

Financial Statements and Report of
Independent Certified Public
Accountants

Marymount Manhattan College

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Marymount Manhattan College

Opinion

We have audited the financial statements of Marymount Manhattan College (the "College"), which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and 2023, 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.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the College's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's 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 US 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 US 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 the 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 the 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.

Grant Thornton LLP

New York, New York
December 19, 2024

Marymount Manhattan College

BALANCE SHEETS

June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,696,686	\$ 4,123,233
Student receivables, net	1,240,123	2,529,300
Contributions receivable, net	2,418,526	5,169,734
Investments, at fair value	49,941,361	48,264,901
Other assets	1,881,143	2,127,341
Funds held by trustees	522,794	478,884
Right-of-use assets	4,012,233	8,106,987
Plant assets, net	<u>70,477,244</u>	<u>73,180,688</u>
Total assets	<u><u>\$ 132,190,110</u></u>	<u><u>\$ 143,981,068</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,142,416	\$ 5,770,132
Deferred revenue	927,709	2,314,406
Asset retirement obligation	755,681	728,669
Paycheck Protection Program refundable advance	112,218	233,474
Loan payable	6,650,000	-
55th Street Residence Hall refinance liabilities, net	40,583,611	41,285,511
Lease liabilities	<u>4,378,453</u>	<u>8,738,162</u>
Total liabilities	<u>58,550,088</u>	<u>59,070,354</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	39,593,668	51,500,116
With donor restrictions	<u>34,046,354</u>	<u>33,410,598</u>
Total net assets	<u>73,640,022</u>	<u>84,910,714</u>
Total liabilities and net assets	<u><u>\$ 132,190,110</u></u>	<u><u>\$ 143,981,068</u></u>

The accompanying notes are an integral part of these financial statements.

Marymount Manhattan College

STATEMENT OF ACTIVITIES

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition and fees (net of student aid of \$30,509,723)	\$ 31,707,348	\$ -	\$ 31,707,348
State grants and appropriations	662,656	-	662,656
Federal grants	171,632	-	171,632
Investment return, net	874,446	1,190,513	2,064,959
Contributions	183,950	469,242	653,192
Auxiliary enterprises	15,059,665	-	15,059,665
Other	157,082	-	157,082
Net assets released from restrictions	2,768,531	(2,768,531)	-
Total operating revenues	51,585,310	(1,108,776)	50,476,534
Operating expenses			
Instruction	20,872,654	-	20,872,654
Academic support	4,952,011	-	4,952,011
Student services	9,889,899	-	9,889,899
Institutional support	14,315,020	-	14,315,020
Auxiliary enterprises	15,606,604	-	15,606,604
Total operating expenses	65,636,188	-	65,636,188
Change in net assets from operating activities	(14,050,878)	(1,108,776)	(15,159,654)
Nonoperating activities			
Contributions	-	276,591	276,591
Investment return, net	2,144,430	2,437,815	4,582,245
Other nonoperating activities	(969,874)	-	(969,874)
Net assets released from restrictions	969,874	(969,874)	-
Change in net assets from nonoperating activities	2,144,430	1,744,532	3,888,962
CHANGE IN NET ASSETS	(11,906,448)	635,756	(11,270,692)
Net assets at beginning of year	51,500,116	33,410,598	84,910,714
Net assets at end of year	\$ 39,593,668	\$ 34,046,354	\$ 73,640,022

The accompanying notes are an integral part of this financial statement.

