



Financial Statements

Merrimack College

June 30, 2021 and 2020



MERRIMACK COLLEGE

Financial Statements

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Independent Auditors' Report

The Board of Trustees
Merrimack College
North Andover, Massachusetts

We have audited the accompanying financial statements of Merrimack College (the "College"), which comprise the statements of financial position as of June 30, 2021 and 2020, and 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Merrimack 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 accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2021, the University adopted Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Maye Heyman McCann P.C.

September 16, 2021
Boston, Massachusetts

MERRIMACK COLLEGE

Statements of Financial Position

June 30,

	2021	2020
Assets		
Cash and cash equivalents	\$ 45,504,523	\$ 34,818,010
Contributions receivable, net	3,346,526	3,171,057
Accounts and loans receivable, net	6,612,893	6,289,840
Other assets	1,839,419	1,136,745
Investments	76,244,627	56,545,900
Deposits with bond trustees	27,634,825	9,518,131
Land, buildings, and equipment, net	163,823,201	165,510,697
Total assets	\$ 325,006,014	\$ 276,990,380
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,694,206	\$ 12,538,248
Student deposits and deferred revenue	11,282,507	16,738,128
Bonds payable	128,346,246	108,888,888
Refundable U.S. government grants for student loans	871,462	1,066,992
Total liabilities	157,194,421	139,232,256
Net assets:		
Without donor restrictions	99,324,688	86,711,588
With donor restrictions	68,486,905	51,046,536
Total net assets	167,811,593	137,758,124
Total liabilities and net assets	\$ 325,006,014	\$ 276,990,380

MERRIMACK COLLEGE

Statement of Activities

Year Ended June 30, 2021
(with comparative totals for 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenue:				
Tuition and fees, net (less scholarship aid to students of \$94,463,117 and \$83,897,610, respectively)	\$ 107,427,557	\$ -	\$ 107,427,557	\$ 104,098,732
Grant revenues	8,891,962	-	8,891,962	1,968,186
Contributions	559,589	3,143,055	3,702,644	3,266,415
Investment return utilized for operations	818,637	2,066,271	2,884,908	2,863,135
Auxiliary enterprises	33,345,109	-	33,345,109	34,310,457
Other revenue	2,650,454	-	2,650,454	3,615,378
Total revenues	153,693,308	5,209,326	158,902,634	150,122,303
Net assets released from restrictions	2,739,797	(2,739,797)	-	-
Total revenues and net assets released from restrictions	156,433,105	2,469,529	158,902,634	150,122,303
Expenses:				
Instruction	47,463,942	-	47,463,942	47,772,910
Student services	31,771,337	-	31,771,337	32,199,985
Academic support	12,000,528	-	12,000,528	13,391,513
Institutional support	26,960,171	-	26,960,171	20,582,341
Auxiliary enterprises	27,776,667	-	27,776,667	24,591,117
Total expenses	145,972,645	-	145,972,645	138,537,866
Change in net assets from operations	10,460,460	2,469,529	12,929,989	11,584,437
Nonoperating activities:				
Investment return, net of amounts utilized for operations	3,246,760	11,398,216	14,644,976	(3,919,090)
Contributions	12,473	3,580,640	3,593,113	330,602
Change in value of split interest obligations	(3,957)	(8,016)	(11,973)	(17,622)
Other changes	-	-	-	1,850
Loss on early extinguishment of debt	(1,102,636)	-	(1,102,636)	-
Change in net assets from nonoperating activities	2,152,640	14,970,840	17,123,480	(3,604,260)
Change in net assets	12,613,100	17,440,369	30,053,469	7,980,177
Net assets, beginning of year	86,711,588	51,046,536	137,758,124	129,777,947
Net assets, end of year	\$ 99,324,688	\$ 68,486,905	\$ 167,811,593	\$ 137,758,124

MERRIMACK COLLEGE

Statement of Activities

Year Ended June 30, 2020

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating revenue:			
Tuition and fees, net (less scholarship aid to students of \$83,897,610)	\$ 104,098,732	\$ -	\$ 104,098,732
Grant revenues	1,968,186	-	1,968,186
Contributions	348,672	2,917,743	3,266,415
Investment return utilized for operations	856,742	2,006,393	2,863,135
Auxiliary enterprises	34,310,457	-	34,310,457
Other revenue	3,615,378	-	3,615,378
Total revenues	145,198,167	4,924,136	150,122,303
Net assets released from restrictions	2,496,173	(2,496,173)	-
Total revenues and net assets released from restrictions	147,694,340	2,427,963	150,122,303
Expenses:			
Instruction	47,772,910	-	47,772,910
Student services	32,199,985	-	32,199,985
Academic support	13,391,513	-	13,391,513
Institutional support	20,582,341	-	20,582,341
Auxiliary enterprises	24,591,117	-	24,591,117
Total expenses	138,537,866	-	138,537,866
Change in net assets from operations	9,156,474	2,427,963	11,584,437
Nonoperating activities:			
Investment return, net of amounts utilized for operations	(898,046)	(3,021,044)	(3,919,090)
Contributions	52,225	278,377	330,602
Change in value of split interest obligations	(11,769)	(5,853)	(17,622)
Other changes	1,850	-	1,850
Change in net assets from nonoperating activities	(855,740)	(2,748,520)	(3,604,260)
Change in net assets	8,300,734	(320,557)	7,980,177
Net assets, beginning of year	78,410,854	51,367,093	129,777,947
Net assets, end of year	\$ 86,711,588	\$ 51,046,536	\$ 137,758,124

