



MASSACHUSETTS COLLEGE *of* PHARMACY  
*and* HEALTH SCIENCES

**MCPHS UNIVERSITY**

**CONTINUING DISCLOSURES AND  
AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

# **MCPHS UNIVERSITY**

## **CONTINUING DISCLOSURES**

### **Financial Matters**

The University operates on a fiscal year ending June 30 and accounts for and reports its financial condition in accordance with Financial Accounting Standards Board (FASB) Accounting Standards through the use of donor-restricted and unrestricted net asset classifications. The financial statements of the University have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America for educational institutions.

### **Management's Discussion of Recent Financial Performance**

#### ***Operating Results***

The University has experienced stable operating revenues in recent years due to stable enrollment. This enrollment stability is attributable to strong demand for the University's academic programs and the successful introduction of new degree offerings, particularly in the health science disciplines. Over the last five years, total University enrollment has grown 3%. Operating revenues were \$238 million in fiscal 2021, a decrease of \$19 million from fiscal 2020 as a result of the global pandemic. New programs have led to increased program revenue diversification. The University continues to experience growth in non-pharmacy enrollments and revenues. Non-pharmacy tuition as a percentage of total tuition was 60% in fiscal 2021 versus 57% in fiscal 2020. The University's tuition discount rate has averaged 16% for the last five years and was 22% for fiscal 2021.

Management has maintained high operating margins through close monitoring of programs and strong budgetary controls. Academic programs are carefully evaluated with respect to student demand and financial viability. Over the last five years, the University's operating margin has averaged 31% of total revenues and was 23% for the year ended June 30, 2021.

#### ***Liquidity***

Management's focus on budgeting and operating performance has substantially improved the University's liquidity. Improvements in business operations pertaining to revenue collection and expenditure controls have enabled the University to maintain strong debt service coverage and liquidity ratios. Over the last five years, net revenues available for debt service has averaged \$91 million and was \$70 million in fiscal 2021. Unrestricted cash and investments have increased 94% from \$860 million at June 30, 2017 to \$1,670 million at June 30, 2021. Total cash and investments have increased 93% from \$890 million at June 30, 2017 to \$1,715 million at June 30, 2021.

# MCPHS UNIVERSITY

## CONTINUING DISCLOSURES

### Total Fall Enrollments

Academic Year	2017-18	2018-19	2019-20	2020-21	2021-22
Students	7,228	7,071	7,387	7,508	7,334
FTE	6,826	6,506	6,826	6,840	6,537

### Pharmacy Programs

Academic Year	2017-18	2018-19	2019-20	2020-21	2021-22
Students	3,269	3,033	2,988	2,758	2,549
FTE	3,171	2,875	2,822	2,623	2,356

### Other Programs

Academic Year	2017-18	2018-19	2019-20	2020-21	2021-22
Students	3,959	4,038	4,399	4,750	4,785
FTE	3,655	3,631	4,004	4,217	4,180

### Total Fall Enrollments by Campus

Academic Year	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Boston</b>					
Students	4,486	4,311	4,353	4,279	4,029
FTE	4,385	4,145	4,281	4,216	3,957
<b>Worcester</b>					
Students	1,679	1,585	1,527	1,460	1,421
FTE	1,650	1,546	1,516	1,499	1,410
<b>Manchester</b>					
Students	512	512	488	433	363
FTE	506	504	483	437	361
<b>Online</b>					
Students	551	663	1,019	1,336	1,521
FTE	285	311	546	688	809



# **Financial Statements**

## **MCPHS University**

**June 30, 2021 and 2020**



# MCPHS UNIVERSITY

## *Financial Statements*

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## *Independent Auditors' Report*

The Board of Trustees  
MCPHS University  
Boston, Massachusetts

We have audited the accompanying financial statements of MCPHS University (the "University"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MCPHS University as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the University adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

*Mayer Hoffman McCann P.C.*

September 15, 2021  
Boston, Massachusetts

# MCPHS UNIVERSITY

## Statements of Financial Position

	June 30,	
	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 51,972,862	\$ 35,128,450
Contributions receivable	70,289	315,454
Student and other receivables	8,954,387	7,738,642
Prepaid expenses and other assets	7,234,523	6,608,668
Student loans receivable	9,475,362	9,924,331
Deposits with bond trustees	5,359,577	5,287,439
Funds held in trust	2,042,847	1,576,161
Investments	1,660,129,792	1,214,213,118
Right-of-use assets - operating	58,326,565	-
Property and equipment, net	195,311,126	205,688,224
	<u>195,311,126</u>	<u>205,688,224</u>
<b>Total assets</b>	<u><b>\$ 1,998,877,330</b></u>	<u><b>\$ 1,486,480,487</b></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 16,506,538	\$ 17,050,876
Deferred revenues	19,419,678	21,582,096
Operating lease obligations	60,040,572	-
Bonds and other obligations payable	62,233,150	69,706,696
Advances from federal government for student loans	9,722,938	10,487,944
	<u>9,722,938</u>	<u>10,487,944</u>
<b>Total liabilities</b>	<u><b>167,922,876</b></u>	<u><b>118,827,612</b></u>
Net assets:		
Unrestricted:		
Funds held for long-term investment	1,617,749,654	1,182,699,955
Net investment in plant	125,627,145	125,292,678
Other funds	40,309,017	23,594,535
<b>Total unrestricted</b>	<u><b>1,783,685,816</b></u>	<u><b>1,331,587,168</b></u>
Donor-restricted:		
Endowment funds	44,626,612	33,796,876
Other funds	2,642,026	2,268,831
<b>Total donor-restricted</b>	<u><b>47,268,638</b></u>	<u><b>36,065,707</b></u>
<b>Total net assets</b>	<u><b>1,830,954,454</b></u>	<u><b>1,367,652,875</b></u>
<b>Total liabilities and net assets</b>	<u><b>\$ 1,998,877,330</b></u>	<u><b>\$ 1,486,480,487</b></u>

The accompanying notes are an integral part of these financial statements.



