The Trustees of Amherst College

Financial Statements
June 30, 2023

The Trustees of Amherst College
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June 30, 2023

Report of Independent Auditors

To the Board of Trustees of the Trustees of Amherst College

Opinion

We have audited the accompanying consolidated financial statements of the Trustees of Amherst College and its subsidiary (the "Institution") and the individual financial statements of Amherst College and Folger Shakespeare Memorial Library, which comprise the consolidated and individual balance sheets as of June 30, 2023, and the related consolidated and individual statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated and individual financial statements").

In our opinion, the accompanying consolidated and individual financial statements present fairly, in all material respects, the consolidated financial position of the Institution and the individual financial positions of Amherst College and Folger Shakespeare Memorial Library as of June 30, 2023, and the consolidated and individual changes in their net assets and their consolidated and individual cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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, and for 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.

In preparing the consolidated and individual financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institution's ability to continue as a going concern for one year after the date the consolidated and individual financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated and Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated and individual 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 consolidated and individual 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 consolidated and individual 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 Institution'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 consolidated and individual financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institution'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.

PricewaterhouseCoopers LLP

Boston, Massachusetts
October 31, 2023

The Trustees of Amherst College
Consolidated and Individual Balance Sheets
June 30, 2023

	Amherst College	Folger Shakespeare Memorial Library	Total Consolidated
Assets			
Cash and cash equivalents	$ 121,850,144	$ 33,009,376	$ 154,859,520
Accounts and loans receivable, net	3,689,480	1,214,352	4,903,832
Contributions receivable, net	35,465,292	12,519,762	47,985,054
Beneficial interest in perpetual trusts	20,016,093	-	20,016,093
Other assets	2,503,899	386,759	2,890,658
Investments	3,856,309,911	445,094,918	4,301,404,829
Property, plant and equipment, net	658,458,739	117,440,788	775,899,527
Total assets	$ 4,698,293,558	$ 609,665,955	$ 5,307,959,513
Liabilities and Net Assets			
Accounts payable	$ 13,447,849	$ 3,621,030	$ 17,068,879
Accrued liabilities	8,928,291	4,938,558	13,866,849
Deferred income and deposits	1,973,554	385,482	2,359,036
Liability for life income obligations	31,316,799	430,445	31,747,244
Pension and postretirement benefit obligations	47,497,922	6,653,327	54,151,249
Bonds payable	603,448,922	32,529,912	635,978,834
Interest rate swap agreement	3,933,150	-	3,933,150
Asset retirement obligations	5,999,614	240,487	6,240,101
Other liabilities	7,730,935	805,644	8,536,579
Total liabilities	724,277,036	49,604,885	773,881,921
Net Assets			
Without donor restriction	1,416,876,595	90,090,524	1,506,967,119
With donor restriction	2,557,139,927	469,970,546	3,027,110,473
Total net assets	3,974,016,522	560,061,070	4,534,077,592
Total liabilities and net assets	$ 4,698,293,558	$ 609,665,955	$ 5,307,959,513

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, housing, and meals, net of financial aid of $71,962,213	$ 80,694,420	$ -	$ 80,694,420
Endowment distribution	64,186,346	80,107,372	144,293,718
U. S. Government grants	9,809,980	-	9,809,980
Gifts and other grants	10,069,823	4,958,630	15,028,453
Interest income	8,142,867	-	8,142,867
Other	11,285,854	-	11,285,854
Net assets released from restrictions for operations	90,388,637	(90,388,637)	-
Total operating revenues and other support	274,577,927	(5,322,635)	269,255,292
Operating expenses			
Instruction and academic programs	74,308,381	-	74,308,381
Academic support	31,320,555	-	31,320,555
Student services	51,118,888	-	51,118,888
Library	12,519,258	-	12,519,258
Research and public programs	6,776,574	-	6,776,574
Institutional support	36,153,811	-	36,153,811
Academic prizes, fellowships and awards	3,496,038	-	3,496,038
Auxiliary activities	40,032,748	-	40,032,748
Other	11,232,440	-	11,232,440
Total operating expenses	266,958,693	-	266,958,693
Change in net assets from operations	7,619,234	(5,322,635)	2,296,599
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	53,057,337	103,328,641	156,385,978
Allocation of endowment spending to operations	(64,186,346)	(80,107,372)	(144,293,718)
Change in net value of life income funds	-	(4,552,508)	(4,552,508)
Unrealized gain and net settlement on interest rate swap	3,060,060	-	3,060,060
Gifts to life funds, endowment, and plant	115,986	18,474,265	18,590,251
Other components of net periodic benefit cost	1,926,000	-	1,926,000
Change in post-retirement benefits, other than periodic benefit cost	2,145,093	-	2,145,093
Net assets released from restrictions for nonoperations	3,742,000	(3,742,000)	-
Total nonoperating activities	(139,870)	33,401,026	33,261,156
Increase in net assets	7,479,364	28,078,391	35,557,755
Net assets			
Beginning of year	1,409,397,231	2,529,061,536	3,938,458,767
End of year	$ 1,416,876,595	$ 2,557,139,927	$ 3,974,016,522

