF II funding to support institutional expenditures in fiscal year 2021 relating to the pandemic. The College utilized all \$928,000 of the institutional portion for pandemic related expenses in fiscal year 2021, which is recorded in the government grants section of the Statement of Activities.

(15) Subsequent Events

The College has assessed the impact of subsequent events through October 25, 2021, the date the audited financial statements were issued, and has concluded that there are no such events that require adjustment to the audited financial statements or disclosure in the notes of the audited financial statements.