**MCPHS UNIVERSITY**  
**Statements of Activities**

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Changes in unrestricted net assets:</b>		
<b>Operating:</b>		
<b>Revenues and other support:</b>		
Tuition and fees (net of scholarship aid to students of \$59,865,889 and \$50,102,894, respectively)	\$ 218,163,113	\$ 229,547,180
Auxiliary enterprises	8,468,752	14,536,441
Contributions	287,653	246,948
Contracts and other exchange transactions	7,969,827	8,685,654
Other income	2,629,686	3,438,468
Net assets released from restrictions	533,439	489,609
Total revenues and other support	<u>238,052,470</u>	<u>256,944,300</u>
<b>Expenses:</b>		
Instruction	106,548,268	102,570,793
Academic support	18,990,629	18,495,856
Student services	22,027,151	22,558,486
Auxiliary enterprises	14,162,673	14,105,514
Total program services	<u>161,728,721</u>	<u>157,730,649</u>
Institutional support	21,018,721	25,841,680
Total operating expenses	<u>182,747,442</u>	<u>183,572,329</u>
<b>Increase in unrestricted net assets     from operating activities</b>	<b><u>55,305,028</u></b>	<b><u>73,371,971</u></b>
<b>Non-operating:</b>		
Investment return	394,777,476	17,446,493
Rental income	6,910,924	2,273,168
Rental expenses	(2,125,313)	(2,581,956)
Federal support associated with COVID-19	7,813,132	3,774,640
Expenses associated with COVID-19	(10,121,475)	(3,774,640)
Contributions	-	23,842
Other	(461,124)	(111,801)
Increase in unrestricted net assets from non-operating activities	<u>396,793,620</u>	<u>17,049,746</u>
<b>Increase in unrestricted net assets</b>	<b><u>452,098,648</u></b>	<b><u>90,421,717</u></b>
<b>Changes in donor-restricted net assets:</b>		
Contributions	222,510	396,721
Investment return	11,086,157	260,377
Change in value of funds held in trust	427,703	7,974
Net assets released from restrictions	(533,439)	(489,609)
<b>Increase in donor-restricted net assets</b>	<b><u>11,202,931</u></b>	<b><u>175,463</u></b>
<b>Increase in net assets</b>	<b>463,301,579</b>	<b>90,597,180</b>
Net assets at beginning of year	<u>1,367,652,875</u>	<u>1,277,055,695</u>
<b>Net assets at end of year</b>	<b><u>\$ 1,830,954,454</u></b>	<b><u>\$ 1,367,652,875</u></b>

The accompanying notes are an integral part of these financial statements.

**MCPHS UNIVERSITY**

**Statements of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 463,301,579	\$ 90,597,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,491,929	13,665,531
Amortization of right-of-use assets - operating	7,256,946	-
Contributions restricted for capital investment	(398,573)	(360,286)
Contributions of marketable securities	(10,932)	(6,938)
Net realized and unrealized loss (gain) on investments	(385,765,220)	12,116,929
Loss on retirement of indebtedness		
(Increase) decrease in assets:		
Funds held in trust	(466,686)	9,575
Contributions receivable	245,165	149,090
Student and other receivables	(4,547,745)	(5,025,813)
Prepaid expenses and other assets	(625,855)	(2,098,960)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	531,788	1,647,750
Deferred revenues	(2,162,418)	(29,565)
Operating lease obligations	(6,576,529)	-
	<u>84,273,449</u>	<u>110,664,493</u>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	240,916,210	75,412,391
Purchases of investments	(301,056,732)	(170,437,798)
Purchases of property and equipment	(3,423,913)	(5,285,501)
Contributions restricted for capital investment	270,000	175,000
Disbursements of loans to students	(1,216,900)	(1,961,946)
Repayment of student loans	1,665,869	1,507,030
	<u>(62,845,466)</u>	<u>(100,590,824)</u>
<b>Net cash used for investing activities</b>		
<b>Cash flows from financing activities:</b>		
Increase in deposits with bond trustees	(72,138)	(81,181)
Repayment of principal on indebtedness	(3,875,000)	(3,750,000)
Cash collected on endowment gifts	128,573	185,286
Increase (decrease) in government advances for student loans	(765,006)	41,380
	<u>(4,583,571)</u>	<u>(3,604,515)</u>
<b>Net cash used for financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>16,844,412</b>	<b>6,469,154</b>
Cash and cash equivalents at beginning of year	<u>35,128,450</u>	<u>28,659,296</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 51,972,862</u></b>	<b><u>\$ 35,128,450</u></b>

The accompanying notes are an integral part of these financial statements.

# MCPHS UNIVERSITY

## ***Notes to Financial Statements***

### ***Note 1 - Organization***

MCPHS University (the “University”) is a private, tax-exempt co-educational institution of higher education enrolling over 7,000 students in professional, undergraduate and graduate degree programs in pharmacy and health sciences. The University is accredited by the New England Commission of Higher Education. In addition, over 20 of the University’s programs are accredited by 15 independent professional accreditation bodies overseeing educational programs in their respective health professions. The University has three campuses: Boston, Massachusetts; Worcester, Massachusetts and Manchester, New Hampshire. The University has over one hundred programs of study and draws its student population from throughout the United States and over seventy foreign countries.

The University participates in student financial aid programs sponsored by the United States Department of Education “Department of Education”, the Commonwealth of Massachusetts, and other states within the United States of America. These programs facilitate the payment of tuition and other expenses for eligible students, and are subject to review or audit by funding agencies.

