Financial Statements and Supplemental Information

Fisher College

June 30, 2020 and 2019

FISHER COLLEGE

Financial Statements
and Supplemental Information

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Fisher College
Boston, Massachusetts

Report on Financial Statements
We have audited the accompanying financial statements of Fisher College (the "College"), which comprise the statements of financial position as of June 30, 2020, the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Financial Statements
The financial statements of the College as of June 30, 2019 were audited by other auditors whose report dated October 6, 2019, expressed an unmodified opinion on those statements.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the College adopted Accounting Standards Update 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*. Our opinion is not modified with respect to these matters.

Supplemental Information
Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule and disclosures on pages 30-31 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

October 4, 2020

FISHER COLLEGE

Statements of Financial Position

June 30,

	2020	2019
Assets		
Cash and cash equivalents	$ 3,084,932	$ 1,943,085
Restricted cash	123,823	107,937
Student accounts receivable, net	256,239	131,462
Other operating assets	531,863	323,448
Pledge receivable	20,000	30,000
Perkins loans receivable, net	481,580	578,657
Investments	36,106,972	34,933,547
Investment in plant	16,255,216	17,192,451
Total assets	**$ 56,860,625**	**$ 55,240,587**
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 334,645	$ 309,893
Accrued compensation and fringe benefits	115,509	157,527
Student deposits and deferred revenue	2,171,321	1,996,972
Refundable advances - U.S. Government	483,643	553,199
Capital leases	147,773	203,031
Bonds and notes payable	8,649,453	6,778,728
Total liabilities	**11,902,344**	**9,999,350**
Net assets:		
Without donor restrictions	44,883,150	45,167,534
With donor restrictions	75,131	73,703
Total net assets	**44,958,281**	**45,241,237**
Total liabilities and net assets	**$ 56,860,625**	**$ 55,240,587**

See accompanying notes to the financial statements.

FISHER COLLEGE

Statements of Activities

Years Ended June 30,

	2020	2019
Operating:		
Revenue:		
Student tuition and fees:		
Day division	$ 20,236,760	$ 20,705,309
Division of continuing education	6,830,212	6,787,508
Sales and services of auxiliary enterprises	4,452,905	5,199,253
Federal and state grant aid to students	227,229	229,488
	31,747,106	32,921,558
Less: institutional awards	(11,665,693)	(11,317,007)
Net student tuition and fees	20,081,413	21,604,551
Investment return appropriated for operations	2,049,000	1,936,000
Other income	634,132	656,017
Contributions	110,582	931,415
Net assets released from restrictions	2,500	5,000
Total revenue	**22,877,627**	**25,132,983**
Expenses:		
Educational:		
Instruction	10,733,296	11,233,240
Student services	3,838,153	4,565,783
General, administration and institutional	4,439,111	5,144,300
Institutional advancement and alumni services	544,041	478,563
	19,554,601	21,421,886
Auxiliary enterprises	3,304,693	3,415,635
Total expenses	**22,859,294**	**24,837,521**
Change in net assets without donor restrictions from operations	**18,333**	**295,462**
Nonoperating:		
Investment return, net of amounts appropriated for operations	(302,717)	570,863
Increase in net assets without donor restrictions	**(284,384)**	**866,325**
Change in net assets with donor restrictions:		
Gifts	2,191	8,500
Net assets released from restrictions	(2,500)	(5,000)
Gain on permanently restricted funds	1,737	1,375
Increase in net assets with donor restrictions	**1,428**	**4,875**
Change in net assets	**(282,956)**	**871,200**
Net assets, beginning of year	45,241,237	44,370,037
Net assets, end of year	**$ 44,958,281**	**$ 45,241,237**

See accompanying notes to the financial statements.

FISHER COLLEGE

Statements of Cash Flows

Years Ended June 30,

	2020	***2019***
Cash flows from operating activities:		
Increase in net assets	$ (282,956)	$ 871,200
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	1,584,474	1,609,591
Amortization of bond premium and bond issuance costs	(19,142)	(19,142)
Net realized and unrealized gains on investments	(639,641)	(2,128,652)
Increase in allowance for Perkins loans receivable	4,833	15,337
Increase (decrease) in allowance for student accounts receivable	33,734	(4,654)
Change in:		
Student accounts receivable	(158,511)	43,964
Pledges receivable	10,000	10,000
Other operating assets	(208,415)	234,788
Accounts payable and accrued expenses	24,752	(165,884)
Accrued compensation and fringe benefits	(42,018)	10,804
Student deposits and deferred revenue	174,349	62,212
Total adjustments	**764,415**	**(331,636)**
Net cash provided by operating activities	**481,459**	**539,564**
Cash flows from investing activities:		
Repayment of Perkins loans from students	92,244	81,007
Purchases of investments	(3,078,659)	(1,288,122)
Sales and maturities of investments	2,471,876	2,836,511
Cash paid to acquire property, plant and equipment	(574,240)	(1,461,875)
Net cash (used in) provided by investing activities	**(1,088,779)**	**167,521**
Cash flows from financing activities:		
Payments on bonds, mortgage payable and capital leases	(552,655)	(528,938)
Payments on capital leases	(55,258)	(46,456)
Change in refundable advances - U.S. Government	(69,556)	(1,130)
Proceeds from Paycheck Protection Program loan	2,442,522	-
Net cash (used in) provided by financing activities	**1,765,053**	**(576,524)**
Net increase in cash, cash equivalents and restricted cash	**1,157,733**	**130,561**
Cash, cash equivalents and restricted cash, beginning of year	2,051,022	1,920,461
Cash, cash equivalents and restricted cash, end of year	**$ 3,208,755**	**$ 2,051,022**
Cash, cash equivalents and restricted cash consist of the following at June 30:		
Cash and cash equivalents	$ 3,084,932	$ 1,943,085
Restricted cash	123,823	107,937
Total	**$ 3,208,755**	**$ 2,051,022**

See accompanying notes to the financial statements.

