Financial Statements

Dean College

May 31, 2019 and 2018

DEAN COLLEGE

Financial Statements

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Mayer Hoffman McCann P.C.
500 Boylston Street ■ Boston, MA 02116
Main: 617.761.0600 ■ Fax: 617.761.0601
www.cbiz.com/newengland

Independent Auditors' Report

The Board of Trustees
Dean College
Franklin, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Dean College (the "College"), which comprise the statements of financial position as of May 31, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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 from 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 auditors' 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 Dean College as of May 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the College adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

October 9, 2019
Boston, Massachusetts

DEAN COLLEGE

Statements of Financial Position

		May 31,		
		2019		***2018***
Assets				
Cash and cash equivalents	$	5,107,682	$	3,998,518
Accounts receivable, less allowance for doubtful accounts of $681,000 and $637,000 in 2019 and 2018, respectively		311,578		418,971
Contributions receivable, net		160,082		219,517
Prepaid expenses and deposits		585,439		446,390
Student loans receivable, net		1,165,024		1,274,374
Other assets		515,080		689,851
Investments		46,630,654		46,338,564
Land, buildings and equipment, net		47,104,707		49,268,228
Total assets	**$**	**101,580,246**	**$**	**102,654,413**
Liabilities and Net Assets				
Liabilities:				
Accounts payable	$	1,517,475	$	2,053,510
Accrued expenses		2,435,911		2,441,676
Deferred tuition and other deposits		1,107,479		1,247,067
Obligations under interest rate swap contracts		5,268,337		3,517,009
Bonds payable, net		39,490,140		40,612,048
Perkins Loans refundable advances		1,034,211		1,039,552
Total liabilities		**50,853,553**		**50,910,862**
Net assets:				
Without donor restrictions:				
Board designated		33,134,212		31,673,821
Other		2,341,104		4,700,942
Without donor restrictions		**35,475,316**		**36,374,763**
With donor restrictions		15,251,377		15,368,788
Total net assets		**50,726,693**		**51,743,551**
Total liabilities and net assets	**$**	**101,580,246**	**$**	**102,654,413**

See accompanying notes to the financial statements.

DEAN COLLEGE

Statements of Activities
(with comparative totals for 2018)

	Year Ended May 31, 2019			2018
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Total*
Revenues, gains and other support:				
Tuition and fees	$ 47,665,440	$ -	$ 47,665,440	$ 44,482,679
Sales and service of auxiliary enterprises	17,142,537	-	17,142,537	15,769,438
Less: Institutional financial aid	(25,377,558)	-	(25,377,558)	(22,817,932)
	39,430,419	-	39,430,419	37,434,185
Government grants	364,637	-	364,637	236,103
Private gifts and grants	503,191	596,867	1,100,058	1,225,715
Investment return appropriated	1,406,442	541,363	1,947,805	1,898,712
Other income	577,381	858	578,239	589,761
Net assets released from restriction	1,201,033	(1,201,033)	-	-
Total operating revenues	**43,483,103**	**(61,945)**	**43,421,158**	**41,384,476**
Expenses:				
Program:				
Instruction	9,638,139	-	9,638,139	9,529,880
Academic support	4,131,213	-	4,131,213	3,814,555
Student services	12,205,497	-	12,205,497	11,606,238
Auxiliary enterprises	10,540,198	-	10,540,198	10,394,185
Total program expenses	**36,515,047**	**-**	**36,515,047**	**35,344,858**
Management, general and fundraising	5,895,486	-	5,895,486	5,737,531
Total expenses	**42,410,533**	**-**	**42,410,533**	**41,082,389**
Change in net assets from operations	1,072,570	(61,945)	1,010,625	302,087
Nonoperating (loss) income:				
Private gifts and grants	-	77,623	77,623	123,443
Investment return, net of total return appropriated	(222,787)	(133,089)	(355,876)	2,277,884
Other interest income	2,098	-	2,098	1,808
Unrealized (loss) gain on interest rate swap contracts	(1,751,328)	-	(1,751,328)	1,696,655
Change in net assets from nonoperating activities	(1,972,017)	(55,466)	(2,027,483)	4,099,790
Total change in net assets	**(899,447)**	**(117,411)**	**(1,016,858)**	**4,401,877**
Net assets, beginning of year	36,374,763	15,368,788	51,743,551	47,341,674
Net assets, end of year	**$ 35,475,316**	**$ 15,251,377**	**$ 50,726,693**	**$ 51,743,551**