### ***Note 2 - Summary of Significant Accounting Policies***

#### ***Basis of Presentation***

The financial statements of the University have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America which requires that information regarding its financial position and activities are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes herein are classified and reported as follows:

*Unrestricted:* net assets available for general use and not subject to donor restrictions. Members of the Board of Trustees have designated a portion of unrestricted net assets for long-term investment, functioning as endowment. Unrestricted net assets also include property and equipment, net of related accumulated depreciation and bond obligations.

*Donor-restricted:* include net assets with restrictions that are temporary in nature, and may or will be met by events specified by the donor, or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents are reported at cost plus accrued interest. Cash equivalents consist of short-term, highly liquid investments with original maturities of ninety days or less when purchased, along with routine bank deposits. Cash restricted for grants and loans is included in cash and cash equivalents in the statements of financial position and amounted to \$2,862,066 and \$3,358,750 for the years ended June 30, 2021 and 2020, respectively. Cash and cash equivalents held by investment managers are classified as investments given the potential for near term reinvestment.

The University maintains cash accounts with various investment and banking institutions, which periodically may exceed federally insured limits. The University has not experienced losses associated with these accounts.

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Student and Other Receivables***

Student receivables are stated net of an allowance for doubtful accounts, which is estimated by management based on prior experience. Other receivables include amounts due under a long-term lease agreement where the University is the lessor and rental income is being recognized on a straight-line basis over the lease term with amounts being accrued to reflect rents earned to date. Other receivables also include amounts due under various grant and contract agreements.

#### ***Student Loans Receivable***

The University participates in Department of Education loan programs including the Health Professions Student Loan ("HPSL"), the Nursing Student Loan ("NSL") and the Perkins Loan programs. These programs are operated by the University allowing for loans to students subject to eligibility requirements. The programs have been funded over multiple years with federal funds along with a modest match from the University. As loans are repaid, funds collected are re-loaned to other students, except for the Perkins program which no longer grants new loans. Undisbursed program funds are held in a restricted cash account which is included in cash and cash equivalents. Advances of federal funds are required to be returned should the program cease or the University elect to no longer participate in the program. Accordingly, such advances are classified as liabilities in the statements of financial position. The University utilizes the services of a third party for billing, collection, and other requirements associated with these programs. The University also has a minor amount of institutionally provided loans.

Non-performing (delinquent) loans under the Perkins, HPSL and NSL programs may be returned to the Department of Education, thus reducing the University's cumulative federal advance which migrates credit risk. Accordingly, no reserves have been provided for in connection with these loans. Reserves are provided on institutional loans based on management's historical experience.

#### ***Deposits with Bond Trustees***

Deposits with bond trustees are invested in cash and fixed income, and are carried at fair market value in accordance with fair value policies described in these footnotes. Such amounts are held by bond trustees pursuant to sinking fund requirements of the University's debt service agreements.

#### ***Funds Held in Trust***

Funds held in trust are beneficial interests in the form of income or residual amounts and are carried at fair market value in accordance with fair value policies described in these footnotes. Assets are recognized as donor-restricted gifts when the University is notified of such an instrument and are subject to periodic adjustment.

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Investments***

Investments are carried at fair market value in accordance with standards discussed in these footnotes. The net investment return (loss) consists of interest, dividends, capital gains and losses, net of all investment expenses including management fees.

The investment pool is unitized for purposes of accounting and allocation of investment returns such that donor-restricted endowment funds and other funds are allocated a ratable share of investment returns.

#### ***Fair Values***

The University reports financial instruments in accordance with fair value standards on a recurring or non-recurring basis depending on the underlying policy of the instrument. Recurring fair value items are summarized in Note 7. Fair value is defined as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the University reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so-called "practical expedient" for such investments. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories along with a category for items at NAV as follows:

Level 1 – quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 – pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

**MCPHS UNIVERSITY**

**Notes to Financial Statements**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 estimates.

**Property and Equipment**

Property and equipment assets are recorded at acquisition cost when asset useful lives are estimated to exceed one year and when amounts exceed a management established capitalization threshold. Property and equipment is reported net of accumulated depreciation. Maintenance and repairs are expensed as incurred, and improvements are capitalized. For assets placed in service, depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Buildings	30 years
Furniture, equipment and vehicles	7 years
Software and computer equipment	3 years

**Leases**

The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases as a lessee are included in right-of-use assets - operating and operating lease obligations in the statement of financial position. 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 over the lease term. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Rental income is recorded over the lease term on the straight-line basis.

**Deferred Revenue**

Deferred revenue represents the amount of net tuition, fees, and dormitory revenue not yet earned. Deferred revenue is recognized ratably over time as services are provided during the academic period. Deferred revenue is short-term in nature with amounts being recognized as revenue in the subsequent fiscal year. Student deposits and advance payments are considered part of deferred revenue.

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### *Note 2 - Summary of Significant Accounting Policies (Continued)*

#### ***Bonds and Other Obligations Payable***

Bonds and other obligations payable are reported net of unamortized premiums, discounts and issuance costs, all of which are amortized over the term of the underlying debt agreement.

#### ***Revenue Recognition***

##### **Earned Revenue**

Revenue is either earned or contributed to the University. Earned revenues are recognized using a principles based set of standards which applies when there is a contract with a customer. Performance obligations are required to be identified and the transaction price needs to be determined and then allocated to performance obligations with revenue being recorded at a point in time or over time depending on the nature of each performance obligation.

The University derives revenues primarily from tuition, fees and auxiliary services (room and board) all of which are under arrangements aligned with academic periods less than one year in length. Tuition, fees and auxiliary service revenues are recorded at established rates, net of institutional scholarships provided directly to students. Revenue amounts are fixed and determinable, and are recorded as revenue over time when educational services are rendered and performance obligations are satisfied. Management believes that recognizing revenue over time is the best measure of services rendered, and has not made any changes in the timing of satisfying performance obligations or amounts allocated to those obligations. Management does not consider there to be significant judgment or qualitative factors involved in the measurement of earned revenue, as the satisfaction of performance obligations is directly linked to the calendar of academic and supporting activities.