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, housing, and meals, net of financial aid	$ -	$ -	$ -
Endowment distribution	681,735	16,318,281	17,000,016
U. S. Government grants	211,989	-	211,989
Gifts and other grants	2,235,693	-	2,235,693
Interest Income	1,335,884	-	1,335,884
Other	2,039,367	-	2,039,367
Net assets released from restrictions for operations	15,968,204	(15,968,204)	-
Total operating revenues and other support	22,472,872	350,077	22,822,949
Operating expenses			
Library	7,207,871	-	7,207,871
Research and public programs	8,494,448	-	8,494,448
Institutional support	6,525,809	-	6,525,809
Total operating expenses	22,228,128	-	22,228,128
Change in net assets from operations	244,744	350,077	594,821
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	941,879	17,923,252	18,865,131
Allocation of endowment spending to operations	(681,735)	(16,318,281)	(17,000,016)
Change in net value of life income funds	-	(9,566)	(9,566)
Gifts to life funds, endowment, and plant	1,560	14,695,040	14,696,600
Other components of net periodic benefit cost	224,640	-	224,640
Change in post-retirement benefits, other than periodic benefit cost	209,251	-	209,251
Total nonoperating activities	695,595	16,290,445	16,986,040
Increase in net assets	940,339	16,640,522	$ 17,580,861
Net assets			
Beginning of year	89,150,185	453,330,024	542,480,209
End of year	$ 90,090,524	$ 469,970,546	$ 560,061,070

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

The Trustees of Amherst College
Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Net student revenue			
Tuition, fees, housing, and meals, net of financial aid of $71,962,213	$ 80,694,420	$ -	$ 80,694,420
Endowment distribution	64,868,081	96,425,653	161,293,734
U. S. Government grants	10,021,969	-	10,021,969
Gifts and other grants	12,305,516	4,958,630	17,264,146
Interest income	9,478,751	-	9,478,751
Other	13,325,221	-	13,325,221
Net assets released from restrictions for operations	106,356,841	(106,356,841)	-
Total operating revenues and other support	297,050,799	(4,972,558)	292,078,241
Operating expenses			
Instruction and academic programs	74,308,381	-	74,308,381
Academic support	31,320,555	-	31,320,555
Student services	51,118,888	-	51,118,888
Library	19,727,129	-	19,727,129
Research and public programs	15,271,022	-	15,271,022
Institutional support	42,679,620	-	42,679,620
Academic prizes, fellowships and awards	3,496,038	-	3,496,038
Auxiliary activities	40,032,748	-	40,032,748
Other	11,232,440	-	11,232,440
Total operating expenses	289,186,821	-	289,186,821
Change in net assets from operations	7,863,978	(4,972,558)	2,891,420
Nonoperating activities			
Realized and change in unrealized gains on investments, and investment income	53,999,216	121,251,893	175,251,109
Allocation of endowment spending to operations	(64,868,081)	(96,425,653)	(161,293,734)
Change in net value of life income funds	-	(4,562,074)	(4,562,074)
Unrealized gain and net settlement on interest rate swaps	3,060,060	-	3,060,060
Gifts to life funds, endowment, and plant	117,546	33,169,305	33,286,851
Other components of net periodic benefit cost	2,150,640	-	2,150,640
Change in post-retirement benefits, other than periodic benefit cost	2,354,344	-	2,354,344
Net assets released from restrictions for nonoperations	3,742,000	(3,742,000)	-
Total nonoperating activities	555,725	49,691,471	50,247,196
Increase in net assets	8,419,703	44,718,913	53,138,616
Net assets			
Beginning of year	1,498,547,416	2,982,391,560	4,480,938,976
End of year	$ 1,506,967,119	$ 3,027,110,473	$ 4,534,077,592

