



**Consolidated Financial Statements  
and Supplemental Information**

**The New England College of Optometry  
and Affiliate**

**June 30, 2024 and 2023**

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## ***Consolidated Financial Statements and Supplemental Information***

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## *Independent Auditors' Report*

The Board of Trustees  
The New England College of Optometry and Affiliate  
Boston, Massachusetts

### ***Opinion***

We have audited the consolidated financial statements of The New England College of Optometry and Affiliate (the "College"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the College as of June 30, 2024 and 2023, 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 Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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<sup>1</sup> In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



In performing an audit in accordance with GAAS, we:

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

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

#### ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and statement of activities of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CBIZ CPAs P.C.<sup>1</sup>*

Boston, Massachusetts  
October 29, 2024

<sup>1</sup> In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Consolidated Statements of Financial Position*

*June 30,*

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 9,341,503	\$ 7,396,354
Accounts receivable, net	998,294	1,362,339
Prepayments and other assets	1,185,305	1,059,739
Restricted cash	924,509	671,465
Contributions receivable, net	160,111	421,834
Student loans, net	6,775,224	7,136,870
Investments	61,271,369	53,273,824
Operating lease right-of-use assets	1,032,541	1,415,377
Property and equipment, net	8,151,487	9,093,959
Total assets	<u>\$ 89,840,343</u>	<u>\$ 81,831,761</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,838,620	\$ 1,548,512
Deferred revenue	2,605,008	2,776,808
Operating lease liability	1,141,192	1,554,063
Bonds payable	2,800,000	3,365,000
Refundable U.S. government grants	6,027,149	6,271,952
Total liabilities	<u>14,411,969</u>	<u>15,516,335</u>
Net assets:		
Without donor restrictions	61,109,385	52,732,344
With donor restrictions	14,318,989	13,583,082
Total net assets	<u>75,428,374</u>	<u>66,315,426</u>
Total liabilities and net assets	<u>\$ 89,840,343</u>	<u>\$ 81,831,761</u>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## Consolidated Statement of Activities

**Year Ended June 30, 2024**  
(with comparative totals for 2023)

	<b>2024</b>			<b>2023</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
Operating revenues:				
Student tuition and fees, net of student aid of \$1,657,276 in 2024 and \$1,597,518 in 2023	\$ 23,165,398	\$ -	\$ 23,165,398	\$ 22,799,000
Contributions and bequests	352,285	690,484	1,042,769	961,243
Patient care	2,713,806	-	2,713,806	2,900,144
Professional service agreements	2,220,669	-	2,220,669	2,189,627
Grants and contracts	1,770,403	-	1,770,403	2,112,949
Interest income on other than investments	340,243	-	340,243	230,783
Other sources	141,072	-	141,072	223,792
Auxiliary enterprises	157,379	-	157,379	124,045
Total operating revenues	30,861,255	690,484	31,551,739	31,541,583
Net assets released from restrictions	1,115,556	(694,538)	421,018	396,267
Total operating revenues and net assets released from restrictions	31,976,811	(4,054)	31,972,757	31,937,850
Operating expenses:				
Clinical instruction and patient care	7,665,227	-	7,665,227	7,520,908
Instruction	6,670,219	-	6,670,219	6,306,094
Research	1,888,070	-	1,888,070	1,836,263
Academic support	2,445,004	-	2,445,004	3,051,391
Student and auxiliary services	2,491,297	-	2,491,297	2,446,321
Institutional support and fundraising	7,219,107	-	7,219,107	6,955,910
Total operating expenses	28,378,924	-	28,378,924	28,116,887
Change in net assets from operating activities	3,597,887	(4,054)	3,593,833	3,820,963
Nonoperating activities:				
Net assets released from restrictions	-	(421,018)	(421,018)	(396,267)
Investment return	4,784,290	1,160,979	5,945,269	3,564,482
Change in value of annuity obligations	(4,191)	-	(4,191)	(1,347)
Loss on sale/disposal of assets	(945)	-	(945)	(105,954)
Change in net assets	8,377,041	735,907	9,112,948	6,881,877
Net assets as of beginning of year	52,732,344	13,583,082	66,315,426	59,433,549
Net assets as of end of year	\$ 61,109,385	\$ 14,318,989	\$ 75,428,374	\$ 66,315,426

See accompanying notes to consolidated financial statements.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Consolidated Statement of Activities*

*Year Ended June 30, 2023*

	<u><i>Without Donor Restrictions</i></u>	<u><i>With Donor Restrictions</i></u>	<u><i>Total</i></u>
Operating revenues:			
Student tuition and fees, net of student aid of \$1,597,518 in 2023	\$ 22,799,000	\$ -	\$ 22,799,000
Contributions and bequests	197,605	763,638	961,243
Patient care	2,900,144	-	2,900,144
Professional service agreements	2,189,627	-	2,189,627
Grants and contracts	2,112,949	-	2,112,949
Interest income on other than investments	230,783	-	230,783
Other sources	223,792	-	223,792
Auxiliary enterprises	124,045	-	124,045
Total operating revenues	30,777,945	763,638	31,541,583
Net assets released from restrictions	1,009,442	(613,175)	396,267
Total operating revenues and net assets released from restrictions	31,787,387	150,463	31,937,850
Operating expenses:			
Clinical instruction and patient care	7,520,908	-	7,520,908
Instruction	6,306,094	-	6,306,094
Research	1,836,263	-	1,836,263
Academic support	3,051,391	-	3,051,391
Student and auxiliary services	2,446,321	-	2,446,321
Institutional support and fundraising	6,955,910	-	6,955,910
Total operating expenses	28,116,887	-	28,116,887
Change in net assets from operating activities	3,670,500	150,463	3,820,963
Nonoperating activities:			
Net assets released from restrictions	-	(396,267)	(396,267)
Investment return	2,786,922	777,560	3,564,482
Change in value of annuity obligations	(1,347)	-	(1,347)
Loss on sale/disposal of assets	(105,954)	-	(105,954)
Change in net assets	6,350,121	531,756	6,881,877
Net assets as of beginning of year	46,382,223	13,051,326	59,433,549
Net assets as of end of year	\$ 52,732,344	\$ 13,583,082	\$ 66,315,426

See accompanying notes to consolidated financial statements.

**THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2024**  
(with comparative totals for 2023)

	2024						2023					
	Program Services						Supporting Services					
	Clinical Instruction and Patient Care	Instruction	Research	Academic Support	Student and Auxiliary Services	Total Program Services	Institutional Support	Facilities Operations	Total General and Administrative	Fundraising	Total	Total
Salaries	\$ 4,517,848	\$ 3,913,207	\$ 691,473	\$ 1,089,930	\$ 1,207,974	\$ 11,420,432	\$ 3,400,316	\$ 833,623	\$ 4,233,939	\$ 175,664	\$ 15,830,035	\$ 15,336,483
Employee benefits	1,091,749	928,167	156,066	253,950	288,745	2,718,677	851,841	199,303	1,051,144	45,499	3,815,320	3,776,095
Advertising and promotion	-	1,923	-	-	11,082	13,005	85,744	-	85,744	365	99,114	50,113
Conferences, meetings, and events	3,537	30,178	2,005	52,109	143,985	231,814	97,252	746	97,998	54,750	384,562	347,925
Cost of goods (optical and campus store)	568,500	-	-	-	125,041	693,541	-	-	-	-	693,541	756,360
Depreciation and amortization	167,868	609,794	182,479	177,042	179,591	1,316,774	344,060	-	344,060	38,229	1,699,063	1,670,075
Employee development and training	5,748	-	894	23,892	1,643	32,177	67,773	625	68,398	584	101,159	107,784
Equipment and building maintenance	60,447	10,928	14,973	3,317	256	89,921	51,197	266,035	317,232	-	407,153	332,155
Information technology	136,832	19,095	11,029	46,558	59,920	273,434	470,068	5	470,073	5,533	749,040	769,704
Insurance	80,580	-	-	-	-	80,580	330,127	-	330,127	-	410,707	364,427
Interest	9,119	33,125	9,913	9,617	9,756	71,530	18,690	-	18,690	2,077	92,297	109,033
Occupancy and utilities	446,864	244,333	-	-	-	691,197	9,566	261,235	270,801	-	961,998	956,314
Other expenses	118,479	44,256	6,870	312,937	121,283	603,825	229,557	74,047	303,604	10,391	917,820	874,693
Professional and other services	194,269	51,045	500,644	181,172	56,436	983,566	398,885	252,731	651,616	16,212	1,651,394	2,165,835
Supplies	51,707	73,351	68,211	5,522	62,547	261,338	15,548	31,503	47,051	399	308,788	245,793
Travel	21,992	21,757	37,314	88,902	20,102	190,067	61,573	68	61,641	5,225	256,933	254,098
Allocation of facility operations	189,688	689,060	206,199	200,056	202,936	1,487,939	388,784	(1,919,921)	(1,531,137)	43,198	-	-
<b>Total functional expenses</b>	<b>\$ 7,665,227</b>	<b>\$ 6,670,219</b>	<b>\$ 1,888,070</b>	<b>\$ 2,445,004</b>	<b>\$ 2,491,297</b>	<b>\$ 21,159,817</b>	<b>\$ 6,820,981</b>	<b>\$ -</b>	<b>\$ 6,820,981</b>	<b>\$ 398,126</b>	<b>\$ 28,378,924</b>	<b>\$ 28,116,887</b>



**THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE**

**Consolidated Statement of Functional Expenses**

*Year Ended June 30, 2023*

	<b>Program Services</b>						<b>Supporting Services</b>				
	<b>Clinical Instruction and Patient Care</b>	<b>Instruction</b>	<b>Research</b>	<b>Academic Support</b>	<b>Student and Auxiliary Services</b>	<b>Total Program Services</b>	<b>Institutional Support</b>	<b>Facilities Operations</b>	<b>Total General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 4,367,292	\$ 3,534,840	\$ 712,960	\$ 1,224,388	\$ 1,218,309	\$ 11,057,789	\$ 3,319,188	\$ 793,769	\$ 4,112,957	\$ 165,737	\$ 15,336,483
Employee benefits	1,086,234	848,018	167,087	296,677	300,987	2,699,003	842,287	190,481	1,032,768	44,324	3,776,095
Advertising and promotion	-	-	-	13,214	4,661	17,875	32,238	-	32,238	-	50,113
Conferences, meetings, and events	6,809	25,512	499	56,171	119,210	208,201	74,550	258	74,808	64,916	347,925
Cost of goods (optical and campus store)	642,747	-	-	-	113,613	756,360	-	-	-	-	756,360
Depreciation and amortization	165,003	599,390	179,366	174,022	176,527	1,294,308	338,190	-	338,190	37,577	1,670,075
Employee development and training	605	2,025	344	24,539	1,897	29,410	74,314	2,015	76,329	2,045	107,784
Equipment and building maintenance	49,343	14,953	11,116	1,503	775	77,690	36,202	218,263	254,465	-	332,155
Information technology	153,731	3,259	51,403	69,398	34,315	312,106	456,701	-	456,701	897	769,704
Insurance	77,334	-	-	-	-	77,334	287,093	-	287,093	-	364,427
Interest	10,773	39,132	11,710	11,361	11,525	84,501	22,079	-	22,079	2,453	109,033
Occupancy and utilities	454,510	242,746	-	-	-	697,256	9,208	249,850	259,058	-	956,314
Other expenses	95,214	42,649	13,539	310,197	142,635	604,234	189,151	73,823	262,974	7,485	874,693
Professional and other services	144,250	192,250	404,914	606,100	108,555	1,456,069	405,571	270,422	675,993	33,773	2,165,835
Supplies	70,310	55,656	42,725	6,652	11,369	186,712	24,091	33,790	57,881	1,200	245,793
Travel	15,685	47,918	43,771	66,205	8,230	181,809	62,833	-	62,833	9,456	254,098
Allocation of facility operations	181,068	657,746	196,829	190,964	193,713	1,420,320	371,116	(1,832,671)	(1,461,555)	41,235	-
<b>Total functional expenses</b>	<b>\$ 7,520,908</b>	<b>\$ 6,306,094</b>	<b>\$ 1,836,263</b>	<b>\$ 3,051,391</b>	<b>\$ 2,446,321</b>	<b>\$ 21,160,977</b>	<b>\$ 6,544,812</b>	<b>\$ -</b>	<b>\$ 6,544,812</b>	<b>\$ 411,098</b>	<b>\$ 28,116,887</b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## Consolidated Statements of Cash Flows

Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,112,948	\$ 6,881,877
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Gifts of investment securities and property and equipment	(180,873)	(19,890)
Contributions restricted for endowment	(99,743)	(68,752)
Depreciation and amortization	1,699,063	1,670,075
Non-cash operating lease expense	382,836	367,380
Net unrealized and realized gain on investments	(4,095,178)	(1,950,263)
Loss on sale/disposal of assets	945	105,954
Change in:		
Accounts receivable, net	364,045	(417,577)
Prepayments and other assets	(125,566)	276,644
Contributions receivable, net	261,723	283,108
Accounts payable and accrued expenses	371,282	(818,985)
Operating lease liability	(412,871)	(389,025)
Deferred revenue	(171,800)	85,523
Net cash, cash equivalents, and restricted cash provided by operating activities	<u>7,106,811</u>	<u>6,006,069</u>
Cash flows from investing activities:		
Purchases of investments	(38,914,174)	(15,845,571)
Sales of investments	35,064,084	11,231,352
Proceeds from sale of property, plant and equipment	17,000	17,650
Additions to property, plant and equipment	(727,114)	(1,558,499)
Change in student loans, net	361,646	713
Net cash, cash equivalents, and restricted cash used in investing activities	<u>(4,198,558)</u>	<u>(6,154,355)</u>
Cash flows from financing activities:		
Endowment restricted contributions received	99,743	68,752
Repayments of bonds payable	(565,000)	(545,000)
Decrease in refundable U.S. government grants and institutional loans	(244,803)	(565,785)
Net cash, cash equivalents, and restricted cash used in financing activities	<u>(710,060)</u>	<u>(1,042,033)</u>
Change in cash, cash equivalents, and restricted cash	2,198,193	(1,190,319)
Cash, cash equivalents, and restricted cash as of beginning of year	<u>8,067,819</u>	<u>9,258,138</u>
Cash, cash equivalents, and restricted cash as of end of year	<u>\$ 10,266,012</u>	<u>\$ 8,067,819</u>
Supplemental data:		
Interest paid	\$ 93,684	\$ 110,371
Property and equipment additions included in accounts payable and accrued expenses	159,952	241,126
Deferred rent and lease incentives included in operating lease right-of-use assets on July 1, 2022	-	160,331

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## ***Notes to Consolidated Financial Statements***

### ***Note 1 - Background***

The New England College of Optometry ("NECO") is a private independent professional graduate school of optometry located in Boston, Massachusetts. The student population originates predominantly from the United States and Canada. Founded in 1894, the College is chartered by the Commonwealth of Massachusetts to grant the Doctor of Optometry degree. The College is accredited by both the Accreditation Council on Optometric Education of the American Optometric Association and by the New England Commission of Higher Education, Inc. The College owns its clinical affiliate, legally known as the New England Eye Institute, Inc. ("NEEI"), a nonprofit corporation of which the College is the sole member. NEEI operates under the name NECO Center for Eye Care. Any references to NEEI or the NECO Center for Eye Care refer to the same legal entity. The consolidated financial statements include the accounts of NECO and NEEI (collectively referred to as the College).

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

### ***Note 2 - Summary of Significant Accounting Policies***

#### ***Principles of Consolidation***

The consolidated financial statements have been prepared on the accrual basis in accordance with the provisions of accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany balances and transactions have been eliminated in consolidation.

#### ***Basis of Financial Statement Presentation***

The accompanying consolidated financial statements have been prepared to focus on the College as a whole. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* are net assets available for general use and not subject to donor-imposed restrictions. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation and amortization and related debt obligations, and undesignated funds.

