

HAMPSHIRE COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)



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**HAMPSHIRE COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hampshire College
Amherst, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hampshire College (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampshire College, as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the College will continue as a going concern. As discussed in Note 9 to the financial statements, the College did not meet its debt covenants on the Series 2016 and Series 2012 bonds. The holder of these bonds exercised its put option and issued a mandatory tender. The College is working to secure options for refinancing but has not done so at the time of the issuance of these financial statements. Therefore, the bonds are listed as current, and the College does not have the assets to pay off the bonds. The College has stated that its ability to continue as a going concern is contingent on securing financing for these bonds. Management's evaluation of the events and conditions and management's plan regarding these matters are also included in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Boston, Massachusetts
November 27, 2023

HAMPSHIRE COLLEGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 4,265,830	\$ 4,105,172
Accounts Receivable, Net (Note 2)	248,802	935,950
Employee Retention Tax Credit Receivable	3,628,427	5,530,169
Contributions Receivable, Net (Note 3)	5,698,569	5,261,424
Prepaid Expenses, Inventories, and Other Assets	126,150	80,180
Investments, at Fair Value (Note 4)	29,188,676	37,571,780
Funds Held in Trust by Others (Notes 4 and 6)	245,604	2,318,611
ROU Lease Asset - Operating, Net	500,175	-
Property, Plant, and Equipment, Net (Note 7)	42,443,996	43,482,738
Total Assets	\$ 86,346,229	\$ 99,286,024
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 811,823	\$ 764,087
Short-Term Debt, Net (Note 9)	22,184,179	23,099,446
Deposits and Deferred Income	1,265,488	874,845
Contingent Asset Retirement Obligation	3,315,054	3,283,482
ROU Lease Liability - Operating	500,175	-
Total Liabilities	28,076,719	28,021,860
NET ASSETS		
Net Assets Without Donor Restrictions (Note 10)	22,806,990	36,865,404
Net Assets With Donor Restrictions (Note 10)	35,462,520	34,398,760
Total Net Assets	58,269,510	71,264,164
Total Liabilities and Net Assets	\$ 86,346,229	\$ 99,286,024

See accompanying Notes to Financial Statements.

HAMPSHIRE COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
OPERATING ACTIVITIES				
Revenues and Other Additions:				
Tuition, Room, Board, and Other Fees	\$ 32,258,217	\$ -	\$ 32,258,217	\$ 28,466,341
Less: Student Aid Awarded	<u>(20,213,435)</u>	<u>-</u>	<u>(20,213,435)</u>	<u>(17,451,714)</u>
Net Tuition and Fees	12,044,782	-	12,044,782	11,014,627
Contributions, Gifts, and Grants	4,219,846	4,255,282	8,475,128	7,343,752
Federal Relief Funding	195,107	-	195,107	3,863,038
Other Income	580,064	-	580,064	1,439,774
Investment Income for Operations (Note 4)	9,566,775	1,568,829	11,135,604	9,282,458
Other Auxiliary Enterprises	2,885,692	-	2,885,692	1,963,734
Net Assets Released from Restrictions for Operating Purposes	<u>4,222,282</u>	<u>(4,222,282)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Additions	<u>33,714,548</u>	<u>1,601,829</u>	<u>35,316,377</u>	<u>34,907,383</u>
Expenses and Other Deductions:				
Instruction	8,025,120	-	8,025,120	8,144,777
Research	636,004	-	636,004	594,610
Student Services	8,903,484	-	8,903,484	6,986,307
Institutional Support	10,957,201	-	10,957,201	9,887,023
Academic Support	2,304,600	-	2,304,600	2,615,640
Auxiliary Enterprises	<u>7,892,756</u>	<u>-</u>	<u>7,892,756</u>	<u>6,994,653</u>
Total Expenses and Other Deductions	<u>38,719,165</u>	<u>-</u>	<u>38,719,165</u>	<u>35,223,010</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(5,004,617)</u>	<u>1,601,829</u>	<u>(3,402,788)</u>	<u>(315,627)</u>
NONOPERATING ACTIVITIES				
Contributions for Long-Term Investment	695	885,824	886,519	28,032
Net Loss (Return) on Long-Term Investments (Note 4)	469,078	2,219,442	2,688,520	(6,514,681)
Investment Income for Operations (Note 4)	<u>(9,566,775)</u>	<u>(1,568,829)</u>	<u>(11,135,604)</u>	<u>(9,282,458)</u>
Other Deductions	<u>43,205</u>	<u>(2,074,506)</u>	<u>(2,031,301)</u>	<u>44,463</u>
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>(9,053,797)</u>	<u>(538,069)</u>	<u>(9,591,866)</u>	<u>(15,724,644)</u>
TOTAL CHANGE IN NET ASSETS	<u>(14,058,414)</u>	<u>1,063,760</u>	<u>(12,994,654)</u>	<u>(16,040,271)</u>
Net Assets - Beginning of Year	<u>36,865,404</u>	<u>34,398,760</u>	<u>71,264,164</u>	<u>87,304,435</u>
NET ASSETS - END OF YEAR	<u>\$ 22,806,990</u>	<u>\$ 35,462,520</u>	<u>\$ 58,269,510</u>	<u>\$ 71,264,164</u>

See accompanying Notes to Financial Statements.