Marymount Manhattan College

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition and fees (net of student aid of \$27,600,878)	\$ 30,783,918	\$ -	\$ 30,783,918
State grants and appropriations	630,563	-	630,563
Federal grants	200,520	-	200,520
Investment return, net	860,092	1,156,179	2,016,271
Contributions	251,176	981,639	1,232,815
Auxiliary enterprises	10,442,256	-	10,442,256
Other	277,026	-	277,026
Net assets released from restrictions	3,700,929	(3,700,929)	-
Total operating revenues	47,146,480	(1,563,111)	45,583,369
Operating expenses			
Instruction	20,597,882	-	20,597,882
Academic support	4,871,815	-	4,871,815
Student services	9,632,135	-	9,632,135
Institutional support	12,112,227	-	12,112,227
Auxiliary enterprises	13,279,667	-	13,279,667
Total operating expenses	60,493,726	-	60,493,726
Change in net assets from operating activities	(13,347,246)	(1,563,111)	(14,910,357)
Nonoperating activities			
Government grants and appropriations	437,500	-	437,500
Contributions	-	80,365	80,365
Investment return, net	1,904,497	1,586,601	3,491,098
Other nonoperating activities	(985,174)	-	(985,174)
Net assets released from restrictions	5,432,201	(5,432,201)	-
Change in net assets from nonoperating activities	6,789,024	(3,765,235)	3,023,789
CHANGE IN NET ASSETS	(6,558,222)	(5,328,346)	(11,886,568)
Net assets at beginning of year	58,058,338	38,738,944	96,797,282
Net assets at end of year	\$ 51,500,116	\$ 33,410,598	\$ 84,910,714

The accompanying notes are an integral part of this financial statement.

Marymount Manhattan College

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (11,270,692)	\$ (11,886,568)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment and capital	(276,591)	(150,968)
Net realized and unrealized investment gains	(5,286,724)	(4,184,372)
Appreciation in fair value of funds held by trustees	(34,641)	(18,745)
Amortization of prepaid closing costs	81,040	81,039
Depreciation of plant assets	4,585,263	4,622,699
Accretion of asset retirement obligation	27,012	41,245
Paycheck Protection Program - refundable advance	(121,256)	(120,062)
Changes in assets and liabilities:		
Student receivables, net	1,289,177	195,915
Contributions receivable	2,022,799	1,378,997
Other assets	246,198	6,675,144
Accounts payable and accrued expenses	(527,868)	(2,016,246)
Right-of-use assets	4,094,754	4,037,871
Lease liabilities	(4,359,709)	(4,196,722)
Deferred revenue	(1,386,697)	581,533
Asset retirement obligation	-	18,922
Net cash used in operating activities	<u>(10,917,935)</u>	<u>(4,940,318)</u>
Cash flows from investing activities:		
Purchase of plant assets	(1,881,819)	(6,279,147)
Proceeds from sale of investments	42,358,057	17,618,358
Purchase of investments	<u>(38,747,793)</u>	<u>(19,101,555)</u>
Net cash provided by (used in) investing activities	<u>1,728,445</u>	<u>(7,762,344)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment and capital	1,005,000	1,073,500
Proceeds from loan payable	6,650,000	-
Principal payments on finance lease liabilities	(99,848)	(185,239)
Principal payments on 55th Street Residence Hall refinancing	<u>(782,940)</u>	<u>(714,747)</u>
Net cash provided by financing activities	<u>6,772,212</u>	<u>173,514</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,417,278)</u>	<u>(12,529,148)</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>4,192,583</u>	<u>16,721,731</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 1,775,305</u></u>	<u><u>\$ 4,192,583</u></u>
Reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such accounts shown above:		
Cash and cash equivalents	\$ 1,696,686	\$ 4,123,233
Restricted cash included in funds held by trustee	<u>78,619</u>	<u>69,350</u>
Cash, cash equivalents and restricted cash	<u><u>\$ 1,775,305</u></u>	<u><u>\$ 4,192,583</u></u>
Supplemental disclosure:		
Interest paid	<u>\$ 2,509,092</u>	<u>\$ 2,564,371</u>
Purchase of plant assets included in accounts payable and accrued expenses	<u><u>\$ -</u></u>	<u><u>\$ 108,610</u></u>

The accompanying notes are an integral part of these financial statements.

Marymount Manhattan College
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 - NATURE OF OPERATIONS

Marymount Manhattan College (the "College") is an urban, independent, undergraduate liberal arts college. The mission of the College is to educate a socially and economically diverse population by fostering intellectual achievement and personal growth and by providing opportunities for career development. The College is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the College are described below:

Financial Statement Presentation

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets of the College and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purpose. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At June 30, 2024 and 2023, there were no Board designated net assets.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the College to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

The College reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Notes 8 and 12 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Nature of Goods and Services

The College accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the College will collect substantially all of the consideration to which it is entitled.

