

Letter from the Controller — Fiscal Year 2019

It is my pleasure to present the audited financial statements for Simmons University for the fiscal year ending June 30, 2019. Consistent with prior years, the University has received an unqualified audit opinion from our external auditors who found our results for the year to be presented fairly and free from material misstatement.

In reviewing our audited financial statements, you will see two significant changes in reporting methodology that were effective in fiscal 2019. Below is a summary of the changes but further details can be found in the report itself.

- 1) With the implementation of ASU 2016-14, guidance meant to standardize not-for-profit financial statement presentation, the way that net assets are reported has changed. Instead of reporting our net assets in three categories (i.e., unrestricted, temporarily restricted, and permanently restricted), we are now required to report our net assets in two categories: net assets without donor restrictions and net assets with donor restrictions.
- 2) With the implementation of ASU 2014-09, updated revenue recognition guidance, the University no longer presents its gross and net tuition and fees, but instead reports only the total tuition and fees after discounting.

The University finished the year with an overall deficit of \$2.3 million, reflecting a \$0.1 million surplus in operations without donor restrictions and a \$2.4 million deficit in operations with donor restrictions. The deficit in operations with donor restrictions is due to the fact that in fiscal 2019 the university spent and released more from restricted funds than came in from new gifts and the endowment distribution. This overall deficit, and the fact that the university was cash flow negative by \$7.8 million for the year, reflect the very challenging operating environment for higher education.

The university's endowment was valued at \$195.7 million at June 30, 2019 an increase of \$0.8 million from the prior year. Investment returns for the year of 3.3% added \$7.4 million and gifts added \$2.4 million. This growth was partially offset by the distribution of \$9 million. The university's distribution helps fund scholarships, instruction, academic support, and general operations of the university.

Jeffrey Pinkham
Controller