HAMPSHIRE COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (12,994,654)	\$ (16,040,271)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	2,163,363	2,473,131
Net Realized and Unrealized (Gains) Losses	(2,443,865)	6,514,112
Contributions for Donor-Restricted Endowment	(885,824)	(60,201)
Change in Accounts Receivable	1,896,639	(2,750,807)
Change in Funds Held in Trust by Others	2,073,007	(21,363)
Change in Contributions Receivable	(437,145)	2,741,961
Change in Prepaid Expenses, Inventories, and Other Assets	(45,970)	80,978
Change in Accounts Payable and Accrued Expenses	47,736	46,692
Change in Deposits Payable and Deferred Revenues	390,643	(87,073)
Change in ROU Lease Asset	(500,175)	-
Change in ROU Lease Liability	500,175	
Change in Conditional Asset Retirement Obligation	31,572	31,271
Net Cash Used by Operating Activities	(10,204,498)	(7,071,570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant, and Equipment	(1,302,106)	(475,025)
Proceeds from Property, Plant, and Equipment	177,485	87,219
Change in Employee Mortgages and Notes Receivable	692,250	199,481
Purchase of Investments	(9,698,982)	(11,282,555)
Sale and Maturities of Investments	20,525,952	20,587,941
Net Cash Provided by Investing Activities	10,394,599	9,117,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(915,267)	(965,769)
Contributions for Donor-Restricted Endowment	885,824	60,201
Net Cash Used by Financing Activities	(29,443)	(905,568)
NET CHANGE IN CASH AND CASH EQUIVALENTS	160,658	1,139,923
Cash and Cash Equivalents - Beginning of Year	4,105,172	2,965,249
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,265,830	\$ 4,105,172
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 726,448	\$ 678,310
Cash Paid for Interest on Operating Leases	9,271	-
	\$ 735,719	\$ 678,310

See accompanying Notes to Financial Statements.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hampshire College (the College) is a residential, coeducational, liberal arts college, which offers an academic program leading to the Bachelor of Arts degree. The College was founded in 1965 and commenced academic classes in September 1970. The average student enrollment was 490 and 450 during fiscal years 2023 and 2022, respectively.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The classification of net assets and revenues, expenses, gains, and losses are determined by the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations but may be designated for specific purposes by action of the board of trustees or management.

With Donor Restrictions – Net assets whose use by the College is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the College pursuant to those stipulations. This category includes realized and unrealized gains on donor-restricted endowment funds that have not been appropriated for expenditure by the board of trustees in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This category also includes net assets whose corpus is restricted by the donor to be invested in perpetuity whose income may be made available for stipulated purposes.

Contributions are reported as increases in the appropriate category of net assets, based on the existence or absence of donor restriction or inherent time restriction. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments based on the existence or absence of donor-imposed restrictions, are reported as increases or decreases in net assets with donor restrictions or net assets without donor restrictions generally based on the donor-imposed restriction or the use of gains or losses as well as by the College's interpretation of relevant state law. Expirations of donor restrictions recognized on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Exchange transactions are recorded as revenues without donor restrictions when they are earned.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Operating Activities

The statement of activities includes all of the College's revenues and expenses as part of operating activities except for changes in value of split interest agreements, gifts for long-term investment, nonoperating asset transfers and deductions, releases from restrictions for nonoperating purposes and realized and unrealized gains (losses) on investments, net of amount appropriated for operations. The investment earnings appropriated for operations include the College's annual spending distribution and additional draws that are approved by the board of directors. See Note 5 for additional details related to investment earnings that were approved by the board of trustees and appropriated for operations.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a maturity of three months or less at the time of purchase.

Prepaid Expenses, Inventories, and Other Assets

Prepaid expenses, inventories, and other assets include supplies and inventory for sale, and amounts paid in advance for future services.

Revenue Recognition and Release of Restrictions

Tuition and Fees

The College recognizes student tuition and fees revenue within the fiscal year in which educational services are provided. Scholarships and financial aid grants are reported as a reduction of tuition and fee revenues in the form of a scholarship allowance in the statements of activities. Scholarship allowances are provided from earnings on restricted funds, certain board-designated endowments, and through unfunded discounts. Tuition and fees are presented net of scholarship allowances on the statements of activities 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. The Scholarship allowance provided to students was \$20,213,435 in 2023 and \$17,451,714 in 2022. Cash payments to students in excess of published prices, excluding compensation, are reported as scholarship allowances in the statements of activities.

HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Release of Restrictions (Continued)

Tuition and Fees (Continued)

The College's tuition and fee revenue is derived from its residential, coeducational, undergraduate liberal arts program leading to a Bachelor of Arts degree. The program has Fall (August-December) and Spring (January-May) terms. There is no summer term. First-year students secure their enrollment and housing in the campus-based programs by paying nonrefundable deposits for the following Fall academic term. The deposits are applied against the charges for the academic and residential programs.

Contributions

Contributions, which include unconditional promises to give, are reported as increases in net assets without donor restrictions unless use of the related assets is limited by explicit donor stipulation or by the passage of time. Contributions are recognized as revenues in the period an unconditional promise is made, or a gift is received, net of a reserve for uncollectible amounts. Contributions to be received after one year are discounted using the appropriate risk-free rate and amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contribution. As of June 30, 2023, the College has no unrecorded conditional agreements from government sponsors related to Higher Education Emergency Relief Funds (HEERF), due to the conditions for recognizing revenue not being met.

The College is the irrevocable remainder beneficiary of several forms of split-interest agreements, including charitable remainder trusts, charitable gift annuities, and pooled income agreements. Contributions to these trusts are reported as increases in donor-restricted net assets. The amount of contribution revenue recognized is reduced by an actuarial estimate of the trust's liability for payments to an intermediate income beneficiary (or beneficiaries) over the term of the trust.

Investment Income or Loss

Investment income or loss includes (a) interest, dividends, and realized and unrealized gains and losses on investments controlled by the College, (b) income received from, and changes in the fair value of, investments held in trusts by others, and (c) changes in valuation of alternative investments based on net asset value. In the absence of explicit donor stipulations for its use, investment income is reported as an increase in net assets without donor restriction. Change in the fair value of investments held in trust by others is reported as donor-restricted investment income or loss, consistent with the classification of underlying assets.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Release of Restrictions (Continued)

Auxiliary Enterprises

Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public. A fee is charged for the goods or services, which may or may not equal the costs of the goods or services. Residence halls and food services make up the majority of auxiliary revenues. The distinguishing characteristic of auxiliary enterprises is that they are managed as an essentially self-supporting activity. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions. Payments for housing and dining services are due approximately 30 days prior to the start of the academic term. Performance obligations for housing and dining services are delivered over the academic terms. Consequently, associated revenues are earned and recognized over the course of each term as the services are delivered.

Release from Restrictions

Net assets are released from donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed. Donor restrictions on contributions made for the acquisition of long-lived assets are released when the stipulated assets are placed in service. Donor restrictions also expire upon termination of a split-interest gift agreement, which does not contain restrictions on the use of the remainder assets. These events are reported as net assets released from restrictions on the statements of activities.

Deferred Revenue

Deferred revenue represents payments received prior to the start of the academic term. Deferred revenue related to tuition and fees totaled \$417,451 and \$260,443 at June 30, 2023 and 2022, respectively. The balance of deferred revenue at June 30, 2023, less any refunds, will be recognized as revenue as services are rendered. The College applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The College anticipates that students enrolled for the Fall semester will continue their studies in the Spring semester, and that students who receive their baccalaureate degree in December or May will be replaced by an equivalent number of new enrollees.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Release of Restrictions (Continued)

Deferred Revenue (Continued)

The activity and balances for deposits and deferred revenues from contacts with customers are shown in the following table:

	Tuition, Fees, Room, and Board	Other	Total
Balance at June 30, 2021	\$ 220,008	\$ 741,910	\$ 961,918
Revenue Recognized	(220,008)	(741,910)	(961,918)
Amounts Received for Future Performance Obligations	260,443	614,402	874,845
Balance at June 30, 2022	260,443	614,402	874,845
Revenue Recognized	(260,443)	(614,402)	(874,845)
Amounts Received for Future Performance Obligations	417,451	848,037	1,265,488
Balance at June 30, 2023	<u>\$ 417,451</u>	<u>\$ 848,037</u>	<u>\$ 1,265,488</u>

Federal Relief Funding

Federal relief funding represents amounts received from the government to assist organizations due to the COVID-19 pandemic. Federal relief funding amounts total \$195,107 as of June 30, 2023 and consisted of these items: \$84,254 of Federal Emergency Management Agency funds (FEMA) and \$110,852 of Higher Education Emergency Relief Funds (HEERF). As of June 30, 2022, federal relief funding amounts total \$3,863,038 consisting of \$1,800,000 of Employee Retention Credit (ERC), \$610,196 of Federal Emergency Management Agency funds (FEMA), and \$1,452,852 of Higher Education Emergency Relief Funds (HEERF).

