

WELLESLEY COLLEGE

Annual Report

2024–2025



Wellesley College Annual Report

For the year ended June 30, 2025

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Letter from the Vice President for Finance and Administration and Treasurer

To Members of the Wellesley College Community:

I am pleased to provide you with the College's financial report for the fiscal year ending June 30, 2025.

The College ended fiscal year 2025 with an operating surplus of \$7.5 million, driven by favorable nonrecurring revenue activity. Net tuition and room and board revenue totaled \$119 million, representing 41% of total revenue. Endowment income used in operations totaled \$129 million, a 4.9% increase from the prior year, accounting for 45% of the total operating revenue of \$289 million. In fiscal year 2025, the College continued to provide significant financial assistance to students, distributing a total of \$79 million in financial aid, which was comparable to fiscal year 2024 but significantly lower than budgeted.

Alumnae and other donors contributed a total of \$94 million in gifts and pledges in fiscal year 2025, including annual fund and current use gifts, gifts to endowment, and gifts for campus renewal. This represented a 68% increase in contributions from fiscal year 2024. Following a 7.8% return on the endowment in 2024, the College experienced a 12.2% return in fiscal year 2025. The College closed the fiscal year with an endowment value of \$3.2 billion and total net assets of \$3.6 billion.

The Wellesley College Alumnae Association officially merged with the College in fiscal year 2025, resulting in an increase to the College's net assets of \$23.9 million.

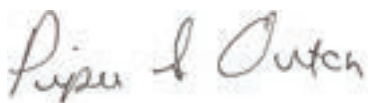
Operating expenses totaled \$281 million, a 5% increase from fiscal year 2024. The main drivers of the increase in expenses include increases in faculty and staff compensation and benefits, including significant increases in health insurance costs, expanded meeting and event activities, higher study away expenses, and increases in depreciation expense associated with investments in campus renewal and critical repairs.

During fiscal year 2025, the College completed construction of the Vivian A. Kao '04 Health and Counseling Center. Renovation of the Tower Court and Claflin residence halls continued. Additionally, renovation work continued on the Clapp Library, which was near completion at the end of fiscal year 2025.

We remain deeply grateful for the collective support of the board of trustees, our dedicated alumnae, and the committed faculty and staff. Their partnership makes it possible for Wellesley to continue offering an exceptional liberal arts education to our students.

The following pages contain five comparative and historical reports on financial and operational measures that provide useful indications of the financial well-being of the College over time. We have also included the complete June 30, 2025 financial statements and notes, audited by KPMG LLP, which describe in more detail Wellesley College's financial position, statement of activities, cash flows, and sources and uses of restricted and unrestricted funds.

I hope you find this information useful.



Piper Starr Orton
Vice President for Finance and Administration and Treasurer

Historical Reports

A photograph of a modern building with a prominent glass facade and a section with horizontal wooden siding. The building is surrounded by lush green trees. A paved ramp with black metal railings leads to a set of double glass doors. The upper floor has large windows that reflect the surrounding trees and show some interior furniture. The text "Historical Reports" is overlaid in large white font on the upper part of the image.

Schedule A

Summary of Operating Revenues and Expenditures, Years Ended June 30, 2025 and June 30, 2024 (in \$000s)

	2025	2024	Increase (Decrease)	% Change
Operating Revenues				
Tuition and Fees	\$153,724	\$148,101	\$5,623	3.8%
Room and Board	\$44,039	\$42,575	\$1,464	3.4%
Financial Aid	(\$79,030)	(\$79,020)	(\$10)	0.0%
Net Student Charge Revenue	\$118,733	\$111,656	\$7,077	6.3%
Distribution from Endowment Used for Operations	\$128,782	\$122,708	\$6,074	4.9%
Private Gifts and Grants	\$12,026	\$16,237	(\$4,211)	(25.9%)
The Wellesley Fund	\$12,791	\$12,356	\$435	3.5%
Auxiliary Enterprises	\$5,982	\$6,162	(\$180)	(2.9%)
Other Income	\$10,675	\$13,767	(\$3,092)	(22.5%)
Total Revenues	\$288,989	\$282,886	\$6,103	2.2%
Operating Expenditures				
Instruction	\$83,530	\$81,483	\$2,047	2.5%
Student Services	\$34,450	\$32,662	\$1,788	(0.2%)
Academic Support	\$18,112	\$18,529	(\$417)	(2.2%)
Institutional Support	\$46,651	\$38,684	\$7,967	20.6%
Maintenance and Operations	\$28,198	\$29,332	(\$1,134)	(3.9%)
Debt Service	\$16,040	\$16,152	(\$112)	(0.7%)
Major Maintenance	\$2,937	\$4,387	(\$1,450)	(33.1%)
Depreciation and Amortization	\$33,115	\$29,941	\$3,174	10.6%
Sponsored Research	\$11,933	\$10,669	\$1,264	11.8%
Auxiliary Operations	\$6,499	\$5,549	\$950	17.1%
Total Expenditures	\$281,465	\$267,388	\$14,077	5.3%
GAAP Net Operating Income/(Loss)	\$7,524	\$15,498	(\$7,974)	(51.5%)

Schedule B

Ten-Year Operating Budget Financial Summary FY2016–FY2025 (in \$000s)

	2016	2017	2018	2019	2020
Operating Revenues					
Tuition and Fees	\$112,070	\$115,610	\$121,912	\$128,441	\$132,195
Room and Board	\$31,567	\$33,078	\$34,532	\$35,549	\$29,057
Financial Aid Grants	(\$56,996)	(\$57,838)	(\$63,250)	(\$67,791)	(\$67,876)
Net Student Charge Revenue	\$86,641	\$90,850	\$93,194	\$96,199	\$93,376
Endowment Distribution	\$83,403	\$89,352	\$89,900	\$94,460	\$93,146
Private Gifts and Grants	\$35,157	\$41,664	\$23,366	\$23,780	\$23,623
Government Grants	\$6,032	\$4,492	\$4,901	\$4,313	\$5,552
Auxiliary Operations	\$6,500	\$6,787	\$5,634	\$7,060	\$7,324
Restricted and Designated Funds Used in Operations	\$0	\$0	\$4,091	\$3,122	\$3,810
Other	\$3,937	\$4,290	\$5,970	\$10,354	\$6,192
Total Revenues	\$221,669	\$237,435	\$227,056	\$239,288	\$233,023
Operating Expenditures					
Instruction	\$70,788	\$71,948	\$75,693	\$72,983	\$70,229
Student Services	\$24,250	\$25,523	\$26,687	\$28,213	\$27,083
Academic Support	\$20,470	\$17,649	\$17,298	\$18,699	\$18,557
Institutional Support	\$34,775	\$34,003	\$29,177	\$32,690	\$31,409
Maintenance and Operations	\$24,012	\$25,049	\$28,137	\$26,082	\$25,438
Debt Service	\$8,150	\$8,102	\$10,573	\$12,262	\$12,240
Major Maintenance	\$6,006	\$9,413	\$4,149	\$3,649	\$1,720
Depreciation	\$15,912	\$17,302	\$20,359	\$20,419	\$21,703
Sponsored Research and Centers	\$13,810	\$12,520	\$11,530	\$12,501	\$13,516
Auxiliary Operations	\$7,109	\$7,836	\$7,146	\$8,185	\$7,908
Total Expenditures	\$225,281	\$229,345	\$230,749	\$235,683	\$229,803
GAAP Net Operating Income/(Loss)	(\$3,612)	\$8,090	(\$3,693)	\$3,605	\$3,220