DEAN COLLEGE

Statement of Activities

	Year Ended May 31, 2018		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*
Revenues, gains and other support:			
Tuition and fees	$ 44,482,679	$ -	$ 44,482,679
Sales and service of auxiliary enterprises	15,769,438	-	15,769,438
Less: Institutional financial aid	(22,817,932)	-	(22,817,932)
	37,434,185	-	37,434,185
Government grants	-	236,103	236,103
Private gifts and grants	559,685	666,030	1,225,715
Investment return appropriated	1,355,422	543,290	1,898,712
Other income	588,886	875	589,761
Net assets released from restriction	1,254,292	(1,254,292)	-
Total operating revenues	**41,192,470**	**192,006**	**41,384,476**
Expenses:			
Program:			
Instruction	9,529,880	-	9,529,880
Academic support	3,814,555	-	3,814,555
Student services	11,606,238	-	11,606,238
Auxiliary enterprises	10,394,185	-	10,394,185
Total program expenses	**35,344,858**	-	**35,344,858**
Management, general and fundraising	5,737,531	-	5,737,531
Total expenses	**41,082,389**	**-**	**41,082,389**
Change in net assets from operations	110,081	192,006	302,087
Nonoperating income:			
Private gifts and grants	-	123,443	123,443
Investment return, net of total return appropriated	1,783,017	494,867	2,277,884
Other interest income	1,808	-	1,808
Unrealized gain on interest rate swap contracts	1,696,655	-	1,696,655
Net assets released from restrictions	5,000	(5,000)	-
Change in net assets from nonoperating activities	3,486,480	613,310	4,099,790
Total change in net assets	**3,596,561**	**805,316**	**4,401,877**
Net assets, beginning of year	32,778,202	14,563,472	47,341,674
Net assets, end of year	**$ 36,374,763**	**$ 15,368,788**	**$ 51,743,551**

DEAN COLLEGE

Statements of Cash Flows

	Years Ended May 31, *2019*	*2018*
Cash flows from operating activities:		
Change in net assets	$ (1,016,858)	$ 4,401,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions and investment income restricted for long-term purposes	(77,622)	(181,369)
Depreciation	3,971,517	3,921,879
Amortization of bond issuance costs	17,493	32,703
Realized and unrealized gains on investments	(700,125)	(3,668,272)
Change in fair value of interest rate swap	1,751,328	(1,696,655)
Loss on disposal of building and equipment	17,720	-
Changes in operating assets and liabilities:		
Accounts and contributions receivable	157,165	85,379
Prepaid expenses and deposits	(139,049)	(148,971)
Other assets	174,771	(218,501)
Accounts payable	(478,081)	2,021
Accrued expenses	(5,765)	24,201
Deferred tuition and other deposits	(139,588)	178,270
Net cash provided by operations	**3,532,906**	**2,732,562**
Cash flows from investing activities:		
Purchase of building and equipment	(1,913,898)	(1,748,626)
Proceeds from disposal of equipment	30,227	-
Repayments (issuance) of student loans, net	109,350	(74,430)
Investment securities purchased	(9,945,374)	(108,701,579)
Proceeds from sales of investment securities	10,353,410	108,101,661
Net cash used in investing activities	**(1,366,285)**	**(2,422,974)**
Cash flows from financing activities:		
Contributions and investment return, for endowment	87,285	191,369
Repayments on bonds payable	(1,139,401)	(1,086,600)
Bond issuance costs	-	(38,479)
Net change in Perkins Loans refundable advances	(5,341)	10,679
Net cash used in financing activities	**(1,057,457)**	**(923,031)**
Net change in cash and cash equivalents	**1,109,164**	**(613,443)**
Cash and cash equivalents, beginning of year	3,998,518	4,611,961
Cash and cash equivalents, end of year	**$ 5,107,682**	**$ 3,998,518**

See accompanying notes to the financial statements.

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 financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified 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 restriction also include the investment in plant, net of accumulated depreciation 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)

Financial Statement Presentation (Continued)

The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Included in cash equivalents are net assets with donor restrictions for specific purposes totaling approximately $1,730,000.