Investments

Investments are reported at fair value. If an investment is held directly by the College and an active market with quoted prices exists, the College reports the fair value as the market price of an identical security. The College also holds shares or units in alternative investments such as private equity, and real asset strategies. Such funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, those investments may hold assets, which require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The College has utilized the net asset value (NAV) reported by each of the underlying funds as a practical expedient to estimating the fair value of the investments. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interest in the funds. Furthermore, changes in the liquidity provisions of the funds may significantly impact the fair value of the College's interests in the funds. Although certain investments may be sold in secondary market transactions, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell its interest in a fund in the secondary market, the sale could occur at an amount materially different from the reported value.

Fair Value of Financial Instruments

The fair value of investments is disclosed in Note 4. Fair value for marketable securities is based upon quoted market prices. Fair values for trusts held by others, and other alternative investments are valued based upon net asset values as reported by third parties responsible for administering and/or managing such investments. Fair value represents the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date.

Except for investments reported at NAV as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets carried at fair value based on the valuation methodologies employed. The hierarchy is defined 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 – No observable quoted prices, reliance on assumptions market participants would use if a market existed for the assets or liabilities.

The level in the fair value hierarchy used to classify an item is based on the lowest level that is significant to the fair value being established.

The College utilizes the NAV as its estimate of fair value for those funds whose value is determined by the appropriate fund manager. The majority of investments report at NAV consisting of shares or units in funds as opposed to direct interest in the funds' underlying securities, which may be readily marketable and not difficult to value.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Plant

Constructed and purchased property, equipment, and library collections are carried at cost. The College capitalizes purchases that have a value of at least \$5,000 and a useful life exceeding three years. Land, buildings, or equipment donated to the College are generally carried in the accounts at appraised value at the date of the gift. Long-lived fixed assets, with the exception of land, are depreciated using the straight-line method over the estimated useful lives.

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the College capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, the difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities.

Deposits and Deferred Revenues

Deposits and deferred revenues represent amounts collected through June 30, from outside groups for summer conferences and from students relating to student registration for the upcoming fall semester. Such amounts are reported as revenue during the subsequent fiscal year.

Tax Status

The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from federal taxes pursuant to Section 501(a) of the IRC. The College has assessed uncertain tax positions and determined that there were no such positions that have a material effect on the financial statements.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities, as well as the reported amounts of revenues and expenses. These estimates include the allowance for uncollectible accounts, pledges and loans receivable, and the fair value of certain investments. Actual results could differ from these estimates.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited. Expenses are allocated per building, by square footage. All functional expense categories, with the exception of administrative and general, can be classified as expenses supporting the College's main program. Administrative and general support expenses are considered administrative expenses and include fundraising expenses.

Risk and Uncertainties

The novel coronavirus (COVID-19) had adversely affected and may continue to adversely affect the economic activity globally, national, and locally. While the College's campus closed in March 2020, classes continued in a remote setting. The Campus re-opened for the fall 2020 semester with a hybrid approach offering both in-person and remote learning. The extent of any impact on the College's operations will depend on future developments, including the duration of the outbreak, business interruption, and any related governmental or other regulatory actions, which cannot be predicted at this time.

Due to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) on December 27, 2020, and the American Rescue Plan Act (ARP) on March 11, 2021, which included funding for HEERF. These funds were awarded to institutions of higher education in two allotments; institutional aid to provide support for defraying expenses associated with coronavirus, and a student portion to provide emergency financial aid grants to students.

Through June 30, 2023, the College has received an allocation of \$2,762,896 in student portion and \$3,339,803 in institutional portion. From the institutional portion, the College has expended \$81,909 and \$2,023,498 for various eligible expenses for the years ended June 30, 2023 and 2022, respectively. The College has expended \$110,854 and \$1,762,236 related to emergency student grants for the years ended June 30, 2023 and 2022, respectively.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The College adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

The College determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the College’s right to use an underlying asset for the lease term and lease liabilities represent the College’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Additional quantitative and qualitative information regarding the College’s lease arrangements can be found in Note 8.