*Net assets with donor restrictions* are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, donors of net assets with perpetual restrictions permit the College to use all or part of the income earned, as well as realized and unrealized gains, if any, on the related investments for general or specific purposes. Also included in net assets with donor restrictions are accumulated unspent gains that are subject to appropriation under the College's spending policies.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### ***Note 2 - Summary of Significant Accounting Policies (Continued)***

#### ***Cash and Cash Equivalents and Restricted Cash***

Cash and cash equivalents represent highly liquid debt instruments, bank deposits and other such accounts with original maturities of three months or less. Cash and cash equivalents are carried at cost plus earned interest. Cash is deposited in several institutions; however, at times cash held in a single institution may exceed federally insured limits. The College has not experienced any losses in such accounts. Cash and cash equivalents held by investment managers are considered part of investments.

Restricted cash represents \$924,509 and \$671,465 of cash and escrow accounts held for the Federal Perkins Loan Program, Health Professionals Student Loans, and Loans for Disadvantaged Students at June 30, 2024 and 2023, respectively.

#### ***Accounts Receivable***

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Accounts receivable are financial instruments that potentially subject the College to concentrations of credit risk and are generally uncollateralized. The College estimates expected credit losses as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The College records the estimate of expected credit losses as an allowance for credit losses. Changes in the allowance for credit losses are reported in credit loss expense. An account is considered uncollectible when all efforts to collect the account have been exhausted. Interest is not charged on receivables.

#### ***Prepayments and Other Assets***

Other assets include inventories that are stated at the lower of cost or fair value, with cost being determined on the first-in, first-out ("FIFO") basis.

#### ***Contributions Receivable***

Contributions receivable represent contributions verifiably committed by donors that are scheduled for payment in the future. They are initially recorded at fair value using Level 2 inputs as described in revenue recognition policies later in this Note. An allowance is provided for uncollectable amounts based upon management's estimates, including factors such as historical experience, specific review of circumstances relative to major pledges and other factors.

#### ***Student Loans and Refundable U.S. Government Grants***

Student loans include loans to students under the Federal Perkins Loan Program, Health Professionals Student Loan Program ("HPSL"), and Loans for Disadvantaged Students Program ("LDS") (collectively "the Programs"). The College relends such funds after collection, but in the event the College no longer participates in the Programs, the amounts are generally refundable to the U.S. government agency who had funded much of the resources within these Programs over the years. The Perkins Loan program is winding down and, as the funds are collected, they are returned to the Department of Education and the College, as applicable. Loans receivable are considered past due if any portion of the receivable balance is outstanding for more than 180 days.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Student Loans and Refundable U.S. Government Grants (Continued)***

Interest income is recorded when received. Interest and late fees on past due accounts are recorded when received. Loans that are in default and meet certain requirements may be assigned to the Department of Education, which reduces the Perkins Loans refundable advances.

For all loans, management estimates the allowance for credit losses based on historical losses, current economic conditions and the credit quality of the loans. A reserve is made for all institutional loans with an overdue balance of one year or more.

#### ***Investments***

Investments are carried at fair value consistent with the fair value policies described elsewhere in these policies.

Investment return (loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, net realized and unrealized capital gains and losses, less external and direct internal investment management expenses.

#### ***Fair Value Measurements***

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

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

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the College has the ability to access at measurement date.
- Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.
- Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Fair Value Measurements (Continued)***

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

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 observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these consolidated financial statements.

#### ***Leases***

NECO Center for Eye Care leases its clinical campus and administrative office space under two operating leases that expire through December 2026 for which expense is recognized on a straight-line basis of the term of the leases.

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

#### ***Property and Equipment***

Property and equipment are recorded when the useful life is over one year at cost when such amounts are above management's threshold for capitalization. In the case of donated property, such amounts are recorded at fair value at the date of gift, which would normally entail a Level 3 fair value assessment as per the fair value standards elsewhere in this Note. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Provisions for depreciation are based on the following expected useful lives using the straight-line method with a half-year convention:

Buildings	50 years
Building improvements	10-30 years
Furniture, fixtures and equipment	5-10 years
Library collections and learning aids	10 years
Automobiles	3 years
Data processing equipment	3 years
Software	3 years
Leasehold improvements	Lesser of the life of the lease plus granted extensions or the useful life of the asset

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Deferred Revenue***

Deferred revenue principally represents amounts received from students through June 30 relating to unearned tuition from ongoing programs, and advance payments and deposits for future programs of study. 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. In addition, deferred revenue includes unexpended funds from grants and contracts.

#### ***Bonds Payable***

Bonds payable are reported at the face value of the remaining obligation under the related debt issue, net of issuance costs. Issuance costs are amortized over the term of the related indenture.

#### ***Revenue Recognition and Operations***

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. The College has both earned revenues and contributed support.

#### ***Earned Revenues***

Earned revenues are recorded using a principles-based process that requires the College: 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.

The College derives revenues primarily through student tuition and other student programs, all of which are under arrangements that are aligned to an academic semester which is less than one year in length.

Tuition, fees and auxiliary enterprises revenue are recorded at established rates, net of institutional financial aid provided directly to students. Such net amounts are recorded as revenue when performance obligations are satisfied, which is generally over time as services are rendered whether relating to educational services or other student programs. 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. 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.

Payments made by third parties such as DOE 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 College.

Students may withdraw from programs of study within certain time limits under the College's withdrawal policies by semester. Given the normal timing of the College's programs, the exposure to withdrawal rights is limited at year end.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## ***Notes to Consolidated Financial Statements***

### ***Note 2 - Summary of Significant Accounting Policies (Continued)***

#### ***Revenue Recognition and Operations (Continued)***

##### **Earned Revenues (Continued)**

Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others when services are rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Professional service agreements revenue is generally recorded as revenue on a monthly basis based on the clinician's time equivalents allocated to the site.

