

Smith College
Consolidated Financial Statements
June 30, 2024 and 2023

Smith College
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June 30, 2024 and 2023

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Report of Independent Auditors

To the Board of Trustees of Smith College

Opinion

We have audited the accompanying consolidated financial statements of Smith College and its subsidiaries (the “College”), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the 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 audit in accordance with auditing standards generally accepted in the United States of America (US 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 audit. 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 the consolidated financial statements are 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 US 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.

In performing an audit in accordance with US 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.

PricewaterhouseCoopers LLP

Boston, Massachusetts
November 1, 2024

Smith College
Consolidated Statements of Financial Position
June 30, 2024 and 2023

<i>(in thousands)</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 18,013	\$ 33,354
Short-term investments	144,745	156,299
Receivables, net and other assets	69,850	84,694
Long-term investments	2,792,080	2,707,326
Property, plant and equipment, net	<u>731,670</u>	<u>663,438</u>
Total assets	<u>\$ 3,756,358</u>	<u>\$ 3,645,111</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 52,184	\$ 43,839
Deferred income, deposits, and agency funds	28,987	29,418
Liability for split interest agreements	21,462	20,290
Asset retirement obligations	24,598	23,790
Bonds and mortgages payable	<u>515,107</u>	<u>515,107</u>
Total liabilities	<u>642,338</u>	<u>632,444</u>
Net assets		
Without donor restrictions	943,733	911,144
With donor restrictions	<u>2,170,287</u>	<u>2,101,523</u>
Total net assets	<u>3,114,020</u>	<u>3,012,667</u>
Total liabilities and net assets	<u>\$ 3,756,358</u>	<u>\$ 3,645,111</u>

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

Smith College
Consolidated Statement of Activities
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

<i>(in thousands)</i>	Without Restriction	With Donor Restriction	Total	
			2024	2023
Operating revenues and other additions				
Tuition, fees, residence & dining, net of financial aid of \$106,410 and \$98,391, respectively	\$ 121,063	\$ -	\$ 121,063	\$ 118,489
Gifts and grants	28,163	-	28,163	35,171
Investment return supporting operations	7,819	-	7,819	5,892
Other income	11,618	16	11,634	11,743
Endowment return appropriated	26,335	102,930	129,265	121,710
Net assets released from restrictions	111,125	(111,125)	-	-
Total operating revenues and other additions	<u>306,123</u>	<u>(8,179)</u>	<u>297,944</u>	<u>293,005</u>
Operating expenses				
Salaries and wages	130,494	-	130,494	121,669
Employee benefits	38,228	-	38,228	38,780
Supplies, services, other	77,289	-	77,289	75,690
Depreciation and amortization	25,182	-	25,182	21,380
Interest	18,181	-	18,181	20,421
Utilities	9,202	-	9,202	7,355
Total expenses	<u>298,576</u>	<u>-</u>	<u>298,576</u>	<u>285,295</u>
Increase (decrease) in net assets from operating activities	<u>7,547</u>	<u>(8,179)</u>	<u>(632)</u>	<u>7,710</u>
Nonoperating activities				
Gifts and grants	-	26,135	26,135	31,300
Net investment return increasing investments	51,236	154,457	205,693	97,858
Endowment return appropriated	(26,335)	(102,930)	(129,265)	(121,710)
Realized and unrealized gains on interest rate swap agreements	-	-	-	7,080
Change in life income funds	(1,500)	922	(578)	(296)
Other (loss) income	-	-	-	(11)
Change in net asset classification and transfers	1,641	(1,641)	-	-
Increase in net assets from nonoperating activities	<u>25,042</u>	<u>76,943</u>	<u>101,985</u>	<u>14,221</u>
Increase in net assets	<u>32,589</u>	<u>68,764</u>	<u>101,353</u>	<u>21,931</u>
Net assets				
Beginning of year	<u>911,144</u>	<u>2,101,523</u>	<u>3,012,667</u>	<u>2,990,736</u>
End of year	<u>\$ 943,733</u>	<u>\$ 2,170,287</u>	<u>\$ 3,114,020</u>	<u>\$ 3,012,667</u>

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

Smith College
Consolidated Statement of Activities
Year Ended June 30, 2023

<i>(in thousands)</i>	Without Restriction	With Donor Restriction	Total
Operating revenues and other additions			
Tuition, fees, residence & dining, net of financial aid of \$98,391	\$ 118,489	\$ -	\$ 118,489
Gifts and grants	35,171	-	35,171
Investment return supporting operations	5,892	-	5,892
Other income	11,743	-	11,743
Endowment return appropriated	25,065	96,645	121,710
Net assets released from restrictions	97,746	(97,746)	-
Total operating revenues and other additions	<u>294,106</u>	<u>(1,101)</u>	<u>293,005</u>
Operating expenses			
Salaries and wages	121,669	-	121,669
Employee benefits	38,780	-	38,780
Supplies, services, other	75,690	-	75,690
Depreciation and amortization	21,380	-	21,380
Interest	20,421	-	20,421
Utilities	7,355	-	7,355
Total expenses	<u>285,295</u>	<u>-</u>	<u>285,295</u>
Increase in net assets from operating activities	<u>8,811</u>	<u>(1,101)</u>	<u>7,710</u>
Nonoperating activities			
Gifts and grants	-	31,300	31,300
Net investment return increasing (decreasing) investments	30,782	67,076	97,858
Endowment return appropriated	(25,065)	(96,645)	(121,710)
Realized and unrealized gains on interest rate swap agreements	7,080	-	7,080
Change in life income funds	(2,130)	1,834	(296)
Other income	(11)	-	(11)
Change in net asset classification and transfers	152	(152)	-
Increase in net assets from nonoperating activities	<u>10,808</u>	<u>3,413</u>	<u>14,221</u>
Increase in net assets	19,619	2,312	21,931
Net assets			
Beginning of year	<u>891,525</u>	<u>2,099,211</u>	<u>2,990,736</u>
End of year	<u>\$ 911,144</u>	<u>\$ 2,101,523</u>	<u>\$ 3,012,667</u>

