



# Northeastern

## Letter from the Senior Vice President for Finance and Treasurer – Fiscal Year 2022

For the year ending June 30, 2022, the university demonstrated strong financial performance and remains in a solid financial position at year end. The university experienced strong financial operating performance and healthy net asset growth. I am pleased to present the university's audited financial statements for fiscal year 2022. The university's total assets increased by \$760 million from fiscal year 2021 to \$5.5 billion. Assets increased due to growth in large part driven by the merger with Mills College which was completed on June 30, 2022. Mills College was a nonprofit liberal arts college founded in 1852 and based in Oakland California. Total liabilities increased slightly by \$29 million during this period to \$1.98 billion. Changes in liabilities were driven by increases in deferred revenues and accruals offset by a favorable interest rate swap market valuation and principal payments on long term debt.

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Total net assets increased by \$731 million during fiscal 2022 with an ending balance of \$3.47 billion on June 30. This increase was mainly driven by strong operating performance and the merger with Mills College. For fiscal year 2022, the increase in the university's net assets from operating activities was \$151.7 million. A 16.8% increase in operating revenues and other support from fiscal year 2022 was driven primarily by continued growth in net student related revenues including tuition and auxiliary revenues and continued donor support. The increase in operating revenues and other support was offset by a 15.7% increase in operating expenses. The total net asset increase was also driven by non-operating activity totaling \$579 million. The university entered into a merger agreement with Mills College on September 12, 2021 and closed the transaction on June 30, 2022. For a number of years, the college had experienced declining enrollments, annual operating losses, and increased liquidity challenges. To continue to fulfill its mission, the college entered into a merger agreement with Northeastern. Assets received in the transaction totaled \$767.7 million primarily consisting of land, buildings, and endowment investments. Liabilities assumed totaled \$65 million including lines of credit, and outstanding loan obligations totaling \$20.9 million which were retired by the university prior to the acquisition date. During fiscal year 2022 Mills College also borrowed \$30 million from the university for operating purposes. These transactions were eliminated on the consolidated financial statements. An inherent contribution was recognized by the University in the consolidated statements of activities for \$702.5 million to represent the excess of the fair value of assets over liabilities assumed. This increase in net assets was partially offset by an overall net loss in the endowment due to market conditions.



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The university continues to report healthy cash flows from operations with a strong current operating liquid cash position of \$311 million as of June 30.

Overall, we continue to see strong demand for Northeastern's distinctive education model. The University prudently oversees its operations to manage costs amidst ongoing external 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 evolve and opportunities emerge in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Nedell".

Thomas Nedell  
Senior Vice President for Finance and Treasurer