

ASSUMPTION COLLEGE
SUMMARY OF FISCAL YEAR 2020 AUDITED FINANCIAL STATEMENTS
UNAUDITED SUMMARY PREPARED BY MANAGEMENT

Assumption College

Assumption College (the “College”), founded in 1904, is a Catholic, nonprofit, coeducational college located in Worcester, Massachusetts on a 185-acre campus. Approximately 2,400 undergraduate and graduate students attend the College annually. The College offers bachelor’s degrees in the liberal arts core and pre-professional programs with a liberal arts core, and professional master’s degrees on a full-time and part-time basis. In addition, the Continuing and Career Education program offers bachelor’s degrees and certificate programs, as well as noncredit courses.

The College also operates an additional campus in Rome, Italy. The Rome campus is located on land owned by the Augustinians of the Assumption, the founding order of the College.

In April 2019, the College applied to the Massachusetts Board of Higher Education to become a university. The application was approved, and the institution became Assumption University on June 10, 2020.

Audited 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

RSM has completed their audit of Assumption College’s FY 2020 financial statements and issued an unmodified opinion.

This summary has been prepared by management and should be read in conjunction with the College’s audited financial statements and accompanying notes.

Strong Statement of Financial Position (Balance Sheet)

The College continues to maintain a solid statement of financial position (reported on page 1 of the audited financial statements).

Key highlights regarding information reported within the Statement of Financial Position include:

- \$17.0 million in cash at 5/31/2020 (\$7.8 million at 5/31/2019)
- \$11.0 million in short-term investments at 5/31/2020 (\$12.3 million at 5/31/2019) The investments are anticipated to be used for new academic program facilities and endowment funded needs.
- \$99.4 million in long-term investments at 5/31/2020 (\$110.0 million at 5/31/2019) The majority of these investments are endowment related.
- Long-term debt increased from \$41.8 million at 5/31/2019 to \$47.3 million at 5/31/2020. In April 2020, the College was granted a loan of \$7,500,000 pursuant to the Payroll Protection Program (PPP) under the CARES Act. Under the terms of the PPP, the loan is forgivable if it is used for qualifying expenses as described in the CARES Act.
- Net assets without donor restrictions decreased from \$135.1 million at 5/31/2019 to \$133.3 million at 5/31/2020. Total net assets increased from \$175.2 million at 5/31/2019 to \$176.8 million at 5/31/2020.

FY 2020 unrestricted operating surplus of \$262 thousand

The College is pleased to report that it had an unrestricted (without donor restrictions) increase in net assets from operations – an operating surplus - reported in conformity with accounting principles generally accepted in the United States of America of \$262 thousand for the year ended May 31, 2020. This compares with an unrestricted surplus from operations of \$713 thousand in FY 2019.

The FY 2020 unrestricted operating surplus is reported within the statement of activities and changes in net assets included as part of the audited financial statements on page 2.

The statements of activities and changes in net assets report the changes in net assets from operating and nonoperating activities. Operating revenues consist of those items attributable to the College's primary mission of providing education. Additionally, operating revenue includes contributions received related to annual fund support. The College allocates endowment income and appreciation based on the absence or existence of donor-imposed restrictions. Interest and dividends earned on the funds without donor restrictions are included as operating revenue.

The College reports expenses associated with the management of the College's operations, including activities associated with the plant, endowment, annuity and loan funds, as operating expenses.

Statements of Cash Flows: net cash is being provided by operating activities

Net cash was provided by operating activities: \$2.5 million in FY 2020 and \$3.9 million in FY 2019. The statement of cash flows is reported within the FY 2020 audited financial statements on page 4.

Coronavirus

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of businesses and people in a manner that is having negative effects on local, regional, and global economies.

During the year ended May 31, 2020, COVID-19 impacted the College in a number of ways, including the transition to remote learning in March 2020, the refund of approximately \$4.5 million of room and board revenue, and the temporary suspension of Rome campus operations. Expense reductions were implemented to offset a portion of the refunded room and board revenues, including halting discretionary expenses that were not critical to operating remotely, delaying the hiring for open positions to achieve favorable budget vs actual variances within the payroll related line items, and reductions in volume driven expenses, such as utilities and food services.

The extent to which COVID-19 will impact operations of the College in the future will depend on subsequent developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States of America. In particular, the continued spread of COVID-19 could adversely impact the College’s operations, including among others, contributions, grants, and daily operations, and may have a material adverse effect on the financial condition of the College.