BENNINGTON COLLEGE AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

BENNINGTON COLLEGE AND SUBSIDIARY
Bennington, Vermont

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bennington College and Subsidiary
Bennington, Vermont

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bennington College and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bennington College and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of activities are presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Crowe LLP

Crowe LLP

Burlington, Vermont
January 27, 2022

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 3,266,136	$ 6,269,179
Restricted deposits	287,711	693,212
Accounts and grants receivable, net of allowances of $1,030,640 and $934,214, respectively	928,179	2,997,195
Pledges receivable, net (Note 3)	35,057,993	25,165,455
Beneficial interest in split-interest agreements (Note 4 and 5)	2,601,485	2,057,925
Other assets	3,466,109	2,831,594
Investments (Note 5)	41,061,063	28,643,937
Plant assets, net (Note 7)	78,291,670	80,171,852
Total assets	$ 164,960,346	$ 148,830,349
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Notes 7 and 11)	$ 5,387,340	$ 4,439,284
Deferred income	1,845,639	2,013,109
Grant advance liability (Note 17)	-	5,945,442
Advance payments (Note 12)	2,455,164	2,807,143
Bond and note payable (Note 8)	51,089,773	51,288,029
Total liabilities	60,777,916	66,493,007
Net assets		
Without donor restrictions	23,538,485	21,829,973
With donor restrictions	80,643,945	60,507,369
Total net assets	104,182,430	82,337,342
Total liabilities and net assets	$ 164,960,346	$ 148,830,349

See accompanying notes to consolidated financial statements.

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2021 (with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating				
Revenues, gains and other support:				
Net tuition and other fees	$ 21,499,366	$ -	$ 21,499,366	$ 23,582,867
Federal grants	2,725,034	138,937	2,863,971	1,224,070
Private gifts and grants	7,163,171	18,501,516	25,664,687	22,630,446
Paycheck protection program loan forgiveness	5,945,442	-	5,945,442	-
Sale of assets	64,120	-	64,120	506,950
Investment return designated for operations (Note 5)	1,167,215	-	1,167,215	991,424
Auxiliary enterprises	988,179	-	988,179	596,341
Other income	742,772	7,621	750,393	1,966,310
Net assets release from restrictions used in operations (Note 10)	5,144,828	(5,144,828)	-	-
Total operating, revenues, gains and other support	45,440,127	13,503,246	58,943,373	51,498,408
Expenses:				
Instruction	16,670,239	-	16,670,239	17,819,758
Academic support	4,183,196	-	4,183,196	4,244,077
Student services	8,402,100	-	8,402,100	7,115,338
Management and general	9,437,677	-	9,437,677	10,717,413
Fundraising	1,917,749	-	1,917,749	2,324,376
Food service and other auxiliary enterprise expense	2,627,445	-	2,627,445	2,732,487
Total operating expenses	43,238,406	-	43,238,406	44,953,449
Change in net assets from operations	2,201,721	13,503,246	15,704,967	6,544,959
Nonoperating activities				
Investment return in excess of (less than) amounts designated for current operations (Note 5)	(493,209)	6,089,770	5,596,561	(762,692)
Split interest agreements (Note 4)	-	543,560	543,560	(103,817)
Total nonoperating activities	(493,209)	6,633,330	6,140,121	(866,509)
Change in net assets	1,708,512	20,136,576	21,845,088	5,678,450
Net assets at beginning of year	21,829,973	60,507,369	82,337,342	76,658,892
Net assets at end of year	$ 23,538,485	$ 80,643,945	$ 104,182,430	$ 82,337,342

See accompanying notes to consolidated financial statements.

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Operating			
Revenues, gains and other support:			
Net tuition and other fees	$ 23,582,867	$ -	$ 23,582,867
Federal grants	1,164,670	59,400	1,224,070
Private gifts and grants	7,069,390	15,561,056	22,630,446
Sale of assets	506,950	-	506,950
Investment and other financial income (Note 5)	991,424	-	991,424
Auxiliary enterprises	596,341	-	596,341
Other income	1,948,713	17,597	1,966,310
Net assets release from restrictions used in operations (Note 10)	5,738,588	(5,738,588)	-
Total operating, revenues, gains and other support	41,598,943	9,899,465	51,498,408
Expenses:			
Instruction	17,819,758	-	17,819,758
Academic support	4,244,077	-	4,244,077
Student services	7,115,338	-	7,115,338
Management and general	10,717,413	-	10,717,413
Fundraising	2,324,376	-	2,324,376
Food service and other auxiliary enterprise expense	2,732,487	-	2,732,487
Total operating expenses	44,953,449	-	44,953,449
Change in net assets from operations	(3,354,506)	9,899,465	6,544,959
Nonoperating activities			
Investment return in excess of (less than) amounts designated for current operations (Note 5)	(64,900)	(697,792)	(762,692)
Split interest agreements (Note 4)	-	(103,817)	(103,817)
Total nonoperating activities	(64,900)	(801,609)	(866,509)
Change in net assets	(3,419,406)	9,097,856	5,678,450
Net assets at beginning of year	25,249,379	51,409,513	76,658,892
Net assets at end of year	$ 21,829,973	$ 60,507,369	$ 82,337,342

See accompanying notes to consolidated financial statements.