2021	2022	2023	2024	2025	Change Since June 30, 2016	
					Nominal %	Real %
\$131,001	\$142,966	\$144,483	\$148,101	\$153,724	4.0%	0.9%
\$20,108	\$39,948	\$41,150	\$42,575	\$44,039	8.0%	4.9%
(\$70,917)	(\$79,353)	(\$76,983)	(\$79,020)	(\$79,030)	4.5%	1.4%
\$80,192	\$103,561	\$108,650	\$111,656	\$118,733	4.2%	1.1%
\$96,486	\$106,356	\$109,771	\$122,708	\$128,782	4.6%	1.5%
\$25,606	\$23,376	\$19,092	\$21,992	\$19,971	0.5%	-2.6%
\$7,903	\$9,652	\$5,923	\$6,601	\$4,846	6.7%	3.6%
\$5,081	\$4,555	\$5,808	\$6,162	\$5,982	-1.3%	-4.4%
\$1,829	\$0	\$0	\$0	\$0	-15.4%	0.0%
\$4,043	\$5,367	\$11,610	\$13,767	\$10,675	19.4%	16.3%
\$221,140	\$252,867	\$260,854	\$282,886	\$288,989	3.6%	0.6%
\$65,663	\$72,772	\$77,266	\$81,483	\$83,530	1.8%	-1.3%
\$24,665	\$29,927	\$29,710	\$32,662	\$34,450	4.5%	1.4%
\$14,668	\$16,648	\$17,109	\$18,529	\$18,112	-1.3%	-4.4%
\$31,421	\$40,687	\$34,943	\$38,684	\$46,651	6.3%	3.2%
\$26,911	\$26,362	\$29,480	\$29,332	\$28,198	1.9%	-1.1%
\$15,994	\$16,071	\$15,916	\$16,152	\$16,040	7.8%	4.7%
\$3,043	\$3,995	\$2,509	\$4,387	\$2,937	13.5%	10.4%
\$24,267	\$24,649	\$27,549	\$29,941	\$33,115	7.3%	4.2%
\$11,482	\$12,529	\$12,168	\$10,669	\$11,933	0.7%	-2.4%
\$3,574	\$4,226	\$4,905	\$5,549	\$6,499	2.4%	-0.7%
\$221,688	\$247,866	\$251,555	\$267,388	\$281,465	2.9%	-0.2%
(\$548)	\$5,001	\$9,299	\$15,498	\$7,524		

Schedule C

Key Facts and Statistics 2016–2025

	2016	2017	2018	2019	2020
<u>Faculty, Staff, and Students</u>					
Faculty Headcount	383	370	359	347	346
Faculty Instructional FTE	340	332	326	316	317
Staff FTE	729	753	740	732	736
Student Enrollment FTE	2,356	2,347	2,419	2,439	2,439
Student Enrollment Degree-Seeking	2,344	2,350	2,375	2,392	2,391
Student-to-Faculty FTE Ratio	6.9	7.1	7.4	7.7	7.7
<u>Admissions and Enrollment</u>					
Number of First-Year Student Applications	4,623	4,888	5,703	6,631	6,395
First-Year Students Admitted as a % of Applicants	30.0%	28.0%	22.0%	19.5%	21.6%
First-Year Students Enrolled as a % of Students Admitted	43.0%	43.0%	48.0%	47.4%	44.4%
<u>Comprehensive Fee</u>					
Tuition and Fees	\$46,836	\$48,802	\$51,148	\$53,732	\$56,052
Room and Board	\$14,504	\$15,114	\$15,836	\$16,468	\$17,096
Comprehensive Fee	\$61,340	\$63,916	\$66,984	\$70,200	\$73,148
<u>Financial Aid and Net Price</u>					
Percentage of Students Receiving Financial Aid Grant Assistance	62.0%	54.8%	58.5%	59.6%	56.3%
Average Financial Aid Grant as a % of Comprehensive Fee	65.0%	67.1%	74.1%	78.2%	75.1%
Average Financial Aid Grant per Aided Student	\$41,188	\$44,258	\$49,612	\$54,894	\$54,950
Net Student Charge Revenue per Student FTE	\$36,963	\$38,660	\$39,240	\$40,217	\$39,053
<u>Cost and Share of Cost Charged and Paid</u>					
Total College Expenditures per Student FTE	\$96,110	\$97,594	\$97,157	\$98,530	\$96,112
Comprehensive Fee as a Percentage of					
Total College Expenditures per Student FTE	63.8%	65.5%	68.9%	71.2%	76.1%
Net Student Charge Revenue per Student as a Percentage of					
Total College Expenditures per Student FTE	38.5%	39.6%	40.4%	40.8%	40.6%
<u>Resources/Fundraising (\$000s)</u>					
Unrestricted Gifts - current use	\$10,004	\$8,955	\$9,218	\$10,113	\$14,166
Restricted Gifts - current use	\$20,808	\$23,856	\$12,441	\$9,500	\$9,457
Endowment Gifts	\$21,756	\$4,738	\$25,993	\$4,982	\$15,496
Planned Gifts	\$3,108	\$1,820	\$2,732	\$2,098	\$9,853
Bequests	\$7,434	\$7,929	\$1,707	\$4,167	\$4,251
Facilities Gifts	\$25,474	\$2,630	\$6,625	\$4,722	\$30,244
Total Fundraising	\$88,583	\$49,927	\$58,716	\$35,582	\$83,467
Number of Alumnae Donors	14,596	14,842	13,887	12,878	11,465
Percentage of Alumnae Contributing	48.0%	49.0%	46.0%	42.5%	37.6%
Unrestricted Gifts and Total Bequests as a % of					
Total Expenditures	8.6%	5.2%	5.0%	6.7%	10.7%
<u>Endowment</u>					
Endowment Market Value (\$000s)	\$1,784,479	\$1,930,752	\$2,105,212	\$2,173,415	\$2,285,397
Endowment per Student FTE	\$761,297	\$821,597	\$886,405	\$908,618	\$955,833
Endowment Income per Student FTE	\$35,581	\$38,022	\$37,853	\$39,490	\$38,957
Endowment Income as Percentage of Total Expenditures	37.0%	39.0%	39.0%	40.1%	42.0%
Endowment Income Used to Support					
Operations as a Percentage of:					
Beginning of Year Market Value	4.4%	5.0%	4.7%	4.5%	4.3%
<u>Other</u>					
Gross Square Feet of Buildings	2,593,703	2,603,703	2,603,703	2,603,703	2,603,703

2021	2022	2023	2024	2025
341	340	344	342	338
316	311	319	320	313
713	663	674	688	706
2,252	2,408	2,391	2,362	2,342
2,260	2,383	2,353	2,318	2,300
7.1	7.7	7.5	7.4	7.5
6,581	7,685	8,491	8,184	8,714
20.4%	17.5%	13.6%	13.9%	14.0%
43.2%	43.2%	50.8%	50.4%	47.6%
\$58,448	\$60,752	\$61,920	\$64,320	\$67,176
\$17,772	\$18,288	\$19,080	\$19,920	\$21,024
\$76,220	\$79,040	\$81,000	\$84,240	\$88,200
58.4%	58.1%	54.7%	54.6%	54.9%
74.8%	79.1%	79.2%	80.1%	78.4%
\$57,044	\$62,485	\$64,177	\$67,467	\$69,116
\$35,483	\$43,458	\$46,175	\$48,169	\$51,623
\$98,092	\$104,017	\$106,908	\$115,353	\$122,376
77.7%	76.0%	75.8%	73.0%	72.1%
36.0%	41.8%	43.2%	41.8%	42.2%
\$17,154	\$13,295	\$12,726	\$12,356	\$12,791
\$8,452	\$10,081	\$6,365	\$9,636	\$7,180
\$9,027	\$15,808	\$10,795	\$18,068	\$23,803
\$1,311	\$471	\$936	\$955	\$1,252
\$3,926	\$3,204	\$6,559	\$6,936	\$2,651
\$22,110	\$6,200	\$3,351	\$2,462	\$56,032
\$61,981	\$49,059	\$40,733	\$50,414	\$103,709
10,559	9,335	8,456	8,170	7,522
38.4%	33.9%	30.3%	25.0%	22.7%
9.5%	6.7%	7.7%	7.2%	5.5%
\$3,236,785	\$2,846,865	\$2,888,870	\$2,991,224	\$3,169,722
\$1,432,206	\$1,194,656	\$1,227,739	\$1,290,433	\$1,378,140
\$42,693	\$44,631	\$46,652	\$52,937	\$55,992
43.5%	42.9%	43.6%	43.6%	45.8%
4.2%	3.3%	3.9%	4.2%	4.5%
2,603,703	2,604,194	2,604,194	2,594,229	2,594,229

Schedule D

Total Sources of Student Financial Aid (Grants and Work Assistance) 2016–2025 (in \$000s)