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. 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.

Accounts Receivable

Accounts receivable are carried at their net realizable value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as a reduction of bad debt expense when received. Accounts receivables are considered past due if any portion of the receivable balance is outstanding for more than 90 days or the student no longer attends the institution. Interest is not charged on receivables.

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.

Student Loans Receivables

Student loans receivables are funds loaned to students by the College and Federal Perkins Loans Program ("Perkins"). The Perkins program is designed to be a revolving loan fund for students to facilitate the payment of tuition and other charges. Over the years, funds were provided by the DOE to set up said fund with a matching contribution from the College. Such loans are managed by a third-party servicer so the College is availed to the expertise administering major aspects relating to the requirements of these loans. Any unloaned amounts are held in a restricted cash account which is included in other assets. Amounts advanced from the Department of Education are considered refundable advances given they must be repaid if the program terminates or the College no longer participates in the program. This program has been terminated by the DOE and as amounts are collected, the funds will be returned to the DOE and the College.

Note 2 - Summary of Significant Accounting Policies (Continued)

Student Loans Receivables (Continued)

Loans are carried at their estimated net realizable value by using an allowance dealing with estimated collections based on experience. Reserves attributable to Perkins Loans are modest given the majority of the credit risk is taken by the DOE. Interest income is recorded when received. College loans receivable are written off when deemed uncollectible. Recoveries of loans receivable previously written off are recorded as a reduction of bad debt expense. Loans receivable are considered past due if any portion of the balance due is outstanding for more than 240 days. Interest and late fees on past due amounts are recorded when received.

Investments

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

The College utilizes an investment advisor and custodian to assist the investment committee of the board relative to investment strategy, asset allocation and various other investment decisions as is common and customary among colleges and universities.

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

Land, Buildings and Equipment

Land, buildings and equipment with a useful life greater than one year are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. Capitalized amounts are subject to a dollar threshold established by management. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Fair value of donated property generally would require Level 3 fair value techniques to be used, to arrive at valuation. In the absence of such stipulations, contributions of land, buildings and equipment are recorded as unrestricted support at fair value as described later in this section. Depreciation is recorded on the straight-line basis over the estimated useful lives of buildings and improvements (20 to 40 years) and furniture and equipment (3 to 10 years). Depreciation expenses are allocated based upon specific identification of the use of the related assets.

Deferred Tuition and Other Deposits

Deferred tuition and other deposits represents payments received from students for upcoming semesters.

Obligation Under Interest Rate Swap Contracts

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 later in this section.

Note 2 - Summary of Significant Accounting Policies (Continued)

Gifts In Kind and Contributed Services

Contributed services are recognized as gifts in kind if the services received create or enhance non-financial assets or require specialized skills. Amounts recognized were approximately $21,000 and $160,000 for the years ended May 31, 2019 and 2018, respectively, and are included in private gifts and grants in the statements of activities.

A substantial number of volunteers contribute services to the College to assist with fundraising, admissions, recruiting and other activities. Pursuant to generally accepted accounting principles, no amounts have been recognized in the financial statements for these services.

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 decrease 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 has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the classes of net assets.

A substantial portion of the College's revenue is derived from tuition, fees and auxiliary revenue. Tuition, fees and auxiliary revenues are recognized as revenue when earned in the period in which the services are provided.

The statements of activities report the changes in without donor restricted and with donor restricted assets from operating and non-operating activities. Without donor restricted operating revenues consist of those items attributable to the College's primary mission of providing education. 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 non-operating 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 non-operating. The College also considers gains and losses on interest rate swap contracts, other expenses, and reclassifications as non-operating.

Income Taxes

The College is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Accordingly, tax disclosures are not considered significant to the financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Advertising

The College expenses the cost of advertising when incurred. Advertising expense was approximately $593,000 and $512,000 for the years ended May 31, 2019 and 2018, respectively.

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.

