



Financial Statements

Lesley University

June 30, 2025 and 2024

LESLEY UNIVERSITY

Financial Statements

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Independent Auditors' Report

The Board of Trustees
Lesley University
Cambridge, Massachusetts

Opinion

We have audited the financial statements of Lesley University (the "University"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CBIZ CPAs P.C.

Boston, Massachusetts
December 19, 2025

LESLEY UNIVERSITY

Statements of Financial Position

June 30,

	2025	2024
Assets		
Cash and cash equivalents	\$ 10,584,594	\$ 16,713,420
Student accounts receivable, net	3,394,320	2,836,303
Prepaid expenses and other assets	3,486,949	6,885,646
Contributions receivable, net	5,319,514	1,820,635
Investments held on behalf of employees for retirement	1,515,280	1,371,907
Student loans receivable, net	300,566	350,300
Property and equipment, net	233,391,024	216,594,168
Property and equipment, net held for sale	4,577,737	-
Deferred implementation costs, net	3,571,993	3,715,793
Investments and trusts	160,622,079	184,914,869
Total assets	\$ 426,764,056	\$ 435,203,041
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 13,814,962	\$ 12,618,163
Deferred revenue and advance payments	8,333,018	7,842,176
Annuities payable	1,497,125	1,764,063
Obligations to employees for retirement	1,515,280	1,371,907
Bonds, notes and loans payable, net	105,050,010	109,626,266
Total liabilities	130,210,395	133,222,575
Net assets:		
Without donor restrictions	242,565,374	254,199,249
With donor restrictions	53,988,287	47,781,217
Total net assets	296,553,661	301,980,466
Total liabilities and net assets	\$ 426,764,056	\$ 435,203,041

LESLEY UNIVERSITY

Statement of Activities

Year Ended June 30, 2025
(with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues:				
Tuition, fees, room and board (net of discount of \$15,920,862 and \$17,742,478 in 2025 and 2024, respectively)	\$ 55,097,786	\$ -	\$ 55,097,786	\$ 60,476,362
Government grants and contracts	1,271,231	-	1,271,231	2,679,565
Private grants and contracts	-	585,221	585,221	864,048
Auxiliary enterprises	2,891,321	-	2,891,321	2,989,479
Contributions	384,936	1,453,738	1,838,674	1,386,032
Other investment income	269,218	-	269,218	346,226
Other income	1,073,085	30,134	1,103,219	745,141
Amounts reclassified under spending formula	8,027,780	1,662,057	9,689,837	9,703,595
Amounts reclassified under board designations	34,530,536	-	34,530,536	6,129,489
Net assets released from restrictions	3,113,987	(3,113,987)	-	-
Total operating revenues	106,659,880	617,163	107,277,043	85,319,937
Operating expenses:				
Instruction	28,493,344	-	28,493,344	35,677,747
Academic support	13,498,811	-	13,498,811	13,093,437
Student services	11,611,599	-	11,611,599	11,937,078
Management and general	27,374,779	-	27,374,779	27,454,551
Fundraising	494,625	-	494,625	352,719
Student aid	1,027,366	-	1,027,366	290,497
Auxiliary enterprises	13,745,447	-	13,745,447	13,454,529
Total operating expenses	96,245,971	-	96,245,971	102,260,558
Change in net assets from operating activities	10,413,909	617,163	11,031,072	(16,940,621)
Nonoperating activities:				
Investment return, net of fees	12,037,299	2,393,350	14,430,649	12,535,576
Amounts reclassified under spending formula	(8,027,780)	(1,662,057)	(9,689,837)	(9,703,595)
Amounts reclassified under board designations	(34,530,536)	-	(34,530,536)	(6,129,489)
Contributions	-	4,702,128	4,702,128	6,706,845
Gain on sale of property and equipment	9,799,503	-	9,799,503	43,224,282
Gain (loss) on assets held with outside trustees	-	156,486	156,486	(6,812)
Restructuring costs	(1,326,270)	-	(1,326,270)	(3,129,083)
Change in net assets from nonoperating activities	(22,047,784)	5,589,907	(16,457,877)	43,497,724
Change in net assets	(11,633,875)	6,207,070	(5,426,805)	26,557,103
Net assets, beginning of the year	254,199,249	47,781,217	301,980,466	275,423,363
Net assets, end of the year	\$ 242,565,374	\$ 53,988,287	\$ 296,553,661	\$ 301,980,466

LESLEY UNIVERSITY

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition, fees, room and board (net of discount of \$17,742,478)	\$ 60,476,362	\$ -	\$ 60,476,362
Government grants and contracts	2,679,565	-	2,679,565
Private grants and contracts	-	864,048	864,048
Auxiliary enterprises	2,989,479	-	2,989,479
Contributions	971,766	414,266	1,386,032
Other investment income	346,226	-	346,226
Other income	732,011	13,130	745,141
Amounts reclassified under spending formula	8,145,102	1,558,493	9,703,595
Amounts reclassified under board designations	6,129,489	-	6,129,489
Net assets released from restrictions	5,102,114	(5,102,114)	-
Total operating revenues	87,572,114	(2,252,177)	85,319,937
Operating expenses:			
Instruction	35,677,747	-	35,677,747
Academic support	13,093,437	-	13,093,437
Student services	11,937,078	-	11,937,078
Management and general	27,454,551	-	27,454,551
Fundraising	352,719	-	352,719
Student aid	290,497	-	290,497
Auxiliary enterprises	13,454,529	-	13,454,529
Total operating expenses	102,260,558	-	102,260,558
Change in net assets from operating activities	(14,688,444)	(2,252,177)	(16,940,621)
Nonoperating activities:			
Investment return, net of fees	10,486,827	2,048,749	12,535,576
Amounts reclassified under spending formula	(8,145,102)	(1,558,493)	(9,703,595)
Amounts reclassified under board designations	(6,129,489)	-	(6,129,489)
Contributions	-	6,706,845	6,706,845
Gain on sale of property and equipment	43,224,282	-	43,224,282
Loss on assets held with outside trustees	-	(6,812)	(6,812)
Restructuring costs	(3,129,083)	-	(3,129,083)
Change in net assets from nonoperating activities	36,307,435	7,190,289	43,497,724
Change in net assets	21,618,991	4,938,112	26,557,103
Net assets, beginning of the year	232,580,258	42,843,105	275,423,363
Net assets, end of the year	\$ 254,199,249	\$ 47,781,217	\$ 301,980,466