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 21,845,088	$ 5,678,450
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amorization	4,111,944	4,057,346
Accretion	90,460	(119,611)
Paycheck Protection Program loan forgiveness	(5,945,442)	-
Donated asset	(1,000,000)	-
Contributions restricted for endowment	(5,465,059)	(1,855,341)
Contributions restricted for capital	(690,768)	(1,758,600)
Change in value of beneficial interst in split-interest agreements	(543,560)	103,817
Net realized and unrealized (gain) loss on investment	(6,516,102)	140,072
Change in assets and liabilities		
Accounts and grants receivable	2,069,016	(462,641)
Pledges receivable	(9,892,538)	(9,638,004)
Other assets	365,485	(126,268)
Accounts payable and accrued expenses	948,056	(461,832)
Deferred income	(164,470)	(211,191)
Grant advance liability	-	5,945,442
Advance payments	(351,979)	351,980
Net cash provided by operating activities	(1,139,869)	1,643,619
Cash flows from investing activities		
Purchase of plant assets	(2,301,299)	(2,348,438)
Purchase of investments	(21,564,389)	(14,120,012)
Proceeds from sales of investments	15,663,365	12,227,925
Net cash used in investing activities	(8,202,323)	(4,240,525)
Cash flows from financing activities		
Payments on long-term debt	(222,179)	(89,564)
Contributions restricted for endowment	5,465,059	1,855,341
Contributions restricted for capital	690,768	1,758,600
Net cash provided by financing activities	5,933,648	3,524,377
Net increase (decrease) in cash and cash equivalents	(3,408,544)	927,471
Cash and cash equivalents at beginning of year	6,962,391	6,034,920
Cash and cash equivalents at end of year	$ 3,553,847	$ 6,962,391
Reconciliation of cash and cash equivalents to amounts presented on the Statements of Financial Position		
Cash and cash equivalents	$ 3,266,136	$ 6,269,179
Restricted deposits	287,711	693,212
Total cash and cash equivalents	$ 3,553,847	$ 6,962,391
Supplemental cash flow information		
Cash paid for interest	$ 277,340	$ 1,204,577
Payment for debt issuance costs as part of new long-term debt issuance	-	(52,357)
Noncash financing activities		
Issuance of new long-term debt	-	47,575,000
Repayment of long-term debt as part of new long-term debt issuance	-	(47,575,000)

See accompanying notes to consolidated financial statements.

NOTE 1 – THE ORGANIZATION

Bennington College (the College) is a liberal arts educational institution located in Bennington, Vermont. B.C. Campus Holdings, LLC, a special purpose Limited Liability Company, of which Bennington College is the sole member, was created to facilitate the financing obtained through the United States Department of Agriculture Community Facilities loan program. This wholly-owned subsidiary is consolidated in the financial statements of the College, and consolidating schedules are presented in the supplementary information section.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation: The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the College as a whole in accordance with generally accepted accounting principles in the United States of America (GAAP) for not-for-profit institutions. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets With Donor Restrictions: Represents net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return, if any, on related investments for general or specific purposes. This category also represents net assets subject to donor-imposed stipulations that may or will be met by actions of the College and/or the passage of time. This classification also includes accumulated unspent gains on donor-restricted endowment funds.

Net Assets Without Donor Restrictions: Represents net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets with donor restrictions, that is, the donor-imposed stipulated purpose has been accomplished and or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Principles of Consolidation: The consolidated financial statements include the accounts of the College and Subsidiary. All material intercompany accounts and transactions are eliminated in consolidation.

Operations: The statements of activities report the changes in net assets from operating and nonoperating activities. Nonoperating activity reflects the appreciation (depreciation) on long-term investments, net of investment management fees, in excess of the amount appropriated under the Board of Trustees' approved spending formula. In addition, nonoperating activities include changes in the present value of split-interest agreements and certain other activities. All other activity is classified as operating activity.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition:

Tuition, Fees, and Auxiliary Services

Tuition and other fees are derived from academic services rendered by the College. The College recognizes revenue for academic services over the applicable academic term. Scholarships provided to students by the College are reflected as a reduction of gross tuition and other fees. These are given to students in the course of providing educational services and the College decides the amounts, as well as the individual recipients. Scholarships are reported as a reduction to tuition and other fees revenue, as the College does not receive any goods or services in exchange for the discount. For the years ended June 30, 2021 and 2020, tuition and other fees revenue was reduced by $23,814,019 and $23,096,747, respectively, due to scholarships the College provided to students. Tuition and other fees received in advance of services are reported as deferred income in the statements of financial position.

Sales and services of auxiliary enterprises include events and camps. Fees related to events and camps received in advance of services are reported as deferred income in the statements of financial position. The College typically recognizes revenue from sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

The following table presents revenues disaggregated by the nature of transfer of services for the year ended June 30, 2021:

Tuition	$ 37,123,853
Residence and dining	8,189,532
Less: financial aid	(23,814,019)
Net tuition revenue	21,499,366
Auxiliary enterprises	988,179
Total revenues from contracts with customers	$ 22,487,545

The following table presents revenues disaggregated by the nature of transfer of services for the year ended June 30, 2020:

Tuition	$ 39,354,273
Residence and dining	7,325,341
Less: financial aid	(23,096,747)
Net tuition revenue	23,582,867
Auxilliary enterprises	596,341
Total revenues from contracts with customers	$ 24,179,208

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College's contract liabilities are presented as deferred income and advance payments in the statements of financial position. Deferred income in any period represent the excess of tuition, fees and other student payments received over amounts recognized as revenue on the statements of activities. Advance payments represent the amount still owed to Aramark for dining services. The College's education programs have starting and ending dates that differ from its fiscal year end. Therefore, at the end of the fiscal year end, a portion of revenue from these programs is not yet earned. The College does not present information about outstanding performance obligations as of year end because its contracts with students all had original terms of less than one year.

A summary of changes in contract liabilities is as follows:

2021

	June 30, 2020	Revenue Recognized	Additions	June 30, 2021
Deferred income	$ 2,013,109	$ (2,238,995)	$ 2,071,525	$ 1,845,639
Advance payments	2,807,143	(351,979)	-	2,455,164

2020

	June 30, 2019	Revenue Recognized	Additions	June 30, 2020
Deferred income	$ 2,036,649	$ (2,123,072)	$ 2,099,532	$ 2,013,109
Advance payments	3,159,123	(351,980)	-	2,807,143

The College maintains an institutional tuition refund policy, which provides for all or a portion of tuition and fees to be refunded if a student withdraws during the stated refund period. The College does not record revenue on amounts that are expected to be refunded. Refunds are estimated based on historical experience.