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

Smith College
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

<i>(in thousands)</i>	2024	2023
Cash flows from operating activities		
Increase in net assets	\$ 101,353	\$ 21,931
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation and amortization	24,120	20,795
Realized and unrealized (gain) in market value on interest rate swap agreements	-	(7,080)
Net unrealized and realized (gain) loss on investments	(191,234)	(73,840)
Actuarial change in life income obligations	1,172	152
Contributions restricted for long-term investment	(30,396)	(33,984)
Contributions of property and securities	(3,900)	(6,285)
Proceeds from sale of donated securities for operations	2,378	2,113
Net change in operating assets and liabilities		
Receivables, net and other assets	14,360	16,450
Accounts payable, accrued liabilities, and asset retirement obligations	(13,071)	(2,198)
Deferred income, deposits and agency funds	(431)	(804)
Net cash used in operating activities	<u>(95,649)</u>	<u>(62,750)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(70,063)	(55,950)
Proceeds from student and other loan collections	515	1,136
Student and other loans issued	(31)	(268)
Purchases of short-term investments	(214,657)	(251,874)
Sales and maturities of short-term investments	256,338	228,325
Purchases of long-term investments	(513,383)	(1,609,360)
Sales and maturities of long-term investments	589,720	1,618,709
Net cash provided by (used in) investing activities	<u>48,439</u>	<u>(69,282)</u>
Cash flows from financing activities		
Contributions restricted for long-term investment	30,396	33,984
Proceeds from sale of donated securities for endowment	1,538	4,134
Repayments of mortgages payable	(65)	(64)
Proceeds from lines of credit	10,000	-
Repayments of lines of credit	(10,000)	-
Proceeds from issuance of long-term debt	-	50,000
Net cash provided by financing activities	<u>31,869</u>	<u>88,054</u>
Net change in cash and cash equivalents	<u>(15,341)</u>	<u>(43,978)</u>
Cash and cash equivalents		
Beginning of year	<u>33,354</u>	<u>77,332</u>
End of year	<u>\$ 18,013</u>	<u>\$ 33,354</u>
Supplemental disclosure		
Interest paid	\$ 18,963	\$ 19,511
Gifts in kind	3,449	2,341
Purchases of property increasing payables	22,224	12,288
Donated Securities	3,900	6,285

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

Smith College

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Basis of Presentation

The Trustees of the Smith College (the “College”, “Smith College” or “Smith”) is a private liberal arts college providing women an education of uncompromising quality. Smith College educates women of promise for lives of distinction and purpose. A college of and for the world, Smith links the power of the liberal arts to excellence in research and scholarship, thereby developing engaged global citizens and leaders to address society’s challenges. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for The Trustees of the Smith College and includes the Alumnae Association of Smith College (“AASC”) and The Ellery Hotel LLC.

Net Asset Classes

The accompanying consolidated financial statements present information regarding the College’s financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions: net assets are not subject to donor stipulations restricting their use but may be designated for specific purposes by the College or may be limited by contractual agreements with outside parties.

With donor restrictions: net assets are subject to donor stipulations that expire with the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

Changes in net assets are classified as operating and nonoperating. Nonoperating changes in net assets are: net realized and unrealized gains and losses on long-term investments, less amounts distributed for operating purposes; the change in the market value of interest rate swap agreements; reclassifications of net assets received in prior periods; and contributions with donor restrictions. All other unrestricted activity, including net assets released from restrictions, is reported as operating without donor restrictions.

Revenues

The College considers tuition, fees, residence and dining as one contract with two performance obligations under ASU 2014-09. The College is a residential community with most students living and dining on campus. Tuition and fees are charged per semester at the same rate for all students. Residence and dining revenue is recognized ratably over the course of the contracted time students are on campus. Tuition, fees, resident and dining are all fully earned during the fiscal year. Financial aid is calculated based on total cost of attendance.

The College records student related revenue in the fiscal year in which services are provided. Institutional financial aid includes amounts funded by the College’s operations, endowments, and restricted gifts. This aid offsets the published price of tuition and fees, room, and board for students. Grants to students for costs in excess of published prices are reported as student services and expense included in the *Supplies, services, other* line of the consolidated statements of activities.