LESLEY UNIVERSITY

Statement of Functional Expenses

Year Ended June 30, 2025
(with comparative totals for 2024)

	2025								2024
	Instruction	Academic Support	Student Services	Management and General	Fundraising	Student Aid	Auxiliary Enterprises	Total	Total
Salaries and wages	\$ 17,219,387	\$ 7,528,896	\$ 5,965,925	\$ 10,703,786	\$ 362,590	\$ 750	\$ 955,719	\$ 42,737,053	\$ 46,552,016
Employee benefits and payroll taxes	4,201,402	1,998,562	1,713,582	3,017,791	108,777	-	286,535	11,326,649	12,511,000
Fees for services	-	-	-	1,121,164	-	-	-	1,121,164	1,133,278
Advertising and promotions	-	-	494,368	-	-	-	-	494,368	471,812
Office expenses	128,846	103,277	190,601	254,460	15,980	1,107	14,707	708,978	861,809
Information technology	14,530	11,794	2,946	3,468,844	-	-	699	3,498,813	3,632,228
Occupancy	2,100	-	204,792	173,570	-	-	2,106,221	2,486,683	2,315,199
Travel	240,248	103,701	373,951	136,193	300	-	47,118	901,511	1,105,946
Conferences and meetings	11,982	51,089	36,381	15,153	-	-	-	114,605	105,997
Insurance	-	-	-	969,220	-	-	-	969,220	1,201,965
Dining services	-	-	-	-	-	-	3,867,371	3,867,371	4,067,114
Custodial services	-	-	-	-	-	-	361,374	361,374	141,314
Security services	-	-	-	-	-	-	877,210	877,210	818,122
Books, memberships and dues	29,292	314,726	59,984	81,344	-	1,420	2,202	488,968	518,306
Student aid	-	-	-	-	-	1,024,089	-	1,024,089	290,497
Other expenses	291,113	234,722	1,171,866	2,384,460	6,978	-	326,023	4,415,162	4,897,228
Depreciation and amortization	2,258,781	1,120,441	496,656	2,056,147	-	-	2,597,740	8,529,765	7,615,799
Interest	1,033,462	512,636	227,236	755,137	-	-	1,687,766	4,216,237	5,030,704
Plant	3,062,201	1,518,967	673,311	2,237,510	-	-	614,762	8,106,751	8,990,224
Total functional expenses	\$ 28,493,344	\$ 13,498,811	\$ 11,611,599	\$ 27,374,779	\$ 494,625	\$ 1,027,366	\$ 13,745,447	\$ 96,245,971	\$ 102,260,558

LESLEY UNIVERSITY

Statement of Functional Expenses

Year Ended June 30, 2024

	<i>Instruction</i>	<i>Academic Support</i>	<i>Student Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Student Aid</i>	<i>Auxiliary Enterprises</i>	<i>Total</i>
Salaries and wages	\$ 22,576,233	\$ 7,166,189	\$ 6,095,970	\$ 9,388,484	\$ 262,976	\$ -	\$ 1,062,164	\$ 46,552,016
Employee benefits and payroll taxes	5,459,223	1,964,908	1,800,052	2,894,273	74,888	-	317,656	12,511,000
Fees for services	-	-	-	1,132,576	-	-	702	1,133,278
Advertising and promotions	440	-	465,823	5,549	-	-	-	471,812
Office expenses	110,933	130,851	157,740	443,925	250	-	18,110	861,809
Information technology	10,090	21,906	11,555	3,588,254	-	-	423	3,632,228
Occupancy	136,655	2,443	51,210	174,285	-	-	1,950,606	2,315,199
Travel	420,873	127,451	430,385	99,070	14,605	-	13,562	1,105,946
Conferences and meetings	27,272	45,340	25,776	7,609	-	-	-	105,997
Insurance	-	-	480	1,117,055	-	-	84,430	1,201,965
Dining services	-	-	-	-	-	-	4,067,114	4,067,114
Custodial services	-	-	-	-	-	-	141,314	141,314
Security services	-	-	-	-	-	-	818,122	818,122
Books, memberships and dues	35,814	338,805	45,445	94,949	-	-	3,293	518,306
Student aid	-	-	-	-	-	290,497	-	290,497
Other expenses	651,745	127,142	1,409,817	2,516,380	-	-	192,144	4,897,228
Depreciation and amortization	1,910,462	968,735	441,142	1,760,107	-	-	2,535,353	7,615,799
Interest	1,077,924	546,582	248,902	1,562,248	-	-	1,595,048	5,030,704
Plant	3,260,083	1,653,085	752,781	2,669,787	-	-	654,488	8,990,224
Total functional expenses	\$ 35,677,747	\$ 13,093,437	\$ 11,937,078	\$ 27,454,551	\$ 352,719	\$ 290,497	\$ 13,454,529	\$ 102,260,558