FISHER COLLEGE

Notes to the Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Fisher College (the College) is a private, not-for-profit, nondenominational institution offering graduate and undergraduate educational opportunities leading to master's degrees, bachelor's degrees, associate degrees as well as certificates in various programs of study. The College's main campus is located in Boston, Massachusetts, along with three other Massachusetts locations. The College operates a traditional educational experience through its day division along with more flexible programs through its division of continuing education. The College also offers many courses online, further enhancing flexibility for students. The College's students are mainly from the greater Boston area.

The College is accredited through 2020 by the New England Commission of Higher Education, Inc. The College's accreditation status, like other educational organizations, is subject to certain operating and interim reporting requirements.

The College participates in student financial aid programs sponsored by the United States Education Department ("ED") and to a much lesser extent the Commonwealth of Massachusetts, and other states within the United States of America. These programs facilitate the payment of tuition and other expenses for eligible students when they are determined to be eligible as evaluated by the College's financial aid office. Such determinations are subject to after-the-fact review by funders.

The College qualifies as a tax-exempt organization under the Internal Revenue Service Code Section 501(c)(3) pursuant to a determination letter received from the Internal Revenue Service and is generally exempt from federal and state income taxes. Given the limited taxable activities of the College, management concluded that disclosures relative to tax provisions are not necessary.

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. On March 16, 2020, Fisher College transitioned students to a distant learning environment for the completion of the 2020 spring semester. On May 1, 2020, the College refunded a total of $636,150 to students for a pro-rata share of the housing and meals fees charged from the time the students transitioned to a distance learning environment through the completion of the 2020 spring semester.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law. As part of the law, the CARES Act created the Higher Education Emergency Relief Fund (HEERF). Fisher College was awarded $496,691, of which 50% (or half) was required to be distributed to students affected by the COVID-19 crisis as emergency grants and the other half is required by the College to cover costs associated with changes in operations due to the COVID-19 crisis. According to the terms of HEERF, an institution can only spend costs associated with changes in operations due to the COVID-19 crisis up to the amount provided to students as emergency grants.

As of June 30, 2020, the College expended $248,346 for emergency grants to students and $248,345 for institutional costs from the HEERF funds. In conjunction with CARES Act regulations, the College must spend these funds by September 30, 2022. As of June 30, 2020 the College has met this requirement. Furthermore, the College received an additional $24,626 under the Strengthening Institutions Program provision of the CARES Act, which was also applied to institutional costs incurred by the COVID-19 crisis.

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

Basis of Presentation

The financial statements of the College are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America which requires that information regarding its financial position and activities are reported based on the existence or absence of donor-imposed restrictions Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. The College's Board of Trustees (the Board) has designated from net assets without donor restrictions funds to function as endowment. Net assets without donor restrictions also include investment in plant, net of accumulated depreciation and related bond obligations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature; those restrictions will be met by the passage of time or events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and other highly liquid debt instruments with maturities at date of purchase of three months or less. Such accounts are carried at cost plus accrued interest. Cash and cash equivalents held by investment managers are considered part of investments given the expectation of near-term reinvestment.

Restricted Cash

The College's restricted cash consists of funds associated with the Perkins Loan Program discussed later in these notes. As of June 30, 2020 and 2019, the balance was $123,823 and $107,937, respectively.

Student Accounts Receivable

Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic or auxiliary activity. Payments for tuition, fees, and auxiliary enterprises charges are generally due by the start of the academic period with the recognition that on-behalf payments being made by the ED or others are subject to specific requirements within those programs as to when those funds can be availed. Certain ED funding can be availed prior to the commencement of the academic period, while other amounts are paid at specified intervals based on the rules as promulgated by the ED. Thus, cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the College. Student accounts are not collateralized. The College had no contract assets at June 30, 2020 and 2019. Of the balances, approximately $256,200 and $131,500 are due from students rather than from federal financial aid at June 30, 2020 and 2019, respectively.

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

Student Accounts Receivable (Continued)

Student accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Management estimates the allowance for doubtful accounts based on history of collections and knowledge acquired about specific terms. Adjustments to the allowance are charged to bad debt expense. Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 60 days or the student no longer attends the institution. Interest is not charged on student accounts receivable. Uncollectible accounts are written off against the reserve when deemed uncollectible; recoveries are recorded when received. An account is considered uncollectible when all efforts to collect the account have been exhausted. The allowance for doubtful accounts was approximately $122,000 and $88,000 for the years ended June 30, 2020 and 2019, respectively. Activity through the allowance was considered immaterial and thus detail of a roll forward has not been provided.

Perkins Loans Receivable and Refundable Advances - U.S. Government

Perkins loans receivable represents amounts loaned to students under the Federal Perkins Loan Program (“Perkins”). Perkins funds have been made available mostly from the ED and, to a much lesser extent, an institutional match of funds to support what in the past had been a revolving loan fund. The amounts advanced by the ED are generally refundable subject to certain adjustments and thus are reflected as an obligation. The College is no longer lending under this program as the program is no longer available for student loans.

