



Financial Statements

Suffolk University

June 30, 2022 and 2021



SUFFOLK UNIVERSITY

Financial Statements

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Independent Auditors' Report

The Board of Trustees
Suffolk University
Boston, Massachusetts

Opinion

We have audited the financial statements of Suffolk University (the "University"), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, and cash flows for the year 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 University as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2021 Financial Statements

We have previously audited the University's 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

We conducted our audit 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 University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 University'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 University'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 University'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.

Mayer Hoffman McCann P.C.

November 4, 2022
Boston, Massachusetts

SUFFOLK UNIVERSITY

Statement of Financial Position

June 30, 2022

(with comparative information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 18,641,309	\$ 25,698,503
Short-term investments	97,785	35,721
Cash and cash equivalents and short-term investments	18,739,094	25,734,224
Student accounts and notes receivable, net	9,902,620	11,693,066
Other receivables	2,264,670	3,545,518
Prepaid charges and other assets	5,108,478	4,930,940
Deposits with bond trustee	9,519	1,664,162
Pledges receivable, net	5,700,877	6,203,306
Long-term investments	255,119,573	307,008,516
Deferred implementation costs	9,088,432	5,055,012
Property, buildings and equipment, net	433,637,929	445,475,495
Right of use assets	58,552,101	61,887,807
Total assets	<u>\$ 798,123,293</u>	<u>\$ 873,198,046</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 18,039,551	\$ 22,526,847
Student deposits and deferred revenue	8,051,707	9,414,740
Accrued postretirement health obligations	3,673,655	4,872,772
Refundable U.S. government grants	3,112,267	3,713,392
Lease obligations	58,722,590	62,946,570
Bonds payable	349,935,000	359,130,000
Premium, discount and issuance costs	34,630,864	36,377,771
Bonds payable, net	384,565,864	395,507,771
Total liabilities	<u>476,165,634</u>	<u>498,982,092</u>
Net assets:		
Without donor restrictions	256,217,347	306,146,422
With donor restrictions	65,740,312	68,069,532
Total net assets	<u>321,957,659</u>	<u>374,215,954</u>
Total liabilities and net assets	<u>\$ 798,123,293</u>	<u>\$ 873,198,046</u>

See accompanying notes to financial statements.

SUFFOLK UNIVERSITY

Statement of Activities

Year Ended June 30, 2022

(with summarized comparative information for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating:				
Revenues:				
Tuition and fees (net of scholarship aid of \$106,663,429 and \$102,298,770 in 2022 and 2021, respectively)	\$162,384,789	\$ -	\$162,384,789	\$166,545,147
Auxiliary enterprises (net of scholarship aid of \$5,613,865 and \$5,384,146 in 2022 and 2021, respectively)	20,713,051	-	20,713,051	9,484,018
Net tuition and fees and auxiliary enterprises	183,097,840	-	183,097,840	176,029,165
Contributions	1,071,219	4,197,675	5,268,894	19,572,407
Investment return designated for operations	25,466,685	-	25,466,685	13,784,031
Other sources	8,472,835	4,519	8,477,354	5,503,614
Federal, state, and other grants and contracts	12,367,563	-	12,367,563	10,148,065
Net assets released from restrictions	2,329,619	(2,329,619)	-	-
Total operating revenues	232,805,761	1,872,575	234,678,336	225,037,282
Expenses:				
Compensation	127,798,996	-	127,798,996	123,027,428
Occupancy	27,938,225	-	27,938,225	27,109,676
Interest	14,722,883	-	14,722,883	13,647,020
Depreciation	17,684,541	-	17,684,541	17,386,796
Other operating expenses	43,205,111	-	43,205,111	36,621,702
Total operating expenses	231,349,756	-	231,349,756	217,792,622
Increase in net assets from operating activities	1,456,005	1,872,575	3,328,580	7,244,660
Nonoperating:				
Long-term investment return	(27,751,450)	(6,245,489)	(33,996,939)	69,568,619
Investment return designated for operations	(25,466,685)	-	(25,466,685)	(13,784,031)
Net assets released from restrictions	1,959,728	(1,959,728)	-	-
Contributions	-	3,989,022	3,989,022	4,499,732
Change in value of split interest agreements	-	14,400	14,400	14,400
Postretirement benefit obligation changes other than service costs	1,000,683	-	1,000,683	65,210
Other	(1,127,356)	-	(1,127,356)	(12,508,986)
Increase (decrease) in net assets from nonoperating activities	(51,385,080)	(4,201,795)	(55,586,875)	47,854,944
Change in net assets	(49,929,075)	(2,329,220)	(52,258,295)	55,099,604
Net assets at beginning of year	306,146,422	68,069,532	374,215,954	319,116,350
Net assets at end of year	\$256,217,347	\$65,740,312	\$321,957,659	\$374,215,954

See accompanying notes to financial statements.

