Financial Statements

Dean College

May 31, 2025 and 2024

DEAN COLLEGE

Financial Statements

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Financial Statements:

CBIZ CPAs P.C.

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Independent Auditors' Report

The Board of Trustees
Dean College
Franklin, Massachusetts

Opinion

We have audited the financial statements of Dean College (the "College"), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

Boston, Massachusetts
October 13, 2025

DEAN COLLEGE

Statements of Financial Position

	May 31,	
	2025	***2024***
Assets		
Cash and cash equivalents	$ 946,744	$ 684,174
Accounts receivable, less allowance for credit losses of $251,000 and $237,000 in 2025 and 2024, respectively	446,590	353,360
Contributions receivable, net	20,235	20,250
Prepaid expenses and deposits	1,493,121	1,264,401
Student loans receivable, net	5,297	100,267
Other assets	842,384	853,977
Deposits with trustee	6,510,417	-
Interest rate swap contracts	-	214,813
Right-of-use assets - operating leases	1,600,955	1,520,096
Investments	63,931,653	66,005,387
Land, buildings and equipment, net	41,540,296	43,161,536
Total assets	**$ 117,337,692**	**$ 114,178,261**
Liabilities and Net Assets		
Liabilities:		
Line of credit	$ -	$ 2,960,000
Accounts payable	1,022,950	1,279,527
Accrued expenses	2,946,219	2,857,026
Deferred tuition and other deposits	1,943,980	1,711,448
Operating lease liability	1,609,825	1,519,366
Obligations under interest rate swap contracts	1,321,882	132,075
Debt, net	39,555,602	33,645,069
Perkins Loans refundable advances	30,510	16,293
Total liabilities	**48,430,968**	**44,120,804**
Net assets:		
Without donor restrictions:		
Board designated	47,307,536	50,967,365
Other	1,782,780	(16,525)
Without donor restrictions	**49,090,316**	**50,950,840**
With donor restrictions	19,816,408	19,106,617
Total net assets	**68,906,724**	**70,057,457**
Total liabilities and net assets	**$ 117,337,692**	**$ 114,178,261**

See accompanying notes to the financial statements.

DEAN COLLEGE

Statements of Activities

Year Ended May 31, 2025
(with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Total*
Revenues, gains and other support:				
Tuition and fees (net of discount of $22,785,793 and $22,858,796 in 2025 and 2024, respectively)	$ 26,733,099	$ -	$ 26,733,099	$ 26,971,638
Auxiliary enterprises (net of discount of $8,819,478 and $8,614,144 in 2025 and 2024, respectively)	9,517,537	-	9,517,537	9,653,456
Net revenues, gains and other support	**36,250,636**	**-**	**36,250,636**	**36,625,094**
Government grants	1,004,062	-	1,004,062	874,125
Private gifts and grants	615,979	65,353	681,332	546,688
Investment return appropriated	2,345,927	799,373	3,145,300	3,271,251
Special distribution	2,469,489	-	2,469,489	-
Other income	617,168	735	617,903	1,390,050
Net assets released from restriction	949,643	(949,643)	-	-
Total operating revenues	**44,252,904**	**(84,182)**	**44,168,722**	**42,707,208**
Expenses:				
Program:				
Instruction	10,091,391	-	10,091,391	10,728,815
Academic support	4,290,891	-	4,290,891	4,453,423
Student services	13,760,853	-	13,760,853	13,742,681
Auxiliary enterprises	10,351,352	-	10,351,352	9,870,467
Total program expenses	**38,494,487**	**-**	**38,494,487**	**38,795,386**
Management, general and fundraising	5,714,343	-	5,714,343	5,735,906
Total expenses	**44,208,830**	**-**	**44,208,830**	**44,531,292**
Change in net assets from operations	44,074	(84,182)	(40,108)	(1,824,084)
Nonoperating (loss) income:				
Private gifts and grants	-	73,066	73,066	277,684
Investment return, net of total return appropriated	2,374,142	920,907	3,295,049	5,840,079
Other interest income	76,285	-	76,285	-
Other expenses	(65,802)	-	(65,802)	(349,434)
Loss on extinguishment of debt	(276,014)	-	(276,014)	-
Special distribution	(2,469,489)	-	(2,469,489)	-
Net assets released from restriction	200,000	(200,000)	-	-
Realized and unrealized gain (loss) on interest rate swap contracts	(1,743,720)	-	(1,743,720)	1,071,053
Change in net assets from nonoperating activities	(1,904,598)	793,973	(1,110,625)	6,839,382
Total change in net assets	**(1,860,524)**	**709,791**	**(1,150,733)**	**5,015,298**
Net assets, beginning of year	50,950,840	19,106,617	70,057,457	65,042,159
Net assets, end of year	**$ 49,090,316**	**$ 19,816,408**	**$ 68,906,724**	**$ 70,057,457**

See accompanying notes to the financial statements.