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Student related revenue by performance obligation at June 30 (in thousands):

	2024		
	Tuition, Fees	Residence & Dining	Total
Student charge	\$ 174,900	\$ 52,573	\$ 227,473
Allocation of financial aid	(81,817)	(24,593)	(106,410)
Total net student charges	<u>\$ 93,083</u>	<u>\$ 27,980</u>	<u>\$ 121,063</u>

	2023		
	Tuition, Fees	Residence & Dining	Total
Student charge	\$ 166,947	\$ 49,933	\$ 216,880
Allocation of financial aid	(75,737)	(22,654)	(98,391)
Total net student charges	<u>\$ 91,210</u>	<u>\$ 27,279</u>	<u>\$ 118,489</u>

Contributions

Contributions are recognized as revenues when received. Conditional pledges are recognized as revenues when conditions are substantially met. The College had no conditional pledges outstanding as of June 30, 2024 and 2023, respectively. Unconditional pledges, net of an allowance for uncollectible amounts, are reported at their estimated net present values and are classified as with donor restrictions. Contributions restricted for the acquisition of property and collections are reported as with donor restrictions gifts and are reclassified to without donor restrictions net assets at the time the assets are acquired and placed in service.

Cash and Cash Equivalents

Cash and investments acquired with a maturity date of three months or less are reported as cash equivalents, unless they are part of short-term or long-term investment funds.

Short-Term Investments

Short-term investments include operating funds invested in equity securities, as well as funds identified for specific capital projects, with a maturity of more than three months but less than one year.

Investments and Fair Value

The College's investment objective is to invest its assets in a prudent manner in order to achieve a long-term rate-of-return sufficient to fund a portion of its spending and to increase investment value equal to or above inflation. The College uses a diversified investment approach incorporating multiple asset classes, strategies and managers. The College's Board of Trustees' Investment Committee oversees the College's investments and authorizes major investment decisions.

In addition to equity and fixed income investments, the College may also hold shares or units in institutional funds and alternative investment funds involving hedged and private equity strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists,

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Private equity funds generally employ buyout, venture capital and debt-related strategies.

Investments are reported at fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices. Fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Nonmarketable securities, which include alternative investments in hedge funds and private equity funds, are valued using net asset value (NAV), or its equivalent, provided by fund managers as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2024 and 2023, the College had no specific plans or intentions to sell investments at amounts different than NAV. These nonmarketable investments often require the estimation of fair values by the fund managers in the absence of readily determinable market values.

Investments include beneficial interests in trusts. A beneficial interest in a limited-term or perpetual trust represents resources neither in the possession of, nor under the control of the College, but held and administered by an outside fiscal agent, with the College deriving income from the trust. Assets of the Smith Students' Aid Society, Inc. ("SSAS"), the Smith College Club of New York City, and the Five College Consortium, which are not part of Smith College, are invested with the College's pooled investments. Assets of AASC are also invested with the College's pooled investments and are included in these consolidated statements.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at measurement date.
- Level 2 Quoted prices, other than those included in Level 1, that are either directly or indirectly observable for the assets or liabilities.
- Level 3 No observable quoted prices, reliance on assumptions market participants would use if a market existed for the assets or liabilities.

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

The investments reported at NAV as practical expedient are not required to be categorized in the fair value hierarchy.

Property, Plant and Equipment

Property, plant and equipment, which includes land, land improvements, buildings and equipment, and works of art are recorded at cost at acquisition or fair value at date of donation. Smith discontinued the capitalization of library books in the period ended June 30, 2019. Library books capitalized in previous periods will be depreciated over their remaining useful lives. Depreciation is recognized using the straight-line method over the useful lives of the assets.

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Notes to Consolidated Financial Statements

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Asset Retirement Obligation

An asset retirement obligation (ARO) is a conditional legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time, new laws and regulations, and revisions to either the timing or amounts of the original estimate of undiscounted cash flows. Upon settlement of the obligation, any difference between the cost to settle the ARO and the liability recorded will be recognized in the statements of activities as an expense.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The College's significant estimates include the fair value of its investments, its valuation of contributions receivable, recognition of its conditional asset retirement obligations, interest rate swap agreements, and other accruals for expenses incurred which will be settled in the future. Actual results could differ from estimates.

Tax Status

The College is an organization described under Internal Revenue Code (IRC) Section 501(c)(3) and is generally exempt from federal and state income taxes under Section 501(a) of the Code and applicable state laws. The College believes it has taken no significant uncertain tax positions.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act impacts the College in several ways, including new excise taxes on executive compensation and net investment income, increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further, the Act reduces the US federal corporate tax rate and federal corporate unrelated business income tax rate from 35% to 21%.

For the tax year ended June 30, 2024 and 2023, the College made a reasonable estimate of the effect of the net investment income excise tax on deferred tax balances due, if any. The College continues to evaluate the impact of tax reform on the organization.

New Accounting Standard

On July 1, 2023, the College adopted ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments (Topic 326), which replaces the current GAAP incurred loss impairment methodology with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The adoption of this standard did not have a significant impact on the College's financial statements.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

2. Liquidity and Available Resources

As of June 30, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, were as follows (in thousands):

	2024	2023
Cash and cash equivalents	\$ 18,013	\$ 33,354
Contributions, notes, and accounts receivable, net	6,641	3,654
Working capital investments	69,671	68,331
Next fiscal year endowment appropriation	141,532	128,161
Total financial assets available within one year	\$ 235,857	\$ 233,500

The College maintains \$150 million in lines of credit accessible for short-term liquidity needs. This amount is comprised of three separate lines of credit with \$100 million maturing on December 22, 2024, \$30 million maturing on May 30, 2025, and the remaining \$20 million maturing on September 1, 2025. The College did not have any balances outstanding under its lines of credit as of June 30, 2024 or 2023. Additionally, the College has board-designated endowment funds (in thousands) of \$518,006 as of June 30, 2024. Although the College does not intend to spend from its board-designated endowment funds other than amounts appropriated for operation, amounts could be made available if necessary.