Perkins loans receivable are carried at the original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis which includes using historical experience applied to an aging of accounts. Credit risk is mitigated given that uncollectible accounts that meet certain requirements can be assigned to the ED and thus reduce the advances owed. Interest income is recorded when received. Loans receivable are considered past due if any portion of the balance due is outstanding for more than 30 days. Interest and late fees on past due accounts are recorded when received.

Investments

Investments in marketable securities are carried at fair value. Fair value is determined as per fair value policies summarized later in this section. Investments in real estate are carried at amortized cost. Depreciation and amortization associated with such real estate is recorded using the straight-line method over 20 years.

Investment return (loss) is reported in the Statements of Activities and consists of interest, dividends, and realized and unrealized gains and losses.

The College utilizes the expertise of an investment manager to guide investment strategy, and a custodian to hold such assets.

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

Fair Value Measurements

The College reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measures include the College's investments in marketable securities. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. The standards also allow for the use of the net asset value per share as a practical expedient of fair value when quoted prices are not available. Fair value standards also require the College to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique as follows:

> Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.
>
> Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies
>
> Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

Investment in Plant

Investment in plant is recorded at cost when the estimated useful life is over one year at the date of acquisition and when such amounts exceed a management established capitalization threshold. In the case of donated assets, such amounts are recorded at fair value at the date of gift using Level 3 inputs. Additions, renewals, and betterments are capitalized unless it is a relatively minor amount. Expenditures for repairs and maintenance are charged to expense as incurred. Property, plant and equipment are depreciated using the straight-line method over their respective estimated useful lives which range from 5 to 20 years.

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

Student Deposits and Deferred Revenue

Student deposits represent reservation deposits and other advance payments by students on account. Deferred revenue represents the amount of unearned related services that are in progress as of year-end related to net tuition, fees, and auxiliary enterprises, such as room and board. Such amounts are reflected as revenue ratably over time with such amounts generally being recognized on a current basis given the nature and duration of the underlying services being provided.

Substantially all amounts included in deferred revenue at the opening of each period were recognized as revenues during the following fiscal period with very limited amounts not being earned associated with student withdrawal rights that management did not consider material. Contract liabilities represent the amount of the remaining performance obligation which is time driven given the academic calendar that underlies the earnings process for tuition, fees, and auxiliary revenue. Contract liabilities are presented in the Statements of Financial Position as student deposits and deferred revenue, if applicable, and are recognized as income in the period in which the obligation takes place. There were no significant changes to deferred revenue amounts on a quantitative or qualitative basis. Certain enrollment deposits are returned to students who ultimately do not enroll.

Refundable Advances - U.S. Government

Refundable Advances - U.S. Government represent federal amounts received by the College that are used in the Perkins Loan Program. This balance is subject to certain adjustments under the terms of the program. The difference between the cash plus the net Perkins loans receivable less the liability for refundable advances represents the College's investments in the program. This amount is part of net assets without donor restrictions.

Bonds Payable

Bonds payable are presented along with issuance premiums and issuance costs. Such amounts are amortized over the term of the related arrangement on a straight-line basis.

Physical Asset Retirement Obligations

The College records physical asset retirement obligations when incurred if their fair values can be reasonably estimated. The College's most significant physical asset retirement obligation relates to asbestos remediation, consisting primarily of encapsulated asbestos that the College might remediate if it performed major renovations of such buildings. This conditional obligation has indeterminate settlement dates. As a result, the College is unable to develop a reasonable estimate of fair values. The College will continue to assess its ability to estimate fair values at each future reporting date. Should sufficient additional information become available, the College will recognize a liability.

Revenue Recognition and Operations

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. The College derives revenues primarily through tuition, fees, and auxiliary services, all of which are under arrangements that are aligned to an academic semester, which is less than one year in length.

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

Revenue Recognition and Operations (Continued)

Tuition, fees, and auxiliary enterprises revenue are recorded at established rates, net of institutional awards provided directly to students. Net transaction price is fixed and determinable. 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 auxiliary services such as room and board. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Discounts provided to employees are considered part of fringe benefits within operating expenses and likewise are recorded over time. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic or auxiliary activity.

Students may withdraw from programs of study within certain time limits under the College's withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund near the start of classes declining to no refund shortly after the start of classes. Given the normal timing of the College's programs, the exposure to such is limited at year end.

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

Expenses are reported as decreases in net assets without donor restrictions. Realized and unrealized gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets, such as the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as "net assets released from restriction" between the classes of net assets.

The Statements of Activities report the changes in net assets without donor restrictions from operating and nonoperating activities. Operating revenues consist of those items attributable to the College's academic programs and auxiliary enterprises. This includes investment return appropriated for operations under the spending policy adopted by the Board. All other amounts are considered nonoperating.

Contributions, including unconditional promises to give, are initially recorded as revenue at fair value when verifiably committed. Unconditional promises to give, that will be paid by the donor's estate, are recorded when verifiably committed and are discounted using the remaining life expectancy of the donor. Fair value is determined at the original date of record as described in this section using Level 2 fair value inputs.

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

Revenue Recognition and Operations (Continued)

Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Pledge intentions are not recorded as revenue or as assets. Contributions are reflected in net assets without donor restrictions or in net assets with donor restrictions based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as revenues in net assets with donor restrictions are reclassified to net assets without donor restrictions when the time or purpose restriction has been satisfied. The College had no conditional contributions at June 30, 2020 and 2019.

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

Advertising

The College recognizes advertising expenses when incurred.

Uncertain Tax Positions

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

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage of facilities. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of the debt.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivables, promises to give, and estimating depreciation.