NOTE 2 ACCOUNTS RECEIVABLE

The following summarizes the aging of student accounts receivable for the years ended June 30:

	<u>2023</u>	<u>2022</u>
0-90 Days	\$ 82,414	\$ 29,900
91-180 Days	25,992	10,333
181-360 Days	132,849	113,564
Over 360 Days	183,490	178,734
Total	<u>\$ 424,745</u>	<u>\$ 332,531</u>

Accounts receivable are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Student Accounts	\$ 424,745	\$ 332,531
Other	152,447	844,697
Total	577,192	1,177,228
Less: Allowance for Uncollectible Accounts	<u>(328,390)</u>	<u>(241,278)</u>
Accounts and Loans Receivable, Net	<u>\$ 248,802</u>	<u>\$ 935,950</u>

Bad debt expense amounted to approximately \$38,310 and \$31,500 as of June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, respectively, the balance of the contract assets shown as student accounts receivable, net on the statements of financial position was \$424,745 and \$332,531. At the beginning of 2022, the balance of contract assets was \$379,617.

HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at June 30.

Unconditional promises expected to be collected:

	<u>2023</u>	<u>2022</u>
In One Year or Less	\$ 2,599,340	\$ 1,632,625
Between One and Five Years	3,368,000	3,959,972
In More Than Five Years	<u>39,939</u>	<u>20,000</u>
Total	6,007,279	5,612,597
Less: Unamortized Discount and Allowance for Uncollectible Accounts	<u>(308,710)</u>	<u>(351,173)</u>
Contributions Receivable, Net	<u>\$ 5,698,569</u>	<u>\$ 5,261,424</u>

Discount rates used to calculate the present value of contributions receivable ranged from 0.25% to 1.45%. Bad debt expense amounted to approximately \$60,073 and \$51,600 as of June 30, 2023 and 2022, respectively.

NOTE 4 FAIR VALUE AND INVESTMENTS

The following table summarizes the valuation of the College's investments and other assets at June 30, 2023:

	2023				Total	Redemption
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at Net Asset Value		
Long-Term Investments:						
U.S. Equity:						
Large Cap Exchange Traded Treasury	\$ 4,732,742	\$ -	\$ -	\$ -	\$ 4,732,742	Daily
Non-U.S. Equity Fund	2,183,609	-	-	10,255,602	12,439,211	Monthly/Quarterly
Fixed Income	2,633,307	-	-	-	2,633,307	Daily
Hedge Funds	-	-	-	6,180,754	6,180,754	Quarterly
Real Asset	569,807	-	-	980,863	1,550,670	Daily/Monthly
Private Equity	-	-	585,459	-	585,459	Illiquid
Private Partnerships	-	-	-	304,904	304,904	Illiquid
Pooled Life Income Funds and Other	-	-	129,856	-	129,856	N/A
Total Investments Measured at Fair Value	<u>10,119,465</u>	<u>-</u>	<u>715,315</u>	<u>17,722,123</u>	<u>28,556,903</u>	
Cash and Cash Equivalents	631,773	-	-	-	631,773	Daily
Total Investments	<u>10,751,238</u>	<u>-</u>	<u>715,315</u>	<u>17,722,123</u>	<u>29,188,676</u>	
Other Assets:						
Funds Held in Trust by Others	-	-	245,604	-	245,604	N/A
Total	<u>\$ 10,751,238</u>	<u>\$ -</u>	<u>\$ 960,919</u>	<u>\$ 17,722,123</u>	<u>\$ 29,434,280</u>	

HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 FAIR VALUE AND INVESTMENTS (CONTINUED)

The following table summarizes the valuation of the College's investments and other assets at June 30, 2022:

	2022					
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at Net Asset Value	Total	Redemption
	Long-Term Investments:					
U.S. Equity:						
Large Cap Exchange Traded Treasury	\$ 4,903,978	\$ -	\$ -	\$ -	\$ 4,903,978	Daily
Non-U.S. Equity Fund	1,128,594	-	-	9,075,048	10,203,642	Monthly/Quarterly
Fixed Income	10,507,437	-	-	-	10,507,437	Daily
Hedge Funds	-	-	-	7,111,517	7,111,517	Quarterly
Real Asset	2,631,232	-	-	995,412	3,626,644	Daily/Monthly
Private Equity	-	-	754,646	-	754,646	Illiquid
Private Partnerships	-	-	-	271,704	271,704	Illiquid
Pooled Life Income Funds and Other	-	-	130,482	-	130,482	N/A
Total Investments Measured at Fair Value	19,171,241	-	885,128	17,453,681	37,510,050	
Cash and Cash Equivalents	61,730	-	-	-	61,730	Daily
Total Investments	19,232,971	-	885,128	17,453,681	37,571,780	
Other Assets:						
Funds Held in Trust by Others	-	-	2,318,611	-	2,318,611	N/A
Total	\$ 19,232,971	\$ -	\$ 3,203,739	\$ 17,453,681	\$ 39,890,391	

