



## **Financial Statements**

**June 30, 2021 and 2020**

# WENTWORTH INSTITUTE OF TECHNOLOGY, INC.

## Financial Statements

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## *Independent Auditors' Report*

Board of Trustees  
Wentworth Institute of Technology, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of Wentworth Institute of Technology, Inc. (the "university"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 Wentworth Institute of Technology, Inc. as of June 30, 2021 and 2020, 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.

*Maye Haffman McCann P.C.*

October 26, 2021  
Boston, Massachusetts

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 16,584,282	\$ 15,251,944
Short-term investments	19,082,919	20,610,833
Receivables and other assets, net	14,730,268	6,202,228
Pledges receivable, net	3,995,709	6,068,489
Student loans receivable, net	2,476,671	2,902,595
Investments	153,265,872	119,330,096
Property and equipment, net	237,592,641	253,314,013
Total assets	\$ 447,728,362	\$ 423,680,198
<b>Liabilities and net assets:</b>		
Accounts payable and accrued expenses	\$ 6,375,362	\$ 6,372,174
Construction payables	617,672	2,909,954
Deferred revenue and deposits	14,764,953	12,703,140
Other liabilities	1,515,061	892,945
Obligation on interest rate swap agreements	9,892,100	12,747,406
Accumulated postretirement benefit obligation	2,138,070	2,251,466
Bonds payable	129,541,725	134,695,852
Government advances for student loans	2,390,504	2,984,518
Total liabilities	167,235,447	175,557,455
<b>Net assets:</b>		
Without donor restrictions	211,563,539	194,459,000
With donor restrictions	68,929,376	53,663,743
Total net assets	280,492,915	248,122,743
Total liabilities and net assets	\$ 447,728,362	\$ 423,680,198

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

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Statement of Activities**  
**Year Ended June 30, 2021**  
(with comparative totals for 2020)

	2021		Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions		
Operating revenues:				
Student tuition and fees, net of student aid of \$55,262,524 in 2021 and \$50,379,300 in 2020	\$ 86,564,490	\$ -	\$ 86,564,490	\$ 92,117,081
Student room and board, net of student aid of \$646,751 in 2021 and \$804,890 in 2020	15,565,992	-	15,565,992	25,782,148
Other auxiliary services	2,594,959	-	2,594,959	2,882,011
Private gifts and bequests	1,787,851	572,777	2,360,628	1,251,608
Government grants	13,420,617	-	13,420,617	4,619,930
Other revenues	976,127	135,342	1,111,469	1,457,521
Investment return utilized for operations	3,403,955	2,079,499	5,483,454	4,968,553
Net assets released from restrictions	2,345,377	(2,345,377)	-	-
Total operating revenues	<u>126,659,368</u>	<u>442,241</u>	<u>127,101,609</u>	<u>133,078,852</u>
Operating expenses:				
Instruction	54,592,806	-	54,592,806	57,240,209
Academic support	4,564,418	-	4,564,418	4,598,763
Student services	18,637,703	-	18,637,703	21,204,007
Auxiliary services	26,431,382	-	26,431,382	26,634,063
Institutional support	21,746,514	-	21,746,514	20,075,485
Fundraising services	3,213,057	-	3,213,057	4,435,761
Total operating expenses	<u>129,185,880</u>	<u>-</u>	<u>129,185,880</u>	<u>134,188,288</u>
Operating subtotal	<u>(2,526,512)</u>	<u>442,241</u>	<u>(2,084,271)</u>	<u>(1,109,436)</u>
Nonoperating:				
Private gifts and bequests	17,013	2,374,419	2,391,432	5,469,969
Investment return	21,517,163	13,173,996	34,691,159	3,446,377
Investment return utilized for operations	(3,403,955)	(2,079,499)	(5,483,454)	(4,968,553)
Net unrealized gain/(loss) on interest rate swaps	2,855,306	-	2,855,306	(3,696,313)
Net assets released from restrictions	225,465	(225,465)	-	-
Reclassifications	(1,579,941)	1,579,941	-	-
Nonoperating subtotal	<u>19,631,051</u>	<u>14,823,392</u>	<u>34,454,443</u>	<u>251,480</u>
Change in net assets	17,104,539	15,265,633	32,370,172	(857,956)
Net assets at beginning of year	<u>194,459,000</u>	<u>53,663,743</u>	<u>248,122,743</u>	<u>248,980,699</u>
Net assets at end of year	<u>\$ 211,563,539</u>	<u>\$ 68,929,376</u>	<u>\$ 280,492,915</u>	<u>\$ 248,122,743</u>

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

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Operating revenues:			
Student tuition and fees, net of student aid of \$50,379,300 in 2020	\$ 92,117,081	\$ -	\$ 92,117,081
Student room and board, net of student aid of \$804,890 in 2020	25,782,148	-	25,782,148
Other auxiliary services	2,882,011	-	2,882,011
Private gifts and bequests	827,339	424,269	1,251,608
Government grants	4,619,930	-	4,619,930
Other revenues	1,314,248	143,273	1,457,521
Investment return utilized for operations	3,185,555	1,782,998	4,968,553
Net assets released from restrictions	2,163,889	(2,163,889)	-
	<u>132,892,201</u>	<u>186,651</u>	<u>133,078,852</u>
Total operating revenues			
Operating expenses:			
Instruction	57,240,209	-	57,240,209
Academic support	4,598,763	-	4,598,763
Student services	21,204,007	-	21,204,007
Auxiliary services	26,634,063	-	26,634,063
Institutional support	20,075,485	-	20,075,485
Fundraising services	4,435,761	-	4,435,761
	<u>134,188,288</u>	<u>-</u>	<u>134,188,288</u>
Total operating expenses			
Operating subtotal	<u>(1,296,087)</u>	<u>186,651</u>	<u>(1,109,436)</u>
Nonoperating:			
Private gifts and bequests	7,882	5,462,087	5,469,969
Investment return	2,327,480	1,118,897	3,446,377
Investment return utilized for operations	(3,185,555)	(1,782,998)	(4,968,553)
Net unrealized loss on interest rate swaps	(3,696,313)	-	(3,696,313)
Net assets released from restrictions	1,694,911	(1,694,911)	-
Reclassifications	(1,480,135)	1,480,135	-
	<u>(4,331,730)</u>	<u>4,583,210</u>	<u>251,480</u>
Nonoperating subtotal			
Change in net assets	(5,627,817)	4,769,861	(857,956)
Net assets at beginning of year	<u>200,086,817</u>	<u>48,893,882</u>	<u>248,980,699</u>
Net assets at end of year	<u>\$ 194,459,000</u>	<u>\$ 53,663,743</u>	<u>\$ 248,122,743</u>