Adoption of Accounting Pronouncements

The College adopted ASU 2016-18, *Restricted Cash (Topic 230)*. The purpose of this pronouncement is to provide guidance on the classification of restricted cash in the statement of cash flows. The provisions of ASU 2016-18 were applied on a retrospective basis as of July 1, 2018 and did not necessitate an adjustment to net assets in the prior period.

New Accounting Pronouncements

FASB issued ASU 2016-02, *Leases*, which is effective for periods beginning after December 15, 2021. The purpose of this pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded.

FASB issued ASU 2018-13 *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which is effective for periods beginning after December 15, 2019. Implementation of this standard will add, modify, or eliminate certain fair value instrument disclosures.

FASB issued ASU 2019-03, *Updating the Definition of Collections,* which is effective for periods beginning after December 15, 2019. Implementation of this standard will expand the definition of collections to allow the sale of collections to be used for the direct care of existing collections.

Management is in the process of evaluating these pronouncements and has not yet determined their impact on the financial statements.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

FISHER COLLEGE

Notes to the Financial Statements

Note 2 - 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 equivalents, marketable debt and equity securities, and a line of credit.

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

In addition to the financial assets available to meet general expenditures over the next 12 months, the College seeks to operate with a budget surplus and anticipates collecting revenue in excess of its general expenditures. Refer to the Statements of Cash Flows which identify the sources and uses of the College's cash, and show positive cash generated by operations for the years ended June 30, 2020 and 2019.

As of June 30, 2020 and 2019, the following tables show the total liquid financial assets held by the College and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

	2020	2019
Liquid financial assets at year end:		
Cash and equivalents	**$ 3,084,932**	$ 1,943,085
Student accounts receivable, net	**256,239**	131,462
Pledges receivable	**20,000**	30,000
Investments convertible to cash in the next 12 months	**34,389,661**	33,161,490
Total Financial Assets at Year End	**$ 37,750,832**	$ 35,266,037
Financial assets available to meet general expenditures over the next 12 months:		
Cash and equivalents	**$ 3,084,932**	$ 1,943,085
Student accounts receivable, net	**256,239**	131,462
Pledges receivable in one year or less	**10,000**	10,000
Endowment spending rate distribution and appropriations	**2,022,000**	2,049,000
Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months	**$ 5,373,171**	$ 4,133,547

While investments are considered to be functioning as endowment by the Board, such amounts are readily available upon Board vote and not subject to donor restriction if such funds are needed by the College. Thus, the College has over $32,000,000 of liquidity if required, in addition to the above, at June 30, 2020. In addition, the College has a line of credit in the amount of $1,500,000 to meet general expenditures, as needed for the year ended June 30, 2020.

FISHER COLLEGE

Notes to the Financial Statements

Note 3 - Perkins Loans Receivable

Perkins loans receivable consisted of the following at June 30,:

	2020	2019
Current	**$ 318,638**	$ 389,619
0-270 days past due	**48,046**	62,809
Greater than 270 days past due	**308,985**	315,485
Total	**675,669**	767,913
Less: Allowance for uncollectible accounts	**(194,089)**	(189,256)
Net Perkins Loans Receivable	**$ 481,580**	$ 578,657

Allowances for uncollectible accounts are as follows at June 30,:

	2020	2019
Beginning balance	**$ 189,256**	$ 173,920
Provision	**4,833**	15,336
Ending Balance	**$ 194,089**	$ 189,256

Note 4 - Investments and Fair Value

Investments were as follows at June 30,:

	2020	2019
Investments at fair market value:		
Long-term investments:		
Cash equivalents	**$ 3,664,133**	$ 2,867,355
Equities:		
U.S. large cap	**24,997,383**	23,356,794
U.S. mid-cap	**889,100**	971,300
U.S. small-cap	**532,662**	610,584
International securities	**4,306,383**	5,355,457
	$ 34,389,661	$ 33,161,490
Investments at amortized cost:		
Real estate (residential rental property)	**7,071,250**	7,055,616
Less: accumulated depreciation	**(5,353,939)**	(5,283,559)
Investments	**1,717,311**	1,772,057
	$ 36,106,972	$ 34,933,547

Included in the College's equities are both publicly traded stocks and mutual funds. All of the College's investments at fair market value are considered Level 1 fair values as of June 30, 2020 and 2019 and accordingly such amounts have daily liquidity. The College does not have unfunded capital commitments.

Investment in real estate is at amortized cost which management believes is substantially below the fair value of these properties. Other real estate in the same area as the College's has appreciated substantially in recent years. Using recent sales of similar buildings in its neighborhood, the College has estimated the market value of its real estate investment to be in excess of $24,000,000 at June 30, 2020 and 2019.

FISHER COLLEGE

Notes to the Financial Statements

Note 4 - Investments and Fair Value - Continued

Investment return was as follows for the years ended June 30,:

	2020	2019
Investment return from real estate assets	$ 562,484	$ 379,899
Investment return from non-real estate assets	1,183,799	2,126,964
Total investment return	1,746,283	2,506,863
Less: investment return appropriated for operations	(2,049,000)	(1,936,000)
Investment return, net of amounts appropriated for operations	$ (302,717)	$ 570,863

Depreciation expense related to investments in real estate was approximately $73,000 and $233,500 for the years ended June 30, 2020 and 2019, respectively.

