Financial Statements

Bates College

June 30, 2026 and 2025

BATES COLLEGE

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	7-18

CBIZ CPAs P.C.

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Independent Auditors' Report

The Board of Trustees
Bates College
Lewiston, Maine

Opinion

We have audited the financial statements of Bates College (the "College"), which comprise the statements of financial position as of June 30, 2026 and 2025, 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, 2026 and 2025, 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 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 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 College'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 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.

CBIZ CPAs P.C.

Boston, Massachusetts
October 31, 2026

BATES COLLEGE

STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 21,222,710	$ 17,468,814
Accounts receivable	1,788,321	1,667,243
Inventories and prepaid expenses	3,203,995	4,015,829
Contributions receivable, net	23,661,723	27,960,478
Student loans receivable	178,635	261,700
Investments	658,802,730	576,289,164
Beneficial interest in perpetual trusts	7,503,489	6,966,739
Contributions receivable from remainder trusts	10,522,673	9,066,105
Land, buildings and equipment, net	278,378,900	274,681,532
TOTAL ASSETS	$ 1,005,263,176	$ 918,377,604
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 19,103,183	$ 20,165,581
Student deposits and deferred items	2,101,678	2,137,702
Asset retirement obligations	7,118,002	6,765,953
Split interest and annuity obligations	8,735,404	8,145,696
Federal student loan funds repayable	227,992	386,253
Bonds payable	151,129,212	157,946,246
TOTAL LIABILITIES	$ 188,415,471	$ 195,547,431
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	$ 235,816,688	$ 218,805,045
With donor restrictions	581,031,017	504,025,128
TOTAL NET ASSETS	$ 816,847,705	$ 722,830,173
TOTAL LIABILITIES AND NET ASSETS	$ 1,005,263,176	$ 918,377,604

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

BATES COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING ACTIVITIES				
Revenues and gains				
Single fee revenue (net of scholarship aid of $48,904,005 and $46,642,325, respectively)	$ 104,308,489		$ 104,308,489	$ 101,529,573
Other educational program revenues	616,371		616,371	770,034
	104,924,860		104,924,860	102,299,607
Contributions and private grants	7,779,521	$ 6,463,315	14,242,836	10,724,267
Government grants	2,382,182		2,382,182	1,874,010
Endowment return used in accordance with spending policy	2,366,636	19,513,364	21,880,000	21,758,976
Other income	8,924,192	162,256	9,086,448	11,310,576
Net assets released from restrictions	27,069,265	(27,069,265)		
	153,446,656	(930,330)	152,516,326	147,967,436
Expenses				
Educational and general				
Instructional	53,418,372		53,418,372	50,383,188
Research	2,354,754		2,354,754	1,790,371
Academic support	23,294,212		23,294,212	23,152,928
Student services	27,893,498		27,893,498	25,754,667
Institutional support	22,797,830		22,797,830	22,200,259
Total educational and general	129,758,666		129,758,666	123,281,413
Auxiliary enterprises	26,578,100		26,578,100	24,969,011
	156,336,766		156,336,766	148,250,424
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,890,110)	(930,330)	(3,820,440)	(282,988)
NONOPERATING ACTIVITIES				
Revenues and gains				
Contributions, net		19,235,448	19,235,448	7,653,352
Total endowment return	9,946,388	87,068,563	97,014,951	49,765,299
Endowment return used in accordance with spending policy	(2,366,636)	(19,513,364)	(21,880,000)	(21,758,976)
Other investment return including change in value of split interest agreements		3,467,573	3,467,573	3,367,916
Net assets released from restrictions	12,322,001	(12,322,001)		
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	19,901,753	77,936,219	97,837,972	39,027,591
CHANGE IN NET ASSETS	17,011,643	77,005,889	94,017,532	38,744,603
NET ASSETS - BEGINNING OF YEAR	218,805,045	504,025,128	722,830,173	684,085,570
NET ASSETS - END OF YEAR	$ 235,816,688	$ 581,031,017	$ 816,847,705	$ 722,830,173

