



BOWDOIN COLLEGE

Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(With Independent Auditors' Report Thereon)



KPMG LLP
One Park Place
463 Mountain View Drive, Suite 400
Colchester, VT 05446-9909

Independent Auditors' Report

Board of Trustees
Bowdoin College:

Opinion

We have audited the financial statements of Bowdoin College (the College), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 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.

Report on Summarized Comparative Information

We have previously audited the College's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Colchester, Vermont
October 25, 2024

BOWDOIN COLLEGE

Statement of Financial Position

June 30, 2024

(with comparative information as of June 30, 2023)

(In thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 4,960	3,820
Accounts receivable	2,114	3,554
Other assets	8,840	7,117
Contributions receivable, net	47,208	50,116
Student loans receivable, net	606	796
Investments	2,750,902	2,592,761
Beneficial interest in trusts	9,628	8,895
Funds held by bond trustee	6,609	6,597
Right-of-use assets - operating leases	8,125	8,824
Right-of-use assets - financing leases	2,802	3,602
Property and equipment, net	392,836	362,816
Total assets	<u>\$ 3,234,630</u>	<u>3,048,898</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 28,484	27,751
Operating lease liabilities	8,467	9,122
Financing lease liabilities	2,719	3,551
Split-interest obligations	12,756	12,566
Liability for postretirement benefits	17,796	18,607
Bonds and notes payable	349,101	343,503
Other long-term obligations	12,611	14,704
Total liabilities	<u>431,934</u>	<u>429,804</u>
Net Assets		
Without donor restriction	343,950	308,145
With donor restriction	2,458,746	2,310,949
Total net assets	<u>2,802,696</u>	<u>2,619,094</u>
Total liabilities and net assets	<u>\$ 3,234,630</u>	<u>3,048,898</u>

See accompanying notes to financial statements.

BOWDOIN COLLEGE

Statement of Activities

Year ended June 30, 2024

(with summarized comparative information for the year ended June 30, 2023)

(In thousands)

	Without donor restriction	With donor restriction	2024 Total	2023 Total
Operating activity:				
Revenue:				
Net student charges	\$ 86,489	—	86,489	89,425
Auxiliary enterprises	4,777	—	4,777	4,575
Contributions	11,475	4,155	15,630	14,509
Endowment return appropriated	9,502	105,294	114,796	92,900
Designated net assets appropriated	118	—	118	180
Other investment income	3,031	5	3,036	1,797
Grants and contracts	3,515	67	3,582	9,900
Other income	2,969	187	3,156	2,774
Net assets released from restrictions	103,920	(103,920)	—	—
Total operating revenue	225,796	5,788	231,584	216,060
Expenses:				
Salaries and wages	100,229	—	100,229	95,437
Employee benefits	34,118	—	34,118	30,692
Depreciation and amortization	19,021	—	19,021	17,392
Interest expense	14,635	—	14,635	13,990
Other operating expenses	58,674	—	58,674	55,523
Total operating expenses	226,677	—	226,677	213,034
Change in net assets from operating activity	(881)	5,788	4,907	3,026
Nonoperating activity:				
Contributions	196	27,211	27,407	33,794
Investment return, net of endowment return appropriated	22,455	126,613	149,068	(84,581)
Designated net assets appropriated	(118)	—	(118)	(180)
Net assets released from restrictions	13,001	(13,001)	—	—
Other changes	1,152	1,186	2,338	891
Change in net assets from nonoperating activity	36,686	142,009	178,695	(50,076)
Total change in net assets	35,805	147,797	183,602	(47,050)
Net assets, beginning of year	308,145	2,310,949	2,619,094	2,666,144
Net assets, end of year	\$ 343,950	2,458,746	2,802,696	2,619,094

See accompanying notes to financial statements.

BOWDOIN COLLEGE

Statement of Cash Flows

Year ended June 30, 2024

(with comparative information for the year ended June 30, 2023)

(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 183,602	(47,050)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	19,021	17,392
Loss (gain) on disposal of property and equipment	155	(29)
Net realized and unrealized gains on investments and trusts	(260,575)	(7,767)
Change in fair value of interest rate swap	(703)	(1,249)
Cash paid for settlements under interest rate swap	29	235
Reduction in right-of-use assets – operating leases	699	687
Change in contributions receivable, net	2,908	2,347
Contributions for endowment and other long-term purposes	(46,218)	(33,975)
Change in other assets, net	(583)	(1,712)
Change in other liabilities, net	359	(1,513)
Change in operating lease liabilities	(655)	(628)
Net cash used in operating activities	<u>(101,961)</u>	<u>(73,262)</u>
Cash flows from investing activities:		
Purchases of investments	(467,160)	(317,546)
Sales of investments	569,164	399,400
Cash paid for property and equipment	(48,939)	(34,596)
Proceeds from sale of property	—	38
Repayment of U.S. government loan advances	(242)	(353)
Change in student loans receivable	190	294
Net cash provided by investing activities	<u>53,013</u>	<u>47,237</u>
Cash flows from financing activities:		
Repayments on bonds payable	(550)	(530)
Borrowings on notes payable	9,458	3,000
Repayments on notes payable	(3,000)	(7,500)
Increase in funds held by trustee for debt service	(13)	(17)
Cash paid for settlements under interest rate swap	(29)	(235)
Contributions for endowment and other long-term purposes	46,218	33,975
Repayments on financing leases	(1,996)	(1,666)
Net cash provided by financing activities	<u>50,088</u>	<u>27,027</u>
Net change in cash and cash equivalents	1,140	1,002
Cash and cash equivalents, beginning of year	<u>3,820</u>	<u>2,818</u>
Cash and cash equivalents, end of year	<u>\$ 4,960</u>	<u>3,820</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 14,703	14,684
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	886	849
Noncash activities:		
(Decrease) increase in accrued liabilities from construction of buildings and purchase of equipment	\$ (1,398)	464
Increase right-of-use asset and financing lease liabilities	1,164	3,273