MERRIMACK COLLEGE
Statements of Cash Flows

Years Ended June 30,

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 30,053,469	\$ 7,980,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,058,143	7,612,707
Provision for doubtful accounts	(949,849)	(939,784)
In-kind contributions	(51,319)	-
Loss on early extinguishment of debt	1,102,636	-
Realized and unrealized losses (gains) on investments	(17,588,752)	2,442,445
Contributions received for long-term investment	(3,906,069)	(669,698)
Changes in operating assets and liabilities excluding cash:		
Accounts and loans receivable	626,796	404,772
Contributions receivable	(175,469)	666,368
Other assets	(702,674)	1,467,501
Accounts payable and accrued expenses	6,315,178	1,166,433
Student deposits and deferred revenue	(5,455,621)	4,552,143
	17,326,469	24,683,064
Cash flows from investing activities:		
Change in deposits with bond trustees	(18,116,694)	10,775,928
Cash paid for purchase of land, buildings, and equipment	(8,620,959)	(15,541,370)
Purchase of investments	(23,396,212)	(9,140,976)
Proceeds from sale of investments	21,337,556	9,688,888
	(28,796,309)	(4,217,530)
Cash flows from financing activities:		
Proceeds from the issuance of new debt	78,615,625	-
Repayments of bonds payable	(60,169,811)	(1,710,000)
Contributions received for long-term investment	3,906,069	669,698
Net change in refundable U.S. government grants	(195,530)	(283,321)
	22,156,353	(1,323,623)
Net change in cash and cash equivalents	10,686,513	19,141,911
Cash and cash equivalents and restricted cash, beginning of year	34,818,010	15,676,099
Cash and cash equivalents and restricted cash, end of year	\$ 45,504,523	\$ 34,818,010
Supplemental data:		
Cash paid during the year for interest	\$ 5,816,269	\$ 5,424,207
Change in construction costs accrued and unpaid	\$ 2,159,220	\$ 1,862,166

See accompanying notes to the financial statements.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 1 - Organization

Merrimack College (the “College” or “Merrimack”) is a private, coeducational institution with a Catholic tradition that currently offers undergraduate and graduate programs for a variety of degrees. The College provides academic, residential and other services to a diverse student population. The College was founded by the members of the Order of Saint Augustine, Province of Saint Thomas of Villanova (the “Order”), and that Province of the Order has had, and always shall have, a special relationship to the College. No action in any way altering such relationship or the mission of the College shall be valid unless approved by the unanimous vote or consent of those Trustees in office who are members of the Order. The Order also maintains certain special powers such as approving a list of candidates to be president of the College. In addition, the Order also shall maintain board seats which constitute 20% or more of the College’s Trustees at any time. These elements are to ensure that the College will continue to focus its mission on enlightening minds, engaging hearts, and empowering lives.

The College has enrollment of over 5,000 students predominantly from the Northeast region of the United States along with enrollment of students from most states in the country. The College also enrolls students from over thirty countries. Merrimack is accredited by the New England Commission of Higher Education, Inc., as its primary accreditor, but the College also has other accreditations when it deems it useful or required in terms of providing evidence of further rigor and discipline in certain programs of study. The College participates in student financial aid programs sponsored by the United States Department of Education (“DOE”), and to a much lesser extent individual states, which provides financial support for students. These programs generally facilitate the payment of a significant portion of tuition and other expenses incurred by students when they meet certain eligibility requirements as determined by the College’s financial aid office and are subject to after the fact review by the funders.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America which requires that information regarding its financial position and activities are reported based on the existence of or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. The Board of Trustees has designated from net assets without donor restrictions funds to function as endowment. Net assets without donor restrictions also include investment in plant, net of accumulated depreciation and related bond obligations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include short-term securities with maturities at date of purchase of three months or less and are reported at cost plus earned interest. Certain accounts exceed insured limits while others do not include deposit insurance. The College has not experienced any losses in such accounts. Cash and cash equivalents held by investment managers are considered part of investments. Cash includes amounts restricted for a student loan program in the amount of \$538,741 and \$579,123 for the years ended June 30, 2021 and 2020, respectively. Cash and cash equivalents also includes amounts restricted for the Higher Education Emergency Relief Fund in the amount of \$1,323,423 at June 30, 2020. There were no such restricted amounts at June 30, 2021.

