



Financial Statements

New England Law | Boston

June 30, 2025 and 2024

NEW ENGLAND LAW | BOSTON

Financial Statements

Table of Contents

Financial Statements:

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-21

Independent Auditors' Report

To the Board of Trustees
New England Law | Boston
Boston, Massachusetts

Opinion

We have audited the financial statements of New England Law | Boston (the "School"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 School'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 School's ability to continue as a going concern for a reasonable period of time.

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

CBIZ CPAs P.C.

Boston, Massachusetts
December 9, 2025

NEW ENGLAND LAW | BOSTON

Statements of Financial Position

June 30,

	2025	2024
Assets		
Cash	\$ 8,521,826	\$ 8,028,432
Accounts receivable, net	50,844	105,236
Pledges receivable	-	239,358
Prepaid expenses and other assets	642,000	667,612
Student loans, net	3,425	30,047
Investments	118,456,490	100,552,496
Property, plant and equipment, net	<u>12,576,376</u>	<u>12,995,871</u>
Total assets	<u>\$ 140,250,961</u>	<u>\$ 122,619,052</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,055,953	\$ 1,065,777
Student deposits and deferred income	753,930	753,027
Refundable U.S. government student loans	<u>53,022</u>	<u>93,880</u>
Total liabilities	<u>1,862,905</u>	<u>1,912,684</u>
Net assets:		
Without donor restrictions	132,736,461	115,550,250
With donor restrictions	<u>5,651,595</u>	<u>5,156,118</u>
Total net assets	<u>138,388,056</u>	<u>120,706,368</u>
Total liabilities and net assets	<u>\$ 140,250,961</u>	<u>\$ 122,619,052</u>

NEW ENGLAND LAW | BOSTON

Statement of Activities

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

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues:				
Tuition and fees, net of student aid of \$35,082,417 in 2025 and \$34,264,459 in 2024	\$ 28,925,733	\$ -	\$ 28,925,733	\$ 25,001,915
Government agency grants	152,431	-	152,431	127,419
Private gifts and grants	143,189	258,078	401,267	1,431,663
Other income	752,947	-	752,947	808,632
Net assets released from restrictions	5,500	(5,500)	-	-
Total operating revenues	29,979,800	252,578	30,232,378	27,369,629
Operating expenses:				
Instructional	13,026,454	-	13,026,454	13,118,405
Student services	5,036,442	-	5,036,442	4,214,979
Institutional support	3,517,806	-	3,517,806	3,537,885
Fundraising	607,371	-	607,371	405,827
Total operating expenses	22,188,073	-	22,188,073	21,277,096
Increase in net assets from operating activities	7,791,727	252,578	8,044,305	6,092,533
Nonoperating activities:				
Investment return	7,598,876	242,899	7,841,775	8,792,111
Employee Retention Credit program income	1,795,608	-	1,795,608	-
Total nonoperating activities	9,394,484	242,899	9,637,383	8,792,111
Increase in net assets	17,186,211	495,477	17,681,688	14,884,644
Net assets, beginning of year	115,550,250	5,156,118	120,706,368	105,821,724
Net assets, end of year	\$ 132,736,461	\$ 5,651,595	\$ 138,388,056	\$ 120,706,368

