The Trustees of Amherst College

Financial Statements
June 30, 2021

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Report of Independent Auditors

To the Board of Trustees of Amherst College

We have audited the accompanying consolidated financial statements of the Trustees of Amherst College and its subsidiary and the individual financial statements of Amherst College and Folger Shakespeare Memorial Library (collectively, the "Company"), which comprise the consolidated and individual balance sheets as of June 30, 2021, and the related consolidated and individual statements of activities and of cash flows for the year then ended.

Management's Responsibility for the Consolidated and Individual Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated and individual financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated and individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and individual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and individual financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Trustees of Amherst College and its subsidiary and the individual financial positions of Amherst College and Folger Shakespeare Memorial Library as of June 30, 2021, and the consolidated and individual changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Hartford, Connecticut
December 17, 2021

The Trustees of Amherst College
Consolidated and Individual Balance Sheets
June 30, 2021

	Amherst College	Folger Shakespeare Memorial Library	Total Consolidated
Assets			
Cash and cash equivalents	$ 304,101,806	$ 52,209,172	$ 356,310,978
Accounts and loans receivable, net	7,250,839	1,553,852	8,804,691
Contributions receivable, net	42,768,730	2,613,668	45,382,398
Beneficial interest in perpetual trusts	22,195,980	-	22,195,980
Other assets	2,543,606	303,425	2,847,031
Investments	4,188,745,879	531,849,906	4,720,595,785
Property, plant and equipment, net	615,522,466	66,660,340	682,182,806
Total assets	$ 5,183,129,306	$ 655,190,363	$ 5,838,319,669
Liabilities and Net Assets			
Accounts payable	$ 10,322,225	$ 3,073,554	$ 13,395,779
Accrued liabilities	5,386,347	1,630,891	7,017,238
Deferred income and deposits	2,558,512	429,916	2,988,428
Liability for life income obligations	41,786,684	976,131	42,762,815
Pension and postretirement benefit obligations	65,310,454	8,406,066	73,716,520
Bonds payable	613,372,565	34,191,918	647,564,483
Interest rate swap agreement	15,435,695	-	15,435,695
Asset retirement obligations	5,730,553	404,362	6,134,915
Other liabilities	10,503,827	1,420,102	11,923,929
Total liabilities	770,406,862	50,532,940	820,939,802
Net Assets			
Without donor restriction	1,559,048,454	90,735,475	1,649,783,929
With donor restriction	2,853,673,990	513,921,948	3,367,595,938
Total net assets	4,412,722,444	604,657,423	5,017,379,867
Total liabilities and net assets	$ 5,183,129,306	$ 655,190,363	$ 5,838,319,669

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

The Trustees of Amherst College
Statement of Activities – Amherst College
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, room and board, net of financial aid of $62,335,852	$ 59,152,630	$ -	$ 59,152,630
Endowment distribution	42,379,435	80,501,131	122,880,566
U. S. Government grants	2,731,027	-	2,731,027
Gifts and other grants	18,456,113	5,395,995	23,852,108
Other	3,883,718	-	3,883,718
Net assets released from restrictions for operations	58,879,517	(58,879,517)	-
Total operating revenues and other support	185,482,440	27,017,609	212,500,049
Operating expenses			
Instruction and academic programs	63,458,283	-	63,458,283
Academic support	30,120,362	-	30,120,362
Student services	40,456,529	-	40,456,529
Library	11,039,606	-	11,039,606
Research and public programs	3,942,851	-	3,942,851
Institutional support	35,577,182	-	35,577,182
Academic prizes, fellowships and awards	1,026,995	-	1,026,995
Auxiliary activities	35,261,316	-	35,261,316
Other	7,226,059	-	7,226,059
Total operating expenses	228,109,183	-	228,109,183
Change in net assets from operations	(42,626,743)	27,017,609	(15,609,134)
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	468,535,255	962,167,904	1,430,703,159
Allocation of endowment spending to operations	(42,379,435)	(80,501,131)	(122,880,566)
Change in net value of life income funds		(17,086,569)	(17,086,569)
Unrealized gain and net settlement on interest rate swaps	3,893,911	-	3,893,911
Gifts to life funds, endowment, and plant	5,009	33,283,436	33,288,445
Other components of net periodic benefit cost	3,280,139	-	3,280,139
Change in post-retirement benefits, other than periodic benefit cost	3,093,370	-	3,093,370
Other nonoperating	355,028	-	355,028
Net assets released from restrictions for nonoperations	6,846,165	(6,846,165)	-
Total nonoperating activities	443,629,442	891,017,475	1,334,646,917
Increase in net assets	401,002,699	918,035,084	1,319,037,783
Net assets			
Beginning of year	1,158,045,755	1,935,638,906	3,093,684,661
End of year	$ 1,559,048,454	$ 2,853,673,990	$ 4,412,722,444

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

The Trustees of Amherst College
Statement of Activities – Folger Shakespeare Memorial Library
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, room and board, net of financial aid	$ -	$ -	$ -
Endowment distribution	691,555	14,121,524	14,813,079
U. S. Government grants	268,528	-	268,528
Gifts and other grants	3,277,081	18,395	3,295,476
Other	669,530	-	669,530
Net assets released from restrictions for operations	13,495,564	(13,495,564)	-
Total operating revenues and other support	18,402,258	644,355	19,046,613
Operating expenses			
Library	7,080,646	-	7,080,646
Research and public programs	5,136,109	-	5,136,109
Institutional support	6,249,083	-	6,249,083
Total operating expenses	18,465,838	-	18,465,838
Change in net assets from operations	(63,580)	644,355	580,775
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	7,779,411	179,503,221	187,282,632
Allocation of endowment spending to operations	(691,555)	(14,121,524)	(14,813,079)
Change in net value of life Income funds	-	(339,121)	(339,121)
Gifts to life funds, endowment, and plant	60	2,103,314	2,103,374
Other components of net periodic benefit cost	409,929	-	409,929
Change in post-retirement benefits,			-
other than periodic benefit cost	1,262,475	-	1,262,475
Total nonoperating activities	8,760,320	167,145,890	175,906,210
Increase in net assets	8,696,740	167,790,245	176,486,985
Net assets			
Beginning of year	82,038,735	346,131,703	428,170,438
End of year	$ 90,735,475	$ 513,921,948	$ 604,657,423

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

The Trustees of Amherst College
Consolidated Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, room and board, net of financial aid of $62,335,852	$ 59,152,630	$ -	$ 59,152,630
Endowment distribution	43,070,990	94,622,655	137,693,645
U. S. Government grants	2,999,555	-	2,999,555
Gifts and other grants	21,733,194	5,414,390	27,147,584
Other	4,553,248	-	4,553,248
Net assets released from restrictions for operations	72,375,081	(72,375,081)	-
Total operating revenues and other support	203,884,698	27,661,964	231,546,662
Operating expenses			
Instruction and academic programs	63,458,283	-	63,458,283
Academic support	30,120,362	-	30,120,362
Student services	40,456,529	-	40,456,529
Library	18,120,252	-	18,120,252
Research and public programs	9,078,960	-	9,078,960
Institutional support	41,826,265	-	41,826,265
Academic prizes, fellowships and awards	1,026,995	-	1,026,995
Auxiliary activities	35,261,316	-	35,261,316
Other	7,226,059	-	7,226,059
Total operating expenses	246,575,021	-	246,575,021
Change in net assets from operations	(42,690,323)	27,661,964	(15,028,359)
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	476,314,666	1,141,671,125	1,617,985,791
Allocation of endowment spending to operations	(43,070,990)	(94,622,655)	(137,693,645)
Change in net value of life income funds	-	(17,425,690)	(17,425,690)
Unrealized gain and net settlement on interest rate swaps	3,893,911	-	3,893,911
Gifts to life funds, endowment, and plant	5,069	35,386,750	35,391,819
Other components of net periodic benefit cost	3,690,068	-	3,690,068
Change in post-retirement benefits, other than periodic benefit cost	4,355,845	-	4,355,845
Other nonoperating	355,028	-	355,028
Net assets released from restrictions for nonoperations	6,846,165	(6,846,165)	-
Total nonoperating activities	452,389,762	1,058,163,365	1,510,553,127
Increase in net assets	409,699,439	1,085,825,329	1,495,524,768
Net assets			
Beginning of year	1,240,084,490	2,281,770,609	3,521,855,099
End of year	$ 1,649,783,929	$ 3,367,595,938	$ 5,017,379,867

