

# **Urban College of Boston**

## **Financial Statement Summary**

### **For the year ended August 31, 2020**

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, 2020 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% from approximately \$1,105,000 to \$1,711,000 at August 31, 2019 and 2020, respectively. This increase was driven almost entirely by an increase in cash at August 31, 2020. Liabilities similarly increased from \$272,000 to \$846,000 at August 31, 2019 and 2020, respectively. The increases in total assets and liabilities were driven by the receipt of a Payroll Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The effect of this loan resulted in an increase to cash and recognition of a corresponding liability for the loan amount, \$440,000. It is the intent of management to use the proceeds from the loan in accordance with the provisions of the CARES Act and thus, it is anticipated the loan will be forgiven.

The net assets of the College (total assets less total liabilities) increased to approximately \$865,000 from \$833,000 at August 31, 2020 and 2019, respectively, due to the increase in net assets reported in the Statement of Activities and Change in Net Assets. Net assets at August 31, 2020 included funds without donor restrictions in the amount of \$723,000 and funds with donor restrictions of \$142,000.

#### **Statement of Activities and Changes in Net Assets**

Net tuition revenues in FY20 increased 9% over the prior year due to a moderate increase in enrollment coupled with decrease in financial aid. The gains in net tuition revenue were offset by decreases in other revenues driven primarily by a decrease in private grants and contributions. As a result of these factors, the College experienced a modest net increase in total revenues to approximately \$3,940,000 from \$3,711,000, for the years ended August 31, 2020 and 2019, respectively.

Total expenses increased 3% to \$3,908,000 in 2020 from \$3,632,000 in 2019. This increase was largely the result of increased spending in Instructional Services, Student Services and Academic Support. Continued budgetary and cost containment measures enabled the College to decrease Institutional Support expenditures from \$1,247,000 in 2019 to \$1,232,000 in 2019 to. These efforts enabled the College to realize a moderate increase in net assets of approximately \$32,000 for the year.

The net assets of the College (total assets less total liabilities) increased to approximately \$865,000 at August 31, 2020 from \$833,000 reported at August 31, 2019.

#### **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 \$623,000 was largely driven by the receipt of the PPP loan in the amount of \$440,000, together with cash flows from operating activities provided of \$183,000. Cash flows from operating activities includes the increase in net assets as shown in the Statement of Activities and Changes in Net Assets, (total revenues less total expenses) and the 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. Cash flows from operating activities includes the change in net assets of approximately \$32,000 and approximately \$151,000 of adjustments.