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

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**  
**(with comparative totals for 2020)**

	2021						Total	2020 Total
	Instruction	Academic Support	Student Services	Auxiliary Services	Institutional Support	Fundraising Services		
Operating expenses:								
Salaries and wages	\$ 32,314,882	\$ 2,334,032	\$ 8,599,355	\$ 2,777,733	\$ 8,062,872	\$ 2,164,361	\$ 56,253,235	\$ 57,671,609
Employee benefits	7,032,604	527,974	1,891,225	581,056	1,787,772	513,371	12,334,002	13,073,048
Professional services	1,329,401	151,086	1,412,952	1,817,514	2,393,980	205,770	7,310,703	6,542,144
Dining services	22,120	2,619	113,969	2,370,174	11,352	206	2,520,440	3,571,152
Advertising and promotion	16,382	902	671,671	8,923	1,263,298	73,633	2,034,809	2,618,497
Supplies	673,722	476,002	247,769	40,052	499,794	58,010	1,995,349	2,102,571
Information technology	1,549,059	119,879	417,671	515,434	421,353	89,233	3,112,629	3,448,776
Travel and conferences	30,092	14,557	242,220	7,640	79,149	4,024	377,682	1,590,633
Study abroad	70,306	-	-	-	-	-	70,306	835,014
Government grant funds for students	-	-	1,734,786	-	-	-	1,734,786	1,734,786
Other expenses	141,134	113,969	560,157	88,022	2,242,602	17,097	3,162,981	3,516,367
Net loss on asset disposals	82,128	7,429	22,625	143,371	2,518,529	763	2,774,845	220,570
Occupancy, utilities and repairs	3,449,117	302,190	1,158,382	5,951,109	1,638,979	33,791	12,533,568	13,148,802
Depreciation and amortization	5,680,686	513,779	1,564,921	9,916,802	519,388	52,798	18,248,374	19,000,941
Interest	2,201,173	-	-	2,213,552	307,446	-	4,722,171	5,113,378
<b>Total operating expenses</b>	<b>\$ 54,592,806</b>	<b>\$ 4,564,418</b>	<b>\$ 18,637,703</b>	<b>\$ 26,431,382</b>	<b>\$ 21,746,514</b>	<b>\$ 3,213,057</b>	<b>\$ 129,185,880</b>	<b>\$ 134,188,288</b>

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



**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	<b>2020</b>						<b>Total</b>
	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Auxiliary Services</b>	<b>Institutional Support</b>	<b>Fundraising Services</b>	
Operating expenses:							
Salaries and wages	\$ 32,901,248	\$ 1,959,185	\$ 8,851,899	\$ 2,763,930	\$ 8,480,453	\$ 2,714,894	\$ 57,671,609
Employee benefits	7,218,220	515,919	2,029,271	626,591	2,011,500	671,547	13,073,048
Professional services	682,933	345,348	2,085,367	73,875	3,028,696	325,925	6,542,144
Dining services	27,944	11,161	255,385	3,225,025	46,602	5,035	3,571,152
Advertising and promotion	587,179	10,429	881,460	12,334	954,276	172,819	2,618,497
Supplies	776,965	473,376	248,752	21,214	487,799	94,465	2,102,571
Information technology	1,744,758	124,373	474,285	490,235	488,227	126,898	3,448,776
Travel and conferences	264,876	142,717	937,556	20,563	170,554	54,367	1,590,633
Study abroad	835,014	-	-	-	-	-	835,014
Government grant funds for students	-	-	1,734,786	-	-	-	1,734,786
Other expenses	229,498	145,818	775,891	109,356	2,097,839	157,965	3,516,367
Net loss on asset disposals	68,664	6,210	18,915	119,865	6,278	638	220,570
Occupancy, utilities and repairs	3,722,832	329,259	1,280,981	6,330,758	1,428,739	56,233	13,148,802
Depreciation and amortization	5,914,957	534,968	1,629,459	10,325,774	540,808	54,975	19,000,941
Interest	2,265,121	-	-	2,514,543	333,714	-	5,113,378
<b>Total operating expenses</b>	<b>\$ 57,240,209</b>	<b>\$ 4,598,763</b>	<b>\$ 21,204,007</b>	<b>\$ 26,634,063</b>	<b>\$ 20,075,485</b>	<b>\$ 4,435,761</b>	<b>\$ 134,188,288</b>

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

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**

**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Change in net assets	\$ 32,370,172	\$ (857,956)
Gifts of stock and property	(2,514,920)	(1,060,144)
Contributions restricted for long-term investment	(2,245,733)	(2,348,078)
Net realized and unrealized gain on investments	(34,431,574)	(2,658,015)
Unrealized (gain) loss on interest rate swaps	(2,855,306)	3,696,313
Depreciation and amortization	18,248,374	19,000,941
Loss on sale and/or disposal of property and equipment	2,774,845	220,570
Changes in operating assets and liabilities:		
Receivables and other assets	(8,963,539)	(2,085,576)
Pledges receivable	2,082,383	(1,963,881)
Allowance for doubtful accounts	690,397	559,352
Accounts payable, accrued and deferred revenue and deposits	2,065,001	(5,357,978)
Other liabilities	612,194	35,961
Accumulated postretirement benefit obligation	(113,396)	(11,799)
Net cash provided by operating activities	7,718,898	7,169,710
Cash flows from investing activities:		
Purchases of property and equipment	(7,511,648)	(17,224,633)
Proceeds from sale of property and equipment	19,884	60,230
Proceeds from sale of investments	132,349,307	27,642,480
Purchases of investments	(127,810,675)	(24,123,819)
Cash collected on student loans	425,924	607,422
Net cash used in investing activities	(2,527,208)	(13,038,320)
Cash flows from financing activities:		
Net Perkins and other government payments	(594,014)	(825,831)
Payments for bond issuance costs	(44,784)	(133,346)
Change in funds held by trustees	(264,501)	400,605
Change in obligation on charitable annuity agreements	9,922	(32,453)
Gifts and bequests restricted for endowment	2,046,280	1,851,731
Gifts and bequests restricted for acquisition of property and equipment	199,453	496,347
Principal payments on bonds payable	(5,211,708)	(5,057,119)
Net cash used in financing activities	(3,859,352)	(3,300,066)
Net increase (decrease) in cash and cash equivalents	1,332,338	(9,168,676)
Cash and cash equivalents at beginning of year	15,251,944	24,420,620
Cash and cash equivalents at end of year	<b>\$ 16,584,282</b>	<b>\$ 15,251,944</b>
Supplemental data:		
Noncash investing activity - Gifts of stock and property	\$ 2,514,920	\$ 1,060,144
Change in accounts payable from property and equipment	2,292,282	2,343,627
Interest paid	4,918,983	5,179,801

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

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 1 – Nature of Business**

Wentworth Institute of Technology, Inc. (the "university") is located in Boston, Massachusetts and is a private, coeducational institution founded in 1904 and accredited by the New England Commission of Higher Education, Inc. among other accrediting bodies. The university provides academic, residential and other services to a diverse student population of approximately 4,300, predominately from the Northeast region of the United States, as well as from approximately 30 U.S. states and 70 foreign countries.