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

BATES COLLEGE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues and gains			
Single fee revenue (net of scholarship aid of $46,642,325)	$ 101,529,573		$ 101,529,573
Other educational program revenues	770,034		770,034
	102,299,607		102,299,607
Contributions and private grants	7,325,035	$ 3,399,232	10,724,267
Government grants	1,874,010		1,874,010
Endowment return used in accordance with spending policy	2,333,360	19,425,616	21,758,976
Other income	11,193,630	116,946	11,310,576
Net assets released from restrictions	23,747,767	(23,747,767)	
	148,773,409	(805,973)	147,967,436
Expenses			
Educational and general			
Instructional	50,383,188		50,383,188
Research	1,790,371		1,790,371
Academic support	23,152,928		23,152,928
Student services	25,754,667		25,754,667
Institutional support	22,200,259		22,200,259
Total educational and general	123,281,413		123,281,413
Auxiliary enterprises	24,969,011		24,969,011
	148,250,424		148,250,424
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	522,985	(805,973)	(282,988)
NONOPERATING ACTIVITIES			
Revenues and gains			
Contributions, net	(41,902)	7,695,254	7,653,352
Total endowment return	5,180,370	44,584,929	49,765,299
Endowment return used in accordance with spending policy	(2,333,360)	(19,425,616)	(21,758,976)
Other investment return including change in value of split interest agreements	75,023	3,292,893	3,367,916
Net assets released from restrictions	9,055,011	(9,055,011)	
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	11,935,142	27,092,449	39,027,591
CHANGE IN NET ASSETS	12,458,127	26,286,476	38,744,603
NET ASSETS - BEGINNING OF YEAR	206,346,918	477,738,652	684,085,570
NET ASSETS - END OF YEAR	$ 218,805,045	$ 504,025,128	$ 722,830,173

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

BATES COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 94,017,532	$ 38,744,603
Adjustments to reconcile the change in net assets to net used in operating activities:		
Depreciation	11,277,485	11,455,147
Contributions receivable allowance for uncollectibles	837,289	2,552,430
Asset retirement accretion, net of abatements	352,049	(87,238)
Amortization of bond origination costs and bond premiums	21,966	19,614
Net unrealized and realized gains on investments	(95,545,889)	(44,207,105)
Other investment return including change in value of split interest agreements	(3,467,573)	(3,367,916)
Contributions received for endowment or other long-term uses	(12,287,228)	(6,263,416)
Contributions received from gifts of securities for operating purposes	(320,674)	(582,187)
Proceeds from sale of gifts of securities for operating purposes	320,674	582,187
(Increase) decrease in operating assets:		
Accounts receivable	(121,078)	(609,938)
Inventories and prepaid expenses	811,834	(326,634)
Contributions receivable from current year pledges	(7,785,509)	(3,942,366)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,693,892)	2,045,900
Student deposits and deferred items	(36,024)	191,755
Total adjustments	(107,636,570)	(42,539,767)
Net cash used in operating activities	(13,619,038)	(3,795,164)
Cash flows from investing activities:		
Purchases of plant and equipment	(14,343,359)	(17,099,391)
Purchases of investments	(210,701,411)	(63,039,251)
Proceeds from sales and maturities of investments	225,797,697	72,514,480
Repayments of loans to students	83,065	179,091
Net cash provided by (used in) investing activities	835,992	(7,445,071)
Cash flows from financing activities:		
Repayments of principal on bonds payable	(6,839,000)	(6,940,000)
Cash contributions received for endowment or other long-term purposes	11,566,992	5,639,266
Proceeds from gifts of securities for long-term purposes	1,106,982	1,055,370
Cash received on contributions receivable for long-term purposes	10,860,229	11,017,451
Payments of refundable loan funds	(158,261)	(232,101)
Net cash provided by financing activities	16,536,942	10,539,986
Net increase (decrease) in cash and cash equivalents	3,753,896	(700,249)
Cash and cash equivalents at beginning of year	17,468,814	18,169,063
Cash and cash equivalents at end of year	$ 21,222,710	$ 17,468,814
Supplemental data		
Contributions of securities and other noncash assets	$ 1,427,655	$ 1,637,556
Accrued construction costs	2,128,842	1,497,348
Interest paid	4,302,498	4,560,754

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

Bates College (the "college") is a private, coeducational, liberal arts college located in Lewiston, Maine. The college provides academic, residential and other services to a diverse student population of approximately 1,800 from across the United States of America and internationally. The college is accredited by the New England Commission of Higher Education, Inc.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Classification of Activities and Net Assets

The college displays its activities and net assets based on two classes of net assets: without donor restrictions and with donor restrictions. These classes are defined as follows:

Without Donor Restrictions - This classification includes all net assets that are not subject to donor-imposed restrictions. All operating expenses are reported as decreases in net assets without donor restrictions since the use of restricted contributions require the release of restrictions. Revenues with donor-imposed restrictions that are met within the same reporting period are reported as net assets without donor restrictions. This classification includes land, buildings and equipment, and designations by the Board of Trustees of net assets for endowment.