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

The Trustees of Amherst College
Consolidated and Individual Statements of Cash Flows
Year Ended June 30, 2021

	Amherst College	Folger Shakespeare Memorial Library	Total Consolidated
Cash flows from operating activities			
Increase in net assets	$ 1,319,037,783	$ 176,486,985	$ 1,495,524,768
Adjustments to reconcile increase in net assets to net cash used in operating activities			
Depreciation and amortization	19,869,584	1,186,638	21,056,222
Realized and unrealized gains on investments	(1,430,703,159)	(187,282,632)	(1,617,985,791)
Unrealized gain on interest rate swap agreement	(5,816,017)	-	(5,816,017)
Change in beneficial interest in perpetual trusts	(4,899,183)	-	(4,899,183)
Contributions for long term investment	(36,003,709)	(2,103,374)	(38,107,083)
Change in bond discount and issue costs	283,995	-	283,995
Donated securities	(26,539,861)	(866,037)	(27,405,898)
Proceeds from the sale of donated securities	17,524,759	755,033	18,279,792
Decrease (increase) in assets			
Accounts receivable, net	1,582,108	(422,674)	1,159,434
Contributions receivable	11,075,099	893,148	11,968,247
Other assets	3,104,625	873,177	3,977,802
Increase (decrease) in liabilities			
Accounts payable	(459,001)	1,273,710	814,709
Accrued liabilities	963,756	1,305,095	2,268,851
Deferred income and deposits	(790,634)	(27,336)	(817,970)
Liability for life income obligations	8,159,311	339,121	8,498,432
Pension and postretirement benefit obligations	(6,692,577)	(1,672,404)	(8,364,981)
Asset retirement obligations	146,041	207,672	353,713
Other liabilities	4,389,888	409,863	4,799,751
Net cash used in operating activities	(125,767,192)	(8,644,015)	(134,411,207)
Cash flows from investing activities			
Purchases of plant and equipment, net	(15,528,748)	(13,298,869)	(28,827,617)
Purchases of investments	(437,149,679)	(46,588,213)	(483,737,892)
Proceeds from sales and maturities of investments	485,053,408	61,633,712	546,687,120
Net cash provided by investing activities	32,374,981	1,746,630	34,121,611
Cash flows from financing activities			
Contributions for long term investment	36,003,709	2,103,374	38,107,083
Proceeds from sale of donated securities restricted for endowments	9,124,982	-	9,124,982
Payments to beneficiaries under split interest agreements	(3,931,237)	-	(3,931,237)
Proceeds from bond issuance	75,000,000	-	75,000,000
Payments on long-term debt	(5,245,000)	(808,082)	(6,053,082)
Net cash provided by financing activities	110,952,454	1,295,292	112,247,746
Net change in cash and cash equivalents	17,560,243	(5,602,093)	11,958,150
Cash and cash equivalents			
Beginning of year	286,541,563	57,811,265	344,352,828
End of year	$ 304,101,806	$ 52,209,172	$ 356,310,978
Supplemental data			
Interest and net swap settlements paid	$ 21,664,729	$ 553,007	$ 22,217,736
Gifts in kind	$ 81,556	$ -	$ 81,556
Purchases of plant and equipment included in accounts payable	$ 2,056,025	$ 969,247	$ 3,025,272
Contributed Securities	$ 26,539,861	$ 866,037	$ 27,405,898

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

1. Accounting Policies

Organization
The Trustees of Amherst College (the “Institution”) comprises a legal entity and board overseeing the activities of Amherst College (the “College”) and Folger Shakespeare Memorial Library (the “Library”). All entities and activities within the Institution are ultimately governed by the board. The Institution qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

The College is an academically rigorous, residential, full-time, private, nonsectarian institution of higher education. Since its founding in 1821, the College has demonstrated steadfast confidence in the value of the liberal arts and the importance of critical thinking, while preparing students to use ideas to make a difference in the world. The Library is a center for advanced research in Shakespeare and the early modern period. It also sponsors a rich and varied season of cultural, educational and academic programs.

In accordance with the terms of the wills of Henry Clay Folger, class of 1879, and his wife, Emily Jordan Folger, the Institution established the Folger Shakespeare Memorial Library. The original gift to establish the Library provides that 25% of the Folger Fund’s annual investment income up to a maximum of $226,000 is to be distributed for the general operations of the College. The maximum was distributed in fiscal year 2021.

The Institution owns 100% of the common stock of its subsidiary, Amherst Inn Company (the “Inn”). The Inn has been consolidated in the Institution’s consolidated financial statements. For purposes of presentation, the Inn’s activity is included within the Amherst College financial information.

Basis of Presentation
The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenues, gains and expenses recognized during the reporting period. Actual results could differ from those estimates.

The Institution’s significant estimates include the fair value of certain of its investments, reserves for contributions, retirement and postretirement benefit obligations, and its liability for life income obligations.

The consolidated statements have been prepared with the adopted principles of the Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which requires classification of net assets into two categories according to donor-imposed restrictions. The principles require that revenues, gains, expenses and losses be classified as either net assets without donor-imposed restrictions or net assets with donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been reported as follows:

Net Assets without Donor Restriction - This classification includes all revenues, gains, expenses and losses not subject to donor-imposed restrictions. Periodically donor restrictions related to net assets may be clarified or changed; such changes are reflected as fund transfers in the period in which they are identified.

Net Assets with Donor Restrictions - This classification of net assets are subject to donor-imposed restrictions that are either maintained in perpetuity or that will be met either by actions of the Institution or by the passage of time. Generally, a donor-imposed restriction is a stipulation that specifies the use of a contributed asset only for specific purposes. Some donor-imposed restrictions are temporary in nature, including gifts for capital projects or buildings not yet placed in service; annuity and life income gifts and pledges. Other donor-imposed restrictions are perpetual or permanent in nature, such as donor-restricted endowment funds.

Expenses are reported as decreases in net assets without donor restrictions. Revenues from most sources are generally reported as increases in net assets without donor restrictions. See Note 2 for further discussion on investment returns. Expirations of temporary 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 reclassifications from net assets with donor restrictions to net assets without donor restrictions. Temporary restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired or placed in service.

Contributions of cash and other assets, including unconditional promises to give, are recognized as revenues in the period received. Contributions with donor-imposed restrictions that are not met in the same year as received or earned are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the donor stipulated restrictions are met or purpose restrictions are satisfied. Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. Conditional promises to give are not recognized until the conditions are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Grant revenue from exchange contracts is recognized in the period in which the grant expenditures are incurred.

Nonoperating activities include transactions of a capital nature such as realized and changes in unrealized gains and losses on investments to be reinvested by the Institution to generate a return that will support operations, additions or changes in the value of split-interest agreements, contributions to endowment, life income and plant, unrealized gains (losses) and net settlement on interest rate swaps, other components of net periodic benefit cost, postretirement benefit changes other than net periodic benefit cost, loss on the disposal of assets, transfers between net asset categories, and net assets released from restrictions for nonoperations.

