



## **Financial Statements**

### **Suffolk University**

**June 30, 2024 and 2023**

# 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, 2024, 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, 2024, 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.

### ***2023 Financial Statements***

We have previously audited the University's 2023 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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.

**CBIZ CPAs P.C.**  
500 Boylston Street  
Boston, MA 02116

Phone: 617.761.0600  
Fax: 617.761.0601  
[cbizcpas.com](http://cbizcpas.com)



### ***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.

*CBIZ CPAs P.C.<sup>1</sup>*

Boston, Massachusetts  
October 30, 2024

<sup>1</sup> In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

# SUFFOLK UNIVERSITY

## Statement of Financial Position

June 30, 2024

(with comparative information as of June 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 47,782,048	\$ 19,864,180
Short-term investments	4,989	75,184
Cash and cash equivalents and short-term investments	47,787,037	19,939,364
Student accounts and notes receivable, net	7,893,011	8,406,497
Other receivables	3,015,665	8,123,653
Prepaid charges and other assets	3,938,359	5,572,425
Deposits with bond trustee	7,487	16,316
Pledges receivable, net	6,340,149	6,139,096
Long-term investments	253,412,718	250,559,395
Deferred implementation costs	14,965,100	13,522,289
Property, buildings and equipment, net	447,092,524	424,131,209
Right of use assets	49,543,284	54,107,153
<b>Total assets</b>	<b><u>\$ 833,995,334</u></b>	<b><u>\$ 790,517,397</u></b>
<b>Liabilities and Net Assets</b>		
Line of credit payable	\$ -	\$ 15,000,000
Accounts payable and accrued expenses	18,011,188	22,302,706
Student deposits and deferred revenue	6,253,651	7,959,814
Accrued postretirement health obligations	3,244,791	3,448,254
Refundable U.S. government grants	1,324,238	2,099,323
Lease obligations	49,610,830	54,201,552
Loans payable, net	99,671,729	-
Bonds payable	330,090,000	340,260,000
Premium, discount and issuance costs	31,137,829	32,884,346
Bonds payable, net	361,227,829	373,144,346
<b>Total liabilities</b>	<b><u>539,344,256</u></b>	<b><u>478,155,995</u></b>
Net assets:		
Without donor restrictions	212,652,797	233,211,175
With donor restrictions	81,998,281	79,150,227
<b>Total net assets</b>	<b><u>294,651,078</u></b>	<b><u>312,361,402</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 833,995,334</u></b>	<b><u>\$ 790,517,397</u></b>

See accompanying notes to financial statements.

# SUFFOLK UNIVERSITY

## Statement of Activities

Year Ended June 30, 2024

(with summarized comparative information for the year ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Operating:</b>				
<b>Revenues:</b>				
Tuition and fees (net of scholarship aid of \$121,066,061 and \$112,121,321 in 2024 and 2023, respectively)	\$ 176,331,920	\$ -	\$ 176,331,920	\$ 170,638,203
Auxiliary enterprises (net of scholarship aid of \$12,993,774 and \$11,962,772 in 2024 and 2023, respectively)	21,813,368	-	21,813,368	21,690,024
Net tuition and fees and auxiliary enterprises	198,145,288	-	198,145,288	192,328,227
Contributions	895,940	3,997,331	4,893,271	8,910,612
Investment return designated for operations	26,853,332	-	26,853,332	29,000,796
Other sources	8,264,912	-	8,264,912	7,793,727
Federal, state, and other grants and contracts	5,965,333	-	5,965,333	10,259,383
Net assets released from restrictions	4,807,658	(4,807,658)	-	-
<b>Total operating revenues</b>	<b>244,932,463</b>	<b>(810,327)</b>	<b>244,122,136</b>	<b>248,292,745</b>
<b>Expenses:</b>				
Compensation	144,320,173	-	144,320,173	138,390,698
Occupancy	35,595,825	-	35,595,825	32,153,091
Interest	14,288,752	-	14,288,752	14,268,933
Other operating expenses	49,003,196	-	49,003,196	49,600,594
Total operating expenses	243,207,946	-	243,207,946	234,413,316
<b>Operating results before depreciation</b>	<b>1,724,517</b>	<b>(810,327)</b>	<b>914,190</b>	<b>13,879,429</b>
Depreciation	17,517,089	-	17,517,089	17,566,557
<b>Operating results after depreciation</b>	<b>(15,792,572)</b>	<b>(810,327)</b>	<b>(16,602,899)</b>	<b>(3,687,128)</b>
<b>Nonoperating:</b>				
Long-term investment return	19,592,850	7,414,940	27,007,790	22,568,295
Investment return designated for operations	(26,853,332)	-	(26,853,332)	(29,000,796)
Net assets released from restrictions	3,415,530	(3,415,530)	-	-
Other net assets reclassifications	1,893,477	(1,893,477)	-	-
Contributions	-	1,593,147	1,593,147	1,557,165
Change in value of split interest agreements	-	(40,699)	(40,699)	14,400
Loss on disposal of assets	(7,905)	-	(7,905)	-
Postretirement benefit obligation changes other than service costs	(10,136)	-	(10,136)	17,268
Costs related to closure of Madrid campus	(1,899,743)	-	(1,899,743)	-
Other	(896,547)	-	(896,547)	(1,065,461)
<b>Change from nonoperating activities</b>	<b>(4,765,806)</b>	<b>3,658,381</b>	<b>(1,107,425)</b>	<b>(5,909,129)</b>
<b>Change in net assets</b>	<b>(20,558,378)</b>	<b>2,848,054</b>	<b>(17,710,324)</b>	<b>(9,596,257)</b>
Net assets at beginning of year	233,211,175	79,150,227	312,361,402	321,957,659
<b>Net assets at end of year</b>	<b>\$ 212,652,797</b>	<b>\$ 81,998,281</b>	<b>\$ 294,651,078</b>	<b>\$ 312,361,402</b>

