



# Trinity

FINANCIAL REPORT

JUNE 30, 2021



**TRINITY COLLEGE**  
**FINANCIAL REPORT**  
**June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Trinity College  
Washington, D.C.

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

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**

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

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia  
November 9, 2021

**TRINITY COLLEGE**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,029,128	\$ 11,404,907
Receivables and other assets, net of allowance for doubtful accounts: 2021 \$735,378; 2020, \$548,238 (Note 4)	7,228,363	5,256,077
Notes receivable, government student loans, net of allowance for doubtful accounts 2021 and 2020: \$100,000	49,911	1,283,429
Contributions receivable (Note 5)	1,712,661	1,255,945
Investments (Note 6)	57,009,826	44,485,425
Land, buildings, and equipment, net of accumulated depreciation (Notes 7 and 9)	49,868,332	50,328,279
Funds held in trust by others (Note 8)	14,187,795	11,383,711
	<b>\$ 142,086,016</b>	<b>\$ 125,397,773</b>
Total assets		
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 1,479,753	\$ 1,908,306
Accrued wages and benefits	782,420	553,107
Deferred revenues and deposits	1,683,767	1,828,422
U.S. government grants refundable	(72,647)	1,395,222
Asset retirement obligations	1,614,418	1,539,007
Interest rate swap (Note 9)	1,701,479	2,637,543
Debt (Note 9)	24,445,073	25,632,771
	<b>31,634,263</b>	<b>35,494,378</b>
Total liabilities		
<b>NET ASSETS (Note 10)</b>		
Without donor restrictions	70,271,367	57,903,972
With donor restrictions	40,180,386	31,999,423
	<b>110,451,753</b>	<b>89,903,395</b>
Total net assets		
Total liabilities and net assets	<b>\$ 142,086,016</b>	<b>\$ 125,397,773</b>

The Notes to Financial Statements are an integral part of these statements.

**TRINITY COLLEGE**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 36,159,262	\$ -	\$ 36,159,262
Less financial aid	(14,301,511)	-	(14,301,511)
Net tuition and fees (Note 11)	21,857,751	-	21,857,751
Gifts and private grants	11,430,285	5,449,035	16,879,320
Investment income, endowment, and other (Note 6)	-	881,661	881,661
Interest income – temporary investments	140,903	118,711	259,614
Government COVID-19 relief (Note 19)	-	2,778,350	2,778,350
Government grants	926,620	-	926,620
Auxiliary services (Note 11)	1,751,852	-	1,751,852
Other revenues	444,044	-	444,044
Net assets released from restrictions and reclassifications (Note 12)	6,889,207	(6,889,207)	-
Total operating revenues	43,440,662	2,338,550	45,779,212
<b>OPERATING EXPENSES</b>			
Educational and general			
Instruction	11,690,659	-	11,690,659
Public service	20,161	-	20,161
Academic support	3,972,791	-	3,972,791
Student services	5,777,443	-	5,777,443
Institutional support	9,769,599	-	9,769,599
Auxiliary services	3,863,867	-	3,863,867
Total operating expenses (Note 13)	35,094,520	-	35,094,520
Change in net assets, operating	8,346,142	2,338,550	10,684,692
<b>NON-OPERATING INCOME</b>			
Gifts and private grants	-	1,672,312	1,672,312
Interest income	-	2,953	2,953
Investment return, net of amount available to support current operations (Note 6)	1,938,598	2,371,727	4,310,325
Change in fair value of swap agreement	936,064	-	936,064
Loss on disposal of land, buildings, and equipment	-	-	-
Change in value of funds held in trust by others	-	2,804,084	2,804,084
Change in value of charitable remainder trust	-	(130,798)	(130,798)
Other	268,726	-	268,726
Net assets released from restrictions and reclassifications (Note 12)	877,865	(877,865)	-
Change in net assets, non-operating	4,021,253	5,842,413	9,863,666
Change in net assets	12,367,395	8,180,963	20,548,358
<b>NET ASSETS</b>			
Beginning	57,903,972	31,999,423	89,903,395
Ending	\$ 70,271,367	\$ 40,180,386	\$ 110,451,753

The Notes to Financial Statements are an integral part of these statements.

TRINITY COLLEGE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 33,598,235	\$ -	\$ 33,598,235
Less financial aid	(12,780,458)	-	(12,780,458)
Net tuition and fees (Note 11)	20,817,777	-	20,817,777
Gifts and private grants	3,012,160	2,218,642	5,230,802
Investment income, endowment, and other (Note 6)	-	832,166	832,166
Interest income – temporary investments	69,822	(12,337)	57,485
Government COVID-19 relief (Note 19)	-	6,051,989	6,051,989
Government grants	929,309	-	929,309
Auxiliary services (Note 11)	3,109,623	-	3,109,623
Other revenues	521,168	-	521,168
Net assets released from restrictions and reclassifications (Note 12)	8,426,876	(8,426,876)	-
Total operating revenues	36,886,735	663,584	37,550,319
<b>OPERATING EXPENSES</b>			
Educational and general			
Instruction	11,760,613	-	11,760,613
Public service	37,320	-	37,320
Academic support	3,916,405	-	3,916,405
Student services	6,366,688	-	6,366,688
Institutional support	9,464,177	-	9,464,177
Auxiliary services	4,244,983	-	4,244,983
Total operating expenses (Note 13)	35,790,186	-	35,790,186
Change in net assets, operating	1,096,549	663,584	1,760,133
<b>NON-OPERATING INCOME</b>			
Gifts and private grants	-	115,286	115,286
Interest income	-	2,799	2,799
Investment return, net of amount available to support current operations (Note 6)	620,356	(225,636)	394,720
Change in fair value of swap agreement	(1,343,737)	-	(1,343,737)
Loss on disposal of land, buildings, and equipment	(4,782)	-	(4,782)
Change in value of funds held in trust by others	-	(600,156)	(600,156)
Change in value of charitable remainder trust	-	38,672	38,672
Other	(170)	30	(140)
Net assets released from restrictions and reclassifications (Note 12)	46,162	(46,162)	-
Change in net assets, non-operating	(682,171)	(715,167)	(1,397,338)
Change in net assets	414,378	(51,583)	362,795
<b>NET ASSETS</b>			
Beginning	57,489,594	32,051,006	89,540,600
Ending	\$ 57,903,972	\$ 31,999,423	\$ 89,903,395

The Notes to Financial Statements are an integral part of these statements.