Products and Services

Nature, Timing of Satisfaction of Performance
Obligations, and Significant Payment Terms

Tuition and fees

Consists of the following:

Tuition - provides a variety of educational services to the customers of the College (students). Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.

Fees - ancillary charges to students for the educational services provided that is not considered to be tuition. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.

Auxiliary enterprises

Consists of the following:

Housing services - provides a variety of housing accommodations in support of the educational needs of the College. Student housing contracts are for a one year term. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.

Food Services - Provides food services to the College community through a cafeteria and café. Food service revenue is recognized at a point in time sale.

Student accounts receivable are reported at the estimated net realizable amount. The carrying value of student receivables has been reduced by an appropriate allowance for credit losses, based on established payment terms, historic trends, collection experience, write-offs and other information, and therefore, approximates net realizable value. Student receivables are written-off when deemed uncollectible and payments subsequently received are recorded as income in the period received.

Contributions

The College recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under Accounting Standards Codification 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional, based upon whether the agreement includes both (1) one or more barriers that must be

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a credit-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the net assets with donor restrictions. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as net assets with donor restrictions until the assets are placed in service.

Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met.

Depreciation and Amortization of Plant Assets

Depreciation is recorded using the straight-line method over the estimated useful lives ranging from 40 to 50 years for buildings, 20 years for building renovations/improvements, seven years for furniture, three years for equipment, and three years for library books. Maintenance and repair expenditures are charged to expense as incurred.

Cash Equivalents

The College considers all highly liquid debt instruments purchased with initial maturities of one year or to be cash equivalents, with the exception of those, which are held as part of the College's long-term investment portfolio or included in funds held by trustees. Cash equivalents primarily consist of money market and short-term bond funds at June 30, 2024 and 2023.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The College uses three levels of inputs to measure fair value:

Level 1 - Quoted or published prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2 - Inputs other than quoted or published prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of a financial instrument within the hierarchy does not necessarily correspond to the College's perceived risk of that instrument.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Investments

Investments are reported at fair value based upon quoted or published market prices. Investment transactions are recorded on a trade-date basis. Alternative investments and institutional funds are stated at estimated fair value, based on net asset value ("NAV"), as a practical expedient, reported by the investment managers or general partners. NAV may differ significantly from the values that would have been reported had a ready market for these investments existed. The College reviews and evaluates the values provided by the investment managers or general partners and has determined that the valuation methods and assumptions used in determining the fair value of the alternative investments are reasonable.

Leases

The College determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the College determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheet. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the College's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the College is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

Deferred Revenues

Deferred revenues consist primarily of student tuition and fee payments that are received for academic periods subsequent to the fiscal year end.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the College's ongoing activities. Nonoperating activities consist of investment return in excess of or less than the amount appropriated for operations by the Board of Trustees and contributions not related to the College's ongoing operating activities, and other activities considered to be of a more unusual or nonrecurring nature.

Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of the financial statements include the estimated net realizable value of receivables, functional allocation of expenses, and the asset retirement obligation. Actual results could differ from those estimates.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Income Taxes

The College accounts for uncertainties in income taxes recognized in its financial statements using a threshold of more likely than not of being sustained. Income generated from activities unrelated to the College's exempt purpose is subject to tax. The College did not have any material unrelated business income tax liability or uncertain tax positions at June 30, 2024 and 2023.

NOTE 3 - INVESTMENTS AND FUNDS HELD BY TRUSTEES

The College's investments consist of the following at June 30, 2024 and 2023:

	Fair Value	
	2024	2023
Money market funds	\$ 16,009,409	\$ 11,090,785
Common stocks:		
U.S. equity	19,137,972	22,550,801
International equity	6,298,830	7,076,420
Fixed income:		
Fixed income index funds	4,420,960	-
U.S. Treasury notes	-	4,553,474
Other equity:		
Real estate	2,248,075	2,206,922
Absolute return	1,005	1,751
Private equity	1,825,110	784,748
Total	\$ 49,941,361	\$ 48,264,901

The Colleges funds held by trustees consist of the following at June 30, 2024 and 2023:

	Fair Value	
	2024	2023
Cash and cash equivalents	\$ 78,619	\$ 69,350
Common stocks:		
U.S. equity	233,563	201,877
International equity	59,624	55,198
Fixed income:		
U.S. fixed income	121,954	122,556
International fixed income	29,034	29,903
Total	\$ 522,794	\$ 478,884

At June 30, 2024 and 2023, the majority of funds held by trustees were in a gift annuity fund and classified as Level 1 within the fair value hierarchy.

