

Urban College of Boston

Financial Statement Summary

For the year ended August 31, 2021

The financial statements of Urban College of Boston (“the College”) are prepared in accordance with generally accepted accounting principles. These statements are audited by an independent certified public accounting firm selected and approved annually by the College’s Board of Trustees. Our audit was conducted by O’Connor & Drew, P.C., who issued an unmodified opinion on our Statement of Financial Position as of August 31, 2021 and the Statements of Activities and Changes in Net Assets and of Cash Flows for the year then ended.

Statement of Financial Condition

Total assets of the College increased 55% to approximately \$2,648,000 from \$1,711,000 at August 31, 2021 and 2020, respectively. This increase was driven by an increase in cash and federal grants and contributions receivable at August 31, 2021. Liabilities decreased from \$846,000 at August 31, 2020 to \$424,000 at August 31, 2021 due primarily to the forgiveness of a Payroll Protection Program (“PPP”) loan of \$440,000 provided to the College under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The proceeds from the loan were received in 2020 and recorded as a liability at that time. Under the terms of the PPP loan, the proceeds from the loan were used in accordance with the provisions of the CARES Act and forgiven.

The net assets of the College (total assets less total liabilities) increased to approximately \$2,224,000 from \$865,000 at August 31, 2021 and 2020, respectively, due to the increase in net assets reported in the Statement of Activities and Change in Net Assets. Net assets at August 21, 2021 included funds without donor restrictions in the amount of \$2,121,000 and funds with donor restrictions of \$103,000.

Statement of Activities and Changes in Net Assets

Net tuition revenues in fiscal year 2021 decreased by 34% to \$2,022,000 from \$3,068,000 in 2020 due to a significant decrease in enrollment as a result of the COVID-19 pandemic which created uncertainty in the overall economy. The reduction in net tuition revenue was offset by increases in other revenues largely driven by expansions of federal grants and increases in contributions.

Because of the pandemic, the College implemented remote learning. Management took steps, such as reducing discretionary expenses and receiving loans offered through the federal and state government stimulus program, to mitigate the negative effects on operations. The federal government provided to the College Higher Education Emergency Relief Funds (“HEERF”) under the CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), American Rescue Plan Act (“ARPA”) and funds for Minority Serving Institutions. The HEERF consisted of a student aid portion and an institutional portion, and each Act requires a minimum amount to be spent on student aid. The student aid portion is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus.

Under these Acts, the College was awarded approximately \$5,808,000 in HEERF and Minority Serving Institution funds of which \$3,006,000 was recognized in 2021. These awards are reported in federal, state and local grants in the Statement of Activities and Changes in Net Assets. As a result of these factors, total revenues increased to approximately \$7,026,000 from \$3,940,000 in 2021 and 2020, respectively.

Total operating expenses increased 56% to \$6,107,000 in 2021 from \$3,908,000 in 2020. This increase was largely the result of increased spending in Instructional Services, Student Services and Academic Support and included approximately \$1,900,000 in HEERF payments to students. Budgetary and cost containment measures enabled the College to limit Institutional Support and discretionary expenditures to a nominal increase to \$1,297,000 in 2021, from \$1,232,000 in 2020. These efforts, together with recognition of the PPP loan forgiveness, resulted in an increase in net assets of approximately \$1,359,000 for the year.

The net assets of the College (total assets less total liabilities) increased to approximately \$2,224,000 at August 31, 2021 from \$865,000 reported at August 31, 2020.

Statement of Cash Flows

The Statement of Cash Flows identifies the sources and uses of cash by the College during each fiscal year. The net increase in cash for the year in the approximate amount of \$416,000 was largely driven by the change in net assets less adjustments to reconcile the increase in net assets to the net cash provided by operating activities. These adjustments generally recognize the sources and uses of cash resulting from the change in the balances of various assets and liability amounts. For example, a decrease in receivables is generally considered to be a source of cash while a decrease in a liability is a use of cash. Accordingly, the increase in net assets of approximately \$1,359,000 less \$943,000 of adjustments resulted in cash flows from operating activities and an increase in cash of \$416,000.