With Donor Restrictions - This classification includes net assets subject to donor-imposed stipulations or legal restrictions that specify their use for specific purposes that may or will be met either by actions of the college or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that they be maintained permanently by the college. Donor-imposed restrictions that are temporary in nature include gifts for capital projects and other restricted purposes, split interest and annuity obligations, and contributions receivable, and totaled $258,862,524 and $191,937,795 as of June 30, 2026 and 2025, respectively. Donor-imposed restrictions that are perpetual in nature include endowment funds, beneficial interest in perpetual trusts, and split interest and annuity obligations and contributions receivable that, upon receipt or maturity, will be added to the endowment. Net assets with perpetual donor-imposed restrictions totaled $321,564,463 and $312,087,333 as of June 30, 2026 and 2025, respectively.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets 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 law.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a qualifying expenditure occurs or a time restriction expires, net assets with donor restrictions are recognized as released from restrictions in the statement of activities and included in net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The college considers all highly liquid debt instruments with maturities, when purchased, of three months or less to be cash equivalents. Cash and cash equivalents at June 30, 2026 and 2025 included $88,735 and $191,509, respectively, of restricted cash held for the Federal Perkins Loan Program, and $1,829,227 and $1,830,700, respectively, of restricted cash held as deposits with bond trustees. Cash and cash equivalents held by investment managers is considered part of investments given its expected use for those purposes. The college maintains its cash balances at several financial institutions, which at times may exceed federally insured limits. The college monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their expected future cash flows. The discounts on those amounts are computed using rates indicative of the market and credit risk associated with the contribution. Amortization of the discounts is included in contribution revenue. Contributions receivable included a concentration of unconditional promises to give of 48% from one donor and 67% from two donors at June 30, 2026 and 2025, respectively.

Student Loans Receivable and Federal Student Loan Funds Repayable

The Federal Perkins Loan Program is a revolving loan fund program that is currently in mandatory wind-down and asset distribution phase as required by the U.S. Department of Education. Outstanding loans made under this program are reflected as Student Loans Receivable and the corresponding liability for the federal capital contribution is included in Federal Student Loan Funds Repayable. As loans are collected, the college is required to remit the federal share to the U.S. Department of Education.

Investments

Investments are stated at fair value in accordance with fair value measurement standards. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value measurement standards also provide for a practical expedient of fair value allowing for the use of net asset value (NAV) per share when certain requirements are met.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the college for financial instruments measured at fair value on a recurring basis.

The three levels of inputs are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The college's interests in alternative investments are reported at the NAV reported by the investment managers. The college reviews and evaluates the NAVs provided by the investment managers including, but not limited to, managers' compliance with Fair Value Measurement standards, price transparency and valuation procedures in place, and the ability to redeem at NAV at the measurement date. The college believes that these valuations are a reasonable estimate of fair value as of June 30, 2026 and 2025 but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed; such differences could be material. The NAV is used as a practical expedient to estimate the fair value of these investments unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2026, the college had no plans or intentions to sell investments at amounts different from NAV.

The amount of gain or loss associated with these investments is reflected in the accompanying financial statements. Investment returns are allocated ratably based on the source of the funds providing for such investment. Investments include funds designated by the Board of Trustees and permanent endowment assets that are held in perpetuity. The college may have exposure to derivative financial instruments through its investments in various limited liability funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments, continued

Due to the level of risk associated with certain investment securities and level of uncertainty related to the changes in value of these investments, it is at least reasonably possible that changes in value in the near term could materially impact the amounts reported as the fair market value of these investments at June 30, 2026 and 2025. It is also possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements.

Split Interest Agreements

The college is party to various split interest agreements with regards to irrevocable trusts and other agreements. These agreements include perpetual trusts, charitable remainder trusts, charitable gift annuities, pooled income funds and pooled growth funds.

When the college is the trustee for the trust fund, the assets held are included in investments. When a donor makes a contribution to these funds, contribution revenue is recognized net of a liability for the present value of the estimated future payments to the donors and other beneficiaries. Split interest and annuity obligations are based upon actuarial estimates and assumptions regarding the duration of the agreement and the rates used to discount the liabilities. Circumstances affecting these assumptions can change the estimate of the liabilities in future periods. Discount rates ranged from 2.7% to 8% at June 30, 2026 and 2025.