The College invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the balance sheets.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 4 - FAIR VALUE MEASUREMENT

The following table presents the fair value hierarchy of the College's investments, measured at fair value, as of June 30, 2024 and 2023:

	2024		2023	
	Level 1	Total	Level 1	Total
Money market funds	\$ 16,009,409	\$ 16,009,409	\$ 11,090,785	\$ 11,090,785
Common stocks:				
U.S. equity	19,137,972	19,137,972	22,550,801	22,550,801
International equity	6,298,830	6,298,830	7,076,420	7,076,420
Fixed income:				
Fixed income index funds	4,420,960	4,420,960	-	-
U.S. treasury notes	-	-	4,553,474	4,553,474
Other equity:				
Real estate	2,248,075	2,248,075	2,206,922	2,206,922
Absolute return	1,005	1,005	1,751	1,751
	<u>\$ 48,116,251</u>	<u>48,116,251</u>	<u>\$ 47,480,153</u>	<u>47,480,153</u>
Investments at NAV				
Private equity		<u>1,825,110</u>		<u>784,748</u>
Total investments		<u>\$ 49,941,361</u>		<u>\$ 48,264,901</u>

The following table details certain attributes pertaining to the investments reported at fair value using a NAV, or its equivalent, for the fiscal year ended June 30, 2024:

Strategy	NAV	# of Funds	Remaining Life	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Time and Restriction
Private equity	<u>\$ 1,825,110</u>	1	12 years	<u>\$ 3,475,000</u>	1 to 3 years	12 years

The following table details certain attributes pertaining to the investments reported at fair value using a NAV, or its equivalent, for the fiscal year ended June 30, 2023:

Strategy	NAV	# of Funds	Remaining Life	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Time and Restriction
Private equity	<u>\$ 784,748</u>	1	13 years	<u>\$ 4,375,000</u>	2 to 4 years	13 years

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 5 - STUDENT RECEIVABLES, NET

Student receivables, net comprise the following at June 30, 2024 and 2023:

	2024	2023
Student accounts receivable	\$ 3,131,164	\$ 4,945,704
Allowance	(1,891,041)	(2,416,404)
	<u>\$ 1,240,123</u>	<u>\$ 2,529,300</u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net at June 30, 2024 and 2023 are expected to be collected as follows:

	2024	2023
Less than one year	\$ 2,324,397	\$ 3,599,715
One year to five years	127,500	1,750,000
	2,451,897	5,349,715
Less: discount to present value (at rates ranging from 0.53% to 4.33%)	(33,371)	(167,623)
Allowance	<u>-</u>	<u>(12,358)</u>
Contributions receivable, net	<u>\$ 2,418,526</u>	<u>\$ 5,169,734</u>

Gross contributions receivable as of June 30, 2024 and 2023 consist of approximately 82% and 75%, respectively, from one donor.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 7 - PLANT ASSETS, NET

Plant assets, net at June 30, 2024 and 2023 are stated at cost or, if acquired through gift, at fair value at date of gift and consist of the following:

	<u>2024</u>	<u>2023</u>
Buildings and building improvements	\$ 114,246,494	\$ 112,983,801
Furniture and equipment	22,679,543	22,062,574
Leasehold improvements	750,847	750,847
Library books	<u>2,499,865</u>	<u>2,497,708</u>
Total depreciable assets	140,176,749	138,294,930
Less: accumulated depreciation	<u>87,794,093</u>	<u>83,208,830</u>
	52,382,656	55,086,100
Land	<u>18,094,588</u>	<u>18,094,588</u>
Plant assets, net	<u>\$ 70,477,244</u>	<u>\$ 73,180,688</u>