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

The Trustees of Amherst College
Consolidated and Individual Statements of Cash Flows
June 30, 2023

	Amherst College	Folger Shakespeare Memorial Library	Total Consolidated
Cash flows from operating activities			
Increase in net assets	$ 35,557,755	$ 17,580,861	$ 53,138,616
Adjustments to reconcile increase in net assets to net cash used in operating activities			
Depreciation and amortization	20,333,309	1,046,960	21,380,269
Realized and unrealized gain on investments	(156,385,978)	(18,865,131)	(175,251,109)
Unrealized gain on interest rate swap agreement	(3,374,254)	-	(3,374,254)
Change in beneficial interest in perpetual trusts	(1,225,502)	-	(1,225,502)
Contributions for long term investment	(18,590,252)	(3,910,327)	(22,500,579)
Change in bond discount and issue costs	280,676	-	280,676
Donated securities	(6,468,645)	(331,792)	(6,800,437)
Proceeds from the sale of donated securities for operations	309,939	310,439	620,378
Decrease (increase) in assets			
Accounts receivable, net	1,068,792	(17,685)	1,051,107
Contributions receivable	7,016,318	(10,693,522)	(3,677,204)
Other assets	313,638	420,355	733,993
(Decrease) increase in liabilities			
Accounts payable	(2,655,268)	154,523	(2,500,745)
Accrued liabilities	3,778,862	1,858,190	5,637,052
Deferred income and deposits	825,714	(101,084)	724,630
Liability for life income obligations	(2,611,515)	(26,776)	(2,638,291)
Pension and postretirement benefit obligations	(4,071,093)	(433,891)	(4,504,984)
Asset retirement obligations	146,634	20,914	167,548
Other liabilities	(3,113,063)	(341,387)	(3,454,450)
Net cash used in operating activities	(128,863,933)	(13,329,353)	(142,193,286)
Cash flows from investing activities			
Purchases of plant and equipment, net	(53,914,493)	(31,043,495)	(84,957,988)
Purchases of investments	(231,455,162)	(26,689,478)	(258,144,640)
Proceeds from sales and maturities of investments	366,446,991	43,274,550	409,721,541
Net cash provided by (used in) investing activities	81,077,336	(14,458,423)	66,618,913
Cash flows from financing activities			
Contributions for long term investment	18,590,252	3,910,327	22,500,579
Proceeds from sale of donated securities restricted for long term investme	6,158,706	21,353	6,180,059
Payments to beneficiaries under split interest agreements	(4,438,033)	(77,094)	(4,515,127)
Payments on long-term debt	(5,005,000)	(841,145)	(5,846,145)
Net cash provided by financing activities	15,305,925	3,013,441	18,319,366
Net change in cash and cash equivalents	(32,480,672)	(24,774,335)	(57,255,007)
Cash and cash equivalents			
Beginning of year	154,330,816	57,783,711	212,114,527
End of year	$ 121,850,144	$ 33,009,376	$ 154,859,520
Supplemental data			
Interest and net swap settlements paid	$ 22,262,676	$ 1,612,131	$ 23,874,807
Gifts in kind	215,027	-	215,027
Purchases of plant and equipment included in accounts payable	10,236,042	3,024,556	13,260,598
Contributed securities	6,468,645	331,792	6,800,437

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 of Trustees (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 2023.

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, 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 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 on June 30, 2023.

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 0.29% to 6.90% 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.

Auxiliary Operations
Auxiliary operations include direct and indirect expenses incurred by the College for services, including dining, resident hall maintenance, and summer programs.

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.