Assets for split interest agreements included in investments were $17,527,748 and $16,400,420 for the years ended June 30, 2026 and 2025, respectively. Assets held by outside trustees are classified as beneficial interest in perpetual trusts or as contributions receivable from remainder trusts. These assets represent the college's share of the fair market value of the trust assets as of the balance sheet date, net of a liability for the present value of estimated future payments to the donors or other beneficiaries. Distributions of income from the trusts to the college are recorded as revenue and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

Land, Buildings and Equipment

Land, buildings and equipment are capitalized when amounts meet or exceed established capitalization thresholds, and are stated at cost at date of acquisition or at fair value at date of donation in the case of gifts. Repairs and maintenance of buildings, grounds, equipment and furnishings as well as insignificant replacements of furnishings and equipment are expensed as incurred.

Land improvements, buildings and equipment are depreciated on the straight-line method over the estimated service lives of respective assets. Estimated service lives are as follows:

Land and building improvements	10 to 15 years
Buildings (masonry)	60 years
Buildings (wooden)	25 years
Equipment	5 to 10 years

When assets are retired or disposed of, the associated cost and accumulated depreciation are removed from the accounts, and gains or losses are included in other income in the statement of activities.

Collections

The college's policy is not to capitalize collections, primarily art objects, as they are held for educational, research, and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Any proceeds from the sale of collection items are used to acquire other items for the collection.

Asset Retirement Obligations

In accordance with standards on Accounting for Asset Retirement Obligations, the college recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. 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 statement of activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment Return / Spending Policy

The college's endowment represents part of the investment portfolio and consists of approximately 1,485 individually named funds that are invested and administered in accordance with donor stipulation or board designation. The college has interpreted the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the college classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Maine UPMIFA provides that unless explicitly stated otherwise by the donor, appreciation on investments of donor designated endowment funds must be classified as net assets with donor restrictions until appropriated pursuant to proper governing board action, taking into account the standards of prudence prescribed by UPMIFA.

The investment time horizon for the endowment is long-term, consistent with its expected perpetual life. The financial goals for the endowment are (a) to achieve investment returns, net of all costs of management, over full market cycles at least equal to the sum of the rate of inflation (Higher Education Price Index) and the spending rate, and (b) to provide a predictable and stable flow of funds for the operating budget of the college.

To achieve its long-term return objectives, the college relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The college targets a diversified asset allocation that places greater emphasis on equity based investments to achieve an expected average real return of approximately 5% annually (actual returns in any given year may vary from this amount).

The college's endowment spending policy is also based upon the "total return" concept. The portion to be spent is determined by a budgetary process whereby the objective of the governing board is that the actual spending does not exceed 5% of the estimated average fair market value of the endowment investments. Accordingly, over the long term, the college expects its endowment to grow at the rate of inflation annually, consistent with the financial goals of the endowment.

The college uses a 13-quarter moving average to determine spending from endowment which reduces the volatility of the spending distribution, allowing for a more reliable flow of funds to support the college. Annual distributions are expended in accordance with the terms or restrictions of the individual funds. The spending policy is reviewed annually by the Investment Committee in conjunction with the Budget and Finance Committee in recognition of the interdependent relationship of investment policy and the financial needs of the college.

Nonoperating Activities

Nonoperating activities include contributions and transactions related to capital activities, endowments, split interest agreements, investment return net of amounts appropriated for operating activities in accordance with the college’s endowment spending policy, and other investment return.

Single Fee Revenue

Single fee revenue is recognized in the fiscal year for which educational services are provided; the relevant cycles of educational services are aligned to be fully provided within each fiscal year. Tuition discounts in the form of scholarships and financial aid grants are reported as a reduction of single fee revenue. Students may withdraw from programs of study within certain time limits under the college’s refund policy by semester. The refund policy allows for up to a 100% refund prior to the start of classes declining to no refund after 50 days from the start of classes.

Accounts receivable are recorded net of allowance for credit losses; estimated losses are recorded based on historical experience and management estimates.

Student deposits and deferred items consists of refundable student program deposits, prepaid single fee revenue, and revenue related to upcoming summer programs. The single fee and summer program revenue will be recognized in the subsequent fiscal year as program services are delivered.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and Private Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period in which they are unconditionally committed. Contributions with donor-imposed restrictions that are not met in the same year as received are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the donor-imposed restrictions are satisfied. Conditional promises to give are not recognized until the conditions are substantially met. Conditions can include items such as incurring specified allowable expenses in accordance with a framework of allowable costs, meeting a matching provision, or other performance-related barriers.