LESLEY UNIVERSITY
Statements of Cash Flows

Years Ended June 30,

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (5,426,805)	\$ 26,557,103
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation and amortization	8,529,765	7,615,799
Amortization on bond issuance cost and bond premiums, net	(597,166)	(597,166)
Gain on sale of property and equipment	(9,799,503)	(43,224,282)
Provision (recoveries) for credit loss expense	(20,006)	201,228
Net realized and unrealized gains on investments and trusts	(15,448,696)	(12,856,991)
Receipts of long-term contributions	(653,335)	(8,216,845)
Changes in:		
Student accounts receivable	(538,011)	314,019
Prepaid expenses and other assets	3,398,697	9,764,595
Contributions receivable	(3,498,879)	1,645,006
Investments held on behalf of employees for retirement	(143,373)	(138,887)
Accounts payable and accrued expenses	3,610,227	(2,390,930)
Deferred revenue and advance payments	490,842	(861,283)
Annuities payable	(266,938)	(252,062)
Obligations to employees for retirement	143,373	138,887
Net cash used in operating activities	<u>(20,219,808)</u>	<u>(22,301,809)</u>
Cash flows from investing activities:		
Purchase of property and equipment, net	(32,236,967)	(34,844,622)
Payments for deferred implementation costs	(261,885)	(1,161,783)
Purchase of investments	(86,114,783)	(158,941,408)
Sale of investments	125,856,269	174,906,111
Proceeds from sale of property and equipment	10,124,369	60,926,984
Cash collections on student loans	49,734	127,956
Net cash provided by investing activities	<u>17,416,737</u>	<u>41,013,238</u>
Cash flows from financing activities:		
Proceeds from issuance of bonds, notes and loans payable	-	580,000
Payments on bonds, notes and loans payable	(3,979,090)	(3,835,304)
Net repayments on line of credit	-	(9,000,000)
Receipt of long-term contributions	653,335	8,216,845
Net cash used in financing activities	<u>(3,325,755)</u>	<u>(4,038,459)</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,128,826)</u>	<u>14,672,970</u>
Cash and cash equivalents, beginning of year	16,713,420	2,040,450
Cash and cash equivalents, end of year	<u>\$ 10,584,594</u>	<u>\$ 16,713,420</u>

See accompanying notes to the financial statements.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Lesley University (the "University") is a not-for-profit higher education institution based in Cambridge, Massachusetts with programs focused on education, mental health and art and design. The University also offers business and liberal arts programs that support these key disciplines and the Threshold Program ("Threshold"), a special offering designed for neurodiverse students seeking a college experience to learn independent living and working skills.

The University is largely a regional institution, with 82% of undergraduate program and Threshold students and 76% of graduate students hailing from the northeast. Approximately 58% of the University's students are enrolled in graduate programs while 42% of students are enrolled in undergraduate and Threshold programs. Across the University's key disciplines, degrees are offered at the undergraduate, master's, and doctoral levels. Art and Design includes undergraduate programs ranging from fine arts to graphic design and media, digital film and gaming. Additionally, master's programs in visual arts and creative writing are offered. Liberal Arts and Business majors both support the University's key undergraduate programs and offer independent areas of study, including a master's in business administration.

The University operates three campuses across a mile-long stretch of Cambridge ranging from Harvard Square to Porter Square, representing 7 acres containing 28 buildings representing 761,000 square feet.

In 2015, the University completed the Lunder Arts Center, a state-of-the-art building for art and design. In 2018, former Episcopal Divinity School along historic Brattle Street became the University's expanded third campus. With this addition, the University began to sell properties that no longer met its strategic needs and has generated aggregate gross sale proceeds of approximately \$128 million to date. Such proceeds are being utilized for state-of-the-art renovations for existing facilities and to be added to the board-designated endowment. The majority of renovations have been completed with remaining work expected to be finished in February 2026.

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 which require that the University report information regarding its financial position and activities based on 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

This net asset class includes resources for general use and is not subject to donor restrictions. The Board of Trustees has designated from net assets without donor restrictions amounts to function as endowment. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation and amortization and related debt.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions

This net asset class includes resources 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.

Cash and Cash Equivalents

Cash equivalents include all highly liquid debt instruments with maturities at date of purchase of three months or less. Such accounts are carried at cost plus accrued interest. Cash and cash equivalents held by investment managers are considered part of investments.

Cash and cash equivalents may be deposited into bank accounts and other instruments with and without federal deposit insurance and balances 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 and therefore it believes its exposure to this concentration is limited.

Included in cash and cash equivalents are restricted amounts to be used for specific purposes as required by donors. Substantial elements of the cash and cash equivalents are related to restricted items.

Students Accounts Receivable

Students accounts receivable principally relate to amounts due from students for educational and residence and dining services provided by the University. Such amounts are financial instruments that potentially subject the University to concentrations of credit risk and are generally uncollateralized. The University estimates expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The University records the estimate of expected credit losses as an allowance for credit losses. Change in the allowance for credit losses are reported in credit loss expense. Students accounts receivable are presented net of allowance for credits losses of \$3,233,608 and \$3,253,614 as of June 30, 2025 and 2024, respectively.

Accounts, Grants and Interest Receivable

Accounts, grants and interest receivable includes amounts due from other than student sources. This account also includes other receivables. Management has provided a reserve of \$70,000 in 2025 and 2024 to cover uncollectable amounts.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable are recorded at fair value when initially pledged using Level 2 fair value inputs as described later in this section. For contributions expected to be collected in one year or more, fair value is arrived at by using expected collection rates along with a present value discount to account for the inherent risk associated with the expected future cash flows. Amortization of the discount is included in contributions revenue. Balances are periodically reviewed to adjust the allowance for doubtful contributions receivable. Management estimates the allowance by a review of historical experience along with a specific review of collection trends that differ from plans on individual accounts.