Contributions Receivable

Contributions receivable represent contributions verifiably committed by donors that are scheduled for payment in the future. Such amounts are initially recorded at fair market value using Level 2 inputs as described in the fair value policies later in this section. An allowance is provided for uncollectable amounts based on management's estimates including historical experience, specific review of circumstances and other factors.

Accounts and Loans Receivable and Refundable U.S. Government Grants for Student Loans

Accounts and loans receivable are stated net of allowance for doubtful accounts of \$2,765,421 and \$1,562,789 for the years ended June 30, 2021 and 2020, respectively. Loans receivable represent amounts due from students under the Federal Perkins Loan Program ("Perkins Loans").

The College regularly assesses the adequacy of the allowance for doubtful accounts related to accounts and loans receivable by performing ongoing evaluations of the student account and loan portfolio, including such factors as prior collection history, the economic environment and the type of receivable or loan. The level of the allowance is adjusted based on the results of this analysis.

\$1,017,968 and \$1,057,460 of loans were considered past due as of June 30, 2021 and 2020, respectively, however credit risk with these loans is somewhat limited given the rules associated with Perkins Loans that allow properly administered loans to be conveyed back to the DOE in exchange for a reduction in refundable U.S. government grants for student loans and, accordingly, reserves required for these loans are modest. The College has omitted detailed disclosures given the amounts involved.

Investments

Investments are carried at fair value. Fair value is determined based on the fair value policies described in this section.

Net investment return (loss) is reported in the statements of activities and consists of interest, dividends, realized and unrealized gains and losses net of external direct investment expenses. Returns are allocated to the underlying source of the funds when such funds are received with donor restrictions with other returns being considered without donor restrictions.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The College reports required types of financial instruments in accordance with the fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and to minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine recurring reported fair values of certain instruments by classifying such into three categories based on the nature of the inputs used. The fair value standards also require certain items be recorded at fair value when received on a non-recurring basis, such as long-term contributions receivable. In addition, the College reports certain investments using the net asset value (“NAV”) per share as determined by investment managers under the so called “practical expedient” of fair value. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met with such category being separate and apart from the three basic categories of fair value items. The categories other than the NAV method are as follows:

- Level 1* – Quoted prices in active markets for identical instruments as of the reporting date. Instruments within this category generally include listed equity securities, publically traded mutual funds and certain funds that are much the same as public funds traded on stock or other exchanges.
- Level 2* – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly as of the reporting date. Instruments in this category most often require the use of a model commonly used in valuation, such an interest rate of like duration and risk that would assist in determining pricing of the instrument.
- Level 3* – Pricing inputs are unobservable given little, if any, market activity for the instrument. The inputs for such require significant judgment such as an appraisal or other method. Instruments in this category include certain types of private equity that are not eligible for NAV valuation and beneficial interests in perpetual trusts.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the College’s financial instruments, see Note 5 - Investments and Fair Value Measurements.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Deposits with Bond Trustees

Deposits with bond trustees are reported at fair value as per the fair value policies described elsewhere in this section. These amounts relate to funds held under bond indentures for debt service and project funds. Project funds are made available from the trustees as qualifying project costs are incurred while debt service funds must be maintained per the indentures at specified levels over the term of the agreement.

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at cost when the useful life is over one year and when such amounts exceed a management established threshold, less accumulated depreciation. Depreciation is provided for on the straight-line basis over the estimated useful lives of the respective assets. If an asset is donated to the College, such amounts are recorded at fair value using Level 3 fair value methods as described elsewhere in this section at the date of the gift. Major betterments are capitalized while maintenance and repairs are expensed when incurred.

Student Deposits and Deferred Revenue

Student deposits represent reservation deposits and other advance payments by students on account. Deferred revenue represents the amount of unearned related services that are in progress as of year-end related to net tuition, fees and auxiliary enterprises such as room and board. Such amounts are reflected as revenue ratably over time with such amounts generally being recognized on a current basis given the nature and duration of the underlying services being provided.

Substantially all amounts included in deferred revenue at the opening of each period were recognized as revenues during the following fiscal period with very limited amounts not being earned associated with student withdrawal rights that management did not consider material. The remaining performance obligation is time driven given the academic calendar that underlies the earnings process for tuition, fees and auxiliary revenue. There were no significant changes to deferred revenue amounts on a quantitative or qualitative basis.

Bond Issuance Costs and Bond Premiums and Discounts

Costs incurred and underwriting discounts or premiums of bonds are capitalized and are included as part of bonds payable. Such amounts are amortized over the lives of the respective debt issues.

Income Taxes

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

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

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

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

Earned Revenue

Earned revenues are recorded using a principles based process that requires the University 1) Identify the contract with the customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations; and 5) Recognize revenue when (or as) performance obligations are satisfied. Earned revenues include tuition and fees as well as sales and services of auxiliary enterprises, all of which are under arrangements that are aligned to an academic semester and which is less than one year in length.