##### **Contributed Support**

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

Revenue from grants and contracts are recorded as revenue when such amounts become unconditional, which generally involves the meeting of a barrier to entitlement. This generally relates to incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated by the board under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

Expenses are reported as decreases in net assets without donor restrictions. The Consolidated Statements of Activities present expenses by functional classification.

#### ***Operating and Nonoperating Activities***

Operating revenues consist of those items attributable to the College's academic program, research conducted by the academic departments, patient care activities, income from net assets released from restriction, contributions and bequests, interest income (other than on investments), and other income. Nonoperating activities include investment returns, the change in value of annuity obligations, net endowment assets released from restrictions, and gain (loss) on sale/disposal of fixed assets.



# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### *Note 2 - Summary of Significant Accounting Policies (Continued)*

#### *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 Consolidated Statements of Activities. The Consolidated 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. Interest expense, facilities, and depreciation and amortization of property and equipment have been allocated to functional classifications based on square footage of facilities.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Income Tax Status*

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

#### *Uncertain Tax Positions*

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

#### *Subsequent Events*

The College has evaluated subsequent events through October 29, 2024, the date that the consolidated financial statements were authorized to be issued.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### ***Note 3 - Liquidity and Availability***

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of teaching 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 used solely to make new loans 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 College generally operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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

The following table shows the total financial assets available within one year of the balance sheet date to meet general expenditures:

	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash and cash equivalents	\$ 9,341,503	\$ 7,396,354
Accounts receivable, net	998,294	1,362,339
Contributions receivable, net	116,580	263,713
Endowment spending rate distributions and appropriations	448,970	449,850
Investments not encumbered by donor or board restrictions	<u>49,522,393</u>	<u>42,254,810</u>
	<b><u>\$ 60,427,740</u></b>	<b><u>\$ 51,727,066</u></b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 4 - Accounts Receivable**

Accounts receivable consisted of the following as of June 30:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Students	\$ 568,596	\$ 637,095
Patient care	272,039	241,477
Professional service agreements	153,886	195,533
Grants	94,026	173,982
Other	<u>21,257</u>	<u>255,084</u>
	1,109,804	1,503,171
Less allowances for:		
Uncollectible student accounts	(4,133)	(175)
Uncollectible patient accounts and other adjustments	(101,177)	(96,829)
Uncollectible professional service agreements	<u>(6,200)</u>	<u>(43,828)</u>
<b>Accounts receivable, net</b>	<b><u>\$ 998,294</u></b>	<b><u>\$ 1,362,339</u></b>

### **Note 5 - Contributions Receivable**

Contributions receivables were comprised of the following as of June 30:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Amounts due in:		
Less than one year	\$ 141,800	\$ 314,000
Two to five years	<u>71,200</u>	<u>202,500</u>
	213,000	516,500
Less discount and allowance for uncollectible contributions	<u>(52,889)</u>	<u>(94,666)</u>
<b>Contributions receivable, net</b>	<b><u>\$ 160,111</u></b>	<b><u>\$ 421,834</u></b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## Notes to Consolidated Financial Statements

### Note 6 - Financing Receivables

Financing loan receivables consist of the following at June 30:

	<u>Past Due</u>	<u>Current</u>	<u>Total Financing Receivable</u>
<b>June 30, 2024</b>			
Perkins Loans	\$ 23,826	\$ 531,848	\$ 555,674
HPSL Loans	147,441	3,652,072	3,799,513
LDS Loans	18,271	1,076,590	1,094,861
College Loans	91,052	1,380,908	1,471,960
Credit Reserve	(146,784)	-	(146,784)
<b>Student loans receivable, net</b>	<b>\$ 133,806</b>	<b>\$ 6,641,418</b>	<b>\$ 6,775,224</b>
<b>June 30, 2023</b>			
Perkins Loans	\$ 19,784	\$ 771,994	\$ 791,778
HPSL Loans	56,453	3,926,663	3,983,116
LDS Loans	12,789	1,196,962	1,209,751
College Loans	49,524	1,206,314	1,255,838
Credit Reserve	(103,613)	-	(103,613)
<b>Student loans receivable, net</b>	<b>\$ 34,937</b>	<b>\$ 7,101,933</b>	<b>\$ 7,136,870</b>

Changes in the allowances for credit losses are as follows:

	<u>Total</u>
Balance as of July 1, 2022	\$ 137,973
Net change in provision	(34,360)
Balance as of June 30, 2023	103,613
Net change in provision	43,171
<b>Balance as of June 30, 2024</b>	<b>\$ 146,784</b>

The College uses a third-party servicer to avail itself of expertise to manage, administer and collect student loans.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 7 - Investments and Fair Value Measurements**

Investments are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Investments:		
Cash equivalents	\$ 1,791,202	\$ 3,574,097
U.S. Treasury securities	8,612,304	3,069,709
Exchange traded funds		
U.S. equities	18,179,033	15,294,378
Non-U.S. equities	1,583,681	1,327,426
Fixed income funds	1,395,756	1,813,811
Alternative funds	2,042,783	1,778,020
Mutual funds		
U.S. equity funds	3,384,029	2,817,302
Non-U.S. equity funds	6,361,459	5,802,551
Fixed income funds	9,485,833	10,657,863
Alternative funds	8,435,289	6,230,409
Real estate	-	908,258
<b>Total assets at fair value</b>	<b>\$ <u>61,271,369</u></b>	<b>\$ <u>53,273,824</u></b>

All investments are considered Level 1 at June 30, 2024 and 2023.