**TRINITY COLLEGE**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 20,548,358	\$ 362,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-operating and noncash items:		
Net realized and unrealized gain on investments	(4,551,279)	(277,298)
Change in fair value of interest rate swap agreement	(936,064)	1,343,737
Amortization of bond issuance costs	15,375	14,000
Contributions restricted for plant expansion and endowment	(1,672,312)	(115,286)
Change in funds held in trust by others	(2,804,084)	600,156
Loss on disposal of land, buildings, and equipment	-	4,782
Depreciation and amortization	1,567,371	1,471,653
PPP loan forgiveness	(63,278)	-
Change in certain operating assets and liabilities:		
(Increase) decrease in:		
Receivables and other assets	(1,972,286)	(1,205,175)
Contributions receivable	(456,716)	102,757
Increase (decrease) in:		
Accounts payable and accrued expenses	(453,379)	434,829
Accrued wages and benefits	229,313	71,999
Deferred revenues and deposits	(144,655)	388,343
Asset retirement obligations	75,411	71,889
U.S. government grants refundable	(1,467,869)	(55,816)
Net cash provided by operating activities	7,913,906	3,213,365
<b>INVESTING ACTIVITIES</b>		
Student loans collected	1,233,518	296,867
Purchases of land, buildings, and equipment	(1,107,424)	(816,667)
Change in accounts payable incurred on purchases	24,828	(15,678)
Change in investments, net of proceeds from sales	(7,973,122)	655,769
Net cash provided by (used in) investing activities	(7,822,200)	120,291
<b>FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for plant expansion and endowment	1,672,312	115,286
Proceeds of new debt	-	63,278
Payment of bond issuance costs	-	(24,751)
Payments of debt	(1,139,797)	(1,113,485)
Net cash provided by (used in) financing activities	532,515	(959,672)
Increase in cash and cash equivalents	624,221	2,373,984
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	11,404,907	9,030,923
Ending	\$ 12,029,128	\$ 11,404,907

(Continued)

The Notes to Financial Statements are an integral part of these statements.

**TRINITY COLLEGE**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash payments for interest (net of capitalized interest of 2021 \$305; 2020 \$901)	<u>\$ 850,137</u>	<u>\$ 849,544</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchases of land, buildings, and equipment included in accounts payable	<u>\$ 43,169</u>	<u>\$ 18,341</u>

The Notes to Financial Statements are an integral part of these statements.

## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 1. Nature of Operations and Significant Accounting Policies

Trinity College (the “College”) is an independent, comprehensive college located in Washington, D.C. The College was founded in 1897 by the Sisters of Notre Dame De Namur and in accordance with the Act of Congress under which the College is chartered. The College includes the historic undergraduate women’s college (the College of Arts and Sciences) and the coeducational schools of Education, Professional Studies, and Nursing and Health Professions. The Board of Trustees (the “Board”) governs the College and is responsible for all management and policy-making of the College.

The Board approved the adoption of the name “Trinity College (Washington, D.C.)” as an enterprise name under which it conducts operations. The Board adopted this change in recognition of the fact that Trinity’s operations are characteristic of institutions recognized as universities. To further distinguish Trinity in print material, Trinity refers to itself as Trinity Washington College. The Board decided that “Trinity College” would continue as the official legal name of the institution. Notice was provided to the Education Licensing Commission (ELC) in accordance with the *Code of the District of Columbia*.

The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools (MSCHE). The School of Education is accredited by the National Council for Accreditation of Teacher Education (NCATE). Trinity’s nursing program is accredited by the Commission on Collegiate Nursing Education (CCNE).

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

#### Basis of financial statement presentation and accounting

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 accompanying financial statements present information regarding the College’s financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

**Net assets without donor restrictions** are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

**Net assets with donor restrictions** are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the College pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statement of activities as net assets released from restrictions.

(Continued)

TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Recent accounting pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaced most of the existing revenue recognition guidance in GAAP when it became effective. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The College adopted this guidance effective July 1, 2020. The adoption of ASU No. 2014-09 did not result in any significant changes to the accounting for any of the College's material revenue streams.

Cash and cash equivalents

The College considers all highly liquid investments with a maturity of three months or fewer when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments or funds designated for investment in land, buildings, and equipment.

Cash and cash equivalents include funds related to the federal student loan program totaling \$630,541 and \$853,702 at June 30, 2021 and 2020, respectively.

Checks written on the College's \$-0- balance accounts of approximately \$252,000 and \$326,000 are included in accounts payable and accrued expenses as of June 30, 2021 and 2020, respectively.

The College follows the common cash management practice of consolidating certain of its operating cash and cash equivalent accounts, which includes various designated and restricted current operating and plant accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account. When this occurs, the activity is accounted for by maintaining receivables and payables between the net asset classes. The College has sufficient funds without donor restrictions included in the consolidated account to cover the designated or restricted monies spent.

Accounts receivable

Accounts receivable consists of student accounts receivable, consortium receivables, grants receivable, and other receivables and are reflected at cost, less an allowance for doubtful accounts based on historical collection experience of the College, as applicable. Accounts receivable represents amounts for which the College has an unconditional right to receive. Receivables outstanding at the end of a semester are considered past due. The College does not charge interest on outstanding balances, and receivables over two years old are written off. As of June 30, 2021 and 2020, the College had student receivables, net of allowance, from non-current semesters of \$1,255,513 and \$935,266, respectively.

(Continued)

TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. The fair values of investments in equities, bonds, U.S. government securities, and short-term assets is determined by reference to quoted market prices and other relevant information generated by market transactions. Net unrealized and realized gains or losses are reflected on the statements of activities.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

Income and realized and unrealized net gains on investments of endowment and similar net asset classes are reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds; or
- As increases in net assets without donor restrictions in all other cases.

The College has various investment vehicles where the carrying value fluctuates with the financial markets. As a result, the value of such investments as of the date of this report may be materially different than year-end values.

Long-lived assets

Cash or other assets whose use is restricted to acquire long-lived assets are recorded as assets with donor restrictions until the long-lived assets are placed into service. Once placed into service, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying value of an asset may not be recoverable.

Land, buildings, and equipment

Land, buildings, and equipment are stated at cost at the date of acquisition or fair value at the date of the gift, less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals and replacements, and equipment exceeding \$5,000 are capitalized.

Construction in progress is carried at cost incurred to date and, when completed, is transferred to the appropriate land, buildings, or equipment category which is depreciated in accordance with the College's policies.

(Continued)

TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Land, buildings, and equipment (Continued)

The College recognizes costs related to major maintenance activities as costs are incurred.

The College capitalizes interest costs as part of the construction costs of buildings when it relates to the financing of major projects under development.

Accrued compensation

The College accrues for salaries and all other compensation earned but not paid.

Student and other deposits

Deposits and student fees applicable to academic sessions subsequent to the current year are deferred and recognized as revenues in subsequent periods.

Notes receivable and U.S. government grants refundable

The College participates in the Federal Perkins Loan Program sponsored by the U.S. government. The U.S. government is phasing out the program and no disbursements were permitted or made after June 30, 2018. Student loan receivables related to this program are recorded as notes receivable. The portion of those funds contributed by the U.S. government (i.e., exclusive of the College's match funds) is ultimately refundable to the government and, accordingly, is recorded as a liability (U.S. government grants refundable).

The College accounts for its notes receivable at cost and recognizes interest income as it is earned. An allowance for doubtful accounts is based on prior collection history and individual circumstances of the borrower. Notes are considered past due after 30 – 45 days and accrue interest until written off when considered uncollectible.

Split-interest agreements

The College participates in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the College or a trust in which the College shares benefits with other beneficiaries. Generally, the College accounts for these agreements by recording its share of the related assets at fair market value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities.

(Continued)

## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 1. Nature of Operations and Significant Accounting Policies (Continued)

##### Split-interest agreements (Continued)

If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in contributions receivable. If the donor establishes a perpetual trust with a third party as trustee (the College will never receive the principal of the trust), the assets less related liabilities are included in funds held in trust by others. The fair value of funds held in trust by others is determined by the present value of estimated future cash flows. Funds subject to split-interest agreements are classified as funds with donor restrictions based upon donor designations.