NEW ENGLAND LAW | BOSTON

Statement of Activities

Year Ended June 30, 2024

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Operating revenues:			
Tuition and fees, net of student aid of \$34,264,459	\$ 25,001,915	\$ -	\$ 25,001,915
Government agency grants	127,419	-	127,419
Private gifts and grants	148,941	1,282,722	1,431,663
Other income	808,632	-	808,632
Net assets released from restrictions	5,000	(5,000)	-
	<u>26,091,907</u>	<u>1,277,722</u>	<u>27,369,629</u>
Total operating revenues			
Operating expenses:			
Instructional	13,118,405	-	13,118,405
Student services	4,214,979	-	4,214,979
Institutional support	3,537,885	-	3,537,885
Fundraising	405,827	-	405,827
	<u>21,277,096</u>	<u>-</u>	<u>21,277,096</u>
Total operating expenses			
Increase in net assets from operating activities	<u>4,814,811</u>	<u>1,277,722</u>	<u>6,092,533</u>
Nonoperating activities:			
Investment return	8,560,845	231,266	8,792,111
	<u>8,560,845</u>	<u>231,266</u>	<u>8,792,111</u>
Total nonoperating activities			
Increase in net assets	<u>13,375,656</u>	<u>1,508,988</u>	<u>14,884,644</u>
Net assets, beginning of year	102,174,594	3,647,130	105,821,724
Net assets, end of year	<u>\$ 115,550,250</u>	<u>\$ 5,156,118</u>	<u>\$ 120,706,368</u>

NEW ENGLAND LAW | BOSTON

Statements of Cash Flows

Years Ended June 30,

	2025	2024
Cash flows from operating activities:		
Increase in net assets	\$ 17,681,688	\$ 14,884,644
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	958,199	993,848
Realized and unrealized gain on investments	(3,490,062)	(5,559,816)
Loss on property, plant and equipment disposal	8,880	7,838
(Increase) decrease in operating assets:		
Accounts receivable, net	54,392	(7,570)
Prepaid expenses and other assets	25,612	40,878
Pledges receivable	239,358	226,578
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(9,824)	(54,569)
Student deposits and deferred income	903	(70,550)
	<u>15,469,146</u>	<u>10,461,281</u>
Net cash provided by operating activities	15,469,146	10,461,281
Cash flows from investing activities:		
Student loans collected	26,622	50,549
Purchases of property, plant and equipment	(547,584)	(305,199)
Purchases of investments	(220,575,067)	(346,380,904)
Proceeds from the sale of investments	206,161,135	342,039,197
	<u>(14,934,894)</u>	<u>(4,596,357)</u>
Net cash used in investing activities	(14,934,894)	(4,596,357)
Cash flows from financing activities:		
Refundable U.S. government student loans	(40,858)	(47,096)
	<u>(40,858)</u>	<u>(47,096)</u>
Net cash used in financing activities	(40,858)	(47,096)
Net increase in cash	493,394	5,817,828
Cash, beginning of year	<u>8,028,432</u>	<u>2,210,604</u>
Cash, end of year	\$ <u>8,521,826</u>	\$ <u>8,028,432</u>

See accompanying notes to financial statements.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 1 - Nature of Operations

New England Law | Boston (the “School”) is an independent, non-profit, law school located in Boston, Massachusetts. Founded in 1908 as the only law school in the world exclusively for women and coeducational since 1938, the School has always held its doors open to highly motivated students, without regard to race, creed, or national origin. The School is fully accredited by the American Bar Association and is a member of the American Association of Law Schools. The School is supported primarily by tuition, contributions from alumni, and earnings on its endowment. Students are primarily from the Northeast region of the United States, but also include students from many other states and a number of countries.

The School dedicates itself to preparing students to be successful lawyers and leaders in the public and private sectors through integrated practical, theoretical, and ethical education of the highest caliber, and to contributing to the improvement of American, foreign and international legal systems through participation in the debate over the fairness and efficacy of those systems, research and publication, public service, and other work that furthers the interests of justice.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The School reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. The Board of Trustees has designated net assets to function as endowment from net assets without donor restrictions. This designation may be removed at the discretion of the Board of Trustees. Net assets without donor restrictions also include the net investment in property, plant and equipment.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash

The School maintains its cash balances at financial institutions which, at times, may exceed federally insured limits. The School monitors its exposure associated with cash and has not experienced any losses in such accounts. Cash held by investment managers are considered part of investments given the expectation of near-term reinvestment.

Included in cash is \$33,121 and \$57,030 at June 30, 2025 and 2024, respectively, mainly restricted for DOE sponsored Federal programs.