The College's receivables represented unconditional rights to consideration from its contracts with students; accordingly, students were not billed until they started attending a course and the revenue recognition process had commenced. Once a student had been invoiced, payment was due immediately.

Accounting for Contributions: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are initially reported as support with donor restrictions, then are included as net assets released from restrictions.

Unconditional promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to the net assets without donor restrictions when the purpose or time restrictions are met. Unconditional promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions is provided for based on historical collection experience.

The College reports contributions of land, buildings, or equipment as support without donor restrictions unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-term assets are reported as support with donor restrictions until the assets are acquired and placed in service.

Contributions of investments in securities and plant, properties, and equipment are recorded at fair value at date of gift.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the College considers investments purchased with a maturity of three months or less to be cash equivalents. The College's cash and cash equivalents at times may exceed federally insured limits.

Restricted Deposits: On June 30, 2020, the amount reported is related to funds reserved for the completion of a construction project. On June 30, 2021, the amount reported relates to funds reserved as part of the College's participation in a self-insured health insurance consortium.

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

The College utilizes the net asset value (NAV) reported by each of the alternative funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds.

Although such investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported value, and the difference could be material.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant Assets: Plant assets are stated at historical cost less accumulated depreciation. Buildings and equipment are depreciated over their estimated useful lives using the straight-line method.

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

Deferred Income: Student advance payments for tuition, room, and board related to future terms have been deferred and will be reported as revenue without donor restrictions in the year in which the term is completed.

Advance Payments: Amounts received from vendors that are refundable prior to the expiration date of the contract are recorded as a liability. Over the life of the contract, the liability is amortized to offset the related expenses.

Income Taxes: The College generally does not provide for income taxes since it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

ASC 740, Income Taxes, permits an entity to recognize the benefit and requires accrual of an uncertain tax position only when the position is “more likely than not” to be sustained in the event of examination by tax authorities. In evaluating whether a tax position has met the recognition threshold, the College must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. ASC 740 also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. Tax positions deemed to meet the “more-likely than-not” threshold are recorded as a tax expense in the current year.

The College has analyzed all open tax years, as defined by the statutes of limitations, for all major jurisdictions. Open tax years are generally open for exam by taxing authorities three years after filling which for the College are 2018, 2019, and 2020. Major taxing authorities for the College include the Federal government and the state of Vermont. The College has no examinations in progress. The College believes it has no significant uncertain tax positions.

Fair Value Measurements: Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying amounts for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate their fair values because of their short-term maturities.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College's recurring fair value measurements are performed on its investments. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. The fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value. It is categorized into three levels:

- *Level 1* – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- *Level 2* – observable prices that are based on inputs not quoted in active markets, but corroborated by market data, and also those investments reported at net asset value that are redeemable at or near the balance sheet date; and
- *Level 3* – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in the College's assessment of fair value.

The College utilized the NAV reported by the alternative investments fund managers as a practical expedient for measuring and reporting their fair values in the accompanying financial statements. Because the College owns interest in each alternative investment fund rather than in the securities underlying each fund, it is generally required to consider such investments as Level 2 or 3, even though the underlying securities may not be difficult to value or may be readily marketable. Classification in Level 2 or 3 is based on the College's ability to redeem its interest at or near the date of the statement of financial position, and if the interest can be redeemed in the near term, the investment is classified in Level 2.

Use of Estimates in Financial Statement Preparation: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates included in these financial statements include the valuation of accounts and pledges receivable, the valuation of investments and split interest agreements, and the valuation of interest rate swaps.

Expense Classification: Functional expenses have been classified as program services (instruction, academic support, student services, and food service and other auxiliary services), management and general, and fundraising according to actual direct expenditures and cost allocations based upon estimates of time spent by College personnel. Plant expenses are allocated to each function based upon square footage of occupancy.

Reclassifications: Certain amounts in the 2020 financial statements have been reclassified to conform to the presentation of the 2021 financial statements. Reclassifications had no impact on change in net assets or net assets in total.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments or disclosures within the financial statements for the year ended June 30, 2021. Management has performed their analysis through January 27, 2022, the date the financial statements were available to be issued.

(Continued)

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivables consist of the following at June 30:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	$ 7,275,053	$ 4,149,525
One year to five years	20,067,032	23,212,123
Thereafter	22,750,904	12,310,000
Subtotal	50,092,989	39,671,648
Less: Allowance for doubtful pledges	(12,690,143)	(11,736,165)
Discounts for present value	(2,344,853)	(2,770,028)
	$ 35,057,993	$ 25,165,455

Amounts to be received in future years have been discounted using rates ranging from 1% to 5%. During fiscal year ended June 30, 2014 the College became aware that a foundation donor that had a large pledge outstanding would not be able to fulfill the pledge within the original timeline. Although the donor is still committed to fulfilling the pledge, a timetable for the collection of the remaining amounts due could not be established. At June 30, 2021 and 2020, an allowance of $10,000,000 exists related to the entire remaining pledge balance from this donor.

NOTE 4 – BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS

The College’s split-interest agreements with donors consists of perpetual trusts with a value at June 30, 2021 and 2020 of $2,601,485 and $2,057,925, respectively. The funds held in trust consist of resources neither in the possession nor under the control of the College and administered by outside trustees, with the College deriving income from the assets of such funds. The asset value recorded represents the College’s portion of the market value of the underlying investments.