##### Asset retirement obligations (AROs)

An *asset retirement obligation* is a legal liability of the College for the cost of retiring a tangible long-lived asset (e.g., a building containing asbestos) that results from the acquisition, construction, or development and/or the normal operation of the long-lived asset. A conditional ARO is a legal obligation in which the timing and/or method of retirement are conditional on a future event that may or may not be within the control of the College. The College has conditional asset retirement obligations primarily associated with fully depreciated buildings which are recorded at their estimated fair value. The liabilities are accreted each year using a risk-adjusted interest rate.

##### Bond issuance costs

Bond issuance costs are amortized on the straight-line basis over the term of the related financing agreement. Unamortized bond issuance costs are presented as a reduction of the carrying amount of the debt. Amortization of bond issuance costs is reported as interest expense on the statements of activities.

##### Revenue recognition

###### *Contributions*

Contributions, including unconditional promises to give or contributions receivable, are recognized as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received. Unconditional promises to give without donor restrictions are recognized as operating revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities.

Conditional promises to give are not recognized until they become unconditional – i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

(Continued)

TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Revenue recognition (Continued)

*Contributions (Continued)*

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed in service, or if the asset has already been placed in service, when the contribution is received.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

*Recognition of student-driven revenue*

The College's primary source of operating revenue is tuition generated by providing undergraduate and graduate academic programs. The College bills students in advance of the academic term for tuition and records the tuition as deferred revenue. Tuition revenue is recognized during the period in which education is received by the student.

The College receives auxiliary services revenue by providing housing and dining services to students. The revenue for these services is recognized over the term of the semester in which the housing and dining services are provided in an amount the College expects to receive in exchange for the services.

Enrollment in the College constitutes a contract binding the students for the stated charges for the semester. The College bills students for tuition, housing, and dining services prior to the start of the semester. The College offers a payment plan for students that allows payment on a monthly basis as an alternative to traditional lump sum payments. Students who withdraw during the first nine weeks of a semester will receive refunds pro-rated based on number of days enrolled. Student who withdraw after week nine forfeit tuition payments. The amount of revenue recognized is reduced by refunds issued.

The College receives payment for conferences and events prior to the date of the activity which is recorded as deferred revenue. Revenue is recognized at the starting date of the conferences and events.

Net asset classifications of institutional funds

The College holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). "Endowment" is a commonly used term to refer to resources, including funds held in trust by others, that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the College's activities. The College's endowment consists of approximately 40 individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

(Continued)

TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Net asset classifications of institutional funds (Continued)

In response to UPMIFA, the College adopted the provisions of accounting guidance for the net asset classification of donor-restricted endowment funds for an organization that is subject to UPMIFA including the required related financial statement disclosures.

*Interpretation of UPMIFA*

The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the College classifies as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted “true” endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the College and the 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 College; and (7) the investment policy of the College.

*Return Objectives and Risk Parameters*

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide an average annual rate of return of approximately 2.0% plus inflation (measured by the consumer price index (CPI)), net of management fees, over a rolling three-year period. Actual returns in any given year may vary from this amount.

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Net asset classifications of institutional funds (Continued)

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the College 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 College targets a diversified asset allocation that places emphasis on investments in equities and fixed income securities in the following percent target ratios to achieve its long-term return objectives within prudent risk constraints:

	<b>Minimum</b>	<b>Target Average</b>	<b>Maximum</b>
<b>Total equity</b>	55.0%	65.0%	75.0%
Domestic large growth	10.0%	17.5%	25.0%
Domestic large value	10.0	17.5	25.0
Small/medium capitalization stocks	10.0	15.0	20.0
International equity	5.0	10.0	20.0
Emerging market equity	-	5.0	10.0
<b>Total fixed income</b>	25.0%	35.0%	45.0%
Domestic investment grade fixed income	25.0%	35.0%	45.0%
Cash and cash equivalents	-	-	10.0

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The College employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. For the years ended June 30, 2021 and 2020, the Board-approved spending formula for the endowment provided for an annual spending rate of not more than 5% of a trailing 12-quarter moving average of the investment pool fair value. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

*Funds with Deficiencies (“Underwater” funds)*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions; there were none as of June 30, 2021 and 2020.

(Continued)

## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 1. Nature of Operations and Significant Accounting Policies (Continued)

##### Operating results

Operating activities on the statements of activities illustrate a measure of how the College is maintaining the resources available for its “current operations.” Operations reflect all transactions increasing or decreasing net assets without donor restrictions except those of a capital nature – i.e., capitalized for long-term investment or as land, buildings, and equipment. Net assets with donor restrictions that are released from restrictions which satisfy an operating purpose and transfers from Board-designated and other non-operating funds to support current operating activities are also classified as operating.

In accordance with the College’s total return policy, as described previously, only the portion of total investment return available under this policy to meet operating needs is included in operating revenues.

Additionally, the portion of total investment return available to support current operations under the College’s total return policy is excluded from cash flows from operating activities; only the actual cash yield is included in cash flows from operating activities.

Costs related to the operation and maintenance of the physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon periodic inventories of facilities. Interest expense on external debt is allocated to the activities that have most directly benefited from the proceeds of the external debt. Employee and staff benefits are allocated to operating programs and supporting activities based upon salary expenses of these programs and activities.

##### Derivative instruments

The College uses a derivative financial instrument to reduce its exposure to market risks from changes in interest rates. By entering into a pay-fixed receive-variable interest rate swap, the College limits its exposure to changes in variable interest rates. The College is exposed to credit related losses in the event of nonperformance by the counterparty to the interest rate swap; however, the counterparty is a major financial institution and the risk of loss due to nonperformance is considered remote. Interest rate differentials paid or received on the swap are recognized as adjustments to interest expense in the period earned or incurred.

The fair values of the interest rate swap agreements are the estimated amount the College would receive or pay to terminate the agreement based on reference to market rate inputs and the net present value of future cash flows as determined by the lender.

##### Advertising costs

The College follows the policy of charging advertising costs to expense as incurred.

(Continued)

## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 1. Nature of Operations and Significant Accounting Policies (Continued)

##### Fair value measurements

The College carries various assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used which establishes that fair value is based on the “highest and best use.” Additionally, in accordance with accounting guidance, the College categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

**Level 1** – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

**Level 2** – Fair values are based on inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The estimated fair values for specific groups of financial instruments is presented within the notes applicable to such items. If not specifically presented, fair value is estimated to approximate the related carrying value. It was not considered practical to determine fair value of notes receivable from students under the U.S. government loan programs and related government advances because the notes receivable are non-marketable and can only be assigned to the U.S. government or its designees. These installment notes are due over terms of 10 years with interest at 5% per annum, and are carried at face value.

##### Credit risk concentrations

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of cash, marketable securities, and student accounts receivable and loans receivable. The College places its cash with high-credit, quality financial institutions. A portion of the College’s bank deposits are in excess of federally insured limits. Concentration of credit risk for investments is limited by the College’s policy of diversification of investments. Concentration of credit risk for student accounts receivable and loans receivable are limited, due to a large base and geographic dispersion.

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

Art collection

The College's art collection, which was acquired through purchases and contributions, is not recognized as an asset in the accompanying statements of financial position since the art is held purely for educational purposes. Purchased collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or in net assets with donor restrictions if the assets used to purchase the items are restricted by donors.

Income taxes

The College is exempt from federal income tax under Section 501(c)(3) of the *Internal Revenue Code*.