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 $627,000 and $603,000 at May 31, 2019 and 2018, respectively, for its estimated asset retirement obligations, which is included in accrued expenses.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The College reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the College's investment accounts and interest rate swaps. Nonrecurring measures include pledges and asset retirement obligations. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the College reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require the College to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

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. For more information on the fair value of the College's financial instruments, see Note 7 – Fair Value Measurements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant management estimates included in the financial statements relate to the allowance for doubtful loans, contributions and accounts receivable, fair value of certain investments, useful lives of land, buildings and equipment, fair value of interest rate swap contracts, asset retirement obligations, fair value disclosures for certain financial instruments, assets released from restrictions, and the allocation of common expenses over program functions.

Reclassification

Certain amounts reported in the May 31, 2018 financial statements have been reclassified to conform to the May 31, 2019 presentation, primarily related to the changes in the functional expense classification of athletic programs from instructional to student services.

Subsequent Events

The College has evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all period presented.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update is effective for the College's May 31, 2020 financial statements. This update permits the use of either the retrospective or cumulative effect transition method. The College is evaluating the effect this ASU will have on its financial statements and related disclosures.

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. This update is intended to improve financial reporting of leasing transactions. The update requires entities to recognize assets and liabilities for leases with lease terms of more than 12 months. The ASU also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases and is effective for the College's May 31, 2021 financial statements. The College is evaluating the effect this update will have on its financial statements and related disclosures.

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.

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. In addition to the financial assets available to meet general expenditures over the next 12 months, the College operates with a surplus and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the College's cash and shows positive cash generated by operations for the years ended May 31, 2019 and 2018.

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, 2019:

Financial assets at year end:		
Cash and cash equivalents	$	5,107,682
Accounts receivable, net		311,578
Contribution receivable, net		160,082
Investments		46,630,654
Total financial assets at year end	**$**	**52,209,996**
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$	5,107,682
Accounts receivable, net		311,578
Endowment spending rate distribution and appropriations		2,091,000
Total financial assets available to meet general expenditures over the next 12 months	**$**	**7,510,260**

In addition, the College has available approximately $33,134,000 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 - Contributions Receivable

The majority of contributions receivable is expected to be received within the next two years. Reserves and discounts were not significant based on short expected collection periods and past favorable collection. Contributions receivable with due dates extending beyond one year are discounted using a risk adjusted discount rate. These rates ranged from 2.5% to 4.0% at May 31, 2019 and 2018, respectfully.

Note 5 - Student Loans Receivable

Student loans receivable consist of the following at May 31:

	Current	Past Due	Past Due in Collections	Total Student Loans Receivable
2019				
Perkins Loans	$ 409,717	$ 630,548	$ 222,001	$ 1,262,266
College Loans	-	19,395	-	19,395
Credit Reserve	-	-	-	(116,637)
Student loans receivable, net	409,717	649,943	222,001	1,165,024
Total	**$ 409,717**	**$ 649,943**	**$ 222,001**	**$ 1,165,024**
2018				
Perkins Loans	$ 501,931	$ 630,590	$ 225,362	$ 1,357,883
College Loans	1,226	39,765	-	40,991
Credit Reserve	-	-	-	(124,500)
Student loans receivable, net	503,157	670,355	225,362	1,274,374
Total	**$ 503,157**	**$ 670,355**	**$ 225,362**	**$ 1,274,374**

Charge offs to the College Loan program were approximately $8,000 and $992,000 in 2019 and 2018, respectively; however such amounts had been previously reserved.

Note 6 - Other Assets

Other assets consist of the following at May 31:

	2019	2018
Cash surrender value life insurance policies	$ 309,921	$ 292,652
Retirement account	100,000	294,744
Other assets	105,159	102,455
	$ 515,080	**$ 689,851**

Note 7 - Investment Returns

The College's investments are maintained in private investment funds that are widely used by colleges and universities to facilitate prudent management of funds.

Investment returns consisted of the following for the years ended May 31:

	2019	2018
Net interest and dividends	$ 893,902	$ 510,132
Net realized gains	1,417,077	6,394,325
Net unrealized (losses)	(716,952)	(2,726,053)
Net investment returns	1,594,027	4,178,404
Investment return appropriated	(1,947,805)	(1,898,712)
Less: Other interest income attributable to student loan interest	(2,098)	(1,808)
Investment return net of total returns appropriated	**$ (355,876)**	**$ 2,277,884**

The amount of investment income appropriated to operations is the amount calculated by the spending rate, as more fully described in Note 11, with the remaining balance of investment return reported as non-operating. Investment management expenses totaled $189,059 and $113,882 are netted against investment (loss) income in the statements of activities for the years ended May 31, 2019 and 2018, respectively.