The College's cash flows have seasonal variations attributable to the timing of tuition billing and contributions received. To manage liquidity, the College maintains a working capital portfolio conservatively invested across three tiers, the amounts and duration of which correspond with the projected liquidity need. The first tier in cash and cash equivalents, tier two in mid-term high-quality fixed income, and tier three co-invested with the long-term investment portfolio.

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3. Receivables, Net and Other Assets

Receivables, net and other assets consist of the following items at June 30 (in thousands):

	2024	2023
Contributions expected to be collected within		
One year	\$ 16,445	\$ 16,895
One to five years	4,297	15,103
Over five years	1,500	1,750
Less: Discount (0.2% to 4.5%)	(489)	(588)
Less: Allowance for uncollectibles	(500)	(1,000)
	<u>21,253</u>	<u>32,160</u>
Grants receivable	1,758	3,697
Charitable trusts	34,891	34,356
Less: Discount (0.9% to 6.0%)	(9,734)	(9,379)
	<u>25,157</u>	<u>24,977</u>
Students, employees, other receivables	1,656	2,883
Student loans	4,669	5,062
Employee loans and mortgages	3,914	3,401
Less: Provision for expected credit losses	(3,007)	(3,008)
	<u>7,232</u>	<u>8,338</u>
Other assets	14,450	15,522
	<u>\$ 69,850</u>	<u>\$ 84,694</u>

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Notes to Consolidated Financial Statements
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4. Fair Value

The College's assets and liabilities as of June 30, 2024 that are measured at fair value on a recurring basis are summarized in the following table by their fair value hierarchy (in thousands):

	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
Assets					
Investments					
Money Market	\$ 47,385	\$ 47,385	\$ -	\$ -	\$ -
U.S. Treasuries and U.S. Treasury funds	182,322	-	182,322	-	-
U.S. equity securities	461	461	-	-	-
Global Public equities	688,240	1	-	-	688,239
Absolute Return Funds	626,467	5,910	-	-	620,557
Private Equity Funds	82,112	-	-	-	82,112
Venture Capital Funds	27,140	-	-	-	27,140
Real Asset Funds	27,668	12,189	-	-	15,479
Multi-strategy Funds	1,085,212	-	-	-	1,085,212
Third Party Perpetual Trusts	25,073	-	1,650	23,423	-
Total long-term investments	<u>2,792,080</u>	<u>65,946</u>	<u>183,972</u>	<u>23,423</u>	<u>2,518,739</u>
Short-term investments					
U.S. Treasuries and U.S. Treasury funds	119,011	88,884	30,127	-	-
Fixed income funds	<u>25,734</u>	<u>25,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total short-term investments	<u>144,745</u>	<u>114,618</u>	<u>30,127</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,936,825</u>	<u>\$ 180,564</u>	<u>\$ 214,099</u>	<u>\$ 23,423</u>	<u>\$ 2,518,739</u>

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The College's assets and liabilities as of June 30, 2023 that are measured at fair value on a recurring basis are summarized in the following table by their fair value hierarchy (in thousands):

	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
Assets					
Investments					
Money Market	\$ 64,157	\$ 64,157	\$ -	\$ -	-
U.S. Treasuries and U.S. Treasury funds	210,412	148,807	61,605	-	-
U.S. equity securities	616	616	-	-	-
Global Public equities	626,272	39,567	-	-	586,705
Absolute Return Funds	504,196	85,637	-	-	418,559
Private Equity Funds	44,565	-	-	-	44,565
Venture Capital Funds	14,591	-	-	-	14,591
Real Asset Funds	22,586	11,655	-	-	10,931
Multi-strategy Funds	1,196,938	-	-	-	1,196,938
Third Party Perpetual Trusts	22,993	-	2,372	20,621	-
Total long-term investments	<u>2,707,326</u>	<u>350,439</u>	<u>63,977</u>	<u>20,621</u>	<u>2,272,289</u>
Short-term investments					
U.S. Treasuries and U.S. Treasury funds	130,853	130,853	-	-	-
Fixed income funds	25,446	25,446	-	-	-
Total short-term investments	<u>156,299</u>	<u>156,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,863,625</u>	<u>\$ 506,738</u>	<u>\$ 63,977</u>	<u>\$ 20,621</u>	<u>\$ 2,272,289</u>

Detailed redemption restrictions on the College's investments as of June 30, 2024 are as follows (in thousands):