Government Grants

Revenues associated with federal and state government grants and contracts are considered conditional contributions with measurable performance-related barriers and are recognized as the related costs are incurred. The college records reimbursement of indirect costs relating to government grants and contracts at predetermined negotiated rates for each year.

Allocation of Certain Expenses

The statement of activities presents expenses by functional classification. Operation and maintenance of plant is allocated to program and supporting activities based principally upon square footage of facilities. Depreciation of plant assets is allocated based on the specific use of the asset. Interest expense is allocated to the functional classifications that benefited from the use of the proceeds of the debt.

Income Taxes and Tax Status

The college qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on all of the college's program related income. Certain activities may be subject to Federal and State taxation as unrelated business income. The College evaluated all tax positions and no uncertain tax position were identified for adjustment or disclosure.

Subsequent Events

The college evaluated subsequent events through October 31, 2026, the date the financial statements were made available, and determined that there have been no subsequent events for the period after June 30, 2026 that would require recognition in the financial statements or disclosure in the notes of the financial statements.

Reclassifications

Certain amounts in the prior year's financial statements and notes have been reclassified to conform to the 2026 presentation. Specifically, deposits with bond trustees, previously reported as a separate asset line item, have been combined with cash and cash equivalents. Additionally, the college evaluated the pricing sources and valuation inputs for its fixed income portfolio and reclassified a portion according to the Level 2 inputs described above. The reclassifications had no impact on total assets, total change in net assets, and the statement of financial position.

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of June 30, 2026 and 2025, the college's financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled interest and principal payments on debt, capital construction costs not financed by debt, and programs supported by donor restricted funds were as follows:

	2026	2025
Financial assets:		
Cash and cash equivalents, net of restricted cash	$ 19,304,748	$ 15,446,605
Accounts receivable, net	1,788,321	1,667,243
Contributions receivable for operations and constructions costs	10,882,034	5,461,686
Investments available for general expenditures	59,214,532	65,117,709
Deposits with bond trustees	1,829,227	1,830,700
Board designations:		
Subsequent year's endowment return in accordance with spending policy	23,300,000	21,880,000
Financial assets available for general expenditures within one year	116,318,862	111,403,943
Liquidity resources:		
Line of credit (Note 6)	15,000,000	15,000,000
Total financial assets and liquidity resources available within one year	$ 131,318,862	$ 126,403,943

The college's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. The college regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenditures within one year, the college operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The college's endowment funds consist of donor restricted funds and board designated funds functioning as endowment. The college's funds functioning as endowment as of June 30, 2026 and 2025 totaled $59,895,870 and $49,450,197, respectively. Although the college does not intend to spend from its funds functioning as endowment other than amounts distributed in accordance with the spending policy of approximately $2.4 million and $2.2 million included in subsequent year Board designations above for the years ended June 30, 2026 and 2025, respectively, the remaining amount of funds functioning as endowment could be made available with Board approval.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give at June 30:

	2026	2025
Capital	$ 22,550,867	$ 21,379,121
Endowment	2,130,942	4,769,665
Other	1,775,692	20,163,118
Unconditional promises to give before unamortized discount and allowance for uncollectibles	26,457,501	46,311,904
Less: Unamortized discount	1,644,474	1,347,840
	24,813,027	44,964,064
Less: Allowance for uncollectibles	1,151,304	17,003,586
Contributions receivable, net	$ 23,661,723	$ 27,960,478
Amounts due in:		
Less than one year	$ 10,596,931	$ 30,327,721
One to five years	15,860,570	15,976,683
Six to ten years		7,500
	$ 26,457,501	$ 46,311,904

Discount rates on unconditional promises to give ranged from 1.5% to 5.3% at June 30, 2026 and 2025. Conditional promises to give at June 30, 2026 and 2025 were $5.2 million and $3.7 million, respectively, from grants and contracts, conditional upon incurring grant related costs. Contributions receivable at June 30, 2025 included a matching contribution receivable with a corresponding allowance of $15.7 million (82%). During 2026 the gift was canceled and settled for an amount approximating the 2025 net realizable value of $2,465,920. Net contributions receivable that, upon fulfillment, are required to be added to the endowment to be maintained in perpetuity were $1,044,479 and $3,799,089 as of June 30, 2026 and 2025, respectively.