Depreciation of plant assets was \$4,585,263 and \$4,622,699 for the year ended June 30, 2024 and 2023, respectively.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
With donor restrictions:		
Donor-restricted endowments:		
Scholarships	\$ 23,074,420	\$ 20,910,755
Programs	7,266,051	6,567,772
Time and purpose restriction:		
Scholarships	1,362,829	2,871,034
Programs	2,244,004	2,943,915
Other	<u>99,050</u>	<u>117,122</u>
Total net assets with donor restrictions	<u>\$ 34,046,354</u>	<u>\$ 33,410,598</u>

Net assets with donor restrictions that are restricted to investment in perpetuity (corpus) were \$20,447,368 and \$20,170,776 at June 30, 2024 and 2023, respectively, with investment return available primarily to support scholarships and programs.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Net assets were released from restrictions during 2024 and 2023 by incurring expenses satisfying the restricted purposes as follows:

	2024	2023
Operating activities:		
Academic program support	\$ 323,240	\$ 294,496
Scholarships	2,445,291	3,406,433
	<u>\$ 2,768,531</u>	<u>\$ 3,700,929</u>
Nonoperating activities:		
Academic program support	\$ 969,874	\$ 985,174
Acquisition of plant assets	-	4,447,027
	<u>\$ 969,874</u>	<u>\$ 5,432,201</u>

NOTE 9 - EXPENSES

Operating expenses for the year ended June 30, 2024 are as follows:

	Compensation and Benefits	Materials and Suppliers	Services and Other	Interest, Depreciation, and Amortization	Total
Instruction	\$ 16,591,956	\$ 222,861	\$ 1,684,390	\$ 2,373,447	\$ 20,872,654
Academic support	3,039,723	402,376	1,090,507	419,405	4,952,011
Student services	5,250,086	1,122,389	3,078,290	439,134	9,889,899
Institutional support	6,650,763	1,451,917	5,950,245	262,095	14,315,020
Auxiliary enterprises	1,180,496	46,014	10,698,780	3,681,314	15,606,604
	<u>\$ 32,713,024</u>	<u>\$ 3,245,557</u>	<u>\$ 22,502,212</u>	<u>\$ 7,175,395</u>	<u>\$ 65,636,188</u>

Operating expenses for the year ended June 30, 2023 are as follows:

	Compensation and Benefits	Materials and Suppliers	Services and Other	Interest, Depreciation, and Amortization	Total
Instruction	\$ 16,228,665	\$ 263,035	\$ 1,728,946	\$ 2,377,236	\$ 20,597,882
Academic support	2,995,052	285,833	1,170,856	420,074	4,871,815
Student services	4,876,565	1,072,102	3,243,634	439,834	9,632,135
Institutional support	6,138,546	1,148,415	4,562,752	262,514	12,112,227
Auxiliary enterprises	1,002,823	58,417	8,449,976	3,768,451	13,279,667
	<u>\$ 31,241,651</u>	<u>\$ 2,827,802</u>	<u>\$ 19,156,164</u>	<u>\$ 7,268,109</u>	<u>\$ 60,493,726</u>

The College allocates maintenance of plant, interest, and depreciation to the Instruction, Academic Support and Libraries, Student Services, Institutional Support and Auxiliary Enterprises on a square footage basis. Institutional support includes \$1,482,483 and \$1,540,405 of fundraising expenses in fiscal years 2024 and 2023, respectively.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 10 - RETIREMENT PLAN

Employees of the College are covered under a defined contribution money-purchase retirement plan whereby the contributions are made directly to each individual participant's annuity accounts maintained by Teachers Insurance and Annuity Association - College Retirement Equities Fund. The cost of the plan is funded as accrued. Effective July 1, 2000, the College makes contributions equal to 10% of eligible employees' gross earnings. Employees become eligible after one year of service.

The College's contributions to the plan for the years ended June 30, 2024 and 2023 amounted to \$1,795,818 and \$1,684,983, respectively.

NOTE 11 - 55TH STREET RESIDENCE HALL REFINANCING TRANSACTION AND LOAN PAYABLE

55th Street Residence Hall Refinance Liabilities

In September 2020, the College closed on a refinancing transaction for its 55th Street Residence Hall condominium unit (the "Unit") in order to (i) raise the capital necessary to retire the existing bonds issued by the Dormitory Authority of the State of New York, (ii) improve liquidity, and (iii) fund capital investment.