DEAN COLLEGE

Statement of Activities

Year Ended May 31, 2024

	2024		
	Without Donor Restrictions	***With Donor Restrictions***	***Total***
Revenues, gains and other support:			
Tuition and fees (net of discount of $22,858,796)	$ 26,971,638	$ -	$ 26,971,638
Auxiliary enterprises (net of discount of $8,614,144)	9,653,456	-	9,653,456
Net revenues, gains and other support	**36,625,094**	**-**	**36,625,094**
Government grants	874,125	-	874,125
Private gifts and grants	372,424	174,264	546,688
Investment return appropriated	2,275,969	995,282	3,271,251
Other income	1,389,328	722	1,390,050
Net assets released from restriction	1,373,898	(1,373,898)	-
Total operating revenues	**42,910,838**	**(203,630)**	**42,707,208**
Expenses:			
Program:			
Instruction	10,728,815	-	10,728,815
Academic support	4,453,423	-	4,453,423
Student services	13,742,681	-	13,742,681
Auxiliary enterprises	9,870,467	-	9,870,467
Total program expenses	**38,795,386**	**-**	**38,795,386**
Management, general and fundraising	5,735,906	-	5,735,906
Total expenses	**44,531,292**	**-**	**44,531,292**
Change in net assets from operations	(1,620,454)	(203,630)	(1,824,084)
Nonoperating income:			
Private gifts and grants	-	277,684	277,684
Investment return, net of total return appropriated	4,277,339	1,562,740	5,840,079
Other expenses	(349,434)	-	(349,434)
Unrealized gain on interest rate swap contracts	1,071,053	-	1,071,053
Change in net assets from nonoperating activities	4,998,958	1,840,424	6,839,382
Total change in net assets	**3,378,504**	**1,636,794**	**5,015,298**
Net assets, beginning of year	47,572,336	17,469,823	65,042,159
Net assets, end of year	**$ 50,950,840**	**$ 19,106,617**	**$ 70,057,457**

See accompanying notes to the financial statements.

DEAN COLLEGE

Statements of Cash Flows

	Years Ended May 31, 2025	2024
Cash flows from operating activities:		
Change in net assets	$ (1,150,733)	$ 5,015,298
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions and investment income restricted for long-term purposes	(73,066)	(277,684)
Depreciation	4,213,380	4,157,557
Loss on disposal of land, buildings and equipment	24,643	84,991
Amortization of bond issuance costs	23,330	30,992
Amortization of right-of-use assets - operating leases	315,930	744,821
Realized and unrealized gains on investments	(5,501,204)	(8,193,684)
Realized and unrealized gain (loss) on interest rate swap contracts	1,743,720	(1,071,053)
Long term interest income	(76,284)	-
Loss on extinguishment of debt	276,014	-
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(93,215)	507,223
Prepaid expenses and deposits	(228,720)	(72,567)
Other assets	11,593	(5,292)
Accounts payable	(270,394)	(466,268)
Accrued expenses	89,193	170,301
Deferred tuition and other deposits	232,532	660,944
Lease liability	(306,330)	(740,163)
Net cash provided by (used in) operating activities	**(769,611)**	**545,416**
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(2,602,966)	(1,784,707)
Repayments of student loans, net	27,057	30,212
Investment securities purchased	(10,153,956)	(5,273,180)
Proceeds from sales of investment securities	17,728,894	10,482,710
Net cash provided by investing activities	**4,999,029**	**3,455,035**
Cash flows from financing activities:		
Contributions and investment return, for endowment	73,066	77,684
Contributions for investment in plant	-	200,000
Borrowings (repayment) on line of credit, net	(2,960,000)	460,000
Repayments on finance lease	-	(3,308,043)
Repayments on debt	(1,150,369)	(1,417,309)
Issuance of new debt	6,434,133	-
Deposits with trustee	(6,434,133)	-
Bond issuance costs	(11,675)	(9,240)
Net change in Perkins Loans refundable advances	82,130	(28,416)
Net cash used in financing activities	**(3,966,848)**	**(4,025,324)**
Net change in cash and cash equivalents	**262,570**	**(24,873)**
Cash and cash equivalents, beginning of year	684,174	709,047
Cash and cash equivalents, end of year	**$ 946,744**	**$ 684,174**
Supplemental disclosures:		
Cash paid during the year for interest	**$ 1,808,365**	**$ 1,797,996**
Non-cash right-of-use assets additions	**$ 396,789**	**$ 629,187**
Land, building and equipment purchases included in accounts payable	**$ 215,271**	**$ 201,454**
Student loans receivable assigned to U.S. Government	**$ 176,240**	**$ 96,585**
Bond issuance costs incurred with debt refinancing	**$ 458,342**	**$ -**

See accompanying notes to the financial statements.

DEAN COLLEGE

Notes to Financial Statements

Note 1 - Organization

Dean College (the "College") was founded as Dean Academy in 1865 with the financial assistance and enthusiastic support of Dr. Oliver Dean, a Franklin, Massachusetts native and local physician who was devoted to the education of young people. In 1941, Dean was chartered as a two-year college. Dean proudly reached a new milestone in its history in 1994, when its name was officially changed from Dean Junior College to Dean College.

Today the College is a private co-educational college with a full- and part-time student body from all over the United States and numerous foreign countries and is accredited by the New England Commission of Higher Education. The broad-based liberal arts curriculum at the College affords students the freedom to choose among the following on-campus degree options:

Two-Year Degree Options

- Associate in Arts and Associate in Science Degree Programs
  (full- and part-time)

Four-Year Degree Options

- Bachelor of Arts, Bachelor of Science and Bachelor of Fine Arts Degree Programs
  (full- and part-time)

The high standards set during the College's early years formed a tradition that is followed today. The College's future is based upon its long history of developing programs that meet the changing needs of its students.

The College participates in student financial aid programs sponsored by the United States Department of Education ("DOE"), which facilitates the payment of tuition and other expenses for a significant portion of its students.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

The College considers highly-liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Such accounts are carried at cost plus accrued interest. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment.