See accompanying notes to financial statements.

# SUFFOLK UNIVERSITY

## Statement of Cash Flows

Year Ended June 30, 2024

(with comparative information for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Cash flows used in operating activities:</b>		
Change in net assets	\$ (17,710,324)	\$ (9,596,257)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,517,089	17,566,557
Amortization of deferred implementation costs	737,380	390,084
Amortization of premiums, discounts, and bond issue costs	(1,746,517)	(1,746,518)
Amortization of right of use asset	4,857,044	4,597,954
Postretirement benefit obligation changes other than delivery costs	(148,198)	(168,607)
Net realized and unrealized gains on investments	(27,007,790)	(22,568,295)
Loss on disposal of assets	7,905	-
Contributions restricted for long-term purposes	(1,916,565)	(1,986,822)
Changes in operating assets and liabilities:		
Student accounts and notes receivable	513,486	1,496,123
Other receivables	5,107,988	(5,858,983)
Prepaid charges and other assets	1,634,066	(463,947)
Pledges receivable	(201,053)	(438,219)
Accounts payable and accrued expenses	(2,363,032)	1,908,515
Student deposits and deferred revenue	(1,706,163)	(91,893)
Lease obligations	(4,883,897)	(4,674,044)
Accrued postretirement health obligations	(55,265)	(56,794)
<b>Net cash used in operating activities</b>	<u><b>(27,363,846)</b></u>	<u><b>(21,691,146)</b></u>
<b>Cash flows (used in) provided by investing activities:</b>		
Change in deposits with bond trustee	8,829	(6,797)
Payments for deferred implementation costs	(2,180,191)	(4,823,941)
Purchases of property, buildings and equipment	(42,414,795)	(5,705,197)
Purchase of investments	(2,628,670)	(1,849,722)
Proceeds from sales of investments	26,853,332	29,000,796
<b>Net cash (used in) provided by investing activities</b>	<u><b>(20,361,495)</b></u>	<u><b>16,615,139</b></u>
<b>Cash flows provided by financing activities:</b>		
Payments on borrowings and extinguishment of debt	(10,170,000)	(9,675,000)
Proceeds from term loan	100,000,000	-
Payments for loan issuance costs	(328,271)	-
Proceeds from (payments on) revolving line of credit, net	(15,000,000)	15,000,000
Contributions designated for long-term purposes	1,916,565	1,986,822
Change in refundable U.S. government grants	(775,085)	(1,012,944)
<b>Net cash provided by financing activities</b>	<u><b>75,643,209</b></u>	<u><b>6,298,878</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>27,917,868</b>	<b>1,222,871</b>
Cash and cash equivalents at beginning of year	19,864,180	18,641,309
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 47,782,048</b></u>	<u><b>\$ 19,864,180</b></u>
Supplemental disclosures:		
Interest paid	\$ 15,817,611	\$ 16,009,650
Noncash investing activity - change in accounts payable and accrued expense attributable to property, buildings and equipment	\$ 1,928,486	\$ (2,354,640)
Noncash investing activity - new leases recorded to right of use asset and lease obligations	\$ (293,175)	\$ (153,006)

See accompanying notes to financial statements.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### ***Note 1 - Description of the University***

Suffolk University (the “University”) is a private not-for-profit comprehensive, urban university located in historic Boston. The University enrolls approximately 4,600 undergraduate and 2,300 graduate students from all across the United States and more than 100 countries worldwide. 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. Please see *Note 22 – Subsequent Events for further details*.