The following table presents the College's activity for the fiscal years ended June 30, 2023 and 2022 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Funds Held by Others and Pooled Life		
	Private Equity	Income Funds	Total
Fair Value June 30, 2022	\$ 754,646	\$ 2,449,093	\$ 3,203,739
Acquisitions	123,329	-	123,329
Dispositions	(379,915)	-	(379,915)
Management Fees	(13,260)	-	(13,260)
Income	85,816	-	85,816
Unrealized Gains/Losses	14,843	(2,073,633)	(2,058,790)
Fair Value June 30, 2023	\$ 585,459	\$ 375,460	\$ 960,919
Fair Value June 30, 2021	\$ 251,313	\$ 2,397,340	\$ 2,648,653
Acquisitions	484,968	-	484,968
Dispositions	(50,519)	-	(50,519)
Management Fees	(17,500)	-	(17,500)
Income	37,578	-	37,578
Unrealized Gains/Losses	48,806	51,753	100,559
Fair Value June 30, 2022	\$ 754,646	\$ 2,449,093	\$ 3,203,739

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 FAIR VALUE AND INVESTMENTS (CONTINUED)

At June 30, 2023, the College did not have any remaining outstanding commitments for Level 3 investments on the provisions of the individual agreements, with adjustments as to amounts and timing based on prior actions of the partnerships and expectations as to future opportunities.

The College's total investment return is summarized below:

	2023	2022
Dividends and Interest	\$ 437,524	\$ 476,725
Realized/Unrealized Gains (Losses) on Investments	2,443,865	(6,514,112)
Management Fees and Other Costs	(192,869)	(477,294)
Total Return on Investments	2,688,520	(6,514,681)
Appropriated to Operations	(11,135,604)	(9,282,458)
Nonoperating Investment Loss	\$ (8,447,084)	\$ (15,797,139)

NOTE 5 ENDOWMENT FUNDS

The College's endowment consists of approximately 250 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the College to function as endowments (quasi endowments).

Endowment funds share in an investment pool on a unit market value basis. Funds are added to and withdrawn from the pool at the then current unit market value of the pooled assets. The College uses a total return approach to managing endowment investments. 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.

Giving consideration to The Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the Commonwealth of Massachusetts, the College has prepared these financial statements on the basis that the original gifts of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, must be preserved. As a result, the College classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund classified as net assets with donor restrictions 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 determining appropriate spending levels from donor-restricted endowment funds: duration and preservation of the endowment fund, purposes of the College and the endowed fund, general economic conditions, possible effects of inflation or deflation, expected total return from income and the appreciation of investments, other resources of the College, and the investment policy of the College.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

Investment return is distributed for operations on a unit share basis. The spending policy limits the annual distribution of return based upon a 12-quarter average market value. For 2023 and 2022, the percentage distributed was 4.5%.

In addition to the 4.5% draw, there was a board approved and donor requested draw of \$9,000,000 and \$7,302,666 for the years ended June 30, 2023 and 2022, respectively, to support operations. In both 2023 and 2022, the entire amount was transferred from the quasi endowment.

As a result of market declines and appropriations, the fair value of certain donor-restricted endowments may fall below original contributed value. Deficiencies of this nature were reported as reductions of net assets with donor restrictions in the amount of \$966,352 and \$1,339,336 at June 30, 2023 and 2022, respectively.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted amounts reported below include term endowments reported as net assets with donor restrictions; and cumulative unspent appreciation, reported as net assets with donor restrictions.

Endowment funds, which include pooled endowment funds but exclude split-interest agreements and pledges, consisted of the following at June 30, 2023 and 2022:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 26,237,705	\$ 26,237,705
Board-Designated (Quasi)	4,376,660	-	4,376,660
Total	<u>\$ 4,376,660</u>	<u>\$ 26,237,705</u>	<u>\$ 30,614,365</u>
	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 24,734,467	\$ 24,734,467
Board-Designated (Quasi)	13,472,161	-	13,472,161
Total	<u>\$ 13,472,161</u>	<u>\$ 24,734,467</u>	<u>\$ 38,206,628</u>

HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment funds for the fiscal year ended June 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022	\$ 13,472,161	\$ 24,734,467	\$ 38,206,628
Investment Return	469,078	2,186,242	2,655,320
Contributions	2,196	885,825	888,021
Appropriated to Operations	(566,775)	(1,568,829)	(2,135,604)
Appropriated to Operations - Special	(9,000,000)	-	(9,000,000)
Transfers	-	-	-
June 30, 2023	<u>\$ 4,376,660</u>	<u>\$ 26,237,705</u>	<u>\$ 30,614,365</u>

Changes in endowment funds for the fiscal year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021	\$ 17,934,322	\$ 35,977,918	\$ 53,912,240
Investment Return	(2,288,777)	(4,202,234)	(6,491,011)
Contributions	7,658	60,199	67,857
Appropriated to Operations	(628,488)	(1,351,304)	(1,979,792)
Appropriated to Operations - Special	(7,302,666)	-	(7,302,666)
Transfers	5,750,112	(5,750,112)	-
June 30, 2022	<u>\$ 13,472,161</u>	<u>\$ 24,734,467</u>	<u>\$ 38,206,628</u>