Note 8 - Fair Value Measurements

The following table presents financial assets at May 31, 2019, that the College measures fair value on a recurring basis, by level, within the fair value hierarchy:

	Level 1	*Level 2*	*Level 3*	*Investments Measured at NAV*	*Total*
Assets:					
Investments:					
Cash and cash equivalents	$ 154,394	$ -	$ -	$ -	$ 154,394
Equity funds:					
Domestic equity funds	19,093,750	-	-	-	19,093,750
International equity funds	10,124,531	-	-	-	10,124,531
Bond funds	8,769,702	-	-	-	8,769,702
Asset allocation fund	2,304,416	-	-	-	2,304,416
Other funds:					
Hedge funds	-	-	-	1,921,123	1,921,123
Private equity	-	-	-	4,262,738	4,262,738
Total assets at fair value	**$ 40,446,793**	**$ -**	**$ -**	**$ 6,183,861**	**$ 46,630,654**
Liabilities:					
Interest rate swaps	$ -	$ 5,268,337	$ -	$ -	$ 5,268,337
Total liabilities at fair value	**$ -**	**$ 5,268,337**	**$ -**	**$ -**	**$ 5,268,337**

Note 8 - Fair Value Measurements (Continued)

The following table presents financial assets at May 31, 2018, that the College measures fair value on a recurring basis, by level, within the fair value hierarchy:

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Assets:					
Investments:					
Cash and cash equivalents	$ 46,053	$ -	$ -	$ -	$ 46,053
Equity funds:					
Domestic equity funds	19,261,276	-	-	-	19,261,276
International equity funds	9,816,579	-	-	-	9,816,579
Bond funds	8,457,676	-	-	-	8,457,676
Asset allocation fund	2,341,078	-	-	-	2,341,078
Other funds:					
Hedge funds	-	-	-	1,871,093	1,871,093
Private equity	-	-	-	3,461,809	3,461,809
Private capital funds	-	1,083,000	-	-	1,083,000
Total assets at fair value	**$ 39,922,662**	**$ 1,083,000**	**$ -**	**$ 5,332,902**	**$ 46,338,564**
Liabilities:					
Interest rate swaps	$ -	$ 3,517,009	$ -	$ -	$ 3,517,009
Total liabilities at fair value	**$ -**	**$ 3,517,009**	**$ -**	**$ -**	**$ 3,517,009**

Under certain unusual circumstances, investment managers may alter redemption provisions of their investment vehicles which could impact the ultimate liquidity of funds.

Unfunded commitments under various investment vehicles amounted to approximately $4,687,000 at May 31, 2019.

At May 31, 2019, $1,921,123 of the investments measured at NAV have redemption periods of 90 days or less and $4,262,738 have redemption periods of over 90 days.

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

Management has elected to omit the Level 3 roll-forward data given limited activity and realization of such assets accounted for as Level 3 in 2018.

Appropriations from its investment funds will be approximately $2,091,000 for 2020 which management expects to fund from normal liquidity in its portfolio.

Note 9 - Land, Buildings and Equipment

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

	2019	*2018*
Land and land improvements	$ 7,942,193	$ 7,726,902
Buildings and improvements	80,364,794	80,092,397
Furniture and equipment	12,640,026	11,971,926
Construction in progress	532,827	201,986
	101,479,840	99,993,211
Accumulated depreciation	54,375,133	50,724,983
Land, buildings and equipment, net	**$ 47,104,707**	**$ 49,268,228**

The College disposed of approximately $370,000 and $141,000 in fully and partially depreciated equipment that was no longer in use in 2019 and 2018, respectively.

Note 10 - Debt

Line of Credit

The College has available a $5,000,000 unsecured line of credit expiring in November 2020. All advances under this agreement bear an interest rate determined by the London Inter-Bank Offer Rate ("LIBOR") plus 250 basis points. The College had no borrowings against the line as of May 31, 2019 and 2018. Management expects to renew the line of credit consistent with current terms.