Investments Held on Behalf of Employees for Retirement and Obligations to Employees for Retirement

The University has a non-qualified deferred compensation plan under Section 457 of the Internal Revenue Code covering certain employees. Assets associated with this plan are included in investments held on behalf of employees for retirement along with a corresponding amount for the obligation with such amounts being recorded using Level 1 inputs as described later in this section.

Student Loans Receivable and U.S. Government Loan Advances

Student loans receivable represent loans made under the Perkins Loan Program sponsored by the Department of Education ("DOE") and operated by the University. The program was funded over multiple years with federal funds along with a modest match from the University. As loans are repaid, funds are collected and held for this program. Loans are no longer being provided to students under this program. The U.S. government loan advances represent liabilities for federal funds advanced subject to certain adjustments which are ultimately repayable should the program cease or should the University elect to no longer participate in the program. The University utilizes the services of a third party for billing, collection, and other requirements associated with this program. Credit risk is mitigated given the ability of the University to place non-performing loans with the DOE thus reducing the federal advances, and accordingly, reserve requirements are modest. Management evaluates its reserves considering its collection experience, current conditions and related items that could have an impact in order to estimate reserves required. Gross student loans receivables were \$356,600 and \$406,335 at June 30, 2025 and 2024, respectively. Given the limited amounts involved, management has omitted detailed disclosures regarding details relative to the aging of these loans.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at acquisition cost when the useful life is over one year when such amounts exceed a management established capitalization threshold, net of accumulated depreciation. Maintenance and repairs are expensed as incurred, and improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three to sixty years. Interest incurred during the construction phase of projects is capitalized. Library books are expensed during the period the expenditures are incurred.

Deferred Implementation Costs

Deferred implementation costs represent capitalized costs associated with licensed cloud computing arrangements. Deferred implementation costs are stated at cost less accumulated amortization. Deferred implementation costs are capitalized when the useful life is over one year and when they exceed a management established threshold. The useful life of licensed cloud computing arrangements included in deferred implementation costs is up to 10 years.

Investments and Trusts

Investments are carried at fair value as per those policies discussed later in this section.

Net investment return is reported in the statement of activities and consists of interest, dividends, realized and unrealized gains and losses, less external investment expenses. Returns are allocated to the underlying funds if such funds are with donor restrictions.

Fair Value Measurements

The University reports certain assets and liabilities at fair value on a recurring or non-recurring basis depending on the underlying policy for the particular item, in accordance with fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Recurring fair value measurements include the University's investments and trusts, investments held on behalf of employees for retirement and obligations to employees for retirement. Non-recurring measurements include contributions receivable and annuities payable. In addition, the University reports certain investments using the net asset value per share ("NAV") as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. 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. The three levels of the fair value hierarchy are described below:

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 an exchange.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. 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. 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.

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 value of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. It is also possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements.

Deferred Revenue and Advance Payments

Deferred revenue represents unearned amounts of tuition, fees, room, board and auxiliary enterprises revenue given courses and services in process at year end and are primarily associated with summer academic sessions. Such amounts are computed based on the percentage of completion of courses or use of services such as housing. Revenue is recognized over time with such amounts being recognized over periods less than one year given the nature and duration of the underlying services being provided. Advance payments relate to enrollment deposits or other payments made in advance for which no revenue process is in process.

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 does not consider material. The remaining performance obligation is time driven given the academic calendar that underlies the earnings process for tuition, fees, room, board and auxiliary revenue. There were no significant changes to deferred revenue amounts on a quantitative or qualitative basis at June 30, 2025 or 2024.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Annuities Payable

Annuities payable generally relate to the obligations associated with split interest agreements where the University agrees to pay a donor and named beneficiaries a fixed amount per year for the life of the annuitants in exchange for assets at the inception of the arrangement. The difference between the fair value of the donated assets and the present value of the annuity obligation represents contribution revenue. The annuity obligations are unsecured with the obligations being amortized as payments are made. Obligations are periodically reviewed for changes in life expectancy. The initially recorded fair value of the donated assets is determined based on the underlying nature of the gift received utilizing Level 1, 2 or 3 inputs with such assets generally being included in investments, while the initial measurement of the related obligations is based on Level 2 inputs as per the fair value policies elsewhere in this section.

Bonds, Notes and Loans Payable

Bonds, notes and loans payable are stated net of premiums, discounts and issuance costs. Premiums, discounts and issuance costs are amortized on the straight-line basis over the term of the underlying debt agreement.

Asset Retirement Obligations

The University follows accounting standards for conditional asset retirement obligations which requires that conditional asset retirement obligations ("AROs") that meet the definition of liabilities should be recognized when incurred if their fair values can be reasonably estimated.

The University was unable to estimate the range of settlement dates and the related probabilities for certain asbestos remediation AROs. These conditional AROs are primarily related to the necessary structural updates to various properties owned by the University. Because these conditional obligations have indeterminate settlement dates, the University could not develop a reasonable estimate of its AROs. The University will continue to assess its ability to estimate fair values at each future reporting date.

Income Taxes

The University is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from Federal and state income taxes on related income. Certain unrelated activities are subject to Federal and state taxation as unrelated business income. Given the limited taxable activities of the University, management has concluded that disclosures related to tax provisions are not necessary.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

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 as to what income is 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 for examination for three years following the date filed.

Revenue Recognition and Operations

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. The University has both earned revenues and contributed support.

Earned Revenues

The University earns revenues primarily through tuition, fees, room, board and auxiliary services all of which are under arrangements that are aligned to an academic period.