NOTE 5 – INVESTMENTS AND FAIR VALUE

The following presents the College's assets by fair value hierarchy and type at June 30, 2021 and 2020:

	Fair Value at June 30, 2021					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Day's Notice
Investments:						
Cash	$ 4,434,096	$ -	$ -	$ 4,434,096	Daily	1
Preferred equity			48,235	48,235	Illiquid	N/A
U.S. gov't agency backed securities	2,179,677			2,179,677	Daily	1
Money market funds	8,261,452			8,261,452	Daily	1
U.S. large cap equity funds	13,090,800			13,090,800	Daily	1
U.S. small cap equity funds	1,887,635			1,887,635	Daily	1
International equity funds	5,725,619			5,725,619	Daily	1
Commodity mutual funds	749,053			749,053	Daily	1
Real estate securities	1,820,003	-	-	1,820,003	Daily	1
Total	38,148,335	-	48,235	38,196,570		
Investments reported at net asset value:						
Real estate	-	-	-	1,003,531	Quarterly	
Absolute return hedge fund	-	-	-	1,860,962	Quarterly	60
Total	$ 38,148,335	$ -	$ 48,235	$ 41,061,063		
Other assets:						
Split Interest agreements	$ -	$ -	$ 2,601,485	$ 2,601,485		

	Fair Value at June 30, 2020					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Day's Notice
Investments:						
Cash	$ 3,216,156	$ -	$ -	$ 3,216,156	Daily	1
Preferred equity	-	-	48,235	48,235	Illiquid	N/A
U.S. gov't agency backed securities	1,447,574	-	-	1,447,574	Daily	1
Money market funds	6,665,344	-	-	6,665,344	Daily	1
U.S. large cap equity funds	8,925,273	-	-	8,925,273	Daily	1
U.S. small cap equity funds	1,596,118	-	-	1,596,118	Daily	1
International equity funds	3,858,453	-	-	3,858,453	Daily	1
Real estate securities	1,314,858	-	-	1,314,858	Daily	1
Total	27,023,776	-	48,235	27,072,011		
Investments reported at net asset value:						
Absolute return hedge fund	-	-	-	1,571,926	Quarterly	60
Total	$ 27,023,776	$ -	$ 48,235	$ 28,643,937		
Other assets:						
Split Interest agreements	$ -	$ -	$ 2,057,925	$ 2,057,925		

(Continued)

NOTE 5 – INVESTMENTS AND FAIR VALUE (Continued)

The College had no activity for the fiscal years ended June 30, 2021 and 2020 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) and as such, the fair value of these investments totaling $48,235 remained unchanged as of June 30, 2021 and 2020.

The change in the value of the beneficial interest in split interest agreements is from the following activity for the years ended June 30, 2021 and 2020.

	2021	2020
Beginning balance	$ 2,057,925	$ 2,161,742
Net unrealized gain (loss)	543,560	(103,817)
Ending balance	$ 2,601,485	$ 2,057,925

Investment income for the year ended June 30, 2021 and 2020 consists of the following components:

	2021	2020
Dividends and interest	$ 404,156	$ 493,817
Realized gains	1,902,062	310,962
Unrealized gains (losses)	4,614,040	(430,018)
Other financial income (loss)	13,850	(5,662)
Investment fees	(170,332)	(140,367)
Total investment return	6,763,776	228,732
Amount appropriated for operations	(1,167,215)	(991,424)
Nonoperating investment return	$ 5,596,561	$ (762,692)

(Continued)

NOTE 6 – ENDOWMENT FUNDS

The College's endowment consists of approximately 85 individual donor restricted funds established for a variety of purposes. The College uses the total return concept, and its spending policy is designated to stabilize annual spending levels and to preserve the purchasing power of the endowment assets.

The Board of Trustees of the College has interpreted the Vermont enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. As a result of this interpretation, the College has not changed the way net assets with donor restrictions are classified. The remaining portion of the donor-restricted endowment fund is 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. In accordance with UPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

i. the duration and preservation of the fund;
ii. the purposes of the College and the endowment fund;
iii. general economic conditions;
iv. the possible effect of inflation and deflation;
v. the expected total return from income and the appreciation of investments;
vi. other resources of the College; and
vii. the investment policies of the College.

While split-interest agreements such as beneficial interests in perpetual trusts are not legally subject to UPMIFA, the College has included them below as they consider them to be part of the College's endowment. The College also has pledges receivable restricted for the endowment which total $17,228,341 and $19,899,663 at June 30, 2021 and 2020, respectively. Pledges receivable are not legally subject to UMPIFA until the cash is received. Endowment net assets, including split interest agreements, consisted of the following at June 30, 2021 and 2020:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor resticted endowment funds			
Historical gift value	$ -	$ 30,380,720	$ 30,380,720
Accumulated gains	-	7,214,700	7,214,700
Beneficial interest in perpetual trusts	-	2,601,485	2,601,485
Total	$ -	$ 40,196,905	$ 40,196,905

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor resticted endowment funds			
Historical gift value	$ -	$ 24,915,661	$ 24,915,661
Accumulated gains	-	1,985,800	1,985,800
Beneficial interest in perpetual trusts	-	2,057,925	2,057,925
Total	$ -	$ 28,959,386	$ 28,959,386

(Continued)

NOTE 6 – ENDOWMENT FUNDS (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations related to the investments but are expected to be recovered by long-term appreciation of investments compared to the spending policy of 5% each year established by the Board of Trustees.

