

ANNUAL FINANCIAL INFORMATION
of
UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
and
UNIVERSITY OF MASSACHUSETTS
for the
FISCAL YEAR ENDED JUNE 30, 2020

This report (this “Report”) is being filed by the University of Massachusetts Building Authority (the “Authority”) and the University of Massachusetts (the “University”) pursuant to certain continuing disclosure agreements entered into by the Authority and the University, under and in accordance with the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission, in connection with the issuance by the Authority of bonds on behalf of the University (the “Covered Bonds”). This Report is being filed with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system (“EMMA”). The information contained in this Report is subject to change without notice and delivery of this information shall not, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the University since the date hereof. Reference should be made to the applicable official statements and the operative documents for the Covered Bonds for a full and complete statement of the terms of the Covered Bonds.

The information in this Report relates to bond issues of the Authority that have been sold and distributed in an underwritten public offering described in the related official statement. Each reader of the following information acknowledges that (i) the Authority is not now by this document offering any bonds or other securities, nor soliciting an offer to buy any securities, (ii) this information is not to be construed as any description of the Authority or the University in conjunction with any offering of bonds or securities of the Authority – such offerings are only made pursuant to the appropriate official statements of the Authority – nor shall anyone assume from the availability of the following information that the affairs of the Authority or the University have not changed since the date of this information, (iii) no representation is made as to the propriety or legality of any secondary market trading of the Covered Bonds or other securities of the Authority by anyone in any jurisdiction, and (iv) neither the Authority nor the University hereby obligates itself in any manner to periodically or otherwise update this information.

This Report hereby incorporates by reference the information (the “Incorporated Information”) contained in the Authority’s Official Statement, dated October 7, 2020 (the “October 2020 Official Statement”) relating to the Authority’s Refunding Revenue Bonds, Senior Series 2020-4 (Federally Taxable), including the information in (i) the forepart of the October 2020 Official Statement under the headings “THE AUTHORITY” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” (ii) Appendix A, which contains information with respect to the University, and (iii) Appendix D, which contains a summary of certain legal documents, including the Project Trust Agreement and the Contract. The October 2020 Official Statement was filed with EMMA on October 15, 2020 and can be found at <https://emma.msrb.org/P11426819-P11107501-P11517112.pdf>. The financial statements of the Authority for the fiscal year ended June 30, 2020 and the financial statements of the University for the fiscal year ended June 30, 2020 are being filed with EMMA herewith.

Terms used in this Report and not defined herein have the same meanings assigned to them in the October 2020 Official Statement.

This Report supplements the Incorporated Information as follows:

(a) the information in Appendix A under the heading “UNIVERSITY CAMPUSES” is updated as follows:

Amherst Campus

The Amherst Campus had a student body of 29,693 full-time equivalent (“FTE”) students enrolled for Fall 2020. During the 2019-2020 academic year, the Amherst Campus conferred 39 associate’s, 6,259 bachelor’s, and 2,080 advanced degrees (including 364 doctorate degrees), as well as 450 undergraduate certificates and 115 graduate certificates.

Boston Campus

The Boston Campus had a student body of 13,571 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Boston Campus conferred 2,489 bachelor's degrees and 941 advanced degrees (including 89 doctorate degrees), as well as 3 undergraduate certificates and 188 graduate certificates.

Dartmouth Campus

The Dartmouth Campus had a student body of 6,709 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Dartmouth Campus conferred 1,419 bachelor's degrees and 494 advanced degrees (including 96 doctorate degrees), as well as 39 undergraduate certificates and 54 graduate certificates.

Lowell Campus

The Lowell Campus had a student body of 14,855 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Lowell Campus conferred 41 associate's degrees, 2,934 bachelor's degrees, and 1,320 advanced degrees (including 172 doctorate degrees), as well as 112 undergraduate certificates and 319 graduate certificates.

Worcester Campus

For Fall 2020, the UMass Medical School has approximately 1,242 FTE medical, nursing and biomedical science students enrolled.

UMassOnline

In fiscal year 2020, UMassOnline and the Continuing Education units at the five campuses collaboratively generated tuition revenue of \$120.5 million and supported over 83,000 course enrollments.

(b) the information in Appendix A under the heading "GOVERNANCE – Faculty and Staff" is updated as follows:

The University had 5,624 faculty members for Fall 2020, including 4,187 full-time faculty. Of the total faculty), 31.6% were tenured, 12.7% were on a tenure track, and the remaining 55.7% were not on a tenure track. In addition, the University had 10,565 staff members for Fall 2020, of which 94.4% were full-time. The University student FTE to faculty FTE ratios, excluding continuing education, range from 15:1 to 18:1 across the campuses (excluding the Worcester Campus).