Accounting standards require earned revenues to be evaluated using a principles based process that requires the entities to: 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.

Tuition, fees, room and board are recorded at established rates, net of institutional financial aid and scholarships provided directly to students with amounts that are fixed and determinable. Such net amounts are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered. 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 its 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 they are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits as under the University’s withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund after the start of classes. Given the normal timing of the University’s programs, the exposure to such withdrawal rights is limited at year end.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Operations (Continued)

Earned Revenues (Continued)

Payments made by third parties such as the DOE relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the University.

Rental income is recorded as revenue over time as earned. This revenue is included in auxiliary enterprises.

Investment returns are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributed Support

Contributions, including unconditional promises to give, are initially recorded as revenue as either with or without donor restrictions at fair value when verifiably committed. Unconditional promises to give that are expected to be collected in one year or more are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Fair value is determined at the original date of record as described in this section using Level 2 fair value inputs. Conditional contributions are recorded as revenue when the conditions have been met which generally involves the meeting of a barrier to entitlement such as the achievement of a match or incurring specified allowable expenses in accordance with a framework of allowable cost or other barriers. Intentions to give are not recorded as revenues or assets. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as "net assets released from restriction" between the classes of net assets.

The University reports gifts of cash or other assets that must be used to acquire long-lived assets as revenue with donor restrictions. The University reports expirations on donor restrictions when the donated or acquired long-lived assets are placed in service.

Nonoperating Activities

Nonoperating activities includes contributions for endowment and capital, investment returns less spending draws and additional draws approved by the board from board designated funds, gains on the sale of property and equipment, gains and losses on outside trusts as well as restructuring costs.

Over the last two years, the University has been transitioning from a separate school structure to a one university model. These one-time transition costs relate to severance, moving, and consulting expenses and amounted to approximately \$1,330,000 and \$3,130,000 for the years ended June 30, 2025 and 2024, respectively. As part of the transition, certain individuals who were previously instructors were promoted to academic leadership roles with administrative oversight and accordingly, their costs are categorized as such in the Statement of Activities.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Advertising and Promotion

The University expenses the cost of advertising when incurred.

Functional 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. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage of facilities. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of the debt.

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 disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Self-Insurance

The University is an equity participant in a self-insured health insurance captive (the "Captive") which supports the administration of health insurance benefits to employees. The University accrues costs at year end associated with incurred but not reported claims. Cash is advanced to the Captive monthly to cover near term claims with any advance payment which is considered a prepaid. The Captive has purchased reinsurance for itself to limit claims to the capital in the Captive. In addition, a stop-loss insurance policy is in force to limit exposures on individual claims impacting the University.

New Accounting Pronouncements

Management is evaluating pending accounting pronouncements and does not expect a material impact from such standards.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform with the 2025 presentation.

Subsequent Events

The University has evaluated subsequent events through December 19, 2025, the date the financial statements were issued. Other than property sales indicated in Note 5, no other events have occurred requiring measurement or disclosure in the financial statements through that date.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 2 - 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, 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 activities of teaching, research and public service as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are 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 seeks to operate with as close to a balanced budget as is possible.

Although not expected to be needed, the spendable yet restricted portion of the University's net assets with donor restrictions 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 table shows the total financial assets held by the University and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures at June 30:

	2025	2024
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 9,838,564	\$ 4,681,579
Student accounts receivable	3,394,320	2,836,303
Accounts, grants and interest receivable	437,581	1,103,674
Contributions for general expenditures due in one year or less	1,456,061	1,455,061
Endowment spending rate distribution and appropriations	<u>15,808,000</u>	<u>15,900,000</u>
Total financial assets available to meet general expenditures over the next 12 months	\$ <u>30,934,526</u>	\$ <u>25,976,617</u>

The University also has board designated funds functioning as endowments of approximately \$115 million and \$151 million at June 30, 2025 and 2024, respectively.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 3 - Contributions Receivable, Net

Contributions receivable are summarized as follows at June 30:

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	\$ 3,580,487	\$ 2,113,694
One year to five years	<u>3,050,000</u>	<u>796,181</u>
	6,630,487	2,909,875
Less present value discount and allowance for doubtful accounts	<u>(1,310,973)</u>	<u>(1,089,240)</u>
Contributions receivable, net	<u>\$ 5,319,514</u>	<u>\$ 1,820,635</u>

Note 4 - Investments and Trusts

The valuation of the University's financial instruments by the fair value hierarchy consisted of the following at June 30:

	2025			
	Total	Net Asset Value	Level 1	Level 3
Investments and trusts				
Cash equivalents	\$ 704,357	\$ -	\$ 704,357	\$ -
Global equities	79,075,116	55,621,116	23,454,000	-
Domestic equities	5,100,177	-	5,100,177	-
Private equity	28,136,235	28,136,235	-	-
Hedge funds	1,867,123	1,867,123	-	-
Fixed income	32,104,830	18,134,196	13,970,634	-
Real estate	6,891,295	6,891,295	-	-
Real assets	5,346,000	3,591,563	1,754,437	-
Trusts held by others	1,396,946	-	-	1,396,946
	<u>160,622,079</u>	<u>114,241,528</u>	<u>44,983,605</u>	<u>1,396,946</u>
Total assets at fair value	<u>\$ 160,622,079</u>	<u>\$ 114,241,528</u>	<u>\$ 44,983,605</u>	<u>\$ 1,396,946</u>

LESLEY UNIVERSITY

Notes to Financial Statements

Note 4 - Investments and Trusts (Continued)