SUFFOLK UNIVERSITY

Statement of Cash Flows

Year Ended June 30, 2022

(with comparative information for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows (used in) provided by operating activities:		
Change in net assets	\$ (52,258,295)	\$ 55,099,604
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	17,684,541	17,386,796
Amortization of deferred implementation costs	330,724	-
Amortization of premiums, discounts, and bond issue costs	(1,746,907)	(1,495,173)
Amortization of right of use asset	3,360,522	5,242,848
Postretirement benefit obligation changes other than delivery costs	(692,916)	(65,210)
Net realized and unrealized losses (gains) on investments	33,885,465	(69,866,596)
Contributions restricted for long-term purposes	(4,371,785)	(6,024,146)
Changes in operating assets and liabilities:		
Student accounts and notes receivable	1,790,446	1,276,266
Other receivables	1,280,848	(106,898)
Prepaid charges and other assets	(177,538)	(70,178)
Pledges receivable	502,429	3,837,970
Accounts payable and accrued expenses	(4,487,296)	2,616,621
Student deposits and deferred revenue	(1,363,033)	1,495,048
Lease obligations	(4,248,796)	(4,184,085)
Accrued postretirement health obligations	(506,201)	(231,562)
Net cash (used in) provided by operating activities	<u>(11,017,792)</u>	<u>4,911,305</u>
Cash flows provided by (used in) investing activities:		
Change in deposits with bond trustee	1,654,643	(2,280,041)
Payments for deferred implementation costs	(4,364,144)	(1,616,343)
Purchases of property, buildings and equipment	(5,846,975)	(17,266,637)
Purchase of investments	(4,569,431)	(106,158,339)
Proceeds from sales of investments	22,510,845	114,667,753
Net cash provided by (used in) investing activities	<u>9,384,938</u>	<u>(12,653,607)</u>
Cash flows (used in) provided by financing activities:		
Payments on borrowings and extinguishment of debt	(9,195,000)	(8,750,000)
Proceeds from bond issuance	-	77,238,912
Payments on line of credit	-	(71,000,000)
Contributions designated for long-term purposes	4,371,785	6,024,146
Change in refundable U.S. government grants	(601,125)	(719,039)
Net cash (used in) provided by financing activities	<u>(5,424,340)</u>	<u>2,794,019</u>
Net decrease in cash and cash equivalents	<u>(7,057,194)</u>	<u>(4,948,283)</u>
Cash and cash equivalents at beginning of year	25,698,503	30,646,786
Cash and cash equivalents at end of year	<u>\$ 18,641,309</u>	<u>\$ 25,698,503</u>
Supplemental disclosures:		
Interest paid	\$ 16,882,725	\$ 14,728,868
Noncash investing activity - change in accounts payable and accrued expense attributable to property, buildings and equipment	\$ (441,079)	\$ 3,911,737

Noncash financing activity - New bonds were issued during fiscal year 2021. Funds were primarily used simultaneously to pay off outstanding debt and new issuance costs.

See accompanying notes to financial statements.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 1 - Description of the University

Suffolk University (the “University”) is a private not-for-profit comprehensive, urban university located in historic Boston with an international campus in Madrid, Spain. The University is driven by the power of education, inclusion, and engagement to change lives and positively impact communities. Committed to excellence, the University provides students with experiential and transformational learning opportunities that begin in the center of Boston, reach across the globe, and lead to extraordinary outcomes for graduates.

The University consists of the College of Arts and Sciences, Sawyer Business School, and Law School, which offer undergraduate, graduate, and law degrees. The University maintains numerous accreditations with its primary accreditations from the New England Commission of Higher Education, Association to Advance Collegiate Schools of Business, and the American Bar Association.

The University’s teaching, scholarship, and research are dedicated to educating students in the arts and sciences, business, and law so that they may become successful and conscientious citizens of the world. Across the undergraduate, graduate, and professional schools, the University integrates theoretical and practical knowledge, instilling in students a passion for critical analysis and a desire for continuous learning.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The financial statements include the University and Suffolk University Madrid Campus S.L. that is controlled by the University. All intercompany accounts have been eliminated for the consolidated amounts.

Cash and Cash Equivalents

Cash and cash equivalents represent bank deposits and other liquid short-term instruments with original maturities of three months or less. The amounts are carried at cost. Cash and cash equivalents held by investment managers are included in long-term investments.

Short-Term Investments

Short-term investments are carried at fair market value consistent with the fair value policies described elsewhere in this note. This category consists of instruments with relatively short maturities that at the time of purchase are 90 days or more.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Student Accounts and Notes Receivable

Students are billed based on specific dates outlined in the academic catalog as agreed in advance of the delivery of the related academic or auxiliary service. Payments for tuition, fees, and auxiliary enterprise charges are generally due by the start of the academic period. Payments made on behalf of students by the United States Department of Education ("DOE") or others are subject to specific requirements as to when those funds can be drawn. Certain DOE funding can be drawn prior to the commencement of the academic period, while other amounts are paid in specified intervals based on the rules as promulgated by the DOE. Thus, cash flows on accounts receivable balances do not directly depend on meeting specified performance obligations of the University. Student accounts receivable are unsecured obligations due to the University.

Student accounts and notes receivable are carried net of an allowance for doubtful accounts. The University regularly evaluates the allowance for doubtful accounts via ongoing evaluations of factors such as prior collection history, the economic environment, and the type of receivable.

Perkins notes receivable represent amounts due from students associated under a loan program operated by the University under the sponsorship of the DOE. A substantial portion of the funding for this program was made available by advance from the DOE and is subject to certain adjustments with such amounts carried as a liability. Perkins notes in default that meet certain requirements can be assigned to the DOE, reducing the obligation for refundable U.S. government grants. Credit risk on the Perkins notes is mitigated given the ability to assign such loans to the DOE. The DOE is in the process of winding down this program which will entail the return of remaining notes and cash balances remaining within this program.

Pledges Receivable

Pledges receivable represent contributions committed by donors that are scheduled for payment in the future. They are recorded at the present value of the estimated future cash flows as described in the revenue recognition note. An allowance is included for uncollectable amounts based upon management's estimates.