The College maintains its cash balances at several financial institutions, which at times may exceed federally insured limits. The College monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Note 2 - Summary of Significant Accounting Policies (Continued)

Student Accounts, Notes Receivable, and Current Expected Credit Losses

Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic or auxiliary activity. Payments for tuition, fees and auxiliary enterprises charges are generally due by the start of the academic period with the recognition that on behalf payments being made by the DOE or others are subject to specific requirements within those programs as to when those funds can be availed. Certain DOE funding can be availed prior to the commencement of the academic period, while other amounts are paid at specified intervals based on the rules as promulgated by the DOE. Cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the College. Student accounts are not collateralized.

Student accounts and loans receivable are stated net of expected credit losses. Credit is extended on an unsecured basis in accordance with terms established for individual students. The College estimates expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The College records the estimate of expected credit losses as an allowance for credit losses. An account is considered uncollectible when all efforts to collect the account have been exhausted. The College recorded an allowance for credit losses of $251,000 and $237,000 as of May 31, 2025 and 2024, respectively.

Perkins notes receivable represent amounts due from students associated with a DOE sponsored campus-based loan program. The College shared funding of such resources creating a revolving loan fund in concert with funds from the DOE. Perkins notes in default that meet certain requirements must be assigned to the DOE which reduces the obligation for refundable U.S. government grants. The DOE has ended this program; and, as funds are collected, such amounts will be returned to the DOE and the College as applicable based on original funding.

Other notes from the College to students are subject to routine credit risk. The College regularly evaluates the allowance for credit losses by performing ongoing evaluations of the accounts and notes considering such factors as prior collection history, the economic environment, reasonable and supportable forecasts, and the type of receivable of note. Credit risk on the Perkins notes is mitigated given the ability to assign such loans to the DOE as outlined above. Management has omitted detailed disclosures given the modest amounts involved.

Contributions Receivable

Unconditional promises to give are recorded at fair value when initially pledged. The initially recorded fair value is considered a Level 2 approach. Initial recording for pledges expected to be collected in one year or more is arrived at by using the present value of a risk adjusted rate to account for the inherent risk associated with the expected future cash flows. Amortization of the discount is included in private gift and grant revenue. Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance by a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Conditional promises to give are not included as support until the conditions are substantially met.

Note 2 - Summary of Significant Accounting Policies (Continued)

Deposits with Trustee

Deposits with trustee consist of amounts required under a loan agreement (see Note 6) for debt service reserves and a bond proceeds project fund. These amounts consistent of cash at May 31, 2025.

Leases

The College leases equipment under operating lease arrangements through March 2030 for which expense is recognized on a straight-line basis over the lease term.

Right-of-use ("ROU") assets represent the College's right to use an underlying asset for the lease term and lease liabilities represent the College's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the College's leases do not provide an implicit rate, the College uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

Obligations under financing lease is reported at the net present value of the remaining obligation. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for financing leases.

Investments

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment management expenses.

The investment objective of the College is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund its board approved spending policy and to increase investment values after inflation. Major investment decisions are authorized by the Investment Subcommittee of the Board of Trustees that oversees the College's investments mindful of diversification among asset classes.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The College reports required types of financial instruments in accordance with the fair value standards of accounting. 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. These standards require an entity to maximize the use of observable inputs (such as quoted market prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The fair value standards also provide for a practical expedient of fair value allowing for the use of net asset value per share ("NAV") when certain requirements are met. Items reported at fair value on a recurring basis include investments and obligations under interest rate swap contracts. Non-recurring fair values include items such as the initial recording of pledges.

The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used which fall into three categories (but for those items valued at NAV) as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the College has the ability to access at measurement date.

Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible those changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Land, Buildings and Equipment

Land, buildings and equipment are recorded when the useful life is over one year at cost when such amounts exceed a management established capitalization threshold. In the case of donated property, such amounts are recorded at fair value at the date of gift which would normally entail Level 3 fair value inputs as per the fair value standards discussed elsewhere in this section. Cost includes capitalized interest in the case of certain longer term construction projects. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets once placed into service.

Deferred Tuition and Other Deposits

Student deposits represent reservation deposits and other advance payments by students on account. Deferred tuition represents the amount of unearned related services that are in progress as of year-end related to net tuition, fees and auxiliary enterprises such as room and board. Such amounts are reflected as revenue ratably over time with such amounts generally being recognized on a current basis given the nature and duration of the underlying services being provided. Substantially all amounts included in deferred tuition revenue are recognized in the subsequent fiscal year.

Interest Rate Swaps

The College reports the value of its interest rate swaps at fair value with changes in fair value reflected in the statements of activities. Fair value is determined as per the fair value policies as described earlier in this section.

Debt

Debt is reported at the face value of the remaining obligation under the related debt issue, net of the premium, discount and issuance costs. Premiums, discounts and issuance costs are amortized over the term of the related indenture.

Refundable U.S. Government Grants

Refundable advances represent amounts advanced from the DOE subject to certain adjustment associated with the Perkins program as discussed in the student accounts and notes section of these policies. Given the termination of this program, it is expected that such obligations will begin to be repaid as funds become available on collection of prior loans from students.

Note 2 - Summary of Significant Accounting Policies (Continued)

Conditional Asset Retirement Obligations

The College applies the principles of accounting for conditional asset retirement obligations to its retirement obligations. Under these principles, the obligation to perform asset retirement activity may be unconditional even though uncertainty exists about the timing and (or) method of settlement. If such liabilities can be reasonably estimated, the College initially records such obligations at fair value. Subsequent considerations of these obligations are made based on changes in expected timing and cost; however, discount rates remain over the life of each obligation. The College has recorded a liability of approximately $788,000 and $758,000 at May 31, 2025 and 2024, respectively, for its estimated asset retirement obligations, which is included in accrued expenses.

