

Anna Maria College

Summary of Fiscal Year 2020 Audited Financial Statements

About Anna Maria College:

As a Catholic institution inspired by the ideals of the Sisters of Saint Anne, Anna Maria College educates students to become individuals who will transform their world as ethical leaders and community-oriented professionals.

There are approximately 1500 students who attend Anna Maria college in Paxton, MA between community service oriented undergraduate, graduate, and certificate programs.

Audited Financial Statements:

Management is responsible for the preparation and fair presentation of these 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, whether due to fraud or error.

From the auditors: In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anna Maria College as of June 30, 2020, 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.

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

COVID 19:

- Covid-19 started in March of 2020, resulting in negative financial impact due to refunding all room and board students with roughly 2 months of income resulting in an unexpected loss of \$1.5M. This was partially offset by government assistance totaling \$750k.

Balance sheet:

- Cash and Investments grew from \$17.6M in 2019 to \$20.06M.
- The college received a \$2.5M PPP loan in FY 2020 with the expectation to be forgiven in the future. However, at the time of reporting, the PPP loan shows up as a refundable advance under liabilities.
- A hedging instrument, which is a non-cash fixed interest rate tool for bond issuance, continued as a liability in FY 2020 totaling \$2.31M. While this expense does not affect cash, we have to carry a liability on the balance sheet for it.
- In FY 2020, we saw a total liability increase of \$3.5M which is the combined total of the PPP loan and the hedging instrument increase. Since the hedging instrument is a non-cash liability, and the PPP loan is expected to be forgiven, the liabilities will be net with prior year.

Statement of Activities:

- Net tuition and fees were consistent with that of fiscal year 2019.
- Room and board revenue was on track to be consistent with 2019, however the \$1.5M refund caused a \$1.5M reduction from prior year.
- Overall revenue for FY 2020 was down \$532k from 2019 while expenses were up \$369k. This led to an overall operating deficit of \$1.17M.
- This deficit is due to Covid-19 causing an unbudgeted loss of room and board revenue of \$1.5M.
- The college made the decision to maintain all payroll expenses and keep everyone working and paid throughout the pandemic. This caused the college to take on the expense without the revenue, and therefore had an expected loss.
- Non-operating revenue and expense totaled \$-426k. This is mostly due to \$828k investment income and the \$1.27M expense of the hedging instrument. If the non-cash hedging instrument was removed from the statement of activities change in net assets would be a negative \$331k.