NOTE 6 FUNDS HELD IN TRUST BY OTHERS

The College is irrevocably named as a beneficiary of funds held by third-party trustees, the purpose of which may be restricted by the donor. Generally, the College will receive a specified portion of the assets remaining when the third-party trusts are terminated. The present value of the amount to be received upon termination is recorded by the College as funds held in trust on the statements of financial position and as contribution revenue on the statement of activities using a discount rate of 3.79% for both 2023 and 2022. Funds held in trust by others totaled \$245,604 and \$2,318,611 at June 30, 2023 and 2022, respectively.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at June 30:

	<u>Useful Life</u>	<u>2023</u>	<u>2022</u>
Land	-	\$ 3,877,606	\$ 3,877,606
Land Improvements	30 Years	7,031,793	6,913,013
Library Collection	10 Years	7,784,959	7,762,056
Vehicles	10 Years	1,014,765	1,014,765
Equipment	3 to 5 Years	25,773,853	25,342,702
Building and Building Improvements	10 to 50 Years	86,971,300	86,481,794
Total		<u>132,454,276</u>	<u>131,391,936</u>
Accumulated Depreciation		<u>(90,072,561)</u>	<u>(87,909,198)</u>
Total		42,381,715	43,482,738
Construction in Progress		<u>62,281</u>	<u>-</u>
Property, Plant, and Equipment, Net		<u>\$ 42,443,996</u>	<u>\$ 43,482,738</u>

Depreciation expense was \$2,163,363 and \$2,473,131 at June 30, 2023 and 2022, respectively.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 LEASES

The College leases equipment as well as vehicles for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2028 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning the College's leases for the year ended June 30, 2023:

Quantitative Disclosures	
Lease Cost:	
Operating Lease Cost	\$ 115,142
Short-Term Lease Cost	-
Variable Lease Cost	-
Sublease Income (enter as negative)	-
Total Lease Cost	\$ 115,142
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 115,142
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	\$ 606,046
Weighted-Average Remaining Lease Term -	
Operating Leases	4.0 Years
Weighted-Average Discount Rate - Operating Leases	
	2.78%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 165,217
2025	106,786
2026	105,555
2027	101,863
2028	50,074
Undiscounted Cash Flows	529,495
Less: Imputed Interest	(29,320)
Total	\$ 500,175
Short-Term Lease Liabilities	\$ 153,255
Long-Term Lease Liabilities	346,921
Total	\$ 500,176

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 DEBT

The College has debt agreements with a realty trust and banks for the financing of certain buildings and equipment.

The details of the short-term debt outstanding as of June 30, are as follows:

	Maturity Date	Interest Rate at June 30, 2023 and 2022	Amount Outstanding	
			2023	2022
Realty Trust Note	2022	- %	\$ -	\$ 49,431
Series 2012 Bond	2024	4.4	9,466,976	9,955,500
Series 2016 Bond	2024	2.8	12,978,091	13,380,668
Total			22,445,067	23,385,599
Less: Unamortized Financing Costs			(260,888)	(286,153)
Long-Term Debt, Net			<u>\$ 22,184,179</u>	<u>\$ 23,099,446</u>

Series 2012 and 2016 Bonds, and Realty Trust debt are collateralized by certain facilities, equipment, and premises. The College is required to meet various covenants on an annual basis with respect to its debt. In 2023, the College failed some of their covenant requirements over both the Series 2012 and Series 2016 bonds. Interest expense incurred on debt financing totaled \$726,448 and \$678,310 in 2023 and 2022, respectively.

The Series 2012 Bond was subject to a put option at December 28, 2022. The holder of the bonds exercised the put option on April 29, 2022, issuing an irrevocable notice of mandatory tender due on December 28, 2022. In October 2023, the bond holder extended the mandatory tender to March 30, 2024, while the College pursued financing options to assist in refunding the Series 2012 Bonds. As of November 27, 2023, the College has not been able to location options to assist in refunding the Series 2012 Bonds.

The Series 2016 Bond was not subject to a put option, however, at June 30, 2023, the College failed two of their covenants which could trigger a default.

Due to the matters above, the College has re-classified these bonds from long-term debt to short-term debt as of June 30, 2023.