Income Taxes

The College is a not-for-profit organization and is generally exempt from Federal and state income taxes on related income as described in Section 501(c)(3) of the Internal Revenue Code. Given the limited taxable activities of the College, management has concluded that disclosures related to tax provisions as not necessary.

Uncertain Tax Positions

The College accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The College has identified its tax status as a tax-exempt entity and its determination of which revenues are related or unrelated to be its only significant tax positions; however, the College has determined that such tax positions do not result in uncertainties requiring recognition. The College is not currently under examination by any taxing jurisdictions. The College’s Federal and state tax returns are generally open for examination for three years following the date filed.

Net Assets

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 in net assets are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. The Board of Trustees has designated net assets for endowment and other purposes from net assets without donor restrictions. This designation may be removed at the discretion of the Board of Trustees. Net assets without donor restrictions also include the investment in plant, net of accumulated depreciation, related debt, and undesignated funds.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Operations

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assist is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized and unrealized 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 by law. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purposes have been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the classes of net assets.

Earned Revenues

Earned revenues are recorded using a principles-based process that requires the entities 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. Earned revenues include tuition and fees as well as sales and services of auxiliary enterprises.

Tuition and fees and sales and services of auxiliary enterprises are recorded at established rates, net of institutional financial aid and scholarships provided directly to students. Such net amounts are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered whether relating to educational services or auxiliary services such as room and board. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Discounts provided to employees are considered part of fringe benefits within operating expenses and likewise are recorded over time. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits as under the College's withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund before the start of classes declining to no refund shortly after the start of classes. Given the normal timing of the College's programs, the exposure to withdrawal rights is limited at year end.

Payments made by third parties such as the Department of Education ("DOE") relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the College. Cash flows are also impacted by DOE rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students. Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributed Support

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Conditional contributions/ promises are recognized as revenues when the barriers to entitlement have been met. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied. The College had $0 and $333,000 of conditional contributions at May 31, 2025 and 2024, respectively.

Government grants have been accounted for as conditional contributions and are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

The College reports gifts of land, buildings and equipment as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions and released from restrictions when such resources are used for the related purpose.

Contributed services are recognized as gifts in kind if the services received create or enhance non-financial assets or require specialized skills. Given the limited amounts involved, management has elected not to present more detailed disclosures. Other contributed services are not recognized under accounting standards.

Estimates

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 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Activity

The statements of activities report the changes in without donor restricted and with donor restricted assets from operating and nonoperating activities. Operating revenues consist of items attributable to the College's primary mission of providing education and are considered to be without donor restriction. Investment return appropriated included in operations reflects the amount computed using the spending policy for the period as approved by the Board of Trustees. All other investment income or losses are reported as nonoperating revenue. Operating revenue also includes contributions received related to annual fund support and support of College operations while all other contributions and releases from restrictions to be used for long-term purposes are classified as nonoperating. The College also considers gains and losses on interest rate swap contracts, other expenses such as employee severance and other one-time expenses, and reclassifications as nonoperating.

Functional Expense Allocation

The cost of providing various programs and support services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Depreciation expense for buildings and occupancy costs have been allocated based on square footage of facilities. Depreciation for equipment is allocated based on the location and use of the equipment. Benefits are allocated to program and support based on salaries. Other institutional costs, such as information technology, are allocated to the functional classifications based on best estimate of time and effort using the full-time equivalent numbers of employees. Direct supervision and activity are used to allocate management salaries and benefits to the various programs.

Subsequent Events

The College has evaluated subsequent events through October 13, 2025, the date the financial statements were available to be issued. Management determined that no items required adjustment or disclosure based on that evaluation.

Note 3 - Liquidity of Financial Resources

The College regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash, marketable debt and equity securities within its investments and a line of credit.

Note 3 - Liquidity of Financial Resources (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of furthering the mission of the College.

Although not expected to be needed, the spendable yet restricted portion of the College's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

The following tables show the total financial assets held by the College and the amounts of those financial assets available within one year of the statement of financial position date to meet general expenditures at May 31:

	2025	*2024*
Cash and cash equivalents	$ 946,744	$ 684,174
Accounts receivable, net	446,590	353,360
Contribution receivable, net	20,235	20,250
Investments	63,931,653	66,005,387
Total financial assets at year end	**$ 65,345,222**	**$ 67,063,171**
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 946,744	$ 684,174
Accounts receivable, net	446,590	353,360
Endowment spending rate distribution and appropriations	6,975,000	3,100,000
Total financial assets available to meet general expenditures over the next 12 months	**$ 8,368,334**	**$ 4,137,534**

In addition, the College has available approximately $41,000,000 and $48,700,000 at May 31, 2025 and 2024, respectively, net of the 2025 and 2024 endowment spending rate distribution and appropriations of board designated funds which are eligible to be spent on operations, if needed, upon approval by the Board of Trustees of the College.