2024				
	<i>Total</i>	<i>Net Asset Value</i>	<i>Level 1</i>	<i>Level 3</i>
Investments and trusts				
Cash equivalents	\$ 28,257,480	\$ -	\$ 28,257,480	\$ -
Global equities	71,214,764	55,225,204	15,989,560	-
Domestic equities	8,991,413	-	8,991,413	-
Private equity	29,929,597	29,929,597	-	-
Hedge funds	1,335,311	1,335,311	-	-
Fixed income	31,348,813	16,332,685	15,016,128	-
Real estate	7,987,873	7,987,873	-	-
Real assets	4,508,078	2,862,930	1,645,148	-
Trusts held by others	1,341,540	-	-	1,341,540
	<u>184,914,869</u>	<u>113,673,600</u>	<u>69,899,729</u>	<u>1,341,540</u>
Total assets at fair value	\$ <u>184,914,869</u>	\$ <u>113,673,600</u>	\$ <u>69,899,729</u>	\$ <u>1,341,540</u>

The University's investments can be redeemed as follows at June 30, 2025:

<i>Redemption Frequency</i>	<i>Fair Value</i>
Daily	\$ 94,770,570
Monthly	16,778,476
Quarterly	6,891,295
Annual	-
Illiquid	<u>42,181,738</u>
Total investments	\$ <u>160,622,079</u>

Unfunded commitments under various investment vehicles amounted to approximately \$14.1 million at June 30, 2025. Management has no plans or intentions to liquidate any of its NAV investments other than in the ordinary course of business as allowed under such instruments.

Trusts held by others relate to the assets of an irrevocable charitable remainder trust and an irrevocable perpetual trust, which are held by independent donor-appointed trustees. Income from the perpetual trust is recognized "upon distribution" unless deemed as return of capital plus or minus any change in the fair value of the underlying asset while income from the remainder trust represents the change in fair value of the trust assets. Management has elected to omit disclosures about details of the Level 3 investment roll forward given the limited amounts involved.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 5 - Property and Equipment

The following is a summary of the University's property and equipment at June 30:

	2025	2024
Land and improvements	\$ 24,747,700	\$ 26,214,276
Building and improvements	274,032,922	219,043,276
Furniture and equipment	28,963,962	27,873,944
Construction in progress	<u>17,852,165</u>	<u>47,544,317</u>
Total property and equipment	345,596,749	320,675,813
Less accumulated depreciation and amortization	<u>(112,205,725)</u>	<u>(104,081,645)</u>
Property and equipment, net	\$ <u>233,391,024</u>	\$ <u>216,594,168</u>

During 2025, the University sold 2 properties with total gross proceeds of \$10,500,000. Net cash received by the University totaled approximately \$10,100,000, and the net book value of the assets at the time of sale totaled approximately \$300,000 resulting in a gain on sale of approximately \$9,800,000.

During 2024, the University sold 12 properties with total gross proceeds of \$64,100,000. Net cash received by the University totaled approximately \$60,900,000, and the net book value of the assets at the time of sale totaled approximately \$17,700,000 resulting in a gain on sale of approximately \$43,200,000.

The University determined that two properties met the criteria to be classified as held for sale at June 30, 2025. As a result, these assets are presented separately on the statements of financial positions at the lower of their carrying amount or fair value less cost to sell. An impairment loss was not recognized with such determination.

Subsequent to year end, the University sold one property for gross proceeds of \$18,200,000. This sale is expected to result in a gain of approximately \$14,000,000, which will be recorded in fiscal year 2026.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 6 - Bonds, Notes and Loans Payable

Bonds, Notes and Loans Payable

The following is a summary of the University's bonds and notes payable at June 30:

	2025	2024
Massachusetts Development Finance Agency Revenue Bonds (Series 2019), maturing at various times through 2049 with fixed interest rates ranging from 2.13%-5.00%.	\$ 46,345,000	\$ 48,500,000
Massachusetts Development Finance Agency Revenue Bonds (Series 2016), maturing at various times through 2039 with fixed interest rates ranging from 4.00%-5.00%.	39,880,000	41,150,000
Massachusetts Development Finance Agency Revenue Bonds (Series 2017), maturing at various times through 2033 with fixed interest rates ranging from 2.17%-5.00%.	7,235,000	7,620,000
Aramark Capital Loan with an interest rate of 0.0%.	<u>1,525,606</u>	<u>1,694,696</u>
	94,985,606	98,964,696
Less unamortized bond issuance costs	(939,180)	(1,011,331)
Plus unamortized bond premium	<u>11,003,584</u>	<u>11,672,901</u>
Bonds, notes and loans payable, net	\$ <u>105,050,010</u>	\$ <u>109,626,266</u>

Scheduled maturities are as follows at June 30, 2025:

2026	\$ 4,114,091
2027	4,269,091
2028	4,419,091
2029	4,584,091
2030	4,769,091
Thereafter	<u>72,830,151</u>
Total bonds, notes and loans payable	\$ <u>94,985,606</u>

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters

Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following at June 30:

	2025	2024
Funds without donor restrictions:		
General and other purposes	\$ (4,808,697)	\$ (3,734,820)
Board-designated net assets functioning as endowment	114,455,320	150,966,167
Net investment in plant	<u>132,918,751</u>	<u>106,967,902</u>
Total net assets without donor restrictions	\$ <u>242,565,374</u>	\$ <u>254,199,249</u>

General and other purposes - Discretionary funds available for carrying on the operating activities of the University.

Board designated net assets functioning as endowment - These funds have been set aside by the Board of Trustees to support operations via a draw policy with additional amounts being available under that policy along with additional amounts as approved by the Board of Trustees.