Long-Term Investments

Long-term investments are carried at fair market value consistent with the fair value policies described elsewhere in this note.

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund its Board approved spending policy and maintain the purchasing power of investments after considering the effects of inflation. Investment decisions are authorized by the Investment Subcommittee of the Board of Trustees that oversees the University's investments in accordance with the Statement of Investment Objectives, Goals and Policy Guidelines as approved by the Board of Trustees.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Investments (Continued)

Long-term investment return (loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment and management expenses and taxes.

Fair Value Measurements

The University reports financial instruments as required in accordance with the fair value standards of accounting. These standards require an entity to maximize the use of observable inputs such as quoted market prices in active markets and minimize the use of unobservable inputs such as appraisals or other valuation techniques to determine fair value. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability as of the measurement date. Items reported at fair value include short-term investments, long-term investments, and deposits with bond trustee. The fair value standards also provide for a practical expedient for fair value using net asset value per share ("NAV") when certain requirements are met. The University's interests in alternative investment funds are generally reported at NAV as reported by the fund managers.

The fair value standards require that each item carried at fair value be disclosed in accordance with the valuation methods used as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the University has the ability to access at measurement date.

Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type and characteristics specific to the instrument. Instruments with readily available, actively quoted prices or fair value will generally have greater market price observable inputs and require less judgment to measure fair value.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Deferred Implementation Costs

Deferred implementation costs represent capitalized costs associated with licensed cloud computing arrangements. Deferred implementation costs are stated at cost less accumulated amortization. Deferred implementation costs are capitalized when the useful life is over one year and when they exceed a management established threshold. The useful life of licensed cloud computing arrangements included in deferred implementation costs is up to 15 years.

Property, Buildings and Equipment

Property, buildings and equipment are recorded at cost when useful lives are expected to be greater than one year and acquisition costs exceed a management-established threshold. Cost includes capitalized interest and certain other cost in the case of certain longer-term construction projects. Donated property is recorded at fair value at the date of the gift using a Level 3 fair value assessment per the fair value policies elsewhere in this note. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets once placed into service.

Right of Use Assets / Lease Obligations

Right of use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating lease right of use assets and related obligations are recognized on the lease commencement date based on the present value of lease payments over the lease term discounted using a risk-free interest rate at inception. The value of an option to extend or terminate a lease is reflected when it is reasonably certain the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Student Deposits and Deferred Revenue

Student deposits represent advance payments by students. Deferred revenue represents the amount of unearned services related to tuition, fees and auxiliary enterprises that are in progress as of year-end. Deferred revenue is reported as revenue over time, generally within the subsequent 12 months given the nature and duration of the underlying services being provided.

Bonds Payable

Bonds payable are reported at the face value of the remaining obligation under the related debt issue. Premiums, discounts, and issuance costs are amortized over the term of the related indenture.

Income Tax Status

The University is a not-for-profit organization and is generally exempt from federal and state income taxes on related income as described in Section 501(c)(3) of the Internal Revenue Code.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

The University is not currently under examination by any taxing jurisdictions and does not believe it has any uncertain tax positions. The University's federal and state tax returns are generally open for examination for three years following the date filed.

Net Assets

The accompanying financial statements present information regarding the University's financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for the University to use at its discretion. The Board of Trustees has designated funds to operate as endowment and for strategic initiatives from net assets without donor restrictions. Net assets without donor restrictions also include the investment in property, buildings and equipment, net of accumulated depreciation, and the related debt.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and will be met either by the passage of time or by the conditions specified by the donor. Other donor-imposed restrictions are perpetual in nature, and the donors stipulate that the contribution be maintained in perpetuity. This category also includes accumulated unspent gains on endowment type funds that are subject to appropriation by the Board subject to standards of prudence as more fully described later in these footnotes.

Revenue Recognition

Earned Revenues - Earned revenues recognition follows a principle-based evaluation of customer contracts including the identification of performance obligations, assessment of the transaction price, and the allocation of price to performance obligations so that revenue is recorded when or as the performance obligations are satisfied over the contract term, generally over time or at a point in time.

The University derives revenues primarily through tuition, fees, and auxiliary services, such as room and board, all of which are under arrangements that are aligned to academic semesters, which are less than one year in length. Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions as follows:

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Tuition, fees, and auxiliary services are recorded at established rates, net of institutional financial aid and scholarships provided directly to students. These amounts are considered to be fixed and determinable and are recorded as revenue when performance obligations are satisfied which is generally over time as the services are rendered. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfying its performance obligations or amounts allocated to those obligations. Tuition remission for employees and their families is considered part of fringe benefits. Management does not consider there to be significant judgement involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity. Students may withdraw from programs of study within certain time limits as stated in the University's withdrawal policies. Given the timing of the University's programs, the exposure associated with withdrawal is limited at year-end. Payments made on behalf of students from loans and grants by third parties do not represent revenue of the University.

Building rental income and grant and contract income is recorded as revenue over time as earned.

Investment returns are reported as revenue based on the fair value of such investments at year-end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in this category until appropriated by the Board under the Board approved spending policy unless otherwise required by the terms of the gift.

Contributed Support - Contributed support follows different recognition rules than earned revenue as follows:

Unconditional contributions are recognized as revenue as either with or without donor restrictions in the period verifiably committed by the donor. Pledged contributions are recorded at the present value of the estimated future cash flows using a risk-adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any. Contributions of property, plant and equipment are recorded at their estimated fair value as per the fair value policies elsewhere in this note as without donor restrictions unless the donor explicitly states how such assets should be used. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions with such restriction being released from restriction when the acquired long-lived asset is placed into service. Other contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when time or purposes restriction has been satisfied.