Accounts Receivable

Accounts receivable amounts are primarily related to amounts due from students. Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic activity. Payments for tuition and fees are generally due by the start of the academic period with the recognition that on behalf payments being made by the DOE or others are subject to specific requirements within those programs as to when those funds can be availed. Certain DOE 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 DOE. Cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the School. Student accounts are not collateralized.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The School estimates expected credit losses as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The School records the estimate of expected credit losses as an allowance for credit losses. Changes in the allowance for credit losses are reported in credit loss expense. An account is considered uncollectible when all efforts to collect the account have been exhausted. The allowance for credit losses was \$675,000 and \$690,000 at June 30, 2025 and 2024, respectively.

Pledges Receivable

Unconditional promises to give are recorded at fair value when initially pledged. The initially recorded fair value is considered a Level 2 approach. Initial recording for pledges expected to be collected in one year or more is arrived at by using the present value of a risk adjusted rate to account for the inherent risk associated with the expected future cash flows. Amortization of the discount is included in private gifts and grants revenue. The balance of pledges receivable at June 30, 2024 is from one donor. Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management evaluates the need for an allowance by a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Management determined that an allowance was not necessary at June 30, 2024.

Conditional promises to give are not included as support until the conditions are substantially met. At June 30, 2025, the School had approximately \$751,986 in conditional contributions related to the Employee Retention Credit program, see Note 8.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment management expenses.

Fair Value Measurements

The School reports required types of financial instruments in accordance with the fair value standards of accounting. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted market prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. Recurring fair value measures relate to investments while non-recurring fair values include items such as the initial recording of pledges. In addition, the School reports certain investments using the net asset value (“NAV”) per share as determined by investment managers under the so called “practical expedient.” The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying funds. However, it is possible that these redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements, as applicable.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.
- 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.

The inputs used to measure fair value of an instrument 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.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost when the useful life is over one year and such amounts exceed a management established capitalization threshold. Equipment disposals are removed from the records at the time of disposal with any gain or loss on disposal recorded at that time. Expenditures for major renewals and betterments that extend the useful lives of property, plant and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings and building improvements	15-40 years
Furniture and equipment	5-7 years
Library books	20 years

Student Loans and Refundable U.S. Government Student Loans

Student loans receivable represent amounts due from students associated with the DOE sponsored campus-based Perkins Loan program. The School shared funding of such resources creating a revolving loan fund in concert with funds from the DOE. Funds provided by the DOE are considered refundable U.S. government student loans. Perkins loans in default that meet certain requirements are assigned to the DOE which reduces the obligation. The DOE has ended this program and as funds are collected such amounts will be returned to the DOE and the School as applicable based on original funding. Management has omitted detailed disclosures given the modest amounts involved.

The School regularly evaluates the allowance for doubtful accounts by performing ongoing evaluations of the loans considering such factors as prior collection history and the economic environment. Credit risk on the Perkins loans is mitigated given the ability to assign such loans to the DOE as outlined above, however, the School has recorded an allowance of \$50,000 for each of the years ended June 30, 2025 and 2024.

Student Deposits and Deferred Income

Student deposits represent reservation deposits and other advance payments by students on account. Deferred income represents the amount of unearned services that are in progress as of year-end related to net tuition and fees. 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.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Operations

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

Earned Revenues

Earned revenues are recorded using a principles-based process that requires the School 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. Earned revenues are primarily from tuition and fees in addition to certain rental income.

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

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

Payments made by third parties such as the DOE relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the School. Cash flows are also impacted by DOE rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students. Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Operations (Continued)

Earned Revenues (Continued)

Rental income is recorded as earned during the related period of occupancy to which the payment relates to. Rental income is included in other income in the statement of activities.

Investment return is reported in the fiscal year based on the fair market value of investment funds which includes the effects of interest, dividends, realized and unrealized changes in fair value net of any investment fees.