#### ***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. During fiscal year 2024, the University maintained balances with various financial institutions which, at times, exceeded limits insured by the Federal Deposit Insurance Corporation (“FDIC”). As of July 2024, all balances were fully insured through the FDIC and the Massachusetts Depositor’s Insurance Fund.

#### ***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, 2024

(with comparative information for June 30, 2023)

### ***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 at their net realizable value. Receivables are deemed uncollectible after a period of seven years, or earlier if collection efforts have ceased, after which they are written off. Prior to that, the University estimates expected credit losses as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The University records the estimate of expected credit losses as an allowance for credit losses. Changes in the allowance for credit losses are reported as bad debt expense on the statement of activities. See *Note 4 - Student Accounts and Notes Receivable, Net* for further information.

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.

#### ***Other Receivables***

Other receivables primarily include trade receivables from outside parties for space rental and other non-academic services, and contractual amounts due from grant agencies. At June 30, 2023, the balance included \$4,201,456 of grant assistance from the Federal Emergency Management Agency which was collected in full during 2024. Management considers these types of receivables to be fully collectible based on their nature and the funding sources.

#### ***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.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

#### ***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.

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.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

#### ***Fair Value Measurements (Continued)***

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.

#### ***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 costs 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 the University's incremental borrowing rate. 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 and Loan Payable***

Bonds and loan 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.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

#### ***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.

#### ***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, 2024

(with comparative information for June 30, 2023)

### ***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 is included in other sources and 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 has 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.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

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

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. The University has several grant and contract income sources that are recorded as revenue when costs allowable under these arrangements are incurred.

#### ***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. Investment return designated for operations are shown as a reduction in nonoperating with a corresponding amount indicated 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.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

#### ***Recently Adopted Accounting Pronouncements***

Effective July 1, 2023, the University adopted the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) Topic 326, Financial Instruments - Credit Losses*, which introduces the Current Expected Credit Losses (CECL) model. This new standard replaces the incurred loss model with a forward-looking approach to estimating credit losses over the life of financial instruments.

#### **Impact of Adoption:**

- ***Scope and Applicability***
  - The adoption of *ASC Topic 326* applies to the University's financial assets measured at amortized cost, including student loans, tuition receivable, and other financial instruments.
  - The standard also affects off-balance-sheet credit exposures, such as loan commitments and financial guarantees.
- ***Methodology***
  - The University considered models to estimate expected credit losses by incorporating credit quality evaluation, historical loss data, current conditions, and reasonable and supportable forecasts.
  - The estimation process involves a comprehensive evaluation of relevant information, including quantitative and qualitative factors.
- ***Financial Statement Impact***
  - *ASC Topic 326* is generally effective on a modified retrospective basis. An entity applies the amendments through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective.
  - As of July 1, 2023, the University examined the financial impact on opening balance net asset and determined that it was not material to the financial statements.
- ***Disclosures***
  - The University has enhanced its disclosures related to credit losses, providing detailed information on the methodologies and assumptions used in estimating expected credit losses. See *Note 4 - Student Accounts and Notes Receivable, Net* for further information.



# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **Note 3 - Liquidity and Availability**

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing. To manage liquidity, the University has other liquidity resources including up to \$35,000,000 available under a bank line of credit as described in Note 12. Management considers funds functioning as endowment to be readily available should the need arise, subject to Board authorization.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all operating and capital 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:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 45,757,842	\$ 17,620,202
Short-term investments	4,989	75,184
Student accounts and notes receivable	4,757,375	4,520,540
Other receivables	2,715,665	7,223,653
Prepaid charges and other assets	415,214	1,621,294
Pledged contributions for general expenditure due in one year or less	1,876,902	1,193,221
Subsequent year quasi-endowment payout	9,433,155	10,150,398
Subsequent year donor-restricted endowment payout	4,041,430	3,802,934
Subsequent year strategic initiatives payout	10,070,144	12,900,000
Funds functioning as endowment	162,955,373	163,227,247
	<u>\$ 242,028,089</u>	<u>\$ 222,334,673</u>

### **Note 4 - Student Accounts and Notes Receivable, Net**

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

	<b>2024</b>	<b>2023</b>
Student accounts receivable	\$ 11,542,069	\$ 10,919,012
Perkins student loans	1,613,668	2,162,720
Student notes receivable	2,593,486	2,999,917
Subtotal	<u>15,749,223</u>	<u>16,081,649</u>
Less allowance for expected credit losses:		
Student accounts receivable	(6,931,507)	(6,891,547)
Student notes receivable	(924,705)	(783,605)
Total student accounts and notes receivable, net	<u>\$ 7,893,011</u>	<u>\$ 8,406,497</u>



# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

The following table illustrates changes in the University's allowance for credit losses for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 7,675,152	\$ 6,890,190
Account write-offs, net of recoveries	(920,269)	(156,496)
Credit loss expense	1,101,329	941,458
Ending balance	<u>\$ 7,856,212</u>	<u>\$ 7,675,152</u>

### **Note 5 - Pledges Receivable, Net**

Pledges receivable consisted of the following at June 30:

	<b>2024</b>	<b>2023</b>
Gross pledges receivable:		
Due within one year	\$ 2,709,813	\$ 2,224,630
Due within one to five years	4,060,887	4,143,608
Thereafter	-	148,101
	<u>6,770,700</u>	<u>6,516,339</u>
Less:		
Allowance for doubtful accounts	(202,654)	(182,398)
Discount to present value	(227,897)	(194,845)
Total pledges receivable, net	<u>\$ 6,340,149</u>	<u>\$ 6,139,096</u>

The University had gift intentions pending for scholarships and other purposes of approximately \$4,053,100 and \$3,703,000 as of June 30, 2024 and 2023, respectively, that are not recognized as revenues in the statement of activities. As of June 30, 2024 and 2023, the University also had approximately \$2,500,000 and \$3,500,000, respectively, in unrecognized grant income related to various government grant contracts. This income will be recognized in the statement of activities as costs allowable under the contracts are incurred in future years.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **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:

	2024			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Investments at fair value:				
U.S. equity	\$ 82,145,989	\$ -	\$ -	\$ 82,145,989
International equity	53,814,594	-	-	53,814,594
U.S. fixed income	37,879,881	-	-	37,879,881
International fixed income	-	2,428,114	-	2,428,114
Real assets	20,174,976	-	-	20,174,976
Cash and cash equivalents	6,756,136	-	-	6,756,136
Funds held or administered by others	-	-	748,428	748,428
Sub-total - investments at fair value	200,771,576	2,428,114	748,428	203,948,118
Investments at net asset value:				
Flexible capital	-	-	-	36,053,426
Private equity	-	-	-	12,707,990
Investments, other:				
Real estate	-	-	-	703,184
Total long-term investments	\$ 200,771,576	\$ 2,428,114	\$ 748,428	\$ 253,412,718
Deposits with bond trustee:				
Cash and cash equivalents	\$ 7,487	\$ -	\$ -	\$ 7,487
Total funds held by bond trustee	\$ 7,487	\$ -	\$ -	\$ 7,487

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

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

	2023			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Investments at fair value:				
U.S. equity	\$ 77,707,310	\$ -	\$ -	\$ 77,707,310
International equity	65,047,088	-	-	65,047,088
U.S. fixed income	27,502,167	-	-	27,502,167
International fixed income	-	2,513,922	-	2,513,922
Real assets	20,549,749	-	-	20,549,749
Cash and cash equivalents	5,713,722	-	-	5,713,722
Funds held or administered by others	-	-	691,613	691,613
Sub-total - investments at fair value	196,520,036	2,513,922	691,613	199,725,571
Investments at net asset value:				
Flexible capital	-	-	-	38,832,654
Private equity	-	-	-	11,020,603
Investments, other:				
Real estate	-	-	-	980,567
Total long-term investments	\$ 196,520,036	\$ 2,513,922	\$ 691,613	\$ 250,559,395
Deposits with bond trustee:				
Cash and cash equivalents	\$ 16,316	\$ -	\$ -	\$ 16,316
Total funds held by bond trustee	\$ 16,316	\$ -	\$ -	\$ 16,316

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

	2024	2023
Investment redemption or sale period:		
Daily	\$ 203,199,690	\$ 184,966,880
Monthly	-	14,067,078
Quarterly	19,111,249	22,303,674
Semi-annual	9,567,415	9,826,940
Annual	7,374,762	6,702,040
Illiquid	14,159,602	12,692,783
	<u>\$ 253,412,718</u>	<u>\$ 250,559,395</u>

Certain investment agreements have redemption provisions that may be adjusted. The University has unfunded capital commitments that amounted to \$11,052,987 and \$4,506,306 at June 30, 2024 and 2023, respectively. The University has no plans or intentions to liquidate any of its investments using NAV methods at other than the ordinary course as allowed under such investments.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024  
(with comparative information for June 30, 2023)