The College derives revenues primarily through tuition, fees and auxiliary services. Tuition, fees and auxiliary enterprises revenue are recorded at established rates, net of institutional financial aid and scholarships provided directly to students and therefore amounts are deemed to be fixed and determinable. Such net amounts are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered whether relating to educational services or auxiliary services such as room and board. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Discounts provided to employees are considered part of fringe benefits within operating expenses and likewise are recorded over time. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits as under the College's withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund within seven days of the start of classes declining to no refund at twenty-one days after the start of classes. Given the normal timing of the College's programs, the exposure to such is limited at year end.

Payments made by third parties such as DOE relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the College. Cash flows are also impacted by DOE rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Earned Revenue (Continued)

Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

The College has a number of lines of business which include traditional undergraduate education and graduate programs. The following table summarizes the percentages of revenue from each of these programs with auxiliary enterprises being ascribed to the program from which such revenues are derived.

	2021	2020
Revenue		
Undergraduate	88%	90%
Graduate	12%	10%

Contributed Support

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in this section. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. The College reports expirations of donor restrictions when the donated or acquired long-lived asset is placed into service.

Conditional contributions, including grants, are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items such as meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered with donor restrictions until known at which time such are reclassified if required.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Net Investment Return

Net investment return consists of interest and dividend income and realized and unrealized gains and losses, less any external investment expenses. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated by the board under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

Operating and Nonoperating Activity

The accompanying statements of activities present the change in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs, research, training and supporting activities. Operating revenues also include investment return pursuant to the College's spending rate policy earned on investments held for endowment and similar purposes. Investment returns in excess of or less than the spending rate are considered nonoperating. In addition, contributions raised for capital expenditures and endowment are also considered nonoperating along with other nonrecurring items.

Functional Allocation of Expenses

Expenses are reported as decreases in net assets without donor restrictions. The statements of activities present expenses by functional classification. Building operations and maintenance costs, including depreciation, are allocated based on square footage. Interest expense is allocated based on square footage applied to the functional purpose for which debt proceeds were used.

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. Expenses are also presented later within these footnotes by natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage of facilities. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of the debt.

Estimates

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

MERRIMACK COLLEGE

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842) that requires, among other things, a lessee to recognize a right-of-use asset representing an entity’s right to use the underlying asset for the lease term and a liability for lease payments on the Statement of Financial Position. For leases with a life of twelve months or less, lessees are not required to recognize a lease asset and liability, as permitted by the ASU. The College adopted ASU 2016-02 in fiscal year 2021 using the modified retrospective approach. Right-of-use assets and related lease obligations of \$675,295 and \$692,259, respectively, were recognized as of June 30, 2021 and are included in Other assets and Accounts payable and accrued expenses in the Statement of Financial Position. See also Note 7.

Reclassifications

Certain amounts from the prior year’s financial statements were reclassified in order to conform to the current year’s financial statements.

Subsequent Events

The College has evaluated all events or transactions that occurred after June 30, 2021 up through September 16, 2021, the date these financial statements were issued. No such items were noted that merited recognition through this date.

Note 3 - Liquidity and Availability

The College regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities and its line of credit. The College has a liquidity and operating reserve policy which is written and monitored by its Investment, Finance, Audit & Risk Management Committee of the Board of Trustees. The liquidity and operating reserve policy establishes certain minimum thresholds for cash balances and provides guidance to remedy any situation should cash balances be less than the established threshold.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of teaching, research and public service as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are used solely to make new loans and are, therefore, not available to meet current operating needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the College operates with a budget surplus and anticipates collecting revenue in excess of its general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the College’s cash and shows positive cash generated by operations for the years ended June 30, 2021 and 2020.

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Notes to Financial Statements

Note 3 - Liquidity and Availability (Continued)

Although not expected to be needed, the spendable yet restricted portion of the College's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

As of June 30, 2021 and 2020, the following tables show the total financial assets held by the College and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 45,504,523	\$ 34,818,010
Contributions receivable, net	3,346,526	3,171,057
Accounts and loans receivable, net	6,612,893	6,289,840
Investments convertible to cash in the next 12 months	70,021,657	54,481,624
Total financial assets at year end	\$125,485,599	\$ 98,760,531
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 44,965,782	\$ 32,915,464
Contributions for general expenditures due in one year or less	520,410	336,977
Accounts receivable due in one year or less	5,520,555	5,042,353
Investment return and appropriation	3,020,733	2,884,908
Investments not encumbered by donor or board restrictions	2,125,392	885,933
Total financial assets available to meet general expenditures over the next 12 months	\$ 56,152,872	\$ 42,065,635