Note 10 - Debt (Continued)

Bonds Payable

Bonds payable consist of the following at May 31:

	2019	2018
Obligations under MDFA Variable Rate Revenue, Series 2008 Bonds, payable at variable rates of interest based on 79% of the sum of LIBOR plus 140 basis points, resetting monthly, (for an actual rate of 3.0% at May 31, 2019 and 2018) with maturities through June 11, 2038.	$ 23,050,000	$ 23,755,000
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 LIBOR plus 140 basis points, resetting monthly, (for an actual rate of 3.0% at May 31, 2019 and 2018) with maturities through October 1, 2041.	12,623,105	12,951,497
Obligations under MDFA Revenue, Series 2015 Bonds ("Series 2015 Bonds"), payable at a fixed interest rate equal to 3.32% per annum at May 31, 2019 and 2018 with maturities through September 3, 2045.	4,142,025	4,248,034
	39,815,130	40,954,531
Less: unamortized bond issuance costs	(324,990)	(342,483)
Bonds payable, net	**$ 39,490,140**	**$ 40,612,048**

The bond agreements contain certain covenants, the most restrictive of which are semi-annual debt service coverage and leverage ratios. The bonds are supported by a pledge of all receivables and all other receipts, revenues, interest income and other monies received by the College as defined in the Amended and Restated Security Agreement dated September 25, 2013 and Loan and Trust Agreements dated September 1, 2015 and May 30, 2018. The bonds are currently held by a financial institution (“Bond Owner”) under a Bond Purchase Agreement (“Agreement”). Under the Agreement, the bonds are subject to tender for mandatory purchase of which the first date is September 2028 for the Series 2008 Bonds, Series 2011 Bonds and Series 2015 Bonds unless in each case such tender is waived by the Bond Owner not less than 180 days prior to the Purchase Date. At the end of the Agreement, the College will be required to replace this Agreement with either its current financial institution or another suitable partner absent a full refinancing or pay off of the existing bonds.

Note 10 - Debt (Continued)

Bond Issuance Costs

Bond issuance costs represent costs incurred in connection with the issuance of bonds payable and are amortized over the period the bonds are outstanding. Bond issuance costs of approximately $551,000 for the years ended May 31, 2019 and 2018, respectively are included in Bonds and notes payable net of accumulated amortization of approximately $226,000 and $209,000 and May 31, 2019 and 2018, respectively. Amortization expense amounted to approximately $18,000 and $33,000 for the years ended May 31, 2019 and 2018, respectively.

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

2020	$ 1,183,814
2021	1,237,668
2022	1,291,925
2023	1,346,981
2024	1,402,530
Thereafter	33,352,212
	$ 39,815,130

Interest expense totaled approximately $1,702,000 and $1,774,000 for the years ended May 31, 2019 and 2018, respectively.

Note 11 - Derivative Instruments

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, primarily through converting portions of floating rate debt under the bond agreement to a fixed rate basis. 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.

Each of the College's interest rate swaps have been recorded as liabilities in the statements of financial position at fair value. Changes in fair value are recorded as gains or losses on swap contracts in the period incurred.

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. At May 31, 2019 and 2018, all of the counterparties to the College's interest rate swaps had investment grade ratings. To date, all counterparties 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.

Note 11 - Derivative Instruments (Continued)

During 2018, the College's swap agreements were amended, changing both the floating and fixed interest rates on the three swap agreements currently in effect. In addition to the change in the floating and fixed interest rates, the swap contract beginning on October 1, 2018 was extended through May 30, 2028.

The College had the following swaps outstanding at May 31:

2019

Notional Amount	***Termination Date***	***Interest Rate Received***	***Interest Rate Paid***	***Fair Value***
$ 14,985,000	October 1, 2038	USD-LIBOR-BBA x 0.79 (2.0%)	3.44%	$ 2,745,105
9,765,000	April 1, 2031	USD-LIBOR-BBA x 0.79 (2.0%)	3.20%	1,110,680
12,787,300	May 30, 2028	USD-LIBOR-BBA x 0.79 (2.0%)	3.04%	1,412,552
$ 37,537,300				**$ 5,268,337**