Conditional contributions are reported as revenue when the conditions have been met which generally relates to the meeting of a barrier to entitlement of the related funds. Conditional contributions most commonly occur when there is a matching provision or a requirement of incurring a cost as outlined by the donor.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with GAAP 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 reporting period. Actual results could differ from those estimates.

Operating and Nonoperating Activity

The statement of activities reports the change in net assets from operating and nonoperating activities. Operating revenues consist of items attributable to the University's undergraduate and graduate education programs, auxiliary enterprise activities, certain contributions, grants for research conducted by academic departments, and other sources. Nonoperating activities include investment return on long-term investments, contributions received for endowment or capital gifts, postretirement health benefit obligation changes, and other items not related to the University's academic or research activities. Nonoperating activities also include costs associated with ensuring campus health and safety during the COVID-19 pandemic. Investment return designated for operations are shown as a reduction in nonoperating with a corresponding amount indicted in operations.

Functional Allocation of Expenses

Expenses are reported as decreases in net assets without donor restrictions. The costs of providing the various programs and activities and supporting services have been presented by the natural classification on the statement of activities and summarized by function as outlined later in these footnotes. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Building operations and maintenance costs, including depreciation and police and security employee salaries, are allocated based on square footage of facilities. Interest expense and amortization of premiums and discounts are allocated to functional classifications that benefited from the use of the proceeds of the debt to which they are related. Certain information technology services that have programmatic usage are allocated based on the number of full-time equivalent employees that are charged to each function.

Note 3 - Liquidity and Availability

The University regularly monitors liquidity required to meet its operating and other contractual commitments while striving to maximize the investment of its available funds as required in its Investment Policy for Operating and Capital Funds. Various sources of liquidity are at its disposal, including cash and cash equivalents, short-term investments and marketable securities. The University's cash flows have seasonal variation during the year attributable to the billing cycle of student charges. Therefore, liquidity at fiscal year-end is typically the lowest point because it is between semesters. The University has determined it has sufficient liquidity and does not require external liquidity resources such as a line of credit for operations or commercial paper programs at this time.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 3 - Liquidity and Availability (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing activities of instruction, student services, research, and public service.

The following financial assets could be made available within one year of the balance sheet date to meet general expenditures at June 30:

	2022	2021
Cash and cash equivalents	\$ 18,053,144	\$ 24,989,157
Short-term investments	97,785	35,721
Student accounts and notes receivable	2,788,616	5,045,699
Other receivables	2,264,670	3,545,518
Funds reserved for health claims	946,015	1,656,751
Pledged contributions for general expenditure due in one year or less	2,231,976	1,660,427
Subsequent year quasi-endowment payout	10,642,764	9,111,185
Subsequent year donor-restricted endowment payout	3,909,050	2,955,500
Subsequent year strategic initiatives payout	14,448,982	14,400,000
Funds functioning as endowment	175,607,053	219,392,510
	<u>\$ 230,990,055</u>	<u>\$ 282,792,468</u>

Management considers funds functioning as endowment to be readily available should the need arise, subject to Board authorization.

Note 4 - Student Accounts and Notes Receivable, Net

Student accounts and notes receivable consisted of the following at June 30:

	2022	2021
Student accounts receivable	\$ 9,754,465	\$ 10,201,466
Perkins student loans	3,516,865	4,199,731
Student notes receivable	3,521,481	3,704,909
Subtotal	16,792,811	18,106,106
Less allowance for doubtful accounts:		
Student accounts receivable	(6,118,228)	(5,535,342)
Student notes receivable	(771,963)	(877,698)
Total student accounts and notes receivable, net	<u>\$ 9,902,620</u>	<u>\$ 11,693,066</u>

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022
(with comparative information for June 30, 2021)

Note 4 - Student Accounts and Notes Receivable, Net (Continued)

The University's allowance for doubtful accounts related to student accounts receivable experienced the following changes for fiscal years ended June 30:

	2022	2021
Beginning balance	\$ 5,535,342	\$ 4,068,618
Account write-offs and adjustments	(193,233)	(419,014)
Recoveries	276,119	85,738
Bad debt expense	500,000	1,800,000
Ending balance	<u>\$ 6,118,228</u>	<u>\$ 5,535,342</u>

Note 5 - Pledges Receivable, Net

Pledges receivable consisted of the following at June 30:

	2022	2021
Gross pledges receivable:		
Due within one year	\$ 2,231,976	\$ 3,036,467
Due within one to five years	3,605,233	2,910,683
Thereafter	148,101	368,537
	<u>5,985,310</u>	<u>6,315,687</u>
Less:		
Allowance for doubtful accounts	(185,000)	(55,000)
Discount to present value	(99,433)	(57,381)
Total pledges receivable, net	<u>\$ 5,700,877</u>	<u>\$ 6,203,306</u>

The University had gift intentions pending for scholarships and other purposes of approximately \$4,237,000 and \$4,339,000 as of June 30, 2022 and 2021, respectively, that are not recognized as revenues in the statement of activities.