Net investment in plant - The value of buildings and equipment net of depreciation, used in the University's operations. This amount is offset by outstanding liabilities related to the assets.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Accumulated unspent gains on endowment:		
Instruction	\$ 7,267,639	\$ 5,706,550
Student aid	2,729,646	1,952,276
Other (academic support, student services, general institutional)	108,487	1,466,540
Total accumulated unspent gains on endowment	<u>10,105,772</u>	<u>9,125,366</u>
Endowment corpus:		
Instruction	23,248,412	22,335,133
Student aid	14,938,478	11,973,581
Other (academic support, student services, general institutional)	2,821,734	1,997,784
Total endowment corpus	<u>41,008,624</u>	<u>36,306,498</u>
Total endowment	<u>51,114,396</u>	<u>45,431,864</u>
Other donor-restricted net assets:		
Contributions and other receivables	525,056	738,411
Instruction	386,475	699,226
Student aid	1,232,831	323,921
Capital improvements, plant	26,913	26,913
Other (academic support, student services, general institutional)	702,616	560,882
Total other donor-restricted net assets	<u>2,873,891</u>	<u>2,349,353</u>
Total net assets with donor restrictions	\$ <u>53,988,287</u>	\$ <u>47,781,217</u>

Net assets with donor restrictions were released from restrictions as follows for the years ended June 30:

	2025	2024
Instruction	\$ 2,276,105	\$ 3,426,166
Student aid	612,987	715,010
Other (academic support, student services, general institutional)	<u>224,895</u>	<u>960,938</u>
	\$ <u>3,113,987</u>	\$ <u>5,102,114</u>

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Net Assets With Donor Restrictions (Continued)

Endowments and funds functioning as endowment, including trusts, are as follows for the years ended June 30:

	2025		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, June 30, 2024	\$ <u>150,966,167</u>	\$ <u>33,948,702</u>	\$ <u>184,914,869</u>
Gifts and additions	<u>-</u>	<u>6,255,450</u>	<u>6,255,450</u>
Funding of donor-restricted endowment	<u>(5,499,780)</u>	<u>5,499,780</u>	<u>-</u>
Investment returns	<u>12,037,299</u>	<u>2,414,834</u>	<u>14,452,133</u>
Expenditures:			
Amounts appropriated under University spending policy	(8,027,780)	(1,662,057)	(9,689,837)
Supplemental appropriation of board-designated funds	(6,129,489)	-	(6,129,489)
Appropriation of funds functioning as internal line of credit facility which assists in funding campus master plan	<u>(28,401,047)</u>	<u>-</u>	<u>(28,401,047)</u>
Total expenditures	<u>(42,558,316)</u>	<u>(1,662,057)</u>	<u>(44,220,373)</u>
Change in investments	<u>(36,020,797)</u>	<u>12,508,007</u>	<u>(23,512,790)</u>
Endowment assets and those functioning as endowment assets, June 30, 2025	\$ <u>114,945,370</u>	\$ <u>46,456,709</u>	\$ <u>161,402,079</u>

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Net Assets With Donor Restrictions (Continued)

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets and those functioning as endowment assets, July 1, 2023	\$ 154,753,931	\$ 33,268,650	\$ 188,022,581
Gifts and additions	-	196,609	196,609
Investment returns	10,486,827	2,041,936	12,528,763
Expenditures:			
Amounts appropriated under University spending policy	(8,145,102)	(1,558,493)	(9,703,595)
Supplemental appropriation of board-designated funds	(6,129,489)	-	(6,129,489)
Total expenditures	(14,274,591)	(1,558,493)	(15,833,084)
Change in investments	(3,787,764)	680,052	(3,107,712)
Endowment assets and those functioning as endowment assets, June 30, 2024	\$ 150,966,167	\$ 33,948,702	\$ 184,914,869

Endowment assets with donor restrictions recorded as contributions receivable (i.e. pledged amounts) not included in the table above totaled approximately \$4,000,000 at June 30, 2025. Endowment assets without donor restrictions held in cash and not included in the table above totaled \$780,000 at June 30 2025. Endowment assets with donor restrictions held in cash and not included in the table above totaled \$11,300,000 at June 30 2024.

During 2025, the board allocated approximately \$5,500,000 of board designated funds functioning as endowment to with donor restrictions endowment funds to satisfy amounts previously owed to the with donor restrictions endowment.

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Endowment

The University's endowment consists of approximately 120 individual funds which are invested and administered in accordance with donor stipulation. The board also invests certain funds as if they are endowment, however those are subject to board oversight rather than state law. The University tracks the value of original gifts to its endowment type funds as well as the appreciation over time, less any spending under its spending policies. Such appreciation follows the original gift instrument that underlies the related funds.

The University's investments are managed in accordance with sound practices emphasizing long-term fundamentals to achieve long-term rates of return, to maintain purchasing power of endowment type funds, and to provide for current spending. Investments are diversified to reduce volatility and risk associated with concentrated positions and returns sought are those comparing favorably to other endowments, foundations and appropriate benchmarks. Portfolio volatility is intended to approximate the weighted composite of market indices correlating with the policy target portfolio, periodically adjusted for market conditions. A diversified target asset allocation places emphasis on equities, fixed income, real estate and managers employing multi-asset and absolute return strategies.

Interpretation of Relevant Law and Spending Policy

The University followed the standards contained in state law as promulgated in the Commonwealth of Massachusetts as it relates to the management of endowment type funds.

