



Northeastern

Letter from the Senior Vice President for Finance and Treasurer – Fiscal Year 2021

For the year ending June 30, 2021, the university demonstrated strong financial performance and remains in a solid financial position at year end. Despite social and economic disruption that continued during the COVID19 global pandemic, the university experienced healthy net asset growth due to robust investment performance, continued support from our generous donors and positive operating results through prudent fiscal management.

I am pleased to present the university's audited financial statements for fiscal year 2021. The university's total assets increased by \$1.1 billion from fiscal year 2020 to \$4.7 billion. Assets increased due to growth in investments driven by strong market performance and from generous donor giving; an increase in property, plant, and equipment as we continue to invest in physical infrastructure; and the addition of right to use assets (operating leases) as a result of implementing the financial accounting leasing standard. Total liabilities increased by \$576 million during this period to \$2 billion. This increase was primarily due to the issuance of debt to fund the construction of a new research center and the addition of the lease liability related to the financial accounting leasing standard change.

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Total net assets increased by \$523 million during fiscal 2021 with an ending balance of \$2.7 billion at June 30. This increase was mainly driven by a strong investment performance, donor support, and solid operating performance.

Northeastern has consistently operated with a balanced operating budget. For fiscal year 2021, the increase in the University's net assets from operating activities was \$116.8 million. A 1.8% increase in operating revenues and other support from fiscal year 2020 was driven primarily by continued growth in net student related revenues, growth in graduate professional enrollments and strong donor support. The increase in operating revenues and other support was offset by an increase of 7.1% in operating expenses including new costs in response to the COVID19 pandemic such as the testing center and additional rental costs to meet increased housing demand. The university continues to report strong cash flows from operations with a strong current operating liquid cash position of \$535 million as of June 30.

Overall, we continue to see strong demand for Northeastern's distinctive education model. The University prudently manages its operations to manage costs amidst ongoing uncertainty, makes strategic academic investments and fully funds depreciation to reinvest in the physical plant. This



combination will optimize the university's ability to respond as conditions continue to evolve throughout the current fiscal year.

Sincerely,

Thomas Nedell

Senior Vice President for Finance and Treasurer