

# DARTMOUTH COLLEGE

Financial Statements

2019 - 2020





## **Report of Independent Auditors**

To the Board of Trustees of Dartmouth College

We have audited the accompanying consolidated financial statements of Dartmouth College and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities for the year ended June 30, 2020, of expenses and of cash flows for the years ended June 30, 2020 and 2019.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dartmouth College and its subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets for the year ended June 30, 2020 and their cash flows for the years ended June 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

We previously audited the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, of expenses and of cash flows for the year then ended (not presented herein), and in our report dated October 25, 2019, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2019 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Princeton House Coopers LLP*

Boston, Massachusetts  
October 28, 2020

## Dartmouth College

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### Consolidated Statements of Financial Position

As of June 30, 2020 and June 30, 2019  
(in thousands)

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	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 323,159	\$ 293,924
Receivables and other assets, net	146,744	142,588
Pledges receivable, net	372,453	414,261
Investments	7,174,810	6,762,748
Land, buildings, equipment, and construction in progress, net	1,061,174	993,531
<b>Total assets</b>	<u><u>\$ 9,078,340</u></u>	<u><u>\$ 8,607,052</u></u>
<b>Liabilities</b>		
Accounts payable and other liabilities	\$ 122,834	\$ 122,180
Deferred revenues and deposits	38,924	47,189
Liability for split-interest agreements	47,705	49,790
Employment and retirement benefits	306,275	353,718
Bonds, mortgages, and notes payable, net	1,067,376	1,033,744
Interest rate swap liabilities	275,052	185,098
Conditional asset retirement obligations	22,982	24,018
Government advances for student loans	12,817	18,286
<b>Total liabilities</b>	<u><u>1,893,965</u></u>	<u><u>1,834,023</u></u>
<b>Net Assets</b>		
Without donor restrictions	1,729,061	1,530,824
With donor restrictions	5,455,314	5,242,205
<b>Total net assets</b>	<u><u>7,184,375</u></u>	<u><u>6,773,029</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 9,078,340</u></u>	<u><u>\$ 8,607,052</u></u>

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See accompanying notes to the consolidated financial statements.

## Dartmouth College

### Consolidated Statement of Activities

For the year ended June 30, 2020, with summarized financial information for the year ended June 30, 2019

(in thousands)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
<b>Endowment Activities</b>				
Gifts	\$ 28	\$ 70,319	\$ 70,347	\$ 82,298
Net investment return	93,537	315,533	409,070	386,849
Distributed for spending	(61,420)	(211,588)	(273,008)	(252,684)
Other changes	46	2,811	2,857	(6,756)
Amounts transferred from other funds, net	22,015	12,577	34,592	27,411
<b>Change in net assets from endowment activities</b>	<b>54,206</b>	<b>189,652</b>	<b>243,858</b>	<b>237,118</b>
<b>Operating Activities</b>				
Revenues				
Tuition and fees, net of scholarships of \$170,978 in 2020 and \$164,535 in 2019	235,093	-	235,093	225,774
Sponsored research grants and contracts	153,697	-	153,697	155,620
Dartmouth College Fund and other gifts	69,531	17,563	87,094	94,585
Distributed endowment investment return	258,280	12,624	270,904	250,693
Other operating income	101,066	1,259	102,325	118,247
Auxiliaries	59,962	-	59,962	82,469
Net assets released from restrictions	13,184	(13,184)	-	-
Total revenues	890,813	18,262	909,075	927,388
Expenses				
Academic and student programs	574,816	-	574,816	577,984
Sponsored programs	106,472	-	106,472	110,809
General institutional services	102,145	-	102,145	118,857
Auxiliaries	78,827	-	78,827	87,131
Total expenses	862,260	-	862,260	894,781
<b>Change in net assets from operating activities</b>	<b>28,553</b>	<b>18,262</b>	<b>46,815</b>	<b>32,607</b>
<b>Non-operating Activities</b>				
Gifts	171,511	91,637	263,148	91,240
Distributed endowment investment return	646	1,458	2,104	1,991
Revenue and other non-operating changes, net	16,017	8,344	24,361	28,837
Non-operating expenses	(27,879)	(1,571)	(29,450)	(39,586)
Other components of net periodic benefit cost	(5,979)	-	(5,979)	(8,520)
Increase (decrease) in outstanding pledges, net	-	(41,808)	(41,808)	62,182
Pension and postretirement benefit related changes other than net periodic benefit cost	59,912	-	59,912	271
Change in unrealized gain related to interest rate swap agreements	(89,954)	-	(89,954)	(49,996)
Net assets released from restrictions	12,311	(12,311)	-	-
Amounts transferred to endowment, net	(20,389)	(14,203)	(34,592)	(27,411)
Net change in split-interest agreements	(718)	(26,351)	(27,069)	(13,787)
<b>Change in net assets from non-operating activities</b>	<b>115,478</b>	<b>5,195</b>	<b>120,673</b>	<b>45,221</b>
<b>Change in net assets</b>	<b>198,237</b>	<b>213,109</b>	<b>411,346</b>	<b>314,946</b>
<b>Net Assets, beginning of year</b>	<b>1,530,824</b>	<b>5,242,205</b>	<b>6,773,029</b>	<b>6,458,083</b>
<b>Net Assets, end of year</b>	<b>\$ 1,729,061</b>	<b>\$ 5,455,314</b>	<b>\$ 7,184,375</b>	<b>\$ 6,773,029</b>