Principal payments on all short-term are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 22,184,179

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

The composition of the categories of net assets as of June 30, 2023 and 2022, consists of:

	2023		2022	
	Net Assets Not Invested in Perpetuity	Net Assets Invested in Perpetuity	Net Assets Not Invested in Perpetuity	Net Assets Invested in Perpetuity
Accumulated Net Gains on Endowments With Donor Restrictions	\$ 111,199	\$ -	\$ (506,215)	\$ -
Restricted by Donors for Programs	2,975,738	-	1,812,554	-
Contributions Receivable for Programs	5,698,569	-	5,259,924	-
Morgan Venture Fund	-	304,904	-	271,704
Contributions Receivable for Endowments With Donor Restrictions	-	-	-	1,500
Funds Held in Trust by Others	-	245,604	-	2,318,611
Endowment Funds With Donor Restrictions	-	26,126,506	-	25,240,682
Total	<u>\$ 8,785,506</u>	<u>\$ 26,677,014</u>	<u>\$ 6,566,263</u>	<u>\$ 27,832,497</u>

Net assets released from restriction for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Scholarships, Instruction, and Other Operating Expenses	<u>\$ 4,222,282</u>	<u>\$ 10,541,363</u>

NOTE 11 RETIREMENT BENEFITS

Contributions made by the College for the TIAA-CREF Retirement Plan were \$1,293,235 and \$1,318,990 during fiscal years 2023 and 2022, respectively, for eligible and enrolled employees based on a portion of salaries of 8%. In addition, the employees enrolled in the plan contributed a portion of their salaries ranging from 3% to 5%.

NOTE 12 AVAILABLE RESOURCES AND LIQUIDITY

The College regularly monitors liquidity required 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, equities, fixed income, and real assets.

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 instruction, research, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the College's cash.

As of June 30, 2023 and 2022, the following tables show the total financial assets held by the College and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 4,265,830	\$ 4,105,172
Accounts and Loans Receivable, Net	248,802	935,950
Contributions Receivable, Net	5,698,569	5,261,424
Investments Convertible to Cash in the Next 12 Months	4,487,859	37,049,796
Total	\$ 14,701,060	\$ 47,352,342
Financial Assets Available to Meet General Expenditures:		
Cash and Cash Equivalents	\$ 4,265,830	\$ 4,105,172
Accounts and Loans Receivable, Net	248,802	935,950
Current Portion of Contributions Receivable	2,599,340	1,632,625
Appropriated Earnings from Endowment	1,954,732	2,135,604
Total	\$ 9,068,704	\$ 8,809,351

NOTE 13 FUNCTIONAL EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The College reports expenditures in categories reflecting core operational objectives for higher education as defined by Integrated Postsecondary Education Data System (IPEDS).

	2023						
	Instruction	Academic Support	Research	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and Wages	\$ 4,366,874	\$ 1,357,136	\$ 358,798	\$ 4,121,495	\$ 2,472,654	\$ 6,377,006	\$ 19,053,963
Employee Benefits	1,211,348	346,507	48,694	1,026,691	699,867	1,767,172	5,100,279
Supplies, Services, and Other	1,627,161	600,957	228,512	3,119,832	3,696,519	2,402,131	11,675,112
Depreciation	613,669	-	-	475,721	766,372	307,601	2,163,363
Interest	206,068	-	-	159,745	257,344	103,291	726,448
Total	\$ 8,025,120	\$ 2,304,600	\$ 636,004	\$ 8,903,484	\$ 7,892,756	\$ 10,957,201	\$ 38,719,165
	2022						
	Instruction	Academic Support	Research	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and Wages	\$ 4,498,884	\$ 1,227,650	\$ 298,289	\$ 2,822,930	\$ 2,181,584	\$ 6,260,456	\$ 17,289,793
Employee Benefits	1,273,655	316,979	48,756	747,579	535,328	1,536,699	4,458,996
Supplies, Services, and Other	1,480,008	1,071,012	247,565	2,724,135	3,163,495	1,642,641	10,328,856
Depreciation	701,540	-	-	543,839	876,107	351,645	2,473,131
Interest	190,689	-	-	147,824	238,139	95,582	672,234
Total	\$ 8,144,776	\$ 2,615,641	\$ 594,610	\$ 6,986,307	\$ 6,994,653	\$ 9,887,023	\$ 35,223,010

**HAMPSHIRE COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 GOING CONCERN

As discussed in Note 9 to the financial statements, the College did not meet its debt covenants on the Series 2016 and Series 2012 bonds. The holder of these bonds exercised its put option and issued a mandatory tender. The college has not been able to secure options for refinancing. Therefore, the bonds are listed as current and College does not have the assets to pay off the bonds.

Management has concluded that it would be prudent to acknowledge the College's ability to continue as a going concern within one year from the issuance of these financial statements is dependent on successfully securing financing. Management continues to pursue all options.

NOTE 15 SUBSEQUENT EVENTS

The College evaluated subsequent events for potential recognition or disclosure through November 27, 2023, the date on which the financial statements were issued.