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, The Board of Trustees of the Institution has interpreted Massachusetts' Uniform Prudent Management of Institutional Funds Act ("UPMIFA") statute and related Commonwealth of Massachusetts Attorney General guidance to require the preservation of donor-restricted endowment funds at their fair value measured on the date of the gift. As a result of this interpretation, the Institution classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) 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 funds are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Investments
The Institution has established a diversified investment portfolio in accordance with the investment strategy determined by the Investment Committee of the Board of Trustees.

Investments are recorded at fair value. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Investments in units of nonpublicly traded pooled funds are valued at the unit value determined by the investment manager based on quoted market values of the underlying securities. Private equities and certain other nonmarketable securities, including alternative investments, are valued using current estimates of fair value based upon the net asset value of the funds determined by the general partner or investment manager for the respective funds. Because alternative investments are not readily marketable, the estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The Institution's alternative investments include venture capital funds, private equity funds and investments in real estate and natural resources funds. These alternative investments represented approximately 51% of the Institution's investments at June 30, 2021.

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 possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect investment balances and results included in the consolidated financial statements.

Under the terms of certain limited partnership agreements that represent venture capital, private equity, real estate and natural resources investments, the Institution is obligated to remit additional funding periodically as capital calls are exercised.

Purchases and sales of investments are recorded on the trade date of the transaction. Realized investment gains and losses are recorded based on the average cost method.

Derivative Financial Instruments
The Institution's investment policies allow for the use of derivative financial instruments to manage currency exchange and interest rate risks arising from investments in nonderivative assets in proportion to the assets at risk. Such potential instruments consist of forward foreign currency exchange and interest rate futures contracts entered into as part of the investments of the Institution.

The Institution utilizes swap agreements to moderate its exposure to interest rate risk on certain bond issuances. (Note 7)

The Institution also has investments which participate directly, or have the option to participate in, derivative financial instruments. Derivatives held by fund managers in which the Institution invests pose no off balance sheet risk to the Institution due to the limited liability structure of the investment.

Beneficial Interest in Perpetual Trusts
Beneficial interest in perpetual trusts represent resources neither in the possession of nor under the control of the Institution, but held and administered by outside fiscal agents, with the College deriving income from such funds. The trusts are recorded at their respective fair values, which are reported periodically to the College by the outside fiscal agent.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost. The cost of collections at the College are expensed as incurred.

The Institution capitalizes the cost of construction and major improvements to buildings, and purchases of equipment, and library books. Depreciation is calculated on a straight line basis over the estimated useful life of the asset. Purchases for the Library's collections are recorded at cost. (Note 6)

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. The Institution elected to treat highly liquid short-term investments representing assets of endowment and similar funds and life income funds as investments. Cash and cash equivalents are recorded at cost which approximates fair value.

Life Income Obligations
Life income obligations result from annuity and life income agreements which are irrevocable charitable remainder agreements. The assets held for these agreements are reported as part of the Institution's investments at their fair value. The Institution records contribution revenue for the gift, net of the liability calculated as the present value of the estimated future payments to be made to the beneficiaries. The liability has been determined using discount rates ranging from 1.0% to 6.9% dependent upon the year in which the agreement was entered. The obligation is adjusted during the term of the agreement for changes in the value of the assets, amortization of the discount and other changes in the estimates of future benefits.

Asset Retirement Obligations
An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the Institution records period to period changes in the ARO resulting from the passage of time or revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The Institution reduces the ARO when the related obligations are settled.

Income Tax
The Institution is generally exempt from federal and state income taxes. Management performs an annual review for uncertain tax positions along with any related interest and penalties. Management believes that the Institution has no uncertain tax positions that would have a material adverse effect, individually or in the aggregate, upon the Institution's consolidated balance sheet, or the related consolidated statements of activities, or cash flows.

In December 2017, the Tax Cuts and Jobs Act (the "Act") was enacted. The Act impacts the Institution in several ways, including new excise taxes on net investment income, increases to unrelated business taxable income ("UBTI"), changes to the net operating loss rules, repeal of the alternative minimum tax, and the computation of UBTI separately for each unrelated trade or business.

The Institution is subject to federal excise tax imposed on private colleges and universities if certain conditions are met, including an endowment per student ratio. The excise tax of 1.4% is imposed on net investment income, as defined under federal law to include interest, dividends and net realized gains on sales of investments. The Institution has reflected the appropriate tax liabilities in the consolidated financial statements based upon reasonable estimates under the currently available regulatory guidance on the Act.

Student Revenue

The College is a residential community with the majority of students living in campus housing and dining in campus facilities and therefore considers tuition, room and board as one contract. Tuition is charged per semester at the same rate for all students. Tuition, room and board are all fully earned by June 30. Financial aid is calculated based on total cost of attendance. The College records student related revenue within the fiscal year in which services are provided. Institutional financial aid includes amounts funded by the College's operations, endowments, and gifts and provide funding to offset the published price of tuition and fees, room, and board for students. Student related revenue by performance obligation is as follows:

	Tuition and Fees	Room	Board	Total
Gross student charges	$ 105,324,317	$ 8,815,569	$ 7,348,596	$ 121,488,482
Allocation of financial aid	(54,042,004)	(4,523,277)	(3,770,571)	(62,335,852)
Total net student revenue	$ 51,282,313	$ 4,292,292	$ 3,578,025	$ 59,152,630

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the fiscal year ended June 30, 2021. The Institution adopted this pronouncement as of July 1, 2020 and determined the impact on its consolidated financial statements is immaterial.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement". Under the guidance, the Institution is no longer required to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. For investments in entities that calculate net asset value, the requirement to disclose the estimated period of time over which an underlying asset might be liquidated is modified to only require disclosure if the investee has communicated the timing to the Institution or announced the timing publicly. ASU 2018-13 is effective for the fiscal year ended June 30, 2021. The Institution adopted this pronouncement in the current fiscal year.

2. Investments

The Institution records its investments at fair value. Fair value is the amount that would be received when selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in developing those assumptions generally correlate to the level of pricing observability. The availability of observable inputs can vary among financial assets and liabilities.

For investments, fair value is affected by a wide variety of factors including the type of investment, whether the investment is new and not yet established in the market place and other characteristics particular to the investment. The inputs used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.

The Institution's investments have been categorized based upon a fair value hierarchy comprised of the following three broad levels:

Level 1 Valuations based on observable inputs that reflect quoted prices in active markets for identical assets and liabilities. Assets and liabilities utilizing Level 1 inputs include exchange traded securities, short term money market funds and actively-traded obligations issued by the U.S. Treasury.

Level 2 Valuations based on quoted prices for identical or similar assets or liabilities in markets that are less active or other significant market-based inputs which are observable, either directly or indirectly.

Level 3 Valuations based on unobservable inputs that are significant to determining an overall fair value measurement. Assets and liabilities utilizing Level 3 inputs are real estate and natural resources with little, if any, market activity that is not recorded at Net Asset Value ("NAV"). Valuation of these instruments entails a significant degree of estimation and judgment. The investments of the Institution classified as Level 3 are perpetual trusts where the College has been named a beneficiary, investments described above not at NAV, and certain investments held in custody by TIAA and further disclosed in Note 9.

In accordance with ASU 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent),* the Institution has displayed those investments valued at NAV outside of the leveling table. The Institution has performed due diligence procedures related to these investments and has controls in place in order to utilize NAV as a practical expedient.