NOTE 4 - INVESTMENTS

Fair value of investments and other items as of June 30, 2026 including investments measured at net asset value as a practical expedient:

	Total	Level 1	Level 2	Level 3	NAV Measurement
Investments					
Cash and cash equivalents	$ 37,490,948	$ 37,490,948			
Equity securities and funds	202,622,804	29,864,840			$ 172,757,964
Venture capital partnerships	83,081,633				83,081,633
Private equity partnerships	68,615,981				68,615,981
Hedge funds	157,319,719				157,319,719
Fixed income securities and funds	79,590,106	53,578,401	26,011,705		
Real estate and real estate funds	26,454,472	2,005,664			24,448,808
Commodity and other funds	3,627,067	(6,246)			3,633,313
Investments total	658,802,730	122,933,607	26,011,705		509,857,418
Other assets					
Beneficial interest in perpetual trusts	7,503,489			$ 7,503,489	
Contributions receivable from remainder trusts	10,522,673			10,522,673	
Total assets at fair value	$ 676,828,892	$ 122,933,607	$ 26,011,705	$ 18,026,162	$ 509,857,418

Fair value of investments and other items as of June 30, 2025 including investments measured at net asset value as a practical expedient:

	Total	Level 1	Level 2	Level 3	NAV Measurement
Investments					
Cash and cash equivalents	$ 78,297,760	$ 78,297,760			
Equity securities and funds	129,743,933	34,086,651			$ 95,657,282
Venture capital partnerships	65,051,937				65,051,937
Private equity partnerships	64,005,864				64,005,864
Hedge funds	111,495,164				111,495,164
Fixed income securities and funds	94,484,851	66,118,907	28,365,944		
Real estate and real estate funds	29,709,362	1,794,256			27,915,106
Commodity and other funds	3,500,293	12,524			3,487,769
Investments total	576,289,164	180,310,098	28,365,944		367,613,122
Other assets					
Beneficial interest in perpetual trusts	6,966,739			$ 6,966,739	
Contributions receivable from remainder trusts	9,066,105			9,066,105	
Total assets at fair value	$ 592,322,008	$ 180,310,098	$ 28,365,944	$ 16,032,844	$ 367,613,122

Net redemptions of Level 3 investments was $3,633 for the year ended June 30, 2025.

Redemption terms for investments measured at NAV as of June 30:

	2026	2025
Within 90 days	$ 100,909,053	$ 46,944,617
Semi-Annually	156,361,333	53,011,990
Annually & biannually	18,940,468	42,634,804
1 - 5 years	35,121,077	44,448,319
6 - 10 years and thereafter	198,525,487	180,573,392
	$ 509,857,418	$ 367,613,122

NOTE 4 - INVESTMENTS - CONTINUED

Investments in Derivative Instruments:

The college enters into derivative instruments such as futures for trading purposes. Additionally, the college may enter into equity or index option and futures contracts from time to time to enhance liquidity and maintain market exposure.

At June 30, 2025, the college had portfolio transitional redemptions that resulted in future contracts in a net asset position of $12,524. The college posted collateral on the futures contracts of $31,163 and held $19 million of segregated cash backing at the custodian for operational purposes. The long notional value of the futures contracts at June 30, 2025 of $58,093,500 represented instruments with a near-term expiration date consisting of $41,274,750 of Equity Index Futures contracts and $16,818,750 of Interest Rate Futures contracts, with 132 and 150 open contracts, respectively, that were settled prior to expiration for cumulatively immaterial amounts. Open futures contracts at June 30, 2026 were immaterial.

Investment Commitments:

Certain of the college's investments in partnerships involve future cash commitments. These future cash commitments represent venture capital and private equity partnership commitments and amount to approximately $65 million and $41 million at June 30, 2026 and 2025, respectively.

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at June 30:

	2026	2025
Land and improvements	$ 6,350,178	$ 6,234,666
Buildings	414,690,670	405,333,235
Equipment	23,414,528	21,575,518
Construction in progress	8,258,735	5,450,750
	452,714,111	438,594,169
Less: Accumulated depreciation	174,335,211	163,912,637
	$ 278,378,900	$ 274,681,532

NOTE 6 - LINE OF CREDIT

The college has a $15,000,000 unsecured line of credit with interest at the monthly Federal Funds Rate plus 1.15% with a minimum floor of 1.15% renewable on March 31, 2027. At June 30, 2026 and 2025, there was no balance outstanding on this line and there were no draws during fiscal years 2026 and 2025. The college intends to renew this line of credit on similar terms prior to its expiration.

