

## **Johnson & Wales University Summary of Fiscal Year 2020**

*This summary has been prepared by management and should be read in conjunction with the University's audited financial statements and accompanying footnotes for the respective fiscal year (the consolidated financial report for June 30, 2020). The consolidated financial report for June 30, 2021 includes certain reclassifications to the FY2020 financial statements to conform to the FY2021 presentation.*

### **Statement of Financial Position**

The University's cash position, which provides liquidity to meet its day-to-day operating expenses, totaled \$11.5 million at June 30, 2020. Student loans and other receivables, which were \$22.5 million at year end, included \$10.4 million for COVID-19 relief programs awarded to the university primarily through the Higher Education Emergency Relief Fund (HEERF). The university's long-term investment balance, which totaled \$263.7 million, was over 86% unrestricted at year end. Net property and equipment totaled \$583.7 million, reflecting a decrease from the prior year as annual depreciation expense exceeds current year capital additions. As a result of annual principal payments, the University's long-term debt balance fell by \$10.4 million to \$137.8 million at June 30, 2020. At year end, total assets of \$913.5 million is 4.7 times total liabilities of \$194.9 million.

### **Statement of Activities**

In response to the declaration of a public emergency due to the COVID-19 pandemic, the University transitioned to remote instruction and closed its residence halls at the beginning of the third trimester in March 2020. The financial implications of the University's efforts to help stop the spread of the pandemic are described below.

Due to the impact of the COVID-19 pandemic, the University ended fiscal year (FY) 2020 with a decrease in net assets of \$31.3 million. As classes were abruptly transitioned to remote learning at the beginning of the Spring trimester, many students previously enrolled in lab intensive programs were unable to take a full course load in the third term. As a result, these students either converted to part-time status or did not enroll in the third term, contributing to the \$15.3 million reduction in net tuition and fee revenue, which totaled \$173.5 million for FY2020. Due to closure of the dormitories in March 2020, the University refunded students \$17.3 million in pro-rated residence and dining revenue. These refunds contributed to the drastic decline in residence and dining revenue of \$19.4 million from the prior year, which totaled \$49.7 million in FY2020. Contributions, grants and federal aid to students of \$13.9 million includes federal COVID-19 relief programs awarded to the university through HEERF. HEERF student relief aid totaled \$4.7 million and institutional aid totaled \$5.4 million. Investment returns appropriated for operations of \$36.2 million represents the policy withdrawal of 5% of the average endowment value over the prior twelve quarters plus an additional appropriation from the board designated endowment fund of \$23.5 million. The University's board of trustees authorized the additional appropriation to cover the operating shortfall. Total operating revenue, gains and other support of \$289.3 million, offset by operating expenses of \$286.6 million, resulted in an increase in net assets from operations of \$2.7 million.

Operating expenses are comprised of the following functional categories: instructional at 37.1%, student services at 27.8%, auxiliary enterprises at 15.9%, academic support at 6.7%, institutional

support at 12.5%, and public services of less than 0.1%. Due to careful management of expenses, combined with a natural decrease resulting from COVID related furloughs, remote operations, and travel bans, total operating expenses decreased \$13.5 million from FY2019.

Non-operating long-term investment returns of \$3 million, netted with \$36.2 million in investment returns appropriated for operations, resulted in a decrease in net assets of \$31.3 million.

### **Coronavirus**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to COVID-19, governments took preventative or protective actions, such as temporary closures of non-essential businesses, “shelter-at-home” guidelines for individuals and phased reopening plans. As a result, there have been significant negative effects on local, regional and global economies. COVID-19 has impacted the University in a number of ways, including the transition to remote learning in March 2020 that resulted in the refund of approximately \$17.3 million of residence and dining revenue in the spring of 2020.

To offset the financial impact to students and the losses incurred by the University due to the disruption caused by COVID-19, the University received grants and other relief from the Federal government, primarily through HEERF grants.