(c) the information in Appendix A under the heading "ENROLLMENT" is updated as follows:

Degrees Awarded

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Associate's/Certificate	508	578	653	666	684
Bachelor's	12,125	12,754	13,091	13,231	13,101
Master's/CAGS [†]	4,578	4,755	4,827	4,985	4,841
Doctorate/Professional	812	845	841	915	944

[†] "CAGS" means Certificate of Advanced Graduate Studies.

(d) With respect to the information in Appendix A under the heading “TUITION AND FEES – Student Financial Aid,” due to the impact of the COVID-19 pandemic, the Federal Office of Management and Budget (OMB) extended the deadline for submitting the audit of federal grants and contracts for fiscal year 2020 under the Uniform Guidance from March 31, 2021 to June 30, 2021. Upon submission of this report to the Federal Audit Clearinghouse, the University will file a supplement to this Annual Report including the applicable information regarding federal grants, scholarships and other aid awarded to students for fiscal year 2020.

(e) the information in Appendix A under the heading “UNIVERSITY REVENUES AND BUDGETING” is updated as follows:

In fiscal year 2020, Commonwealth appropriations provided approximately 23.4% of all operating and non-operating revenues of the University (not including University Related Organizations), tuition and fees accounted for approximately 26.5% of all operating and non-operating revenues, and other non-appropriated funds (including grants and contracts, auxiliary enterprises and other operating revenues) provided the remaining 50.1%.

TABLE B
Total Commonwealth Support
(\$ thousands)

Fiscal Year	Fiscal Year					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Commonwealth Appropriations	\$516,794	\$546,953	\$512,900	\$528,868	\$548,879	\$569,209
Plus: Fringe Benefits	159,403	178,032	207,917	223,026	231,342	241,309
Less: Tuition Remitted	(31,055)	(30,583)	0	0	0	0
Less: Mandatory Waivers	<u>(23,942)</u>	<u>(24,653)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Commonwealth Appropriations	<u>\$621,200</u>	<u>\$669,749</u>	<u>\$720,817</u>	<u>\$751,894</u>	<u>\$780,221</u>	<u>\$810,518</u>

Management of Non-Appropriated Funds

Approximately 76.6% of the University’s operating and non-operating revenues for fiscal year 2020 were non-appropriated.

SUMMARY OF OPERATIONS
University
Combined and Condensed Statement of Net Position
As of June 30 (\$ thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ASSETS					
Current Assets	\$ 677,927	\$ 742,482	\$918,685	\$921,582	\$1,156,836
Noncurrent Assets					
Capital Assets, Net	4,615,776	4,854,110	5,075,476	5,164,200	5,206,569
All Other Noncurrent Assets	1,294,028	1,404,203	1,291,309	1,281,662	1,225,544
Total Assets	\$6,587,731	\$7,000,795	\$7,285,470	\$7,367,444	\$7,588,949
DEFERRED OUTFLOWS OF RESOURCES					
	\$293,432	\$275,725	\$341,335	\$357,541	\$531,271
LIABILITIES					
Current Liabilities	\$ 774,837	\$ 622,084	\$ 934,525	\$799,310	\$680,069
Noncurrent Liabilities	3,294,183	3,562,485	4,161,911	4,237,383	4,750,458
Total Liabilities	\$4,069,020	\$4,184,569	\$5,096,436	\$5,036,693	\$5,430,527
DEFERRED INFLOWS OF RESOURCES					
	\$12,050	\$37,671	\$141,485	\$215,910	\$256,926
NET POSITION					
Net Investment in Capital Assets	\$2,013,966	\$2,208,370	\$2,288,599	\$2,343,872	\$2,376,333
Restricted					
Nonexpendable	18,384	27,443	28,022	28,617	22,252
Expendable	218,272	201,710	222,343	206,023	223,803
Unrestricted	549,471	616,757	(150,080)	(106,130)	(189,621)
Total Net Position	\$2,800,093	\$3,054,280	\$2,388,884	\$2,472,382	\$2,432,767

* Derived from the University's Annual Audited Financial Reports for Fiscal Years 2016 through 2020. The University's financial statements include prior year comparative information. Certain prior year amounts have been reclassified to conform with the current year presentation.

[Remainder of this page intentionally left blank.]