The fair value for investments in accordance with the fair value hierarchy was as follows as of June 30, 2021:

	College				
	Fair Value Measurements as of June 30, 2021				
Description	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Financial assets					
Short term investments	$ 154,831,818	$ -	$ -	$ -	$ 154,831,818
Domestic equities	172,727,290	-	-	139,915,765	312,643,055
Global equities	-	-	-	333,339,798	333,339,798
Foreign equities	-	-	-	436,739,388	436,739,388
Private equities	-	-	-	1,887,000,009	1,887,000,009
Fixed income	166,608,738	-	-	37,640,623	204,249,361
Absolute return	-	-	-	687,110,064	687,110,064
Real estate and natural resources	-	-	4,163,275	160,642,278	164,805,553
Other	-	-	-	8,026,834	8,026,833
Total investments	494,167,846	-	4,163,275	3,690,414,759	4,188,745,879
Beneficial interest in perpetual trusts	-	-	22,195,980	-	22,195,980
Total financial assets	$ 494,167,846	$ -	$ 26,359,255	$ 3,690,414,759	$ 4,210,941,859

As of June 30, 2021, the College had interest rate swaps with a fair value liability of approximately $15,400,000 which were valued using significant other observable inputs (Level 2).

	Library				
	Fair Value Measurements as of June 30, 2021				
Description	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Financial assets					
Short term investments	$ 19,568,101	$ -	$ -	$ -	$ 19,568,101
Domestic equities	21,809,777	-	-	18,109,721	39,919,498
Global equities	-	-	-	43,255,176	43,255,176
Foreign equities	-	-	-	56,672,619	56,672,619
Private equities	-	-	-	244,862,805	244,862,805
Fixed income	11,125,948	-	-	4,871,940	15,997,888
Absolute return	-	-	-	89,161,472	89,161,472
Real estate and natural resources	-	-	538,865	20,843,821	21,382,686
Other	-	-	-	1,029,662	1,029,661
Total investments	$ 52,503,826	$ -	$ 538,865	$ 478,807,216	$ 531,849,906

The Institution's investments as of June 30, 2021 are comprised of the following:

	College	Library	Total
Endowment assets	$ 3,775,153,114	$ 525,378,016	$ 4,300,531,130
Other assets invested	310,832,490	4,947,920	315,780,410
Life income assets	102,760,275	1,523,970	104,284,245
	$ 4,188,745,879	$ 531,849,906	$ 4,720,595,785

Other assets invested comprise funds set aside by the College and Library administration that are invested for long term, specific purposes.

The Institution's major investment categories are comprised of the following:

Domestic Equities
The Domestic Equities category includes investments in separate accounts and institutional commingled funds that invest primarily in the equity securities of U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality.

Global Equities
The Global Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of both U.S. domiciled and non-U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality.

Foreign Equities

The Foreign Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of non-U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality.

Private Equities

The Private Equities category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. domiciled companies. Private Equity includes venture capital (early-stage) and buyout (later-stage) investments. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. These investments are generally illiquid, with partnership commitment terms of often at least ten years.

Fixed Income

The Fixed Income category includes investments in separate accounts and commingled funds that invest primarily in the debt securities of U.S. domiciled corporations and U.S. government issued securities. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, duration, convexity, liquidity, credit risk, term structures, and strategic advantage. These investments measured at NAV are generally illiquid, with partnership commitment terms of often at least ten years.

Absolute Return

The Absolute Return category includes investments in commingled funds that invest primarily in the equity, debt, and derivative securities of U.S. and non-U.S. domiciled corporations. Unlisted, non-public assets and/or other alternative asset classes may be held by the funds as well. Fund managers hold long and short portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality.

Real Estate and Natural Resources

The Real Estate and Natural Resources category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. real estate, timber, and energy assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. Further, the investment office encourages its investment managers to incorporate consistent and thoughtful environmental considerations into their investment processes. Investment managers are aware that sustainability is a key diligence criterion for the Institution. These investments are generally illiquid, with partnership commitment terms of often at least ten years.

The unfunded commitment and redemption frequencies of the Institution's investment categories as of June 30, 2021 were as follows:

Institution		
Investment Strategy	**Unfunded Commitment**	**Notice Period and Redemption Frequency**
Domestic equities	$ -	No notice period to 150 day notice; between immediate redemption and three year redemption
Global equities	10,000,000	10 business days to 60 day notice; between monthly and three year redemption
Foreign equities	-	10 business days to 90 day notice; between monthly and five year redemption
Private equities	409,600,000	Not redeemable
Fixed income	11,000,000	No notice period; between immediate and not redeemable
Absolute return	-	90 day notice; between annual and three year redemption
Real estate and natural resources	58,900,000	Not redeemable
	$ 489,500,000	

Select investments in domestic equities do not possess a defined liquidation period. These investments can be liquidated as deemed appropriate by the Institution. Other lockup periods for domestic equities, global equities and foreign equities range from thirty days to five years. The Institution is unable to redeem its investments in private equities, real estate and natural resources until the underlying partnerships are dissolved and the funds closed, although the Institution would have the ability to liquidate these partnerships through a negotiated transaction in the secondary market. Investments in private equities, real estate and natural resources have remaining durations from one to fifteen years as of June 30, 2021.

The rollforward of the Level 3 total financial assets for the Institution as of June 30, 2021 is as follows:

	Institution					
	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
Investment Category	**Beginning Balance**	**Net Unrealized Gain (Loss)**	**Purchases and Issuances**	**Sales and Settlements**	**Net Transfers Out of Level 3**	**Ending Balance**
Perpetual trusts	$ 17,296,797	$ 4,899,183	$ -	$ -	$ -	$ 22,195,980
Real estate and natural resources	4,702,140	-	-	-	-	4,702,140
Other	1,502				(1,502)	-
Total investments	$ 22,000,439	$ 4,899,183	$ -	$ -	$ (1,502)	$ 26,898,120

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Institution has adopted a spending policy that is calculated as a percentage of the average market value of the endowment for the three previous years. This allows for the smoothing of growth and decline in endowment fair values. Specifically, the formula used to set the amount of annual spending increases the prior year's distribution by a factor equal to inflation plus the percentage growth in the endowment from prior year capital gifts. This amount is compared to the budgetary needs of the Institution and is increased, if possible, with approval of the Board of Trustees to reflect market growth over time. The calculated amount is also evaluated as a percentage of the endowment's market value and the growth portion of the formula would be held to a rate at or below inflation if the spending rate were to continue to exceed 5.0% over time. It is expected that over time the rate will range between 3.5% and 5.0% of the average market value of

the endowment for the three previous years, higher in years of market decline and lower in years of market growth.

The Institution has adopted investment policies for its endowment assets that seek to ensure that current and future spending requirements are supported, while also preserving the endowment fund in perpetuity. Endowment assets include those assets that have been restricted by the donor or designated by the Trustees and are invested to provide future revenue to support the Institution's activities. Under the Institution's investment policy, as approved by the Investment Committee of the Board of Trustees, an asset allocation or strategic policy portfolio is developed based on long-term return, risk and correlation assumptions that seek to balance the need for liquidity, preservation of purchasing power, and risk tolerance. The Institution uses two benchmarks to assess aggregate performance:

- Simple Market Benchmark- serves to help evaluate the value added from asset allocation in creating a well-diversified investment program versus a non-diversified market index. This benchmark consists of: 60% S&P 500 Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

- Strategic Policy Portfolio Benchmark- serves to help evaluate the impact of manager selection and active management versus passive management. This benchmark is a weighted average return derived from applying the target policy weights of each asset class to the performance of the respective asset class benchmarks.