Contributed Support

Private gifts and grants, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Conditional contributions/promises are recognized as revenues when the barriers to entitlement have been met. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in this section.

Government agency grants have been accounted for as conditional contributions and are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense amounted to approximately \$360,000 and \$358,000 for the years ended June 30, 2025 and 2024, respectively.

Income Taxes

The School is a not-for-profit organization and is generally exempt from Federal and state income taxes on related income as described in Section 501(c)(3) of the Internal Revenue Code. Given the limited taxable activities of the School, management has concluded that disclosures related to tax provisions is not necessary.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating and Nonoperating Activity

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the School's primary mission of providing education and amounts appropriated under the endowment spending policy, if any. Nonoperating activities includes investment return, net of amounts appropriated under the endowment spending policy, if any, and Employee Retention Credit program income.

Functional 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. Note 9 presents the natural classification of expenses by function. Depreciation and operation and maintenance of property, plant and equipment are allocated to functional classifications based on square footage.

Subsequent Events

Subsequent events were evaluated through December 9, 2025, which is the date the financial statements were available to be issued. Management determined that no events required adjustment or disclosure through that date within these financial statements.

Pending Accounting Standards

The School is aware of and currently evaluating pending accounting standards and expects that those standards will have limited impact.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 3 - Liquidity and Availability

The School regularly monitors the availability of resources required to meet its general operating expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing teaching, as well as the conduct of services undertaken to support those activities, to be general expenditures. Perkins loans receivable are not included in this analysis as principal and interest on these loans are generally refundable to the Federal government and are, therefore, not available to meet current operating needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	2025	2024
Cash	\$ 8,488,705	\$ 7,971,402
Accounts receivable, net	50,844	105,236
Unencumbered investments	10,514,263	10,369,318
Investment income appropriated for operations	<u>4,150,000</u>	<u>4,150,000</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 23,203,812</u>	<u>\$ 22,595,956</u>

Board-designated endowment funds amounted to \$107,559,889 and \$89,814,824 at June 30, 2025 and 2024, respectively. Although the School does not intend to spend from these board-designated endowment funds (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts can also be made available with Board approval should the liquidity outlined above not meet current requirements.

Note 4 - Pledges Receivable

Pledges receivable are as follows at June 30:

	2025	2024
Receivable in less than one year	\$ -	\$ 250,000
Receivable in one to five years	<u>-</u>	<u>-</u>
	-	250,000
Less: discount for present value	<u>-</u>	<u>(10,642)</u>
Pledges receivable, net	<u>\$ -</u>	<u>\$ 239,358</u>

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 5 - Investments and Fair Value Measurements

The following tables summarize the School's recurring fair value measurements at June 30:

	2025		
	Level 1	NAV	Total
Equities	\$ 49,946,488	\$ 5,167,464	\$ 55,113,952
Fixed income	27,037,716	-	27,037,716
Cash and cash equivalents	36,304,822	-	36,304,822
Total investments at fair value	\$ 113,289,026	\$ 5,167,464	\$ 118,456,490
	2024		
	Level 1	NAV	Total
Equities	\$ 42,215,364	\$ 3,446,251	\$ 45,661,615
Fixed income	21,698,158	-	21,698,158
Cash and cash equivalents	33,192,723	-	33,192,723
Total investments at fair value	\$ 97,106,245	\$ 3,446,251	\$ 100,552,496

The vast majority of the NAV investments are illiquid at June 30, 2025 and 2024.

There are no unfunded capital commitments at June 30, 2025 and 2024. The School has no plans or intentions to liquidate any of its investments using NAV methods at other than the ordinary course as allowed under such instruments.