Revenue and cash flows are also impacted by tuition and fee refunds resulting from student withdrawals. University withdrawal policy allows for up to a 100% refund of tuition and fees following the start of classes, subject to time limits. Given the University's schedule of academic terms, exposure to refunds is limited at year-end, and no related liability has been estimated or recorded at June 30, 2021.

Given that many students fund the payment of tuition through financial aid programs sponsored by the Department of Education, cash flows are impacted by those regulations which regulate the timing of such funds being made available. Financial aid payments made by third parties are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the University.

Contracts and other exchange transactions consist primarily of revenues derived from the University's pharmacy fellowship and residency programs.

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Revenue Recognition (Continued)***

##### **Earned Revenue (Continued)**

Also included in revenue is net investment return which consists of interest, dividends, capital gains and losses, net of all investment expenses including management fees. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed, are reported as “net assets released from restrictions” between the classes of net assets.

##### **Contributed Support**

Unconditional contributions are recorded as revenue based on the amount received or at fair value when verifiably committed in the case of promises. Fair value of promises is determined at the original date of record as described in this section using Level 2 fair value inputs. Conditional contributions are recorded as revenue only when conditions have been met. Conditional contributions awarded but not reflected in revenue amounted to \$11,984,987 and \$639,843 as of June 30, 2021 and 2020, respectively, and have a barrier to entitlement that requires specified costs to be incurred prior to being recognized as revenue. Intentions to give are not recorded as revenue or assets.

##### ***Functional Allocation of Expenses***

The costs of providing programs, activities and supporting services have been summarized on a functional basis which requires that certain costs be allocated among programs and supporting services benefited. Depreciation of fixed assets and the expenses of operating and maintaining facilities have been allocated to functional classifications based on square footage of facilities. Interest expense has been allocated to each debt-financed facility, and by functional classification based on facility use.

##### ***Operating and Non-Operating Activity***

The statements of activities report changes in unrestricted net assets from operating and non-operating activities. Unrestricted operating revenues consist of those items attributable to the University’s primary mission of providing education, but for COVID-19 related items. Investment returns, certain contributions, COVID-19 related support and expenses and other amounts such as rental income not directly related to educational activities are classified as non-operating. COVID-19 expenses include testing supplies and administration and acquisition of personal protective equipment, among others.



# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Income Tax Status***

The University is recognized as an organization exempt from federal income tax on its related activities under Section 501(c)(3) of the Internal Revenue Code. The University is also generally exempt from state income taxes on such related activities. Certain activities of exempt organizations unrelated to their mission may generate income that is subject to federal and state taxation as unrelated business income. As the University's unrelated business income is de minimis, management has concluded that disclosures related to tax provisions are not necessary.

The University accounts for uncertain tax positions based on the likelihood of positions being sustained on their technical merits while under scrutiny by the applicable taxing authority. If tax positions are deemed to carry significant uncertainty, unrecognized tax liabilities are estimated for disclosure based on a cumulative probability assessment that aggregates the estimated liability for all uncertain tax positions. The University has identified its tax status as an exempt organization and the determination of business income as being related or unrelated to its exempt purposes as its only significant tax positions. The University has determined that such positions do not constitute an uncertainty requiring recognition. The University is not currently under examination by any taxing jurisdiction. The University's federal and state informational filings are generally open to examination for three years following the date filed.

#### ***New Accounting Pronouncements***

Effective July 1, 2020, the University adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases* that requires, among other things, a lessee to recognize a right-of-use asset representing an entity's right to use the underlying asset for the lease term and a liability for lease payments on the statements of financial position. For leases with a life of twelve months or less, lessees are not required to recognize a lease asset and liability, as permitted by the ASU. The new standard does not fundamentally change the lessor accounting. The University used the modified retrospective approach in that amounts were recorded effective July 1, 2020 for the effect of the standard. Right-of-use assets and related lease obligations of \$65,583,511 and \$66,617,101, respectively, were recognized as of July 1, 2020, subject to adjustment for activity during the year.

A number of accounting standards are pending that management does not believe will have a material impact on these financial statements, however such standards are still being evaluated.

#### ***Reclassification***

Certain reclassifications have been made to the 2020 financial statements in order to conform to the current presentation. Such reclassification had no effect on changes in net assets.

#### ***Subsequent Events***

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events through September 15, 2021, the date these financial statements were issued.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 3 - Liquidity

The University regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize investment of available funds. The University has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments and marketable securities. For evaluating resources available to meet general expenditures over future 12-month periods, the University considers all expenditures related to its ongoing academic, administrative and supporting activities. Student loans receivable are not included in the analysis as principal and interest collected on these loans are not available to meet current operating cash flow requirements.

The University anticipates collecting sufficient revenue over the next twelve months to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the University's cash and shows positive cash generated by operations for the years ended June 30, 2021 and 2020. The following table shows financial assets held by the University available within one year of the balance sheet date to meet general expenditure obligations as of June 30:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 49,110,796	\$ 31,769,700
Student and other receivables due in one year or less	5,182,273	6,967,352
Unrestricted investments	<u>1,478,134,161</u>	<u>1,086,925,305</u>
<b>Total liquidity</b>	<b><u>\$ 1,532,427,230</u></b>	<b><u>\$ 1,125,662,357</u></b>

### Note 4 - Student and Other Receivables

Student and other receivables consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Student accounts receivable	\$ 3,620,351	\$ 4,345,287
Allowance for doubtful student accounts	<u>(2,080,291)</u>	<u>(1,011,911)</u>
Net student accounts receivable	1,540,060	3,333,376
Long-term lease receivable	3,772,114	771,290
Other receivables	<u>3,642,213</u>	<u>3,633,976</u>
	<b><u>\$ 8,954,387</u></b>	<b><u>\$ 7,738,642</u></b>

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 5 - Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Prepaid expenses	\$ 4,383,234	\$ 3,720,199
Security deposit - lease	604,816	604,756
Life insurance cash surrender value	<u>2,246,473</u>	<u>2,283,713</u>
	<b><u>\$ 7,234,523</u></b>	<b><u>\$ 6,608,668</u></b>

Life insurance is maintained on certain key employees for the benefit of the University.