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020 is as follows:

	June 30, 2021		
	Without Donor Restrictions	Wth Donor Restrictions	Total
Beginning balance	$ -	$ 28,959,386	$ 28,959,386
Change in fair value of perpetual trusts	-	543,560	543,560
Contributions received	-	5,465,059	5,465,059
Investment return	-	6,396,115	6,396,115
Spending policy distribution	-	(1,167,215)	(1,167,215)
Ending balance	$ -	$ 40,196,905	$ 40,196,905

	June 30, 2020		
	Without Donor Restrictions	Wth Donor Restrictions	Total
Beginning balance	$ -	$ 27,947,619	$ 27,947,619
Change in fair value of perpetual trusts	-	(103,817)	(103,817)
Contributions received	-	1,855,341	1,855,341
Investment return	-	251,667	251,667
Spending policy distribution	-	(991,424)	(991,424)
Ending balance	$ -	$ 28,959,386	$ 28,959,386

(Continued)

NOTE 7 – PLANT ASSETS

Plant assets consist of the following at June 30, 2021 and 2020:

	Estimated Useful Life	2021	2020
Land		$ 1,864,070	$ 1,864,070
Buildings	15 - 50 years	116,892,271	115,940,754
Improvements other than building	25 years	625,650	625,650
Equipment	3 - 7 years	7,173,380	6,885,434
Computer/Software	5 - 15 years	3,666,145	3,529,958
Construction in progress		1,894,652	1,067,550
		132,116,168	129,913,416
Less accumulated depreciation		(53,824,498)	(49,741,564)
		$ 78,291,670	$ 80,171,852

Construction in progress of $1,894,652 at June 30, 2021, includes costs primarily related to the Barn's reconstruction, which suffered fire damage in April 2020, as described in note 14. Construction in progress of $1,067,550 at June 30, 2020, includes costs primarily related to the renovation of the Commons building, for which the College obtained financing, which closed in September 2017 as described in note 8. The Commons building construction was completed and placed into service in August 2019.

Depreciation expense was $4,082,936 and $4,057,346 for the years ended June 30, 2021, and 2020, respectively. Depreciation expense has been allocated to the various functional expense categories based upon the use of the related assets.

The College has conditional asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time that certain renovations are completed relating to underground oil tanks and asbestos in buildings. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long term asset and depreciated over the asset’s remaining useful life.

The following table presents the activity for the conditional asset retirement obligations for the years ended June 30, 2021 and 2020, which is included within accounts payable and accrued expenses in the financial statements:

	2021	2020
Balance at beginning of year	$ 1,675,175	$ 1,794,854
Obligations settled in current period	-	(68)
Accretion expense	90,460	(119,611)
Balance at end of year	$ 1,765,635	$ 1,675,175

(Continued)

NOTE 8 – BOND AND NOTE PAYABLE

Outstanding debt consists of the following at June 30, 2021 and 2020:

	2021	2020
United States Department of Agriculture Rural Development Note, face amount $47,575,000 issued in 2020, interest rate is fixed at 2.375%, matures in May 2057	$ 47,358,374	$ 47,502,170
TD Bank loan, face amount of $5,000,000 issued 2017, interest is fixed at 5.07%, matures in 2047; 90% guaranteed by USDA Rural Development	4,710,348	4,793,118
Less debt issuance costs, net of amortization	(978,949)	(1,007,259)
	$ 51,089,773	$ 51,288,029

The scheduled principal payments on the College's debt as of June 30, 2021 for the succeeding five years and thereafter are as follows:

	TD Loans	USDA Loans	Total
Year ending June 30:			
2022	$ 87,130	$ 756,905	$ 844,035
2023	91,718	928,264	1,019,982
2024	96,550	950,522	1,047,072
2025	101,635	973,375	1,075,010
2026	106,988	996,746	1,103,734
Thereafter	4,226,327	42,752,562	46,978,889
	$ 4,710,348	$ 47,358,374	$ 52,068,722

The United States Department of Agriculture Rural Development financing consists of a $5.0 million USDA guaranteed loan, obtained through TD Bank, and a $47.575 million direct loan. In May 2020, the College closed on the USDA note in the amount of $47.575 million which repaid the outstanding Revenue Anticipation Note insured by VEDA. The USDA note originally had a 35-year term with interest and principal payments beginning in June 2020. In September 2020, the USDA agreed to defer principal and interest payments through September 2021 to provide relief to the College due to the COVID-19 pandemic and to extend the note's maturity date to May 2057.

The College has determined that the estimated fair value of its total indebtedness was equivalent to its net carrying value as of June 30, 2021 and 2020. The College further determined that the differences between the carrying value and estimated fair values of its other financial assets and liabilities at June 30, 2021 were not significant.

(Continued)

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods at June 30, 2021 and 2020:

	2021	2020
Subject to expenditures for specifed purpose:		
Contributions received for capital projects	$ 2,839,503	$ 3,797,727
Contributions received for operations	2,473,861	935,385
Cumulative unspent returns from donor-restricted endowment funds	7,214,700	2,767,522
Pledges for future periods, net of allowance	17,452,708	5,265,793
	29,980,772	12,766,427
Donor restricted endowment funds held in perpetuity		
Instruction	13,100,408	12,746,501
Academic support	726,723	297,855
Scholarships and fellowships	11,565,304	6,986,238
Maintenance of plant	1,602,529	1,400,500
Any activity of the College	6,062,923	6,410,185
Pledges for future periods	17,605,286	19,899,663
	50,663,173	47,740,942
	$ 80,643,945	$ 60,507,369

The College has net internal borrowings of $2.05 million and $2.10 million at June 30, 2021 and 2020, respectively, of net assets with donor restrictions to fund activities without donor restrictions. No restricted assets were used for such purposes subsequent to fiscal year 1997. The College intends to continue repaying the borrowed amounts in future periods.

NOTE 10 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, and through the expiration of time restrictions.

	2021	2020
Purpose restrictions accomplished:		
Instruction	$ 1,604,877	$ 2,670,431
Academic support	47,152	338,945
Student services	651,471	301,292
Management and general	113,362	334,227
Any activity of the College	163,851	-
Capital projects	1,993,398	755,661
Scholarships and fellowships	570,717	1,338,032
Total net assets released from restrictions	$ 5,144,828	$ 5,738,588

(Continued)

NOTE 11 – RETIREMENT PLANS

Faculty and administrative staff of the College are participants in the defined contribution retirement plan administered by TIAA. The amount contributed to the plan by the College is based upon a percentage of salary as defined in the plan. Pension cost for this plan amounted to $254,476 in fiscal year 2021 and $1,326,378 in fiscal year 2020.