Note 6 - Property, Plant and Equipment

Net property, plant and equipment consist of the following at June 30:

	2025	2024
Land, buildings and building improvements	\$ 23,494,793	\$ 23,474,012
Furniture and equipment	11,822,075	11,355,889
Library books	12,345,606	12,308,669
	47,662,474	47,138,570
Less: accumulated depreciation	35,086,098	34,142,699
Property, plant and equipment, net	\$ 12,576,376	\$ 12,995,871

Depreciation expense was \$958,199 and \$993,848 for the years ended June 30, 2025 and 2024, respectively.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 7 - Endowment and Other Net Assets

Endowment

The net assets associated with the School's endowment funds are classified in accordance with relevant state law which is reviewed and interpreted by the Board of Trustees. Net asset classifications are (1) without donor restrictions and (2) with donor restrictions, based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions include board-designated funds and any accumulated income and appreciation thereon. Net assets with donor restrictions include contributions designated by donors to be invested in perpetuity to produce income for general or specific purposes, as well as accumulated income and appreciation on those funds.

The Board of Trustees of the School has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the tracking of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School tracks (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The School also tracks appreciation on these funds.

The School may make appropriations in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the School and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the School, and (7) the School's investment policies.

Return Objectives and Risk Parameters

The long-term performance objective of the endowment portfolio is to attain a reasonable "market" return based on a balanced portfolio of debt and equities while taking moderate risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the School 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 principal objective is to generate a total return over a full market cycle.

Spending Policy

The Board of Trustees has established a spending policy for its endowment intended to preserve the purchasing power of endowment assets while providing a predictable stream of annual operating support. The spending rate is up to 5% of the rolling prior 36-month average market value of the endowment investments as of the calculation date (typically December 31), subject to Board approval each year through the School's annual budgeting process. The School determined that the spending draw was not needed for the years ended June 30, 2025 and 2024. The School's Board has approved up to \$4,150,000 of an endowment spending draw for fiscal year 2026.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 7 - Endowment and Other Net Assets (Continued)

Underwater Endowment Funds

The School has a policy to not spend from endowment funds if the fair value of the funds are less than historical value. To the extent that the fair value of a donor-restricted endowment fund falls below its historic dollar value, it is reported as a reduction of net assets with donor restrictions. There are no underwater endowment funds at June 30, 2025 and 2024.

Changes in board-designated, without donor restrictions, and donor-restricted endowment funds are as follows for the years ended June 30:

	2025			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Endowment funds, beginning of year	\$ 89,814,824	\$ 262,647	\$ 105,707	\$ 90,183,178
Gifts and additions	10,143,189	-	-	10,143,189
Net investment return	7,598,876	-	16,984	7,615,860
Endowment funds, end of year	\$ 107,556,889	\$ 262,647	\$ 122,691	\$ 107,942,227
	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated Gains	
Endowment funds, beginning of year	\$ 81,105,038	\$ 262,647	\$ 86,665	\$ 81,454,350
Gifts and additions	148,941	-	-	148,941
Net investment return	8,560,845	-	19,042	8,579,887
Endowment funds, end of year	\$ 89,814,824	\$ 262,647	\$ 105,707	\$ 90,183,178

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 7 - Endowment and Other Net Assets (Continued)

Net assets are for the following purposes at June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 107,556,889	\$ 385,338	\$ 107,942,227
Operating funds	12,329,130	-	12,329,130
Net investment in plant	12,576,376	-	12,576,376
Scholarships	274,066	2,590,129	2,864,195
Student loans	-	258,692	258,692
Contributions for plant assets	-	2,192,638	2,192,638
Student programs	-	6,957	6,957
Academic programs	-	217,841	217,841
Total net assets	\$ 132,736,461	\$ 5,651,595	\$ 138,388,056
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 89,814,824	\$ 368,354	\$ 90,183,178
Operating funds	12,477,500	-	12,477,500
Net investment in plant	12,995,871	-	12,995,871
Scholarships	262,055	2,444,690	2,706,745
Student loans	-	199,013	199,013
Contributions for plant assets	-	1,893,908	1,893,908
Student programs	-	56,655	56,655
Academic programs	-	193,498	193,498
Total net assets	\$ 115,550,250	\$ 5,156,118	\$ 120,706,368

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 8 - Revenue Matters

The School as lessor has an operating lease agreement with an unrelated third party for certain of its premises through 2027. The tenant has an option for an additional five-year extension. Rental income is recorded on the straight-line basis over the lease term.