The university's mission and core purpose is to empower, inspire and innovate through experiential learning via masters, bachelors, and associate degrees, in addition to certificate programs. The university participates in student financial aid programs sponsored by the United States Department of Education ("ED") and to a much lesser extent state programs. These programs facilitate the payment of substantial portions of student tuition and other expenses incurred by students when they meet certain eligibility requirements as determined by the university's financial aid office. Such determinations are subject to after the fact review by the funders.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Presentation

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

Cash and Cash Equivalents

The university considers highly-liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost. Cash and cash equivalents included \$447,192 and \$641,107 of monies restricted for the Federal Perkins Loan Program at June 30, 2021 and 2020, respectively. Cash equivalents held by investment managers are considered part of investments given the expectation of near-term reinvestment. The university maintains its cash balances at several financial institutions, which at times may exceed federally insured limits. The university monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Short-Term Investments

Short-term investments are reported at fair market values pursuant to the fair value policies as described later in this section.

Receivables and Other Assets

Receivables and other assets consist of student accounts receivable, right-of-use asset – operating leases, other receivables, prepaid expenses and deposits and are reported at their estimated net realizable value. Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic or room and board activity. Payments for tuition, fees, room and board charges are generally due by the start of the academic period with the recognition that on behalf payments being made by the ED or others are subject to specific requirements within those programs as to when those funds can be availed. Certain ED 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 ED. Thus, cash flows on student accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the university. Student accounts are not collateralized.

Management estimates the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. Accounts receivable 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 university. Interest is not charged on receivables.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

Pledges Receivable

Pledges receivable represent contributions verifiably committed by donors that are scheduled for payment in the future. They are initially recorded at their fair value per the fair value policies described later in this section. This is considered a nonrecurring fair value method which utilizes Level 2 inputs which requires the use of risk adjusted discount rates to account for the inherent risk associated with the expected future cash flows. Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections based on history of collections and knowledge acquired about specific facts relating to outstanding items while the initial discount rate is used over the life of the related pledge. An account is considered uncollectible when all collection efforts have been exhausted.

Student Loans Receivable and Government Advances for Student Loans

Student loans receivables are primarily comprised of loans issued under the Perkins Loan program which is sponsored by the ED and operated by the university, subject to federal eligibility requirements. Perkins Loan receivable is \$2,440,325 and \$2,846,203 at June 30, 2021 and 2020, respectively. The program has been funded over multiple years with federal funds along with a modest match from the university. Any un-loaned amounts are held in a restricted cash account which is included in cash and cash equivalents. The advances of federal funds are ultimately repayable should the program cease, or should the university elect to no longer participate in the program, and accordingly, such advances (subject to certain adjustments) are classified as liabilities in the Statements of Financial Position. The university utilizes the services of a third party for billing, collection, and other requirements associated with these programs. Credit risk is mitigated within the ED programs given the ability of the university to place non-performing loans with the ED thus reducing the federal advances, and accordingly, reserves have not been deemed necessary. Loans past due amounted to \$1,180,000 and \$1,323,246 as of June 30, 2021 and 2020, respectively. The university also has a small pool of institutional loans for which reserves have been provided based on historical experience.

Investments

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section. The university utilizes an investment consultant to assist with investment strategies, selection and monitoring, which provides the university access to expertise relative to oversight of its investments.

Fair Value Measurements

The university reports required types of financial instruments in accordance with the fair value standards on a recurring and nonrecurring basis, depending on the underlying policy for the particular item. 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. Recurring fair value measurements include the university's short-term investments, investments and interest rate swap agreements. Nonrecurring measurements include pledges, charitable annuity agreements, 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 university 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. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying funds. However, it is possible that these redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements, as applicable. Fair value standards also require the university 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.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

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 that changes in the values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

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.

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.

The inputs used to measure fair value of an instrument may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Property and Equipment

Property and equipment are capitalized using a threshold at cost when the expected future life is one year or more at the date of acquisition. Depreciation is computed using the straight-line method over the useful lives of the assets. Maintenance and repairs are expensed as incurred. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and gains or losses are included in net assets without donor restrictions. Interest costs are capitalized during the construction period of long-lived assets as part of the cost of the asset.

Deferred Revenue and Deposits

Deferred revenue 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. Also included in deferred revenue are advance payments received from the university's food service contractor which are recognized over the terms of the contractual agreement. Deposits represent reservation payments and other advance payments by students on account.

Obligation on Charitable Annuity Agreements

The university has entered into charitable annuity agreements from donors which generally include the receipt of funds up front in exchange for a promise to make specified payments to the donors and other beneficiaries over the agreements' terms. The present value of the estimated future payments to beneficiaries is recorded as a liability as of the date each agreement is established. The difference between the assets received and the liability is recognized as contribution revenue in the period in which such an arrangement is entered into. This is considered a nonrecurring fair value method per the fair value policies earlier in this section with this computation utilizing Level 2 inputs which requires the use of discount rates. The liability is adjusted as distributions are made and for changes in the present value of estimated future distributions over the life of

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

the agreement. The present value of estimated future cash receipts and estimated future payments to beneficiaries are calculated using various discount rates (ranging from 2.6% to 7.8%) based on life expectancies and other actuarial assumptions.

Obligation on Interest Rate Swap Agreements

Interest rate swaps are reported at fair value as per the fair value policies earlier in this section. Net settlements on swaps are included in interest expense. The change in fair value of the swaps is included in nonoperating as a net unrealized gain or loss on interest rate swaps.

Asset Retirement Obligations

Asset retirement obligations are initially recorded at their fair value per the fair value policies described earlier in this section. This is considered a nonrecurring fair value method which utilizes Level 3 inputs which requires the use of discount rates to estimate the present value of the obligation. When the liability is initially recorded, the university capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation or any change in assessment of the likely cost or timing of such settlement, any difference between will be recognized as a gain or loss as it becomes known.