	2016	2017	2018	2019	2020
<u>Restricted Sources</u>					
Endowment Income	\$25,467	\$25,606	\$23,332	\$30,216	\$28,593
Endowment Income - Special Supplement	\$2,000	\$2,000	\$0	\$0	\$0
Total Restricted Endowment Income	\$27,467	\$27,606	\$23,332	\$30,216	\$28,593
Restricted Annual Gifts	\$1,785	\$627	\$1,399	\$2,586	\$1,663
Federal Government					
Pell Grants	\$2,069	\$2,008	\$2,314	\$2,632	\$2,727
Supplemental Educational Opportunity Grants	\$315	\$385	\$409	\$411	\$410
College Work-Study Program - Federal Government Share	\$322	\$322	\$330	\$322	\$322
Total Federal Government Grants	\$2,706	\$2,715	\$3,053	\$3,365	\$3,459
Commonwealth of Massachusetts	\$88	\$164	\$82	\$60	\$280
Total Restricted Sources	\$32,045	\$31,111	\$27,866	\$36,227	\$33,995
<u>Unrestricted Sources</u>					
Distributions from Endowment	\$13,369	\$13,631	\$14,220	\$16,749	\$21,245
General College Revenues	\$15,651	\$17,103	\$23,478	\$17,447	\$15,363
Total Financial Aid from All Sources	\$59,065	\$59,846	\$65,564	\$70,423	\$70,603
Percentage of Aid Funded by Restricted Sources	54.3%	52.0%	42.5%	51.4%	48.1%

Note: Pell Grants are not included as part of Financial Aid expenditures on Schedule A per audit reporting standards.

2021	2022	2023	2024	2025
\$22,204	\$25,030	\$28,228	\$29,858	\$32,493
\$0	\$0	\$0	\$0	\$0
\$22,204	\$25,030	\$28,228	\$29,858	\$32,493
\$2,149	\$2,733	\$2,162	\$1,316	\$1,332
\$2,592	\$2,874	\$2,733	\$3,111	\$3,784
\$442	\$424	\$493	\$530	\$410
\$290	\$322	\$333	\$367	\$322
\$3,324	\$3,620	\$3,559	\$4,008	\$4,516
\$82	\$245	\$247	\$225	\$178
\$27,759	\$31,628	\$34,196	\$35,407	\$38,519
\$22,205	\$23,303	\$25,588	\$30,619	\$30,230
\$23,545	\$27,296	\$19,932	\$16,105	\$14,065
\$73,509	\$82,227	\$79,716	\$82,131	\$82,814
37.8%	38.5%	42.9%	43.1%	46.5%

Schedule E

General Endowment Pool Annual Total Return Since Inception

Year Ended	Market Value (\$000s)	Ending Unit Value	Number of Units	Distribution Per Unit	Total Return %
		\$100.00			
1970	\$92,600	107.13	864,370.391	\$5.50	12.26%
1971	121,050	138.68	872,872.801	5.70	33.57
1972	136,273	154.80	880,316.537	5.90	15.44
1973	126,928	139.30	911,184.494	6.00	(5.70)
1974	109,672	116.43	941,956.540	7.30	(10.15)
1975	111,340	116.82	953,090.224	7.05	6.36
1976	115,922	119.77	967,871.754	7.00	8.36
1977	119,152	122.86	969,819.307	7.30	8.52
1978	111,852	116.54	959,773.468	7.68	0.44
1979	119,151	119.70	995,413.534	8.05	9.45
1980	133,168	119.32	1,116,057.660	9.30	7.76
1981	134,871	121.64	1,108,771.786	9.11	10.20
1982	127,842	110.90	1,152,768.260	10.72	0.90
1983	167,556	135.78	1,234,025.630	10.40	29.60
1984	156,258	123.60	1,264,223.301	9.00	(2.41)
1985	201,793	149.44	1,350,327.891	9.09	27.98
1986	260,481	188.93	1,378,716.985	8.41	32.40
1987	294,574	207.66	1,418,539.921	8.90	14.72
1988	290,270	198.53	1,462,096.409	10.25	0.90
1989	319,235	211.06	1,512,531.981	11.10	12.78
1990	352,537	222.70	1,583,013.022	11.30	11.20
1991	371,464	231.81	1,602,450.283	11.30	9.23
1992	409,082	252.95	1,617,244.515	11.02	14.50
1993	475,797	281.83	1,688,241.138	11.37	15.50
1994	475,961	278.97	1,706,136.861	14.00	4.00
1995	520,108	305.01	1,705,216.222	16.15	15.20
1996	595,950	336.88	1,769,027.547	17.02	18.24
1997	677,932	371.67	1,824,015.928	19.60	17.17
1998	780,203	410.41	1,901,037.745	21.00	15.22
1999	887,036	446.73	1,985,619.949	22.00	14.96
2000	1,253,008	610.15	2,053,599.759	23.50	42.85
2001	1,135,925	543.88	2,088,558.138	24.75	(6.62)
2002	1,031,991	484.59	2,129,616.789	26.04	(5.19)
2003	1,043,476	479.33	2,176,946.989	26.88	4.85
2004	1,179,988	521.95	2,260,729.955	26.16	15.18
2005	1,275,529	550.55	2,316,826.810	27.88	11.46
2006	1,412,410	595.46	2,371,964.532	28.96	13.97
2007	1,672,235	691.71	2,417,537.696	30.74	22.70
2008	1,629,331	668.81	2,436,164.232	31.55	1.22
2009	1,287,082	523.84	2,457,013.592	33.18	(16.97)
2010	1,330,045	535.74	2,482,631.500	35.08	9.34
2011	1,523,452	608.09	2,505,306.780	31.68	20.36
2012	1,468,370	579.48	2,533,944.226	31.11	0.75
2013	1,576,337	616.39	2,557,369.523	31.36	12.47
2014	1,834,137	692.31	2,649,300.169	31.21	18.80
2015	1,881,031	699.88	2,687,647.882	30.57	5.91
2016	1,784,479	659.15	2,707,242.661	30.76	(1.50)
2017	1,930,752	710.06	2,719,139.228	30.96	13.14
2018	2,105,212	753.97	2,802,550.165	31.01	11.00
2019	2,173,415	771.66	2,826,966.372	32.18	7.22
2020	2,285,397	802.57	2,866,251.333	32.35	8.78
2021	3,236,785	1,125.88	2,888,037.941	33.21	46.50
2022	2,846,865	985.17	2,905,943.255	34.88	(9.60)
2023	2,888,870	984.35	2,950,759.479	38.45	4.30
2024	2,991,224	1,013.48	2,968,393.415	42.19	7.80
2025	3,169,722	1,083.56	2,942,184.492	44.64	12.20

For reporting purposes, beginning in 2007, Total Return is based on the general investment pool excluding faculty mortgages.



Audited Financial Statements

Independent Auditors' Report



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Wellesley College:

Opinion

We have audited the financial statements of Wellesley College (the College), 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 College 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 U.S. generally accepted accounting principles.

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 College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



- 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.

KPMG LLP

Boston, Massachusetts
October 23, 2025

Statements of Financial Position

June 30, 2025 and 2024 (In thousands)

	Assets	2025	2024
Cash and cash equivalents	\$	148,858	153,070
Receivables, net		13,065	13,844
Contributions receivable, net		60,247	35,119
Prepaid, inventory and other assets		13,661	7,495
Investments		3,181,771	3,003,008
Planned giving investments		56,278	53,404
Land, buildings and equipment, net		732,618	633,300
Total assets	\$	<u>4,206,498</u>	<u>3,899,240</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	\$	64,297	65,656
Deferred income and advances under grants and contracts		13,635	14,023
Annuities and unitrusts payable		30,558	33,283
Asset retirement and environmental obligations		26,269	25,207
Bonds payable		444,612	449,137
Other liabilities		3,942	14,527
Total liabilities		<u>583,313</u>	<u>601,833</u>
Net assets:			
Without donor restrictions		1,103,606	1,015,050
With donor restrictions		<u>2,519,579</u>	<u>2,282,357</u>
Total net assets		<u>3,623,185</u>	<u>3,297,407</u>
Total liabilities and net assets	\$	<u>4,206,498</u>	<u>3,899,240</u>

See accompanying notes to financial statements.