### **Note 7 - Property, Buildings and Equipment**

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

	<b>Estimated lives</b>	<b>2024</b>	<b>2023</b>
Land	—	\$ 59,829,777	\$ 55,094,213
Buildings	50 years	458,478,157	453,836,388
Furniture and equipment	3–20 years	69,008,961	65,155,547
Leasehold improvements	(a)	49,003,943	48,760,906
Library books and periodicals	5 years	5,037,298	4,475,165
Construction in progress	—	29,120,982	3,220,856
		<u>670,479,118</u>	<u>630,543,075</u>
Less accumulated depreciation		223,386,594	206,411,866
Total property, buildings and equipment, net		<u>\$ 447,092,524</u>	<u>\$ 424,131,209</u>

(a) Leasehold improvements are depreciated based on the lesser of the life of the asset or the life of the lease.

### **Note 8 - Student Deposits and Deferred Revenue**

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

	<b>2024</b>	<b>2023</b>
Student deposits	\$ 3,123,115	\$ 3,987,255
Deferred revenue	3,130,536	3,972,559
Total student deposits and deferred revenue	<u>\$ 6,253,651</u>	<u>\$ 7,959,814</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, 2024

(with comparative information for June 30, 2023)

### **Note 9 - Accrued Postretirement Health Obligations (Continued)**

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

	<b>2024</b>	<b>2023</b>
Changes in benefit obligation:		
Benefit obligation at beginning of year	\$ 3,448,254	\$ 3,673,655
Service cost	18,891	19,695
Interest cost	157,900	151,068
Impact of assumption changes	(148,198)	(168,607)
Benefits paid	(232,490)	(227,828)
Experience gain	434	271
Benefit obligation at end of year	<u>3,244,791</u>	<u>3,448,254</u>
Change in plan assets:		
Employer contribution	232,490	227,828
Benefits paid	<u>(232,490)</u>	<u>(227,828)</u>
Fair value of plan assets at end of year	<u>-</u>	<u>-</u>
Accrued postretirement benefit obligation	<u><u>\$ 3,244,791</u></u>	<u><u>\$ 3,448,254</u></u>

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

	<b>2024</b>	<b>2023</b>
Service cost	\$ 18,891	\$ 19,695
Interest cost	157,900	151,068
Amortization of actuarial gain	(147,764)	(168,336)
Net periodic benefit cost	<u><u>\$ 29,027</u></u>	<u><u>\$ 2,427</u></u>

The discount rate used in determining the accumulated postretirement benefit obligation was 5.25% and 4.75% for June 30, 2024 and 2023, respectively. For measurement purposes, both medical and dental costs are capped at a 3.5% increase for June 30, 2024 and 2023, based on the plan.

The following benefit payments are expected to be paid:

Fiscal year:	
2025	\$ 257,579
2026	260,873
2027	265,982
2028	265,245
2029	262,521
2030-2034	1,239,399

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **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 \$6,717,153 and \$6,711,789 for the years ended June 30, 2024 and 2023, respectively, with such amounts included in occupancy on the statement of activities.

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

	<b>2024</b>	<b>2023</b>
Weighted average remaining lease term	9.74 Years	10.63 Years
Weighted average discount rate	3.69%	3.64%

Payments due include options to extend leases that are reasonably certain through fiscal year 2034 and are summarized below as of June 30, 2024:

Fiscal year:	
2025	\$ 6,414,865
2026	6,259,539
2027	6,154,489
2028	5,860,140
2029	5,721,036
Thereafter	28,925,933
Less amounts representing interest	(9,725,172)
Total	<u>\$ 49,610,830</u>

At times, the University can have certain short-term leases and one-time rental agreements in place to provide student housing and other services. Rent expense for these arrangements totaled \$7,270,043 and \$4,458,990 for the years ended June 30, 2024 and 2023, respectively, with such amounts included in occupancy on the statement of activities.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### Note 11 - Bonds Payable

Bonds payable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
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	67,310,000	70,660,000
Massachusetts Development Finance Agency (MDFA):		
4.00%–5.00%, Series 2017, maturing serially through fiscal year 2039	140,635,000	147,455,000
	<u>330,090,000</u>	<u>340,260,000</u>
Plus unamortized bond premium	33,943,109	35,852,383
Less unamortized original issue discount and bond issue costs	(2,805,280)	(2,968,037)
Total bonds payable, net	<u>\$ 361,227,829</u>	<u>\$ 373,144,346</u>

Future minimum principal payments under bonds payable are as follows at June 30, 2024:

2025	\$ 10,710,000
2026	11,270,000
2027	11,855,000
2028	12,465,000
2029	13,115,000
Thereafter	270,675,000
	<u>\$ 330,090,000</u>