The unionized staff of the College are participants in a defined benefit plan. The College's funding policy is to contribute annually an amount equal to or greater than the amount necessary to satisfy the minimum funding standards under ERISA, using a different actuarial cost method and different assumptions from those used for financial reporting. Plan benefits are calculated based on a fixed amount multiplied by years of credited service. The College has a Deposit Administration Contract with Prudential Financial (formerly CIGNA Retirement & Investment Services) which establishes a guaranteed annuity contract for each union employee at the time of retirement. Once a contract is estimated, Prudential guarantees the future payment of the retiree's pension benefit, and the College has no ongoing liability for any postretirement payments.

The most recent actuarial valuation with participant information as of July 1, 2020 was used to determine the appropriate contribution for the plan year ended June 30, 2021. The plan has been frozen to new participants and the accrual of additional benefits due to continuing service for existing participants.

Information with respect to the plan is as follows:

	2021	2020
Change in benefit obligations		
Benefit obligation at beginning of year	$ 933,287	$ 833,844
Interest cost	17,755	24,734
Actuarial loss	(42,628)	74,709
Benefit obligation at end of year	908,414	933,287
Change in plan asset		
Fair value of plan assets at beginning of year	477,211	373,217
Actual return on plan assets	(8,278)	(10,692)
Employer contribution	100,000	114,686
	568,933	477,211
	$ (339,481)	$ (456,076)

The liability related to the funded status and accrued postretirement benefit obligation is included in accounts payable and accrued expenses in the statements of financial position.

Net periodic post-retirement benefit cost reported as expense in the statement of activities includes the following components:

	2021	2020
Interest cost	$ 17,755	$ 24,734
Expected return on plan assets	(5,131)	(17,148)
Recognized net loss	28,869	22,405
Net periodic post-retirement benefit cost	$ 41,493	$ 29,991

(Continued)

NOTE 11 – RETIREMENT PLANS (Continued)

The weighted average assumptions used in the accounting included a discount rate of 2.25% and 3.0% as of June 30, 2021 and 2020, respectively, and the expected rate of return on plan assets of 1.0% and 4.0% as of June 30, 2021 and 2020, respectively. The overall long-term rate of return on assets assumption was based on an analysis of the historical rate of return for a portfolio with similar asset allocation. The plan's assets are comprised of Level 2 fixed income securities. The College expects to contribute $100,000 in fiscal year 2022. The following benefit payments are expected to be paid: $77,976 in FY2022, $38,578 in FY2023, $61,992 in FY2024, $130,639 in FY 2025, $164,581 in FY2026, and $225,204 thereafter through FY2030.

NOTE 12 – CONTRACT FOR DINING SERVICES

On March 13, 2013, the College entered a ten-year contract with Aramark Educational Services, LLC (Aramark) to have Aramark provide all dining services for the College, effective July 1, 2013. Under the terms of the contract, the College provides all dining facilities and is responsible for all maintenance and repairs of the facility. Dining services personnel remain employees of the College except for management employees, who are employees of Aramark. Aramark made a $3.5 million payment to the College in July 2014, with the funds to be utilized by the College for dining services improvements. This amount has been recorded as an advance payment on the Statement of Financial Position and is being amortized over the life of the contract as an offset to the dining expense.

In May 2018, the College and Aramark extended their contract for an additional five years. Under the agreement, Aramark paid an additional $1.5 million to the College. This new commitment, along with the unamortized amount from the July 2013 payment, is being amortized over the new extended life of the contract. The amount amortized in fiscal year 2021 is $351,979, leaving a remaining balance to be amortized of $2,455,164.

NOTE 13 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limited their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and cash equivalents	$ 3,266,136	$ 6,269,179
Accounts and grants receivable, net	928,179	2,997,195
Pledges receivable, net	4,919,883	688,260
Investments available for operations	4,096,344	748,379
Endowment distribution for operations	1,349,418	1,167,215
	$ 14,559,960	$ 11,870,228

The College's endowment funds consist of donor-restricted endowments funds. Income from donor-restricted endowments is restricted for specific purposes, except for the amount available for general use. Donor- restricted endowment funds are not available for operating expenditures.

(Continued)

NOTE 13 – LIQUIDITY AND AVAILABILITY (Continued)

As part of the College's liquidity management, the College invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The amounts reported for accounts and grants receivable as of June 30, 2021 does not include proceeds from a State of Vermont grant for Covid relief of $1,880,787. The Vermont legislature appropriated the funds during the year ended June 30, 2021, but the grant agreement was signed, and funding was received in Fall 2021.

NOTE 14 – CASUALTY EVENT

On April 30, 2019, a fire substantively destroyed a wing of the Barn, the College's main administrative building. During the year ended June 30, 2020, the College settled its claim with its insurance carrier and recognized a gain of $1.064 million, which has been included in Other Income on the Statement of Activities.