Note 5 - Investment in Plant

Investment in plant consisted of the following at June 30,:

	Estimated Useful Life	2020	2019
Land		$ 4,416,015	$ 4,416,015
Art		18,000	18,000
Buildings and improvements	20 years	21,660,447	21,412,224
Furniture and equipment	5 years	2,609,519	2,820,480
Library books	10 years	184,262	181,985
Automobiles	5 years	110,191	142,852
		28,998,434	28,991,556
Less: Accumulated depreciation		(12,743,218)	(11,799,105)
Investment in Plant		$ 16,255,216	$ 17,192,451

See Note 4 for depreciation expense on assets included in investment in real estate. The College made disposals of $567,361 and $1,571,117 during the years ended June 30, 2020 and 2019, respectively.

Note 5 - Investment in Plant (Continued)

Depreciation are comprised of the following components for the years ended June 30,:

	2020	2019
Investment in plant	**$ 1,511,474**	$ 1,376,205
Real estate investment	**73,000**	233,386
	$ 1,584,474	$ 1,609,591

Note 6 - Capital Lease Obligations

In fiscal year 2019, the College entered into two capital leases for lighting upgrade equipment and computers. The College has the option to purchase the equipment for a nominal cost at the termination of the lease. Assets included in property, plant and equipment under the capital leases totaled $348,067 At June 30, 2020 and 2019, the net book value of the assets was $234,633 and $304,246, respectively.

The first lease, in the amount of $125,227, is for 48 months bearing annual interest of 5.43%. The second lease, in the amount of $125,840, is for 60 months and is non-interest bearing.

Future scheduled lease payments are as follows:

2021	$ 60,207
2022	60,207
2023	32,274
Total Lease Payments	152,688
Less: Interest	(4,915)
Total	$ 147,773

FISHER COLLEGE

Notes to the Financial Statements

Note 7 – Bonds and Notes Payable

Bonds payable were as follows at June 30,:

		2020	2019
Massachusetts Development Finance Agency ("MDFA"), Fisher College Issue, Series 2017. Principal due in annual installments commencing in 2018 through 2037. Interest payable semi-annually at a fixed rate of 5%. The loan and trust agreement includes a pledge of revenue of the College as well as other administrative covenants.		**$ 5,575,000**	$ 5,785,000
Massachusetts Development Finance Agency ("MDFA"), Revenue Bonds, Fisher College Issue, Series B (2010). Loan principal due in monthly installments commencing in 2010 through 2020. Interest payable monthly at a fixed rate of 2.55%. The loan and security agreement includes a pledge of revenues of the College and is subject to certain administrative and financial covenants.		**116,379**	459,034
		5,691,379	6,244,034
	Unamortized issue premium	**718,233**	759,301
	Unamortized bond issuance costs	**(202,681)**	(224,607)
	Paycheck Protection Program loan	**2,442,522**	-
	Total Bonds and Notes Payable	**$ 8,649,453**	$ 6,778,728

Maturities of bonds payable are as follows:

2021	$ 331,379
2022	230,000
2023	240,000
2024	245,000
2025	260,000
Thereafter	4,385,000
	$ 5,691,379

The College's bonds contain certain covenants, which the College is in compliance with, as of June 30, 2020 and 2019.

Note 7 – Bonds and Notes Payable (Continued)

Amortization of bond premium and bond issuance costs are included with interest expense. Interest expense was $280,570 and $298,365 for the years ended June 30, 2020 and 2019, respectively. Cash paid for interest was $303,069 and $320,650 for the years ended June 30, 2020 and 2019, respectively.

Notes Payable - Paycheck Protection Program Loan

In April 2020, the College received a Payroll Protection Program (PPP) loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of $2,442,522. The loan will be forgiven based upon the College using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan was obtained. Eligible expenses include payroll and related benefits, utilities, and rent/mortgage interest. It is the intent of management to use the proceeds from the loan in accordance with the provisions of the CARES Act and thus it is anticipated the loan will be forgiven.

Should any portion of the loan not be forgiven, it will become a two-year term loan with an interest rate of 1% per year. The principal and interest on any unforgiven portion of the loan will be deferred until the earlier of the date in which the amount of loan forgiveness is remitted by the Small Business Administration to the lender or ten months after the covered period concludes. Management intends to reduce the debt in full and reflect that reduction as other non-operating revenue when all or a portion of the loan is forgiven.

Maturities of the PPP loan subsequent to June 30, 2020 if no portion of the debt is forgiven for the years ending June 30:

2021	$ 1,119,489
2022	1,221,261
2023	101,772
	$ 2,442,522

Note 8 - Line of Credit

The College has an uncollateralized demand line of credit from its main operating bank in the amount of $1,500,000 for general purposes expiring June 30, 2020. No amounts were outstanding against this line at June 30, 2020. The line of credit was renewed before year end and expires on June 30, 2021.

Note 9 - Endowment and Net Asset Matters

Endowment

The College’s endowment consists of investments in marketable equity securities, stock mutual funds, money market mutual funds, and real estate consisting of residential rental property. Its endowment, with the exception of $30,000 of funds with donor restrictions, is without restriction but does function as endowment. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 9 - Endowment and Net Asset Matters (Continued)

Endowment (Continued)

The following represents required disclosure relative to the composition and activities of endowment assets for the years ended June 30,:

	2020	2019
Assets Functioning as Endowment Assets, Beginning of Year	**$ 34,933,547**	$ 34,586,670
Additions:		
Gifts and additions	**42,106**	25,866
Capital expenditures from operations on real estate investments	**18,253**	25,746
Total Additions	**60,359**	51,612
Investment return	**1,186,066**	2,128,651
Deductions:		
Depreciation expense on real estate investments	**(73,000)**	(233,386)
Transfer to operations	**-**	(1,600,000)
Total Deductions	**(73,000)**	(1,833,386)
Change in assets functioning as endowment assets	**1,173,425**	346,877
Assets Functioning as Endowment Assets, End of Year	**$ 36,106,972**	$ 34,933,547

Net cash proceeds from rental real estate of $635,483 and $613,285 for the years ended June 30, 2020 and 2019, respectively, have been excluded from the above endowment activities as the cash flows are maintained within the College's operating bank accounts. Amounts appropriated by the Board for operations were $2,049,000 and $1,936,000 for the years ended June 30, 2020 and 2019, respectively.