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, housing and meals as one contract. Tuition is charged per semester at the same rate for all students. Tuition, housing, and meals 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, housing, and, meals for students. Student related revenue by performance obligation is as follows:

	Tuition and Fees	Housing	Meals	Total
Gross student charges	$ 121,697,932	$ 16,814,674	$ 14,144,027	$ 152,656,633
Allocation of financial aid	(57,368,306)	(7,926,424)	(6,667,483)	(71,962,213)
Total net student revenue	$ 64,329,626	$ 8,888,250	$ 7,476,544	$ 80,694,420

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 to utilize NAV as a practical expedient.

The fair value for investments in accordance with the fair value hierarchy was as follows for the Institution as of June 30, 2023:

	Institution				
	Fair Value Measurements as of June 30, 2023				
Description	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Financial assets					
Short term investments	$ 169,141,604	$ -	$ -	$ -	$ 169,141,604
Domestic equities	191,329,807	-	-	220,104,068	411,433,875
Global equities	-	-	-	289,611,368	289,611,368
Foreign equities	-	-	-	382,196,272	382,196,272
Private equities	-	-	-	1,847,372,327	1,847,372,327
Fixed income	330,021,391	-	-	45,318,597	375,339,988
Absolute return	-	-	-	666,686,448	666,686,448
Real estate and natural resources	-	-	4,702,140	151,097,349	155,799,489
Other	-	-	-	3,823,458	3,823,458
Total investments	690,492,802	-	4,702,140	3,606,209,887	4,301,404,829
Beneficial interest in perpetual trusts	-	-	20,016,093	-	20,016,093
Total financial assets	$ 690,492,802	$ -	$ 24,718,233	$ 3,606,209,887	$ 4,321,420,922

The investments of the Institution are allocated on the individual balance sheets of the College and the Library based upon the underlying ownership of the full pool as of June 30, 2023. Ownership percentages are based upon historic gifts, market returns, and distributions of the College and Library, respectively.

As of June 30, 2023, the College had interest rate swaps with a fair value liability of approximately $3,900,000 which were valued using significant other observable inputs (Level 2).

The Institution's investments as of June 30, 2023 are comprised of the following:

	College	**Library**	**Total**
Endowment assets	$ 3,341,667,395	$ 438,633,700	$ 3,780,301,095
Other assets invested	432,891,710	5,194,303	438,086,013
Life income assets	81,750,806	1,266,915	83,017,721
	$ 3,856,309,911	$ 445,094,918	$ 4,301,404,829

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, 2023 were as follows:

	Institution	
Investment Strategy	**Unfunded Commitment**	**Notice Period and Redemption Frequency**
Domestic equities	$ 1,070,130	No notice period to 180 day notice; between immediate redemption and four year redemption
Global equities	-	45 day to 6 month notice; between quarterly and 3 year redemption
Foreign equities	-	45 day to 90 day notice; between quarterly and five year redemption
Private equities	460,237,186	Not redeemable
Fixed income	3,749,651	No notice period; between immediate and not redeemable
Absolute return	-	90 day notice; between annual and three year redemption
Real estate and natural resources	19,881,281	Not redeemable
Other	2,615,332	Not redeemable
	$ 487,553,580	

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, 2023.

The rollforward of the Level 3 total financial assets for the Institution as of June 30, 2023 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**
Beneficial interest in perpetual trusts	$ 18,790,591	$ 1,225,502	$ -	$ -	$ -	$ 20,016,093
Real estate and natural resources	4,703,490	(1,350)	-	-	-	4,702,140
Total investments	$ 23,494,081	$ 1,224,152	$ -	$ -	$ -	$ 24,718,233

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, with approval of the Board 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. In fiscal year 2023, the total distribution from the endowment was approximately $135,000,000 for the College and $17,000,000 for the Library.

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, 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: 70% MSCI All Country World Index and 30% Bloomberg U.S. Aggregate Index.

- Peer Benchmark – Cambridge Associates Median for Nontaxable Funds Over $1 Billion in Assets - serves to help evaluate the impact of manager selection and portfolio management relative to peers.

