

Hampshire College
Financial Statement Summary
2020-2021

Overview

The fiscal year that ended June 30, 2021, was one of significant importance for Hampshire College. On the heels of challenges in 2019, the College navigated its way on a path to financial sustainability, carefully managing its resources while rebuilding admissions to ensure successful enrollment for years to come. At the midpoint of a significant \$60 MM campaign, the College continued to build on its successful fundraising efforts to ensure sustainability in the near term. Historical returns on the College's endowment helped to ensure the availability of resources during this time.

In the midst of the ongoing global pandemic, the College was able to continue operations largely intact due to the receipt of significant federal relief funding of just over \$9 MM. Expenses were adjusted significantly from prior years as the college adjusted to reflect current enrollment expectations.

The College's audit firm of Clifton, Larson, and Allen LLC gave an unmodified or "clean" audit opinion with no material weaknesses in controls identified. Below is a summary of the audited financial statements for the year ended June 30, 2021.

Statement of Financial Position

Assets – total assets increased by \$506,841. Combined decreases in cash and property, plant and equipment of \$9.2 million were offset by increases in receivables of \$8.8 million. These receivables reflected \$3.7 million in employee retention tax credits (federal relief funding that was recorded but not received), with the remainder comprised of contributions receivables. Investments, net of expenditures and transfers, increased by \$843,095.

Liabilities – total liabilities for the period decreased by approximately \$15 million due to a decrease in accounts payable of \$1.7 million, accrued liabilities of \$7.6 million, deferred income of \$745,645, and long-term debt of \$5 million. The decrease of accounts payable of \$1.7 million reflects the lower spending due to decreased enrollment as well as timing of payments. Accrued liabilities decreased by \$7.6 million due to the transfer of endowment investments previously managed for an unrelated organization, the Civil Liberties and Public Policy program (CLPP), which is now known as Collective Power for Reproductive Justice. The decrease in deferred revenue reflects the effect of the ongoing pandemic on non-college events such as weddings and summer programs. Long-term debt decreased due to \$4,155,500 of Paycheck Protection Program (PPP) forgiveness, along with other debt decreasing due to scheduled principal payments.

Net Assets – net assets increased by \$15.6 million both due to positive results from operations, historical investment returns, and successful fundraising efforts reflected both in the without donor restrictions (used for current operations) and the with donor restrictions (held for time or purpose restrictions) categories.

Statement of Activities:

Operating Results – In the face of a significant reduction in tuition room and board from the prior year, the College was able to close this gap through successful fundraising efforts of nearly \$13.7 million as well as the receipt of just over \$9 million in federal relief funding. Along with investment income for operations of \$5 million, total revenue was just over \$37.6 million. Expenditures, which were significantly reduced from prior years, came in at just over \$33.4 million. The nearly 20% reduction in expenses from the prior year reflected staffing and operating expenses due to decreased enrollment as well as the impact of the ongoing pandemic. The “Change in net assets from operating activities” or Operating Results (total operating revenue less total operating expenses and other expenditures) was \$4,212,471.

Nonoperating Results – the “Change in net assets from nonoperating activities” was nearly \$6 million, reflecting the historical investment returns of \$12.4 million, offset by investment income allocated for operations of just over (\$5 million) and nearly (\$1.2 million) in transfers to CLPP.

Net Assets – the change in net assets during the fiscal year was \$15.6 million, almost fully offsetting the decrease in net assets during the prior year of (\$15.8 million) which was the result of negative operating results in the 2019-2020 fiscal year combined with investment losses and the initial transfer to CLPP.

Statement of Cash Flows

The College’s on-hand cash and cash equivalents at the end of the year decreased \$6.8 million from the previous year. This was driven overall lower cash receipts during the year, cash utilization for operations, as well as the utilization of the PPP loan during the fiscal year. The College has two long term debts in the form of bonds, and recorded forgiveness of the PPP loan that was received in the prior year. The college did not take on new debt during the year.

Looking Towards the Future

Hampshire College continues on the path to financial sustainability, dedicating its resources to ensuring growth in enrollment as the main pillar of success. The 2020-2021 fiscal year enabled the College to enter a new fiscal year from a position of relative strength.