	Daily	Monthly	Quarterly	2024 Semi- Annually	Annually	Illiquid	Total
Money Market	\$ 47,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,385
U.S. Treasuries and U.S. Treasury funds	150,844	-	-	-	-	31,478	182,322
U.S. equity securities	461	-	-	-	-	-	461
Global Public equities	1	253,761	195,801	54,531	184,146	-	688,240
Absolute Return Funds	5,910	-	358,519	-	216,871	45,167	626,467
Private Equity Funds	-	-	-	-	-	82,112	82,112
Venture Capital Funds	-	-	-	-	-	27,140	27,140
Real Asset Funds	12,189	-	-	-	-	15,479	27,668
Multi-strategy Funds	-	-	-	-	-	1,085,212	1,085,212
Third Party Perpetual Trusts	-	-	-	-	-	25,073	25,073
	<u>\$ 216,790</u>	<u>\$ 253,761</u>	<u>\$ 554,320</u>	<u>\$ 54,531</u>	<u>\$ 401,017</u>	<u>\$ 1,311,661</u>	<u>\$ 2,792,080</u>

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Detailed redemption restrictions on the College's investments as of June 30, 2023 are as follows (in thousands):

	Daily	Monthly	Quarterly	2023 Semi- Annually	Annually	Illiquid	Total
Money Market	\$ 64,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,157
U.S. Treasuries and U.S. Treasury funds	148,807	-	-	-	-	61,605	210,412
U.S. equity securities	616	-	-	-	-	-	616
Global Public equities	39,567	205,290	218,243	-	163,172	-	626,272
Absolute Return Funds	85,637	-	292,875	-	125,684	-	504,196
Private Equity Funds	-	-	-	-	-	44,565	44,565
Venture Capital Funds	-	-	-	-	-	14,591	14,591
Real Asset Funds	11,655	-	-	-	-	10,931	22,586
Multi-strategy Funds	-	-	-	-	-	1,196,938	1,196,938
Third Party Perpetual Trusts	-	-	-	-	-	22,993	22,993
	\$ 350,439	\$ 205,290	\$ 511,118	\$ -	\$ 288,856	\$ 1,351,623	\$ 2,707,326

The limitations and restrictions on the College's ability to redeem or sell investments vary by investment and range from none for publicly traded securities, to required notice periods (generally 30 to 90 days after initial lock-up periods) for certain hedge funds, to dependency on the disposition of portfolio positions and return of capital by the investment manager for private equity, venture capital, commodity fixed income related, and real estate limited partnership interests. Investments without restriction generally do not require any notice prior to withdrawal.

The "illiquid" category is related to private equity, real estate, and certain limited partnership investments, where the College cannot redeem the investment until it is sold and the monies are distributed by the fund manager.

At June 30, 2024 and 2023, the College's remaining outstanding commitments to private equity partnerships totaled \$567.3 million and \$564.1 million, respectively, based on the provisions of the individual agreements, with adjustments as to amounts and timing based on prior actions of the partnerships and expectations as to future opportunities.

The private equity partnerships have varying terms. As of June 30, 2024 and 2023, the average remaining life of the private equity partnerships were unknown and dependent on the dissolution of the partnerships or the liquidation of the underlying investments.

Smith College
Notes to Consolidated Financial Statements
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The following tables present the College's activity for the fiscal years ended June 30, 2024 and 2023, for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Fair Value			Realized	Unrealized	
	Beginning	Acquisitions	Dispositions		(Losses)	Fair Value
	of Year				Gains	Gains
2024						
Third-party perpetual trusts and other	\$ 20,621	\$ 1,021	\$ (570)	\$ -	\$ 2,351	\$ 23,423
	<u>\$ 20,621</u>	<u>\$ 1,021</u>	<u>\$ (570)</u>	<u>\$ -</u>	<u>\$ 2,351</u>	<u>\$ 23,423</u>

	Fair Value			Realized	Unrealized	
	Beginning	Acquisitions	Dispositions		(Losses)	Fair Value
	of Year				Gains	Gains
2023						
Third-party perpetual trusts and other	\$ 20,260	\$ -	\$ (340)	\$ -	\$ 701	\$ 20,621
	<u>\$ 20,260</u>	<u>\$ -</u>	<u>\$ (340)</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ 20,621</u>

Within each asset class, the College achieves diversification through allocations to several investment strategies and market capitalizations. The College had outsourced its investment office through December 31, 2021. This outsourced investment office has established private fund vehicles to facilitate the management of its clients' accounts. The College brought the investment office in house as of January 1, 2022 and as a result, is steadily divesting its investments in these private fund investments. These private fund investments represent 45% and 52% of the College's investments at June 30, 2024 and 2023, respectively.

The College enters into derivative instruments such as futures for trading purposes. The College may enter into equity or index option contracts to speculate on the price movements of the financial instrument or index underlying the option.

Index future contracts are included in long-term investments on the statements of financial position. At June 30, 2024, the College held certain index future contracts with an unrealized gain of \$0.004 million and pledged collateral on the index futures contracts of \$0.5 million. At June 30, 2023, the College held certain index future contracts with an unrealized gain of \$0.3 million and pledged collateral on the index futures contracts of \$1.1 million.

Smith College
Notes to Consolidated Financial Statements
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The fair market value of investment derivatives held by the fund at June 30, are summarized in the following tables (in thousands):

	2024		
	Long Notional	Short Notional	Unrealized Gain
Instrument type			
Index futures contracts	1,563	-	4
	<u>\$ 1,563</u>	<u>\$ -</u>	<u>\$ 4</u>

	2023		
	Long Notional	Short Notional	Unrealized Gain
Instrument type			
Index futures contracts	17,848	-	333
	<u>\$ 17,848</u>	<u>\$ -</u>	<u>\$ 333</u>

As of June 30, 2024 and 2023, there were 11 and 142 open futures contracts, respectively. The volume of futures is based on the quarterly number of contracts held during the year. The average number of contracts for futures were 80 as of June 30, 2024.