See accompanying notes to the consolidated financial statements.

Dartmouth College

**Consolidated Statement of Expenses**

For the year ended June 30, 2020

(in thousands)

	Academic & Student Programs	Sponsored Programs	General Institutional Services				Auxiliaries	Total Operating Expenses	Non-Operating Expenses	Total Expenses
			Administrative Support	Facilities Operation & Maintenance	Development	Total				
Salaries and wages	\$ 254,424	\$ 50,660	\$ 30,500	\$ 20,991	\$ 24,599	\$ 76,090	\$ 14,962	\$ 396,136	\$ -	\$ 396,136
Employee benefits	78,038	15,539	9,355	6,438	7,545	23,338	4,589	121,504	7,738	129,242
Fellowships and student support	15,200	3,249	-	-	-	-	-	18,449	-	18,449
Materials, equipment, and supplies	35,800	7,112	6,460	173	1,397	8,030	13,010	63,952	49	64,001
Purchased services	43,501	27,770	3,101	4,510	4,529	12,140	8,921	92,332	969	93,301
Utilities, taxes, and occupancy	1,652	70	-	30,448	379	30,827	8,930	41,479	301	41,780
Depreciation and amortization	47,789	-	2,309	4,576	198	7,083	10,098	64,970	-	64,970
Lodging, travel, and similar costs	18,203	1,839	953	97	1,772	2,822	107	22,971	77	23,048
Interest	-	-	-	26,673	-	26,673	1,411	28,084	11,337	39,421
Other expenses	6,573	233	3,694	550	632	4,876	701	12,383	14,958	27,341
	501,180	106,472	56,372	94,456	41,051	191,879	62,729	862,260	35,429	897,689
Facilities operation & maintenance	73,636	-	4,510	(94,456)	212	(89,734)	16,098	-	-	-
<b>Total expenses for FY20</b>	<b>\$ 574,816</b>	<b>\$ 106,472</b>	<b>\$ 60,882</b>	<b>\$ -</b>	<b>\$ 41,263</b>	<b>\$ 102,145</b>	<b>\$ 78,827</b>	<b>\$ 862,260</b>	<b>\$ 35,429</b>	<b>\$ 897,689</b>

See accompanying notes to the consolidated financial statements.

Dartmouth College

**Consolidated Statement of Expenses**

For the year ended June 30, 2019

(in thousands)