Statement of Activities

Year ended June 30, 2025 (In thousands)

	Without donor restrictions	With donor restrictions	2025 Total
Operating revenues:			
Net student charges	\$ 118,733	—	118,733
Auxiliary operations	5,982	—	5,982
Government grants	4,846	—	4,846
Private gifts and grants	15,212	4,759	19,971
Endowment distributed for operations	44,812	83,970	128,782
Other	10,675	—	10,675
Net assets released from restrictions	84,145	(84,145)	—
Total operating revenues	284,405	4,584	288,989
Operating expenses:			
Instruction	109,223	—	109,223
Sponsored research and centers	11,933	—	11,933
Student services	66,566	—	66,566
Academic support	25,338	—	25,338
Institutional support	56,286	—	56,286
Auxiliary operations	12,119	—	12,119
Total operating expenses	281,465	—	281,465
Change in net assets from operating activities	2,940	4,584	7,524
Nonoperating activities:			
Investment return, net of spending allocation	37,096	171,290	208,386
Matured planned giving agreements	976	(976)	—
Gifts and pledges	2,779	71,330	74,109
Pension related changes other than net periodic pension cost	950	—	950
Net unrealized loss on interest swap	(579)	—	(579)
Other changes	22,557	(11,075)	11,482
Transfer from affiliate organizations	12,819	11,087	23,906
Net assets released from restrictions	9,018	(9,018)	—
Total nonoperating revenues	85,616	232,638	318,254
Change in net assets	88,556	237,222	325,778
Net assets:			
Beginning of year	1,015,050	2,282,357	3,297,407
End of year	\$ 1,103,606	2,519,579	3,623,185

See accompanying notes to financial statements.

Statement of Activities

Year ended June 30, 2024 (In thousands)

	Without donor restrictions	With donor restrictions	2024 Total
Operating revenues:			
Net student charges	\$ 111,656	—	111,656
Auxiliary operations	6,162	—	6,162
Government grants	6,601	—	6,601
Private gifts and grants	14,507	7,485	21,992
Endowment distributed for operations	43,771	78,937	122,708
Other	13,767	—	13,767
Net assets released from restrictions	76,015	(76,015)	—
Total operating revenues	272,479	10,407	282,886
Operating expenses:			
Instruction	107,023	—	107,023
Sponsored research and centers	10,670	—	10,670
Student services	64,587	—	64,587
Academic support	25,712	—	25,712
Institutional support	48,261	—	48,261
Auxiliary operations	11,135	—	11,135
Total operating expenses	267,388	—	267,388
Change in net assets from operating activities	5,091	10,407	15,498
Nonoperating activities:			
Investment return, net of spending allocation	27,404	60,379	87,783
Matured planned giving agreements	893	(893)	—
Gifts and pledges	6,670	27,101	33,771
Pension related changes other than net periodic pension cost	7,616	—	7,616
Net unrealized gain on interest swap	2,321	—	2,321
Other changes	1,032	1,687	2,719
Net assets released from restrictions	6,957	(6,957)	—
Total nonoperating revenues	52,893	81,317	134,210
Change in net assets	57,984	91,724	149,708
Net assets:			
Beginning of year	957,066	2,190,633	3,147,699
End of year	\$ 1,015,050	2,282,357	3,297,407

See accompanying notes to financial statements.

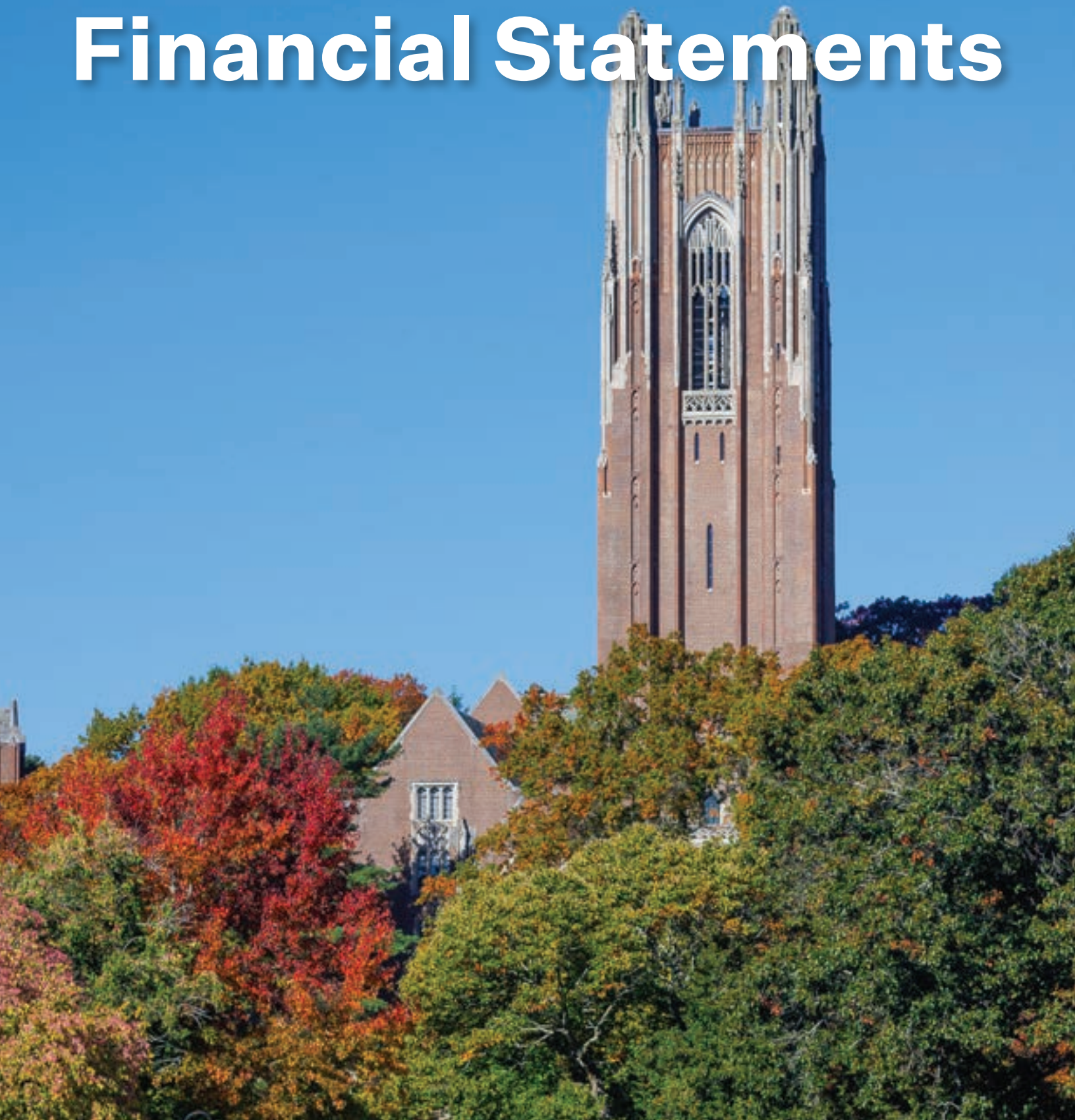
Statements of Cash Flows

Years ended June 30, 2025 and 2024 (In thousands)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 325,778	149,708
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	32,394	29,189
Contributions restricted for long-term purposes	(34,930)	(26,866)
Gain on donated securities received	(6,723)	(2,268)
Realized and unrealized net gain on investments	(342,855)	(208,901)
Transfer from affiliate organizations	(23,906)	—
Change in discount and allowance for doubtful accounts	8,628	2,040
Pension related changes other than net periodic pension cost	(950)	(7,616)
Unrealized (gain) loss on interest rate swap	579	(2,321)
(Gain) loss on disposal of land, building and equipment	(813)	14
Changes in operating assets and liabilities:		
Receivables	831	(2,663)
Contributions receivable	(33,814)	(9,255)
Prepaid, inventory and other assets	(5,216)	(1,373)
Accounts payable and accrued expenses	(7,958)	864
Deferred income and advances under grants and contracts	(388)	(122)
Annuities and unitrusts payable	(2,725)	4,601
Other liabilities	682	(342)
Net cash used in operating activities	(91,386)	(75,311)
Cash flows from investing activities:		
Purchases of land, buildings and equipment	(125,770)	(89,645)
Proceeds from sales of land, building and equipment	1,792	(11)
Proceeds from student loans collections	794	1,175
Student loans issued	(788)	(616)
Purchases of investments	(119,527)	(299,813)
Proceeds from sales and maturities of investments	292,805	403,726
Net cash provided by investing activities	49,306	14,816
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	34,930	26,866
Proceeds from sale of donated securities restricted for long-term purposes	6,723	2,268
Payments on bonds payable	(3,785)	(3,620)
Net cash provided by financing activities	37,868	25,514
Net change in cash and cash equivalents	(4,212)	(34,981)
Cash and cash equivalents:		
Beginning of year	153,070	188,051
End of year	\$ 148,858	153,070
Supplemental disclosure:		
Donated securities included in operating activities	\$ 419	463
Cash paid for interest	16,547	17,121
Change in capital additions included in accounts payable and accrued expenses	6,598	805

See accompanying notes to financial statements.