Investment income and gains on the College's long-term investments are summarized below (in thousands):

	2024	2023
Interest and Dividends, net of fees	\$ 21,999	\$ 29,667
Realized and unrealized gains	<u>191,513</u>	<u>74,083</u>
	<u>\$ 213,512</u>	<u>\$ 103,750</u>

The total return as presented in the statements of activities is summarized below (in thousands):

	2024	2023
Without donor restrictions – operating	\$ 7,819	\$ 5,892
Without donor restrictions – nonoperating	51,236	30,782
With donor restrictions – nonoperating	<u>154,457</u>	<u>67,076</u>
	<u>\$ 213,512</u>	<u>\$ 103,750</u>

Smith College

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. Endowment Funds

The College's endowment consists of approximately 2,370 individual funds established for a variety of purposes, including both donor restricted endowment funds and funds designated by the College to function as endowments (quasi-endowment).

The College manages the endowment portfolio to provide significant, stable support to the College's annual operating budget and to preserve the inflation-adjusted value of the endowment to support the College's future activities. Furthermore, the endowment will provide sufficient liquidity to meet such needs on a timely basis. Asset allocation parameters are established for investments with lock-up periods. The strategy allows for a significant allocation to equity-oriented investments offering long-term capital appreciation, diversified across asset classes and managers. The College compares the performance of its endowment against several benchmarks.

The College's Board of Trustees approves the annual spending distribution per unit. Units are assigned when gifts and transfers enter or exit the investment pool, based on the then market value of a unit in the pool. The pool is valued monthly. The endowment spending policy targets a long-term spending rate of 4.75%. Endowment spending in a given year is equal to 80% of the previous year's spending plus 20% of the target long-term spending rate applied to the fair value at the start of the prior year, adjusted for inflation. The approved spending must be at least 4% but not more than 6%.

The College has interpreted the Massachusetts enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure. In accordance with UPMIFA, the College considers the following factors in determining appropriate spending levels from donor-restricted endowment funds:

- Duration and preservation of the endowment fund
- Purposes of the College and the endowed fund
- General economic conditions
- Possible effects of inflation or deflation
- Expected total return from income and the appreciation of investments
- Other resources of the College
- Investment policy of the College

As a result of market declines, the fair value of certain donor-restricted endowments may fall below original contributed value. As of June 30, 2024, funds (in thousands) with an original gift value of \$13,434 were under water by \$469. As of June 30, 2023, funds (in thousands) with an original gift value of \$28,084 were under water by \$904. These unrealized losses were recorded in net assets with donor restriction. Future market gains will be used to restore this reduction in net assets.

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment funds for the fiscal years ended June 30, 2024 and 2023 were as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Balances June 30, 2023	\$ 504,152	\$ 1,966,264	\$ 2,470,416
Interest and dividends, net of fees	2,162	8,433	10,595
Realized and unrealized gains	36,356	143,480	179,836
Contributions and transfers	1,671	30,870	32,541
Distributions	<u>(26,335)</u>	<u>(102,930)</u>	<u>(129,265)</u>
Balances June 30, 2024	<u>\$ 518,006</u>	<u>\$ 2,046,117</u>	<u>\$ 2,564,123</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Balances June 30, 2022	\$ 508,839	\$ 1,959,156	\$ 2,467,995
Interest and dividends, net of fees	3,024	11,589	14,613
Realized and unrealized gains	14,201	55,816	70,017
Contributions and transfers	3,153	36,348	39,501
Distributions	<u>(25,065)</u>	<u>(96,645)</u>	<u>(121,710)</u>
Balances June 30, 2023	<u>\$ 504,152</u>	<u>\$ 1,966,264</u>	<u>\$ 2,470,416</u>

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

6. Property, Plant and Equipment, Net

Property, plant and equipment at June 30 (in thousands):

	Useful Lives	2024	2023
Land	—	\$ 9,290	\$ 9,290
Land improvements	10–30 years	19,033	18,635
Buildings and building improvements	5–50 years	894,148	819,542
Works of art	100 years	79,754	74,300
Library books	15 years	59,934	59,828
Equipment	5–12 years	36,636	32,533
Right of use asset, net	various	3,051	3,427
		<u>1,101,846</u>	<u>1,017,555</u>
Accumulated depreciation		<u>(468,252)</u>	<u>(444,197)</u>
		633,594	573,358
Construction in progress		<u>98,076</u>	<u>90,080</u>
		<u>\$ 731,670</u>	<u>\$ 663,438</u>
Depreciation expense		\$ 24,055	\$ 20,409
Capitalized interest		942	487

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following items at June 30 (in thousands):

	2024	2023
General payables	\$ 12,516	\$ 17,291
Facilities, construction, repairs	22,224	12,288
Accrued interest	7,362	5,932
Payroll related	4,566	3,419
Compensated absences	5,516	4,909
	<u>\$ 52,184</u>	<u>\$ 43,839</u>

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

8. Split Interest Agreements

Split interest agreements consist of the following at June 30 (in thousands):