Subsequent events

The College has evaluated subsequent events through November 9, 2021, the date the financial statements were available to be issued.

**Note 2. Financial Assets and Liquidity Resources**

Financial assets available within one year of the statements of financial position date for general expenditure were as follows:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 12,029,128	\$ 11,404,907
Accounts receivable, net	4,244,079	3,165,278
Other receivables	2,680,082	1,825,337
Contributions receivable, due within one year without donor restrictions on use of funds	464,499	17,083
Investments appropriated for current use	10,934,357	14,518,726
	<b>\$ 30,352,145</b>	<b>\$ 30,931,331</b>

As of June 30, 2021 and 2020, the College's cash and cash equivalents include approximately \$631,000 and \$854,000, respectively, in cash required to be held in separate accounts.

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

**Note 3. Contract Assets and Contract Liabilities**

The College's contract assets and liabilities from contracts with customers consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Student receivables, net	\$ 4,244,079	\$ 3,165,278	\$ 1,833,989
Notes receivable, net	\$ 49,911	\$ 1,283,429	\$ 1,580,296
Deferred revenue	\$ (1,683,767)	\$ (1,828,422)	\$ (1,440,079)

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 3. Contract Assets and Contract Liabilities (Continued)**

The increases and decreases in student receivables and deferred revenue were primarily due to normal timing differences between the College's performance and the student's payments.

Notes receivable are due in accordance with individual note agreements. Students begin making payments after the College has fulfilled its performance obligation.

For the years ended June 30, 2021 and 2020, the College recognized revenue of approximately \$1.8 million and \$1.4 million, respectively, from amounts that were included in deferred revenue at the beginning of each year.

**Note 4. Receivables and Other Assets**

Receivables and other assets, net of an allowance for doubtful accounts, consisted of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Student receivables, net	\$ 4,244,079	\$ 3,165,278
Other receivables	2,680,132	1,825,337
Prepaid expenses	249,260	163,144
Accrued investment income	54,892	102,318
	<b>\$ 7,228,363</b>	<b>\$ 5,256,077</b>

**Note 5. Contributions Receivable**

Contributions receivable consisted of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Unconditional promises to give cash	\$ 1,056,936	\$ 469,422
Charitable trusts held by others	655,725	786,523
	<b>\$ 1,712,661</b>	<b>\$ 1,255,945</b>
Expected to be collected in:		
Less than one year	\$ 956,878	\$ 487,328
One to five years	165,310	38,033
More than five years	805,701	1,221,746
	1,927,889	1,747,107
Less:		
Actuarial present value of future payments	(149,975)	(435,223)
Discount to net present value at 0.85%	(7,928)	(1,115)
Allowance for uncollectible contributions	(57,325)	(54,824)
	<b>\$ 1,712,661</b>	<b>\$ 1,255,945</b>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 5. Contributions Receivable (Continued)**

The breakdown by net asset class for contributions receivable as of June 30 was as follows:

	<b>2021</b>	<b>2020</b>
Without donor restrictions	\$ 614,499	\$ 18,083
With donor restrictions	1,098,162	1,237,862
	<b>\$ 1,712,661</b>	<b>\$ 1,255,945</b>

As of June 30, 2021 and 2020, the College received bequest intentions and certain other conditional promises to give. These intentions and certain other conditional promises to give are not recognized as assets; and, if they are received, will generally be restricted for a specific purpose stipulated by the donors, primarily, either endowments for scholarships, faculty support, or general operating support of a particular department of the College.

For the years ended June 30, 2021 and 2020, the College recorded contributions from nineteen and nine donors that totaled approximately 90.8% and 74.5% of contributions, respectively.

**Note 6. Investments**

Investments were comprised of the following as of June 30:

	<b>2021</b>						<b>2020</b>					
	<b>Endowment</b>		<b>Other</b>		<b>Total</b>		<b>Endowment</b>		<b>Other</b>		<b>Total</b>	
<b>Equities:</b>												
<b>Domestic:</b>												
Large cap growth	\$ 4,299,278	12.8%	\$ -	-%	\$ 4,299,278	7.5%	\$ 3,044,328	16.1%	\$ -	-%	\$ 3,044,328	6.8%
Large cap value	3,493,557	10.4	-	-	3,493,557	6.1	2,039,324	10.8	-	-	2,039,324	4.7
Midcap	12,323,154	36.8	-	-	12,323,154	21.6	5,122,498	27.0	-	-	5,122,498	11.5
Small cap value	904,070	2.7	-	-	904,070	1.6	460,879	2.4	-	-	460,879	1.0
Mutual funds and other	-	-	1,905,465	8.1	1,905,465	3.3	-	-	1,784,113	7.0	1,784,113	4.0
Total domestic equities	21,020,059	62.7	1,905,465	8.1	22,925,524	40.2	10,667,029	56.3	1,784,113	7.0	12,451,142	28.0
<b>Fixed income:</b>												
Cash and cash equivalents	-	-	12,072,411	51.4	12,072,411	21.2	-	-	16,614,889	65.1	16,614,889	37.3
All other	-	-	9,499,692	40.5	9,499,692	16.7	-	-	7,124,567	27.9	7,124,567	16.1
Total fixed income	-	-	21,572,103	91.9	21,572,103	37.8	-	-	23,739,456	93.0	23,739,456	53.4
<b>Alternative income:</b>												
Absolute return	11,589,492	34.6	-	-	11,589,492	20.3	7,652,515	40.4	-	-	7,652,515	17.2
Real assets	922,707	2.7	-	-	922,707	1.6	642,312	3.3	-	-	642,312	1.4
Total alternative income	12,512,199	37.3	-	-	12,512,199	21.9	8,294,827	43.7	-	-	8,294,827	18.6
Total investments	\$ 33,532,258	100.0%	\$ 23,477,568	100.0%	\$ 57,009,826	100.0%	\$ 18,961,856	100.0%	\$ 25,523,569	100.0%	\$ 44,485,425	100.0%

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 6. Investments (Continued)**

The ownership of investments for each class of net assets as of June 30 was as follows:

	<b>2021</b>	<b>2020</b>
Without donor restrictions	\$ 31,207,433	\$ 22,908,823
With donor restrictions	25,802,393	21,576,602
	<b>\$ 57,009,826</b>	<b>\$ 44,485,425</b>

The market value of investment asset classifications was as follows as of June 30:

	<b>2021</b>	<b>2020</b>
Endowment – held by College	\$ 33,532,259	\$ 18,961,856
Trusts and annuities	1,905,464	2,614,746
Current funds	21,572,103	22,908,823
	<b>\$ 57,009,826</b>	<b>\$ 44,485,425</b>

Investment activity for the years ended June 30 is reflected in the table below:

	<b>2021</b>	<b>2020</b>
Investments beginning	\$ 44,485,425	\$ 44,863,896
Gifts and pledge payments available for investment and investment income reinvestment	12,469,319	1,368,552
	56,954,744	46,332,448
Investment returns:		
Dividends and interest (net of expenses: 2021 \$92,262; 2020 \$86,072)	887,425	939,268
Investment return, net of amount available to support current operations per statements of activities	4,310,325	394,720
Add spending in excess of cash yield	240,954	(117,422)
Net realized and unrealized gains	4,551,279	277,298
Total return on investments	5,438,704	1,216,566
Amounts appropriated for operations, net transfers to operational accounts, debt payments, and other activity	(5,383,622)	(2,963,589)
Investments, ending	<b>\$ 57,009,826</b>	<b>\$ 44,485,425</b>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 6. Investments (Continued)**