The College granted an interest in the Unit to a not-for-profit limited liability corporation (the "LLC"), of which a not-for-profit intermediary is the sole corporate member (the "NFP Intermediary") and entered into a triple net, 25-year ground lease of the Unit (the "Ground Lease"). The Ground Lease term is 25 years, with a 23-year extension option.

In lieu of the LLC making monthly rent payments, the College received a lump-sum prepayment of all rent due for the initial term of the Ground Lease upon execution of the Ground Lease of \$45 million. The funds for this lump-sum payment came from an equity loan with recourse that was made by a lender to the LLC, which loan was secured by the College's credit and a mortgage upon the Unit. The College and the LLC are co-signors on the mortgage.

The NFP Intermediary subleased the Unit to the College for an initial term of 12.75 years (the "Operating Lease"), which Operating Lease contains options to extend the term for up to the duration of the term of the Ground Lease. The Operating Lease, like the Ground Lease, is a triple net lease, so that the College will continue to operate and control the Unit as if the NFP Intermediary were not a part of the structure. At the end of the initial 12.75 year term of the Operating Lease, the College will either (a) extend the term of the sublease, (b) pay off the loan encumbering the Unit, or (c) permit the NFP Intermediary to sublet the Unit to a third party with the College backstopping any rent shortfall.

Since the Ground Lease and the Operating Lease are part of the same transaction and commenced on the same date, they are treated as the same contract and, therefore, a lease and leaseback are not recognized for accounting purposes. The College recorded liabilities of \$40,583,611 and \$41,285,511, net of unamortized prepaid closing costs of \$1,722,084 and \$1,803,124 in fiscal years 2024 and 2023, respectively.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The minimum annual payments are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Payments</u>
2025	\$ 2,464,162	\$ 855,035	\$ 3,319,197
2026	2,421,149	931,240	3,352,389
2027	2,374,139	1,011,774	3,385,913
2028	2,322,905	1,096,867	3,419,772
2029	2,267,202	1,186,768	3,453,970
Thereafter	<u>23,995,236</u>	<u>37,224,011</u>	<u>61,219,247</u>
Total payments	<u>\$ 35,844,793</u>	42,305,695	<u>\$ 78,150,488</u>
Less: unamortized prepaid closing costs		<u>(1,722,084)</u>	
Total 55 th Street Residence Hall refinance liabilities, net		<u>\$ 40,583,611</u>	

Interest expense totaled \$2,503,394 and \$2,539,048 in fiscal years 2024 and 2023, respectively.

Loan Payable

On September 21, 2023, the College entered into a transaction agreement with Northeastern University ("Northeastern"), the intent of which is to effectuate a change of control to Northeastern subject to customary closing conditions. In connection with the transaction agreement, the College received \$3,500,000 from Northeastern between September and December 2023 under the terms of an unsecured credit agreement. As of June 30, 2024, the College's outstanding balance under the agreement was \$6,650,000. The College's obligation to repay Northeastern will be forgiven upon the closing of the change of control or in the event the College terminates the transaction agreement due to a breach by Northeastern. If the change of control does not occur and the transaction agreement is terminated for any other reason, then the loans will mature and become payable with interest (prime rate) six months after such termination.

NOTE 12 - ENDOWMENT FUNDS

The College is subject to the provisions of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the College deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

The College classifies as endowment net assets (a) the original value of gifts restricted in perpetuity; (b) the original value of subsequent gifts to the endowment; and (c) accumulations of investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument, where applicable. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA. Such amounts recorded as net assets with donor restrictions are released from restriction when the College appropriates the amount for expenditure, the donor-stipulated purpose has been fulfilled, and/or the required time period has elapsed.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The College has no board-designated endowments. The following table represents changes in endowment funds for the years ended June 30, 2024 and 2023:

	<u>With Donor Restrictions</u>
Endowment net assets at June 30, 2022	\$ 25,621,196
Investment return, net	2,742,783
Contributions	150,968
Appropriation of endowment assets for expenditure/net assets released from restriction	<u>(1,036,420)</u>
Endowment net assets at June 30, 2023	27,478,527
Investment return, net	3,628,328
Contributions	276,591
Appropriation of endowment assets for expenditure/net assets released from restriction	<u>(1,042,975)</u>
Endowment net assets at June 30, 2024	<u>\$ 30,340,471</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowments funds may fall below the level that the donor or NYPMIFA requires the College to retain as a fund for perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2024 there were no funds that were underwater. At June 30, 2023 there was one fund that was underwater with an original gift value of \$61,495 and a total deficiency of \$1,021. This deficiency resulted from unfavorable market fluctuations that occurred after the investment of new contributions.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of a blended benchmark based on policy allocation; large cap equity compared to S&P 500 Index, small cap equity compared to Russell 2000 index, international equity compared to MSCI AC World ex US index, fixed income taxable compared to Barclays Aggregate Index, commodities compared to Bloomberg Commodity Index, absolute return compared to HFRI Fund of Funds Index, real estate compared to FTSE NAREIT Index, and U.S. Treasuries.

Spending Policy

The College has a spending policy that permits the use of total return at a rate (spending rate) of 5% of the prior 60-month average fair value investment balance of endowment funds unless otherwise explicitly stipulated by the donor.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following schedule reflects the financial assets as of June 30, 2024 and 2023, reduced by the amounts not available for general use within one year of the balance sheet date because of contractual or donor imposed restrictions.

	2024	2023
Cash and cash equivalents	\$ 1,696,686	\$ 4,123,233
Student receivables, due within one year	1,240,123	2,529,300
Contributions receivable, due in one year	2,324,397	3,599,715
Investments	49,941,361	48,264,901
	<u>55,202,567</u>	<u>58,517,149</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Endowment return restricted for scholarships and programs	(9,893,103)	(7,307,751)
Restricted by donors in perpetuity (corpus)	<u>(20,447,368)</u>	<u>(20,170,776)</u>
Total amounts unavailable for general expenditures within one year	(30,340,471)	(27,478,527)
Add endowment spending	<u>1,251,566</u>	<u>1,190,513</u>
Total financial asset resources available to management for general expenditures within one year	<u>\$ 26,113,662</u>	<u>\$ 32,229,135</u>

The College considers all expenditures related to its ongoing mission-related activities except for plant assets funded by donor contributions as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 14 - PAYCHECK PROTECTION PROGRAM

On May 8, 2020, the College received a refundable advance in the amount of \$6,555,593 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provides a cash advance to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, subject to certain adjustments.

The PPP advance is payable over five years at an interest rate of 0.98% per annum, with a deferral of payments of interest and principal for the first 10 months of the loan. Thereafter, principal and interest are payable in equal monthly installments through May 2025.

The advance and accrued interest are forgivable to the extent the proceeds are used for eligible purposes, which include payroll, benefits, rent and utilities incurred during either an eight week or 24-week period, at the borrower's election. The amount of forgiveness can be reduced if the borrower terminates employees or reduces compensation during the relevant measurement period.

Through June 30, 2024 and 2023, the College used all of the proceeds for purposes consistent with the PPP.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The College received notice on September 8, 2021 from the Small Business Administration that the application for forgiveness was approved in the amount of \$6,118,580. The College has elected to pay back the unforgiven portion of the loan of \$437,013. The payback will be amortized over a five-year period and retroactive to when the original advance was disbursed to the College in May 2020. The College paid \$121,256 and \$120,062 in principal payments for the years ended June 30, 2024 and 2023, respectively.

NOTE 15 - LEASES

Operating Leases

The College assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the College's right to control the use of an identified asset for a period of time in exchange for consideration. The College leases certain space under non-cancellable lease agreements, for which the related ROU assets and liabilities have been recorded in the accompanying 2024 and 2023 balance sheets. The leases expire on various dates through fiscal 2027 and are subject to escalation for real estate taxes and other building operating expenses. The College measures its lease assets and liabilities using the risk-free rate of return selected based on the term of the lease. The College considered the likelihood of exercising renewal or termination terms in measuring the ROU assets and liabilities. The College has included renewal periods in its assessment of lease terms when provided for in the lease. The College's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantee.