	Annuities (Held by College)		Split Interest (College Trustee)		Split Interest (Outside Trustee)	
	2024	2023	2024	2023	2024	2023
Assets						
Cash/investments	\$ 41,675	\$ 40,602	\$ 9,421	\$ 8,467	\$ -	\$ -
Contributions receivable (net)	-	-	-	-	25,157	24,977
Obligation	(16,916)	(16,805)	(4,546)	(3,485)	-	-
	<u>\$ 24,759</u>	<u>\$ 23,797</u>	<u>\$ 4,875</u>	<u>\$ 4,982</u>	<u>\$ 25,157</u>	<u>\$ 24,977</u>
Net assets						
Without donor restrictions	\$ 7,199	\$ 6,991	\$ -	\$ -	\$ -	\$ -
With donor restrictions	17,560	16,806	4,875	4,982	25,157	24,977
	<u>\$ 24,759</u>	<u>\$ 23,797</u>	<u>\$ 4,875</u>	<u>\$ 4,982</u>	<u>\$ 25,157</u>	<u>\$ 24,977</u>

Split interest assets, obligations and net assets result from annuity and split interest agreements, which are primarily irrevocable charitable remainder agreements. The College holds the assets for those classified as annuities and split interest agreements for which the College is trustee. The assets are reported as investments at their fair value. The College records contribution revenue for the gift portion and a liability for the present value of the estimated future payments to be made to the beneficiaries. For split interest agreements held by outside trustees the College recognizes the net realizable value as a contribution receivable. Adjustments during the term of the agreements are made for changes in the value of the assets, amortization of the discount and other changes in the estimates of future benefits.

9. Deferred Income, Deposits, and Agency Funds

Deferred income, deposits, and agency funds consist of the following items at June 30 (in thousands):

	2024	2023
Deferred income	\$ 6,473	\$ 6,685
Library annex	6,538	6,688
Smith Students' Aid Society	6,741	6,601
Lease liability	3,258	3,609
Perkins loan program	79	137
Student deposits	127	468
Other deposits	5,771	5,230
	<u>\$ 28,987</u>	<u>\$ 29,418</u>

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

10. Bonds and Mortgages Payable, Interest Rate Swap Agreements and Lines of Credit

The College has the following general long-term obligations at June 30 (in thousands)

Bond Series	Final Year of Maturity	Interest Rates	2024	2023
Massachusetts Development Finance Agency				
2007A	2037	3.60%	\$ 72,960	\$ 72,960
The Trustees of the Smith College				
2015	2035	4.47%	40,000	40,000
2015	2045	4.62%	152,000	152,000
2020A	2060	2.86%	20,000	20,000
2020B	2061	2.86%	80,000	80,000
2022A	2052	3.01%	100,000	100,000
2022B	2062	3.14%	<u>50,000</u>	<u>50,000</u>
			514,960	514,960
Unamortized discount			(810)	(854)
Unamortized debt issuance cost			<u>(427)</u>	<u>(448)</u>
Bonds payable			513,723	513,658
Mortgages payable	2040	3.00%	<u>1,384</u>	<u>1,449</u>
			<u>\$ 515,107</u>	<u>\$ 515,107</u>

On July 1, 2015, the College issued taxable bonds in the amount of \$192 million. The proceeds were utilized to redeem prior borrowings and related interest rate swap agreements. In addition, remaining proceeds of \$100.9 million were intended to finance various capital projects, operating costs, investments and other activities.

On January 29, 2016, the College converted its Series 2007 bonds to direct bank loans (Series 2007A with TD Bank, National Association, and Series 2007B with Century Subsidiary Investments, Inc. III, now Eastern Bank) from variable rate demand obligations with a weekly tender feature. On March 15, 2023 the College consolidated these bank loans which are now held exclusively with TD Bank, National Association.

On September 30, 2020 the College issued a taxable private placement loan for \$100 million at a fixed rate of 2.86% with the full principal payment due at maturity. These funds were drawn in two tranches during fiscal year 2021.

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Notes to Consolidated Financial Statements
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On February 23, 2022 the College issued a taxable private placement loan in the amount of \$150 million with the full principal payment due at maturity. The first \$100 million, of two tranches, was drawn during fiscal year 2022 at a fixed rate of 3.01%. The remaining \$50 million was drawn during fiscal year 2023 at a fixed rate of 3.14%.

Future principal payments on bonds and mortgage payable are summarized as follows (in thousands):

Fiscal Year	Principal Payments
2025	68
2026	70
2027	72
2028	74
2029	76
Thereafter	515,984
	<u>\$ 516,344</u>

On June 5, 2020, the College entered into a working capital line of credit in the amount of \$30 million with Bank of America, N.A., which renews annually and currently matures on May 30, 2025. There is no outstanding balance, nor has the College drawn on the line, as of June 30, 2024 or 2023.

On July 10, 2020, the College entered into a working capital line of credit in the amount of \$20 million with Eastern Bank (formerly Century Bank), which matures on September 1, 2025. There is no outstanding balance, nor has the College drawn on the line, as of June 30, 2024 or 2023.

On December 22, 2021, the College entered into a working capital line of credit in the amount of \$100 million with Bank of America, N.A., which matures on December 22, 2024. The College drew \$10 million on the line of credit during 2024, which was repaid in its entirety during the year. The College did not draw on the line during the fiscal year which ended June 30, 2023. There was no outstanding balance as of June 30, 2024 or 2023.