The following summarizes the investment return for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest and dividends, net	\$ 1,850,091	\$ 1,614,219
Net realized loss	(119,109)	(407,332)
Net unrealized gain	4,214,287	2,357,595
<b>Total investment return</b>	<b>\$ <u>5,945,269</u></b>	<b>\$ <u>3,564,482</u></b>

Direct investment management and advisory fees paid were \$42,644 and \$37,290 for the years ended June 30, 2024 and 2023, respectively, and are netted against interest and dividends.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 8 - Property and Equipment**

Property and equipment is as follows as of June 30:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Land and buildings	\$ 2,003,640	\$ 2,003,640
Land and building improvements	23,618,862	23,387,221
Furniture, fixtures and equipment	11,117,725	12,067,095
Library collections and learning aids	1,958,386	1,958,386
Automobiles	81,097	81,097
Leasehold improvements	3,303,988	3,444,000
Construction in progress	96,348	63,481
	<u>42,180,046</u>	<u>43,004,920</u>
Less accumulated depreciation and amortization	<u>(34,028,559)</u>	<u>(33,910,961)</u>
<b>Property, plant and equipment, net</b>	<b><u>\$ 8,151,487</u></b>	<b><u>\$ 9,093,959</u></b>

### **Note 9 - Leases**

The components of lease expense were as follows for the years ended June 30, 2024 and 2023:

Operating lease cost	\$ <u>436,748</u>
<b>Total lease cost</b>	<b>\$ <u>436,748</u></b>

Other information related to leases was as follows for the years ended June 30:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 466,784	\$ 458,393
Weighted average remaining lease term:		
Operating leases	2.5 years	3.5 years
Weighted average discount rate:		
Operating leases	4.01%	4.01%

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 9 - Leases (Continued)**

Approximate annual minimum non-cancelable rental payments under operating leases for the years ending June 30 are as follows:

2025	\$	475,174
2026		483,564
2027		<u>241,782</u>
		1,200,520
Less amount representing interest		<u>(59,328)</u>
<b>Operating lease liability</b>	<b>\$</b>	<b><u><u>1,141,192</u></u></b>

### **Note 10 - Bonds Payable**

The College has bonds outstanding that require payments to be made on April 1st and October 1st every year through October 1, 2028. The interest rate on the bonds is fixed at 2.92%.

Principal payments on the Series 2013 Bonds are as follows:

2025	\$	590,000
2026		610,000
2027		630,000
2028		650,000
2029		<u>340,000</u>
Bonds payable sub-total		2,820,000
Less bond issuance costs, net of amortization		<u>(20,000)</u>
<b>Total bonds payable, net</b>	<b>\$</b>	<b><u><u>2,800,000</u></u></b>

The bonds include a pledge of all College and NECO Center for Eye Care assets, excluding land, buildings, investments, and certain loans under federal financial aid programs. As a condition of the bond agreement, the College and NECO Center for Eye Care are required to maintain certain financial and nonfinancial covenants.

### **Note 11 - Retirement Plans**

Faculty and staff employed on a half-time or greater basis participate in the College's qualified defined contribution retirement plan as organized under Section 403(b) of the Internal Revenue Code ("IRC"). Contributions are based on a percentage of each participant's salary subject to limits as under the IRC. Expenses under this plan totaled \$1,148,249 and \$1,088,751 for the years ended June 30, 2024 and 2023, respectively.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## ***Notes to Consolidated Financial Statements***

### ***Note 11 - Retirement Plans (Continued)***

The College also sponsors a non-qualified deferred compensation plan under Section 457(b) of the IRC, which allows select employees to make elective deferrals of compensation up to specified limits. The College does not contribute to this plan. Assets and liabilities relating to this plan amounted to \$302,527 and \$191,628 as of June 30, 2024 and 2023, respectively.

### ***Note 12 - Endowments***

#### ***Endowment***

The College's endowment consists of individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### ***Interpretation of Relevant Law and Spending Policy***

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the tracking of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this, the College tracks: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift and instrument at the time the accumulation is added to the fund, as applicable. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the College and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the College; and
- 7) The investment policies of the College.



# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 12 - Endowments (Continued)**

#### ***Return Objectives and Risk Parameters***

The prudent management of endowment funds should provide a net return (dividends and interest plus capital appreciation less investment fees) that is necessary to preserve and enhance (in real dollar terms) the principal of the endowment funds, and at the same time to provide a consistent source of income for the College's current and future operations and needs in accordance with donor intent. The College expects that its endowment funds will be managed for long-term results. It neither expects nor encourages high turnover nor emphasis on the short-term.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the College seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

#### ***Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives***

The Board of the College determines the method to be used to distribute endowment funds for expenditure. The College's endowment spending policy is computed based on 4% of the three-year rolling average market value.