### Note 6 - Student Loans Receivable

Student loans receivable consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Health Professions Student Loans	\$ 6,585,434	\$ 6,570,939
Perkins Loans	1,906,064	2,710,853
Nursing Student Loans	868,958	529,690
Institutional Loans	<u>259,300</u>	<u>221,124</u>
	9,619,756	10,032,606
Less: allowance for doubtful accounts	<u>(144,394)</u>	<u>(108,275)</u>
	<b><u>\$ 9,475,362</u></b>	<b><u>\$ 9,924,331</u></b>

Management has not presented detailed disclosures regarding the aging of accounts given the limited credit risk from the federal sponsorship of the majority of its loan programs.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 7 - Investments and Financial Instruments

The fair value of investments and financial instruments were as follows at June 30:

		<b>2021</b>			
		<b>Total Fair Value</b>	<b>Measured at NAV</b>	<b>Active Markets (Level 1)</b>	<b>Limited Markets (Level 3)</b>
Investments:					
Short-term investments	\$	11,915,221	\$ -	\$ 11,915,221	\$ -
Fixed income		184,311,089	23,213,399	161,097,690	-
Domestic equity		423,499,104	-	423,499,104	-
International equity		542,777,030	192,717,711	350,059,319	-
Real estate		69,970,585	29,486,893	40,483,692	-
Asset allocation		100,030,808	100,030,808	-	-
Inflation protection		56,557,581	56,557,581	-	-
Alternatives		271,068,374	271,068,374	-	-
<b>Total investments</b>		<b>1,660,129,792</b>	<b>673,074,766</b>	<b>987,055,026</b>	<b>-</b>
Deposits with bond trustees		5,359,577	-	5,359,577	-
Funds held in trust		2,042,847	-	-	2,042,847
<b>Total</b>	<b>\$</b>	<b>1,667,532,216</b>	<b>\$ 673,074,766</b>	<b>\$ 992,414,603</b>	<b>\$ 2,042,847</b>
		<b>2020</b>			
		<b>Total Fair Value</b>	<b>Measured at NAV</b>	<b>Active Markets (Level 1)</b>	<b>Limited Markets (Level 3)</b>
Investments:					
Short-term investments	\$	1,624,757	\$ -	\$ 1,624,757	\$ -
Fixed income		150,876,451	82,029,902	68,846,549	-
Domestic equity		327,687,240	-	327,687,240	-
International equity		352,700,878	73,732,535	278,968,343	-
Real estate		49,361,109	19,933,895	29,427,214	-
Asset allocation		84,559,909	84,559,909	-	-
Inflation protection		37,895,020	37,895,020	-	-
Alternatives		209,507,754	209,507,754	-	-
<b>Total investments</b>		<b>1,214,213,118</b>	<b>507,659,015</b>	<b>706,554,103</b>	<b>-</b>
Deposits with bond trustees		5,287,439	-	5,287,439	-
Funds held in trust		1,576,161	-	-	1,576,161
<b>Total</b>	<b>\$</b>	<b>1,221,076,718</b>	<b>\$ 507,659,015</b>	<b>\$ 711,841,542</b>	<b>\$ 1,576,161</b>

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 7 - Investments and Financial Instruments (Continued)**

There were no transfers between levels during the years ended June 30, 2021 and 2020. In addition, management has no plans to redeem investments at other than the NAV per share.

Of the NAV investments, the following redemption provisions exist at June 30:

	<b>2021</b>	<b>2020</b>
Within 90 days notice	\$ 535,700,000	\$ 414,200,000
Longer than 90 days notice or illiquid	<u>137,400,000</u>	<u>93,500,000</u>
<b>Total NAV investments</b>	<b>\$ <u>673,100,000</u></b>	<b>\$ <u>507,700,000</u></b>

Total unfunded commitments under investment agreements amounted to \$121.5 million and \$67.9 million at June 30, 2021 and 2020, respectively.

Investments by net asset class consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Unrestricted net assets	\$ 1,615,503,180	\$ 1,180,416,242
Donor-restricted net assets	<u>44,626,612</u>	<u>33,796,876</u>
<b>Total investments</b>	<b>\$ <u>1,660,129,792</u></b>	<b>\$ <u>1,214,213,118</u></b>

Total investment return was as follows for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Interest, dividends and other income	\$ 20,098,413	\$ 29,823,799
Net realized and unrealized (losses) gains on pooled investments	<u>385,765,220</u>	<u>(12,116,929)</u>
<b>Total investment return</b>	<b>\$ <u>405,863,633</u></b>	<b>\$ <u>17,706,870</u></b>

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 8 - Endowment and Other Restricted Funds**

The University's endowment consists of approximately 200 individually named funds which are invested and administered in accordance with donor stipulation or board designation. The University interprets the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the tracking of original gifts as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this, the University classifies as donor-restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unrestricted endowments consist of board-designated funds.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds and unspent gains, as applicable:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

Amounts released to operations annually consist of interest and dividend earnings designated by donors for scholarship expenditure or the general purposes of the University. No other amounts have been drawn from the University's endowment funds in 2021 or 2020.