See accompanying notes to financial statements.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(1) Summary of Significant Accounting Policies***Organization***

Founded in 1794, Bowdoin is a private, coeducational, nonsectarian, and highly selective college of approximately 1,847 students of distinction from across America and around the world. Accredited by the New England Commission of Higher Education, Bowdoin offers bachelor of arts degrees in more than forty majors, including interdisciplinary programs. A national leader in the teaching and study of the environment across the curriculum, Bowdoin provides a liberal arts education and residential life experience that instills principled leadership, lifelong learning, and service to the common good.

Basis of Presentation

The College's financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) on the accrual basis of accounting.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Statement of Financial Position***Net Assets***

The financial statements have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. The College has classified its net assets as follows:

Net Assets With Donor Restriction

Net assets subject to donor-imposed restrictions that may be perpetual, or may expire with the passage of time or when actions are taken to meet restrictions. Net assets with donor restriction include the corpus and accumulated gains of donor restricted endowment funds, contributions receivable and split-interest agreements that are subject to the passage of time, and appropriated endowment funds not yet expended for their restricted purpose.

Net Assets Without Donor Restriction

Net assets that are not subject to donor-imposed restrictions and are available for the general operations of the College. Such net assets may be designated by the College for specific purposes, including to function as endowment funds.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market funds and investments with original maturities of three months or less and are carried at cost, which approximates fair value. Cash and cash equivalents held for investment purposes are classified as Investments and Funds held by bond trustee and are not reported as cash equivalents for purposes of the statement of cash flows.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Fair Value Measurements

Investments, beneficial interest in trusts, funds held by trustee, and swaps are reported at fair value in the College's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Most of the College's investments are held through limited partnerships and commingled funds for which fair value is estimated using net asset values (NAVs) reported by fund managers as a practical expedient. Such NAV-measured investments are not categorized in the fair value hierarchy.

Contributions Receivable

Contributions receivable, excluding outside trusts held by third parties, are recorded initially at fair value considering the time value of money and collectability. Thereafter, they are reported at their net realizable value. The present value of estimated future cash flows has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the contribution.

Split-Interest Agreements

The College is party to various split-interest agreements including charitable trusts, charitable gift annuities and pooled life income funds. Assets held in pooled life income funds and charitable gift annuities are reported as Investments at the estimated fair value of the underlying assets. Charitable trusts under which the College serves as trustee and perpetual trusts are reported as Beneficial interest in trusts at the estimated fair value of the College's share of the underlying assets. The present value of estimated future payments to beneficiaries is reported as Split-interest obligations in the statement of financial position. Beneficial interests in trusts are categorized as Level 3 due to unobservable inputs used to estimate fair value.

Charitable trusts under which an outside party serves as trustee are included in Contributions receivable at the estimated fair value of the College's share of the underlying assets, net of the present value of estimated future payments to beneficiaries. These trusts are categorized as Level 3 due to unobservable inputs used to estimate fair value.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Donor contributions to split-interest agreements are reported as Contributions in the nonoperating section of the statement of activities in the year the gift is made. Subsequent changes in value are included in Other changes in the statement of activities. Discount rates used to calculate the present value of estimated future payments to beneficiaries range from 2.35% to 7.0%.

Property and Equipment

Land, buildings, fixtures, and equipment are stated at cost, or estimated fair value at date of donation in the case of gifts, net of accumulated depreciation.

Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets, which are as follows:

	<u>Estimated useful lives</u>
Land improvements	20–25
Buildings and building improvements	25–60
Furnishings and fixtures	5–15
Instructional and computer equipment	3–15
Vehicles and machinery	5–15
Operational software and equipment	3–15

The costs of repairs and maintenance are charged to expense as incurred; major renovations and projects that prolong an asset's useful life are capitalized as plant assets. The College recognizes the fair value of liabilities for legal obligations associated with future asset retirements in the period in which the obligation is incurred.

College Collections

The College does not capitalize collections, primarily art objects, as they are held for public exhibition and education rather than financial gain. Proceeds from the sale of collection items are generally used to acquire other items for collection.

Interest Rate Swap Agreements

Interest rate swap agreements are reported at fair value based on the present value of net cash flows resulting from the exchange of fixed-rate payments for floating rate payments over the remaining life of the contract, and are included in Other long-term obligations. Each floating-rate payment is calculated based on forward market rates at the valuation date for each respective payment. Because the inputs used to value the contract can generally be corroborated by market data, the College's only interest rate swap at June 30, 2024 and 2023 is categorized in Level 2 of the fair value hierarchy.