Accumulated Postretirement Benefit Obligation

The university provides certain medical and dental benefits for eligible employees. This program was frozen in 2001 whereby new and certain existing employees would no longer be eligible to participate. Benefits are capped. The plan is unfunded. Management has elected to omit detailed actuarial disclosures for its accumulated postretirement benefit obligations given the modest level of obligations under this plan. The estimated expected contribution for the year ending June 30, 2022 is \$216,000.

Bonds Payable

Bonds payable are stated together with premiums, discounts and issuance costs with those amounts being amortized over the term of the related debt agreement.

Income Tax Status

The university is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of the university, management concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

The university 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 university has identified its tax status as a tax-exempt entity and its determinations over which of its revenues are related and unrelated as its only significant tax positions. However, the university has determined that such tax positions do not result in an uncertainty requiring recognition. The university is not currently under examination by any taxing jurisdiction. The university’s Federal and state tax returns are generally open to examination for three years following the date filed.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

Net Assets

The accompanying financial statements have been prepared to focus on the university 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 and reported as follows:

**Net Assets Without Donor Restrictions** include all resources, which are not subject to donor-imposed restrictions. The Board of Trustees has designated from net assets without donor restrictions, net assets for the endowment. The university's policy is to designate unrestricted donor gifts at the discretion of the Board of Trustees. Net assets without donor restrictions also include the investment in plant, net of accumulated depreciation, funds for facilities and related debt as well as undesignated funds. 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. Expenses are reported as decreases in net assets without donor restrictions.

**Net Assets With Donor Restrictions** include donor-imposed restrictions that may be temporary in nature and may expire either because of the passage of time or because certain actions are taken by the university which fulfill the restriction. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been met and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the classes of net assets. Other donor-imposed restrictions are perpetual in nature, where the donors stipulate that resources be maintained in perpetuity. Accumulated unspent gains on endowments are also included in this category until appropriated by the Board under the university's spending policy.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions.

Earned Revenues

Earned revenues are recorded using a principles based process that requires the university 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, all of which are under arrangements that are aligned to an academic semester and which is less than one year in length.

A substantial portion of the university's revenue is derived from student tuition, fees, room and board provided by the university. Tuition, fees, room and board revenue are recorded at established rates, net of institutional financial aid and scholarships provided directly to students and therefore amounts are deemed to be fixed and determinable. Such net amounts are recognized 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 the 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.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

Payments made by third parties such as the ED relative to loans and grants to students are a mechanism to facilitate payments on behalf of students, and accordingly, such funding does not represent revenue of the university. Cash flows are also impacted by ED rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the ED 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.

Contributed Support

Gifts, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period when verifiably committed by the donor. Gifts 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 gift revenue in accordance with the donor-imposed restrictions, if any, on the gifts. Gifts 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.

Gifts of property, plant and equipment are recorded as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. The university reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 such as meeting a matching provision, incurring specific allowable expenses in accordance with a framework of allowable costs, or other barriers.

Investment Return

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 investment expenses.

Operating and Nonoperating Activity

Nonoperating revenues include endowment type gifts, gifts for property and equipment, large estate gifts, deferred giving contributions and changes impacting those amounts, investment returns not allocated to operations under the spending policy, unrealized gains and losses on interest rate swaps and net assets released from restrictions for capital acquisitions. All other activity is classified as operating revenue.

Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operation and maintenance of plant expenses are allocated to program and supporting activities based upon a periodic assessment of facilities usage. Other natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of the debt.



**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 2 – Summary of Significant Accounting Policies – continued**

Reclassifications

Certain amounts have been reclassified to the prior year financial statements in order to conform to the current year presentation.

Use of 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Accounting Pronouncements Adopted in Current Year

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize a right-of-use asset representing the entity’s right to use the underlying asset for the lease term and a lease liability for lease payments on the Statement of Financial Position. For leases with a life of twelve months or less, lessees are not required to recognize a lease asset and liability, as permitted by the ASU. The university adopted ASU 2016-02 in the fiscal year 2021 using the modified retrospective approach and right-of-use assets and related lease obligations of \$429,556 were recognized as of July 1, 2020.

Due to the immaterial impact to the financial statements, certain additional disclosures relative to operating leases have been omitted.

Subsequent Events

The university has evaluated subsequent events through October 26, 2021, the date the financial statements were issued.

**Note 3 – Liquidity and Availability**

The university regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The university has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the university considers all expenditures related to its ongoing teaching as well as the conduct of services undertaken to support those activities to be general expenditures. Student Perkins loans receivable are not included in the analysis as principal and interest on these loans are generally refundable to the Federal government and are, therefore, not available to meet current operating needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the university anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the Statements of Cash Flows which identifies the sources and uses of the university’s cash and shows positive cash generated by operations for the years ended June 30, 2021 and 2020.

Although not expected to be needed, the spendable yet restricted portion of the university’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.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 3 – Liquidity and Availability – continued**

The following table shows the amount of financial assets available within one year of the Statement of Financial Position date to meet general expenditures at June 30:

	2021	2020
Cash and cash equivalents	\$ 16,137,090	\$ 14,610,837
Short-term investments	19,082,919	20,610,833
Receivables and other assets, net	10,719,522	3,261,768
Pledges receivable for general expenditures due in one year or less	467,174	578,512
Investment income appropriated for operations	5,700,000	5,400,000
Investments not encumbered by donor or board restrictions	368,149	332,461
Total financial assets available to meet general expenditures over the next 12 months	\$ 52,474,854	\$ 44,794,411

The board-designated endowment funds of \$91,797,393 are subject to the annual spending rate of 5 percent as described in Note 7. Although the university does not intend to spend from these board-designated endowments (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 4 – Receivables and Other Assets**

Receivables and other assets consist of the following at June 30:

	2021	2020
Student accounts receivable	\$ 3,895,614	\$ 3,022,086
Other receivables	1,620,560	1,239,682
Federal grant receivables related to COVID-19	6,903,348	-
Operating lease right-of-use assets	579,271	-
Prepaid expenses and deposits	3,431,475	2,940,460
Less allowance for doubtful accounts	(1,700,000)	(1,000,000)
Receivables and other assets, net	\$ 14,730,268	\$ 6,202,228

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 5 – Pledges Receivable**

Pledges receivable are expected to be realized as follows at June 30:

	2021	2020
Up to one year	\$ 1,649,419	\$ 2,758,524
One to five years	2,476,319	3,518,266
Five to ten years	281,011	307,000
More than ten years	74,000	89,000
	4,480,749	6,672,790
Less present value discount	(262,161)	(371,819)
	4,218,588	6,300,971
Less allowance for uncollectibles	(222,879)	(232,482)
Pledges receivable, net	\$ 3,995,709	\$ 6,068,489