The University's investments are managed in accordance with sound practices emphasizing long-term fundamentals to achieve long-term rates of return exceeding any spending policy plus the effects of inflation. Investments are diversified to reduce volatility and risk associated with concentrated positions, and returns sought are those comparing favorably to other endowments, foundations and appropriate benchmarks. Portfolio volatility is intended to approximate the weighted composite of market indices correlating with the policy target portfolio, periodically adjusted for market conditions.

To satisfy investing 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). A diversified target asset allocation places emphasis on equities, fixed income, real estate and managers employing multi-asset and absolute return strategies.

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### ***Note 8 - Endowment and Other Restricted Funds (Continued)***

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

	<b><i>Unrestricted</i></b>	<b><i>Donor- Restricted</i></b>	<b><i>Total</i></b>
Net assets at June 30, 2019	\$ 11,431,496	\$ 33,721,127	\$ 45,152,623
Investment income	293,600	864,020	1,157,620
Investment loss	<u>(119,739)</u>	<u>(352,373)</u>	<u>(472,112)</u>
Total investment return	173,861	511,647	685,508
Contributions	-	185,285	185,285
Transferred to operations	<u>(367,354)</u>	<u>(621,183)</u>	<u>(988,537)</u>
Net assets at June 30, 2020	11,238,003	33,796,876	45,034,879
Investment income	184,318	552,042	736,360
Investment gain	<u>3,550,898</u>	<u>10,635,093</u>	<u>14,185,991</u>
Total investment return	3,735,216	11,187,135	14,922,351
Contributions	-	128,573	128,573
Transferred to operations	<u>(287,877)</u>	<u>(485,972)</u>	<u>(773,849)</u>
<b>Net assets at June 30, 2021</b>	<b><u>\$ 14,685,342</u></b>	<b><u>\$ 44,626,612</u></b>	<b><u>\$ 59,311,954</u></b>

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 8 - Endowment and Other Restricted Funds (Continued)**

Total funds with donor restrictions were as follows at June 30:

	<b>2021</b>	<b>2020</b>
Accumulated unspent gains:		
For scholarships	\$ 9,257,360	\$ 4,893,067
For general purposes	<u>15,005,360</u>	<u>8,752,832</u>
<b>Total accumulated unspent gains</b>	<b><u>24,262,720</u></b>	<b><u>13,645,899</u></b>
Endowment corpus:		
For scholarships	9,267,057	9,115,601
For general purposes	<u>11,096,835</u>	<u>11,035,376</u>
<b>Total endowment corpus</b>	<b><u>20,363,892</u></b>	<b><u>20,150,977</u></b>
<b>Total endowment funds</b>	<b><u>44,626,612</u></b>	<b><u>33,796,876</u></b>
Other funds	<u>2,642,026</u>	<u>2,268,831</u>
<b>Total donor-restricted funds</b>	<b><u>\$ 47,268,638</u></b>	<b><u>\$ 36,065,707</u></b>

Net assets released from restrictions by incurring expenses that satisfy restricted purposes or by occurrence of events specified by donors were as follows for the years ended June 30:

	<b>2021</b>	<b>2020</b>
For scholarships	\$ 464,612	\$ 483,680
For program service costs	<u>68,827</u>	<u>5,929</u>
<b>Total net assets released</b>	<b><u>\$ 533,439</u></b>	<b><u>\$ 489,609</u></b>

### **Note 9 - Employee Benefit Plans**

Eligible University employees are participants in a qualified defined contribution retirement plan offering investment choices through certain third parties. The University contributes 10% of eligible compensation to this plan for the benefit of participants each plan year. Total contributions amounted to \$6,829,292 and \$6,426,622 for the years ended June 30, 2021 and 2020, respectively.

The University also sponsors qualified and non-qualified tax-deferred retirement plans as permitted by Internal Revenue Code Sections 403(b) and 457(b) which allow employees to make elective deferrals to contribute compensation on a pre-tax basis to these plans, subject to annual statutory limitations. The University also allows post-tax contributions to the 403(b) plan by way of Roth contributions.



# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 10 - Property and Equipment**

Property and equipment consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Used in University operations:		
Land and buildings	\$ 300,103,135	\$ 298,343,861
Furniture and equipment	15,077,034	18,621,878
Construction in progress	4,062,569	3,538,469
	319,242,738	320,504,208
Less: Accumulated depreciation	(138,979,277)	(131,588,433)
<b>Net used in operations</b>	<b>180,263,461</b>	<b>188,915,775</b>
Rental property:		
Research space (see Note 12)	38,558,663	38,558,663
Other rental property	11,829,809	11,705,507
	50,388,472	50,264,170
Less: Accumulated depreciation	(35,340,807)	(33,491,721)
<b>Net rental property</b>	<b>15,047,665</b>	<b>16,772,449</b>
<b>Property and equipment, net</b>	<b>\$ 195,311,126</b>	<b>\$ 205,688,224</b>

Depreciation expense for the years ended June 30 was as follows:

	<b>2021</b>	<b>2020</b>
Used in University operations	\$ 11,909,500	\$ 12,140,539
Rental properties	1,849,086	1,830,649
	13,758,586	13,971,188
<b>Total depreciation</b>	<b>\$ 13,758,586</b>	<b>\$ 13,971,188</b>