The Institution expects its endowment funds, over time, to provide an average real rate of return of approximately 3.5% percent annually (or a nominal annual rate of return of approximately 6.0%). The investments in the Institution's endowment portfolio involve various risks, and actual returns in any given year may vary from this anticipated long-term average annual rate of return.

To satisfy its long-term return objectives, the Institution relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institution has established a strategic policy portfolio that is diversified across asset classes.

3. Endowment and Similar Funds

Included in net assets with and without donor restrictions are the College's and Library's endowment and similar funds and life income funds.

Endowment and similar funds is a commonly used term to refer to the resources that have been restricted by donors or designated by the Trustees that will be invested to provide future revenue to support the Institution's activities. Included in endowment are funds which were not restricted by the donor and, accordingly, are net assets without donor restriction of the Institution.

In accordance with UPMIFA statutes, the Institution considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration of the fund

(2) The purpose of the Institution and donor restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Institution

(7) The investment policies of the Institution

Net assets included the following endowment and similar funds at June 30, 2021:

	College		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Endowment		$ 2,688,889,202	$ 2,688,889,202
Quasi-endowment	$ 1,086,263,912	-	1,086,263,912
	$ 1,086,263,912	$ 2,688,889,202	$ 3,775,153,114
Life income funds	$ -	$ 60,973,590	$ 60,973,590

	Library		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Endowment		$ 505,299,726	$ 505,299,726
Quasi-endowment	$ 20,078,290	-	20,078,290
	$ 20,078,290	$ 505,299,726	$ 525,378,016
Life income funds	$ -	$ 547,839	$ 547,839

Included in quasi-endowment are funds designated for spending on scholarships, instruction, academic support, and other purposes.

Net assets of life income funds represent the difference between the investment assets of the funds and the estimated liability for the obligation to beneficiaries.

	College		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 749,810,565	$ 1,815,337,312	$ 2,565,147,877
Investment return, net	383,626,052	925,104,443	1,308,730,495
Contributions	264,244	22,415,466	22,679,710
Appropriation of endowment return for expenditure	(33,043,423)	(80,501,131)	(113,544,554)
Transfers and other changes	(14,393,526)	6,533,112	(7,860,414)
Endowment net assets, end of year	$ 1,086,263,912	$ 2,688,889,202	$ 3,775,153,114

The activity of the endowment and similar funds net assets for the College and Library for the year ended June 30, 2021 is as follows:

	Library		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 17,928,545	$ 337,417,584	$ 355,346,129
Investment return, net	2,912,528	181,901,714	184,814,242
Contributions	60	30,664	30,724
Appropriation of endowment return for expenditure	(691,555)	(14,121,524)	(14,813,079)
Transfers and other changes	(71,288)	71,288	-
Endowment net assets, end of year	$ 20,078,290	$ 505,299,726	$ 525,378,016

4. Liquidity and Availability

For purposes of analyzing resources, the Institution considers various sources of liquidity including cash and cash equivalents, and investments. As of June 30, 2021, the financial assets included in the categories below can readily be made available within one year of the balance sheet date to meet general expenditures and approximate the following:

	College	Library	Total
Cash and cash equivalents	$ 304,101,806	$ 52,209,172	$ 356,310,978
Accounts receivable, net	781,078	135,000	916,078
Contributions receivable, net	3,987,318	32,000	4,019,318
Other	650,000		650,000
Board-approved endowment distribution for current operations	118,000,000	15,000,000	133,000,000
	$ 427,520,202	$ 67,376,172	$ 494,896,374

The Institution has various sources of internal liquidity as displayed above. In addition to these financial assets to meet its general expenses, the Institution operates within a balanced budget and anticipates collecting the operating revenue outlined in that budget. Additionally, the Institution maintains an uncollateralized bank line of credit of $50,000,000 for operational purposes.

Although the Institution has no current intention to spend from its endowment or other long term invested assets, other than those balances distributed as part of the approved annual distribution or other limited approved budgeted activities, other amounts are available for liquidation if necessary. As of June 30, 2021 the College has the ability to liquidate approximately $1,086,000,000 and the Library $20,000,000 of its long term investments within twelve months for operations.

5. Contributions

Contributions receivable, net, are summarized as follows at June 30, 2021:

	College	Library
Unconditional promises expected to be collected within:		
One year	$ 13,475,022	$ 1,482,090
Two to five years	13,947,849	1,132,967
Over five years	19,203,402	10,000
	46,626,273	2,625,057
Less: Unamortized discount and allowance for uncollectible accounts	(3,857,543)	(11,389)
	$ 42,768,730	$ 2,613,668

At June 30, 2021 the College had also received conditional promises to give of $34,500,000. These conditional promises are not recognized as assets until the conditions are substantially met and are comprised of both donor-imposed and general support funding.

6. Property, Plant and Equipment

Property, plant and equipment as of June 30, 2021 consisted of the following:

	Useful Life	College	Library
Land	-	$ 8,627,084	$ 908,397
Land improvements	10	27,189,483	-
Buildings and improvements	50	744,347,851	33,836,237
Faculty residences	30	16,557,740	-
Equipment	5-10	73,098,872	7,019,804
Library books	10	33,152,046	-
Folger collection		-	29,096,559
		902,973,076	70,860,997
Less: Accumulated depreciation		(301,683,112)	(22,754,405)
		601,289,964	48,106,592
Construction in progress		14,232,502	18,553,748
		$ 615,522,466	$ 66,660,340

In fiscal year 2021 depreciation expense was $19,219,000 for the College and $1,184,000 for the Library.

7. Bonds Payable

The Institution has financed the cost of constructing and renovating various College facilities through the issuance of Massachusetts Development Finance Agency (the “Agency” or “MDFA”) bonds. The Institution issued taxable bonds in fiscal year 2009 and 2020 for working capital and other eligible purposes and in fiscal years 2013 and 2016 to finance certain capital projects and other eligible purposes for the College. Additionally, in fiscal year 2020, the Institution issued taxable bonds to finance certain capital projects of the Library.

The Institution's fiscal year 2021 debt service and bonds payable as of June 30, 2021 for the College were as follows:

MDFA Series/Taxable Bonds	Final Year of Maturity	2021 Debt Service	Bonds Payable
H	2033	$ 464,075	$ 24,425,000
I	2028	1,211,356	17,700,000
J-1	2035	18,676	30,000,000
J-2	2035	9,492	20,000,000
K-1	2021	530,417	705,000
K-2	2038	1,939,033	44,605,000
Taxable Bonds, Series 2009A	2039	5,875,000	100,000,000
Taxable Bonds, Series 2012A	2042	5,388,857	80,725,000
Taxable Bonds, Series 2015	2045	6,150,000	150,000,000
Taxable Bonds, Series 2020A	2030	1,890,000	75,000,000
Taxable Bonds, Series 2020B	2051	1,952,125	75,000,000
Less: Bond discounts/issue costs		-	(4,787,435)
		$ 25,429,031	$ 613,372,565

The Institution's fiscal year 2021 debt service and bonds payable as of June 30, 2021 for the Library were as follows:

Taxable Bonds	Final Year of Maturity	2021 Debt Service	Bonds Payable
Taxable Bonds, Series 2020	2040	$ 1,652,616	$ 34,191,918

The Series H bonds were originally issued at a variable rate and are a general obligation of the Institution. On June 4, 2020, the Institution reissued Series H in bank purchase mode at a fixed interest rate of 1.90% until final maturity on November 1, 2031. The bonds are subject to optional redemption at the discretion of the Institution with a yield maintenance fee and Institution maintains the option to convert these bonds to another mode at a subsequent date.

