

Johnson & Wales University Summary of Fiscal Year 2022

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.

A major component of the university's strategic plan, FOCUS 2022, was the sustainability of the branch campuses. After extensive deliberations and analysis, it was determined that the university's unique status as one university, with four geographically diverse on-the-ground campuses, was no longer viable in the rapidly changing landscape of higher education. The impact of the coronavirus on campus operations brought to the forefront for many colleges and universities the need to revisit their delivery models. In June 2020, the university's Board of Trustees made the strategic decision to consolidate the university system into a two-campus model (Providence and Charlotte) coupled with a robust online delivery model to position Johnson & Wales for a sustainable future. In June 2020, the university announced the planned closure of the North Miami and Denver branch campuses at the end of the 2020/2021 academic year.

Statement of Financial Position

The university's cash position, which provides liquidity to meet its day-to-day operating expenses, totaled \$48.3 million at June 30, 2022. The investment balance, which totaled \$322 million at year end, was over 87% unrestricted. The statement of financial position reflects leased assets of \$4.1 million, which is offset by a \$4.7 million lease liability. Net property and equipment totaled \$367 million, reflecting a decrease from the prior year as annual depreciation expense exceeded current year capital additions and \$37.3 million classified as assets held for sale. During fiscal year 2022, the assets of discontinued operations, which totaled \$45 million as of June 30, 2021, were sold. A portion of the proceeds from the sale were designated by the Board for investment into the endowment. The remaining proceeds will be used to support operations. Due to regular principal payments, the university's long-term debt fell by \$6.9 million to \$55.3 million at June 30, 2022.

The strength of the university's financial position is demonstrated in the value of cash and investments of \$373 million, which is over six times the long-term debt balance of \$55 million. As of June 30, 2022, total assets of \$812 million is seven times total liabilities of \$116 million.

Statement of Activities

Despite the ongoing impact of the COVID-19 pandemic, the university ended fiscal 2022 with an increase in net assets from operations of \$6.2 million. Due to losses on the university's investments, the university reported a decrease in net assets of \$38.4 million.

Tuition and fee revenue, net of financial aid and scholarships, totaled \$128.9 million. Residence and dining revenue, which totaled \$44.6 million, experienced an increase from FY2021. Contributions, grants and federal aid to students of \$43.8 million includes federal COVID-19 relief programs awarded to the university through HEERF. HEERF student relief aid totaled \$18.9 million and institutional aid totaled \$19.9 million. Investment returns appropriated for operations of \$12.2 million represents the policy withdrawal of 5% of the average endowment value over the prior twelve quarters. Total operating revenue, gains and other support of \$240.9 million, offset by operating expenses of \$234.7 million, resulted in an increase in net assets from operations of \$6.2 million.

Operating expenses of \$234.7 million are comprised of the following functional categories: instructional at 35.7%, student services at 33.6%, auxiliary enterprises at 12.4%, academic support at 6.9%, institutional support at 11.2%, public services at 0.1%, and research and development at 0.1%.

Non-operating long-term investment losses of \$32.7 million and \$12.2 million in investment returns appropriated for operations account for a majority of the \$44.6 million decrease in net assets from nonoperating activities.