Note 4 - Contributions Receivable, Net

Contributions receivable are expected to be realized as follows at June 30:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,029,338	\$ 981,718
One year to five years	2,573,421	2,388,341
Five years and thereafter	-	180,000
	3,602,759	3,550,059
Allowance for discount and doubtful pledges	(256,233)	(379,002)
Contributions receivable, net	\$ 3,346,526	\$ 3,171,057

MERRIMACK COLLEGE

Notes to Financial Statements

Note 5 - Investments and Fair Value Measurements

The valuation of the College's financial instruments by fair value hierarchy consisted of the following at June 30:

	2021			Total
	Level 1	NAV	Level 3	
Assets				
Deposits with bond trustees:				
Debt service reserve with trustee:				
Cash and cash equivalents	\$ 27,634,825	\$ -	\$ -	\$ 27,634,825
U.S. and international bond funds	-	-	-	-
Total debt service reserve with trustee	27,634,825	-	-	27,634,825
Unexpended bond proceeds:				
Cash and cash equivalents	-	-	-	-
Total unexpended bond proceeds	-	-	-	-
Total deposits with bond trustees	27,634,825	-	-	27,634,825
Investments				
Working capital investments:				
Cash and cash equivalents	1,368,412	-	-	1,368,412
U.S. and international bond funds	190,298	-	-	190,298
U.S. and international equity funds	566,682	-	-	566,682
Total working capital investments	2,125,392	-	-	2,125,392
Long-term investments (endowment):				
Cash and cash equivalents	270,517	-	-	270,517
U.S. and international bond funds	10,114,607	-	-	10,114,607
U.S. and international equity funds	48,572,308	-	-	48,572,308
Private equity and venture capital funds	8,938,833	3,163,095	3,059,875	12,101,928
Total long-term investments (endowment)	67,896,265	3,163,095	3,059,875	74,119,235
Total investments	70,021,657	3,163,095	3,059,875	76,244,627
Total assets at fair value	\$ 97,656,482	\$ 3,163,095	\$ 3,059,875	\$ 103,879,452

MERRIMACK COLLEGE

Notes to Financial Statements

Note 5 - Investments and Fair Value Measurements (Continued)

The valuation of the College's financial instruments by fair value hierarchy consisted of the following at June 30:

	<u>Level 1</u>	<u>2020 NAV</u>	<u>Total</u>
Assets			
Deposits with bond trustees:			
Debt service reserve with trustee:			
Cash and cash equivalents	\$ 9,518,131	\$ -	\$ 9,518,131
Total deposits with bond trustees	9,518,131	-	9,518,131
Investments			
Working capital investments:			
Cash and cash equivalents	269,495	-	269,495
U.S. and international bond funds	154,406	-	154,406
U.S. and international equity funds	455,907	-	455,907
Total working capital investments	879,808	-	879,808
Long-term investments (endowment):			
Cash and cash equivalents	762,348	-	762,348
U.S. and international bond funds	11,273,784	-	11,273,784
U.S. and international equity funds	29,538,578	-	29,538,578
Private equity and venture capital funds	12,027,106	2,064,276	14,091,382
Total long-term investments (endowment)	53,601,816	2,064,276	55,666,092
Total investments	54,481,624	2,064,276	56,545,900
Total assets at fair value	\$ 63,999,755	\$ 2,064,276	\$ 66,064,031

Unfunded capital commitments amounted to \$1,666,625 and \$2,121,750 at June 30, 2021 and 2020, respectively. The College has no plans or intentions to liquidate any of its investments using NAV methods at other than the ordinary course as allowed under such instruments.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 5 - Investments and Fair Value Measurements (Continued)

Redemption/liquidity of investments were as follows at June 30, 2021:

<u><i>Permissible Investment Redemption Frequency</i></u>	<u><i>Fair Value Redeemable</i></u>
Daily	\$ 70,021,657
Illiquid (>365 Days)	6,222,970
Total	<u><u>\$ 76,244,627</u></u>

Following is a reconciliation of total investment return to amounts reported in the statements of activities for the years ended June 30:

	2021	2020
Long-term investment return utilized - operating activities	\$ 2,884,908	\$ 2,863,135
Long-term investment return - nonoperating activities	<u>14,644,976</u>	<u>(3,919,090)</u>
Total return	<u><u>\$17,529,884</u></u>	<u><u>\$ (1,055,955)</u></u>

Note 6 - Land, Buildings, and Equipment, Net

The College's investment in land, buildings, and equipment is as follows at June 30:

	<i>Estimated Lives</i>	2021	2020
Land		\$ 5,040,658	\$ 3,678,263
Land improvements	10 - 30 years	24,273,712	23,560,543
Buildings and components	50 years	206,092,687	203,719,296
Furniture and equipment	5 years	50,779,387	48,915,643
Automobiles and trucks	5 - 7 years	1,364,573	1,190,385
Capital leases	3 - 4 years	1,457,193	840,874
Construction in progress		<u>1,435,164</u>	<u>2,076,634</u>
		290,443,374	283,981,638
Accumulated depreciation and amortization		<u>(126,620,173)</u>	<u>(118,470,941)</u>
		<u><u>\$ 163,823,201</u></u>	<u><u>\$ 165,510,697</u></u>

MERRIMACK COLLEGE

Notes to Financial Statements

Note 6 - Land, Buildings, and Equipment, Net (Continued)

Depreciation and amortization expense was \$8,149,235 and \$7,745,615 for the years ended June 30, 2021 and 2020, respectively.