Bonds Payable

Certain items related to the issuance of debt, such as accounting, legal, and underwriting fees, as well as original issue premiums and discounts, are capitalized and amortized over the lives of the respective debt issues. Bonds payable are presented net of unamortized issue costs and premiums or discounts.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Statement of Activities

Significant aspects of the presentation of the statement of activities include:

- The statement of activities reflects the change in net assets for two net asset categories: with donor restriction and without donor restriction.
- Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions, in which case they are reported as increases in net assets with donor restriction.
- Expenses are reported as decreases in net assets without donor restriction.
- When resources with donor restriction (including endowment income appropriated under the spending formula) are expended for the purposes specified by the donor, the amounts are reclassified from revenue with donor restriction to revenue without donor restriction. The reclassification appears either in the operating section or nonoperating section of the statement of activities as Net assets released from restrictions, depending on whether the donor restricted the assets to be used for operating purposes (e.g., student aid) or nonoperating purposes (e.g., capital additions).

Operating Activity

The statement of activities reflects a subtotal for the change in net assets from operating activity. This subtotal reflects revenues the College received for educational, research, and other operating purposes, including amounts appropriated under the Board of Trustees' approved spending policy, operating investment return, and all operating expenses. Nonoperating activity reflects all other activity, including but not limited to investment return net of the amount appropriated under the Board of Trustees' approved spending formula, contributions restricted for endowment and plant purposes as well as substantial unrestricted contributions the College determines will be used for long-term purposes, and changes in certain long-term obligations.

Net Student Charges

Revenue from tuition, fees, room and board is determined based on published rates, and is billed and reported in the statement of activities net of institutional aid. Components of Net student charges include (in thousands):

	2024	2023
Tuition and fees	\$ 117,442	113,883
Room and board	30,448	29,551
Gross student charges	147,890	143,434
Less scholarships	(61,401)	(54,009)
Net student charges	\$ 86,489	89,425

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Contributions

The College reflects a receivable on the statement of financial position for unconditional promises (pledges), which are generally written agreements to contribute cash or other assets to the College. Contributions subject to donor-imposed stipulations that are met in the same reporting period are initially reported as revenue with donor restrictions and then reclassified to net assets without donor restrictions, with the exception of reimbursement based federal grants, which are recognized as revenue without donor restriction. Pledges that are receivable after the statement of financial position date are shown as increases in net assets with donor restriction and are reclassified to net assets without donor restriction when the purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

Fundraising Costs

All fundraising costs including incremental costs incurred for major capital campaigns are expensed as incurred. Total fundraising expenses were \$8,586,000 and \$8,572,000 for the years ended June 30, 2024 and 2023, respectively.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include the valuation of certain investments, the liability for postretirement benefits, split-interest obligations, an interest rate swap, and receivables. Actual results could differ from those estimates.

Taxes

The College is a not-for-profit organization and is generally exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code, as amended. The College assesses uncertain tax positions and has determined there were no such positions that have a material effect on the financial statements.

The College is subject to a federal excise tax of 1.4% on net investment income under the Tax Cuts and Jobs Act signed into law on December 22, 2017. Net investment income includes interest, dividends and net realized gains on the sale of investments. Estimated excise tax expense of \$1,406,000 and \$645,000 for the fiscal years ended June 30, 2024 and 2023, respectively, is reported in Accounts payable and other accruals in the statement of financial position and in Investment return in the statement of activities.

The College has also made provisions for deferred taxes in the amount of \$9,000,000 and \$10,000,000 as of June 30, 2024 and 2023, respectively. The deferred tax liability represents future excise tax payable on unrealized gains in excess of the tax basis of investments. The liability is reported in Other liabilities in the statement of financial position and in Other changes in the statement of activities.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Leases

The College has entered into several operating and finance leases for storage, office space, fiber optic connectivity, and computer hardware. The College determines if an arrangement is a lease at inception and recognizes assets and liabilities representing the rights to use underlying assets and obligations from leases that are greater than one year.

Right-of-use assets and lease liabilities associated with operating leases are included in the statement of financial position as "Right-of-use assets - operating leases" and "Operating lease liabilities", respectively. Right-of-use assets and lease liabilities associated with finance leases are included in the statement of financial position as "Right-of-use assets - financing leases" and "Financing lease liabilities", respectively.

Lease assets represent the College's right to use an underlying asset for the lease term. Lease liabilities represent the College's obligation to make lease payments arising from the lease.

Operating and finance lease obligations are recognized based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option.

(2) Net Assets

The College's net assets consist of the following as of June 30 (in thousands):

	<u>2024</u>	<u>2023</u>
Net assets without donor restriction:		
Board designated endowment	\$ 212,539	201,218
Net investment in plant	103,841	92,869
Reserves and working capital	47,431	35,433
Postretirement benefit obligations	(17,796)	(18,607)
Interest rate swap agreement	(2,065)	(2,768)
	<u>\$ 343,950</u>	<u>308,145</u>
Net assets with donor restriction:		
Purpose restricted endowment	\$ 2,370,867	2,220,983
Contributions receivable and split interest agreements	59,285	61,152
Other net assets held in perpetuity	11,333	7,600
Other spendable net assets	17,261	21,214
	<u>\$ 2,458,746</u>	<u>2,310,949</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Net assets with donor restriction are subject to the following time and purposes restrictions (in thousands):