Return Objectives and Risk Parameters

The College's investment portfolio is managed to provide for the long-term support of the College. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. It is the goal of the aggregate long-term investments to generate an average total return that exceeds the spending/payout rate plus inflation.

Note 9 - Endowment and Net Asset Matters (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy

The Board has appropriated investment income and gains to operations of $2,049,000 and $1,936,000 for the years ended June 30, 2020 and 2019, respectively. Included in the appropriation for the year ended June 30, 2020 is an additional draw of $420,000 approved by the Board to supplement current operations. This is calculated by multiplying 5% times the College's rolling three-year average of the market value investment portfolio plus 5% of the net historical cost of the real estate portfolio. If the College used the estimated fair value of the real estate portfolio in this calculation, the appropriation would amount to approximately 3%. Investment return net of amounts appropriated to operations is reported as nonoperating revenue. The Board has approved an appropriation to operating revenues of $2,022,000 for the year ending June 30, 2020, which includes an additional draw of $88,000 approved by the Board to fund current operations.

Net assets are summarized as follows at June 30,:

	2020	2019
Net investment in plant	**$ 9,900,512**	$ 10,210,692
Board designated endowment	**36,106,972**	34,933,547
Total Funds without Donor Restrictions	**46,007,484**	45,144,239
Adjustment for undesignated funds	**(1,124,334)**	23,295
Total Funds without Donor Restrictions	**44,883,150**	45,167,534
Other funds with restrictions	**75,131**	73,703
Total Funds with Donor Restrictions	**75,131**	73,703
Total Net Assets	**$ 44,958,281**	$ 45,241,237

Note 9 - Endowment and Net Asset Matters (Continued)

Net Assets With Restrictions

Net assets without restrictions consist of the following at June 30,:

	2020	2019
Scholarships (for purpose)	**$ 25,131**	$ 23,703
Endowment (for perpetuity)	**50,000**	50,000
Total Funds without Donor Restrictions	**$ 75,131**	$ 73,703

Note 10 - Revenue Matters

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

The College has a number of lines of business which include traditional undergraduate education, traditional graduate programs, and other continuing education programs. The following table summarizes the percentages of revenue from each of these programs with auxiliary enterprises being ascribed to the program from which such revenues are derived:

	2020	2019
Revenue:		
Day division	**67%**	69%
Graduate and professional studies	**33%**	31%

FISHER COLLEGE

Notes to the Financial Statements

Note 11 - Natural Classification of Expenses

Expenses presented by natural classification and function are as follows for the years ended June 30:

	2020			
	Program Services	***Management and General***	***Fundraising***	***Total***
Salaries and wages	$ 8,151,567	$ 2,381,553	$ 260,032	$ 10,793,152
Employee benefits	1,036,118	320,657	28,936	1,385,711
Payroll taxes	597,550	151,697	15,638	764,885
Consulting and Other Professional Fees	366,554	371,634	2,175	740,363
Advertising and promotion	1,210,209	52,097	3,015	1,265,321
Office expenses	683	-	-	683
Information technology	379,619	267,394	17,849	664,862
Occupancy	1,039,644	5,415	664	1,045,723
Travel and Entertainment	363,682	19,889	598	384,169
Conferences, conventions and meetings	15,564	3,071	-	18,635
Interest and discount fees	284,275	101,220	6,097	391,592
Depreciation and amortization	1,234,229	257,917	19,328	1,511,474
Insurance	205,805	41,498	5,086	252,389
Repairs, maintenance, sanitation services	548,377	86,886	7,171	642,434
Utilities, communications, telephone	489,040	124,128	3,221	616,389
Materials and supplies	278,294	47,315	4,473	330,082
Dining services	906,782	5,839	750	913,371
Formal and Social Functions	249,245	2,561	32,262	284,068
Memberships, subscriptions, licenses	118,261	64,831	6,691	189,783
Printing, design, postage	83,047	14,212	128,490	225,749
Other expenses	317,597	119,297	1,565	438,459
Total functional expenses	**$ 17,876,142**	**$ 4,439,111**	**$ 544,041**	**$ 22,859,294**

FISHER COLLEGE

Notes to the Financial Statements

Note 11 - Natural Classification of Expenses (Continued)