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, 2023:

	College		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Endowment	$ -	$ 2,387,797,918	$ 2,387,797,918
Quasi-endowment	953,869,477	-	953,869,477
	$ 953,869,477	$ 2,387,797,918	$ 3,341,667,395
Life income funds	$ -	$ 50,434,007	$ 50,434,007

	Library		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment funds			
Endowment	$ -	$ 421,043,557	$ 421,043,557
Quasi-endowment	17,590,143	-	17,590,143
	$ 17,590,143	$ 421,043,557	$ 438,633,700
Life income funds	$ -	$ 836,470	$ 836,470

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.

The activity of the endowment and similar funds net assets for the College and Library for the year ended June 30, 2023, is as follows:

	College		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 947,776,550	$ 2,374,076,227	$ 3,321,852,777
Investment return, net	42,730,177	105,496,334	148,226,511
Contributions	115,986	8,369,365	8,485,351
Appropriation of endowment return for expenditure	(32,663,531)	(102,296,554)	(134,960,085)
Transfers and other changes	(4,089,705)	2,152,546	(1,937,159)
Endowment net assets, end of year	$ 953,869,477	$ 2,387,797,918	$ 3,341,667,395

	Library		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 17,522,870	$ 419,437,025	$ 436,959,895
Investment return, net	941,879	17,923,252	18,865,131
Contributions		1,560	1,560
Appropriation of endowment return for expenditure	(681,735)	(16,318,280)	(17,000,015)
Transfers and other changes	(192,871)	-	(192,871)
Endowment net assets, end of year	$ 17,590,143	$ 421,043,557	$ 438,633,700

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, 2023, 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	$ 121,850,144	$ 33,009,376	$ 154,859,520
Accounts receivable, net	2,377,497	1,214,352	3,591,849
Contributions receivable, net	1,417,949	405,099	1,823,048
Investments	230,928,894	-	230,928,894
Other	650,000	-	650,000
Board-approved endowment distribution for current operations	143,400,000	18,100,000	161,500,000
	$ 500,624,484	$ 52,728,827	$ 553,353,311

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, 2023, the College has the ability to liquidate approximately $950,000,000 and the Library $18,000,000 of its long term investments within twelve months for operations.

5. Contributions

Contributions receivable, net, are summarized as follows on June 30, 2023:

	College	Library
Unconditional promises expected to be collected within:		
One year	$ 6,291,677	$ 324,853
Two to five years	28,103,461	10,807,685
Over five years	5,552,319	2,510,000
	39,947,457	13,642,538
Less: Unamortized discount and allowance for uncollectible accounts	(4,482,165)	(1,122,776)
	$ 35,465,292	$ 12,519,762

At June 30, 2023 the College had also received conditional promises to give of $4,250,000. 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, 2023, consisted of the following:

	Useful Life	College	Library
Land	-	$ 8,627,084	$ 908,397
Land improvements	10	33,950,532	-
Buildings and improvements	50	759,265,607	35,016,472
Faculty residences	30	15,524,009	-
Equipment	5-10	71,735,444	7,325,073
Library books	10	33,152,046	-
Folger collection			30,720,258
		922,254,722	73,970,200
Less: Accumulated depreciation		(333,349,420)	(24,910,978)
		588,905,302	49,059,222
Construction in progress		69,553,437	68,381,566
		$ 658,458,739	$ 117,440,788

In fiscal year 2023 depreciation expense was approximately $20,180,000 for the College and approximately $1,047,000 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 2023 debt service and bonds payable as of June 30, 2023, for the College were as follows:

MDFA Series/Taxable Bonds	Final Year of Maturity	2023 Debt Service	Bonds Payable
H	2031	$ 464,075	$ 24,425,000
I	2028	2,456,224	14,300,000
J-1	2035	723,978	30,000,000
J-2	2035	444,984	20,000,000
K-2	2038	1,150,167	43,415,000
Taxable Bonds, Series 2009A	2039	5,875,000	100,000,000
Taxable Bonds, Series 2012A	2042	5,384,050	75,535,000
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	2,415,000	75,000,000
Less: Bond discounts/issue costs		-	(4,226,078)
		$ 26,953,478	$ 603,448,922

The Institution's fiscal year 2023 debt service and bonds payable as of June 30, 2023, for the Library were as follows:

Taxable Bonds	Final Year of Maturity	2023 Debt Service	Bonds Payable
Taxable Bonds, Series 2020	2040	$ 1,647,210	$ 32,529,912

The Series H bonds were originally issued at a variable rate and are a general obligation of the Institution. This issuance has 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 2023 was 2.37% and the interest rate at June 30, 2023 was 3.88%. 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 2.37% for the Series J-1 bonds and 2.22% for the Series J-2 bonds for the fiscal year 2023. The interest rate was 3.88% for the Series J-1 bonds and 3.62% for the Series J-2 bonds at June 30, 2023. The bonds are subject to optional redemption at par plus accrued interest at the option of the Institution.

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 2023 were issued at rates fixed between 2.416% 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.

The Series 2020A and Series 2020B bonds (private placement) have rate locks executed in December 2019. 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 on September 9, 2020, and has a fixed interest rate of 3.22%. Both 2020A and 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 $64,300,000 as of June 30, 2023, and termination date equal to the maturity date of the respective bonds. On June 30, 2023, the fair value of the interest rate swap agreements was a liability of approximately $3,900,000, 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 $3,000,000 gain for the year ended June 30, 2023.

The principal payments on the Institution's bonds for the College for the fiscal years 2024 through 2028 is $5,050,000; $5,115,000; $5,290,000; $5,470,000 and $9,360,000, respectively. The combined principal payments thereafter are $577,390,000.

The principal payments on the Institution's bonds for the Library for the fiscal years 2024 through 2028 approximates $860,000; $883,000; $905,000; $927,000 and $948,000, respectively. The combined principal payments thereafter approximate $28,006,000.

The Series H, I, J and K-2 bonds are subject to tender by bondholders. As of June 30, 2023, 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, 2023, or on their next remarketing date, the principal payments for fiscal years 2024 through 2028 would have been approximately, $66,990,000 in 2024 and $3,250,000 in 2025. The principal payments thereafter would have approximated $570,000,000. 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, 2023, as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
$ 50,000,000	$ -	BSBY plus 0.25%	February 21, 2024

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 approximately $9,300,000 for the College and $700,000 for the Library for the year ended June 30, 2023.

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, 2023. 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 on 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 on June 30, 2023 was approximately $20,000,000 and $2,600,000 for the College Plan and Library Plan, respectively.

The following were the components of net periodic pension cost for the defined benefit pension plans for the fiscal year ended June 30, 2023:

	College Employee Plan	Library Employee Plan
Service cost	$ -	$ 36,051
Interest cost	895,813	145,052
Expected return on plan assets	(1,043,441)	(143,711)
Amortization of unrecognized net actuarial loss	-	(64,073)
Net periodic pension cost	$ (147,628)	$ (26,681)

The following is a summary of the projected benefit obligation, plan assets, and funded status of the defined pension plans as of June 30, 2023:

	College Employee Plan	Library Employee Plan
Change in projected benefit obligation		
Projected benefit obligation, June 30, 2022	$ 21,727,734	$ 3,223,681
Decrease due to benefits paid	(1,652,136)	(157,906)
Increase due to employee service	-	36,051
Increase due to accrual of interest	895,813	145,052
Decrease due to changes in actuarial assumptions and other sources	(663,057)	(350,227)
Projected benefit obligation, June 30, 2023	$ 20,308,354	$ 2,896,651
Change in plan assets		
Fair value of plan assets, June 30, 2022	$ 19,705,692	$ 2,698,467
Actual return	2,106,472	290,212
Employer contributions	237,234	-
Benefits paid	(1,652,136)	(157,906)
Change in surrender charge	21,000	2,357
Fair value of plan assets, June 30, 2023	$ 20,418,262	$ 2,833,130
Funded status		
Projected benefit obligation	$ (20,308,354)	$ (2,896,651)
Fair value of assets	20,418,262	2,833,130
Funded status	$ 109,908	$ (63,521)
Cumulative net actuarial loss (gain)		
Cumulative net actuarial loss (gain), June 30, 2022	$ 1,826,511	$ (835,687)
Net gain	(1,747,088)	(434,982)
Cumulative net actuarial loss (gain), June 30, 2023	$ 79,423	$ (1,270,669)