Operating Lease - Cooper Square

The College's largest lease relates to its operating lease at Cooper Square. This lease relates to student housing, which it sublets to students with no commitments beyond one year. The rental revenues and expenses relating to these operating leases amounted to \$3,070,996 and \$3,897,912 and \$2,960,052 and \$3,901,788, respectively, in 2024 and 2023, and are included in auxiliary enterprises in the accompanying statement of activities.

On December 13, 2012, the College entered into a 10-year student housing lease agreement with Cooper and 6th Property LLC for a new building at 35-39 Cooper Square in New York City ("Cooper Square"). In connection with the Cooper Square lease, the College provided on June 22, 2016 a \$623,203 letter of credit, currently \$696,273 at June 30, 2024, for a two-month rent deposit as required in the lease. The building contains 253 student beds and the College sublet the building for nine months during the fiscal year 2024 academic year (August through May, academic term).

The future minimum lease payments are as follows:

Year Ending June 30,

2025	<u>\$ 4,021,851</u>
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Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Additionally, the College leases other equipment under operating leases. The future minimum lease payments, including those relating to the Cooper Square lease are as follow:

<u>Year Ending June 30,</u>	
2025	\$ 4,208,817
2026	190,705
2027	<u>15,918</u>
Total lease obligations, gross	4,415,440
Less: amounts representing interest with rates ranging from 1.26% to 1.55%	<u>(36,987)</u>
Total	<u>\$ 4,378,453</u>

Supplemental balance sheet information related to operating leases at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 36,407,157	\$ 36,618,375
Less: accumulated amortization	<u>(32,394,924)</u>	<u>(28,511,388)</u>
	<u>\$ 4,012,233</u>	<u>\$ 8,106,987</u>
	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	1 year	2 years
Weighted-average discount rate	1.53%	1.53%

The components of operating lease cost for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Rent expense	<u>\$ 4,197,879</u>	<u>\$ 4,206,829</u>

Supplemental cash flow information related to operating leases for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 4,462,832</u>	<u>\$ 4,365,680</u>

Cooper Square Sublease

During the year ended June 30, 2024, the College subleased a portion of Cooper Square to a third-party. This sublease was effective as of August 9, 2023, and terminated on May 18, 2024. Sublease income totaled \$3,169,026 for the year ended June 30, 2024. The sublease was not renewed subsequent to its expiration.

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Finance Leases

These leases consist of various equipment leases. Termination of the leases generally are prohibited unless there is a violation under the lease agreement. ROU assets and liabilities for finance leases are included within plant assets, net, and account payable and accrued expenses, respectively, on the accompanying balance sheet.

Fiscal Years June 30:

2025	\$ 266,611
2026	87,210
2027	87,210
2028	<u>28,151</u>
Total finance obligations, gross	469,182
Less: amounts representing interest with rates ranging from 1.37% to 3.67%	<u>(20,914)</u>
Total finance lease liabilities	<u><u>\$ 448,268</u></u>

Supplemental balance sheet information related to finance leases at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 771,812	\$ 875,897
Less: accumulated depreciation	<u>(407,140)</u>	<u>(253,954)</u>
	<u><u>\$ 364,672</u></u>	<u><u>\$ 621,943</u></u>

The components of finance lease cost for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Finance lease cost		
Depreciation of ROU assets	\$ 257,271	\$ 139,252
Interest on lease liabilities	<u>9,625</u>	<u>9,375</u>
Total finance lease cost	<u><u>\$ 266,896</u></u>	<u><u>\$ 148,627</u></u>

Marymount Manhattan College

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Supplemental cash flow information related to finance leases for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 3,837	\$ 10,696
Financing cash flows from finance leases	99,848	185,239
	<u>\$ 103,685</u>	<u>\$ 195,935</u>

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

NOTE 17 - RELATED PARTY TRANSACTIONS

The College has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the College does business with an entity in which the trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring such transactions to be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the College, and in accordance with relevant conflict of interest laws. The College had no material related party transactions during the year ended June 30, 2024.

NOTE 18 - SUBSEQUENT EVENTS

The College exercised its right for early termination of the Cooper Square residence hall as of August 14, 2024. The College evaluated additional subsequent events after the balance sheet date of June 30, 2024, through December 19, 2024, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.