	<u>Held in perpetuity</u>	<u>Subject to endowment appropriation</u>	<u>Available for specified purpose</u>	<u>Subject to passage of time</u>	<u>Total</u>
2024:					
Capital projects	\$ —	—	1,179	3,188	4,367
Instruction	52,681	151,031	19,330	5,105	228,147
Library and museums	27,372	79,851	7,848	390	115,461
Operations	58,030	335,006	3,370	4,665	401,071
Other purposes	21,680	33,447	5,568	6,609	67,304
Professorships	85,527	212,367	1,566	5,846	305,306
Scholarships and other assistance	382,875	824,437	1,945	33,482	1,242,739
Technology	23,199	71,152	—	—	94,351
	<u>\$ 651,364</u>	<u>1,707,291</u>	<u>40,806</u>	<u>59,285</u>	<u>2,458,746</u>
	<u>Held in perpetuity</u>	<u>Subject to endowment appropriation</u>	<u>Available for specified purpose</u>	<u>Subject to passage of time</u>	<u>Total</u>
2023:					
Capital projects	\$ —	—	6,599	5,857	12,456
Instruction	51,824	140,225	19,586	4,721	216,356
Library and museums	26,734	73,919	7,452	540	108,645
Operations	55,917	314,118	3,053	3,518	376,606
Other purposes	19,492	30,554	3,733	4,557	58,336
Professorships	81,750	193,676	2,329	6,271	284,026
Scholarships and other assistance	367,139	760,837	1,498	35,688	1,165,162
Technology	23,199	66,163	—	—	89,362
	<u>\$ 626,055</u>	<u>1,579,492</u>	<u>44,250</u>	<u>61,152</u>	<u>2,310,949</u>

(3) Investments***Basis of Reporting***

Investments include endowment, charitable gift annuities, pooled life income funds, taxable bond proceeds and unrestricted operating investments. Investments are reported at estimated fair value. If an investment is held directly by the College and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. The majority of the College's investments are in shares or units of institutional commingled funds and investment partnerships invested in equity, fixed income, absolute return, private equity, or real asset strategies. Absolute return 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 absolute return strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued by the investment manager accordingly. Private

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

equity funds employ buyout, venture capital, and distressed credit strategies. Real assets funds generally hold interests in private real estate, infrastructure, and commodity related investments.

The College's interests in commingled investment funds are generally reported at the net asset value (NAV) reported by the fund managers and assessed as reasonable by the College, which is used as a practical expedient to estimate the fair value of the College's interest therein, in the absence of readily determinable 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, the College had no plans or intentions to sell investments at amounts different from NAV.

Although the College's nonmarketable managers adhere to fair value accounting as required by ASC 820, *Fair Value Measurements and Disclosures*, because of inherent uncertainties in valuation assumptions, the estimated fair values for alternative investments such as private equity and private real estate may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information.

The following tables summarize the College's investments by strategy and, as applicable, categorization in the fair value hierarchy as of June 30, 2024 and 2023 (in thousands):

	Investments measured at NAV	Investments categorized in the fair value hierarchy			Total fair value
		Level 1	Level 2	Level 3	
2024:					
Cash equivalents	\$ —	70,997	—	—	70,997
Fixed income	—	56,415	19,667	—	76,082
Equities:					
Domestic	350,400	7,467	—	—	357,867
Emerging markets	53,804	3,455	—	—	57,259
Global	141,515	5,817	—	—	147,332
Absolute return:					
Global macro	319,407	—	—	—	319,407
Global long/short	400,970	9,691	—	—	410,661
Opportunistic and other	116,802	1,148	—	—	117,950
Alternative investments:					
Private equity	945,666	—	—	—	945,666
Real assets	246,206	—	—	1,475	247,681
	<u>\$ 2,574,770</u>	<u>154,990</u>	<u>19,667</u>	<u>1,475</u>	<u>2,750,902</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

	Investments measured at NAV	Investments categorized in the fair value hierarchy			Total fair value
		Level 1	Level 2	Level 3	
2023:					
Cash equivalents	\$ —	111,330	—	—	111,330
Fixed income	—	77,029	22,298	—	99,327
Equities:					
Domestic	313,852	7,354	—	—	321,206
Emerging markets	54,905	3,365	—	—	58,270
Global	97,923	8,667	—	—	106,590
Absolute return:					
Global macro	276,222	—	—	—	276,222
Global long/short	376,735	5,498	—	—	382,233
Opportunistic and other	93,943	—	—	—	93,943
Alternative investments:					
Private equity	904,037	—	—	—	904,037
Real assets	237,976	—	—	1,627	239,603
	<u>\$ 2,355,593</u>	<u>213,243</u>	<u>22,298</u>	<u>1,627</u>	<u>2,592,761</u>

Registered mutual funds are classified in Level 1 of the fair value hierarchy, as defined in note 1, as are equity securities custodied in the College's name because their fair values are based on quoted prices for identical securities. The College's fixed income investments may include directly held U.S. corporate bonds, which although readily marketable are valued using matrix pricing and are classified as Level 2.