Note 7 - Leases

The College is committed to minimum annual rent payments under several long-term non-cancellable financing and operating leases for educational and office space through fiscal year 2026.

The components of leases expense for the year ended June 30, 2021 are as follows:

Lease cost	
Finance lease expense	
Amortization of right-of-use asset	\$ 132,826
Interest on lease liabilities	19,173
Operating lease expense	226,920
Short-term lease expense	<u>1,955,693</u>
Total lease cost	<u><u>\$ 2,334,612</u></u>

Other information

Weighted average remaining lease term - finance leases	3.97 Years
Weighted average remaining lease term - operating leases	3.53 Years
Weighted average discount rate - finance leases	2.68 %
Weighted average discount rate - operating leases	3.37 %

Payments due include options to extend leases that are reasonably certain through fiscal year 2026 and are summarized below as of June 30, 2021:

	<i>Operating</i>	<i>Finance</i>	<i>Total</i>
2022	\$ 230,312	\$ 212,387	\$ 442,699
2023	230,312	177,382	407,694
2024	156,062	151,064	307,126
2025	68,496	126,014	194,510
2026	50,545	57,222	107,767
Less amounts representing interest	<u>(43,468)</u>	<u>(44,013)</u>	<u>(87,481)</u>
Total	<u><u>\$ 692,259</u></u>	<u><u>\$ 680,056</u></u>	<u><u>\$ 1,372,315</u></u>

MERRIMACK COLLEGE

Notes to Financial Statements

Note 8 - Bonds Payable and Line of Credit

Bonds Payable

Bonds payable is as follows at June 30:

	<i>Payments Through</i>	<i>2021</i>	<i>2020</i>
Bonds payable:			
Massachusetts Development Finance Agency Bonds - Series 2012A	2021	\$ -	\$ 56,110,000
Massachusetts Development Finance Agency Bonds - Series 2014	2044	20,485,000	20,745,000
Massachusetts Development Finance Agency Bonds - Series 2017	2047	28,810,000	28,975,000
Massachusetts Development Finance Agency Bonds - Series 2021A-1	2042	53,281,321	-
Massachusetts Development Finance Agency Bonds - Series 2021B	2050	22,760,000	-
Total bonds payable		125,336,321	105,830,000
Plus unamortized bond premium		5,097,613	4,676,501
Less deferred bond issuance costs		(1,385,977)	(728,054)
Less unamortized bond discount		(701,711)	(889,559)
Total bonds payable		\$ 128,346,246	\$ 108,888,888

Bonds mature serially and have fixed interest rates ranging from 2.5% to 5.25%. The bonds each include a pledge of gross receipts of the College.

The College is required to maintain escrow accounts sufficient to pay one year's principal and interest on the Series 2012A, Series 2014, Series 2017 and Series 2021B Bonds. Additionally, the Series 2012A requires a debt service fund to be held, and the Series 2021B Bonds require a project fund, debt service fund and an expense fund. Such amount is included in Deposits with bond trustees on the Statement of Financial Position.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 8 - Bonds Payable and Line of Credit (Continued)

Bonds Payable (Continued)

Bonds payable are due as follows at June 30, 2021:

2022	\$ 1,802,546
2023	2,303,807
2024	2,433,141
2025	2,526,980
2026	2,627,936
Thereafter	<u>113,641,911</u>
	<u>\$ 125,336,321</u>

Interest expense net of amounts capitalized was \$5.0 million for both the years ended June 30, 2021 and 2020.

Lines of Credit

The College has two unsecured line of credit agreements with two banks. The first line of credit extends through February 28, 2022 in the amount of \$7,500,000. The second line of credit, which was entered in to during 2021, extends through March 16, 2023 in the amount of \$10,000,000. Both lines of credit bear interest at 30-day LIBOR plus 1.25%, with a 0.10% unused fee for an actual rate of 1.34% and 1.42% at June 30, 2021 and 2020, respectively. The line of credit includes a consecutive 15-day non-use provision, which must be met annually. The line of credit expiring February 28, 2022 is subject to annual extensions upon mutual agreement. There was no amount outstanding on either line of credit as of June 30, 2021 and 2020.

Note 9 - Endowment

The College's endowment consists of approximately 300 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to function as endowments.