Conditional contributions, which were entirely comprised of federal COVID-19 funding, pending incursion of qualified expenditures, were \$13,100,795 at June 30, 2021 most of which were earned in fiscal 2022.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 6 - Long-Term Investments and Deposits with Bond Trustee

The University's assets are summarized in the following tables by their fair value hierarchy classification as of June 30:

	2022			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Investments at fair value:				
U.S. equity	\$ 65,587,535	\$ -	\$ -	\$ 65,587,535
International equity	65,263,467	-	-	65,263,467
U.S. fixed income	25,748,040	-	-	25,748,040
International fixed income	-	8,384,276	-	8,384,276
Real assets	22,158,888	-	-	22,158,888
Cash and cash equivalents	8,599,384	-	-	8,599,384
Funds held or administered by others	-	-	686,085	686,085
	<u>187,357,314</u>	<u>8,384,276</u>	<u>686,085</u>	<u>196,427,675</u>
Investments at net asset value:				
Flexible capital	-	-	-	33,124,306
Private equity	-	-	-	9,792,074
Real assets	-	-	-	14,956,059
Investments, other:				
Real estate	-	-	-	819,459
Total long-term investments	<u>\$ 187,357,314</u>	<u>\$ 8,384,276</u>	<u>\$ 686,085</u>	<u>\$ 255,119,573</u>
Deposits with bond trustee:				
Cash and cash equivalents	\$ 9,519	\$ -	\$ -	\$ 9,519
Total funds held by bond trustee	<u>\$ 9,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,519</u>

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June 30, 2022
(with comparative information for June 30, 2021)

Note 6 - Long-Term Investments and Deposits with Bond Trustee (Continued)

	2021			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Investments at fair value:				
U.S. equity	\$ 86,223,831	\$ -	\$ -	\$ 86,223,831
International equity	89,501,313	-	-	89,501,313
U.S. fixed income	28,934,135	-	-	28,934,135
International fixed income	-	10,170,670	-	10,170,670
Real assets	28,594,969	-	-	28,594,969
Cash and cash equivalents	2,193,715	-	-	2,193,715
Funds held or administered by others	-	-	847,752	847,752
	<u>235,447,963</u>	<u>10,170,670</u>	<u>847,752</u>	<u>246,466,385</u>
Investments at net asset value:				
Flexible capital	-	-	-	37,722,815
Private equity	-	-	-	5,095,886
Real assets	-	-	-	16,618,430
Investments, other:				
Real estate	-	-	-	1,105,000
Total long-term investments	<u>\$ 235,447,963</u>	<u>\$ 10,170,670</u>	<u>\$ 847,752</u>	<u>\$ 307,008,516</u>
Deposits with bond trustee:				
Cash and cash equivalents	\$ 1,664,162	\$ -	\$ -	\$ 1,664,162
Total funds held by bond trustee	<u>\$ 1,664,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,664,162</u>

Aggregate investment liquidity is presented below at fair value based on redemption or sale period at June 30:

	2022	2021
Investment redemption or sale period:		
Daily	\$ 181,779,302	\$ 226,488,094
Semi-monthly	13,962,288	19,130,539
Monthly	14,956,059	16,618,430
Quarterly	15,084,085	18,767,765
Semi-annual	11,612,498	12,360,161
Annual	6,427,723	6,594,889
Illiquid	11,297,618	7,048,638
	<u>\$ 255,119,573</u>	<u>307,008,516</u>

Certain investment agreements have redemption provisions that may be adjusted. The University has unfunded capital commitments that amounted to \$6,683,595 at June 30, 2022.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022
(with comparative information for June 30, 2021)

Note 7 - Property, Buildings and Equipment

The following is a summary of the University's property, buildings and equipment as of June 30:

	<u>Estimated lives</u>	<u>2022</u>	<u>2021</u>
Land	—	\$ 55,094,213	\$ 55,094,213
Buildings	50 years	453,751,012	453,985,737
Furniture and equipment	3–20 years	61,295,699	57,967,292
Leasehold improvements	(a)	47,006,975	45,871,018
Library books and periodicals	5 years	3,894,921	3,332,915
Construction in progress	—	1,438,512	354,482
		<u>622,481,332</u>	<u>616,605,657</u>
Less accumulated depreciation		188,843,403	171,130,162
Total property, buildings and equipment, net		<u>\$ 433,637,929</u>	<u>\$ 445,475,495</u>

Note 8 - Student Deposits and Deferred Revenue

Student deposits and deferred revenue consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Student deposits	\$ 3,730,068	\$ 3,858,778
Deferred revenue	4,321,639	5,555,962
Total student deposits and deferred revenue	<u>\$ 8,051,707</u>	<u>\$ 9,414,740</u>

Management considers amounts not earned associated with student withdrawal as immaterial. There were no significant changes in deferred revenue amounts on a quantitative or qualitative basis.

Note 9 - Accrued Postretirement Health Obligations

The University provides certain healthcare benefits to retired employees who meet specific eligibility requirements who were hired prior to 1996.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 9 - Accrued Postretirement Health Obligations (Continued)

The following table presents the obligation under the plan at June 30:

	2022	2021
Changes in benefit obligation:		
Benefit obligation at beginning of year	\$ 4,872,772	\$ 5,169,544
Service cost	46,455	48,233
Interest cost	118,459	113,398
Impact of assumption changes	(692,428)	(226,841)
Benefits paid	(244,687)	(231,562)
Experience gain	(426,916)	-
Benefit obligation at end of year	<u>3,673,655</u>	<u>4,872,772</u>
Change in plan assets:		
Employer contribution	244,687	231,562
Benefits paid	(244,687)	(231,562)
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Accrued postretirement benefit obligation	<u><u>\$ 3,673,655</u></u>	<u><u>\$ 4,872,772</u></u>

Components of net periodic benefit cost were as follows for the years ended June 30:

	2022	2021
Service cost	\$ 46,455	\$ 48,233
Interest cost	118,459	113,698
Amortization of actuarial gain	(1,119,142)	(178,908)
Net periodic benefit cost	<u><u>\$ (954,228)</u></u>	<u><u>\$ (16,977)</u></u>

The discount rate used in determining the accumulated postretirement benefit obligation was 4.25% and 2.5% for June 30, 2022 and 2021, respectively. For measurement purposes, both medical and dental costs are capped at a 3.5% increase for June 30, 2022 and 2021, based on the plan. The University expects to contribute \$240,717 to its retiree medical plan in fiscal year 2023.