Notes to Financial Statements



WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(1) Summary of Significant Accounting Policies

(a) Organization

Founded in 1870, Wellesley College (the College) is a private, nonprofit organization providing an excellent liberal arts education to women who will make a difference in the world.

(b) Basis of Presentation

The financial statements of Wellesley College have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, but which may be designated for specific purposes by the College or otherwise be limited by contractual agreements with outside parties.

With donor restrictions – Net assets that are subject to donor-imposed stipulations that expire by the passage of time, can be fulfilled by actions of the College pursuant to the stipulations, or which may be perpetual.

Nonoperating activities reflect transactions of a long-term investment or capital nature, including contributions to be invested by the College to generate a return that will support future operations, contributions to be used for facilities and equipment, and investment return beyond what the College has appropriated for current operational support in accordance with the College's investment return spending guidelines. Nonoperating activities also include net unrealized gains and losses on the interest rate swap, pension related changes other than the service cost component of changes in pension obligation and matured planned giving agreements.

Interest, depreciation, operations, and maintenance expenses have been allocated to functional expense classifications based on square footage utilized.

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

(c) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less. Cash equivalents included in endowment and planned giving investments are not considered cash and cash equivalents for the purpose of the statement of cash flows.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(d) Investments

Investments are generally carried at fair value. Purchases and sales of investments are recorded on the trade date of the transaction. Realized gains and losses arising from sales of investments are recorded based upon the average cost of investments sold. Investment income is recorded on the accrual basis. The investment in faculty mortgages is stated at unpaid principal balances.

For investments made directly by the College whose values are based on quoted market prices in active markets, the market price is used to report fair value. The College's interests in alternative investment funds such as hedge, private equity, and absolute return, are reported at the net asset value (NAV) reported by the fund managers as a practical expedient to fair value, unless it is probable that all or a portion of the investments will be sold for an amount other than NAV. Investments measured at NAV, a practical expedient, are not categorized in the fair value hierarchy.

The College has established a framework for measuring fair value under GAAP. The College determines fair value based on amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The College follows a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at measurement date.

Level 2: Quoted prices, other than those included in Level 1, that are either directly or indirectly observable for the assets or liabilities.

Level 3: Unobservable quoted prices used when little or no market data is available.

Derivative investments in the College's portfolio may include currency forward contracts, currency and interest rate swaps, call and put options, exchange-traded futures contracts, debt futures contracts and other vehicles that may be appropriate in certain circumstances as permitted within the managers' investment guidelines. The College's external investment managers use investments in derivative securities predominantly to reduce interest rate risk and risk in the foreign fixed income market.

The College's split-interest agreements with donors consist of irrevocable charitable gift annuities, pooled life income funds, charitable remainder unitrusts and annuities and perpetual trusts. Unitrusts, in which the College has a remainder interest, but that are held in trust and administered by outside agents, have been recorded as gifts that are with donor restrictions. Unitrusts, in which the College has a remainder interest and which are managed by the College, periodically pay income earned on the assets to designated beneficiaries. For planned giving contracts, the contributed assets are included at fair value within planned giving investments and investments on the Statements of Financial Position. Contribution revenues are recognized as of the date the donated assets are transferred to the College and liabilities are recorded for the present value of the estimated future payments to the donors or other beneficiaries. The liabilities are adjusted during the term of the planned giving contracts consistent with changes in the value of the assets and actuarial assumptions, and are included in annuities and unitrusts payable on the Statements of Financial Position.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(e) Endowment Investment Return Spending Policy

The College has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The College's investment strategy is based on a long-term policy portfolio that serves as a guide for asset allocation. The Policy Portfolio was established with the goal of balancing long-term returns and risks by increasing portfolio diversification through the allocation of assets to less efficient asset classes. The return objective for the endowment assets, measured over a full market cycle, is to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The College uses a "total return" approach to managing endowment assets in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Funds are invested to maximize total return consistent with prudent risk without regard to the mix of current investment income and realized and unrealized gains or losses.

Wellesley's Endowment Spending Policy is based on a combination of the prior year's spending and a percentage of the latest endowment value with a weighting of 80% and 20%, respectively. Prior year spending is adjusted for Higher Education Price Index (HEPI) inflation, and 4.25% is the rate applied to the most recent endowment value on December 31. The amount of allowable spending will be capped at 5.0% or no less than 4.0% of the average of the last three fiscal year end endowment values adjusted for HEPI inflation. The Endowment Spending Policy is applied on a per unit basis. Investment return earned in prior years may be utilized if current year income is less than current year spend. The spending policy is designed to insulate investment policy from budgetary pressures, and to insulate program spending from fluctuations in capital markets.

In accordance with the Massachusetts Uniform Prudent of Management of Institutional Funds Act, the College considers the following factors in making a determination to appropriate for spending or accumulate donor-restricted endowment funds:

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

(f) Receivables

Accounts receivable include amounts due from students, student organizations and other miscellaneous receivables. Loans to students are carried at net realizable value. Student accounts receivable as of June 30, 2025 and 2024 were \$747,000 and \$1,052,000, respectively, and are reported net of allowances for credit losses of \$493,000 and \$443,000, respectively. Loans receivable

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

as of June 30, 2025 and 2024 were \$4,744,000 and \$4,759,000, respectively, and are reported net of allowances for credit losses of \$246,000 and \$238,000, respectively. The provisions are intended to provide for student accounts and loans that may not be collected. The remaining balance as of June 30, 2025 and 2024 consists of grants and other accounts receivable.

(g) Contributions

Contributions of cash and other assets, including unconditional promises to give, are recorded as revenue based on any donor-imposed restrictions on the date of the donors' commitment or gift. Contributions of other assets are recorded at their estimated fair value at the date of the gift. Unconditional pledges are recorded at their estimated present value, which approximates fair value, net of an allowance for uncollectible amounts. Conditional pledges are not recognized as revenue until such time as the conditions are met. Contributions to be used to acquire or construct long-lived assets are initially reported as with donor restrictions and released from restrictions when the resulting asset is placed in service.

(h) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, or if donated, at estimated fair value at the date of donation and are presented net of accumulated depreciation. Additions to plant assets are capitalized while scheduled maintenance and minor renovations are charged to operations. Library books are expensed when purchased. Museum collections are not capitalized. When assets are retired or disposed, the cost and accumulated depreciation are removed from the accounts in the Statements of Financial Position and gains and losses from disposal are included in the Statements of Activities. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Buildings and Infrastructure	20–60
Building improvements	20
Furniture and equipment	4–12

(i) Student Charges

The College recognizes revenue from tuition, fees, room, and board within the fiscal year in which educational services are provided. Financial aid, in the form of scholarships and grants, includes amounts funded by the endowment, gifts and unrestricted institutional resources. This amount reduces the published price of tuition for students receiving such aid. As such, financial aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and fee revenue was \$153,724,000 and \$148,101,000 for the years ended June 30, 2025 and 2024, respectively, and room and board revenue was \$44,039,000 and \$42,575,000, respectively. Financial aid provided to students totaled \$79,030,000 and \$79,020,000 for the years ended June 30, 2025 and 2024, respectively.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(j) Grant Revenue

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. The College has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions include donor restricted contributions for which purpose restrictions and conditions are met in the same reporting period. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$9,012,000 and \$10,457,000 for the years ended June 30, 2025 and 2024, respectively, and are included in the government grants and private gifts and grants lines on the Statements of Activities. Payments received from sponsors in advance of conditions being met are reported as deferred income and advances under grants and contracts on the Statement of Financial Position, which totaled \$10,695,000 and \$9,898,000 as of June 30, 2025 and 2024, respectively.

Government grants normally provide for the recovery of direct and indirect costs. Recovery of related indirect costs is generally recorded at predetermined fixed rates negotiated with the government or at other predetermined rates determined by the grant provider.