### Note 12 - Line of Credit

During 2023, the University entered into a \$20,000,000 line of credit for general working capital purposes which was amended and increased to \$35,000,000 during the year ended June 30, 2024. The line of credit has an interest rate equal to one-month Term Secured Overnight Financing Rate (SOFR) plus 120 basis points which was 6.53% and 6.36% at June 30, 2024 and 2023, respectively. The line of credit is collateralized by certain assets of the University. This agreement expires in April 2028. As of June 30, 2024 and 2023, the balance for the line of credit was \$0 and \$15,000,000, respectively.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **Note 13 - Loan Payable, net**

In June 2024, the University established a \$100,000,000 term loan with a major financial institution (the "Term Loan"), which matures in June 2026. A portion of these funds were used to purchase land and an office building. The remaining proceeds are expected to be used to renovate the building primarily for residence hall use (together with the purchase price, the "Acquired Property"), but may also be used for general working capital purposes. The Term Loan is secured by a revenue pledge, a negative pledge on existing campus buildings, and a mortgage pledge on the Acquired Property and one residence hall. The interest rate on any amount outstanding on the Term Loan is equal to the one-month SOFR plus 185 basis points, which was 7.18% at June 30, 2024. The balance outstanding on the Term Loan at June 30, 2024 was \$100,000,000. Management expects to pay off this Term Loan with a bond issuance at a future date.

The Term Loan is subject to certain financial covenants including a liquidity ratio. The University was in compliance with these covenants as of June 30, 2024.

The Term Loan is net of capitalized issuance costs which amounted to \$347,201 for the year ended June 30, 2024, with such amount being amortized on the straight-line basis over the life of the loan resulting in amortization expense of \$18,930 for the year ended June 30, 2024.

### **Note 14 - 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.



# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### Note 14 - Endowment Funds (Continued)

#### Relevant Law (Continued)

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.

#### 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 amounted to \$6,213 and \$129,088 as of June 30, 2024 and 2023, respectively.

	2024	2023
Corpus	\$ 13,100	\$ 4,988,604
Fair market value	6,887	4,859,516
	<u>\$ (6,213)</u>	<u>\$ (129,088)</u>

#### Funds By Restriction

Endowment funds consisted of the following at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Board-designated endowment funds</b>			
Functioning as endowment	\$ 172,162,736	\$ -	\$ 172,162,736
Designated for strategic initiatives	10,070,144	-	10,070,144
Designated for student investment management	225,792	-	225,792
<b>Donor-restricted endowment funds</b>			
Original gift amount and amounts required to be maintained in perpetuity	-	49,823,112	49,823,112
Accumulated investment gains	-	19,751,848	19,751,848
	<u>\$ 182,458,672</u>	<u>\$ 69,574,960</u>	<u>\$ 252,033,632</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Board-designated endowment funds</b>			
Functioning as endowment	\$ 173,178,605	\$ -	\$ 173,178,605
Designated for strategic initiatives	12,900,000	-	12,900,000
Designated for student investment management	199,040	-	199,040
<b>Donor-restricted endowment funds</b>			
Original gift amount and amounts required to be maintained in perpetuity	-	47,998,686	47,998,686
Accumulated investment gains	-	15,660,299	15,660,299
	<u>\$ 186,277,645</u>	<u>\$ 63,658,985</u>	<u>\$ 249,936,630</u>

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### Note 14 - Endowment Funds (Continued)

#### Funds By Restriction (Continued)

The Board of Trustees approved the Suffolk 2025 Strategic Plan in fiscal year 2019. The plan included funding a portion of the startup costs of certain initiatives with Board-designated endowment funds. This funding is included under “Designated for strategic initiatives,” in these footnotes and is revisited and approved annually by the Board of Trustees, outside of the spending policy.

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at June 30, 2023	\$ 186,277,645	\$ 63,658,985	\$ 249,936,630
Net investment return	19,523,753	7,414,940	26,938,693
Contributions and additions	95,076	1,916,565	2,011,641
Designated for operating expenditures	(23,437,802)	(3,415,530)	(26,853,332)
Endowment funds at June 30, 2024	\$ 182,458,672	\$ 69,574,960	\$ 252,033,632

  

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds at June 30, 2022	\$ 200,698,799	\$ 53,274,840	253,973,639
Net investment return	16,567,979	5,857,200	22,425,179
Contributions and additions	494,136	2,044,472	2,538,608
Designated for operating expenditures	(25,345,376)	(3,655,420)	(29,000,796)
Transfers	(6,137,893)	6,137,893	-
Endowment funds at June 30, 2023	\$ 186,277,645	\$ 63,658,985	\$ 249,936,630

During 2023, management identified a cumulative difference in the beginning fund balances reported between with and without donor restrictions. A reclassification of the identified balance is presented as a transfer for the year ended June 30, 2023. Activity within each fund is correctly stated and there is no effect on reported results of operations

#### 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, 2024

(with comparative information for June 30, 2023)

### **Note 14 - 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 \$26,853,332 and \$29,000,796 for the years ended June 30, 2024 and 2023, respectively, first to satisfy the spending policy with the balance earmarked for strategic initiatives. The budgeted appropriation for the year ended June 30, 2025 is detailed in Note 3 - Liquidity and Availability.