Note 4 - Fair Value Measurements

Fair values of financial instruments on a recurring basis are as follows at May 31:

	2025				
	Level 1	***Level 2***	***Level 3***	***Investments Measured at NAV***	***Total***
Assets:					
Investments:					
Cash and cash equivalents	$ 1,542,143	$ -	$ -	$ -	$ 1,542,143
Equity funds:					
Domestic equity funds	20,772,566	1,558,349	-	-	22,330,915
International equity funds	913,154	7,765,948	-	-	8,679,102
Bond funds	9,749,984	-	-	-	9,749,984
Asset allocation fund	2,382,804	-	-	-	2,382,804
Other funds:					
Hedge funds	-	-	-	4,137,959	4,137,959
Private equity	-	-	-	15,108,746	15,108,746
Investments, total	35,360,651	9,324,297	-	19,246,705	63,931,653
Total assets at fair value	**$ 35,360,651**	**$ 9,324,297**	**$ -**	**$ 19,246,705**	**$ 63,931,653**
Liabilities					
Interest rate swaps	$ -	$ 1,321,882	$ -	$ -	$ 1,321,882
Total liabilities at fair value	**$ -**	**$ 1,321,882**	**$ -**	**$ -**	**$ 1,321,882**

Note 4 - Fair Value Measurements (Continued)

	2024				
	Level 1	***Level 2***	***Level 3***	***Investments Measured at NAV***	***Total***
Assets:					
Interest rate swaps	$ -	$ 214,813	$ -	$ -	$ 214,813
Investments:					
Cash and cash equivalents	422,600	-	-	-	422,600
Equity funds:					
Domestic equity funds	20,876,774	3,536,251	-	-	24,413,025
International equity funds	1,005,168	8,684,056	-	-	9,689,224
Bond funds	11,095,142	-	-	-	11,095,142
Asset allocation fund	2,544,010	-	-	-	2,544,010
Other funds:					
Hedge funds	-	-	-	3,722,129	3,722,129
Private equity	-	-	-	14,119,257	14,119,257
Investments, total	35,943,694	12,220,307	-	17,841,386	66,005,387
Total assets at fair value	**$ 35,943,694**	**$ 12,435,120**	**$ -**	**$ 17,841,386**	**$ 66,220,200**
Liabilities					
Interest rate swaps	$ -	$ 132,075	$ -	$ -	$ 132,075
Total liabilities at fair value	**$ -**	**$ 132,075**	**$ -**	**$ -**	**$ 132,075**

Unfunded commitments under various investment vehicles amounted to approximately $10,442,000 and $11,466,000 at May 31, 2025 and 2024, respectively.

Redemption/liquidity of investments are as follows as of May 31, 2025:

Daily	$ 44,684,949
Quarterly to annually	4,137,959
Illiquid	15,108,745
Total investments	**$ 63,931,653**

Management has no intentions or plans to liquidate any NAV practical expedient investments at other than NAV per share.

Appropriations from its investment funds will be approximately $6,975,000 for 2026 which management expects to fund from existing liquidity in its portfolio.

Note 5 - Land, Buildings and Equipment

Land, buildings and equipment consists of the following at May 31:

	2025	2024
Land and land improvements	$ 9,042,404	$ 8,889,202
Buildings and improvements	90,462,450	89,292,553
Furniture and equipment	19,397,830	18,322,310
Construction in progress	424,458	370,930
	119,327,142	116,874,995
Accumulated depreciation	77,786,846	73,713,459
Land, buildings and equipment, net	**$ 41,540,296**	**$ 43,161,536**

In 2025, the College disposed of partially depreciated and fully depreciated buildings and equipment with cost of approximately $165,000 and net book value of approximately $140,000. In 2024, the College disposed of partially depreciated buildings and equipment with cost of approximately $280,000 and net book value of approximately $195,000.

Note 6 - Debt

Line of Credit

The College had an unsecured line of credit that expired in November 2024. The actual rate was 8.37% at May 31, 2024. The College had outstanding borrowings of $2,960,000 at May 31, 2024. The line of credit was not renewed in 2025 and the previously outstanding borrowings were fully repaid during 2025.

Note 6 - Debt (Continued)

Debt

Debt consists of the following at May 31:

	2025	***2024***
Obligations under MDFA Variable Rate Revenue, Series 2008 Bonds, payable at variable rates of interest based on 79% of the sum of SOFR plus 172 basis points, resetting monthly, (for an actual rate of 5.64% at May 31, 2024) with maturities through October 1, 2038.	$ -	$ 19,025,000
Obligations under MDFA Variable Rate Revenue, Series 2011 Bonds ("Series 2011 Bonds"), payable at variable rates of interest based on 79% of the sum of SOFR plus 172 basis points, resetting monthly, (for an actual rate of 5.64% at May 31, 2024) with maturities through October 1, 2041.	-	10,755,156
Obligations under MDFA Revenue, Series 2015 Bonds ("Series 2015 Bonds"), payable at a fixed interest rate equal to 3.57% per annum at May 31, 2024, with maturities through September 3, 2045.	-	3,614,140
Mortgage payable at a fixed interest rate equal to 3.5% per annum, with maturities through 2043. Interest resets every five years based on the Federal Home Loan Bank of Boston 5 Year Regular Classic Advanced Rate plus 2% effective January 1, 2027.	517,785	542,283
Obligations under MDFA Variable Rate Revenue, Series 2024 Bonds, payable at variable rates of interest based on 79% of the sum of SOFR plus 190 basis points, resetting monthly, (for an actual rate of 4.92% at May 31, 2025) with maturities through December 18, 2054.	39,500,000	-
Total debt principal	40,017,785	33,936,579
Less: unamortized bond issuance costs	(462,183)	(291,510)
Debt, net	**$ 39,555,602**	**$ 33,645,069**

Note 6 - Debt (Continued)

Debt (Continued)

The bond agreements contain certain covenants, the most restrictive of which is an annual debt service coverage ratio.