NOTE 7 - BONDS PAYABLE

The college has a number of bonds outstanding with maturities at various dates through 2051. All bonds carry fixed rates ranging from 1.89% to 4% depending on the duration of the tranche that underlied the various bonds comprising the offering. Bonds are generally used to finance capital expenditures or to refinance prior issues at lower cost except as noted. The college has granted a security interest in all of its gross receipts and a negative pledge on the college's central facilities. The bonds also contain administrative and financial covenants.

Series	Rate	Due	Original Par Value	2026 Bonds Payable	2025 Bonds Payable
Obligations to Maine Health and Higher Educational Facilities Authority (MHHEFA):					
2015 Revenue Bonds, Bates College Issue	3% - 4%	2020 - 2036	$ 26,790,000	$ 19,185,000	$ 20,600,000
2019 Revenue Bonds, Bates College Issue, private placement	1.89%	2020 - 2029	50,000,000	38,000,000	42,000,000
2020 Revenue Bonds, Bates College Issue, private placement, mandatory tender in 2030	2.00%	2020 - 2040	10,325,000	8,117,000	8,576,000
2023 Revenue Bonds, Bates College Issue, private placement	2.89%	2023 - 2043	52,300,000	50,185,000	51,150,000
Other Bonds Payable:					
2020 Series A, Senior Secured Notes	3.30%	2050	18,000,000	18,000,000	18,000,000
2021 Series B, Senior Secured Notes	3.30%	2051	18,000,000	18,000,000	18,000,000
Unamortized original issue premiums and costs of issuance, net				(357,788)	(379,754)
				$ 151,129,212	$ 157,946,246

Total interest expense was $4,248,564 and $4,433,160 for the years ended June 30, 2026 and 2025, respectively.

The approximate maturities of these bonds are as follows at June 30, 2026:

2027	$ 6,929,000
2028	8,537,000
2029	31,628,000
2030	3,234,000
2031	3,353,000
Thereafter	97,806,000
Unamortized original issue premiums and costs of issuance, net	(357,788)
Total	$ 151,129,212

NOTE 8 - NET ASSETS

Net assets at year end are composed of the following general classes of uses, purposes, and board designations:

	2026		2025	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Undesignated and reserves	$ 23,287,910		$ 28,911,624	
Net investment in land, buildings and equipment	152,632,908		140,443,224	
Endowment, income to support				
Scholarships	8,546,110	$ 263,984,517	5,271,979	$ 222,444,163
Professorships	153,225	75,353,820	132,860	64,251,092
Library and other academic support	8,224,667	21,397,017	7,131,560	18,441,445
Other purposes	5,954,909	57,294,549	4,816,610	47,557,296
Any operation of the college	37,016,959	96,148,938	32,097,188	83,167,846
Contributions receivable		23,661,723		27,960,478
Beneficial interest in perpetual trusts		7,503,489		6,966,739
Life income funds		19,326,857		17,293,988
Capital and other purposes		16,360,107		15,942,081
	$ 235,816,688	$ 581,031,017	$ 218,805,045	$ 504,025,128

Endowment funds with donor restrictions include donor gifts and donor required additions to be maintained in perpetuity of $296,242,770 and $286,323,565 as of June 30, 2026 and 2025, respectively. Life income funds that, upon maturity, are required to be added to the endowment to be maintained in perpetuity were $16,773,726 and $14,997,940 as of June 30, 2026 and 2025, respectively.

Changes in endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2025	$ 49,450,197	$ 435,861,842	$ 485,312,039
Investment income	153,274	1,315,788	1,469,062
Net realized and unrealized gains	9,793,115	85,752,774	95,545,889
Gifts, maturities and additions		10,761,801	10,761,801
Board Designated Endowment Additions	2,865,920		2,865,920
Endowment return used in accordance with spending policy	(2,366,636)	(19,513,364)	(21,880,000)
Endowment net assets, June 30, 2026	$ 59,895,870	$ 514,178,841	$ 574,074,711

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ 46,645,089	$ 400,159,718	$ 446,804,807
Investment income	566,344	4,991,850	5,558,194
Net realized and unrealized gains	4,614,026	39,593,079	44,207,105
Gifts and maturities	(41,902)	10,542,811	10,500,909
Endowment return used in accordance with spending policy	(2,333,360)	(19,425,616)	(21,758,976)
Endowment net assets, June 30, 2025	$ 49,450,197	$ 435,861,842	$ 485,312,039

The Maine UPMIFA does not preclude the college from spending below the original gift value, plus donor required additions, of endowment with donor restrictions. From time to time, individual endowment funds may temporarily have a fair value that is less than the original gift value, plus donor required additions, that are required to be maintained in perpetuity. Deficiencies of this nature are in net assets with donor restrictions.