### **Note 15 - Net Assets**

#### **Net Assets**

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

	<b>2024</b>	<b>2023</b>
<b>Without donor restrictions</b>		
Undesignated	\$ 30,194,125	\$ 46,933,530
Designated by the Board for strategic initiatives	10,070,144	12,900,000
Designated for student investment management	225,792	199,040
Designated by the Board for endowment	172,162,736	173,178,605
	<u>\$ 212,652,797</u>	<u>\$ 233,211,175</u>
<b>With donor restrictions</b>		
Perpetual in nature	\$ 49,823,112	\$ 47,998,686
Purpose restrictions		
Scholarship	16,710,352	15,180,568
Other programs	9,124,668	9,831,877
Time-restricted for future periods	6,340,149	6,139,096
	<u>\$ 81,998,281</u>	<u>\$ 79,150,227</u>

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **Note 16 - 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>2024</u>	<u>2023</u>
Undergraduate Programs	60%	58%
Law School Programs	21%	21%
Graduate Programs	8%	10%
Auxiliary Enterprises	11%	11%
	<u>100%</u>	<u>100%</u>

### **Note 17 - Retirement Plan**

#### **Defined Contribution Plan**

The University has a qualified defined contribution retirement plan. New hires are subject to a three-year vesting period for employer contributions. The University's contributions to the plan were \$7,665,842 and \$7,335,791 for the years ended June 30, 2024 and 2023, respectively.

#### **Deferred Compensation Plan**

The University also has a non-qualified deferred compensation plan organized under Section 457 of the Internal Revenue Code for certain members of management. This plan allows participants to defer a portion of their compensation until after employment termination. This plan does not currently provide for any employer contributions. Deferred amounts are invested at the direction of the participant via a third-party custodian and are included in prepaid charges and other assets along with a corresponding liability that is recorded in accounts payable and accrued expenses reflecting the obligation to the employees. The total amount of deferred compensation included in the assets and liabilities of the University was \$699,766 and \$622,809 as of June 30, 2024 and 2023, respectively.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### Note 18 - Functional Expenses

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

	Program Services					Supporting Services	2024
	Instruction	Academic Support	Student Services	Auxiliary Services	Public Service	Management & General	Total Expenses
Compensation	\$58,993,446	\$18,836,735	\$22,903,805	\$ 3,037,843	\$ 3,846,339	\$ 36,702,005	\$ 144,320,173
Occupancy	6,055,945	8,644,257	2,912,703	14,367,237	240,830	3,374,853	35,595,825
Interest	2,967,322	1,858,866	625,117	7,840,103	57,049	940,295	14,288,752
Depreciation	3,479,330	5,041,844	1,604,817	6,006,535	135,996	1,248,567	17,517,089
Other operating expenses	7,998,619	8,164,887	10,261,211	6,194,609	1,400,981	14,982,889	49,003,196
Total Operating Expenses	\$79,494,662	\$42,546,589	\$38,307,653	\$37,446,327	\$ 5,681,195	\$ 57,248,609	\$ 260,725,035

  

	Program Services					Supporting Services	2023
	Instruction	Academic Support	Student Services	Auxiliary Services	Public Service	Management & General	Total Expenses
Compensation	\$ 57,142,777	\$ 18,075,382	\$ 21,944,777	\$ 2,863,097	\$ 3,230,817	\$ 35,133,848	\$ 138,390,698
Occupancy	6,059,519	8,639,700	2,831,464	11,473,373	236,731	2,912,304	32,153,091
Interest	3,046,479	1,944,205	657,160	8,108,229	58,904	453,956	14,268,933
Depreciation	3,525,122	5,095,837	1,624,627	5,965,736	135,137	1,220,098	17,566,557
Other operating expenses	10,130,941	8,246,840	9,965,327	6,172,540	1,263,785	13,821,161	49,600,594
Total Operating Expenses	\$ 79,904,838	\$ 42,001,964	\$ 37,023,355	\$ 34,582,975	\$ 4,925,374	\$ 53,541,367	\$ 251,979,873

Fundraising expense was approximately 2% of total operating expenses for the years ended June 30, 2024 and 2023.