The College's obligations with respect to the bonds will be an absolute, unconditional and general obligation of the College secured by (i) first priority mortgage lien on and assignment of leases and rents from the College’s real property, subject to certain exclusions to be agreed upon by the College and the bank prior to closing, (ii) a first priority lien on all assets of the College, including tuition receipts and (iii) a debt service reserve fund to be established with the bank under the Financing Documents and funded in an amount equal to 50% of the maximum annual principal and interest requirements of the bonds. Upon satisfaction of certain criteria to be established by the bank prior to closing, amounts may be released from the debt service reserve fund and applied, at the College's option either to pay capital expenditures and/or redeem the bonds, subject to receipt of a favorable opinion of bond counsel.

In 2025, Dean College issued bonds totaling $39,500,000 to pay off prior bonds and to obtain an additional $5,100,000 in funds through a private placement with Brookline Bank. The new financing will be used to fund future capital expenditures in accordance with the financing agreement. As part of the refinancing transaction, all associated interest rate swap agreements were terminated at closing. The College paid $339,100 to terminate the previous interest rate swap agreements and wrote-off all previously unamortized bond issuance costs totaling $276,014.

Mandatory principal payments on debt for the next five years and thereafter are as follows:

2026	$ 233,675
2027	654,452
2028	682,430
2029	722,435
2030	759,183
Thereafter	36,965,610
	$ 40,017,785

Interest expense (including net settlements under interest rate swaps) totaled approximately $1,809,000 and $1,824,000 for the years ended May 31, 2025 and 2024, respectively.

Note 7 - Interest Rate Swaps

The College uses interest rate swaps to manage interest rate risk exposure. The College's interest rate swaps seek to mitigate exposure to interest rate risk for its variable interest rate debt. These agreements involve the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts. The College does not enter into derivative instruments for trading or speculative purposes. As a result of the use of derivative instruments, the College is exposed to risk that the counterparties will fail to meet their contractual obligation. To mitigate the counterparty risk, the College only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. Counterparties to the College's interest rate swaps had investment grade ratings and to date these parties have performed in accordance with their contractual obligations. The College's swaps contain no credit risk-related contingent features nor do the swaps contain provisions under which the College has, or would be required, to post collateral. In connection with the 2025 debt transaction, the College executed a new interest rate swap contract as detailed below. The notional amount in the underlying swap will equal the underlying bond principal amount through 2034.

The College had the following swaps outstanding at May 31:

2025

Notional Amount	***Termination Date***	***Interest Rate Received***	***Interest Rate Paid***	***Fair Value***
$ 39,500,000	December 18, 2034	USD-SOFR x 0.79 (3.42%)	3.40%	$ (1,321,882)
$ 39,500,000				**$ (1,321,882)**

2024

Notional Amount	***Termination Date***	***Interest Rate Received***	***Interest Rate Paid***	***Fair Value***
$ 12,365,000	October 1, 2038	USD-SOFR x 0.79 (4.20%)	3.43%	$ (132,075)
6,660,000	April 1, 2031	USD-SOFR x 0.79 (4.20%)	3.17%	48,425
10,755,156	May 30, 2028	USD-SOFR x 0.79 (4.20%)	3.00%	166,388
$ 29,780,156				**$ 82,738**

Note 8 - Leases

Finance Lease

The College had a finance lease which was repaid during 2024 with board designated endowment funds. Interest paid in 2024 amounted to $41,114 prior to the termination of the lease.

Operating Leases

The College's operating leases have the following other information for the years ended May 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities	$ 819,122	$ 715,943
Weighted average remaining lease term	3.22 years	3.27 years
Weighted average discount rate	3.86%	3.92%

Approximate annual minimum non-cancelable rental payments under operating leases are as follows for the years ending May 31:

2026	$ 574,568
2027	526,599
2028	417,400
2029	160,685
2030	29,492
Total future minimum lease payments	1,708,744
Less: present value discount	(98,919)
Total	**$ 1,609,825**

Note 9 - Net Assets and Endowment Matters

Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following at May 31:

	2025	**2024**
Operating	$ 1,119,968	$ (9,615,730)
Net investment in plant	662,812	9,599,205
Board designated funds	47,307,536	50,967,365
Net assets without donor restrictions	**$ 49,090,316**	**$ 50,950,840**

Net investment in land, buildings and equipment - The value of buildings and equipment net of depreciation, used in the College's operations. This amount is offset by outstanding liabilities related to the assets, such as debt, obligations under capital lease, and obligations under interest rate swap contracts.

Board-designated - Funds set aside by the Board of Trustees for strategic purposes and to provide investment income to support operations. These amounts may only be used with the approval of the Board of Trustees. Investment income appropriated net of permanently restricted gifts that has not been withdrawn from investments is added to board designated funds.

Other - Discretionary funds available for carrying on the operating activities of the College.

Net Assets With Donor Restrictions

Donor restricted net assets are comprised of the following at May 31:

Purpose restricted - Amounts received with donor restrictions, which have not yet been expended for their designated purposes.

Unrealized and realized gains on Corpus - In accordance with accounting principles generally accepted in the United States of America and Massachusetts state law, these amounts represent unappropriated gains on donor restricted endowment investments.

Corpus - In accordance with accounting principles generally accepted in the United States of America and Massachusetts state law, these amounts represent gifts provided to the College, held in perpetuity as donor restricted endowment investments.