The Series I bonds are a variable rate issue and a general obligation of the Institution. The average interest rate for fiscal year 2021 was 0.06% and the interest rate at June 30, 2021 was 0.02%. The bonds are subject to optional redemption at par plus accrued interest at the option of the Institution.

The Series J bonds are a variable rate issue and a general obligation of the Institution. The interest rate on the issue averaged 0.06% for the Series J-1 bonds and 0.05% for the Series J-2 bonds for the fiscal year 2021. The interest rate was 0.02% for the Series J-1 bonds and 0.01% for the Series J-2 bonds at June 30, 2021. The bonds are subject to optional redemption at par plus accrued interest at the option of the Institution.

The Series K-1 bonds were issued at a fixed rate and are a general obligation of the Institution. The average interest rate on the issue was 4.07% for the year ended June 30, 2021. The Series K-2 bonds were originally issued at a variable rate and are a general obligation of the Institution. On June 4, 2020, the Institution reissued Series K-2 in bank purchase mode at a fixed interest rate of 2.00% until final maturity on November 1, 2038. The proceeds were used for capital projects. The Series K-1 bonds maturing on or after November 1, 2018 are subject to optional redemption after that date, at the option of the Agency with the written consent of the Institution or at the written direction of the Institution. The Series K-2 bonds are subject to optional redemption at the discretion of the Institution with a yield maintenance fee and Institution maintains the option to convert these bonds to another mode at a subsequent date.

The Series 2009A taxable bonds were issued at a fixed rate of 5.875% and are a general obligation of the Institution. The proceeds of the bonds were used by the College for the payment of the issuance costs, working capital, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the Institution with a make-whole provision.

The Series 2012A taxable bonds outstanding during fiscal year 2021 were issued at rates fixed between 2.166% and 3.794% and are a general obligation of the Institution. The proceeds of the bonds were used by the College for the payment of the issuance costs, certain capital projects, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the Institution with a make-whole provision.

The Series 2015 taxable bonds were issued at a fixed rate of 4.10% and are a general obligation of the Institution. The proceeds of the bonds were used by the College for the payment of the issuance costs, certain capital projects, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the Institution with a make-whole provision.

On December 9, 2019, the Institution executed a rate lock for a taxable $150,000,000 note purchase agreement (private placement) that was split into two $75,000,000 tranches. The first tranche (2020A) was drawn on March 9, 2020 and has a fixed interest rate of 2.52%. The second tranche (2020B) was drawn subsequent to fiscal year end on September 9, 2020 and has a fixed interest rate of 3.22%. Both 2020A & 2020B have bullet maturities on March 9, 2030 and September 9, 2050, respectively. The first tranche was issued for liquidity support for the College, while the second tranche was issued for finance construction for strategic capital projects. The private placement is subject to optional redemption at the discretion of the Institution with a make-whole provision.

The Series 2020 taxable bonds issued for use by the Library were issued through a term note with a bank and are subject to optional redemption at the discretion of the Institution with a yield maintenance fee. This note has a fixed rate of 2.41% and amortizes until its maturity date of May 1, 2040. The proceeds are being used for the Library's renovation project.

In connection with the issuance of the Series I and Series J bonds, the Institution entered into interest rate swap agreements to moderate its exposure to interest rate changes. The swaps were not designated as cash flow hedges for the bonds. The interest rate swap agreements effectively change the interest rate exposure on the issues from a variable rate to a fixed rate of 3.07% for Series I and 3.13% for Series J. The interest rate swap agreements have a notional amount of $67,700,000 as of June 30, 2021 and termination date equal to the maturity date of the respective bonds. On June 30, 2021, the fair value of the interest rate swap agreements was a liability of approximately $15,400,000, which is a Level 2 fair value measurement. The net change in the fair value of the liability from the prior year balance and the net settlements was an approximate $3,900,000 gain for the year ended June 30, 2021.

The principal payments on the Institution's bonds for the College for the fiscal years 2022 through 2026 is $5,480,000; $5,005,000; $5,050,000; $5,115,000 and $5,290,000, respectively. The combined principal payments thereafter is $592,220,000.

The principal payments on the Institution's bonds for the Library for the fiscal years 2022 through 2026 approximates $821,000; $841,000; $860,000; $883,000 and $905,000, respectively. The combined principal payments thereafter approximates $29,882,000.

The Series H, I, J and K-2 bonds are subject to tender by bondholders. As of June 30, 2021, the Series J-2 bonds are set to remarket in a daily mode, the Series I and J-1 bonds set in a weekly mode and Series H and K-2 in bank direct purchase mode until November 2031 and November 2038, respectively. If these bonds had been fully tendered as of June 30, 2021, or on their next remarketing date, the principal payments for fiscal years 2022 through 2023 would have been approximately, $70,970,000; $2,625,000, respectively. The principal payments thereafter would have approximated $578,757,000. The Institution has not experienced a failed remarketing of its bonds.

8. Line of Credit

The College has an uncollateralized bank line of credit for operational purposes as of June 30, 2021 as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
$ 50,000,000	$ -	LIBOR plus 0.25%	February 21, 2022

9. Pension Benefits

The Institution has defined contribution pension plans administered by TIAA for faculty, administrative and staff employees of the College, and for Library administrative and staff employees. Eligibility for the plans begins following two years of employment for individuals, unless they were previously enrolled in a qualifying plan, or had qualifying service in another institution within six months of employment with the College or Library, in which case they would be immediately eligible. Contributions to the plans, based on a percentage of salaries, were $8,224,897 for the College and $649,287 for the Library for the year ended June 30, 2021.

The Institution has maintained a TIAA noncontributory, defined benefit pension plan for College staff employees who, prior to July 1, 1994, were not covered by the defined contribution plan, were at least twenty-one years of age, and had completed one year of service. All participants in this plan are fully vested as of June 30, 2021. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to $50 per year times the number of years of credited service. Years of service for purposes of calculating the benefit accrual were frozen on June 30, 1994, when all active College employees began participating in the defined contribution plan. The defined benefit plan continues to provide prior service benefits for participants active at July 1, 1994, and supplemental benefits to certain long-term employees whose retirement benefit would have been negatively affected by the change.

The Institution has a TIAA noncontributory, defined benefit pension plan for Library employees who are not covered by the defined contribution plan, who are at least twenty-one years of age, and who have completed one year of service. An employee is fully vested after five years of participation in the plan. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to $50 per year times the number of years of credited service. Effective July 1, 2013, the Plan was amended to close to new participants, discontinue service accruals for participants less than the age of forty, and to determine the amount of offset attributable to participation in the defined contribution plan as the earlier of the employee's termination or retirement date.

For those who have participated in the defined contribution plans, benefits purchased by employer contributions will reduce the benefits from these defined benefit plans. This defined contribution offset benefit is the annual single life annuity retirement benefit commencing at the normal retirement date which is the actuarial equivalent of the defined contribution account balance using the applicable mortality and interest rates under the Internal Revenue Code.

The Institution contributes to each defined benefit pension plan an amount equal to the required minimum plan contribution as of the beginning of the plan year with interest to the date of payment.

The accumulated benefit obligation at June 30, 2021 was approximately $26,100,000 and $3,700,000 for the College Plan and Library Plan, respectively. Net actuarial loss amortization of approximately $84,000 is expected to be recognized in fiscal year 2022 for the College Plan.