### Note 19 - 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 is self-insured for its health benefit programs offered to employees. Under the program, the University uses the services of a captive insurance company to assist it in the management of claims together with a third-party stop loss policy in the event of larger claims. The captive insurance company has purchased further insurance to limit the risk of its members. Management monitors the health of this entity as part of its ongoing oversight of the program.

The University has in place a collective bargaining agreement with its adjunct faculty that is in effect until August 31, 2025. The University's collective bargaining agreement with members of the Suffolk University Police Department expired on December 31, 2021. After extensive renegotiation discussions, the University and union reached impasse on July 3, 2023, and the University implemented its last best and final offer effective July 1, 2023 for compensation increases; all other terms were implemented effective July 7, 2023.

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, 2024

(with comparative information for June 30, 2023)

### ***Note 19 - 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 sought 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 into one class action lawsuit during 2022. On August 9, 2023, the Massachusetts state legislature enacted legislation immunizing institutions of higher education in Massachusetts – including the University – from liability stemming from their transition to remote instruction in Spring 2020. On June 5, 2024, the court ordered that the consolidated actions be dismissed with prejudice.

During 2023, two lawsuits were filed associated with a data security incident that occurred in fiscal 2023. These matters were consolidated into one case. The parties reached a class-wide settlement in late 2023, which was approved by the court and, based on that settlement, the court dismissed the case with prejudice on June 18, 2024.

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. Based on information available to it as of the date of these financial statements, management believes that based on the nature of these items the resolutions of these matters will not have a material adverse effect upon the University's financial statements.

During fiscal year 2024, the University worked with local staff in Madrid, Spain and relevant U.S. and Spanish regulatory authorities to develop a plan for a likely wind down of operations at its Madrid, Spain campus location. This plan was finalized as of April 2024, including approval and authorization by both Spanish and U.S. regulatory agencies. As of June 30, 2024, the campus was officially closed with the exception of certain employees working to support the liquidation phase which began on July 1, 2024. Please see *Note 22 – Subsequent Events* for further details.

### ***Note 20 - Non-Recurring Support 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 \$221,841 for the year ended June 30, 2023. The amounts provided directly to students or used by students to pay their outstanding balances was \$208,064 for the year ended June 30, 2023. As of June 30, 2023, the University had consumed all funding available to them under the program.

# SUFFOLK UNIVERSITY

## Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

### **Note 20 - Non-Recurring Support Associated with COVID-19 (Continued)**

#### ***Federal Emergency Management Agency Disaster Assistance***

The University was granted an award through the Federal Emergency Management Agency ("FEMA") to reimburse costs associated with controlling the spread of COVID-19 and recorded revenue totaling \$4,201,456 in fiscal year 2023.

### **Note 21 - Related Parties**

The University has been 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 \$2,170,000 and \$2,020,000 for the years ended June 30, 2024 and 2023, respectively. The University considers amounts advanced under a note agreement and other amounts to be at risk given they are not expected to be collected in the short term. At June 30, 2024 and 2023, all at risk amounts have been offset under the equity method of accounting. In June 2024, the University signed a Memorandum of Understanding (the "MOU") with INTO North America, Inc. ("INTO NA"), the other fifty percent owner of INTO Suffolk. Under the MOU, the two parties agreed to continue the general nature of their partnership, but further establish a change in ownership structure whereby the University would exit the joint venture by assigning and transferring to INTO NA all of its membership interest on or about August 1, 2024. On that same date, the University would also forgive, in its entirety and without recourse, all accumulated and unpaid trade and notes receivable as of July 31, 2024. Please see *Note 22 - Subsequent Events* for further details.

### **Note 22 - Subsequent Events**

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2024 and through October 30, 2024, 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 except for as follows:

On July 16, 2024, Spain's Mercantile Registry certified and registered the University's deed for the Madrid campus, thereby marking the official closure of that campus location. As of September 30, 2024, the University wrote off all remaining assets and liabilities related to the Madrid campus.

On July 31, 2024, the University executed, together with INTO NA and INTO Suffolk, both an Assignment Agreement and a Debt Waiver Agreement. Under the Assignment Agreement, the University will assign and transfer to INTO NA all its membership interest upon execution of a revised International Student Services Agreement (the "Services Agreement"). Both parties have up to 180 days from the effective date to amend and finalize the Services Agreement. Under the Debt Waiver Agreement, the University waived, in its entirety and without recourse, all accumulated and unpaid trade and notes receivable as of July 31, 2024. The University wrote off these balances, fully reserved under the equity method of accounting, as of July 31, 2024.