Note 9 - Net Assets and Endowment Matters (Continued)

The following represents net assets with donor restrictions as of May 31:

	2025	***2024***
Purpose restricted gifts:		
Scholarships	$ 178,083	$ 194,941
Instruction and academic support	723,198	776,362
Capital improvements	-	200,000
General	60,663	71,798
Contribution receivable	5,000	8,025
	966,944	1,251,126
Endowment:		
Accumulated unspent gains:		
Scholarships	9,230,681	8,446,149
College support	1,052,005	975,238
Instruction and academic support	387,722	341,942
Other	9,944	8,712
	10,680,352	9,772,041
Corpus:		
Scholarships	7,066,266	6,984,685
College support	532,032	527,951
Instruction and academic support	555,370	555,370
Other	15,444	15,444
	8,169,112	8,083,450
Total endowment	18,849,464	17,855,491
Total net assets with donor restrictions	**$ 19,816,408**	**$ 19,106,617**

Note 9 - Net Assets and Endowment Matters (Continued)

Net assets were released from donor restrictions as follows during the years ended May 31:

	2025	*2024*
Scholarships	$ 783,340	$ 950,620
Instruction and academic support	152,844	402,258
Other	13,459	21,020
Operating	949,643	1,373,898
Capital improvements	200,000	-
Total net assets released	**$ 1,149,643**	**$ 1,373,898**

The following represents required disclosures relative to the composition of endowment assets and those functioning as endowment assets for the years ended May 31, 2025 and 2024:

2025	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ 50,967,365	$ 17,855,491	$ 68,822,856
Contributions and additions	116,029	73,066	189,095
Investment return, net	4,720,069	1,720,280	6,440,349
Expenditures:			
Amounts appropriated for expenditure	(2,345,927)	(799,373)	(3,145,300)
Special distribution for operations	(2,469,489)	-	(2,469,489)
Special distribution from board designated funds	(3,680,511)	-	(3,680,511)
Change in endowment assets and those functioning as endowment assets	(3,659,829)	993,973	(2,665,856)
Endowment assets and those functioning as endowment assets, end of year	**$ 47,307,536**	**$ 18,849,464**	**$ 66,157,000**

Note 9 - Net Assets and Endowment Matters (Continued)

2024	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ 46,658,080	$ 16,215,067	$ 62,873,147
Contributions and additions	-	77,684	77,684
Investment return, net	6,585,254	2,558,022	9,143,276
Expenditures:			
Amounts appropriated for expenditure	(2,275,969)	(995,282)	(3,271,251)
Change in endowment assets and those functioning as endowment assets	4,309,285	1,640,424	5,949,709
Endowment assets and those functioning as endowment assets, end of year	**$ 50,967,365**	**$ 17,855,491**	**$ 68,822,856**

Endowment

The College's endowment consists of approximately 120 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

Interpretation of Relevant Law and Spending Policy

The Board of Trustees of the College has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") signed into law in the state of Massachusetts requiring the tracking of the original value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this, the College tracks in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Endowment funds are subject to appropriation for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board of Trustees annually approves an amount to appropriate to operations that is determined to be prudent considering the College's long- and short-term needs, present and anticipated financial requirements, and expected total return on investments, price level trends, and general economic conditions. For 2025, the appropriation was calculated using 5% for board designated funds and donor restricted funds of the quarterly three-year rolling average market value. The 2026 appropriation is computed as 5% of the quarterly three-year rolling average market value. In addition, the Board of Trustees approved a supplemental distribution from board designated endowment funds to operations totaling $3,850,000 for 2026.

Note 9 - Net Assets and Endowment Matters (Continued)

Funds with Deficiencies

From time-to-time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. There were no material funds with material deficiencies at May 31, 2025 and 2024.

Return Objectives and Risk Parameters

The College's investment portfolio is managed to provide for the long-term support of the College. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flows and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. It is the goal of the aggregate long-term investments to generate an average total annual return that exceeds the spending/payout rate plus inflation.

During 2024, the College used board designated endowment funds to pay off the remaining liability of the finance lease (Note 8). Operating activities of the College are expected to replenish the board designated funds. During 2025, the Board of Trustees approved a supplemental distribution from board designated endowment funds to operations totaling $6,150,000. Of this distribution, $2,469,489 was transferred to support the current year operations and $3,680,511 was transferred to offset prior operating deficits.

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 an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the College seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 10 - Benefit Plans

The College has a defined contribution retirement plan (the "Plan") covering all employees. Employees are eligible for the employer contributions upon completion of one year of employment and 1,000 hours of service during the plan year. Employees must be employed on the last day of the Plan year to receive the employer contributions which are determined as a percentage of pay. A match is offered for contributions made by employees up to certain limits and payable upon earning. Contributions to the Plan were approximately $729,000 and $775,000 for the years ended May 31, 2025 and 2024, respectively.

In 2025, Dean College transitioned its retirement plan to a Multiple Employer Plan (MEP). The College officially joined the NEICU MEP on March 12, 2025. Funds from the previous provider, Voya, were received on March 28, 2025, and the blackout period concluded with full asset transition completed on April 8, 2025.

Note 11 - Commitments and Contingencies

Legal

Various legal cases arise in the normal course of the College's operations. The College believes that there are currently no outstanding cases which would have a material adverse effect on the financial position of the College.

Rental Income

The College leases office space to others and earned approximately $148,000 and $143,000 during fiscal years 2025 and 2024, respectively. The College has a lease through July 2026 with one tenant. All other leases are currently under month-to-month agreements.