The following were the components of net periodic pension cost for the defined benefit pension plans for the fiscal year ended June 30, 2021:

	College Employee Plan	Library Employee Plan
Service cost	$ -	$ 147,743
Interest cost	598,921	135,826
Expected return on plan assets	(1,030,876)	(133,489)
Amortization of unrecognized prior service cost	-	(2,699)
Amortization of unrecognized net actuarial loss	1,157,471	172,821
Net periodic pension cost	$ 725,516	$ 320,202

The following is a summary of the projected benefit obligation, plan assets, and funded status of the defined pension plans as of June 30, 2021:

	College Employee Plan	Library Employee Plan
Change in projected benefit obligation		
Projected benefit obligation, June 30, 2020	$ 28,322,579	$ 5,495,552
Decrease due to benefits paid	(1,540,962)	(163,346)
Increase due to employee service	-	147,743
Increase due to accrual of interest	598,921	135,826
Decrease due to changes in actuarial assumptions and other sources	(872,151)	(1,280,252)
Projected benefit obligation, June 30, 2021	$ 26,508,387	$ 4,335,523
Change in plan assets		
Fair value of plan assets, June 30, 2020	$ 19,416,602	$ 2,478,835
Actual return	4,433,752	570,114
Employer contributions	319,068	77,914
Benefits paid	(1,540,962)	(163,346)
Change in surrender charge	(86,763)	(12,304)
Fair value of plan assets, June 30, 2021	$ 22,541,697	$ 2,951,213
Funded status		
Projected benefit obligation	$ (26,508,387)	$ (4,335,523)
Fair value of assets	22,541,697	2,951,213
Funded status	$ (3,966,690)	$ (1,384,310)
Cumulative net actuarial loss		
Cumulative net actuarial loss, June 30, 2020	$ 8,393,565	$ 1,832,009
Amortization	(1,157,471)	(172,821)
Net gain	(4,188,264)	(1,704,573)
Cumulative net actuarial loss (gain), June 30, 2021	$ 3,047,830	$ (45,385)

Defined benefit plan assets consist of Deposit Administration Group Annuity Contracts with Teachers Insurance and Annuity Association.

The discount rates used in determining benefit obligations as of June 30, 2021 were 3.16% for the College Plan and 3.42% for the Library Plan. The rate of compensation increase used in determining benefit obligations and the net periodic pension cost was 3.00% for both plans. The discount rates used in determining the net periodic pension cost were 2.19% for the College Plan and 2.56% for the Library Plan. The long-term expected rate of return was 5.50% for both plans.

The expected long-term rate of return on plan assets is determined by reviewing historical returns, taking into account current asset diversification between equity and fixed income investments. Current market factors such as inflation and interest rates are evaluated. The asset allocations at June 30, 2021 of the defined benefit plans were as follows:

	College Employee Plan		Library Employee Plan	
Equity securities	$ 11,703,142	52 %	$ 1,528,722	52 %
Fixed income	10,838,555	48	1,422,491	48
	$ 22,541,697	100 %	$ 2,951,213	100 %

The defined benefit plans' assets are valued using the same fair value hierarchy as the Institution's investments as described in Note 2, Investments.

The following table summarizes the Institution's fair values of investments by major type held by the defined benefit plans at June 30, 2021:

	College Employee Plan			
	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 11,703,142	$ -	$ 11,703,142
Fixed income	-	-	10,838,555	10,838,555
	$ -	$ 11,703,142	$ 10,838,555	$ 22,541,697

	Library Employee Plan			
	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 1,528,722	$ -	$ 1,528,722
Fixed income	-	-	1,422,491	1,422,491
	$ -	$ 1,528,722	$ 1,422,491	$ 2,951,213

The reconciliation of Level 3 total investments for the defined benefit plans as of June 30, 2021 is as follows:

	Level 3 Fair Value Measurements		
	College Employee Plan	Library Employee Plan	Total
Beginning balance	$ 8,414,687	$ 1,077,202	$ 9,491,889
Interest income	357,542	44,868	402,410
Purchases, sales and other, net	2,066,326	300,421	2,366,747
	$ 10,838,555	$ 1,422,491	$ 12,261,046

The equity securities account seeks a favorable long-term return through capital appreciation and investment income. Under normal circumstances, the account invests at least 80% of its assets in a broadly diversified portfolio of common stocks. The account is managed using a combination of three different investment strategies - active management, quantitative and indexing, and invests in both domestic and foreign equities. The account's advisor seeks to achieve the account's overall investment objective by managing the account in segments, each of which may use one of these different investment strategies.

The fixed income account guarantees a minimum interest rate, plus dividends. The account seeks to achieve the highest rate of return over long periods of time, within reasonable risk measures. Investments are held in funds which invest in publicly traded bonds, loans to business and industry, commercial mortgages, and income producing real estate.

The Institution expects the fiscal year 2022 contribution to be reasonably consistent with the current year. The following benefit payments, which reflect expected future service, are expected:

	College Employee Plan	Library Employee Plan
2022	$ 1,760,000	$ 177,000
2023	1,651,000	194,000
2024	1,667,000	199,000
2025	1,671,000	206,000
2026	1,653,000	207,000
2027-2031	7,883,000	1,054,000
	$ 16,285,000	$ 2,037,000

The Institution offers a phased retirement program to faculty of the College. Faculty members may enter the program at any time between age 60 and 65. Upon entering the program, faculty members receive a reduced salary. Participants also receive stipends for part-time work which they can continue until age 70 when they fully retire. The Institution has recorded a liability for this program of approximately $1,300,000 as of June 30, 2021. This program is funded on a cash basis as benefits are paid.

10. Other Postretirement Benefits

The Institution provides a defined benefit health insurance plan to eligible College employees employed before July 1, 2003 who have met certain age and service criteria. The Institution also provides a defined benefit health insurance plan to eligible Library employees and their dependents who have met certain age and service criteria. The Institution funds these plans on a cash basis as benefits are paid.

The Institution provides a defined contribution health program for the College employees that do not qualify for the defined benefit plan described above. Under this plan, each year eligible participants (regular, benefited employees) are entitled to a contribution based on 66.7% of the College's Medicare supplemental insurance cost and interest that is credited to a notional account. Eligibility for contributions begins at age 40 for a maximum of 25 years and vesting requires 10 years of service after the age of 40 and attainment of age 62 when retiring from the College.

The components of net periodic postretirement benefit cost for the Institution's plans as of June 30, 2021 were as follows:

	College Employee Plan	Library Employee Plan
Service cost	$ 1,748,230	$ 254,404
Interest cost	1,503,522	184,751
Amortization of actuarial loss	1,051,101	52,719
Net periodic postretirement benefit cost	$ 4,302,853	$ 491,874

The changes other than net periodic postretirement benefit cost for the Institution's plans as of June 30, 2021 were as follows:

	College Employee Plan	Library Employee Plan
Actuarial gain	$ (3,002,515)	$ (289,462)
Amortization of unrecognized amounts	(1,051,101)	(52,719)
Net periodic postretirement benefit cost	$ (4,053,616)	$ (342,181)

The following provides a reconciliation of the accumulated benefit obligation, plan assets and funded status of the plans:

	College Employee Plan	Library Employee Plan
Change in accumulated postretirement benefit obligation:		
Benefit obligation, June 30, 2020	$ 61,832,442	$ 7,061,753
Service cost	1,748,230	254,404
Interest cost	1,503,552	184,751
Medicare Part D subsidy	-	-
Plan participants' contributions	319,587	16,972
Actuarial gain, net	(3,002,515)	(289,462)
Benefits paid	(2,322,144)	(206,662)
Projected benefit obligation, June 30, 2021	$ 60,079,152	$ 7,021,756
Change in plan assets:		
Fair value of plan assets, June 30, 2020	$ -	$ -
Employer contribution	2,002,557	189,690
Plan participants' contributions	319,587	16,972
Medicare Part D subsidy	-	-
Benefits paid	(2,322,144)	(206,662)
Fair value of plan assets, June 30, 2021	$ -	$ -
Funded status:		
Retirees and dependents	$ (29,162,707)	$ (2,673,924)
Actives fully eligible	(1,919,895)	(924,767)
Actives not fully eligible	(28,996,550)	(3,423,065)
Accumulated post retirement benefit obligation	(60,079,152)	(7,021,756)
Fair value of plan assets	-	-
Funded status	$ (60,079,152)	$ (7,021,756)

As of June 30, 2021, the College Plan had a cumulative net actuarial loss of approximately $11,900,000. The Library Plan had a cumulative net actuarial loss of approximately $1,100,000. In fiscal year 2022 the College and Library have an expected amortization from net assets without donor restrictions into net periodic benefit of approximately $633,000 and $28,000, respectively.