# MCPHS UNIVERSITY

## Notes to Financial Statements

### **Note 11 - Bonds and Other Obligations Payable**

Revenue bonds issued through Massachusetts Development Finance Agency and commercial paper outstanding consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
<b>Bonds Payable:</b>		
<b>Revenue Bonds, 2013 Series F:</b> \$10.135 million are due under annual serial maturities from 2021 to 2028. \$5.895 million term bonds are due July 1, 2029 and July 1, 2035. Serial bonds bear fixed interest from 3% to 5% and term bonds bear fixed interest at 4%.	\$ 16,030,000	\$ 17,265,000
<b>Revenue Bonds, 2013 Series G:</b> \$3.495 million are due under annual serial maturities from 2021 to 2024. \$6.315 million term bonds are due July 1, 2027 and July 1, 2030. Serial bonds bear fixed interest from 2.99% to 3.740% and term bonds bear fixed interest at 4% and 4.524%.	9,810,000	10,625,000
<b>Revenue Bonds, 2015 Series H:</b> \$10.745 million are due under annual serial maturities from 2021 to 2032. \$6.235 million term bonds are due July 1, 2035 and July 1, 2037. Serial bonds bear fixed interest from 3.125% to 5% and term bonds bear fixed interest at 3.5% and 5%.	16,980,000	17,650,000
<b>Revenue Bonds, 2015 Series I:</b> \$6.25 million are due under annual serial maturities from 2021 to 2025. \$12.650 million term bonds are due July 1, 2029 and July 1, 2033. Serial bonds bear fixed interest from 2.656% to 3.357% and term bonds bear fixed interest at 3.907% and 4.305%.	18,900,000	20,055,000
<b>Notes Payable:</b>		
Commercial paper due July 22, 2020, discounted at 0.30%	-	3,332,000
<b>Total outstanding debt</b>	<b>61,720,000</b>	<b>68,927,000</b>
Net unamortized premiums, discounts and issue costs	513,150	779,696
<b>Total bonds and other obligations payable</b>	<b>\$ <u>62,233,150</u></b>	<b>\$ <u>69,706,696</u></b>

Bond obligations include a pledge of gross receipts, and financing agreements contain debt service coverage and liquidity covenants.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 11 - Bonds and Other Obligations Payable (Continued)

The University had commercial paper outstanding associated with laboratory space leased to a long-term tenant. The commercial paper was backed by mortgage security. The University had a letter of credit as a liquidity facility in support of the commercial paper that expired on July 1, 2021, coincident with final payment of the balances on the commercial paper outstanding.

The aggregate amount of principal maturities for all bonds, and the aggregate amount of sinking fund requirements for servicing interest and principal on the University's bonds, are as follows:

<i>Years Ending June 30,</i>	<i>Bond Maturities</i>	<i>Sinking Fund Requirements</i>
2022	\$ 4,010,000	\$ 6,459,000
2023	4,150,000	6,448,000
2024	4,300,000	6,441,000
2025	4,470,000	6,431,000
2026	4,665,000	6,431,000
Thereafter	<u>40,125,000</u>	<u>48,283,000</u>
<b>Total</b>	<b>\$ <u>61,720,000</u></b>	<b>\$ <u>80,493,000</u></b>

### Note 12 - Commitments and Contingencies

#### *Self-Insured Medical Plan*

The University operates a self-insured medical care plan. The plan provides eligible enrolled employees, COBRA participants, and dependents with coverage for certain medical care costs and procedures as defined in the plan. The University contracts with a major health care insurance company to provide administrative services, access to hospital and physician networks and stop loss insurance. Administrative fees are fixed and paid monthly. Estimated claim reserves are funded monthly by the University, and actual claims are paid by the contractor managing the program. On a quarterly basis, funding and claim activity is reconciled with any difference either being funded or rolled forward as being available to the University. The University accounts for medical claims and administrative costs on the accrual basis. Claims outstanding but not yet paid amounted to \$703,712 and \$641,052 at June 30, 2021 and 2020, respectively.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 12 - Commitments and Contingencies (Continued)

#### Litigation

From time to time, the University is subject to various claims in the ordinary course of business. Management believes that none of the current claims of which it has knowledge will result in a material adverse impact on the University.

#### Lease as Lessor

The University rents certain research facilities under a long-term operating lease running through September 30, 2026. The lease includes options to extend for two additional five year periods at fair market value.

Future rental payments under the lease are as follows:

<b>Years Ending</b>	
<b>June 30,</b>	
2022	\$ 5,107,200
2023	6,962,800
2024	7,171,700
2025	7,386,900
2026	7,608,500
Thereafter	<u>1,916,000</u>
<b>Total</b>	<b>\$ <u>36,153,100</u></b>

The tenant is obligated for its allocable share of repair, maintenance and operating costs of the facility. The tenant has provided a security deposit which is included in prepaid expenses and other assets in the statements of financial position.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 12 - Commitments and Contingencies (Continued)

#### Leases as Lessee

The University has non-cancelable operating leases for dining, residence hall, academic space and equipment, which expire at various dates through June 30, 2030. Lease expense is recognized on a straight-line basis over the respective lease terms.

Lease expense for the year ended June 30, 2021 is as follows:

#### Lease Cost

Operating lease expense	\$ <u>8,145,588</u>
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<b>Total lease cost</b>	<b>\$ <u>8,145,588</u></b>
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#### Other Information

Weighted average remaining lease term - operating leases	7.9
Weighted average discount rate - operating leases	3.50%

Minimum annual rental commitments under these agreements are as follows:

#### Years Ending June 30,

2022	\$ 7,380,600
2023	7,378,500
2024	7,588,300
2025	7,682,900
2026	7,905,600
Thereafter	<u>22,919,200</u>
	60,855,100
Less amounts representing interest	<u>814,500</u>
<b>Total</b>	<b>\$ <u>60,040,600</u></b>

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### ***Note 13 - Supplemental Cash Flows Information***

#### ***Non-cash Transactions***

Commercial paper maturing and redeemed under the terms of the lease agreement described in Note 11 amounted to \$3,332,000 and \$3,052,000 for the years ended June 30, 2021 and 2020, respectively.