Liquidity

Investment liquidity as of June 30, 2024 and 2023 is aggregated in the tables below based on redemption or sale period (in thousands):

	Daily	Monthly	Quarterly	Semi-annually	Annual/ longer	Illiquid	Total
2024:							
Cash and cash equivalents \$	70,686	—	—	—	—	311	70,997
Fixed income	69,006	—	—	—	—	7,076	76,082
Equities	51,325	23,132	333,556	—	100,284	54,161	562,458
Absolute return	10,839	70,116	652,750	43,836	44,007	26,470	848,018
Alternative investments	—	—	—	—	—	1,193,347	1,193,347
	<u>\$ 201,856</u>	<u>93,248</u>	<u>986,306</u>	<u>43,836</u>	<u>144,291</u>	<u>1,281,365</u>	<u>2,750,902</u>

	Daily	Monthly	Quarterly	Semi-annually	Annual/ longer	Illiquid	Total
2023:							
Cash and cash equivalents \$	110,996	—	—	—	—	334	111,330
Fixed income	92,427	—	—	—	—	6,900	99,327
Equities	23,973	21,228	312,019	—	59,579	69,267	486,066
Absolute return	—	84,828	520,521	40,003	39,933	67,113	752,398
Alternative investments	—	—	—	—	—	1,143,640	1,143,640
	<u>\$ 227,396</u>	<u>106,056</u>	<u>832,540</u>	<u>40,003</u>	<u>99,512</u>	<u>1,287,254</u>	<u>2,592,761</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Certain marketable investment funds contain lock-up provisions. Under such provisions, share classes of the investment are available for redemption at various times in accordance with the management agreement with the fund.

Commitments

Private equity and real asset investments are generally made through private limited partnerships. Under the terms of the partnership agreements, the College makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes on its investment strategy. Private equity and real asset funds are typically structured with investment periods of three-to-seven years. Subsequent to the expiration of the investment period, a fund is usually prohibited from calling capital for new investments. The aggregate amount of unfunded commitments associated with private limited partnerships as of June 30, 2024 was \$378,038,079. Of this amount, 17.1% of commitments were for funds whose investment period had expired. The timing and amount of future capital calls expected to be exercised in any particular future year is uncertain.

Endowment Funds

The College maintains 1,766 individual donor-restricted endowment funds and 143 Board-designated endowment funds.

Endowment net assets classified as without donor restriction include funds designated by the Board as endowment (also referred to as quasi-endowment), including any accumulated return thereon. For donor-restricted endowment funds, the College follows the provisions of the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA). The College reports as net assets with donor restriction an amount equal to the value of each permanent donor-restricted endowment fund at the time it became an endowment fund, and subsequent contributions and accumulations pursuant to the applicable gift instrument until appropriated for expenditure by the College. The College considers several factors in making a determination to appropriate or accumulate donor-restricted endowment funds, including the individual endowment fund's purpose, duration and preservation, the possible effect of inflation (or deflation), and expected total return.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows (in thousands):

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
2024:			
Donor-restricted endowment funds	\$ —	2,347,322	2,347,322
Board-designated endowment funds	212,539	23,545	236,084
Total endowment funds	<u>\$ 212,539</u>	<u>2,370,867</u>	<u>2,583,406</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

	Without donor restriction	With donor restriction	Total
2023:			
Donor-restricted endowment funds	\$ —	2,197,948	2,197,948
Board-designated endowment funds	201,218	23,035	224,253
Total endowment funds	<u>\$ 201,218</u>	<u>2,220,983</u>	<u>2,422,201</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows
(in thousands):

	Without donor restriction	With donor restriction	Total
2024:			
Endowment net assets, beginning of year	\$ 201,218	2,220,983	2,422,201
Investment return	20,737	230,090	250,827
Appropriation of endowment assets for expenditure	(9,502)	(105,294)	(114,796)
New gifts, other additions and transfers between restriction categories	86	25,088	25,174
Endowment net assets, end of year	<u>\$ 212,539</u>	<u>2,370,867</u>	<u>2,583,406</u>

	Without donor restriction	With donor restriction	Total
2023:			
Endowment net assets, beginning of year	\$ 208,251	2,264,567	2,472,818
Investment return	198	2,606	2,804
Appropriation of endowment assets for expenditure	(7,765)	(85,135)	(92,900)
New gifts, other additions and transfers between restriction categories	534	38,945	39,479
Endowment net assets, end of year	<u>\$ 201,218</u>	<u>2,220,983</u>	<u>2,422,201</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Return Objectives and Risk Parameters

The College's endowment is invested with the intent of balancing the often conflicting goals of generating a steady, stable stream of support for the current operations of the College while preserving the purchasing power of the endowment to support programs and initiatives for future generations of Bowdoin students. Using the basic tenets of modern portfolio theory, the endowment is diversified across multiple asset classes with differing correlations and risk and return characteristics. The endowment is managed with a total return goal of attaining an average annualized real return in excess of 5% in order to support spending and maintain or grow the endowment's purchasing power.