As of June 30, 2025, funds that were below their individual perpetual fund balance of $7,215,861 had accumulated losses of $315,668 and a total fair value of $6,900,193. These losses resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized spending in accordance with UPMIFA and the endowment spending policy. As of June 30, 2026, there were no funds below their individual perpetual fund balances.

NOTE 9 - FUNCTIONAL EXPENSES

The college's primary program service is academic instruction and research. Expenses reported as academic and student services are incurred in support of this primary program activity. Natural expenses attributable to more than one functional expense category including depreciation, interest expense, insurance, information technology and plant operation and maintenance are allocated using cost allocation techniques including square footage, time and effort, headcount, and specific identification.

	Academic Instruction and Research	Institutional Support	Auxiliary Enterprises	Total
For the year ended June 30, 2026, functional expenses within operating activities consisted of the following:				
Salaries and wages	$ 54,993,940	$ 11,396,107	$ 8,768,611	$ 75,158,658
Employee benefits	18,952,929	3,962,073	3,147,660	26,062,662
Depreciation	7,236,654	376,472	3,664,359	11,277,485
Interest	949,378	1,188,274	2,110,912	4,248,564
Supplies, services and other	24,827,935	5,874,904	8,886,558	39,589,397
	$ 106,960,836	$ 22,797,830	$ 26,578,100	$ 156,336,766
For the year ended June 30, 2025, functional expenses within operating activities consisted of the following:				
Salaries and wages	$ 52,591,634	$ 10,900,336	$ 8,322,931	$ 71,814,901
Employee benefits	16,541,777	3,438,488	2,716,882	22,697,147
Depreciation	7,407,550	341,242	3,706,355	11,455,147
Interest	1,053,739	1,188,373	2,191,048	4,433,160
Supplies, services and other	23,486,454	6,331,820	8,031,795	37,850,069
	$ 101,081,154	$ 22,200,259	$ 24,969,011	$ 148,250,424

NOTE 10 - PENSION PLANS

All college employees meeting the eligibility requirements under the respective plans are eligible to receive employer contributions of up to 12% of wages. Eligible employees covered under the Bates College Retirement Plan which is a 401(a) money purchase plan, receive employer contributions of 9% of wages. Eligible employees participating in the Bates College 403(b) Retirement Plan receive a 50% matching employer contribution based on the participant's salary reduction contribution up to a maximum of 6% of the participant's compensation (or 3% employer match).

The college’s contributions to these plans were $7,475,946 and $6,941,806 for the years ended June 30, 2026 and 2025, respectively.

Additionally, certain highly paid employees are eligible to participate in the college's Supplemental Savings Plan and Deferred Compensation Plan. Assets and liabilities for the Supplemental Savings Plan were $6,583,570 and $6,247,866 at June 30, 2026 and 2025, respectively, and are included in investments and accounts payable and accrued expenses. Contributions to the Supplemental Savings Plan are by employees only. Under all plans, retirement benefits are individually funded and vested.

The college currently has an Early Retirement Plan offered to tenured faculty which provides certain incentives to retire. This plan resulted in a liability of $1,230,845 and $801,015, and an expense of $855,632 and $697,468 for the years ended June 30, 2026 and 2025, respectively.

NOTE 11 - COMMITMENTS, CONTINGENCIES, RISKS AND UNCERTAINTIES

Commitments for Construction and Other

The college has entered into contracts for capital construction projects and other commitments with a combined total balance of approximately $47,000,000 and $4,635,000 at June 30, 2026 and 2025, respectively.

Contingencies

The college is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the college has defensible positions and any ultimate liabilities will not materially affect the financial position of the college.

Risks and Uncertainties

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

Federal policies that directly or indirectly impact the U.S. Department of Education's regulatory framework, federal student aid programs, and other areas may materially affect the operational and financial outlook of institutions of higher education. Management actively monitors proposed regulatory changes to assess implications for the college's operations, financial aid administration, and broader strategic planning.