	2019			
	Program Services	***Management and General***	***Fundraising***	***Total***
Salaries and wages	$ 8,798,166	$ 2,418,586	$ 239,827	$ 11,456,579
Employee benefits	1,048,547	325,593	10,255	1,384,395
Payroll taxes	635,134	155,084	17,726	807,944
Consulting and Other Professional Fees	439,213	428,107	26,321	893,641
Advertising and promotion	1,089,386	547,651	-	1,637,037
Office expenses	3,236	415	-	3,651
Information technology	300,317	254,030	68	554,415
Occupancy	1,114,521	5,924	551	1,120,996
Travel and Entertainment	484,131	35,598	6,479	526,208
Conferences, conventions and meetings	31,170	4,431	35	35,636
Interest and discount fees	277,733	108,540	5,278	391,551
Depreciation and amortization	1,102,774	257,952	15,479	1,376,205
Insurance	247,352	56,501	5,256	309,109
Repairs, maintenance, sanitation services	749,353	108,696	8,967	867,016
Utilities, communications, telephone	543,511	177,823	3,524	724,858
Materials and supplies	363,253	79,451	6,461	449,165
Dining services	1,239,644	22,545	3,190	1,265,379
Formal and Social Functions	379,520	13,193	25,778	418,491
Memberships, subscriptions, licenses	117,364	41,514	2,948	161,826
Printing, design, postage	91,478	15,210	97,396	204,084
Other expenses	158,855	87,456	3,024	249,335
Total functional expenses	**$ 19,214,658**	**$ 5,144,300**	**$ 478,563**	**$ 24,837,521**

Note 12 - Employee Benefit Plan

The College contributes a percentage of salary of all eligible participating employees to the College's defined contribution plan administered by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Contributions to these plans were approximately $387,000 and $396,000 for the years ended June 30, 2020 and 2019, respectively.

Note 13 - Commitments, Contingencies and Uncertainties

Operating Leases

The College leases certain premises and office equipment under operating lease arrangements that expire at various dates through 2024. Certain leases provide for additional rent for increases in operating expenses and real estate taxes.

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

2021	$ 233,900
2022	236,700
2023	154,000
2024	1,600
Total Minimum Future Lease Payments	$ 626,200

Total rent expense under operating leases was $896,623 and $906,028 for the years ended June 30, 2020 and 2019, respectively.

Lease Revenue

The College leases certain owned space to third-party tenants under lease agreements that expire at various dates through 2023.

Minimum future lease income is as follows:

2021	$ 283,200
2022	233,900
2023	100,700
Total Minimum Future Lease Income	$ 617,800

Total rental income, included in other income on the Statements of Activities, was $224,200 and $216,600 for the years ended June 30, 2020 and 2019, respectively.

The College also leases residential units from its investments in real estate. Tenants have annual lease agreements or are tenants at will. Future rental income was not included in the above schedule due to the short-term nature of these agreements. Net rental income from these properties are included as part of investment return.

Note 13 - Commitments, Contingencies and Uncertainties (Continued)

Cash

The College maintains cash balances at several financial institutions, and at times during the year these balances may exceed the federally insured limit. Management monitors the financial condition of these financial institutions, along with its balances in cash, to keep this potential risk at a minimum. At June 30, 2020 and 2019, uninsured amounts totaled $2,877,469 and $1,777,251, respectively.

Investments

The College invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The College’s holdings of equities are held in a brokerage account with a national brokerage firm. These accounts are protected by the Securities Investor Protection Corporation ("SIPC"). In the event of broker-dealer failure, up to $500,000 in these accounts will be protected from loss. The SIPC insurance does not protect against market losses on investments.

Litigation

In the ordinary course of business, the College is involved in a number of litigation matters. In the opinion of management, these matters will not have a significant effect on the financial statements of the College.

Contingency

The vast majority of higher educational institutions transitioned to distance learning during the 2020 spring semester due to the COVID-19 crisis. Many higher educational institutions have been served with a class action lawsuit due to this decision. The plaintiffs claim that they have suffered academic harm after the 2020 spring semester transitioned to distance learning. Since the lawsuits are in the early stages, there have been no settlements or court decisions on this matter. Fisher College has not been served with a lawsuit related to COVID-19. Management believes that any potential future adverse outcome is possible, but unlikely, and would not be material to the College.

Contracts

The College has a contract with its food service provider expiring in 2026. The agreement gives the provider exclusive rights to prepare and serve food on the Boston campus. As part of the agreement, the provider advanced $600,000 to the College to renovate and upgrade its dining facility. The College has included these amounts in deferred revenue and will amortize them over the life of the contract. If the College should cancel the agreement, the unamortized balance of the deferred revenue shall be reimbursed to the provider. The unamortized balance of this advance was approximately $360,000 and $420,000 for the years ended June 30, 2020 and 2019, respectively.

The College also has a long-term contract with its energy providers that expires in 2022.

Note 13 - Commitments, Contingencies and Uncertainties (Continued)

COVID-19

The COVID-19 crisis as discussed in Note 1 is ongoing. Although operations at the College have not been severely impacted to date, there is continued uncertainty about the economy and student enrollment going into the future. College management has been able to work remotely, and education delivery has continued remotely. Management cannot reasonably estimate the duration or impact on finances and operations.

Other

The College utilizes a number of agents who, on an ongoing basis, assist in locating international students for a fee. These arrangements have provided important revenue to the College. The College's arrangements with these providers are at will.

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

Note 14 - Subsequent Events

The College has evaluated subsequent events through October 4, 2020, the date for which the financial statements were available for issuance.

The COVID-19 crisis has created volatility in the financial markets and a significant decrease in the overall economy. The full adverse impact and duration of COVID-19 on the College's finances and operations cannot be determined at this time.

Fisher announced plans to reopen in the fall 2020 Day School semester using a model referred to as Fisher Flex. Fisher Flex provides a variety of course delivery models to support campus de-densification and social distancing, while providing students with the educational experience they seek. In this model, approximately 50% of all classes are taught online, most with a live synchronous session each week. The remaining classes have a limited campus-based component in classrooms with reduced capacity. Though residence hall occupancy has been reduced to meet social distancing guidelines, the college has secured leased hotel space to accommodate all students wishing to remain in an on-campus environment for the fall semester.

