



Fiscal Year 2019 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 2019 (“FY19”) financial activities and position of Hult International Business school (HIBS) for the year ended September 30, 2019. These financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) which follow the accrual basis of accounting. The independent certified auditors gave a clean audit opinion, meaning that the statements fairly present the financial position of HIBS. Fluctuations discussed below compare FY19 and Fiscal Year 2018 (“FY18”).

FY19 Summary

In FY19, HIBS financial results delivered a negative equity change primarily due to a one-off financial impact due to a restructuring with the UK “branch campus” (HULT UK). The change took place in two phasis:

- In FY19, HIBS carried the cost of the global enrollment organization (sales and marketing) (previously split between HIBS and Hult UK)
- In FY20, HIBS contracts with the students on a global basis and therefore collected all tuition fees (previously split between HIBS and Hult UK)

FY19 negative equity is the one-time impact of the additional cost of enrollment (execution of phase I) and will be normalized in FY20 results.

Statement of Financial Position

Assets - \$94.8M

- Cash & Equivalents increased due to increase in tuition collection of students enrolled for fall 2020 intake and the tuition payments received from students globally
- Restricted deposits increase due to United States Federal student aid letter of Credit with Bank of America.

Liabilities - \$88.6M

- Deferred revenue increased due to larger student volume for fall 2019 intake vs fall 2018.

Positive Net assets - \$6.2M

Despite the one-off negative impact of the structure change in FY219, HIBS net assets position remains safe

Statement of Activities:

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

Revenues - \$96.8M

Tuition & student scholarships increased because of a higher student volume.

Expenses - \$105.2M

- Total expenses increased largely due to the change in marketing and sales cost structure (previously split with Hult UK).
- Staff cost increased by \$4.4M to support the Boston campus growth.

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. FY19 Comments:

- As disclosed in footnote 8, As part of its financial aid program with the U.S. Department of Education, the School is required to maintain a stand-by letter of credit with a bank totaling \$2.9M. This amount is included as "Restricted deposits" on the accompanying Statement of Financial Position on September 30, 2019.