Hampshire College
Financial Statement
Summary 2024-2025

Overview

During the fiscal year ended June 30, 2025, Hampshire College continued to make progress in increasing both Net Tuition and Fees Revenue and Total Revenues. The increase in Revenues is directly attributable to our increased enrollment since 2021 and our campaign to raise $60 million in cash for unrestricted operating support. We also continue to drive operational efficiencies, which reduced operating costs by over $3.5 million from the 2024 level. These efficiencies were achieved while increasing enrollment.

Controlling expenses and driving enrollment growth, as stated in previous years, continues to be key to meeting the objectives of our Sustainability Plan, a multi-year plan to return the College to full enrollment and break-even operating costs. Our expense control is a result of continued disciplined expense management and recognized operating efficiency.

The College's audit firm of Clinton, Larson, and Allen LLC (CLA) gave an unmodified, "clean," audit opinion with no noted material weakness in internal controls. As in past years, CLA included a "going concern" statement in its opinion statement.

Below is a summary of the audited financial statements for the year ended June 30, 2025.

Statement of Financial Position

Assets – total assets decreased by $1.2 million, with investments decreasing by nearly $2.3 million and property, plant, and equipment decreasing by just over $1.8 million. Offsetting these decreases were a $1.7 million increase in cash and the establishment of a $1.2 million escrow account held by the Department of Education. The increase in cash is directly attributable to the receipt of a $4.5 million loan, which advanced the future proceeds from an anticipated land sale.

Liabilities – total liabilities increased by nearly $5 million, almost all of which relates to the debt assumed from the loan to advance the future land sale, see Cash Flow comment for details. Note that our other debt, $20.4 million, is classified as short-term as one of our bondholders exercised their option to "put" debt back to the College in December 2022. We are currently working with the banks to extend our refinancing date to September 2026, in exchange for a mortgage on certain properties.

Net Assets – net assets decreased by $6.1 million, both due to our net operating loss of $3.7 million and drawing $1.2 million from our endowment income to use for operations.

Statement of Activities

Operating Results – Total Revenues and Other Additions increased by nearly $2.2 million from the previous year. This increase was attributed to an increase of $3.5 million in Net Tuition and Fees, driven by an increase of 125 students in our enrollment from 2024, and a nearly $2 million increase in Contributions, Gifts, and Grants. Offsetting these increases was a nearly $2.8 million decrease in Endowment Allocations for Operations as we drew less unrestricted funds for operating use as compared to 2024.

Total Expenses and Other Deductions decreased by $3.5 million; nearly all of this decrease is a result of a reduction in force in June 2024 and the suspension of our retirement match. These reductions were necessary to bring our operating expenses into alignment with our revenue structure.

Non-Operating Results – the change in net assets from non-operating activities reflected the use of nearly $5 million in endowment funds, of which $3.8 million was used for operations and $1.2 million was used to fund the Department of Education escrow requirement.

Statement of Cash Flows

The College's cash and cash equivalents at the end of fiscal year 2025 increased by nearly $3 million from the previous year. This increase is due to a $2.2 million reduction in cash used for operating activities, $2.8 million less cash drawn from investments for operating activities, and receipt of a $4.5 million note. The $4.5 million note "fronted" the anticipated proceeds from the sale of certain land. This note is at 5% per annum for 25 years, it has a balloon provision of $3 million upon commencement of said land sale.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

Our auditors, CLA, included a "Going Concern" statement in their audit opinion. This statement notes certain "conditions and events raised substantial doubt about the College's ability to continue as a going concern." Specifically, as noted in footnote 10 to the financial statements, the College did not meet its debt covenants on the Series 2012 and Series 2016 bonds. And a holder of these bonds, in December 2022, exercised its put option and issued a mandatory tender. The College has not been able to secure options for refinancing. The mandatory tender requires the debt to be repaid within 12 months; as a result, this debt has been reclassified as short-term. Given that the College does not possess the resources to satisfy the repayment of the debt, management concluded that it would be prudent to acknowledge that the College's ability to continue as an ongoing concern is dependent on successfully securing refinancing or further extensions. The College has been working with its banks to secure an extension through September 2026 in exchange for a mortgage on certain unencumbered land assets.