Endowment net asset composition by type of fund is as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Unexpended gains on donor-restricted endowment	\$ 3,239,262	\$ 2,740,201
Donor-restricted endowment funds	<u>8,509,714</u>	<u>8,279,072</u>
<b>Total endowment funds</b>	<b>\$ <u>11,748,976</u></b>	<b>\$ <u>11,019,273</u></b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 12 - Endowments (Continued)**

#### ***Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives (Continued)***

Changes in endowment net assets are as follows for the years ended June 30:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Endowment assets, beginning of year	\$ <u>11,019,273</u>	\$ <u>10,679,228</u>
Gifts and additions	<u>99,743</u>	<u>68,752</u>
Investment return	<u>1,160,978</u>	<u>777,560</u>
Withdrawals	<u>(110,000)</u>	<u>(110,000)</u>
Expenditures:		
Amounts appropriated for operations:		
Scholarships	(271,879)	(264,955)
Academic support	(141,546)	(126,137)
Other	<u>(7,593)</u>	<u>(5,175)</u>
Total expenditures	<u>(421,018)</u>	<u>(396,267)</u>
Change in endowment assets	<u>729,703</u>	<u>340,045</u>
<b>Endowment assets, end of year</b>	<b>\$ <u><u>11,748,976</u></u></b>	<b>\$ <u><u>11,019,273</u></u></b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## Notes to Consolidated Financial Statements

### Note 13 - Net Assets

The net assets are summarized as follows as of June 30:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Detail of Net Assets</b>			
Operating funds:			
Net investment in plant	\$ 5,351,487	\$ -	\$ 5,351,487
Net assets related to operations	<u>55,757,898</u>	<u>-</u>	<u>55,757,898</u>
Total operating funds	<u>61,109,385</u>	<u>-</u>	<u>61,109,385</u>
Endowment corpus:			
Academic support	-	1,280,976	1,280,976
Scholarships	-	3,461,432	3,461,432
Research	-	117,863	117,863
Clinical	-	1,000	1,000
Other	-	9,481	9,481
Total endowment corpus	<u>-</u>	<u>4,870,752</u>	<u>4,870,752</u>
Unexpended gain on donor-restricted endowment	<u>-</u>	<u>3,239,262</u>	<u>3,239,262</u>
Purpose restricted funds:			
Academic support	-	49,298	49,298
Scholarships	-	2,430,259	2,430,259
International education	-	1,024,892	1,024,892
Clinical	-	20,756	20,756
Institutional loans	-	107,641	107,641
Other	-	6,116	6,116
Total purpose restricted funds	<u>-</u>	<u>3,638,962</u>	<u>3,638,962</u>
Total endowment funds	<u>-</u>	<u>11,748,976</u>	<u>11,748,976</u>
Other purpose restricted funds:			
Institutional loans	-	1,614,837	1,614,837
Other purposes	-	795,066	795,066
Contributions receivable	-	160,110	160,110
Total other purpose restricted funds	<u>-</u>	<u>2,570,013</u>	<u>2,570,013</u>
<b>Total net assets</b>	<b>\$ <u>61,109,385</u></b>	<b>\$ <u>14,318,989</u></b>	<b>\$ <u>75,428,374</u></b>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## Notes to Consolidated Financial Statements

### Note 13 - Net Assets (Continued)

	2023		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b>Detail of Net Assets</b>			
Operating funds:			
Net investment in plant	\$ 5,728,959	\$ -	\$ 5,728,959
Net assets related to operations	47,003,385	-	47,003,385
Total operating funds	<u>52,732,344</u>	<u>-</u>	<u>52,732,344</u>
Endowment corpus:			
Academic support	-	1,178,319	1,178,319
Scholarships	-	3,356,256	3,356,256
Research	-	150,886	150,886
Clinical	-	1,000	1,000
Other	-	97,792	97,792
Total endowment corpus	<u>-</u>	<u>4,784,253</u>	<u>4,784,253</u>
Unexpended gain on donor-restricted endowment	<u>-</u>	<u>2,740,201</u>	<u>2,740,201</u>
Purpose restricted funds:			
Academic support	-	44,521	44,521
Scholarships	-	2,267,622	2,267,622
International education	-	956,525	956,525
Clinical	-	18,745	18,745
Institutional loans	-	199,442	199,442
Other	-	7,964	7,964
Total purpose restricted funds	<u>-</u>	<u>3,494,819</u>	<u>3,494,819</u>
Total endowment funds	<u>-</u>	<u>11,019,273</u>	<u>11,019,273</u>
Other purpose restricted funds:			
Institutional loans	-	1,504,837	1,504,837
Other purposes	-	637,138	637,138
Contributions receivable	-	421,834	421,834
Total other purpose restricted funds	<u>-</u>	<u>2,563,809</u>	<u>2,563,809</u>
<b>Total net assets</b>	<u><b>\$ 52,732,344</b></u>	<u><b>\$ 13,583,082</b></u>	<u><b>\$ 66,315,426</b></u>

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## *Notes to Consolidated Financial Statements*

### **Note 13 - Net Assets (Continued)**

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, by the passage of time or in accordance with the College's spending policy were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Scholarships	\$ 338,979	\$ 300,174
Instruction and academic support	52,867	78,763
Other purpose restrictions	302,692	234,238
Operating net assets released from restrictions	<u>694,538</u>	<u>613,175</u>
 Purpose restrictions:		
Scholarships	270,110	264,955
Instruction and academic support	145,379	126,137
Other purpose restrictions	5,529	5,175
Nonoperating net assets released from restrictions	<u>421,018</u>	<u>396,267</u>
 <b>Total net assets released from restriction</b>	 <b>\$ <u>1,115,556</u></b>	 <b>\$ <u>1,009,442</u></b>

### **Note 14 - Commitments and Contingencies**

#### ***Legal***

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

#### ***Employment Agreement***

The College has a number of long-term employment agreements with key employees that stipulate a variety of business terms typical in the education sector.

