

Letter from the Vice President, Chief Financial Officer & Treasurer — Fiscal Year 2021

It is my pleasure to present the audited financial statements for Simmons University for the fiscal year ending June 30, 2021. Consistent with prior years, the University has received an unqualified audit opinion from our external auditors who found our results for the year to be presented fairly and free from material misstatement.

The outbreak of COVID-19 continued to disrupt university operations during this fiscal year. The decision was made to operation in a remote environment with only a small residential population on campus. Despite the loss of approximately \$13-14 million in Residence and dining fees the university had a total surplus from operations of \$834 thousand before accelerated depreciation and write-off charges. The impact of the decline in Residence and dining fees revenues was softened by federal grant programs and by savings in operating expenses due to our remote work arrangement and reductions of non-essential spending. The University received \$4.5 million in grant revenue in FY21 related to the Higher Education Emergency Relief Fund (HEERF) I and II and Federal Emergency Management Agency (FEMA) relief grants. The university recorded \$11.8 million in accelerated depreciation and write-off charges associated with capital projects that are planned for the campus. This is a non-cash transaction that primarily has a one-time impact.

The university's endowment was valued \$244.3 million at June 30, 2021. Investment returns for the year of 30.4% and gifts added \$65.4 million to the endowment. These increases were offset by the university's distribution of approximately \$11.4 million which helps fund scholarships, instruction, academic support, and general operations of the university.

On July 1, 2020 the university drew down \$48.9 million from its line of credit to ensure that liquidity would not be a concern given the uncertainty of the year. These funds were not spent as of June 30, 2021 and \$20 million is included in Cash and cash equivalents and the remaining \$28.9 million is included in Funds internally designated for construction purposes. Despite the challenges of the COVID-19 pandemic and the increased pressures on the higher education market, the university is at an exciting place in its history. The university is making significant investments in its future through its One Simmons projects, the result of which will be the construction of a new state of the art science facility and the consolidation of our residence campus into a Living Learning Center on the academic campus. In addition, the university has launched an online undergraduate degree program focused on adult learners and has invested significant time and resources into identifying and developing new revenue

streams. We believe that these investments will establish the university as a premier institution for years to come.

Meghan Kass

Vice President, Chief Financial Officer & Treasurer