2018

Notional Amount	***Termination Date***	***Interest Rate Received***	***Interest Rate Paid***	***Fair Value***
$ 15,440,000	October 1, 2038	USD-LIBOR-BBA x 0.79 (2.0%)	3.44%	$ 1,940,402
8,315,000	April 1, 2031	USD-LIBOR-BBA x 0.79 (2.0%)	3.20%	736,906
12,951,496	October 1, 2018	USD-LIBOR-BBA x 0.79 (2.0%)	1.89%	27,478
- (A)	May 30, 2028	USD-LIBOR-BBA x 0.79 (2.0%)	3.04%	812,223
$ 36,706,496				**$ 3,517,009**

(A) This swap contract has a beginning date of October 1, 2018 and will assume the then current notional amount of the contract expiring October 1, 2018.

Note 12 - Net Assets and Endowment Matters

Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following:

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 bond debt.

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 as donor restricted stricted endowment investments.

Scholarships – Amounts restricted by donors against any expenditure of principal. Substantially all of the income earned on principal is to be used for scholarships.

College Support – Amounts restricted by donors against any expenditure of principal. Substantially all of the income earned on principal is to be used for support of the College.

Instruction and Academic Support – Amounts restricted by donors against any expenditure of principal. Substantially all of the income earned on principal is to be used for instruction and academic support.

Auxiliary – Amounts restricted by donors against any expenditure of principal. Substantially all of the income earned on principal is to be used for various purposes.

Note 12 - Net Assets and Endowment Matters (Continued)

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

	2019	***2018***
Purpose restricted gifts:		
Scholarships	$ 111,367	$ 114,388
Instruction and academic support	1,405,402	1,412,913
General	197,739	200,700
Capital improvements	17,830	17,830
Contribution receivable	139,161	187,611
	1,871,499	1,933,442
Accumulated unpsent gains:		
Scholarships	5,500,134	5,661,409
College support	678,447	695,460
Instruction and academic support	165,626	175,545
Auxiliary	3,907	4,185
	6,348,114	6,536,599
Corpus:		
Scholarships	$ 5,962,668	$ 5,835,050
College support	510,782	508,220
Instruction and academic support	530,370	520,370
Auxiliary	15,444	15,444
Contribution receivable	12,500	19,663
	7,031,764	6,898,747
Total net assets with donor restriction	**$ 15,251,377**	**$ 15,368,788**

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

	2019	***2018***
Scholarships	$ 643,724	$ 800,699
Instruction and academic support	459,593	272,441
General	89,070	171,883
Auxiliary	8,646	9,269
Operating	1,201,033	1,254,292
Capital improvements	-	5,000
	$ 1,201,033	**$ 1,259,292**

Note 12 - Net Assets and Endowment Matters (Continued)

The following represents required disclosures relative to the composition of endowment assets and those functioning as endowment assets for the years ended May 31, 2019 and 2018:

2019	*Without Donor Restriction*	*With Donor Restriction*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ 31,673,821	$ 13,415,683	$ 45,089,504
Contributions and additions	1,900,000	87,285	1,987,285
Investments return:			
Interest and dividends, net of investment expenses	627,172	264,632	891,804
Realized gains	257,708	109,546	367,254
Unrealized gains	81,953	34,095	116,048
Total investments return	966,833	408,273	1,375,106
Expenditures:			
Amounts appropriated for expenditure	(1,406,442)	(541,363)	(1,947,805)
Change in endowment assets and those functioning as endowment assets	1,460,391	(45,805)	1,414,586
Endowment assets and those functioning as endowment assets, end of year	**$ 33,134,212**	**$ 13,369,878**	**$ 46,504,090**

2018	*Without Donor Restriction*	*With Donor Restriction*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ 28,873,804	$ 12,788,038	$ 41,661,842
Contributions and additions	1,800,000	132,778	1,932,778
Investments return:			
Interest and dividends, net of investment expenses	352,596	155,728	508,324
Realized gains	4,429,633	1,964,692	6,394,325
Unrealized losses	(2,426,790)	(1,082,263)	(3,509,053)
Total investments return	2,355,439	1,038,157	3,393,596
Expenditures:			
Amounts appropriated for expenditure	(1,355,422)	(543,290)	(1,898,712)
Change in endowment assets and those functioning as endowment assets	2,800,017	627,645	3,427,662
Endowment assets and those functioning as endowment assets, end of year	**$ 31,673,821**	**$ 13,415,683**	**$ 45,089,504**

Note 12 - Net Assets and Endowment Matters (Continued)

Endowment

The College's endowment consists of approximately 120 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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 preservation 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 interpretation, the College retains 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. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

State law allows the Board of Trustees to appropriate a percentage of net asset appreciation as is 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. The College's endowment spending policy is computed based on 5% of the quarterly three-year rolling average market value. The College also avails itself to draw on its Board-designated funds using the same computational approach.