(k) Auxiliary Operations

Auxiliary operations include summer programs, the Nehoiden Golf Club, and the Wellesley College Club, which operates a private dining and conference center, and use of the campus during the summer by internal and external groups. Related expenses include the direct expenses of running these operations, as well as an allocation for depreciation, debt service and physical plant maintenance and operation based on square footage.

Room and board expenses are included in the student services functional line item on the Statements of Activities.

(l) Internal Revenue Code Status

The College has been granted tax-exempt status as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

The College has no material uncertain tax provisions as of June 30, 2025 and 2024.

For fiscal years 2025 and 2024, the College was subject to the federal excise tax of 1.4% imposed on colleges and universities meeting certain criteria. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on assets subject to the tax. The current portion of the excise tax was approximately \$3,500,000 and \$2,044,000 as of June 30, 2025 and 2024, respectively. The College has made provisions for a deferred tax liability resulting from net unrealized gains on qualifying assets and estimated at the 1.4% tax rate. The deferred tax liabilities are \$3,000,000 as of June 30, 2025 and \$12,813,000 as of June 30, 2024 and are included within accounts payable and accrued expenses on the Statements of Financial Position.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(m) Asset Retirement and Environmental Obligations

Asset retirement and environmental obligations (ARO) are legal obligations associated with long-lived assets. The College has recognized an estimated liability for legal obligations associated with environmental asset retirements in the period in which the obligation is incurred, typically when the College becomes obligated to remediate. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently amortized over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College adjusts the ARO liabilities when the related obligations are settled. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the Statements of Activities.

(n) Interest Rate Swap

In fiscal year 2008, the College entered into an interest rate swap agreement in conjunction with the issuance of the Massachusetts Development Finance Agency, Variable Rate Revenue Bonds, Series I in order to convert the variable rate debt to fixed rate, thereby hedging against changes in the cash flow requirements of the College's variable rate debt obligations.

Net payments or receipts under the swap agreement (differences between variable and fixed rate) are recorded as interest expense in the operating section of the Statements of Activities and are allocated to the functional expense categories. The change in fair value of the swap is recorded in the nonoperating section of the Statements of Activities as net unrealized gain(loss) on interest swap.

(2) Liquidity and Availability

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, interest and principal payments on debt, and capital renewal programs, were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 148,858	153,070
Contributions and accounts receivable, net	4,083	8,068
Approved endowment appropriation for upcoming year	<u>131,524</u>	<u>130,067</u>
Total financial assets available	284,465	291,205
Liquidity resources:		
Bank line of credit available	<u>60,000</u>	<u>60,000</u>
Total financial assets and other liquidity resources available	<u>\$ 344,465</u>	<u>351,205</u>

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

To manage liquidity, the College regularly monitors the availability of resources available to meet its general operating expenditures. Cash flows are subject to seasonal variations attributable to the timing of tuition billings, receipts of gifts and grants, pledge payments and transfers from the endowment.

In addition, as of June 30, 2025 and 2024, the College had \$869 million and \$876 million of board designated endowment funds, respectively. Although the College does not intend to spend from its board-designated endowment funds, these amounts could be made available with Board approval, subject to liquidity provisions of underlying investments.

(3) Contributions Receivable

Contributions receivable, net, is summarized as follows at June 30 (in thousands):

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	\$ 2,572	5,480
One year to five years	43,895	8,772
Over five years	21,030	16,672
Less discounts and allowance for uncollectible accounts	(13,218)	(4,533)
Total	54,279	26,391
Assets held by external trustee	5,968	8,728
Contributions receivable, net	\$ 60,247	35,119

Contributions receivable expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. 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. Discount rates used to calculate the present value of contributions receivable ranged from 3.0% to 4.0% as of June 30, 2025 and 2024.

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2025 and 2024

(4) Investments and Fair Value Measurements

The fair values of investments at June 30, 2025 and 2024 were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Investments:		
Investments pooled:		
Cash and cash equivalents	\$ 143,414	157,377
Bonds	85,403	84,028
Equities	939,709	886,839
Private equity	1,144,887	1,060,887
Real assets	157,578	173,739
Absolute return	<u>688,246</u>	<u>617,154</u>
Total pooled investments	3,159,237	2,980,024
Faculty mortgages	<u>22,534</u>	<u>22,984</u>
Total investments	\$ <u><u>3,181,771</u></u>	<u><u>3,003,008</u></u>
Planned giving investments:		
Pooled income funds and annuities:		
Cash and cash equivalents	\$ 1,176	607
Bonds	11,737	9,024
Equities	32,792	33,137
Other assets	<u>11</u>	<u>11</u>
Total pooled income and annuities	<u>45,716</u>	<u>42,779</u>
Charitable remainder trusts:		
Cash and cash equivalents	67	81
Bonds	1,438	1,518
Equities	7,334	7,390
Other assets	110	111
Assets held by external trustee	<u>1,613</u>	<u>1,525</u>
Total charitable remainder trusts	<u>10,562</u>	<u>10,625</u>
Total planned giving investments	\$ <u><u>56,278</u></u>	<u><u>53,404</u></u>

The majority of College investments are invested in the College's long-term investment pool. Assets in this pool also include faculty mortgages and planned giving assets. Planned giving assets have a readily determinable fair value and are categorized in Level 1 in the fair value hierarchy.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding for private equity investments. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls. Outstanding commitments approximated \$330,999,000 and \$316,097,000 as of June 30, 2025 and 2024, respectively.

Fair Value Disclosures

The following fair value hierarchy tables present information about the College's assets and liabilities measured at fair value on a recurring basis at June 30, 2025 and 2024 (in thousands):

		2025			
Assets	NAV as practical expedient	Level 1	Level 2	Level 3	Total
Investments:					
Equities	\$ 939,709	—	—	—	939,709
Fixed income	—	85,403	—	—	85,403
Private equity	1,144,887	—	—	—	1,144,887
Real assets	157,578	—	—	—	157,578
Absolute return	688,246	—	—	—	688,246
Cash equivalents and other assets	—	143,414	—	22,534	165,948
Total investments at fair value	\$ 2,930,420	228,817	—	22,534	3,181,771
Liabilities					
Interest rate swap agreement	\$ —	—	(3,942)	—	(3,942)
Total	\$ —	—	(3,942)	—	(3,942)

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

2024					
Assets	NAV as practical expedient	Level 1	Level 2	Level 3	Total
Investments:					
Equities	\$ 886,839	—	—	—	886,839
Fixed income	—	84,028	—	—	84,028
Private equity	1,060,887	—	—	—	1,060,887
Real assets	173,739	—	—	—	173,739
Absolute return	617,154	—	—	—	617,154
Cash equivalents and other assets	—	157,377	—	22,984	180,361
Total investments at fair value	\$ 2,738,619	241,405	—	22,984	3,003,008
Liabilities					
Interest rate swap agreement	\$ —	—	(3,362)	—	(3,362)
Total	\$ —	—	(3,362)	—	(3,362)

Interest rate swap is valued at the present value of the series of net cash flows resulting from the exchange of fixed-rate payments for floating rate payments over the remaining life of the contract from June 30, 2025 and June 30, 2024, respectively. Each floating rate payment is calculated based on forward market rates at valuation date for each respective payment date. Inputs to determine discount factors and forward rates include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Certain inputs are unobservable; therefore, the fair value is categorized as Level 2.