The following benefit payments are expected to be paid:

Fiscal year:	
2023	\$ 240,717
2024	251,004
2025	257,579
2026	260,873
2027	265,982
2028-2031	1,288,462

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022
(with comparative information for June 30, 2021)

Note 10 - Leases

The University is committed to minimum annual rent payments under several long-term non-cancellable operating leases for educational and office space through fiscal year 2034.

Lease expenses were \$5,571,285 and \$7,592,427 for the years ended June 30, 2022 and 2021, respectively, with such amounts included in occupancy on the statement of activities. The University does not have any short-term leases.

The University does not have any financing leases and the University's operating leases have the following other information:

Weighted average remaining lease term	11.62 Years
Weighted average discount rate	3.67%

Payments due include options to extend leases that are reasonably certain through fiscal year 2034 and are summarized below as of June 30, 2022:

Fiscal year:	
2023	\$ 6,593,938
2024	6,583,730
2025	6,212,183
2026	6,070,716
2027	6,067,736
Thereafter	40,483,638
Less amounts representing interest	(13,289,351)
Total	<u>\$ 58,722,590</u>

Note 11 - Bonds Payable

Bonds payable consisted of the following at June 30:

	2022	2021
Massachusetts Development Finance Agency (MDFA):		
4.00%, Series 2021, maturing serially through fiscal year 2051	\$ 67,635,000	\$ 67,635,000
Massachusetts Development Finance Agency (MDFA):		
4.00%, Series 2020A, maturing serially through fiscal year 2045	54,510,000	54,510,000
Massachusetts Development Finance Agency (MDFA):		
4.00%–5.00%, Series 2019, maturing serially through fiscal year 2038	73,890,000	76,955,000
Massachusetts Development Finance Agency (MDFA):		
4.00%–5.00%, Series 2017, maturing serially through fiscal year 2039	153,900,000	160,030,000
	<u>349,935,000</u>	<u>359,130,000</u>
Plus unamortized bond premium	37,761,658	39,670,931
Less unamortized original issue discount and bond issue costs	(3,130,794)	(3,293,160)
Total bonds payable, net	<u>\$ 384,565,864</u>	<u>\$ 395,507,771</u>

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 11 - Bonds Payable (Continued)

Future minimum principal payments under bonds payable are as follows at June 30, 2022:

Fiscal year:	
2023	\$ 9,675,000
2024	10,170,000
2025	10,710,000
2026	11,270,000
2027	11,855,000
Thereafter	296,255,000
	<u>\$ 349,935,000</u>

Note 12 - Endowment Funds

The University's endowment consists of approximately 300 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted in Massachusetts permits the University to appropriate for expenditure or accumulate so much of an endowment fund as the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established subject to the intent of the donor as expressed in the gift instrument. Seven criteria are to be used to guide the University in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the University and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) resources of the University; and 7) the investment policy of the University.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is aligned with the accounting standards definition that endowment type funds are those that must be held in perpetuity even though the historic-dollar-value may be dipped into on a temporary basis.

Endowment funds are tracked by corpus, accumulated unspent gains along with any further donor requirement to accumulate or require the use of funds per the donor agreement.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 12 - Endowment Funds (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Deficiencies of this nature are reported as reductions in unrestricted net assets. Funds with deficiencies reported amounted to \$606,384 and \$0 as of June 30, 2022 and 2021, respectively.

	2022	2021
Corpus	\$ 9,514,286	\$ -
Fair market value	8,907,902	-
	<u>\$ 606,384</u>	<u>\$ -</u>

Funds By Restriction

Endowment funds consisted of the following at June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds			
Functioning as endowment	\$ 186,078,687	\$ -	\$ 186,078,687
Designated for strategic initiatives	14,448,982	-	14,448,982
Designated for student investment management	171,130	-	171,130
Donor-restricted endowment funds			
Original gift amount and amounts required to be maintained in perpetuity	-	46,476,344	46,476,344
Accumulated investment gains	-	6,798,496	6,798,496
	<u>\$ 200,698,799</u>	<u>\$ 53,274,840</u>	<u>\$ 253,973,639</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds			
Functioning as endowment	\$ 234,239,206	\$ -	\$ 234,239,206
Designated for strategic initiatives	14,400,000	-	14,400,000
Donor-restricted endowment funds			
Original gift amount and amounts required to be maintained in perpetuity	-	41,575,932	41,575,932
Accumulated investment gains	-	15,480,251	15,480,251
	<u>\$ 248,639,206</u>	<u>\$ 57,056,183</u>	<u>\$ 305,695,389</u>