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 funds with deficiencies at May 31, 2019 and May 31, 2018, respectively.

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.

Note 12 - Net Assets and Endowment Matters (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 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 13 - 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. Beginning in 2017, 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 $760,000 and $750,000 for the years ended May 31, 2019 and 2018, respectively.

The College has two nonqualified deferred compensation plans (the "Plans") for the benefit of the President. The College contributed a total of approximately $118,000 in 2019 and 2018. The College has recorded a liability of approximately $100,000 and $295,000 for the years ended May 31, 2019 and 2018, respectively, for its estimated deferred compensation liability, which is included in accrued expenses.

Note 14 - 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.

Leases

The College leases certain of its equipment under operating lease arrangements that expire at various dates through 2024. Certain leases allow for purchase of the underlying assets at the fair market value at the end of the lease. Lease expense is recorded on the straight-line basis over the lease term and includes pass through costs for operating expenses when allowed. Lease expense was approximately $600,000 and $570,000 for the years ended May 31, 2019 and 2018, respectively.

Note 14 - Commitments and Contingencies (Continued)

Leases (Continued)

Minimum future rental payments under non-cancelable operating leases are as follows:

Year ended May 31,		
2020	$	533,000
2021		464,000
2022		258,000
2023		74,000
2024		4,000
Total minimum future rental payments	**$**	**1,333,000**

Beginning in September 2015, in connection with the purchase of real estate, Dean College began leasing office space and received approximately $142,000 during fiscal years 2019 and 2018. There is currently no rental income under agreement. All leases are currently under a month to month agreement.

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 Agreement

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

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 believes that these matters would not have a material adverse effect on the College.

The College has a long-term agreement with its food service provider through May 31, 2024 at which time the contract shall continue until terminated by either party.

The College is party to an arrangement under which they receive various advertising and education related program services. Such arrangement runs through 2024 however it can be terminated by either party based on certain events.

Note 15 – Natural Classification of Expenses

Expenses presented by natural classification and function are as follows for the year ended May 31, 2019 and 2018 (with comparative totals):

	2019						*2018*
	Instruction and Academic Support	***Student Services***	***Auxiliary Enterpises***	***Management & General***	***Fundraising***	***Total***	***Total***
Salaries	$ 7,204,602	$ 4,954,687	$ 729,560	$ 1,845,837	$ 637,089	$ 15,371,775	$ 14,675,487
Employee benefits	1,547,251	1,304,799	136,778	573,213	200,385	3,762,426	3,819,753
Professional fees	597,351	452,037	693,556	453,218	264,229	2,460,391	2,376,367
Advertising and promotion	219,585	1,422,761	-	308,893	-	1,951,239	1,755,023
Interest expense	160,968	24,273	1,516,833	-	-	1,702,074	1,774,010
Information technology	826,430	511,104	60,924	149,480	49,868	1,597,806	1,586,045
Occupancy	1,245,795	885,907	3,038,201	118,803	90,704	5,379,410	5,105,411
Depreciation	1,312,190	592,550	1,764,545	208,540	93,692	3,971,517	3,921,879
Dining services	6,128	109,812	2,564,352	-	-	2,680,292	2,567,835
Other	649,052	1,947,567	35,449	789,261	112,274	3,533,603	3,500,579
	$ 13,769,352	**$ 12,205,497**	**$ 10,540,198**	**$ 4,447,245**	**$ 1,448,241**	**$ 42,410,533**	**$ 41,082,389**

Note 16 - Cash Flows Information

Cash paid for interest totaled approximately $1,686,000 and $1,774,000 for the years ended May 31, 2019 and 2018, respectively.

Non-cash investing activities include $112,413 and $170,367 of capital assets included in accounts payable at May 31, 2019 and 2018, respectively.