	Academic & Student Programs	Sponsored Programs	General Institutional Services				Auxiliaries	Total Operating Expenses	Non-Operating Expenses	Total Expenses
			Administrative Support	Facilities Operation & Maintenance	Development	Total				
Salaries and wages	\$ 247,833	\$ 50,690	\$ 30,138	\$ 19,702	\$ 23,731	\$ 73,571	\$ 15,168	\$ 387,262	\$ -	\$ 387,262
Employee benefits	77,833	15,919	9,465	6,187	7,453	23,105	4,764	121,621	10,413	132,034
Fellowships and student support	13,312	3,405	-	-	-	-	-	16,717	-	16,717
Materials, equipment, and supplies	38,334	8,134	6,388	2,094	1,408	9,890	17,901	74,259	120	74,379
Purchased services	47,287	29,126	5,205	4,641	5,310	15,156	12,079	103,648	2,104	105,752
Utilities, taxes, and occupancy	1,858	83	-	33,834	467	34,301	8,664	44,906	138	45,044
Depreciation and amortization	45,702	-	3,340	5,285	383	9,008	9,883	64,593	-	64,593
Lodging, travel, and similar costs	24,376	3,179	1,105	95	2,384	3,584	143	31,282	17	31,299
Interest	-	-	-	23,180	-	23,180	1,404	24,584	12,911	37,495
Other expenses	7,085	273	16,241	373	1,070	17,684	867	25,909	22,403	48,312
	503,620	110,809	71,882	95,391	42,206	209,479	70,873	894,781	48,106	942,887
Facilities operation & maintenance	74,364	-	4,555	(95,391)	214	(90,622)	16,258	-	-	-
<b>Total expenses for FY19</b>	<b>\$ 577,984</b>	<b>\$ 110,809</b>	<b>\$ 76,437</b>	<b>\$ -</b>	<b>\$ 42,420</b>	<b>\$ 118,857</b>	<b>\$ 87,131</b>	<b>\$ 894,781</b>	<b>\$ 48,106</b>	<b>\$ 942,887</b>

See accompanying notes to the consolidated financial statements.

**Consolidated Statements of Cash Flows**For the years ended June 30, 2020 and June 30, 2019  
(in thousands)

	2020	2019
<b>Cash flows from operating activities</b>		
Total change in net assets	\$ 411,346	\$ 314,946
Adjustments to reconcile total change in net assets to net cash used in operating activities:		
Depreciation and amortization	64,384	64,549
Change in estimated value of interest rate swap agreements	89,954	49,996
Change in estimated pension and post-retirement benefit obligation	(51,738)	(1,301)
Net change in split-interest liability	(2,085)	(1,847)
Change in pledges receivable, net	41,808	(62,182)
Other non-cash transactions	1,414	850
Contributed securities	(225,847)	-
Contributions, investment income, and other changes restricted for long-term investment	(137,627)	(142,923)
Net realized (gains) losses and changes in net unrealized (gains) losses	(406,059)	(410,196)
Changes in operating assets and liabilities:		
Receivables and other assets, net	(6,672)	(11,226)
Accounts payable and other liabilities	(2,332)	27,454
Deferred revenues and deposits	(8,265)	(822)
Employment related obligations	4,295	1,413
Net cash used in operating activities	<u>(227,424)</u>	<u>(171,289)</u>
<b>Cash flows from investing activities</b>		
Student loans granted	(5,712)	(7,677)
Student loans repaid	8,559	9,351
Purchases of land, buildings, and equipment	(132,576)	(89,298)
Purchases of investments	(6,910,609)	(5,695,085)
Sales and maturities of investments	7,128,691	5,913,496
Net cash provided by investing activities	<u>88,353</u>	<u>130,787</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt	45,000	-
Repayment of debt	( 10,615)	(18,155)
Contributions, investment income, and other changes restricted for long-term investment in:		
Facilities	37,900	37,206
Endowment, life income, and similar funds	99,727	105,717
Changes in government advances for student loans	(5,469)	489
Net cash provided by financing activities	<u>166,543</u>	<u>125,257</u>
<b>Net change in cash and cash equivalents</b>	27,472	84,755
Cash and cash equivalents, beginning of year	318,159	233,404
Cash and cash equivalents, end of year	<u>\$ 345,631</u>	<u>\$ 318,159</u>
<b>Supplemental information on cash and cash equivalents:</b>		
Cash and cash equivalents as shown in the Statement of Financial Position	\$ 323,159	\$ 293,924
Cash and cash equivalents included in Investments	22,472	24,235
Cash and cash equivalents as shown on the Statement of Cash Flows	<u>\$ 345,631</u>	<u>\$ 318,159</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 41,577	\$ 41,486
Accounts payable related building and equipment additions	\$ 1,950	\$ 2,849
Fair value of securities received	\$ 308,423	\$ 105,521

See accompanying notes to the consolidated financial statements.