HULT
INTERNATIONAL
BUSINESS SCHOOL

Fiscal Year 2021 Financial Statements Summary Report

In accordance with "An Act to Support Improved Financial Stability in Higher Education" Massachusetts General Law Chapter 69, Section 31B (f), this supplement to the audited financial statements analyzes the Fiscal Year 2021 ("FY21") financial activities and position of Hult International Business school (HIBS) for the year ended July 31, 2021The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") and the independent certified auditors gave a clean audit opinion. Fluctuations discussed below compare FY21 and Fiscal Year 2020 ("FY20"). In 2021, HIBS changed the fiscal year from September 30th to July 31st in order to align its academic year.

FY21 Summary

FY21 has been operationally a challenging year for HIBS due to the impact of coronavirus on level of new students' enrolment. This resulted in a decline in tuition and room/board revenue. However, management moved swiftly to convert all its classroom teaching to online and invested in top-end technology to be able to teach synchronously virtually and in the classroom. HIBS also reallocated resources to mitigate financial losses including:

- HIBS offered in tuition reduction to compensate for remote learning experience to retain the number of enrolled students and attract new students. The financial impact of the discount was more than offset by maintaining the number of students.
- Reduced enrollment and marketing activities as well as travels to reduce expenses.
- Paused salary merit increases and only processed staff promotion
- Renegotiating campus leases

These actions contributed to deliver a positive result of $4.2M.

Statement of Financial Position

Assets - $106.2M

- Cash & Equivalents increased primarily due to positive results and additional deferred tuition payment received for fall 2021 enrolment.

Liabilities - $80.2M

- Deferred revenue increased due to an increase in fall 2021 enrollments students
- Deferred tuition decreased due to students deferring their program start date due to Covid-19

Positive net assets - $26M

HIBS has a strong financial position.

Statement of Activities

The statement of activities is a report on HIBS fiscal year profitability resulting from the operation of its educational mission.

Revenues - $96.6M

Revenue decline due to the reduction of the level of enrolments resulting in less tuition and accommodation fees as well as the additional discount provided during the covid-19 pandemic.

Expenses - $92.4M

- Management put in place significant cost reduction (marketing, salaries, campus cost)
- Due to the change in fiscal year, FY20 represents 12 months of expenses vs 10 months in FY21.

Statement of Cash Flows

HIBS has a satisfactory and strong liquidity position.

Reference to Financial Statement Footnotes:
The footnotes contain language on accounting policies as well as other useful information at a more granular level than the face statements allow. FY21 Comments:

- As disclosed in footnote 2, the School elected to change its fiscal year end from September 30 to July 31
- In footnote 8, ongoing uncertainty related to COVID-19 is disclosed as a significant event subsequent to July 31, 2021.