11. Net Assets

Net assets at June 30, 2024, are as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment	\$ 518,006	\$ 2,046,117	\$ 2,564,123
Split interest agreements	7,199	47,592	54,791
Plant funds	294,962	-	294,962
Loan funds	-	10,931	10,931
Other funds	123,566	65,647	189,213
	<u>\$ 943,733</u>	<u>\$ 2,170,287</u>	<u>\$ 3,114,020</u>

Smith College
Notes to Consolidated Financial Statements
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Net assets at June 30, 2023, are as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment	\$ 504,152	\$ 1,966,264	\$ 2,470,416
Split interest agreements	6,991	46,765	53,756
Plant funds	275,747	-	275,747
Loan funds	-	10,586	10,586
Other funds	124,254	77,908	202,162
	<u>\$ 911,144</u>	<u>\$ 2,101,523</u>	<u>\$ 3,012,667</u>

Endowment return appropriated were as follows (in thousands):

	2024	2023
Scholarship	\$ 49,871	\$ 46,132
Instruction	27,859	26,499
General operating	26,217	25,141
Program support	17,979	16,976
Arts and library	7,339	6,962
	<u>\$ 129,265</u>	<u>\$ 121,710</u>

12. Functional Expenses

The statements of activities present expenses by natural classification. The College also summarizes its expenses by functional classification. The College's primary program service is academic instruction and research. Expenses reported as student services and auxiliary enterprises are incurred in support of this primary program activity.

Operation and maintenance of plant and depreciation expense for land improvements and buildings are allocated based on square footage. Depreciation expense for equipment is allocated to functional classifications based on the functional classifications of the departments in which the equipment is located, and depreciation expense for collections is allocated to the academic support functional classification.

Smith College
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Functional expenses for the year ended June 30, 2024, are as follows (in thousands):

	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and wages	\$ 55,465	\$ 17,580	\$ 16,992	\$ 12,814	\$ 27,643	\$ 130,494
Employee benefits	18,194	5,565	5,189	3,838	5,442	38,228
Supplies, services, other	20,082	13,652	10,185	11,575	21,795	77,289
Depreciation and amortization	5,738	8,291	2,673	5,831	2,649	25,182
Interest	4,811	2,864	2,713	6,947	846	18,181
Utilities	2,377	1,413	1,322	3,675	415	9,202
	<u>\$ 106,667</u>	<u>\$ 49,365</u>	<u>\$ 39,074</u>	<u>\$ 44,680</u>	<u>\$ 58,790</u>	<u>\$ 298,576</u>

Functional expenses for the year ended June 30, 2023, are as follows (in thousands):

	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and wages	\$ 52,794	\$ 16,080	\$ 15,410	\$ 11,878	\$ 25,507	\$ 121,669
Employee benefits	16,221	4,765	4,483	3,439	9,872	38,780
Supplies, services, other	16,896	14,370	23,675	11,479	9,270	75,690
Depreciation and amortization	5,013	8,184	2,523	4,842	818	21,380
Interest	5,447	3,244	3,069	7,708	953	20,421
Utilities	1,872	1,111	1,040	3,004	328	7,355
	<u>\$ 98,243</u>	<u>\$ 47,754</u>	<u>\$ 50,200</u>	<u>\$ 42,350</u>	<u>\$ 46,748</u>	<u>\$ 285,295</u>

13. Retirement Plan

The College has a defined contribution retirement plan for substantially all of its employees who are eligible to participate after meeting certain eligibility requirements. The College's contributions to the plan are based upon a percentage of salaries. The College's contributions to the plan for the fiscal year ended June 30, 2024 and 2023 were \$11.2 million and \$10.4 million, respectively. The College also provides health and dental insurance benefits for eligible retired employees between the ages of 62 and 65. The College recognized an accrued postretirement benefit obligation of \$0.5 million at both June 30, 2024 and 2023, respectively.

14. Related Party Transactions

Members of the College's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College has a written conflict of interest policy that requires annual reporting by each Trustee, as well as senior management. This policy includes, among other things, that no member of the Board of Trustees can participate in any decision in which they (or an immediate family member) have a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict.

The College receives contributions and gifts from members of its Board of Trustees.

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Notes to Consolidated Financial Statements
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The College has long-term investments that would meet the requirement for equity method of accounting if the fair value option was not elected. The College does not consider these long-term investments to be related parties as the College is a passive investor and does not exercise significant influence.

The College has a second mortgage program for full-time senior administrative staff and faculty for up to \$75,00 or 35% of the purchase price, whichever is less. Repayments on the loan are made by salary deduction and must be repaid in full within 30 days of termination of employment from the College.

As discussed in Footnote 1, assets of SSAS, Smith College Club of New York City and the Five College Consortium, which are not part of Smith College, are invested with the College's pooled investments. Assets of AASC are also invested with the College's pooled investments and are included in these consolidated financial statements. It is noted that none of these assets are material to these consolidated financial statements.

15. Subsequent Events

The College evaluated subsequent events for potential recognition or disclosure through November 1, 2024, the date on which the consolidated financial statements were issued and has concluded that there were no such events that require adjustment to the audited consolidated financial statements or disclosure in the notes to the audited consolidated financial statements.