The following table presents faculty mortgages carried at fair value as of June 30, 2025 and 2024 that are classified within Level 3 of the fair value hierarchy (in thousands):

	2025	2024
Balance beginning of year	\$ 22,984	23,374
Realized and unrealized gains	356	385
Additions	(501)	550
Payments received	(305)	(1,325)
Balance end of year	\$ 22,534	22,984

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2025 and 2024

Detailed liquidity of the College's investments as of June 30, 2025 and 2024 is as follows (in thousands):

		2025					
					Greater than quarterly and less than one year	Greater than one year	
		Daily	Monthly	Quarterly			Total
Investments:							
Equities	\$	—	588,004	168,331	89,393	66,901	939,709
Fixed income		85,403	—	—	—	—	85,403
Private equity		—	—	—	—	—	1,144,887
Real assets		—	—	—	—	—	157,578
Absolute return		—	255,707	102,708	212,802	76,562	688,246
Cash equivalents and other assets		143,414	—	—	—	—	165,948
Total investments at fair value	\$	<u>228,817</u>	<u>843,711</u>	<u>271,039</u>	<u>302,195</u>	<u>143,463</u>	<u>3,181,771</u>
		2024					
					Greater than quarterly and less than one year	Greater than one year	
		Daily	Monthly	Quarterly			Total
Investments:							
Equities	\$	—	536,414	175,532	82,324	67,489	886,839
Fixed income		84,028	—	—	—	—	84,028
Private equity		—	—	—	—	—	1,060,887
Real assets		—	—	—	—	—	173,739
Absolute return		—	164,213	136,030	209,636	57,684	617,154
Cash equivalents and other assets		157,377	—	—	—	—	180,361
Total investments at fair value	\$	<u>241,405</u>	<u>700,627</u>	<u>311,562</u>	<u>291,960</u>	<u>125,173</u>	<u>3,003,008</u>

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(5) Endowment

The College's endowment consists of approximately 2,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi funds). Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. At June 30, 2025, the fair market value of certain endowment funds was less than their original donated value of \$6,099,000 ("underwater") by a total of \$129,000. At June 30, 2024, the fair market value of certain endowment funds was less than their original donated value of \$10,517,000 ("underwater") by a total of \$607,000.

In April of 2022, the College's Board of Trustees approved a supplemental draw on the College's board-designated endowment of \$125,000,000 to fund critical building repairs and renovations. The College drew \$72,500,000 for capital projects during the year ended June 30, 2025.

At June 30, 2025 and 2024, endowment net assets consisted of the following (in thousands):

		2025		
		Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$	869,184		869,184
Donor-restricted endowment funds:				
Historical cost		—	750,977	750,977
Appreciation		—	1,549,561	1,549,561
Total endowment net assets	\$	<u>869,184</u>	<u>2,300,538</u>	<u>3,169,722</u>
		2024		
		Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$	875,862	—	875,862
Donor-restricted endowment funds:				
Historical cost		—	715,007	715,007
Appreciation		—	1,400,355	1,400,355
Total endowment net assets	\$	<u>875,862</u>	<u>2,115,362</u>	<u>2,991,224</u>

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

Changes in endowment net assets for the year ended June 30, 2025 and 2024 were as follows (in thousands):

	Without donor restrictions	With donor restrictions	Total
Balance June 30, 2024	\$ 875,862	2,115,362	2,991,224
Net investment return	99,734	233,176	332,910
Contributions and transfers	10,900	35,970	46,870
Distributions for capital	(72,500)	—	(72,500)
Distributions for operations	(44,812)	(83,970)	(128,782)
Balance June 30, 2025	<u>\$ 869,184</u>	<u>2,300,538</u>	<u>3,169,722</u>

	Without donor restrictions	With donor restrictions	Total
Balance June 30, 2023	\$ 859,066	2,029,804	2,888,870
Net investment return	61,888	145,358	207,246
Contributions and transfers	(1,321)	19,137	17,816
Distributions	(43,771)	(78,937)	(122,708)
Balance June 30, 2024	<u>\$ 875,862</u>	<u>2,115,362</u>	<u>2,991,224</u>

(6) Land, Buildings and Equipment

Investment in land, buildings and equipment consists of the following at June 30 (in thousands):

	2025	2024
Land and land improvements	\$ 54,306	53,515
Buildings and building improvements	1,014,851	942,463
Equipment	23,196	18,296
Construction in progress	112,983	59,996
	<u>1,205,336</u>	<u>1,074,270</u>
Less accumulated depreciation	<u>(472,718)</u>	<u>(440,970)</u>
Total	<u>\$ 732,618</u>	<u>633,300</u>

Depreciation and amortization expense was \$32,027,000 and \$28,879,000 for the years ended June 30, 2025 and 2024, respectively.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

As of June 30, 2025, the College has commitments of approximately \$23,782,000 related to open construction contracts and capital acquisitions. This amount is expected to be financed from operating cash flows, a previously approved endowment draw, and donations.

The College recognized \$1,088,000 and \$1,062,000 of operating expenses relating to the accretion of environmental liabilities associated with the asset retirement obligations for the years ended June 30, 2025 and 2024, respectively. Conditional asset retirement obligations of \$26,269,000 and \$25,207,000 at June 30, 2025 and 2024, respectively, are presented in the liabilities section of the Statements of Financial Position.

(7) Bonds Payable and Lines of Credit

Indebtedness at June 30, 2025 and 2024 includes various bonds issued through the Massachusetts Development Finance Agency (MDFA) and other parties. Interest payments on debt totaled \$16,547,000 and \$17,121,000 during fiscal years 2025 and 2024, respectively.

The College has an available line of credit with a bank. The line of credit allows the College to borrow up to \$60 million, with a monthly variable rate based on one-month SOFR plus 0.25%. This line of credit can be used for varying purposes and expires on March 1, 2026. As of June 30, 2025 and 2024, there were no amounts outstanding under this line of credit.

Balances of outstanding bonds payable at June 30 consisted of the following (in thousands):

	2025	2024
MDFA, Series I, Variable Rate Demand Bonds, bearing interest at a weekly rate, maturing July 2039. The rate at June 30, 2025 was 4.31%.	\$ 57,385	57,385
MDFA, Series G, Variable Rate Demand Bonds, bearing interest at a weekly rate, maturing July 2039. The rate at June 30, 2025 was 4.31%.	20,000	20,000
Wellesley College, Series K, Taxable Bonds, bearing interest at a rate of 3.585% to 4.196%, maturing 2042.	78,880	80,125
MDFA, Series L, Revenue Bonds, issued at an interest rate of 4.000% to 5.000%, maturing 2048.	84,650	87,190
MDFA, Series M, Revenue Bonds, issued at an interest rate of 2.500% to 5.000%, maturing 2041.	44,960	44,960
New York Life Note Agreement, issued at an interest rate of 3.00%, maturing through 2050.	150,000	150,000
Total bonds payable	435,875	439,660
Less unamortized bond issue costs	(1,496)	(1,610)
Add unamortized original issue premium	10,233	11,087
	\$ 444,612	449,137

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Notes to Financial Statements

June 30, 2025 and 2024

The total of the College's bonds payable described above matures as follows (in thousands):

2026	\$	5,315
2027		5,520
2028		7,605
2029		7,940
2030		8,290
Thereafter		<u>401,205</u>
Total bonds payable	\$	<u>435,875</u>

In order to reduce exposure to floating interest rates on the MDFA Series I variable Rate Demand Bonds, in January 2008, the College entered into an interest rate swap agreement with a term through 2039. This swap effectively locks in a fixed rate of 3.239% per annum. The agreement has a notional amount of \$57,385,000. At June 30, 2025 and 2024, the fair value of the swap agreement was a liability of \$3,942,000 and \$3,362,000, respectively. The fair value of the swap is the estimated amount that the College would receive or pay to terminate the agreement at the reporting date, considering current interest rates and the current credit worthiness of the swap counterparties. The value of the interest rate swap is reflected within other liabilities on the Statements of Financial Position. The change in fair value of the swap is recorded in the nonoperating section of the Statements of Activities as net unrealized gain or loss on interest swap. This financial instrument necessarily involves counterparty credit exposure and the College's own nonperformance risk. The counterparty for this swap agreement is a major financial institution that meets the College's criteria for financial stability and credit-worthiness. The change in fair value resulted in a loss of \$579,000 in 2025 and a gain of \$2,321,000 in 2024. The College paid no net interest expense in association with the swap agreement for the years ended June 30, 2025 and June 30, 2024.

In the event that the College receives notice of any optional tender on its variable-rate bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the College will be obligated to purchase the bonds tendered with internal liquidity.

(8) Annuities and Unitrusts Payable

The College has split-interest agreements consisting primarily of annuities, pooled life income funds, and charitable remainder unitrusts for which the College may or may not serve as trustee. Split-interest agreements are included in planned giving investments, and at June 30, 2025 and 2024, there is approximately \$11,921,000 and \$11,201,000, respectively, invested alongside the endowment, which is included within the investments totals on the Statements of Financial Position. Contributions are recognized at the dates the trusts are established net of a liability for the present value of the estimated future cash outflows to beneficiaries. The present value of payments is discounted at a rate of return that ranges from 3.5% to 5.0%. The liability of \$30,558,000 and \$33,283,000 at June 30, 2025 and 2024, respectively, is adjusted during the term of the agreement for changes in actuarial assumptions. Payments of income to beneficiaries are principally funded by the investment income of the related gift annuity and unitrust investments.