Fisher College

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2020

Line	Reference	Description	Subtotal	Amount
Primary Reserve Ratio:				
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions		44,883,150
2	SFP	Net assets with donor restrictions		75,131
3	Not applicable	**Secured and Unsecured related party receivable - Total**	-	
4	Not applicable	Unsecured related party receivables		-
5	SD Line 5	**Property, Plant and Equipment, net (includes Construction in progress) - Total**	16,255,216	
6	SD Line 1d	Property, plant and equipment pre-implementation		15,680,976
7	SD Line 2d	Property, plant and equipment post- implementation with outstanding debt for original purchase		-
8	SD Line 4a	Property, plant and equipment post-implementation without outstanding debt for original purchase		574,240
9	SD Line 3	Construction in progress		-
10	Not applicable	**Lease right-of-use asset, net - Total**	-	
11	Not applicable	Lease right-of-use, pre-implementation (grandfather of leases option not chosen)		-
12	Not applicable	Lease right-of-use asset, post-implementation		-
13	SD Line 11	Intangible assets		-
14	Not applicable	Post-employment and pension liabilities		-
15	SD Lines 6d, 7a-c, 8	**Long-term debt- for long term purposes - Total**	6,354,704	
16	SD Line 6d	Long- term debt- for long term purpose pre-implementation		6,354,704
17	SD Lines 7a-c	Long-term debt- for long term purposes post-implementation		-
18	SD Line 8	Line of Credit for Construction in progress		-
19	Not applicable	**Lease right-of-use asset liability - Total**	-	
20	Not applicable	Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)		-
21	Not applicable	Post-implementation right-of-use asset liability		-
22	Not applicable	**Annuities, term endowment and life income with donor restrictions - Total**	-	
23	Not applicable	Annuities with donor restrictions		-
24	Not applicable	Term Endowments with donor restrictions		-
25	Not applicable	Life income funds with donor restrictions		-
26	Note 9	Net Assets with donor restrictions - restricted in perpetuity		-
		Total Expenses without Donor Restrictions & Losses without Donor Restrictions:		
27	Statement of Activities (SOA)	Total expenses without donor restrictions- taken directly from Statement of Activities		22,859,294
28	Not applicable	Non-operating and Net Investment (loss)		-
29	Not applicable	Net Investment losses		-
30	Not applicable	Pension-related changes other than net periodic costs		-
Equity Ratio:				
		Modified Net Assets:		
31	SFP	Net assets without donor restrictions		44,883,150
32	SFP	Net assets with donor restrictions		75,131
33	SD Line 11	Intangible Assets		-
34	Not applicable	Intangible Assets- Goodwill		-
35	Not applicable	**Secured and unsecured related party receivables- Total**	-	
36	Not applicable	Unsecured related party receivables		-
		Modified Assets:		
37	SFP	Total Assets		56,860,625
38	Not applicable	Lease right-of-use asset pre-implementation		-
39	Not applicable	Pre-implementation right-of-use asset liability		-
40	SD Line 11	Intangible Assets		-
41	Not applicable	Secured and unsecured related part receivables	-	
42	Not applicable	Unsecured related party receivables		-
Net Income Ratio:				
		Change in Net Assets Without Donor Restrictions:		
43	SOA	Change in net assets without donor restrictions		(284,384)
		Total Revenue without Donor Restrictions & Gains without Donor Restrictions		
44	SOA: Total Revenue, Gains and Other Support (Not including Investments)	Total Revenues and Gains		20,828,627
45	SOA	Investments, net (operating and non-operating)		2,049,000

See accompanying disclosures to the supplemental schedule.

Fisher College

Financial Responsibility Supplemental Disclosures

Year Ended June 30, 2020

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate ratios for determining sufficient financial responsibility under Title IV.

Property, Plant and Equipment, net	
1 Pre-implementation property, plant and equipment, net (PP&E, net)	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2019 financial statement)	$ 17,192,451
b. Reclassify capital lease assets previously included in PP&E, net prior to the implementation of ASU 2016-02 lease standards	-
c. Less subsequent depreciation and disposals	(1,511,474)
d. Balance Pre-implementation property, plant and equipment, net	15,680,977
2 Debt Financed Post-Implementation property, plant and equipment, net Long-lived assets acquired with debt subsequent to June 30, 2019:	
a. Equipment	-
b. Land Improvements	-
c. Building	-
d. Total Property, plant and equipment, net acquired with debt exceeding 12 months	-
3 Construction in progress- acquired subsequent to June 30, 2019	-
4 Post-implementation property, plant and equipment, net, acquired without debt:	
a. Long-lived assets acquired without use of debt subsequent to June 30, 2019	574,240
5 Total Property, Plant and Equipment, net- June 30, 2020	$ 16,255,217
Debt to be excluded from expendable net assets	
6 Pre-implementation debt:	
a. Ending balance of last financial statement submitted to the Department of Education (June 30, 2019)	$ 6,778,728
b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standards	203,031
c. Less subsequent debt repayments	(627,055)
d. Balance pre-implementation debt	6,354,704
7 Allowable post-implementation debt used for capitalized long-lived assets:	
a. Equipment- all capitalized	-
b. Land Improvements	-
c. Buildings	-
8 Construction in progress (CIP) financed with short term debt	-
9 Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value	2,442,522
	$ 8,797,226

O'Connor & Drew P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Fisher College
Boston, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Fisher College (the "College"), which comprise the statement of financial position as of June 30, 2020, the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated October 4, 2020.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

October 4, 2020