The following schedule summarizes total investment return and its classification on the statements of activities for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Investment income	\$ 887,425	\$ 939,268
Net realized and unrealized gains on investments	4,551,279	277,298
Total return on investments	\$ 5,438,704	\$ 1,216,566
<u>Included on the statements of activities as follows</u>		
Operating revenues – investment income, endowment, and other – amount distributed to support current operations pursuant to the endowment spending policy	\$ 881,661	\$ 832,166
Investment return, net of amount available to support current operations	4,310,325	394,720
Investment income, included in interest income – temporary investments	246,718	(10,320)
	\$ 5,438,704	\$ 1,216,566

**Note 7. Land, Buildings, and Equipment**

Land, buildings, and equipment consisted of the following at June 30:

	<b>Estimated Useful Life</b>	<b>2021</b>	<b>2020</b>
Buildings	65 years	\$ 63,198,044	\$ 63,198,044
Building improvements	10 – 20 years	10,261,008	9,153,489
Land improvements	50 years	1,458,133	1,458,332
Equipment	5 years	6,540,795	6,540,797
Computer equipment	5 years	3,270,473	3,270,473
		84,728,453	83,621,135
Less accumulated depreciation		(34,943,339)	(33,376,074)
Total depreciable cost, net		49,785,114	50,245,061
Land		83,218	83,218
		\$ 49,868,332	\$ 50,328,279

Included in equipment are assets under capital leases of \$267,788 at June 30, 2021 and 2020, with related accumulated depreciation of \$229,770 and \$219,094 for 2021 and 2020, respectively.

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8. Funds Held in Trust by Others**

The College is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the College. The College has legally enforceable rights and claims to income therefrom. Net realized and unrealized gains (losses) related to these interests are reported as changes in net assets with donor restrictions based on explicit donor stipulations. The market value of these interests as of June 30 were as follows:

	<u>Income Restriction</u>	<u>2021</u>	<u>2020</u>
Claire Boothe Luce Fund	*	\$ 9,210,791	\$ 7,165,220
Helen Rotterman Trust	Unrestricted	764,242	683,201
M. Rotterman Trust	Unrestricted	2,667,647	2,183,761
Russell T. Finn Trust	Scholarships	1,269,832	1,117,851
Dougherty Scholarship Irrevocable Trust	Educational purposes	<u>275,283</u>	<u>233,678</u>
		<u>\$ 14,187,795</u>	<u>\$ 11,383,711</u>

\*Scholarships, fellowships, and professorships for women in science and technology. The annual income distribution totaled \$331,000 and \$348,000 for 2021 and 2020, respectively.

**TRINITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Debt**

The College's debt consisted of the following as of June 30:

	<b>2021</b>	<b>2020</b>
District of Columbia Series 2014A Bonds. The bonds bear interest at variable rates determined by the marketing agent (1.32% at June 30, 2021). Interest is due monthly. The first principal payment was made on July 1, 2014 in the amount of \$580,000. Payments after that range from \$680,000 to the final payment amount of \$1,080,000 due on July 1, 2031. As described below, this debt is subject to an interest rate swap agreement. Proceeds were used for the sole purpose of refinancing debt on the 2001 Series Bonds, which were used to complete construction of the Trinity Center for Women and Girls in Sports.	\$ 10,330,000	\$ 11,115,000
District of Columbia Series 2014B Bonds. The bonds bear interest at variable rates determined by the marketing agent (1.32% at June 30, 2021). Interest is due monthly. The first payment due was the principal payment of \$535,000 on July 1, 2016. Going forward, principal payments range from \$170,000 to the final amount of \$1,765,000 due on July 1, 2038. The total bond issuance is for \$15,000,000. As described below, this debt is subject to an interest rate swap agreement. Proceeds were used to facilitate construction of Trinity's College Academic Center, along with the funds raised by Trinity's Capital Campaign Contributions.	13,890,000	14,095,000
Unsecured and interest-free obligation to Metz Culinary Management, Inc. for purchase of equipment for food service operations, payable on a straight-line basis through December 2026.	495,000	585,000
Unsecured and interest-free obligation to Aramark Management Services for capital improvements, payable on a straight-line basis through July 2021.	4,283	54,247
Leasing agreement for eight pieces of fitness equipment with EnerG Wellness/Marlin Business Services. Obligations under this capital lease are payable in monthly installments of \$611, including imputed interest through May 2021. Secured by equipment.	-	1,574

(Continued)

**TRINITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Debt (Continued)**

The College's debt consisted of the following as of June 30: (Continued)

	<b>2021</b>	<b>2020</b>
Leasing agreement with Xerox for eight new leased copiers. Obligations under this capital lease are payable in monthly installments of \$398, including imputed interest at 5% through October 2020. Secured by equipment.	-	8,257
In April of 2020, Trinity entered into an agreement with Truist Bank to receive a Payment Protection Program (PPP) loan. The remainder of this loan was forgiven in 2021.	-	63,278
	24,719,283	25,922,356
Unamortized bond issuance costs	(274,210)	(289,585)
	<b>\$ 24,445,073</b>	<b>\$ 25,632,771</b>

Debt matures as follows:

	<b>Debt</b>	<b>Amortization of Bond Issuance Costs</b>	<b>Total</b>
Year ending June 30,			
2022	\$ 1,119,283	\$ (15,375)	\$ 1,103,908
2023	1,140,000	(15,375)	1,124,625
2024	1,175,000	(15,375)	1,159,625
2025	1,210,000	(15,375)	1,194,625
2026	1,240,000	(15,375)	1,224,625
2027 and thereafter	18,835,000	(197,335)	18,637,665
	<b>\$ 24,719,283</b>	<b>\$ (274,210)</b>	<b>\$ 24,445,073</b>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 9. Debt (Continued)**

The College is party to the following interest rate swap agreements designed to manage the College's interest costs and risks associated with variable rate debt.

Related Debt	Expiration Date	Pay Fixed Rate	Received Variable Rate	Notional Amount (In Millions)		Fair Value	
				2021	2020	2021	2020
DC Series 2014A	June 2026	2.836%	IM LIBOR	\$ 10.3	\$ 11.1	\$ (503,368)	\$ (805,934)
DC Series 2014B	June 2026	3.275%	IM LIBOR	\$ 13.9	\$ 14.1	(1,107,045)	(1,639,763)
Series 2014 Reissuance	June 2026	0.178%	IM LIBOR	\$ 24.2	\$ 25.2	(91,066)	(191,846)
						<u>\$ (1,701,479)</u>	<u>\$ (2,637,543)</u>

The College has exposure to credit loss in the event of nonperformance by the other party to the interest rate swap agreement. However, the College does not anticipate nonperformance.

The difference between the floating rate and the fixed rate interest is recognized as an adjustment to interest expense in the period incurred. The fair value of the swap agreement is estimated based on current settlement prices and is included on the statements of financial position. The change in value of the interest rate swap has been reflected in the non-operating section of the statements of activities.