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2025 and 2024

(9) Retirement Plans

The College has a defined contribution, noncontributory annuity pension plan for faculty and administrative personnel administered by TIAA. Under this plan, the College contributed \$9,861,000 and \$9,518,000 for the years ended June 30, 2025 and 2024, respectively.

The College also has a defined benefit pension plan for certain classified office and service employees. The Plan provides retirement and death benefits based on the highest thirty-six months of consecutive earnings. Contributions to the plan are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974. As of December 2012, this plan is no longer accepting new participants.

The measurement dates for determining the benefit obligations and net periodic benefit cost for the defined benefit plan were June 30, 2025 and 2024.

The significant assumptions underlying the actuarial computations and changes in the benefit obligation as of and for the years ended June 30 were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Assumptions used to determine benefit obligations:		
Discount rate	5.45 %	5.45 %
Rate of compensation increase	3.00	3.00
Assumptions used to determine net periodic benefit cost:		
Discount rate	5.45 %	5.10 %
Expected return on plan assets	7.00	7.00
Rate of compensation increase	3.00	3.00
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 63,288	66,033
Service cost	1,076	1,283
Interest cost	3,329	3,250
Actuarial gain, net of administrative expenses paid	(477)	(2,452)
Benefits paid	<u>(4,384)</u>	<u>(4,826)</u>
Benefit obligation at end of year	\$ <u>62,832</u>	<u>63,288</u>
Accumulated benefit obligation	\$ 58,670	58,848
Change in plan assets:		
Fair value of plan assets at end of prior year	\$ 65,892	58,365
Actual return on plan assets, net of administrative expenses	3,845	8,461
Employer contributions	3,534	3,892
Benefits paid	<u>(4,384)</u>	<u>(4,826)</u>
Fair value of plan assets at end of year	\$ <u>68,887</u>	<u>65,892</u>

WELLESLEY COLLEGE
Notes to Financial Statements
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Funded status:		
Funded status	\$ 6,054	2,603
Components of net periodic benefit cost:		
Service cost	\$ 1,076	1,283
Interest cost	3,329	3,250
Expected return on plan assets	<u>(4,415)</u>	<u>(3,813)</u>
Net periodic benefit cost	\$ <u>(10)</u>	<u>720</u>

Estimated future benefit payments reflecting anticipated service, as appropriate, are expected to be paid as shown below (in thousands):

2026	\$ 4,027
2027	3,877
2028	3,763
2029	4,622
2030	5,287
2031–2034	<u>24,837</u>
	\$ <u>46,413</u>

The College expects to make an employer contribution into the defined benefit plan of \$1,864,000 in the 2026 fiscal year.

In selecting the long-term rate of return on assets, the College considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefit of the Plan. This included considering asset allocation and the expected returns likely to be earned over the life of the Plan, as well as assessing current valuation measures, income, economic growth and inflation forecasts, and historical risk premiums. Although this basis is consistent with prior years, assumptions vary from year to year.

The following lists the Plan's asset allocation at June 30, 2025 and 2024 (in thousands):

<u>Asset category</u>	<u>Fair value at June 30</u>	
	<u>2025</u>	<u>2024</u>
Equity securities	\$ 32,251	54,876
Fixed income	36,348	10,195
Cash and cash equivalents	<u>288</u>	<u>821</u>
	\$ <u>68,887</u>	<u>65,892</u>

All pension plan assets are categorized in Level 1 of the fair value hierarchy and are in commingled funds.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

The investment strategy for the pension assets is consistent with the approach to all other investment assets. The policies and strategies governing all investments for the College are designed to achieve targeted investment objectives while managing risk prudently. Risk management strategies include maintaining a diversified portfolio based on asset class, investment approach and security holdings. For the pension plan assets, an additional strategy is to maintain sufficient liquidity to meet benefit obligations as they become current.

(10) Net Assets

Net assets consist of the following at June 30, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Without donor restrictions:		
Board designated endowments:		
Student financial aid	\$ 48,052	44,992
Professorships	173,714	162,510
Other programming	<u>647,418</u>	<u>668,360</u>
Total board designated endowments	869,184	875,862
Undesignated	(23,373)	(27,528)
Interest rate swap liability	(3,942)	(3,363)
Net investment in plant	<u>261,737</u>	<u>170,079</u>
Total without donor restrictions	<u>1,103,606</u>	<u>1,015,050</u>
With donor restrictions:		
Donor restricted endowments:		
Student financial aid	858,554	799,510
Professorships	629,151	580,781
Other programming	<u>812,833</u>	<u>735,071</u>
Total donor restricted endowments	2,300,538	2,115,362
Purpose restricted and other:		
Student financial aid and loans	12,316	12,289
Capital	66,384	27,874
Annuity funds	39,620	36,191
Life income funds	2,510	2,499
Other programming	42,606	39,410
Unexpended endowment income	<u>55,605</u>	<u>48,732</u>
Total with donor restrictions	<u>2,519,579</u>	<u>2,282,357</u>
Total net assets	<u>\$ 3,623,185</u>	<u>3,297,407</u>

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

(11) Expenses

The Statements of Activities present expenses by functional classification. The College also summarizes its expenses by natural classification. The composition of functional expenses for the years ended June 30, 2025 and 2024 by natural classification are as follows (in thousands):

2025					
	Salaries and wages	Employee benefits	Supplies, services, and other expenses	Depreciation, amortization and interest	Total expenses
Instruction	\$ 55,534	18,633	19,340	15,716	109,223
Sponsored research	5,313	1,630	4,990	—	11,933
Student services	21,436	7,156	18,330	19,644	66,566
Academic support	8,949	3,003	8,966	4,420	25,338
Institutional support	23,912	9,240	17,241	5,893	56,286
Auxiliary operations	1,926	613	6,143	3,437	12,119
Total	\$ 117,070	40,275	75,010	49,110	281,465

2024					
	Salaries and wages	Employee benefits	Supplies, services, and other expenses	Depreciation, amortization and interest	Total expenses
Instruction	\$ 55,240	18,736	18,297	14,750	107,023
Sponsored research	4,838	1,475	4,357	—	10,670
Student services	21,255	7,102	17,793	18,437	64,587
Academic support	9,402	3,176	8,986	4,148	25,712
Institutional support	20,364	5,635	16,731	5,531	48,261
Auxiliary operations	1,917	642	5,350	3,226	11,135
Total	\$ 113,016	36,766	71,514	46,092	267,388

(12) Related Parties

The College has a written conflict of interest policy that requires annual reporting by each member of the Board of Trustees and senior management regarding any association, either directly or indirectly, with organizations doing business with the College. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, based on terms in the best interest of the College.

WELLESLEY COLLEGE

Notes to Financial Statements

June 30, 2025 and 2024

Effective July 1, 2024, the Wellesley College Alumnae Association merged with the College to be one organization. The mission of the Wellesley College Alumnae Association (WCAA) is to support the institutional priorities of Wellesley College. As of June 30, 2024, endowment investment assets totaling \$11,846,000 were included in the College's long-term investment pool and were reflected as part of the College's assets and liabilities. On July 1, 2024 WCAA transferred \$23,096,000 of cash and investments to the College as part of the merger, resulting in an increase in net assets transferred of \$23,906,000 which is presented as transfer from affiliate organizations in the nonoperating section of the Statement of Activities.

(13) Commitments and Contingencies

In 1975, the College identified the presence of hazardous materials from an abandoned 19th century paint factory on land acquired by the College in 1932. When federal and state superfund laws were promulgated in the 1980s the College gained responsibility for the clean-up of contaminants found. The remediation was substantially completed in 2014, but the College continues periodic monitoring and reporting under the Massachusetts Contingency Plan (MCP).

In June of 2002, the College discovered an old gas plant site. Following MA DEP MCP guidelines, the College conducted remedial activities and is now in a temporary solution conducting operation, maintenance and monitoring activities for certain chemicals in groundwater.

The College has several legal cases pending that have arisen in the normal course of its operations. The College believes that the outcome of these cases will have no material adverse effect on the financial position of the College.

(14) Subsequent Events

The College has assessed the impact of subsequent events through October 23, 2025, the date the audited financial statements were issued, and has concluded that there are no such events that require adjustment to the audited financial statements or disclosure in the notes of the audited financial statements.