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, 2023, were 4.85% for the College Plan and 4.91% 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 4.27% for the College Plan and 4.44% 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 on June 30, 2023 of the defined benefit plans were as follows:

	College Employee Plan		Library Employee Plan	
Equity securities	$ 10,794,483	53 %	$ 1,491,285	53 %
Fixed income	9,623,779	47	1,341,845	47
	$ 20,418,262	100 %	$ 2,833,130	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, 2023:

	College Employee Plan			
	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 10,794,483	$ -	$ 10,794,483
Fixed income	-	-	9,623,779	9,623,779
	$ -	$ 10,794,483	$ 9,623,779	$ 20,418,262

	Library Employee Plan			
	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 1,491,285	$ -	$ 1,491,285
Fixed income	-	-	1,341,845	1,341,845
	$ -	$ 1,491,285	$ 1,341,845	$ 2,833,130

The reconciliation of Level 3 total investments for the defined benefit plans as of June 30, 2023, is as follows:

	Level 3 Fair Value Measurements		
	College Employee Plan	Library Employee Plan	Total
Beginning balance	$ 10,363,338	$ 1,424,060	$ 11,787,398
Interest income	392,762	54,394	447,156
Purchases, sales and other, net	(1,132,321)	(136,609)	(1,268,930)
	$ 9,623,779	$ 1,341,845	$ 10,965,624

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

	College Employee Plan	Library Employee Plan
2024	$ 1,956,000	$ 190,000
2025	1,725,000	202,000
2026	1,701,000	204,000
2027	1,692,000	214,000
2028	1,662,000	209,000
2029-2033	7,659,000	987,000
	$ 16,395,000	$ 2,006,000

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, 2023. 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, 2023 were as follows:

	College Employee Plan	Library Employee Plan
Service cost	$ 1,327,946	$ 204,459
Interest cost	2,073,628	287,402
Net periodic postretirement benefit cost	$ 3,401,574	$ 491,861

The changes other than net periodic postretirement benefit cost for the Institution's plans as of June 30, 2023 were as follows:

	College Employee Plan	Library Employee Plan
Actuarial gain	$ (3,053,963)	$ (253,126)
Changes other than net periodic postretirement benefit cost	$ (3,053,963)	$ (253,126)

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, 2022	$ 48,282,361	$ 6,562,004
Service cost	1,327,946	204,459
Interest cost	2,073,628	287,402
Medicare Part D subsidy	-	-
Plan participants' contributions	327,925	28,466
Actuarial gain, net	(3,053,963)	(253,126)
Benefits paid	(2,614,679)	(239,399)
Projected benefit obligation, June 30, 2023	$ 46,343,218	$ 6,589,806
Change in plan assets:		
Fair value of plan assets, June 30, 2022	$ -	$ -
Employer contribution	2,286,754	210,933
Plan participants' contributions	327,925	28,466
Medicare Part D subsidy	-	-
Benefits paid	(2,614,679)	(239,399)
Fair value of plan assets, June 30, 2023	$ -	$ -
Funded status:		
Retirees and dependents	$ (23,033,162)	$ (2,854,447)
Actives fully eligible	(701,116)	(686,867)
Actives not fully eligible	(22,608,940)	(3,048,492)
Accumulated post retirement benefit obligation	(46,343,218)	(6,589,806)
Fair value of plan assets	-	-
Funded status	$ (46,343,218)	$ (6,589,806)

As of June 30, 2023, the College Plan had a cumulative net actuarial gain of approximately $4,400,000. The Library Plan had a cumulative net actuarial loss of approximately $33,000. There is no expected amortization from net assets without donor restrictions into net periodic benefit for fiscal year 2023.

Included in actuarial gain, net for the College Plan and Library Plan are losses from assumption changes in the discount rate amounting to approximately $2,700,000 and $464,000, respectively, and a benefit payment gain of approximately $236,000 for the College Plan and $25,000 for the Library Plan.

Changes other than net periodic benefit cost includes an actuarial gain of approximately $3,100,000 for the College Plan and a gain of $250,000 for the Library Plan.