Strategies Employed for Achieving Investment Objectives

In order to achieve the long-term target return, the endowment is invested in asset classes and strategies with long-term return potential. Active management is pursued in areas where the College has a competitive advantage and access to top-quality investment management teams. In recognition of the potential for equities to generate strong returns, the portfolio is substantially invested in equity-oriented strategies. In order to mitigate risk, the College combines diversification across noncorrelated asset classes with a prudent spending policy.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The College employs a total return approach to endowment management. The College uses a twelve-quarter moving average to determine spending from endowment, with the yearly spending distribution determined on June 30 in the year preceding the fiscal year of spending. The smoothing function imposed by the twelve-quarter average effectively reduces the volatility of the spending distribution, allowing for a sustainable flow of funds to support the College. The College may spend in a range between 4% and 5.5%. The official spending rate, approved annually by the Board of Trustees, for the year ended June 30, 2024 was 5%, and for the year ended 2023 was 4.82%. The annual distribution amounted to \$113,496,000 in 2024 and \$92,200,000 in 2023. In addition, the Board of Trustees have approved periodic supplemental distributions from a board designated-restricted endowment fund that supports academic programming. The supplemental distribution was \$1,300,000 and \$700,000 in 2024 and 2023, respectively. The total fiscal year 2024 distribution of \$114,796,000 was 4.7% of the endowment market value as of June 30, 2023. The total fiscal year 2023 distribution of \$92,900,000 was 3.8% of the endowment market value as of June 30, 2022. Annual distributions are expended in accordance with the terms or restrictions of the individual funds. The spending policy is reviewed annually by the Investment Committee in conjunction with the Financial Resources Committee in recognition of the interdependent relationship of investment policy and the financial needs of the College.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of the original contributions due to unfavorable market movements. Deficiencies of this nature are reported in net assets with donor restriction. At June 30, 2024 there were 41 funds with deficiencies, which together had an original gift value of \$19,257,798, a current fair market value of \$18,576,380, and a deficiency of \$681,418. At June 30, 2023 there were 58 funds with deficiencies, which together had an original gift value of \$25,319,000, a current fair market value of \$23,355,000, and a deficiency of \$1,964,000.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(4) Contributions Receivable

Contributions receivable consist of the following at June 30, 2024 and 2023 (in thousands):

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 38,681	40,394
Contributions receivable held in outside trusts	21,383	21,225
Total contributions receivable	60,064	61,619
Less allowance for uncollectibles	(3,000)	(3,000)
Less unamortized discount (rates ranging from 1.0% to 4.8%)	(9,856)	(8,503)
Contributions receivable, net	<u>\$ 47,208</u>	<u>50,116</u>
Amounts due in:		
Less than one year	\$ 20,822	24,447
One to five years	17,859	15,947
More than five years	21,383	21,225
Gross amount due	<u>\$ 60,064</u>	<u>61,619</u>

As of June 30, 2024, 14% of the gross pledges receivable balance is due from two donors.

Conditional promises, which depend on the occurrence of a specified future or uncertain event, including expenditure under reimbursement-based federal grant awards, are recognized when expenses are incurred. The total amount of unrecognized federal grant awards was approximately \$4,575,000 and \$4,557,000 at June 30, 2024 and 2023, respectively.

(5) Leases

The components of lease expense are as follows:

	<u>2024</u>	<u>2023</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 1,971	1,680
Interest on lease obligations	42	75
Operating lease expense	908	908
Short-term lease expense	7	16
Total lease cost	<u>\$ 2,928</u>	<u>2,679</u>
Other information:		
Weighted average remaining lease term - finance leases	2.28	2.53
Weighted average remaining lease term - operating leases	18.39	18.64
Weighted average discount rate - finance leases	1.29 %	0.81 %
Weighted average discount rate- operating leases	2.43 %	2.40 %

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Payments due include options to extend leases that are reasonably certain through fiscal year 2049 and are summarized below:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 874	1,315	2,189
2026	883	1,133	2,016
2027	893	295	1,188
2028	694	—	694
2029	435	—	435
Thereafter	<u>7,037</u>	<u>—</u>	<u>7,037</u>
	10,816	2,743	13,559
Less amounts representing interest	<u>(2,349)</u>	<u>(24)</u>	<u>(2,373)</u>
	<u>\$ 8,467</u>	<u>2,719</u>	<u>11,186</u>

(6) Property and Equipment

A summary of property and equipment at June 30, 2024 and 2023 is as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Land	\$ 7,806	7,515
Land improvements	16,461	16,201
Buildings	516,347	503,921
Furniture and fixtures	11,879	11,534
Instructional and computer equipment	13,646	13,023
Machinery and vehicles	4,932	4,430
Operational software and equipment	38,840	33,080
Construction in progress	<u>38,928</u>	<u>12,925</u>
	648,839	602,629
Accumulated depreciation	<u>(256,003)</u>	<u>(239,813)</u>
Land, buildings and equipment, net	<u>\$ 392,836</u>	<u>362,816</u>

The construction in progress balance at June 30, 2024 relates principally to improvements to athletic fields and renovations to academic buildings.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(7) Retirement Plans***Defined Contribution Plan***

Retirement benefits are provided under defined contribution plans. The College's expense under these plans is based on the qualifying salaries of the participants and was \$10,263,000 and \$9,625,000 in 2024 and 2023, respectively.