Interpretation of Relevant Law

The Board of the College has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 as enacted in Massachusetts ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College tracks the corpus of endowment type gifts.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 9 - Endowment (Continued)

Interpretation of Relevant Law (Continued)

The remaining portion of the donor-restricted endowment fund that is not corpus is classified as unappropriated gains until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate from 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 effect 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

Return Objectives and Risk Parameters

The overall investment objective of the College is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The College diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Investment, Finance, Audit & Risk Management Committee, which oversees the College's investment program in accordance with established guidelines in consultation and collaboration with the College's investment advisors. 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.

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

Strategies Employed for Achieving Investment Objectives

The funds have a long-term investment horizon with relatively low liquidity needs. For this reason, the funds can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the funds can take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. Nonetheless, to ensure liquidity for distributions and to facilitate rebalancing, the maximum allocation to illiquid assets, defined as funds locked-up for greater than one year, shall be limited to 30% of the funds' market value.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 9 - Endowment (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College's current endowment spending policy allows for spending of 0% to 5% of the average of the fair value of qualifying endowment investments over the previous 12 quarters. The actual appropriation was \$2,884,908 and \$2,863,135 for an effective rate of 5% for both the years ended June 30, 2021 and 2020, respectively. The appropriation for the year ended June 30, 2022 is budgeted for \$3,020,733. Accordingly, over the long term, the College expects the current spending policy will allow its endowment to maintain its purchasing power. Additional real growth will be provided through new gifts and any excess investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Deficiencies of this nature are reported as reductions in unrestricted net assets. There were no deficiencies reported as of June 30, 2021 and 2020.

Endowment net assets consist of the following at June 30:

	2021		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$57,220,138	\$57,220,138
Board-designated endowment funds	16,899,097	-	16,899,097
Total endowed net assets	<u>16,899,097</u>	<u>57,220,138</u>	<u>74,119,235</u>
	2020		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$41,856,024	\$41,856,024
Board-designated endowment funds	13,810,068	-	13,810,068
Total endowed net assets	<u>13,810,068</u>	<u>41,856,024</u>	<u>55,666,092</u>

MERRIMACK COLLEGE

Notes to Financial Statements

Note 9 - Endowment (Continued)

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment net assets, July 1, 2019	<u>\$14,731,353</u>	<u>\$44,209,056</u>	<u>\$58,940,409</u>
Total investment return	(241,515)	(814,440)	(1,055,955)
Contributions/additions	-	669,698	669,698
Appropriation of endowment assets for expenditure	(654,845)	(2,208,290)	(2,863,135)
Timing of prior year appropriations	<u>(24,925)</u>	<u>-</u>	<u>(24,925)</u>
Endowment net assets, June 30, 2020	<u>13,810,068</u>	<u>41,856,024</u>	<u>55,666,092</u>
Total investment return	3,726,572	13,716,823	17,443,395
Contributions/additions	-	3,906,069	3,906,069
Appropriation of endowment assets for expenditure	(626,130)	(2,258,778)	(2,884,908)
Timing of prior year appropriations	<u>(11,413)</u>	<u>-</u>	<u>(11,413)</u>
Endowment net assets, June 30, 2021	<u><u>\$16,899,097</u></u>	<u><u>\$57,220,138</u></u>	<u><u>\$74,119,235</u></u>

MERRIMACK COLLEGE

Notes to Financial Statements

Note 10 - Net Assets

Net assets without donor restrictions consist of the following at June 30:

	2021	2020
Net investment in land, buildings, and equipment	\$ 61,414,126	\$ 56,621,809
Board-designated endowment funds	16,899,097	13,810,068
Other funds	<u>21,011,465</u>	<u>16,279,711</u>
	<u>\$ 99,324,688</u>	<u>\$ 86,711,588</u>

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

	2021	2020
Accumulated unspent gains on endowment funds	<u>\$26,617,716</u>	<u>\$15,159,670</u>
Endowment corpus:		
Instruction	11,461,879	8,152,824
General endowment	1,631,954	1,631,954
Student aid	16,785,709	16,189,446
Other	<u>722,880</u>	<u>722,130</u>
	<u>30,602,422</u>	<u>26,696,354</u>
Total invested endowment	<u>57,220,138</u>	<u>41,856,024</u>
Pledges receivable for endowment	<u>976,976</u>	<u>1,289,932</u>
Total endowment	<u>58,197,114</u>	<u>43,145,956</u>
Unspent purpose restricted gifts:		
Instruction	974,402	947,105
Student services	553,979	471,633
Academic support	1,387,882	1,201,671
Student aid	998,770	989,779
Building projects	4,468,332	3,520,820
Other	<u>1,906,426</u>	<u>769,572</u>
	<u>10,289,791</u>	<u>7,900,580</u>
	<u>\$68,486,905</u>	<u>\$51,046,536</u>

MERRIMACK COLLEGE

Notes to Financial Statements

Note 10 - Net Assets (Continued)

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors were as follows for the years ended June 30:

	2021	2020
Operating purpose and/or time restriction:		
Instruction	\$ 134,528	\$ 211,018
Student services	150	23,497
Academic support	389,389	244,891
Student aid	2,122,540	1,736,052
Other	93,190	280,715
	\$ 2,739,797	\$ 2,496,173

Note 11 - Natural Classification of Expenses

The College's primary program service is academic instruction. Expenses reported as student services, academic support, institutional support and auxiliaries are incurred in support of this primary program activity. Expenses presented by natural classification and function are as follows for the fiscal years ended June 30:

	2021					Total
	Salaries and Benefits	Supplies and Services	Occupancy and Related Expenses	Depreciation, Amortization and Interest	Other Operating Expenses	
Instruction	\$ 38,465,130	\$ 3,311,327	\$ 2,526,288	\$ 3,000,514	\$ 160,683	\$ 47,463,942
Student services	14,246,046	3,255,100	3,665,315	2,527,653	8,077,223	31,771,337
Academic support	6,025,348	2,627,030	1,286,147	958,601	1,103,402	12,000,528
Institutional support	11,239,340	11,333,746	1,344,190	579,064	2,463,831	26,960,171
Auxiliaries	89,562	10,720,895	10,875,386	6,078,847	11,977	27,776,667
Total expenses	\$ 70,065,426	\$ 31,248,098	\$ 19,697,326	\$ 13,144,679	\$ 11,817,116	\$ 145,972,645

	2020					Total
	Salaries and Benefits	Supplies and Services	Occupancy and Related Expenses	Depreciation, Amortization and Interest	Other Operating Expenses	
Instruction	\$ 37,711,293	\$ 4,311,131	\$ 2,101,534	\$ 2,974,063	\$ 674,889	\$ 47,772,910
Student services	15,963,006	4,203,811	3,034,829	2,435,764	6,562,575	32,199,985
Academic support	6,063,451	3,236,294	1,087,083	905,301	2,099,384	13,391,513
Institutional support	11,218,595	3,983,234	1,072,578	514,207	3,793,727	20,582,341
Auxiliaries	117,203	8,575,787	9,906,299	5,934,040	57,788	24,591,117
Total expenses	\$ 71,073,548	\$ 24,310,257	\$ 17,202,323	\$ 12,763,375	\$ 13,188,363	\$ 138,537,866

MERRIMACK COLLEGE

Notes to Financial Statements

Note 11 - Natural Classification of Expenses (Continued)

Expenses associated with fundraising activities of the College were approximately \$1.7 million and \$3.6 million in 2021 and 2020, respectively, and are included in institutional support in the statements of activities.

Note 12 - Benefit Plan

The College provides a qualified defined contribution retirement annuity plan under Internal Revenue Service Code Section 403 for all eligible employees. Under this plan, the College and plan participants make contributions. The College's share of these contributions amounted to \$3,326,457 and \$3,425,949 for the years ended June 30, 2021 and 2020, respectively.

Note 13 - Commitments and Contingencies

Employment Agreements

The College has employment contracts with certain employees which extend over multiple fiscal years through 2026, and contain a variety of business terms typical in the education sector.

The College has in place a collective bargaining agreement with facilities employees. The agreement expired May 21, 2021. The College is currently in negotiations for a successor collective bargaining agreement.

Commitments

The College has multiple agreements with a company to provide student housing for students based on demand and the agreements expire at various times through August 31, 2021. In August 2021, the College renewed these leases through August 31, 2022.

The College has an agreement with a company to operate the College's food services on campus, including the dining hall, providing the exclusive right to provide meals related to the meal plan, flex dollars, and the operation of all retail operations. The contract is up for renewal in 2027.

Contingencies

From time to time, the College is subject to claims and litigation arising in the ordinary course of business. Although the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters, if any, will have a material adverse effect on its financial position, results of operations, or cash flows.

MERRIMACK COLLEGE

Notes to Financial Statements

Note 14 - Federal Support Associated with COVID-19

Higher Education Emergency Relief Funds

The College was granted three awards to assist students and the institution with the impact of COVID-19 which totaled \$13,961,009. The College recorded grant revenue of \$6,732,355 and \$0 for the years ending June 30, 2021 and 2020, respectively. Unexpended amounts pending at June 30, 2021 were \$7,228,654, which are expected to be reported as revenue in fiscal 2022 as costs are incurred.

Forward Impact

The university expects continued impact from COVID-19 associated with revenues and expenses, however, the level of impact is uncertain and will be driven by the trends of the pandemic, consumer behavior and regulatory requirements, along with other factors. The remaining funding, as noted above, will be available to mitigate such impact, however, the impacts may be greater than the funding available.

Note 15 - Related-Party Transactions

The College remits to the Order lay-equivalent salaries for those services provided by Order members. Remittances amounted to \$522,006 and \$436,988 for the years ended June 30, 2021 and 2020, respectively.