Intentions to give were approximately \$11,800,000 at June 30, 2021 and are not recorded as revenue or assets until the conditions are met.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 6 – Fair Value and Investments**

The valuation of the university's financial instruments measured on a recurring basis using the fair value hierarchy consisted of the following at June 30:

	2021				Total
	Level 1	Level 2	Level 3	Investments Measured at NAV	
<b>Short-term investments:</b>					
Fixed income funds	\$ 18,542,736	\$ -	\$ -	\$ -	\$ 18,542,736
U.S. equity funds	533,961	-	-	-	533,961
Money market funds	6,222	-	-	-	6,222
<b>Total short-term investments</b>	<b>19,082,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,082,919</b>
<b>Endowment investments:</b>					
Cash and cash equivalents	3,098,229	-	-	-	3,098,229
U.S. equity funds	45,466,808	-	-	-	45,466,808
Global equity funds	-	-	-	11,574,277	11,574,277
International equity funds	13,754,163	-	-	8,572,813	22,326,976
Emerging markets equity funds	10,529,599	-	-	-	10,529,599
Fixed income funds	14,585,921	-	-	2,967,963	17,553,884
Hedge funds	-	-	-	18,279,718	18,279,718
Public real asset funds	7,064,960	-	-	-	7,064,960
Private real asset funds	-	-	-	1,513,456	1,513,456
Private equity funds	-	-	-	12,391,982	12,391,982
<b>Total endowment investments</b>	<b>94,499,680</b>	<b>-</b>	<b>-</b>	<b>55,300,209</b>	<b>149,799,889</b>
<b>Other investments:</b>					
Beneficial interest in perpetual trusts	2,243,391	-	854,444	-	3,097,835
Supplemental retirement plans	368,148	-	-	-	368,148
<b>Total other investments</b>	<b>2,611,539</b>	<b>-</b>	<b>854,444</b>	<b>-</b>	<b>3,465,983</b>
<b>Total investments</b>	<b>97,111,219</b>	<b>-</b>	<b>854,444</b>	<b>55,300,209</b>	<b>153,265,872</b>
<b>Total</b>	<b>\$ 116,194,138</b>	<b>\$ -</b>	<b>\$ 854,444</b>	<b>\$ 55,300,209</b>	<b>\$ 172,348,791</b>
<b>Liabilities:</b>					
Obligation on interest rate swap agreements	\$ -	\$ 9,892,100	\$ -	\$ -	\$ 9,892,100

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 6 – Fair Value and Investments – continued**

	2020				Total
	Level 1	Level 2	Level 3	Investments Measured at NAV	
<b>Short-term investments:</b>					
Fixed income funds	\$ 20,343,971	\$ -	\$ -	\$ -	\$ 20,343,971
Certificates of deposit	250,594	-	-	-	250,594
Money market funds	16,268	-	-	-	16,268
<b>Total short-term investments</b>	<b>20,610,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,610,833</b>
<b>Endowment investments:</b>					
Cash and cash equivalents	1,896,470	-	-	-	1,896,470
U.S. equity funds	31,904,042	-	-	-	31,904,042
Global equity funds	-	-	-	14,530,090	14,530,090
International equity funds	8,141,294	-	-	6,024,768	14,166,062
Emerging markets equity funds	5,935,081	-	-	-	5,935,081
Fixed income funds	14,251,915	-	-	2,788,271	17,040,186
Hedge funds	-	-	-	15,951,847	15,951,847
Public real asset funds	5,676,588	-	-	-	5,676,588
Private real asset funds	-	-	-	945,882	945,882
Private equity funds	-	-	-	8,466,612	8,466,612
<b>Total endowment investments</b>	<b>67,805,390</b>	<b>-</b>	<b>-</b>	<b>48,707,470</b>	<b>116,512,860</b>
<b>Other investments:</b>					
Beneficial interest in perpetual trusts	1,783,393	-	701,382	-	2,484,775
Supplemental retirement plans	332,461	-	-	-	332,461
<b>Total other investments</b>	<b>2,115,854</b>	<b>-</b>	<b>701,382</b>	<b>-</b>	<b>2,817,236</b>
<b>Total investments</b>	<b>69,921,244</b>	<b>-</b>	<b>701,382</b>	<b>48,707,470</b>	<b>119,330,096</b>
<b>Total</b>	<b>\$ 90,532,077</b>	<b>\$ -</b>	<b>\$ 701,382</b>	<b>\$ 48,707,470</b>	<b>\$ 139,940,929</b>
<b>Liabilities:</b>					
Obligation on interest rate swap agreements	\$ -	\$ 12,747,406	\$ -	\$ -	\$ 12,747,406

Private equity funds have unfunded commitments of \$14,479,092 at June 30, 2021. Beneficial interests in perpetual trusts included in Level 3 consist of trusts with marketable underlying investments; however, the university's share of the trust is not marketable. Management considers the Level 3 activity as not material and thus has elected not to present detailed disclosures.

Investments may be redeemed as follows at June 30:

	2021	2020
Daily	\$ 109,961,522	\$ 86,362,438
Quarterly	29,398,912	23,555,164
Illiquid	13,905,438	9,412,494
<b>Total</b>	<b>\$ 153,265,872</b>	<b>\$ 119,330,096</b>

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 7 – Endowment Investments**

The university's endowment consists of approximately 195 donor-restricted and 11 board-restricted individual funds established for a variety of purposes. 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

The Board of Trustees of the university has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted in Massachusetts, as requiring the tracking of the original value of a gift of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this, the university tracks in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations 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 available to be appropriated for expenditure by the university in a manner consistent with the standard of prudence prescribed by UPMIFA considering the following:

- The duration and preservation of the fund
- The purposes of the university and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the university
- The investment policies of the university

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The university has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Management considered any funds with deficiencies on June 30, 2021 and 2020 not to be significant.

Return Objectives and Risk Parameters

The university's endowment is managed to provide for the long-term support of the university. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain a total return that exceeds the spending rate plus inflation. The intent of this objective is to preserve, over time, the principal value of the assets as measured in inflation-adjusted terms.