The Board of Trustees approved the Suffolk 2025 Strategic Plan in fiscal year 2019. This plan included funding a portion of the startup costs of certain initiatives with Board-designated endowment funds.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022
(with comparative information for June 30, 2021)

Note 12 - Endowment Funds (Continued)

Funds By Restriction (Continued)

Changes in endowment funds were as follows for the years ended June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at June 30, 2021	\$ 248,639,206	\$ 57,056,183	\$ 305,695,389
Net investment loss	(27,608,950)	(6,720,525)	(34,329,475)
Contributions	-	4,423,873	4,423,873
Additions	3,175,500	475,037	3,650,537
Designated for operating expenditures	(23,506,957)	(1,959,728)	(25,466,685)
Endowment funds at June 30, 2022	\$ 200,698,799	\$ 53,274,840	\$ 253,973,639

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at June 30, 2020	\$ 205,090,549	\$ 41,116,911	\$ 246,207,460
Net investment return	56,791,376	12,322,497	69,113,873
Contributions	-	6,038,546	6,038,546
(Reductions) additions	(2,209,789)	329,330	(1,880,459)
Designated for operating expenditures	(11,032,930)	(2,751,101)	(13,784,031)
Endowment funds at June 30, 2021	\$ 248,639,206	\$ 57,056,183	\$ 305,695,389

Return Objectives and Risk Parameters

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation in the investment strategy designed to achieve its long-term return objectives within prudent risk constraints.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 12 - Endowment Funds (Continued)

Spending Policy

In conjunction with input from management, the Board of Trustees sets an annual target for spending from long-term investments in support of the operational budget. In accordance with the University's Statement of Investment Objectives, Goals and Policy Guidelines, the spending target is established either as a percentage of the total portfolio value or in absolute dollar terms. In determining the spending target for the upcoming fiscal year, the University uses a 12-quarter moving average method of calculating account value to smooth the effects of short-term volatility on the market value with the last quarter established as the fourth quarter of the prior calendar year.

Spending from donor-restricted endowments may be increased to limit excessive accumulations of unspent income. This draw is reviewed annually for each fund to identify accumulated earnings that exceed a prudent factor based on the spending target. The UPMIFA criteria are evaluated to determine whether to appropriate or continue to accumulate excess earnings.

The Board of Trustees approved appropriations from the endowment of \$25,466,685 and \$13,784,031 for the years ended June 30, 2022 and 2021, respectively, first to satisfy the spending policy with the balance earmarked for strategic initiatives. The budgeted appropriation for the year ended June 30, 2023 is detailed in Note 3 - Liquidity and Availability.

Note 13 - Net Assets

Net Assets

The net assets are summarized as follows as of June 30:

	2022	2021
Without donor restrictions		
Undesignated	\$ 6,436,964	\$ 11,610,841
Designated by the Board for strategic initiatives	14,448,982	14,400,000
Designated for student investment management	171,130	-
Designated by the Board for endowment	186,078,687	228,503,695
Property, buildings and equipment, net of related debt and accumulated depreciation	49,081,584	51,631,886
	<u>\$ 256,217,347</u>	<u>\$ 306,146,422</u>
With donor restrictions		
Perpetual in nature	\$ 46,476,344	\$ 41,575,932
Purpose restrictions		
Scholarship	7,541,209	13,791,557
Other programs	6,091,557	6,498,737
Time-restricted for future periods	5,631,202	6,203,306
	<u>\$ 65,740,312</u>	<u>\$ 68,069,532</u>

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 14 - Revenue Matters

The University's revenues from tuition, fees, and auxiliary enterprises are all recognized over time. Factors that can impact the amount and timing of cash flows include policies that allow for withdrawal by students after the start of the program subject to certain limits which differ by nature of program. Cash flows are also impacted by DOE rules that differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students. Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

The University has a number of academic programs that include traditional undergraduate and graduate education, as well as a law school. The undergraduate programs are offered on-site, primarily on the Boston campus, while graduate programs are offered on-site as well as online.

The following table shows the approximate revenue allocations for each academic program and auxiliary enterprises:

	<u>2022</u>	<u>2021</u>
Undergraduate Programs	59%	62%
Law School Programs	21%	20%
Graduate Programs	11%	13%
Auxiliary Enterprises	9%	5%
	<u>100%</u>	<u>100%</u>

Note 15 - Retirement Plan

The University has a qualified defined contribution retirement plan. New hires are subject to a three-year vesting period for employer contributions. Employer contributions to the plan resumed in fiscal 2022 after being suspended during fiscal year 2021. The University's contributions to the plan were \$3,375,422 and \$295,792 for the years ended June 30, 2022 and 2021, respectively.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 16 - Functional Expenses

The University's operating expenses by function and natural classification are as follows at June 30:

	Program Services					Supporting Services	2022
	Instruction	Academic Support	Student Services	Auxiliary Services	Public Service	Management & General	Total Expenses
Compensation	\$ 55,206,610	\$ 16,415,523	\$ 18,832,938	\$ 2,572,051	\$ 2,771,267	\$ 32,000,607	\$ 127,798,996
Occupancy	4,470,717	5,631,559	2,304,044	14,714,223	206,083	611,599	27,938,225
Interest	2,820,450	2,012,198	912,997	8,505,245	66,244	405,749	14,722,883
Depreciation	2,138,594	2,708,500	1,100,725	10,629,190	95,326	1,012,206	17,684,541
Other operating expenses	8,571,594	9,881,725	7,724,461	5,075,684	1,193,366	10,758,281	43,205,111
Total Operating Expenses	\$ 73,207,965	\$ 36,649,505	\$ 30,875,165	\$ 41,496,393	\$ 4,332,286	\$ 44,788,442	\$ 231,349,756