Postretirement Benefit Obligation

The College administers health care and life insurance plans for retired employees and their spouses. A reconciliation of the Accumulated Postretirement Benefit Obligation (APBO) for the years ended June 30, 2024 and 2023 is as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
APBO, beginning of year	\$ 18,607	17,633
Service costs	843	899
Interest costs	859	788
Plan participant contributions	81	109
Actuarial loss (gain)	(1,339)	633
Benefits paid	<u>(1,255)</u>	<u>(1,455)</u>
APBO and funded status, end of year	\$ <u>17,796</u>	<u>18,607</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ —	—
Employer contributions	1,174	1,346
Plan participant contributions	81	109
Benefits paid	<u>(1,255)</u>	<u>(1,455)</u>
Fair value of plan assets at end of year	\$ <u>—</u>	<u>—</u>

The College uses the Pri-2012 mortality tables issued by the Society of Actuaries to value the APBO. The discount rate used to value the APBO was 5.22% in 2024 and 4.84% in 2023 based on prevailing interest rates. The weighted average health care cost trend rate used in measuring the APBO and benefit cost is 7.0% in 2024, gradually declining to 5.0% in 2028. As of June 30, 2024 and 2023, the College has internally funded a portion of this obligation through the establishment of a Board-designated endowment fund, which had a balance of \$13,142,000 and \$12,447,000, respectively.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Net Periodic Postretirement Benefit Cost

The discount rate used to value the net periodic postretirement benefit cost was 4.84% in 2024 and 4.31% in 2023. The net periodic postretirement benefit cost for the years ended June 30, 2024 and 2023 is as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Postretirement benefits earned during the year (service cost)	\$ 843	899
Interest cost on accumulated postretirement benefit obligation	859	788
Amortization of prior service cost and actuarial loss	<u>209</u>	<u>204</u>
Net periodic postretirement benefit cost other than service cost	<u>1,068</u>	<u>992</u>
Total net periodic postretirement benefit cost	<u>\$ 1,911</u>	<u>1,891</u>

In the statement of activities, service cost is included in Employee benefits in operating activity, and net periodic benefit cost other than service cost is included in Other changes in nonoperating activity

Estimated future benefit payments net of employee contributions are as follows (in thousands):

	<u>Estimated benefit payments, net</u>
Year ending June 30:	
2025	\$ 1,780
2026	1,187
2027	1,223
2028	1,351
2029	1,386
2030–2034	8,145

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(8) Bonds and Other Debt Obligations

The following is a summary of outstanding bonds, net of unamortized discounts or premiums and issuance costs, and other debt obligations, at June 30, 2024 (in thousands):

	<u>2024</u>	<u>2023</u>
Obligations to Maine Health and Higher Education Facilities		
Authority (MHHEFA):		
Series 2008, variable rate (4.47% at June 30, 2024), due 2032 – 2037, par value \$20,700	\$ 20,548	20,526
Series 2009B, taxable, 6.667%, due 2035 – 2039, par value \$19,750	19,665	19,659
Series 2017, 5.000%, due 2035 – 2039, par value \$30,435	34,024	34,263
Series 2018, 4.000% – 5.000%, due 2021 – 2048, par value \$26,805	<u>29,110</u>	<u>29,808</u>
Total MHHEFA	103,347	104,256
Series 2012, taxable, 4.693%, due 2112, par value \$128,500	127,146	127,131
Series 2017, taxable, 4.061%, due 2047, par value \$45,000	44,600	44,583
Series 2021, taxable, 1.477% – 2.930%, due 2025 – 2034, 2040 – 2051, par value \$65,000	<u>64,550</u>	<u>64,533</u>
Bonds payable, net	339,643	340,503
Line of credit facilities	<u>9,458</u>	<u>3,000</u>
	<u>\$ 349,101</u>	<u>343,503</u>

Bonds Payable

The Revenue Bond Agreements associated with the College's outstanding debt contain covenants regarding permitted dispositions, permitted reorganizations and continuing disclosure requirements.

In accordance with the terms of the Revenue Bond and Taxable Bond Agreements, the College has established certain principal, interest, and construction funds. These funds, presented as Funds held by bond trustee on the accompanying statement of financial position, were \$6,609,000 and \$6,597,000 at June 30, 2024 and 2023, respectively, and were invested in a government agency money market fund (Level 1 in the fair value hierarchy).

Total interest expense incurred for the year ended June 30, 2024 was \$14,635,000, net of amounts capitalized of \$58,000. Total interest expense incurred for the year ended June 30, 2023 was \$13,990,000, net of amounts capitalized of \$561,000.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Interest Rate Swap Agreement

The College has an interest rate swap agreement with a financial institution counterparty. The purpose of the agreement is to substantially convert the variable rate on the Series 2008 Revenue Bonds to an annual fixed rate. The following table summarizes the outstanding swap agreement at June 30, 2024 and 2023 (in thousands):

Counterparty	Expiration date	Remaining notional balance	Swap fixed/ floating rates	Fair value of liability at June 30	
				2024	2023
JPMorgan	July 1, 2037	\$ 20,500	Pay 3.84%/Receive 67% Fed Funds rate	\$ (2,065)	(2,768)

The terms and conditions of the swap include two-way collateral posting requirements for counterparty in a liability position. As of June 30, 2024, the College's collateral posting threshold was \$25,000,000. The threshold increases or decreases \$5,000,000 for each incremental ratings adjustment assigned by Moody's Investor Services, Inc. The College was not required to post any collateral in connection with the swap during the years ended June 30, 2024 and 2023. The College has the right to terminate the interest rate swap agreement at any time at the prevailing market rate.

The College recognized a realized loss related to swap settlements of \$29,000 and \$235,000 for the years ended June 30, 2024 and 2023, respectively. The College recognized an unrealized gain of \$703,000 and \$1,249,000 for the years ended June 30, 2024 and 2023, respectively. The activity is included in Other changes in the statement of activities.