Spending Policy

It is the university's policy to distribute annually up to 5% of a trailing twelve-quarter average fair value of the endowment. This spending rate was adopted by the Board of Trustees in order to balance current consumption of resources against the goal to preserve the purchasing power of these funds into the future. Units in the pool are assigned on the basis of market value at the time funds to be invested are received, and income is distributed quarterly thereafter on a per-unit basis. All realized and unrealized gains and losses arising from pooled investments are allocated to participating funds based on their respective number of units held on a quarterly basis.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 7 – Endowment Investments – continued**

The Board of Trustees follows a like policy relative to spending from its Board-designated endowment funds. The distribution from the Board-designated endowment funds and the donor-restricted endowment funds are estimated to be \$3,500,000 and \$2,200,000, respectively, for the year ending June 30, 2022. However, the Board retains the discretion to modify its spending or transfer additional Board-designated endowment funds for other institutional purposes beyond the originally budgeted amount of spending.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the university 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 university 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 university 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.

Under the university's total return policy, during periods when endowment investment return exceeds the distribution, such excess return is added to the endowment funds with donor restrictions or without donor restrictions depending if the underlying funds have restrictions. Conversely, when endowment investment return is less than the distribution, such amount is funded by accumulated unspent gains or the balance of the fund if no accumulated unspent gains remain.

The following is the composition of endowment assets and those functioning as endowment assets by net asset class as of June 30:

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Board-designated endowment funds	\$ 91,797,393	\$ -	\$ 91,797,393
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	36,312,677	36,312,677
Accumulated gains	-	21,689,819	21,689,819
<b>Total endowment funds</b>	<b>\$ 91,797,393</b>	<b>\$ 58,002,496</b>	<b>\$ 149,799,889</b>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 74,672,681	\$ -	\$ 74,672,681
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	30,663,368	30,663,368
Accumulated gains	-	11,176,811	11,176,811
<b>Total endowment funds</b>	<b>\$ 74,672,681</b>	<b>\$ 41,840,179</b>	<b>\$ 116,512,860</b>

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 7 – Endowment Investments – continued**

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment as of June 30, 2019	\$ 77,032,820	\$ 39,109,655	\$ 116,142,475
Gifts and additions	-	1,812,582	1,812,582
Reclassifications	(1,480,135)	1,480,135	-
Investment return	2,305,551	1,128,805	3,434,356
Appropriation of endowment assets pursuant to spend rate total return policy	-	(1,690,998)	(1,690,998)
Distribution from board-designated endowment pursuant to distribution policy	(3,185,555)	-	(3,185,555)
Endowment as of June 30, 2020	74,672,681	41,840,179	116,512,860
Gifts and additions	585,950	4,080,941	4,666,891
Reclassifications	(1,579,941)	1,579,941	-
Investment return	21,522,658	12,466,434	33,989,092
Appropriation of endowment assets pursuant to spend rate total return policy	-	(1,964,999)	(1,964,999)
Distribution from board-designated endowment pursuant to distribution policy	(3,403,955)	-	(3,403,955)
Endowment as of June 30, 2021	<u>\$ 91,797,393</u>	<u>\$ 58,002,496</u>	<u>\$ 149,799,889</u>

Beginning in fiscal year 2020, the Board of Trustees has committed to allocate up to \$5,125,000 from its board-designated endowment funds to match dollar for dollar the creation of new donor-restricted endowed scholarship funds and has reclassified \$1,576,480 and \$1,480,135 of such funds during the years ended June 30, 2021 and 2020, respectively.



**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 8 – Net Assets**

Net assets are summarized as follows as of June 30:

<b>Detail of Net Assets</b>	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating funds:			
Undesignated	\$ 12,262,425	\$ -	\$ 12,262,425
Investment in plant	107,503,721	-	107,503,721
Donor restricted for scholarship support	-	706,503	706,503
Donor restricted for instructional support	-	1,696,317	1,696,317
Donor restricted for facilities and other support	-	1,430,516	1,430,516
Pledges, net	-	3,995,709	3,995,709
Perpetual trusts	-	3,097,835	3,097,835
Board-designated endowment funds	91,797,393	-	91,797,393
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by the donor:			
Restricted for scholarship support	-	25,909,434	25,909,434
Restricted for instructional support	-	9,400,934	9,400,934
Restricted for facilities and other support	-	1,002,309	1,002,309
Total gifts held in perpetuity	-	36,312,677	36,312,677
Accumulated gains:			
Accumulated gains for scholarship support	-	15,860,701	15,860,701
Accumulated gains for instructional support	-	5,178,416	5,178,416
Accumulated gains for facilities and other support	-	650,702	650,702
Total accumulated gains	-	21,689,819	21,689,819
Total endowment funds	91,797,393	58,002,496	149,799,889
Total net assets	\$ 211,563,539	\$ 68,929,376	\$ 280,492,915

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 8 – Net Assets – continued**

<b>Detail of Net Assets</b>	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating funds:			
Undesignated	\$ 1,946,931	\$ -	\$ 1,946,931
Investment in plant	117,839,388	-	117,839,388
Donor restricted for scholarship support	-	627,707	627,707
Donor restricted for instructional support	-	1,427,425	1,427,425
Donor restricted for facilities and other support	-	1,215,168	1,215,168
Pledges, net	-	6,068,489	6,068,489
Perpetual trusts	-	2,484,775	2,484,775
Board-designated endowment funds	74,672,681	-	74,672,681
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by the donor:			
Restricted for scholarship support	-	21,029,675	21,029,675
Restricted for instructional support	-	8,786,384	8,786,384
Restricted for facilities and other support	-	847,309	847,309
Total gifts held in perpetuity	-	30,663,368	30,663,368
Accumulated gains:			
Accumulated gains for scholarship support	-	8,331,875	8,331,875
Accumulated gains for instructional support	-	2,506,824	2,506,824
Accumulated gains for facilities and other support	-	338,112	338,112
Total accumulated gains	-	11,176,811	11,176,811
Total endowment funds	74,672,681	41,840,179	116,512,860
Total net assets	\$ 194,459,000	\$ 53,663,743	\$ 248,122,743

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 8 – Net Assets – continued**

Net assets were released from donor restrictions as a result of the incurrence of expenses satisfying the restricted purposes, the occurrence of events specified by donors or by the change of restrictions specified by the donors. Net assets released from restrictions were for the following purposes for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 1,709,767	\$ 1,433,886
Instruction	362,417	382,940
Facilities	2,422	37,428
Other	<u>270,771</u>	<u>309,635</u>
Total operating net assets released from restrictions	<u>\$ 2,345,377</u>	<u>\$ 2,163,889</u>
Facilities	<u>\$ 225,465</u>	<u>\$ 1,694,911</u>
Total nonoperating net assets released from restrictions	<u>\$ 225,465</u>	<u>\$ 1,694,911</u>