(Continued)

NOTE 15 – FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION

Expenses broken out by natural classification and function for the fiscal year ended June 30, 2021 is as follows:

	Program Services								
	Instruction	Academic Support	Student Services	Food Service and Other Auxiliary Services	Total Program Service Expenses	Management and General	Fundraising	Allocated Plant	Total Expenses
Salaries and wages	$ 9,010,096	$ 2,082,824	$ 2,616,526	$ 575,668	$ 14,285,114	$ 4,321,810	$ 1,426,137	$ 1,740,477	$ 21,773,538
Benefits and taxes	1,689,567	418,151	502,085	154,625	2,764,428	1,164,664	320,404	499,980	4,749,476
Materials, supplies, postage	215,699	8,020	172,886	88,866	485,471	53,586	35,004	25,478	599,539
Professional fees	-	10,549	133,000	-	143,549	454,396	1,500	-	599,445
General and other	331,043	15,462	582,882	328,273	1,257,660	2,492,678	31,554	947,659	4,729,551
Food service	7	-	521	928,957	929,485	7,646	-	2,466	939,597
Professional development	318,277	5,068	261,904	-	585,249	52,706	5,826	-	643,781
Advertising and printing	16,648	1,148	50,695	-	68,491	63,558	213	-	132,262
Memberships and subscriptions	14,164	23,222	17,390	662	55,438	50,108	3,581	2,409	111,536
									-
Utilities and occupancy	2,288,285	362,801	2,003,398	258,660	4,913,144	111,494	-	(3,338,220)	1,686,418
Equipment and technology	32,525	952,758	355,820	1,161	1,342,264	150,400	86,420	17,109	1,596,193
Travel	24,409	2,362	32,734	4	59,509	14,539	7,110	493	81,651
Depreciation	1,850,505	296,124	1,664,469	286,140	4,097,238	76,857	-	-	4,174,095
Interest	879,014	4,707	7,790	4,429	895,940	423,235	-	102,149	1,421,324
Total	$ 16,670,239	$ 4,183,196	$ 8,402,100	$ 2,627,445	$ 31,882,980	$ 9,437,677	$ 1,917,749	$ -	$ 43,238,406

(Continued)

NOTE 15 – FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION (Continued)

Expenses broken out by natural classification and function for the fiscal year ended June 30, 2020 is as follows:

	Program Services								
	Instruction	Academic Support	Student Services	Food Service and Other Auxiliary Services	Total Program Service Expenses	Management and General	Fundraising	Allocated Plant	Total Expenses
Salaries and wages	$ 9,243,802	$ 2,214,644	$ 2,741,551	$ 836,168	$ 15,036,165	$ 4,126,167	$ 1,531,221	$ 1,919,051	$ 22,612,604
Benefits and taxes	2,169,623	550,282	613,621	355,787	3,689,313	1,227,896	413,305	869,721	6,200,235
Materials, supplies, postage	213,691	21,520	75,795	86,328	397,334	61,623	40,434	43,067	542,458
Professional fees	3,512	-	-	-	3,512	420,819	3,000	-	427,331
General and other	389,770	29,446	333,981	107,883	861,080	1,527,609	137,276	1,156,703	3,682,668
Food service	31,096	184	12,493	1,055,012	1,098,785	10,752	434	1,547	1,111,518
Professional development	224,622	16,145	242,861	258	483,886	20,590	7,565	3,203	515,244
Advertising and printing	17,923	499	1,465	-	19,887	13,788	-	-	33,675
Memberships and subscriptions	18,359	41,418	17,093	(36)	76,834	61,080	3,469	12,146	153,529
Utilities and occupancy	3,161,496	253,601	2,279,825	185,136	5,880,058	686,507	-	(4,137,896)	2,428,669
Equipment and technology	24,072	915,469	170,305	1,249	1,111,095	30,479	103,007	47,950	1,292,531
Travel	213,811	10,660	238,694	6	463,171	93,763	84,665	1,816	643,415
Depreciation	1,201,009	185,074	350,458	94,506	1,831,047	2,023,996	-	82,692	3,937,735
Interest	906,972	5,135	37,196	10,190	959,493	412,344	-	-	1,371,837
Total	$ 17,819,758	$ 4,244,077	$ 7,115,338	$ 2,732,487	$ 31,911,660	$ 10,717,413	$ 2,324,376	$ -	$ 44,953,449

(Continued)

NOTE 16 – CONTINGENT LIABILITIES

The College is an investor in Bennington Redevelopment Group LLC ("BRG"), which was formed to facilitate the revitalization of downtown Bennington through the renovation of the historic Putnam Hotel block. The College's partners in BRG include Southern Vermont Medical Center (the local hospital), the Bank of Bennington, and other civic and corporate leaders in the community. As a condition of the financing obtained to renovate the Putnam Hotel block, the College and its partners in BRG had to provide certain guaranties to lenders at the time that the project financing closed in June 2019. The guaranties cover costs related to the recapture of New Markets Tax Credits and Federal Historic Tax Credits, environmental indemnification, completion of construction, operating deficits of the project, and project bridge loans.

The College simultaneously entered into an agreement with its partners that provides that in the event of a call on a guaranty that each party would immediately pay its pro rata share of the cost. Based on the College's share, which is approximately 7%, the total maximum exposure to the College of all the guaranties is estimated to be approximately $950,000. No liability has been recorded in the financial statements as of June 30, 2021, as there have been no calls on the guarantees, management has estimated that the probability of a loss related to the guarantees is low, and the amount of any liability cannot be reasonably estimated.

NOTE 17 – PANDEMIC IMPACTS AND PAYROLL PROTECTION PROGRAM LOAN

In December 2019, a novel coronavirus strain surfaced and spread worldwide, with resulting business and social disruption. The World Health Organization declared the coronavirus a Public Health Emergency of International Concern on January 30, 2020. In response to the pandemic and in compliance with various state requirements, on March 13, 2020, the College closed its campus to in-person instruction and moved to online instruction for the remainder of the spring semester. Approximately 80 percent of the students residing on campus left campus, causing the return of approximately $1.3 million in unused room and board fees for the semester. In addition, certain Middlebury Language Schools, which were expected to be hosted at the College's Bennington campus during the summer of 2020, were canceled.

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, in April 2020, the College applied for and received a Paycheck Protection Program (PPP) loan in the principal amount of $5,945,442 from the US Small Business Administration. The PPP loan has since been forgiven in its entirety, and the loan forgiveness is included as revenue in the fiscal year ended June 30, 2021.

In fiscal year 2020, the College received an allocation of Higher Education Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling $592,763, of which $592,763 was recognized as revenue during the year ended June 30, 2020.