Interest expense for the years ended June 30 was as follows:

	<u>2021</u>	<u>2020</u>
Expensed	\$ 850,137	\$ 849,544
Amortization of bond issuance costs	14,447	14,458
Capitalized	<u>305</u>	<u>901</u>
	<u>\$ 864,889</u>	<u>\$ 864,903</u>

Pursuant to the District of Columbia Series 2014 revenue bond agreement, the College is subject to certain debt covenants; the most restrictive of which is the requirement to maintain a minimum debt service coverage ratio of 1.25 to 1.00. As of June 30, 2021, the College has met that requirement. The other major covenant requires the College to maintain unencumbered unrestricted liquidity (UUL) on hand of \$15,000,000. For the years ended 2021 and 2020, the College has met this requirement.

(Continued)

**TRINITY COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 10. Net Assets**

Net assets as of June 30 consisted of the following:

	<b>2021</b>	<b>2020</b>
<b>Without donor restrictions:</b>		
Investment in land, buildings, and equipment, net of debt	\$ 22,107,257	\$ 20,582,038
Designated by the Board	10,955,926	1,563,902
Other	37,208,184	35,758,032
<b>Total net assets without donor restrictions</b>	<b>70,271,367</b>	<b>57,903,972</b>
<b>With donor restrictions:</b>		
Subject to expenditure for specific purposes and time:		
Accumulated endowment investment return, net of amounts spent	13,202,607	9,887,967
Amounts held for trust and annuity payments	27,637	24,737
Restricted for future operations	1,266,012	(67,814)
Restricted for public service expenses	220,637	165,044
Restricted for buildings and equipment	465,654	717,971
Contributions receivable	416,086	501,162
	15,598,633	11,229,067
Restricted in perpetuity; only the income is expendable:		
Endowment principal	9,708,133	8,595,122
Contributions receivable	685,825	791,523
Funds held in trust by others	14,187,795	11,383,711
<b>Total net assets with donor restrictions</b>	<b>40,180,386</b>	<b>31,999,423</b>
<b>Total net assets</b>	<b>\$ 110,451,753</b>	<b>\$ 89,903,395</b>

Net assets with donor restrictions are subject to both purpose and time restrictions. Donor-restricted accumulated endowment investment return, net of amounts spent, is restricted for future operations, financial aid and maintenance, and acquisition of land, buildings, and equipment. Net assets with donor restrictions that are restricted in perpetuity are restricted to investment in perpetuity, the income from which is expendable to support future operations, financial aid, and maintenance and acquisition of land, buildings, and equipment.

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 11. Revenues**

The following table shows the College's revenue from contracts with customers disaggregated by service type:

	<b>2021</b>	<b>2020</b>
Tuition and fees, net	<u>\$ 21,857,751</u>	<u>\$ 20,817,777</u>
Auxiliary services		
Housing	\$ 604,265	\$ 866,073
Dining	1,081,720	1,341,515
Other	<u>65,867</u>	<u>902,035</u>
	<u>\$ 1,751,852</u>	<u>\$ 3,109,623</u>

Tuition and fees include regular session tuition for the College's undergraduate and graduate regular and summer sessions as well as miscellaneous fees such as application, graduation, lab, and late fees.

Undergraduate tuition and fees totaled 76.9% and 78.6% of total tuition and fees for 2021 and 2020, respectively. Financial aid for undergraduates totaled \$13,978,138 and \$12,424,891, respectively, with the unfunded portion of these amounts totaling 39.8% and 39.5%, respectively, of undergraduate tuition and fees.

**Note 12. Net Assets Released from Restrictions and Reclassifications**

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes, or by occurrence of other events as specified by donors. Restrictions were satisfied as follows for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Operating:		
Financial aid	\$ 2,728,648	\$ 1,708,614
Instructional expenses	369,433	259,150
Student services	85,719	160,708
Academic support	760,497	383,575
Public service expenses	15,900	13,500
COVID-19 qualifying expenditures	<u>2,929,010</u>	<u>5,901,329</u>
Total operating	<u>6,889,207</u>	<u>8,426,876</u>
Non-operating:		
Plant expenses	<u>877,865</u>	<u>46,162</u>
Total non-operating	<u>877,865</u>	<u>46,162</u>
	<u>\$ 7,767,072</u>	<u>\$ 8,473,038</u>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 13. Operating Expenses**

The table below presents expenses by both their nature and function for fiscal year 2021:

	<b>Program Services</b>						<b>Institutional Support</b>	<b>2021 Total</b>
	<b>Instruction</b>	<b>Academic Support</b>	<b>Public Service</b>	<b>Student Services</b>	<b>Auxiliary Enterprises</b>	<b>Subtotal</b>		
Salaries	\$ 8,011,637	\$ 2,596,798	\$ 3,927	\$ 2,558,737	\$ 398,016	\$ 13,569,115	\$ 3,268,175	\$ 16,837,290
Employee benefits and payroll taxes	1,295,097	442,652	107	517,844	75,820	2,331,520	785,633	3,117,153
Food services	-	-	-	36,386	855,545	891,931	11,011	902,942
Depreciation	329,208	65,842	-	426,342	558,026	1,379,418	263,366	1,642,784
Utilities	-	-	-	-	279,923	279,923	-	279,923
Repairs and maintenance	9,477	-	-	235	11,173	20,885	92,396	113,281
Supplies	154,711	527,094	231	24,826	2,754	709,616	10,683	720,299
Contract services	1,127,187	263,587	-	1,003,611	1,417,258	3,811,643	3,197,297	7,008,940
Interest	205,334	41,067	-	164,267	246,401	657,069	164,267	821,336
Bad debts	-	-	-	2,360	-	2,360	659,480	661,840
Advertising and publication	-	24,412	-	183,005	-	207,417	86,613	294,030
Insurance	-	-	-	4,782	-	4,782	787,744	792,526
Travel and meals	-	-	-	-	-	-	8,433	8,433
Bookstore purchases	6,293	-	-	10	163	6,466	4,325	10,791
Telephone	-	-	-	-	-	-	31,890	31,890
Postage	-	-	-	-	-	-	41,973	41,973
COVID CARES grant	339,604	-	-	805,663	-	1,145,267	164,494	1,309,761
Other	212,111	11,339	15,896	49,375	18,788	307,509	191,819	499,328
<b>Total</b>	<b>\$ 11,690,659</b>	<b>\$ 3,972,791</b>	<b>\$ 20,161</b>	<b>\$ 5,777,443</b>	<b>\$ 3,863,867</b>	<b>\$ 25,324,921</b>	<b>\$ 9,769,599</b>	<b>\$ 35,094,520</b>

The table below presents expenses by both their nature and function for fiscal year 2020:

	<b>Program Services</b>						<b>Institutional Support</b>	<b>2020 Total</b>
	<b>Instruction</b>	<b>Academic Support</b>	<b>Public Service</b>	<b>Student Services</b>	<b>Auxiliary Enterprises</b>	<b>Subtotal</b>		
Salaries	\$ 8,756,846	\$ 2,945,397	\$ 9,603	\$ 2,912,956	\$ 1,228,114	\$ 15,852,916	\$ 3,517,703	\$ 19,370,619
Employee benefits and payroll taxes	1,425,332	473,337	7	547,313	158,555	2,604,544	806,461	3,411,005
Food services	6,158	1,245	-	77,298	904,575	989,276	59,893	1,049,169
Depreciation	306,168	61,234	-	404,370	526,837	1,298,609	244,933	1,543,542
Utilities	275,612	11,024	-	176,392	723,460	1,186,488	176,392	1,362,880
Repairs and maintenance	12,815	1,234	-	2,911	120,372	137,332	70,557	207,889
Supplies	289,863	306,738	832	42,430	53,650	693,513	24,574	718,087
Contract services	15,239	14,103	2,565	148,480	247,796	428,183	2,699,985	3,128,168
Interest	212,611	42,522	-	170,089	255,134	680,356	170,089	850,445
Bad debts	-	-	-	-	-	-	504,906	504,906
Advertising and publication	-	28,641	-	185,054	4,100	217,795	85,436	303,231
Insurance	-	-	-	13,279	-	13,279	421,091	434,370
Travel and meals	29,184	5,299	1,412	49,921	533	86,349	10,098	96,447
Bookstore purchases	18,464	-	-	253	-	18,717	879	19,596
Telephone	-	-	-	-	-	-	63,466	63,466
Postage	96	6,167	-	607	49	6,919	44,576	51,495
COVID CARES grant	371,010	-	-	1,173,377	-	1,544,387	265,704	1,810,091
Other	41,215	19,464	22,901	461,958	21,808	567,346	297,434	864,780
<b>Total</b>	<b>\$ 11,760,613</b>	<b>\$ 3,916,405</b>	<b>\$ 37,320</b>	<b>\$ 6,366,688</b>	<b>\$ 4,244,983</b>	<b>\$ 26,326,009</b>	<b>\$ 9,464,177</b>	<b>\$ 35,790,186</b>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 13. Operating Expenses (Continued)**

Functional expenses, as reported on the statements of activities, are expenses in natural classification. The most significant expenses under a natural classification is salaries and employee benefits and payroll taxes, which totaled 48.0% and 8.9% of total expenses, respectively, for 2021 and 54.1% and 9.5%, respectively, for 2020. A more extensive breakdown of expenses by natural classification can be found in the College's annual federal tax-exempt Form 990 return. Program service expenses totaled 72.2% and 73.6% in 2021 and 2020, respectively.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, interest, and operations and maintenance of the physical plant.

Depreciation, interest, and operations and maintenance of the physical plant are all allocated based on management's estimates of usage. Costs related to the operations and maintenance of the physical plant, including depreciation and interest expense, were allocated to operating programs and supporting activities for June 30, as follows:

	2021			2020		
	Before Allocation	Expense Allocation	Final Allocated	Before Allocation	Expense Allocation	Final Allocated
Education and general:						
Instruction	\$ 10,045,432	\$ 1,645,227	\$ 11,690,659	\$ 10,139,388	\$ 1,621,225	\$ 11,760,613
Public service	20,161	-	20,161	37,320	-	37,320
Academic support	3,643,745	329,046	3,972,791	3,592,160	324,245	3,916,405
Student services	4,298,285	1,479,158	5,777,443	4,910,271	1,456,417	6,366,688
Institutional support	8,453,417	1,316,182	9,769,599	8,167,196	1,296,981	9,464,177
Auxiliary services	1,726,619	2,137,248	3,863,867	2,140,076	2,104,907	4,244,983
Operations and maintenance of physical plant	4,442,741	(4,442,741)	-	4,409,788	(4,409,788)	-
Depreciation and amortization	1,642,784	(1,642,784)	-	1,543,542	(1,543,542)	-
Interest expense	821,336	(821,336)	-	850,445	(850,445)	-
	<u>\$ 35,094,520</u>	<u>\$ -</u>	<u>\$ 35,094,520</u>	<u>\$ 35,790,186</u>	<u>\$ -</u>	<u>\$ 35,790,186</u>

Fundraising costs totaled approximately \$677,000 and \$663,000 for the years ended June 30, 2021 and 2020, respectively.

**Note 14. Employee Benefits**

Retirement benefits are provided for eligible faculty and staff employees by a contributory pension plan for annuity contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). Employees are eligible after one year of full-time employment and attaining the age of 21. All participants have a fully vested interest in the total contributions made on their behalf. The College automatically contributes 2% of all eligible employees' base salary, and matches an additional voluntary contribution of up to 6%. Under the plan, the College contributed approximately \$543,000 and \$495,000 in 2021 and 2020, respectively, which was charged to operating expenses.

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TRINITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Note 15. Operating Leases**

The College leases several copiers and a mailing system under non-cancelable leases expiring through April 2026. Rent expense under these operating leases was \$69,537 and \$57,052 for 2021 and 2020, respectively.

Future minimum lease payments under all operating leases for the years ending June 30 were as follows:

2022	\$	62,378
2023		66,478
2024		42,270
2025		29,731
2026		<u>20,072</u>
	\$	<u>220,929</u>

**Note 16. Commitments and Contingencies**

Final expenditure reports of grants and contracts submitted to certain granting agencies in current and prior years are subject to audit by such agencies. As a result, the reimbursed expenditures are subject to adjustment. The effect of such adjustments, if any, is not determinable at this time. Management is of the opinion that the liability, if any, would not have a material effect on the College's financial position.

The College's students receive a substantial amount of support from state and federal student financial assistance programs. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the College's programs and activities.

The College is under a long-term contract with Metz Culinary Management, Inc. to provide food service. The initial term of the agreement ends January 1, 2027, and the agreement will renew automatically for consecutive terms of one year each. Upon expiration, termination, or cancellation of the contract, the College shall reimburse the provider the remaining balance of unamortized capital expenditures included in debt on the statements of financial position.

The College is under a long-term contract with Aramark Management Services to provide facilities management through July 31, 2021. This contract was renewed on September 1, 2021 for an additional 10 years to July 31, 2031. As part of this contract, Aramark advanced the College \$500,000 to be used for capital improvements which will be amortized on a straight-line basis over the term. The unamortized advance at June 30, 2021 and 2020 totaled \$4,283 and \$54,247, respectively, and is included in debt on the statements of financial position. The agreement also provides that if terminated, the College must repay the unamortized advance with interest at prime plus 2%.

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**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 17. Endowment**

Endowment net assets as of June 30 consisted of the following:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:						
Funds held by the College \$	-	\$ 23,596,564	\$ 23,596,564	\$ -	\$ 19,739,356	\$ 19,739,356
Funds held in trust by others	-	14,187,795	14,187,795	-	11,383,711	11,383,711
Board designated endowment funds	<u>9,635,330</u>	<u>-</u>	<u>9,635,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,635,330</u>	<u>\$ 37,784,359</u>	<u>\$ 47,419,689</u>	<u>\$ -</u>	<u>\$ 31,123,067</u>	<u>\$ 31,123,067</u>

Changes in endowment net assets for the year ended June 30 were as follows:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ -	\$ 31,123,067	\$ 31,123,067	\$ -	\$ 30,617,526	\$ 30,617,526
Investment return:						
Investment income	152,002	313,995	465,997	-	399,695	399,695
Realized and unrealized gains	<u>1,483,328</u>	<u>2,952,123</u>	<u>4,435,451</u>	<u>-</u>	<u>225,986</u>	<u>225,986</u>
Total investment return	<u>1,635,330</u>	<u>3,266,118</u>	<u>4,901,448</u>	<u>-</u>	<u>625,681</u>	<u>625,681</u>
Contributions	8,000,000	1,138,318	9,138,318	-	20,552	20,552
Appropriation for expenditure and other expenses	-	(416,430)	(416,430)	-	420,792	420,792
Change in value of funds held in trust by others	-	2,804,084	2,804,084	-	(600,156)	(600,156)
Change in value of charitable remainder trust	<u>-</u>	<u>(130,798)</u>	<u>(130,798)</u>	<u>-</u>	<u>38,672</u>	<u>38,672</u>
Endowment net assets, ending	<u>\$ 9,635,330</u>	<u>\$ 37,784,359</u>	<u>\$ 47,419,689</u>	<u>\$ -</u>	<u>\$ 31,123,067</u>	<u>\$ 31,123,067</u>