**Note 9 – Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>Estimated Useful Life in Years</u>	<u>2021</u>	<u>2020</u>
Land		\$ 13,392,323	\$ 13,392,323
Buildings and building improvements	10 to 40	370,025,928	369,382,034
Equipment	2 to 10	48,463,740	45,640,651
Land improvements	10 to 20	8,296,854	8,145,404
Construction in progress		<u>1,263,506</u>	<u>4,122,299</u>
		441,442,351	440,682,711
Less accumulated depreciation		<u>(203,849,710)</u>	<u>(187,368,698)</u>
Property and equipment, net		<u>\$ 237,592,641</u>	<u>\$ 253,314,013</u>

Depreciation expense was \$18,146,009 and \$18,879,674 for the years ended June 30, 2021 and 2020, respectively. There was a net loss on asset disposals of property and equipment of \$2,774,845 and \$220,570 for the years ended June 30, 2021 and 2020, respectively.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 10 – Deferred Revenue and Student Deposits**

Deferred revenue and student deposits consisted of the following at June 30:

	2021	2020
Student tuition and fees revenue, net of student aid	\$ 8,901,516	\$ 8,607,979
Student room and board revenue, net of student aid	1,084,605	20,588
Deferred revenue other	2,673,418	2,808,970
Student deposits	2,105,414	1,265,603
Total deferred revenue and student deposits	\$ 14,764,953	\$ 12,703,140

Substantially all amounts included in deferred revenue at the opening of each period were recognized as revenues during the following fiscal period with very limited amounts not being earned associated with student withdrawal rights that management did not consider material. The remaining performance obligation is time driven given the academic calendar that underlies the earnings process for tuition, fees and auxiliary revenue. During fiscal 2020, as a result of the effects of the COVID-19 pandemic, the university migrated to a remote platform for student instruction. As a result of the move to remote learning, the university's residential housing was closed for the summer 2020 semester which drove the reduction in deferred revenue associated with student room and board revenue above.

**Note 11 – Other Liabilities**

Receivables and other assets consist of the following at June 30:

	2021	2020
Asset retirement obligations	\$ 811,873	\$ 778,950
Obligation on operating leases	579,271	-
Obligation on charitable annuity agreements	123,917	113,995
Other liabilities	\$ 1,515,061	\$ 892,945

**Note 12 – Benefit Plans**

Defined Contribution Retirement Plan

The university sponsors a defined contribution retirement plan under IRC Section 403(b). The plan covers all employees who meet eligibility requirements. Contributions are equal to 10% of an employee's salary. Employees may also make voluntary deferred salary contributions to the plan subject to statutory limits. Total expense for the plan was \$2,697,354 and \$4,291,008 for the years ended June 30, 2021 and 2020, respectively. Effective October 1, 2020 until May 15, 2021, no nonelective contributions were made on behalf of Participants, except any true-up that may have applied for the period January 1, 2020 through September 30, 2020 and contributions on behalf of Participants who are covered under the faculty collective bargaining agreement.

Supplemental Retirement Plan

The university sponsors a deferred compensation plan under IRC Section 457(b) which allows select employees to make elective deferrals of compensation up to specified limits. The university does not contribute to this plan. The university held assets of \$368,149 and \$332,461 in investments with a corresponding amount in accrued expenses at June 30, 2021 and 2020, respectively.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 13 – Bonds Payable and Interest Rate Swap Agreements**

Bonds payable, consisting entirely of various issues of Massachusetts Development Finance Agency, are as follows at June 30:

	Maturity	Type	Interest Rate		2021	2020
			2021	2020		
2017 Issue	10/1/2046	Fixed	5.00%	5.00%	\$ 38,685,000	\$ 39,390,000
2015A Issue	10/1/2033	Variable	0.63%	0.69%	26,050,000	27,510,000
2015B Issue	10/1/2035	Variable	0.65%	0.71%	9,555,000	10,020,000
2013A Issue	9/1/2044	Variable	0.97%	1.03%	37,896,711	39,035,396
2013B Issue	10/1/2030	Variable	0.63%	0.69%	15,111,667	16,431,667
					<u>127,298,378</u>	<u>132,387,063</u>
Bond Premium, net					3,147,325	3,270,348
Bond Issuance Costs, net					<u>(903,978)</u>	<u>(961,559)</u>
Total Bonds Payable					<u>\$ 129,541,725</u>	<u>\$ 134,695,852</u>

The Series 2013A and B bonds and the Series 2015A and B bonds are variable rate bonds, privately placed with banks. On March 11, 2021, the university amended the Series 2013A mandatory tender date from February 15, 2023 to February 15, 2031. On May 8, 2020, the university amended the Series 2013B and the Series 2015A and B bonds to have mandatory tender dates that coincide with the bonds' maturity dates. The university has the option to remarket these bonds at any time in any mode prior to the mandatory tender dates.

An original issue premium of \$3,690,680 was received on the issuance of the Series 2017 bond and is being amortized on the straight-line basis over the life of the bond resulting in amortization expense of \$123,023 for the years ended June 30, 2021 and 2020.

Bond issuance costs are capitalized and amounted to \$1,760,955 and \$1,716,171 for the years ended June 30, 2021 and 2020, respectively, with such amount being amortized on the straight-line basis over the life of the bonds resulting in amortization expense of \$102,365 and \$121,267 for the years ended June 30, 2021 and 2020, respectively.

All of the bonds contain certain restrictive covenants, including limitations on obtaining additional debt, restrictions on the sale of assets, submission of annual audited financial statements, and are collateralized by the university's unrestricted revenue. Certain bonds also contain additional restrictive covenants to meet debt service coverage and liquidity ratios.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 13 – Bonds Payable and Interest Rate Swap Agreements - continued**

The required principal amounts to be paid on the bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Amounts Due</u>
2022	\$ 5,351,198
2023	5,507,972
2024	5,713,003
2025	5,927,670
2026	6,137,390
Thereafter	<u>98,661,145</u>
Total	<u>\$ 127,298,378</u>

Interest Rate Swap Agreements

The university uses interest rate swaps to manage interest rate risk exposure. The university's interest rate swaps 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 of a floating rate and the payment of a fixed rate over the life of the agreements without an exchange of the underlying principal amounts. Commencing on March 1, 2021, the university amended the 2013A swap to have a fixed rate of 1.52% and a termination date of February 15, 2031 and is based on 72% of the one month LIBOR-BBA Index while the variable rate on the remaining swaps are based on 81.5% of the one month LIBOR-BBA Index for the years ended June 30, 2021 and 2020. Net settlements are considered part of interest expense. The university does not enter into derivative instruments for trading or speculative purposes.