#### ***Other***

All funds expended by the College in connection with government grants are subject to review or audit by governmental agencies. There were no reviews or audits in process by governmental agencies as of June 30, 2024.

#### ***Employee Retention Credit***

The College determined it was eligible for the employee retention credit ("ERC") program during the fiscal year and has applied for \$1,096,082 in federal grants. The College will recognize as revenue the amount when received.

# THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE

## ***Notes to Consolidated Financial Statements***

### ***Note 15 - Related Party Transactions***

A former member of the Board of Trustees provided consulting services to the College which amounted to \$20,000 and \$33,333 for the years ended June 30, 2024 and 2023, respectively. No amounts were outstanding as of June 30, 2024 and 2023.

A company formerly affiliated with a member of the Board of Trustees provided mental health counseling services to the College which amounted to \$5,159 and \$12,633 for the years ended June 30, 2024 and 2023, respectively. \$0 and \$1,062 were outstanding as of June 30, 2024 and 2023, respectively.

## ***Supplemental Information***

**THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE**

**Schedule 1 - Consolidating Schedule of Financial Position**

**June 30, 2024**

<b>Assets</b>	<b>NECO</b>	<b>NECO Center for Eye Care</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
Cash and cash equivalents	\$ 9,156,381	\$ 185,122	\$ -	\$ 9,341,503
Accounts receivable, net	679,746	318,548	-	998,294
Loans receivable from NECO Center for Eye Care	517,350	-	(517,350)	-
Operating receivables from NECO Center for Eye Care	235,576	-	(235,576)	-
Prepayments and other assets	928,079	257,226	-	1,185,305
Restricted cash	924,509	-	-	924,509
Contributions receivable, net	157,572	2,539	-	160,111
Student loans, net	6,775,224	-	-	6,775,224
Investments	61,149,745	121,624	-	61,271,369
Operating lease right-of-use assets	374,068	658,473	-	1,032,541
Property and equipment, net	7,203,984	947,503	-	8,151,487
Total assets	<u>\$ 88,102,234</u>	<u>\$ 2,491,035</u>	<u>\$ (752,926)</u>	<u>\$ 89,840,343</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,681,379	\$ 157,241	\$ -	\$ 1,838,620
Deferred revenue	2,605,008	-	-	2,605,008
Loans payable to NECO	-	517,350	(517,350)	-
Operating payables due to NECO	-	235,576	(235,576)	-
Operating lease liability	413,430	727,762	-	1,141,192
Bonds payable	2,800,000	-	-	2,800,000
Refundable U.S. government grants	6,027,149	-	-	6,027,149
Total liabilities	<u>13,526,966</u>	<u>1,637,929</u>	<u>(752,926)</u>	<u>14,411,969</u>
<b>Net assets:</b>				
Without donor restrictions	60,331,388	777,997	-	61,109,385
With donor restrictions	14,243,880	75,109	-	14,318,989
Total net assets	<u>74,575,268</u>	<u>853,106</u>	<u>-</u>	<u>75,428,374</u>
Total liabilities and net assets	<u>\$ 88,102,234</u>	<u>\$ 2,491,035</u>	<u>\$ (752,926)</u>	<u>\$ 89,840,343</u>



**THE NEW ENGLAND COLLEGE OF OPTOMETRY AND AFFILIATE**

***Schedule 2 - Consolidating Schedule of Activities***

***Year Ended June 30, 2024***

	<u>NECO</u>	<u>NECO Center for Eye Care</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
Operating revenues:				
Student tuition and fees, net of student aid of \$1,657,276 in 2024	\$ 23,165,398	\$ -	\$ -	\$ 23,165,398
Education service/administrative	957,000	3,627,484	(4,584,484)	-
Contributions and bequests	1,025,113	17,656	-	1,042,769
Patient care	-	2,713,806	-	2,713,806
Professional service agreements	-	2,220,669	-	2,220,669
Grants and contracts	1,747,672	22,731	-	1,770,403
Interest income on other than investments	339,977	266	-	340,243
Other sources	133,243	7,829	-	141,072
Auxiliary enterprises	157,379	-	-	157,379
Total operating revenues	27,525,782	8,610,441	(4,584,484)	31,551,739
Net assets released from restrictions	420,911	107	-	421,018
Total operating revenues and net assets released from restrictions	27,946,693	8,610,548	(4,584,484)	31,972,757
Operating expenses:				
Clinical instruction and patient care	-	8,622,227	(957,000)	7,665,227
Instruction	6,670,219	-	-	6,670,219
Research	1,888,070	-	-	1,888,070
Academic support	6,072,488	-	(3,627,484)	2,445,004
Student and auxiliary services	2,491,297	-	-	2,491,297
Institutional support and fundraising	7,219,107	-	-	7,219,107
Total operating expenses	24,341,181	8,622,227	(4,584,484)	28,378,924
Change in net assets from operating activities	3,605,512	(11,679)	-	3,593,833
Nonoperating activities:				
Net assets released from restrictions	(420,911)	(107)	-	(421,018)
Investment return	5,933,483	11,786	-	5,945,269
Change in value of annuity obligations	(4,191)	-	-	(4,191)
Loss on sale/disposal of assets	(945)	-	-	(945)
Change in net assets	9,112,948	-	-	9,112,948
Net assets as of beginning of year	65,462,320	853,106	-	66,315,426
Net assets as of end of year	\$ 74,575,268	\$ 853,106	\$ -	\$ 75,428,374