In fiscal year 2021, the College received an additional allocations of Higher Education Emergency Relief Funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan (ARP) totaling $869,044 and $1,543,506, respectively, of which $869,044 was recognized as federal grant revenue during the year ended June 30, 2021. The remaining available grant funds are considered a conditional grant and will be recorded as revenue when allowable expenses are incurred, and matching requirements are substantially met in fiscal year 2022.

The College also received federal COVID relief funding through the Coronavirus Relief Fund (CRF) program totaling $1,655,460, which was fully expended and recognized as federal grant revenue in fiscal year 2021.

(Continued)

NOTE 17 – PANDEMIC IMPACTS AND PAYROLL PROTECTION PROGRAM LOAN (Continued)

The pandemic continued to adversely impact the College's financial enrollment related revenues in the fiscal year ending June 30, 2021. In addition to the Middlebury Language Schools opting again to not use the College's campus in 2021, the College's undergraduate enrollment for fall 2020 is approximately 11% below fall 2019 enrollment. Further, approximately 20 percent of the undergraduate students chose to continue their studies remotely for the fall 2020 semester, which reduced the income from room and board from these students.

The pandemic has also increased the College's costs. The College's scholarship cost has increased due to the negative impact of the pandemic on families' income. The College had to provide additional financial aid to a number of students to enable the students to continue their enrollment.

During the fiscal year 2021, The College took several steps to offset the negative impact of the pandemic, including the suspension of retirement contributions to the 403(b) plan and reducing other operating costs have been to offset the reduction in income and increased costs for testing, PPE and cleaning. Further, in September 2020, the College applied for and received a 12-month deferral in loan payments from the USDA under its COVID relief program for its borrowers.

Due to an improved financial outlook based on projected enrollment for the fall 2021 term, the College reinstated retirement plan contributions as of July 1, 2021. Payments on the USDA loan were reinstated in September 2021, as planned. The loan maturity was extended by one year and three months to keep debt service payments approximately the same as before the deferral was granted.

In addition to the impacts cited above, significant estimates as disclosed in Note 1, such as fair values of investments and the allowance for doubtful accounts, may be materially adversely impacted by national, state, and local requirements designed to contain the coronavirus.

SUPPLEMENTARY INFORMATION

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
Year ended June 30, 2021

	Bennington College	B.C. Campus Holdings, LLC.	Eliminated Entries	Consolidated
ASSETS				
Cash and cash equivalents	$ 3,174,734	$ 91,402	$ -	$ 3,266,136
Restricted deposits	285,711	2,000	-	287,711
Accounts and grants receivable	928,179	-	-	928,179
Pledges receivable, net	35,057,993	-	-	35,057,993
Beneficial interest in split-interest agreements	2,601,485	-		2,601,485
Other assets	3,466,109	26,993,382	(26,993,382)	3,466,109
Investments	41,061,063	-	-	41,061,063
Plant assets, net	54,445,254	23,846,416	-	78,291,670
Due from B.C. Campus Holdings, LLC.	773,367	-	(773,367)	-
Total assets	$ 141,793,895	$ 50,933,200	$ (27,766,749)	$ 164,960,346
LIABILITES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 4,425,744	$ 961,596	$ -	$ 5,387,340
Deferred income	28,839,021		(26,993,382)	1,845,639
Advance payments	2,455,164			2,455,164
Due to Bennington College	-	773,367	(773,367)	-
Bonds payable	-	51,089,773	-	51,089,773
Total liabilities	35,719,929	52,824,736	(27,766,749)	60,777,916
Net assets				
Without donor restrictions	25,430,021	(1,891,536)		23,538,485
With donor restrictions	80,643,945	-	-	80,643,945
Total net assets	106,073,966	(1,891,536)	-	104,182,430
Total liabilities and net assets	$ 141,793,895	$ 50,933,200	$ (27,766,749)	$ 164,960,346

See independent auditor’s report.

BENNINGTON COLLEGE AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended June 30, 2021

	Bennington College	B.C. Campus Holdings, LLC.	Eliminated Entries	Consolidated
Operating:				
Revenues, gains and other support:				
Net tuition and other fees	$ 21,499,366	$ -	$ -	$ 21,499,366
Federal grants	2,863,971	-	-	2,863,971
Private gifts and grants	25,664,687	-	-	25,664,687
Payroll protection loan forgiveness	5,945,442	-	-	5,945,442
Sale of assets	64,120	-	-	64,120
Investment return designated for operations (Note 5)	1,167,215	-	-	1,167,215
Auxiliary enterprises	988,179	-	-	988,179
Other income	716,363	1,697,413	(1,663,383)	750,393
Total operating revenues, gains and other support	58,909,343	1,697,413	(1,663,383)	58,943,373
Expenses:				
Instruction	15,693,445	976,794	-	16,670,239
Academic suuport	4,152,128	31,068	-	4,183,196
Student services	8,124,690	277,410	-	8,402,100
Management and general	10,628,902	472,158	(1,663,383)	9,437,677
Fundraising	1,917,749	-	-	1,917,749
Food service and other auxiliary enterprise expense	2,292,084	335,361	-	2,627,445
Total operating expenses	42,808,998	2,092,791	(1,663,383)	43,238,406
Change in net assets from operations	16,100,345	(395,378)	-	15,704,967
Nonoperating activities				
Change in fair value of investment-return on long-term investments (Note 5)	5,596,561	-	-	5,596,561
Split-interest agreements (Note 4)	543,560	-	-	543,560
Total nonoperating activities	6,140,121	-	-	6,140,121
Change in net assets	22,240,466	(395,378)	-	21,845,088
Net assets at beginning	83,833,500	(1,496,158)	-	82,337,342
Net assets at end of year	$ 106,073,966	$ (1,891,536)	$ -	$ 104,182,430

See independent auditor’s report.