As a result of the use of derivative instruments, the university is exposed to the risk that the counterparties will fail to meet their contractual obligations. To mitigate the counterparty risk, the university only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. The counterparties to the university's interest rate swaps had investment grade ratings at June 30, 2021 and 2020. The interest rate swap agreements contain provisions in which the counterparty could elect to terminate the agreement should the credit rating of the university or affiliated entities to the swap fall below investment grade. If this were to occur, the university could be required to terminate the swap agreement at its then fair value, which could result in the potential for cash outflows or the posting of a collateral account depending on the fair value of the swap at the time of the termination of the agreement. The agreement with the termination date on October 1, 2033 also requires the posting of collateral by the university if the mark to market swap liability exceeds \$10,000,000 and no such requirements were triggered as of June 30, 2021 and 2020.

The university had the following swaps outstanding at June 30:

<u>Debt Issuance Hedged</u>	<u>2021</u>			<u>Remaining Notional Amount</u>	<u>2020</u>	
	<u>Interest Rate Received</u>	<u>Interest Rate Paid</u>	<u>Termination Date</u>		<u>Fair Value Asset (Liability)</u>	
2013A Issue	0.07%	1.52%	2/15/2031	\$ 37,896,711	\$ (2,011,645)	\$ (1,656,506)
2013B Issue	0.08%	3.40%	10/1/2030	7,580,000	(988,563)	(1,432,986)
2015A Issue	0.09%	3.71%	10/1/2033	26,050,000	(4,896,169)	(6,889,971)
2015B Issue	0.08%	3.73%	10/1/2035	<u>9,555,000</u>	<u>(1,995,723)</u>	<u>(2,767,943)</u>
				<u>\$ 81,081,711</u>	<u>\$ (9,892,100)</u>	<u>\$ (12,747,406)</u>

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 14 – Related Party Transactions**

Members of the university's Board of Trustees may, from time to time, be associated, either directly or indirectly, with companies doing business with the university. The university has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees may participate in any decision in which he or she has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis as well as disclose any potential related-party transactions to the Board of Trustees. When such a relationship exists, the university requires that any such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the university.

The university expended approximately \$560,000 and \$380,000 relative to construction contracts with companies whose employees are in key positions and are also trustees of the university for the years ended June 30, 2021 and 2020, respectively.

**Note 15 – Commitments and Contingencies**

Legal

The university is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot be determined, the university believes that an eventual liability, if any, will not have a material effect on the university's financial position.

Post Award Review

All funds expended by the university in connection with government grants are subject to review or audit by governmental agencies. There were no reviews or audits in process by governmental agencies as of June 30, 2021.

Contracts

The university has entered into fixed-priced contracts for a portion of its energy needs. These contracts expire through June 2023 and the contracted usage is within the university's current needs.

The university has an employment agreement with its president through June 2024 that stipulates a variety of business terms typical in the education sector. Certain faculty, public safety and physical plant employees of the university are subject to collective bargaining agreements which expire April 30, 2022, December 31, 2022 and June 30, 2023, respectively.

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

The university has a number of other agreements with organizations and schools offering a number of opportunities and advantages for students. One such agreement provides access to academic programs and co-curricular activities at four other colleges in direct proximity to the university's campus.

The university has a contract with its food service provider expiring in 2031.

Leases

The university is committed under long-term operating leases for the rental of certain equipment and under long-term agreements for receipt of certain services. The commitments expire at various dates through June 30, 2024.

**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 15 – Commitments and Contingencies – continued**

Payments due under operating lease arrangements include options to extend leases that are reasonably certain through fiscal year 2024 and are summarized below as of June 30, 2021:

2022	\$ 321,183
2023	252,897
2024	15,897
Less present value discount	<u>(10,706)</u>
Total	<u>\$ 579,271</u>

Medical and Employee Benefits

The university has a partially self-insured medical plan (the “Plan”) for certain medical benefits covering employees and certain retirees. The Plan utilizes a stop-loss insurance for claims in excess of \$125,000 per participant in a calendar year, up to a lifetime stop-loss coverage limit of \$1,000,000 per participant. An accrual of \$311,000 and \$255,502 was recorded for benefit claims incurred but not reported at June 30, 2021 and 2020, respectively. The university is a member of a captive insurer providing stop-loss insurance to cover Plan expenses in excess of certain limits in order to manage its health insurance costs.

The university participates in a workers’ compensation self-insured group (the “Group”). Workers’ compensation expense is determined based on annual premiums less dividends received plus the university’s prorated share of any excess of liabilities, if applicable. Net expense under the Group was \$194,849 and \$123,616 for the years ended June 30, 2021 and 2020, respectively. Specific excess reinsurance has been purchased to provide for statutory benefits and \$1,000,000 for employer’s liability, subject to a \$500,000 per occurrence retention. Management believes the Group is sufficiently capitalized and does not expect liabilities from this arrangement.

**Note 16 – Impact of COVID-19**

During fiscal years 2021 and 2020, as a result of the effects of the COVID-19 pandemic, the university migrated to a remote platform for student instruction. As a result of the move to remote learning, the university refunded a proportionate share of room and board fees in the approximate amount of \$1,100,000 and \$4,499,000 in the years ended June 30, 2021 and 2020, respectively. The university expects continued impact from COVID-19 associated with revenues and expenses, however, the level of impact is uncertain and will be driven by the trends of the pandemic, consumer behavior and regulatory requirements, along with other factors. The remaining funding, as noted above, will be available to mitigate such impact, however, the impacts may be greater than the funding available.

Given the effects of COVID-19, the university was eligible for certain federal support in 2021 and 2020. Some of this funding will be expended, and thus recognized as revenue, in future periods. These programs provided substantial support as follows:

Higher Education Emergency Relief Funds

The university was granted three awards to assist students and the institution with the impact of COVID-19 which totaled \$18,378,193. The university recorded grant revenue of \$10,096,351 and \$3,469,571 for the years ended June 30, 2021 and 2020, respectively. Unexpended amounts pending at June 30, 2021 were \$4,812,271 which are expected to be reported as revenue in fiscal 2022 as costs are incurred.



**WENTWORTH INSTITUTE OF TECHNOLOGY, INC.**  
**Notes to Financial Statements**

**Note 16 – Impact of COVID-19 – continued**

Federal Emergency Management Agency Grant

The university incurred costs eligible for reimbursement from a Federal Emergency Management Agency (“FEMA”) grant in the amount of \$2,121,244 for various COVID-19 related costs including personal protective supplies, clinical surveillance and diagnostic testing. The university expects full reimbursement and views FEMA’s approval of the grant application as a final administrative step in the process, and therefore the conditions and barriers of the grant have been met as of June 30, 2021.