	Program Services					Supporting Services	2021
	Instruction	Academic Support	Student Services	Auxiliary Services	Public Service	Management & General	Total Expenses
Compensation	\$ 58,941,032	\$ 15,436,467	\$ 16,396,534	\$ 2,609,023	\$ 2,638,431	\$ 27,005,941	\$ 123,027,428
Occupancy	6,137,007	8,924,753	4,156,344	4,233,547	301,905	3,356,120	27,109,676
Interest	2,905,369	2,062,689	953,441	7,160,599	73,196	491,726	13,647,020
Depreciation	3,344,608	4,863,270	2,198,425	5,163,730	163,825	1,652,938	17,386,796
Other operating expenses	8,156,623	6,218,635	5,446,787	3,371,311	1,267,187	12,161,159	36,621,702
Total Operating Expenses	\$ 79,484,639	\$ 37,505,814	\$ 29,151,531	\$ 22,538,210	\$ 4,444,544	\$ 44,667,884	\$ 217,792,622

Fundraising expense was approximately 2% of total operating expenses for the years ended June 30, 2022 and 2021.

Note 17 - Commitments and Contingencies

The University has long-term agreements with several third-party vendors. Agreements for food services and integrated facility management services will expire in fiscal year 2026. The agreement for bookstore operations expires in fiscal year 2025.

The University uses various vehicles for insurance including the participation in a captive health insurance company relative which includes a third-party stop loss policy. The University assumes certain obligations under these arrangements and monitors the financial health of the captive in connection with its ongoing oversight of the healthcare program.

The University has in place a collective bargaining agreement with its adjunct faculty that was recently renegotiated and ratified. It is in effect from July 1, 2022 through August 31, 2025. The University also has in place a collective bargaining agreement with members of the Suffolk University Police Department. That agreement expired on December 31, 2021 and negotiations to renew it are ongoing.

The University participates in student financial aid programs sponsored by the DOE and to a lesser extent states that facilitate payment of tuition and other expenses incurred by students when they are determined to be eligible as evaluated by the University's financial aid office. Such determinations are subject to after the fact revenue by funders.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 17 - Commitments and Contingencies (Continued)

During 2020, two class action lawsuits were filed in federal district court. Both suits assert that it was wrong for the University to switch from on-campus to online teaching due to COVID-19 in 2020. Each suit seeks partial reimbursement of tuition and fees for all students enrolled during the spring 2020 semester as well as attorneys' fees and other costs. The two suits were consolidated in to one class action law suit during 2022. The University intends to present a vigorous defense. The ultimate impact of these matters, if any, cannot presently be determined. On October 11, 2022, the court denied the plaintiffs' petition for class certification by the court as of this date.

The University is involved in other legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by regulatory agencies. Management believes that based on the nature of these items that the resolutions of these matters will not have a material adverse effect upon the University's financial statements.

Note 18 - Revenue and Expenses Associated with COVID-19

The University incurred certain costs associated with preventing the spread of COVID-19 on campus and experienced a loss of revenue due to COVID-19 effects on enrollment and on-campus housing. The University was eligible to receive funding to help offset these financial impacts caused by the COVID-19 pandemic. Further detail of significant impacts are as follows:

Higher Education Emergency Relief Funds

The University received funding of \$12,906,718 and \$8,503,712 for the years ended June 30, 2022 and 2021, respectively. The amounts provided directly to students or used by students to pay their outstanding balances was \$6,356,011 and \$3,589,221 for the years ended June 30, 2022 and 2021, respectively.

Non-Operating Expenses

The University incurred non-routine expenses associated with COVID-19 including testing, additional housing and dining service costs, enhanced cleaning costs, personal protective equipment and safety upgrades, among others. These costs totaled approximately \$382,000 and \$11,300,000 for the years ended June 30, 2022 and 2021, respectively. These costs are included in other non-operating expenses in the statement of activities.

Forward Considerations

The University has submitted an application to the Federal Emergency Management Agency ("FEMA") for COVID-19 disaster grants for the amount of approximately \$4,400,000. As of June 30, 2022, the University has not received formal approval for \$4,250,000, and as such, these would be considered revenue in future periods upon approval of the application by FEMA.

SUFFOLK UNIVERSITY

Notes to Financial Statements

June 30, 2022

(with comparative information for June 30, 2021)

Note 19 - Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2022 and through November 4, 2022, the date on which the financial statements were issued and determined that no such items merited disclosure or adjustment to the year-end reported values.

Note 20 - Related Parties

The University is a fifty percent owner of a joint venture called INTO Suffolk. The joint venture was created to expand international recruitment and ensure academic success for international students. INTO Suffolk offers three academic curricula to its students that further deepen the global experience on campus for all students. The University accounts for their investment in INTO Suffolk as an equity method investment.

The University charges certain costs to INTO Suffolk which are reported in other revenue; these amounts total approximately \$1,810,000 and \$1,480,000 for the years ended June 30, 2022 and 2021, respectively. The University considers amounts advanced under a note agreement and other amounts to be at risk given if they are not expected to be collected in the short term. At June 30, 2022, all at risk amounts have been offset under the equity method of accounting, while at June 30, 2021, a substantial portion had likewise been offset. Suffolk has the potential to recover these amounts in future periods should profitable operations be sustained in a sufficient manner to offset the losses recorded to date.