The University classifies net assets with donor restrictions based on: (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. The remaining portion of the donor-restricted endowment fund that is not classified as corpus is classified as net assets with donor restrictions. The University considers the following standards of prudence when evaluating spending from its endowment type funds:

- 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

LESLEY UNIVERSITY

Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy (Continued)

The University invests its endowment, including funds functioning as endowment, in investment portfolios and allocates the related earnings for expenditure in accordance with the total return concept which considers both appreciation and investment income. The University's annual spending draw is divided into three sections: a. normal operating budget consisting of 4% to 5% spending from the endowment, b. interest expense for the South Campus related financing from board designated endowment funds, and c. incremental spending up to \$5,000,000 per year to support the transformational change necessary for the University to provide the foundation for its future from the board designated endowment funds.

Prior to 2025, the Board of Trustees voted to pay off and replace a \$20,000,000 external line of credit maintained with a bank and create a similar facility leveraging board designated endowment funds. The University drew funds on the internal line of credit during the year ended June 30, 2025. The University will consider entering into a new external line of credit when it is determined that the market conditions are more favorable.

During the year ended June 30, 2025, the University drew on board designated endowment funds in connection with the University's campus master plan, which included amounts from prior real estate sales.

Management expects the distribution from funds functioning as endowment without donor restrictions and the endowment to be \$15,808,000 for the year ending June 30, 2026.

Endowments 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). These deficits resulted from unfavorable market fluctuations that generally occurred shortly after the investment of newly established endowments, and authorized distribution that was deemed prudent. The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Underwater endowments were as follows at June 30:

	2025	2024
Fair value of underwater endowment funds	\$ 8,920,891	\$ 13,520,397
Original endowment gift amount	<u>9,306,753</u>	<u>14,297,312</u>
Deficiencies of underwater endowment funds	\$ <u>(385,862)</u>	\$ <u>(776,915)</u>

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Notes to Financial Statements

Note 7 - Net Assets and Endowment Matters (Continued)

Return Objectives and Risk Parameters

The University's investment portfolio 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 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. The target for average annual real total return (net of investment management fees) is at least the spending policy plus inflation.

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.

Note 8 - Revenue Matters

The University's revenues from tuition, fees, room, board and auxiliary enterprises are all recognized over time. Factors that can impact the amount and timing of amount of cash flows include policies that allow for withdrawal by students after the start of the program subject to certain limits which differ by nature of program. Cash flows are also impacted by DOE rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students. Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

The University has a number of lines of business which include traditional undergraduate education, traditional graduate programs, other continuing education programs, and online programs. The following table summarizes the percentages of revenue from each of these programs:

	2025	2024
Revenue		
Undergraduate tuition, fees, room and board	59%	56%
Graduate tuition and fees	33%	33%
Continuing Ed programs	1%	3%
Threshold program tuition, fees, room and board	3%	4%
Other fees	4%	4%

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Notes to Financial Statements

Note 9 - Lessor Arrangements

Certain University owned properties are rented to outside parties based on a combination of tenancy-at-will and operating lease arrangements through 2039. The rental income, which is included in auxiliary enterprises, amounted to \$2,574,808 and \$2,665,719 for the years ended June 30, 2025 and 2024, respectively.

2026	\$ 1,452,636
2027	1,436,778
2028	1,320,492
2029	1,367,205
2030	1,324,445
Thereafter	<u>7,961,810</u>
	<u><u>\$ 14,863,366</u></u>

Note 10 - Employee Benefit Plans

Retirement Plans

All eligible full-time and part-time personnel may elect to participate in a qualified defined contribution retirement plan administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund. The University makes monthly contributions to the plan which is immediately vested for the benefit of the participants. Contributions are based on years of service with a maximum contribution of 8%. Employees must also contribute between 3% and 5% of annual wages in order to be eligible for a University match. Voluntary contributions by participants above the minimum requirement may be made subject to IRS limitations. The University's retirement expenses under this plan were \$2,328,602 and \$2,463,541 for the years ended June 30, 2025 and 2024, respectively.

Note 11 - Commitments and Contingencies

Commitments

The University has long-term agreements with several third-party vendors for custodial services, security, and food services and contain customary termination provisions.

Contingencies

The University generally is subject to claims and investigations, which arise in the normal course of its operations. The University believes that the outcome of these matters will not have a material adverse effect on the financial position of the University.

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Notes to Financial Statements

Note 11 - Commitments and Contingencies (Continued)

Contingencies (Continued)

The University underwent a reduction in force during fiscal year 2024. In connection with the reduction in force, several impacted employees have made legal filings against the University. Given the early stages of these filings as of the date of this report, management cannot determine the value of these claims.

Employment Agreements

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

The University is currently in negotiations with its core faculty for a new collective bargaining agreement; the prior collective bargaining agreement expired on October 1, 2024. The University is currently in negotiations with its adjunct faculty for a new collective bargaining agreement; the prior collective bargaining agreement expired on June 30, 2025.

Note 12 - Cash Flows Information

Cash paid for interest was \$2,108,118 and \$7,269,880 in 2025 and 2024, respectively.

Additions to property and equipment, net of \$3,602,235 and \$4,083,734 are included in accounts payable and accrued expenses as of June 30, 2025 and 2024, respectively.

Note 13 - Risks and Uncertainties Related to Federal Policy Changes

In 2025, various executive actions and policy changes proposed or enacted by the federal government have introduced uncertainty within the higher education sector. Several of these actions have directly or indirectly impacted ED's regulatory framework, federal student aid programs, and other areas that may materially affect the operational and financial outlook of institutions of higher education.

As a recipient of federal financial aid and other federally supported programs, the University is subject to the evolving regulatory and funding environment. Any future changes in federal policy may affect the University's access to funding or its compliance obligations.

Management is actively monitoring federal decision-making and proposed regulatory changes to assess potential impacts on the University's operations, financial aid administration, and broader strategic planning. The University will continue to evaluate developments at the federal level to respond appropriately to any changes that could affect its financial position, results of operations, or future enrollment.