Included in actuarial gain, net for the College Plan and Library Plan are losses from assumption changes in the discount rate amounting to approximately $1,300,000 and $139,000, respectively, and other gains including a mortality gain of approximately $1,300,000 and $164,000 for the College Plan and Library Plan, respectively.

Changes other than net periodic benefit cost include an actuarial loss of $3,000,000 for the College Plan and a gain of $290,000 for the Library Plan.

The discount rate used in determining the accumulated postretirement benefit obligation as of June 30, 2021 for the College Plan was 2.63%. The discount rate for the Library Plan was 2.76% as of June 30, 2021.

The assumed health care cost trend rate used in measuring both plans' accumulated postretirement benefit obligations for participants not yet Medicare eligible was 6.00%. A trend rate of 5.00% was used for participants who are Medicare eligible in both plans. The ultimate trend rates for both plans declines gradually to 5.00% in fiscal year 2022. The discount rate used in determining the net periodic postretirement benefit cost for the fiscal year ending June 30, 2021, which is determined as of July 1, 2020, was 2.48% for the College Plan and 2.65% for the Library Plan.

Following is the effect of a change in the trend rates at June 30, 2021:

	College Employee Plan	Library Employee Plan
Impact of 1% increase in health care cost trend		
Interest cost plus service cost	$ 408,543	$ 97,688
Accumulated postretirement benefit obligation	8,389,773	1,352,226
Impact of 1% decrease in health care cost trend		
Interest cost plus service cost	(324,342)	(73,060)
Accumulated postretirement benefit obligation	(6,869,058)	(1,060,046)

The employer contributions in fiscal year 2022 are expected to approximately $2,422,000 and $190,000 for the College Employee Plan and Library Employee Plan, respectively.

The following benefit payments, which reflect expected future service, are expected:

	College Employee Plan	Library Employee Plan
2022	$ 2,422,000	$ 190,000
2023	2,522,000	197,000
2024	2,633,000	214,000
2025	2,630,000	260,000
2026	2,800,000	237,000
2027-2031	15,735,000	1,455,000
	$ 28,742,000	$ 2,553,000

11. Natural Expenses

Expenses reported by functional classification on the consolidated statement of activities are summarized by expense type (natural classification) as follows:

	College					
	Salaries	Benefits	Interest	Depreciation	Other Operating	Total
Operating expenses						
Instruction and academic programs	$ 38,812,282	$ 12,018,187	$ 3,415,417	$ 3,959,242	$ 5,253,155	$ 63,458,283
Academic support	10,255,679	3,238,680	5,040,864	3,341,758	8,243,381	30,120,362
Student services	17,881,963	5,443,139	2,918,014	2,741,772	11,471,641	40,456,529
Library	4,047,580	1,319,715	556,677	889,597	4,226,037	11,039,606
Research and public programs	1,190,785	194,054	-	242,215	2,315,797	3,942,851
Institutional support	14,790,375	4,025,690	3,317,637	957,278	12,486,202	35,577,182
Academic prizes, fellowships and awards	-	-	-	-	1,026,995	1,026,995
Auxiliary operations	10,282,110	3,342,294	2,959,108	7,027,486	11,650,318	35,261,316
Other	602,479	196,602	1,534,906	59,811	4,832,261	7,226,059
Total operating expenses	$ 97,863,253	$ 29,778,361	$ 19,742,623	$ 19,219,159	$ 61,505,787	$ 228,109,183
Nonoperating expenses						
Change in post-retirment benefits, other than periodic benefit cost	$ -	$ (3,093,370)	$ -	$ -	$ -	$ (3,093,370)
Total nonoperating expenses	$ -	$ (3,093,370)	$ -	$ -	$ -	$ (3,093,370)

	Library					
	Salaries	Benefits	Interest	Depreciation	Other Operating	Total
Operating expenses						
Library	$ 2,790,153	$ 808,115	$ -	$ 745,982	$ 2,736,396	$ 7,080,646
Research and public programs	2,732,059	851,091	-	183,535	1,369,424	5,136,109
Institutional support	2,390,871	747,416	553,008	254,581	2,303,207	6,249,083
Total operating expenses	$ 7,913,083	$ 2,406,622	$ 553,008	$ 1,184,098	$ 6,409,027	$ 18,465,838
Nonoperating expenses						
Change in post-retirment benefits, other than periodic benefit cost	$ -	$ (1,262,475)	$ -	$ -	$ -	$ (1,262,475)
Total nonoperating expenses	$ -	$ (1,262,475)	$ -	$ -	$ -	$ (1,262,475)

Certain expenses have been allocated to functional areas based on the following:

Interest – by bond issue, by underlying use of original funding.

Depreciation – by square footage, by functional nature of building use.

Operation and maintenance of plant – by square footage, by functional nature of building use.

12. Net Assets with Donor-Imposed Restrictions

The composition of net assets with donor-imposed restrictions were as follows at June 30, 2021:

	College	Library
Endowment funds - unspent returns	$ 2,105,703,811	$ 478,468,638
Endowment funds - original principal	583,185,391	26,831,088
Life income funds, net	60,973,590	547,839
Contributions receivable	42,768,730	2,613,668
Beneficial interest in perpetual trusts	22,195,980	-
Plant and current restricted gifts not yet spent	16,887,908	4,879,911
Other	21,958,580	580,804
	$ 2,853,673,990	$ 513,921,948

The donor-restricted net assets above are primarily for endowments for faculty support, scholarships, building improvements, or general operating support.

13. Collections

The Folger Shakespeare Memorial Library holds the largest and most complete collection of Shakespeareana in the world and the largest collection of English printed books from 1475 to 1640 outside of England, as well as extensive Continental Renaissance holdings. The collection includes books, manuscripts, documents, paintings, illustrations, tapestries, furnishings, musical instruments, scores, and curios from the Renaissance and theater history.

The Emily Dickinson Museum consists of two historic houses, and their contents, in the center of Amherst, Massachusetts, closely associated with the poet Emily Dickinson and members of her family during the nineteenth and early twentieth centuries.

The Mead Art Museum creates innovative and rigorous exhibitions from its diverse collection of 19,500 works including American art, Russian modernist art, French art, British portraiture, African art, Japanese art, 19th and 20th century photography, and master and modern prints and drawings. Over 150 Amherst College classes visit the two study rooms annually to learn from original works of art.

The Beneski Museum of Natural History houses research collections of vertebrate and invertebrate paleontology, minerals, anthropology and modern vertebrates, as well as numerous exhibits which illustrate the evolution and ecology of major groups of animals.

The College and the Library maintain policies and procedures addressing the collections' upkeep as well as other aspects of their management, including accession and deaccession policies.

14. Subsequent Events

Management has evaluated subsequent events through December 17, 2021 which is the date the consolidated financial statements were issued. Management is not aware of any subsequent events that would have a material impact on the June 30, 2021 consolidated financial statements.