Total future minimum rental income expected to be received is as follows:

2026	$	71,731
2027		11,957
Total minimum future rental income	**$**	**83,688**

Prepaid Tuition Program

The College participates in the Massachusetts College Savings Prepaid Tuition Program. This program allows participants to lock in tuition prices by limiting future increases to the changes in CPI plus 2%. This could result in discounts on tuition charged to students in the future.

Employment Agreements

The College has a long-term employment agreement with certain key employees that stipulates a variety of business terms typical in the education sector.

Note 11 - Commitments and Contingencies (Continued)

Other

All funds expended by the College in connection with government grants are subject to review or audit by governmental agencies. In addition, the College has any number of regulators/oversight bodies that from time-to-time inspect the records and activities of the College.

The College's students receive significant funding from the United States federal government through student financial aid programs, and other federal contracts. Changes in federal government policies, regulations, or budget allocations could materially impact the College's financial condition and operations. Ongoing discussions regarding federal budget appropriations may result in reduced funding for higher education programs. A government shutdown or delayed appropriations could affect the timing and availability of funds, particularly Title IV student aid. Legislative proposals or enacted changes to Title IV programs, including Pell Grants and Direct Loans, may alter student eligibility or funding levels, impacting both enrollment and net tuition revenue.

In 2025, various executive actions and policy changes proposed or enacted by the federal government have introduced uncertainty within the higher education sector. Several of these actions have directly or indirectly impacted the U.S. Department of Education's regulatory framework, federal student aid programs, and other areas that may materially affect the operational and financial outlook of institutions of higher education. As a recipient of federal financial aid and other federally supported programs, the College is subject to the evolving regulatory and funding environment. Any future changes in federal policy may affect the College's access to funding or its compliance obligations. Management is actively monitoring federal decision-making and proposed regulatory changes to assess potential impacts on the College's operations, financial aid administration, and broader strategic planning. The College will continue to evaluate developments at the federal level to respond appropriately to any changes that could affect its financial position, results of operations, or future enrollment.

In 2025, the College entered into a long-term arrangement with a food service provider which runs through 2035. This arrangement included an upfront payment and will be amortized to income over the term of the agreement. At May 31, 2025, approximately $747,000 was deferred and included in deferred tuition and other deposits on the statements of financial position. The arrangement provides for rights of termination which would include repayment of unamortized amounts plus accrued interest.

The College participates in a self-insured health insurance captive ("Captive") in order to manage its health insurance costs. As a participant in the Captive, the College is liable for its pro-rata share of any Captive losses, however the Captive has purchased reinsurance for itself to limit claims to the capital provided by the members. The College also has a stop-loss insurance policy in force providing coverage for claims in excess of $75,000 per participant in a calendar year to reduce the risk associated with large claims. An accrual of $43,000 and $93,000 was recorded for benefit claims incurred but not reported at May 31, 2025 and 2024, respectively, included in accrued expenses. The College also has recorded its investment and surplus within the captive based on its result to date.

Note 12 - Natural Classification of Expenses

Expenses presented by natural classification and function are as follows for the years ended May 31:

	2025					
	Instruction and Academic Support	***Student Services***	***Auxiliary Enterprises***	***Management & General***	***Fundraising***	***Total***
Salaries	$ 8,063,234	$ 5,855,313	$ 1,223,671	$ 1,953,595	$ 210,990	$ 17,306,803
Employee benefits	1,774,735	1,591,548	119,734	517,227	53,882	4,057,126
Professional fees	331,039	1,122,223	42,478	696,101	205,910	2,397,751
Advertising and promotion	-	752,008	-	186,087	-	938,095
Interest expense	211,924	45,765	1,458,043	92,631	-	1,808,363
Information technology	923,758	730,968	43,195	150,938	11,001	1,859,860
Occupancy	1,214,025	946,255	3,059,053	832,295	52,214	6,103,842
Depreciation	1,401,978	839,568	1,677,186	233,320	61,328	4,213,380
Dining services	1,735	146,966	2,682,403	-	-	2,831,104
Other	459,854	1,730,239	45,589	413,169	43,655	2,692,506
	$ 14,382,282	**$ 13,760,853**	**$ 10,351,352**	**$ 5,075,363**	**$ 638,980**	**$ 44,208,830**

	2024					
	Instruction and Academic Support	***Student Services***	***Auxiliary Enterprises***	***Management & General***	***Fundraising***	***Total***
Salaries	$ 8,543,675	$ 5,898,724	$ 1,237,190	$ 2,182,382	$ 181,403	$ 18,043,374
Employee benefits	1,735,023	1,441,718	130,485	637,755	43,964	3,988,945
Professional fees	269,971	1,099,059	45,924	555,814	110,723	2,081,491
Advertising and promotion	15,827	746,065	-	185,502	-	947,394
Interest expense	263,947	94,777	1,286,559	179,168	-	1,824,451
Information technology	1,027,485	715,514	36,025	161,966	9,817	1,950,807
Occupancy	1,324,604	911,752	2,951,587	200,593	23,672	5,412,208
Depreciation	1,371,246	834,131	1,663,439	236,815	51,926	4,157,557
Dining services	6,703	180,612	2,478,009	-	-	2,665,324
Other	623,757	1,820,329	41,249	929,385	45,021	3,459,741
	$ 15,182,238	**$ 13,742,681**	**$ 9,870,467**	**$ 5,269,380**	**$ 466,526**	**$ 44,531,292**