(Continued)

**TRINITY COLLEGE**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**Note 18. Fair Value Measurements**

The following is a summary of the inputs used in determining the fair values of financial assets and liabilities measured on a recurring basis as of June 30:

	<u>2021</u>				<u>2020</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:								
Investments:								
Domestic equities	\$ 22,925,524	\$ 22,925,524	\$ -	\$ -	\$ 12,451,142	\$ 12,451,142	\$ -	\$ -
Cash and equivalents and temporary investments	12,072,411	12,072,411	-	-	16,614,889	16,614,889	-	-
Fixed income, all other	9,499,692	9,499,692	-	-	7,124,567	7,124,567	-	-
Absolute return	11,589,492	11,589,492	-	-	7,652,515	7,652,515	-	-
Real assets	<u>922,707</u>	<u>922,707</u>	<u>-</u>	<u>-</u>	<u>642,312</u>	<u>642,312</u>	<u>-</u>	<u>-</u>
Total investments	57,009,826	57,009,826	-	-	44,485,425	44,485,425	-	-
Charitable trusts held by others	655,725	-	655,725	-	786,523	-	786,523	-
Funds held in trust by others	<u>14,187,795</u>	<u>-</u>	<u>4,977,004</u>	<u>9,210,791</u>	<u>11,383,711</u>	<u>-</u>	<u>4,218,491</u>	<u>7,165,220</u>
Total financial assets	<u>\$ 71,853,346</u>	<u>\$ 57,009,826</u>	<u>\$ 5,632,729</u>	<u>\$ 9,210,791</u>	<u>\$ 56,655,659</u>	<u>\$ 44,485,425</u>	<u>\$ 5,005,014</u>	<u>\$ 7,165,220</u>
Financial liabilities:								
Fair value of interest rate swap agreements	<u>\$ 1,701,479</u>	<u>\$ -</u>	<u>\$ 1,701,479</u>	<u>\$ -</u>	<u>\$ 2,637,543</u>	<u>\$ -</u>	<u>\$ 2,637,543</u>	<u>\$ -</u>
Total financial liabilities	<u>\$ 1,701,479</u>	<u>\$ -</u>	<u>\$ 1,701,479</u>	<u>\$ -</u>	<u>\$ 2,637,543</u>	<u>\$ -</u>	<u>\$ 2,637,543</u>	<u>\$ -</u>

The fair value of investments in common stocks, bonds, and mutual funds are determined based upon quoted market prices. The fair value of contributions receivable is based on the fair value of estimated future cash flows. The fair value of funds held in trust by others is based on quoted market prices of the securities held in the respective trusts. The fair value of the interest rate swap agreement is estimated based on current settlement prices.

The following is a reconciliation of Level 3 funds held in trust by others for which significant unobservable inputs were used to determine fair value as of June 30:

	<u>2021</u>	<u>2020</u>
Balance, beginning	\$ 7,165,220	\$ 7,672,260
Net change in value	<u>2,045,571</u>	<u>(507,040)</u>
Balance, ending	<u>\$ 9,210,791</u>	<u>\$ 7,165,220</u>

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## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 19. COVID-19 Outbreak

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings of higher education institutions. While the closings were temporary, there has been a change in the environment in how courses are delivered along with the implementation of various safety protocols.

In an effort to mitigate the potential impact, the College applied for and received a Paycheck Protection Program (PPP) loan of \$3,886,900 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). Under the program terms, PPP loans are forgiven and recognized as grant revenue if the loan proceeds are used to maintain compensation costs, employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following receipt of the loan. The College has opted to use all of this money, less the one percent (\$63,278) calculated to not be forgiven, to fund payroll and other internal costs within the guidelines set forth by the loan. As of June 30, 2020, the College recognized government COVID-19 relief revenue of \$3,823,622. The College released the revenue in accordance with the guidelines. As of June 10, 2021 the loan was fully forgiven under the guidelines set forth by the PPP and the remaining \$63,278 was recognized as revenue.

Also included as part of the CARES Act is the Higher Education Emergency Relief Fund (HEERF), which is an allotment of funding for higher education institutions for budgetary relief. Each institution receives three grants comprised of two parts – student aid and institutional aid. No less than 50% of the grant must be used for direct emergency aid to students including grants for food, housing, course materials, technology, healthcare, and childcare. The remaining portion of up to 50% of the grant can be used as institutional aid to cover costs related to significant changes in the delivery of instruction due to the COVID-19 outbreak. The College has been allotted \$1,960,751 in HEERF I funds with the student portion and institutional portion totaling \$980,375 each; \$3,299,710 in HEERF II funds with the student portion totaling \$980,376 and institutional portion totaling \$2,319,334; and \$5,785,239 in HEERF III funds with the student portion and institutional portion totaling \$2,892,619 each. The College is accounting for them as government COVID-19 relief revenue with donor restrictions on the consolidated statements of activities, and is drawing down the funds as qualified expenses are incurred. Amounts are released from restrictions as qualified expenses are incurred. For the years ended June 30, 2021 and 2020, the College recognized revenue of \$2,711,300 and \$1,960,751 and released \$2,889,520 and \$1,810,091, respectively. The portion of the grant restricted to students was distributed directly to students in May 2020 and March 2021. The portion of the grant that the College received as institutional aid was used to offset its residential refund to students and College costs directly related to the COVID-19 outbreak. Subsequent to year end, the College used HEERF funds to pay off \$2,112,007 of student receivable balances.

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## TRINITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### Note 19. COVID-19 Outbreak (Continued)

In addition to the CARES Act funding above, the College was awarded additional grants from the U.S. Department of Education under the Higher Education Emergency Relief for Minority Serving Institutions (MSI) totaling \$389,556 and \$267,616 for the years ended June 30, 2021 and 2020, respectively. This money was provided for budgetary relief and was used to offset expenses incurred due to shutdowns of conferences, the Trinity Center, and other auxiliary services. The College accounted for these funds as government COVID-19 relief revenue with donor restrictions on the statements of activities. Amounts were released from restrictions as qualified expenses were incurred. For the years ended June 30, 2021 and 2020, the College recognized revenue of \$3,772 and \$267,616 and released \$3,772 and \$267,616, respectively.

As a result of suspending the offering of in-person learning, housing, and many campus amenities in late March of 2020, the College refunded the applicable portion of boarding fees and meal services fees for spring semester 2020 which was already collected from students at that point in time. The refunds totaled \$141,252 for spring 2020. The refunds were primarily credited back to students through their student accounts, reducing the amount owed to the College for current enrollment costs.

The College has opened the fall 2021 semester to resident students with significant safety policies and procedures in place. However, the College is not able to estimate the effects of the COVID-19 outbreak on its financial condition, liquidity, or results of operations for fiscal year 2022 given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread.

#### Note 20. Pending Pronouncements

##### Lease accounting

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires that lessees recognize all leases (other than leases with a term of 12 months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU No. 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU No. 2016-02 will be effective for the College on July 1, 2022, and will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. Early application is permitted.