Other Debt Obligations

The College has two uncollateralized, revolving lines of credit with two financial institutions. Both are with interest payable monthly on outstanding advances at variable rates based on a federal funds rate. One line of credit in the amount of \$30,000,000 expires in March 2026, and the other line of credit is in the amount of \$170,000,000 and expires in June 2026. The balance outstanding on these lines of credit was \$9,458,000 and \$3,000,000 at June 30, 2024 and 2023, respectively.

Debt Maturities

The following is a schedule of principal maturities of bonds and notes payable for the next five fiscal years and thereafter as of June 30, 2024 (in thousands):

2025	\$ 10,028
2026	3,330
2027	3,390
2028	3,470
2029	3,555
Thereafter	<u>321,875</u>
	<u>\$ 345,648</u>

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

(9) Financial Assets and Liquidity Resources

As of June 30, 2024, the following financial assets and liquidity resources are available within one year for general expenditures, such as operating expenses, debt service and capital renewal programs (in thousands):

Financial assets:	
Cash and cash equivalents	\$ 4,960
Accounts receivable	2,114
Contributions receivable available for operations	2,791
Funds held by bond trustee for debt service	6,027
Operating reserves and working capital investments	134,714
Fiscal 2024 board-approved endowment distribution	<u>124,841</u>
Total financial assets available within one year	\$ <u>275,447</u>

The College regularly monitors the availability of resources required to meet its operating expenditures, while striving to maximize investment earnings on available funds. Cash flows are subject to seasonal variations attributable to tuition billing, federal grant reimbursements, and a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the College has access to \$200,000,000 in lines of credit with two financial institutions that is drawn upon as needed to manage both operating and endowment cash flow. The balance available at June 30, 2024 was approximately \$190,542,000.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to ongoing operating activities. The College maintains a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not funded by donor-restricted resources. In addition, as of June 30, 2024, the College had an additional \$212,539,000 of board designated endowment that is available to support general operations with Board approval.

(10) Expenses by Function and Natural Classification

The statement of activities presents operating expenses by natural classification (e.g. salaries and wages, depreciation). The College also reports expenses by functional categories that reflect the College's major program activities. Expenses not directly identifiable with a program or support service are allocated to major programs and supporting activities. Operation and maintenance of plant is allocated based on the relative square footage of buildings used to support the program activity. Depreciation expense is allocated to the program or supporting activity where the corresponding asset is utilized. Interest expense is allocated to the program or supporting activity benefiting from the use of corresponding debt proceeds.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Expenses by both natural and functional classification for the years ended June 30, 2024 and 2023, are presented below (in thousands):

	Program activities				Institutional support	Total expenses
	Instruction and research	Academic support	Student services	Auxiliary enterprises		
2024:						
Salaries and wages	\$ 40,371	10,086	20,616	12,971	16,185	100,229
Employee benefits	14,021	3,336	6,898	4,143	5,720	34,118
Depreciation and amortization	7,717	1,777	3,389	4,838	1,300	19,021
Interest expense	4,385	339	3,145	5,719	1,047	14,635
Other operating expenses	13,692	7,968	14,433	11,799	10,782	58,674
Total operating expenses	80,186	23,506	48,481	39,470	35,034	226,677
Net periodic postretirement benefit cost other than service cost	—	—	—	—	1,068	1,068
Loss on swap settlements	—	—	—	—	29	29
Total expenses by function	\$ 80,186	23,506	48,481	39,470	36,131	227,774
2023:						
Salaries and wages	\$ 37,710	9,107	20,359	12,123	16,138	95,437
Employee benefits	12,530	2,829	6,397	3,746	5,190	30,692
Depreciation and amortization	7,333	1,454	3,107	4,458	1,040	17,392
Interest expense	4,234	315	2,995	5,493	953	13,990
Other operating expenses	13,994	7,986	13,313	10,330	9,900	55,523
Total operating expenses	75,801	21,691	46,171	36,150	33,221	213,034
Net periodic postretirement benefit cost other than service cost	—	—	—	—	992	992
Loss on swap settlements	—	—	—	—	235	235
Total expenses by function	\$ 75,801	21,691	46,171	36,150	34,448	214,261

(11) Contingencies

The College is subject to certain legal proceedings and claims that arise in the ordinary course of conducting its activities. In the opinion of management, the College has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the College.

(12) 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. All members of the College's Board, Committee members, Officers of Instruction, and Officers of Administration are surveyed annually as to potential conflicts of interest. The College requires disclosure of significant financial interest in, or employment, or consulting relationships with, entities doing business with the College. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the College and ensure compliance with relevant conflict of interest laws.

BOWDOIN COLLEGE

Notes to Financial Statements

Year ended June 30, 2024

(with summarized comparative information for June 30, 2023)

Certain of the College's investments are managed by entities in which the management or ownership of the entities includes members of the College's Board of Trustees or its Committees. The total amount of investments managed by such entities amounted to \$253,599,000 and \$212,225,000 at June 30, 2024 and 2023, respectively. The selection, due diligence, recommendation and monitoring associated with these investments is equally as rigorous as with any of the College's investments. Related parties must recuse themselves from any decisions involving their respective entities and are subject to the Investment Committee conflict of interest policies. In all cases, the College pays fees for these investments that are at or below market.

(13) Subsequent Events

The College considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on October 25, 2024, and subsequent events have been evaluated through that date.