Additionally, the School leases certain premises as apartments under short-term lease agreements.

The School recorded rental income of \$681,900 and \$678,929 for the years ended June 30, 2025 and 2024, respectively, and is included in other income in the statements of activities.

The future minimum rental receipts are as follows for the years ending June 30:

2026	\$	550,000
2027		<u>504,167</u>
	\$	<u><u>1,054,167</u></u>

Employee Retention Credit Program

The School has made claims for refundable credits under the Employee Retention Credit (“ERC”) program in the amount of \$2,176,440. During the year ended June 30, 2025, the School received funding, and recognized revenue, of \$1,795,608 for such prior claims which included \$371,155 of interest. These amounts are included in nonoperating on the statement of activities.

The School currently awaits formal approval for one application, amounting to \$751,986, and therefore such claim is considered conditional and, accordingly, no grant revenue is recognized during the year ended June 30, 2025. The School will recognize grant revenue upon receipt of funds, at which point grant revenue will be recognized in accordance with the policy as detailed in Note 2.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 9 - Functional Expenses

Expenses by functional and natural classification are as follows at June 30:

	2025				
	Instructional	Student Services	Institutional Support	Fundraising	Total
Salaries and wages	\$ 7,261,156	\$ 2,348,144	\$ 1,434,409	\$ 316,829	\$ 11,360,538
Payroll taxes	514,434	156,860	101,411	13,643	786,348
Benefits	1,255,101	518,690	437,218	42,277	2,253,286
Supplies, services and other	3,238,786	1,916,928	1,458,530	215,458	6,829,702
Depreciation	756,977	95,820	86,238	19,164	958,199
	<u>\$ 13,026,454</u>	<u>\$ 5,036,442</u>	<u>\$ 3,517,806</u>	<u>\$ 607,371</u>	<u>\$ 22,188,073</u>

	2024				
	Instructional	Student Services	Institutional Support	Fundraising	Total
Salaries and wages	\$ 7,518,717	\$ 2,098,239	\$ 1,282,270	\$ 185,134	\$ 11,084,360
Payroll taxes	516,812	138,526	79,334	10,352	745,024
Benefits	1,308,284	372,286	206,514	21,486	1,908,570
Supplies, services and other	2,989,452	1,506,543	1,880,321	168,978	6,545,294
Depreciation	785,140	99,385	89,446	19,877	993,848
	<u>\$ 13,118,405</u>	<u>\$ 4,214,979</u>	<u>\$ 3,537,885</u>	<u>\$ 405,827</u>	<u>\$ 21,277,096</u>

Note 10 - Defined Contribution Plan

The School sponsors a qualified defined contribution retirement plan for eligible employees that is organized under code section 403(b) of the Internal Revenue Code. The School contributes 10% of eligible compensation to TIAA, provided the employee contributes 5%. Expenses under this plan amounted to \$876,004 and \$804,383 for the years ended June 30, 2025 and 2024, respectively.

Note 11 - Commitments and Contingencies

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

The School outsources services in connection with its bookstore activities under a long-term contract. Management believes this arrangement is under commercially reasonable terms.

NEW ENGLAND LAW | BOSTON

Notes to Financial Statements

Note 11 - Commitments and Contingencies (Continued)

The University has an employment agreement with its president through June 2027 that stipulates a variety of business terms typical in the education sector.

All funds expended by the School in connection with government grants are subject to review or audit by governmental agencies. In addition, the School has any number of regulators/oversight bodies that from time-to-time inspect the records and activities of the School.

Note 12 - Risks and Uncertainties Related to Federal Policy Changes

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

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

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