The discount rate used in determining the accumulated postretirement benefit obligation as of June 30, 2023, for the College Plan was 4.90%. The discount rate for the Library Plan was 4.92% as of June 30, 2023.

The assumed health care cost trend rate used in measuring both plans' accumulated postretirement benefit obligations for participants not yet Medicare eligible was 7.00%. A trend rate of 6.00% 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 2025. The discount rate used in determining the net periodic postretirement benefit cost for the fiscal year ending June 30, 2023, which is determined as of July 1, 2022, was 4.41% for the College Plan and 4.46% for the Library Plan.

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

	College Employee Plan	Library Employee Plan
2024	$ 2,618,000	$ 251,000
2025	2,607,000	306,000
2026	2,834,000	281,000
2027	2,831,000	337,000
2028	3,925,000	308,000
2029-2033	17,129,000	1,868,000
	$ 31,944,000	$ 3,351,000

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	$ 44,316,856	$ 14,381,918	$ 3,581,841	$ 4,027,795	$ 7,999,971	$ 74,308,381
Academic support	12,214,238	3,453,853	4,934,336	3,412,059	7,306,069	31,320,555
Student services	21,853,655	6,799,626	2,731,561	3,396,004	16,338,042	51,118,888
Library	4,309,089	1,383,587	484,121	912,338	5,430,123	12,519,258
Research and public programs	2,027,926	272,153	-	316,908	4,159,587	6,776,574
Institutional support	15,580,119	5,749,221	3,629,787	1,302,463	9,892,221	36,153,811
Academic prizes, fellowships and awards	-	-	-	-	3,496,038	3,496,038
Auxiliary operations	11,650,310	3,072,072	3,613,466	6,773,948	14,922,952	40,032,748
Other	958,072	266,497	1,514,538	35,767	8,457,566	11,232,440
Total operating expenses	$ 112,910,265	$ 35,378,927	$ 20,489,650	$ 20,177,282	$ 78,002,569	$ 266,958,693
Nonoperating expense						
Change in post-retirement benefits, other than periodic benefit cost	$ -	$ 2,145,093	$ -	$ -	$ -	$ 2,145,093
Total nonoperating expense	$ -	$ 2,145,093	$ -	$ -	$ -	$ 2,145,093

	Library					
	Salaries	Benefits	Interest	Depreciation	Other Operating	Total
Operating expenses						
Library	$ 3,296,656	$ 943,393	$ -	$ 659,584	$ 2,308,238	$ 7,207,871
Research and public programs	3,449,549	987,201	-	162,279	3,895,419	8,494,448
Institutional support	3,067,654	979,086	-	225,096	2,253,973	6,525,809
Total operating expenses	$ 9,813,859	$ 2,909,680	$ -	$ 1,046,959	$ 8,457,630	$ 22,228,128
Nonoperating expense						
Change in post-retirement benefits, other than periodic benefit cost	$ -	$ 209,251	$ -	$ -	$ -	$ 209,251
Total nonoperating expense	$ -	$ 209,251	$ -	$ -	$ -	$ 209,251

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, 2023:

	College	Library
Endowment funds - unspent returns	$ 1,745,833,713	$ 394,058,712
Endowment funds - original principal	641,964,205	26,984,845
Life income funds, net	50,434,007	836,470
Contributions receivable	35,465,292	12,519,762
Beneficial interest in perpetual trusts	20,016,093	-
Restricted gifts received not yet spent	49,952,143	35,570,757
Other	13,474,474	-
	$ 2,557,139,927	$ 469,970,546

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

13. Related Party Transactions

Members of the Board and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the Institution. The Institution's conflict of interest policy requires, among other things, that no member of the Board or its committees can participate in any decision in which they (or an immediate family member) have a material financial interest. For members of the Board and senior management, the Institution requires annual disclosure of significant financial interest in, or employment, or consulting relationships with entities doing business with the Institution. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the Institution and ensure compliance with relevant conflict of interest policies. From time to time the Institution has outstanding contributions receivable from members of the Board and loans from employees.

14. Collections

The 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, 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.

15. Subsequent Events

Management has evaluated subsequent events through October 31, 2023, 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, 2023, consolidated financial statements.