Lease liabilities arising from obtaining right-of-use assets amounted to \$65,583,511 on July 1, 2020 upon the adoption of ASC 842. The liabilities also include \$1,033,590 of net deferred rent arising from the measurement of lease liabilities.

#### ***Cash Paid for Interest and Leases***

Cash paid for interest was \$2,323,495 and \$2,411,129 for the years ended June 30, 2021 and 2020, respectively.

Net amortized bond premium was \$266,657 and \$305,657 for the years ended June 30, 2021 and 2020, respectively.

Cash paid for amounts included in the measurement of lease liabilities for operating leases amounted to \$6,770,829 at June 30, 2021.

# MCPHS UNIVERSITY

## Notes to Financial Statements

### Note 14 - Functional Expenses

Operating expenses by function were as follows for the years ended June 30:

	2021				Total Operating Expenses
	Program Services	Institutional Support		Total	
		Management & General	Fundraising		
Salaries & wages	\$ 90,565,581	\$ 8,303,970	\$ 52,863	\$ 8,356,833	\$ 98,922,414
Employee benefits	17,723,210	1,970,531	11,378	1,981,909	19,705,119
Payroll taxes	6,201,268	1,465,619	3,986	1,469,605	7,670,873
Fees for services	1,534,119	658,404	61	658,465	2,192,584
Advertising and promotion	1,670,856	425	-	425	1,671,281
Information technology	3,561,776	78,127	-	78,127	3,639,903
Occupancy	17,170,380	1,302,985	2,479	1,305,464	18,475,844
Conferences and travel	510,672	136,246	2,560	138,806	649,478
Interest	1,915,493	344,994	2,182	347,176	2,262,669
Depreciation charged to operations	10,100,968	1,797,093	11,440	1,808,533	11,909,501
Insurance	203	973,552	-	973,552	973,755
Clinical stipends	5,015,408	-	-	-	5,015,408
Student meal plans	729,993	-	-	-	729,993
Bank and credit card fees	-	585,870	-	585,870	585,870
Classroom and office supplies	1,883,246	52,004	-	52,004	1,935,250
Other expenses	3,145,548	3,259,104	2,848	3,261,952	6,407,500
<b>Total functional expenses</b>	<b>\$ 161,728,721</b>	<b>\$ 20,928,924</b>	<b>\$ 89,797</b>	<b>\$ 21,018,721</b>	<b>\$ 182,747,442</b>

	2020				Total Operating Expenses
	Program Services	Institutional Support		Total	
		Management & General	Fundraising		
Salaries & wages	\$ 86,178,111	\$ 13,016,817	\$ 465,222	\$ 13,482,039	\$ 99,660,150
Employee benefits	16,723,638	1,861,490	96,452	1,957,942	18,681,580
Payroll taxes	5,873,277	873,000	36,839	909,839	6,783,116
Fees for services	1,334,200	1,125,458	67,670	1,193,128	2,527,328
Advertising and promotion	1,391,725	1,550	-	1,550	1,393,275
Information technology	3,081,467	103,421	600	104,021	3,185,488
Occupancy	17,278,777	1,288,774	21,112	1,309,886	18,588,663
Conferences and travel	2,896,574	412,162	31,453	443,615	3,340,189
Interest	1,990,666	340,681	18,361	359,042	2,349,708
Depreciation charged to operations	10,286,934	1,758,229	95,376	1,853,605	12,140,539
Insurance	429	898,531	-	898,531	898,960
Clinical stipends	4,602,102	-	-	-	4,602,102
Student meal plans	1,340,482	-	-	-	1,340,482
Bank and credit card fees	1,752	524,142	-	524,142	525,894
Classroom and office supplies	1,651,418	42,019	28,281	70,300	1,721,718
Other expenses	3,099,097	2,658,870	75,170	2,734,040	5,833,137
<b>Total functional expenses</b>	<b>\$ 157,730,649</b>	<b>\$ 24,905,144</b>	<b>\$ 936,536</b>	<b>\$ 25,841,680</b>	<b>\$ 183,572,329</b>

# MCPHS UNIVERSITY

## *Notes to Financial Statements*

### **Note 15 - Federal Support Associated with COVID-19**

Given the effects of COVID-19, the University was eligible for certain funding in 2021 and 2020. Some of this funding will be expended, and thus recognized as revenue, later. These programs provided substantial support as follows:

#### ***Higher Education Emergency Relief Funds***

The University was granted three awards to assist students and the institution with the impacts of COVID-19, which totaled \$23,572,759. The University recorded non-operating federal support associated with COVID-19 of \$7,813,132 and \$3,774,640 for the years ended June 30, 2021 and 2020, respectively. Of this support, amounts provided directly to students were \$2,951,843 and \$3,774,640 for the years ended June 30, 2021 and 2020, respectively. In addition to the student portion of funds awarded, the University provided amounts from Institutional portion funds directly to students for both the years ended June 30, 2021 and 2020. Unexpended amounts pending at June 30, 2021 were \$11,984,987 which are expected to be reported as revenue for the year ending June 30, 2022 as costs are incurred. Amounts of the unexpended funds expected to be provided directly to students will be \$6,075,328.

#### ***Federal Emergency Management Agency Grant***

The University is in the process of applying for a grant for various COVID-19 related costs incurred since the beginning of the pandemic, including testing and other allowable costs. If such award is approved, it is expected to be reported as revenue for the year ending June 30, 2022. Such amounts are not considered unexpended awards at year end given the grant has not yet been awarded.

#### ***Forward Impact***

The University expects continued impacts from COVID-19 associated with revenues and costs, however the level of impact is uncertain and will be driven by the trends of the pandemic, consumer behavior, and regulatory requirements along with other factors. The remaining funding as noted above will be available to mitigate such impact, however the impacts may be greater than the funding available.