University
Combined Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30 (\$ thousands)

REVENUES	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Operating Revenues</i>					
Tuition and Fees [†]	\$ 826,815	\$ 847,832	\$874,826	\$894,904	\$917,876
Grants and Contracts	528,352	560,081	560,990	593,086	581,850
Sales & Service, Educational Activities	27,500	28,910	30,591	34,984	31,248
Auxiliary Enterprises	383,281	400,822	416,733	441,795	378,314
Other Operating Revenues					
Sales & Service, Independent Operations	47,613	79,261	68,497	59,893	62,829
Sales & Service, Public Service Activities	476,831	418,726	381,018	291,085	337,709
Other	113,104	104,957	136,159	137,607	116,204
<i>Total Operating Revenues</i>	<u>\$2,403,496</u>	<u>\$2,440,589</u>	<u>\$2,468,814</u>	<u>\$2,453,354</u>	<u>\$2,426,030</u>
EXPENSES					
<i>Operating Expenses</i>					
Educational and General					
Instruction	\$ 794,691	\$ 824,042	\$876,235	\$912,415	\$960,548
Research	434,213	447,370	471,135	490,887	485,759
Public Service	71,457	68,083	78,238	86,251	84,248
Academic Support	181,057	177,173	187,495	186,502	200,928
Student Services	141,915	151,033	156,934	160,751	157,842
Institutional Support	248,379	247,740	271,535	274,326	303,100
Operation and Maintenance of Capital Assets	228,406	240,501	255,825	248,581	241,880
Depreciation and Amortization	240,865	245,300	261,417	276,638	288,667
Scholarships and Fellowships	44,645	47,710	50,410	49,511	65,469
Auxiliary Enterprises	297,089	306,850	313,741	340,346	336,497
Other Expenditures					
Independent Operations	47,930	57,276	52,211	48,282	56,256
Public Service Activities	410,106	345,875	325,216	226,821	256,248
<i>Total Operating Expenses</i> [‡]	<u>\$3,140,753</u>	<u>\$3,158,953</u>	<u>\$3,300,392</u>	<u>3,301,311</u>	<u>3,437,442</u>
<i>Operating Loss</i>	<u>(\$737,257)</u>	<u>(\$718,364)</u>	<u>(\$831,578)</u>	<u>(\$847,957)</u>	<u>(\$1,011,412)</u>

† Net of scholarship allowances of \$343,031,000 at June 30, 2020, \$328,845,000 at June 30, 2019, \$310,106,000 at June 30, 2018, \$288,708,000 at June 30, 2017, and \$244,025,000 at June 30, 2016.

‡ Included in total operating expenses are impacts of GASB Pronouncements 68 and 75, which require adjustments for large employee postemployment benefits (health and pension). Total expenses related to these pronouncements totaled \$122,012,000, \$68,574,000, and \$78,732,000 in fiscal years 2020, 2019, and 2018, respectively.

[Remainder of this page intentionally left blank.]

(continued)

NONOPERATING REVENUES/(EXPENSES)	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Federal Appropriations	\$6,827	\$6,602	\$6,688	\$7,004	\$6,774
State Appropriations	669,748	720,817	751,894	780,221	810,518
Gifts	42,415	26,253	39,022	43,705	41,996
Investment Income	29,381	31,567	37,622	48,943	32,762
Unrealized Gain (Loss) on Investments	(7,633)	15,466	5,558	18,082	(3,414)
Endowment Income					
Endowment Income Distributed for Operations	24,740	26,877	26,742	27,741	28,113
Interest on Indebtedness	(105,276)	(110,069)	(115,851)	(116,217)	(109,186)
Non-operating Federal Grants	75,743	74,050	81,590	84,454	115,601
Other Non-operating Income	1,540	17,085	1,118	1,576	296
<i>Net Non-operating Revenues</i>	<u>\$737,485</u>	<u>\$808,648</u>	<u>\$834,383</u>	<u>\$895,509</u>	<u>\$923,460</u>
<i>Income/(Loss) Before Other Revenues, Expenses, Gains and Losses</i>	<u>\$228</u>	<u>\$90,284</u>	<u>\$2,805</u>	<u>\$47,552</u>	<u>(\$87,952)</u>
Capital Appropriations	\$121,298	\$121,380	\$67,437	\$25,500	\$51,525
Capital Grants, Contracts and Gifts	54,244	29,080	8,732	13,165	7,516
Endowment Return, Net of Amount Used for Operations	(28,958)	21,278	8,166	13,467	(2,917)
Disposal of Plant Facilities	(10,462)	(4,274)	(6,695)	(11,381)	
Additions to permanent endowment					
Other Deductions	(3,605)	(3,561)	(2,859)	(4,805)	(7,787)
<i>Total Other Revenues, Expenses, Gains and Losses</i>	<u>\$132,517</u>	<u>\$163,903</u>	<u>\$74,781</u>	<u>\$35,946</u>	<u>48,337</u>
<i>Total Increase in Net Position</i>	<u>\$132,745</u>	<u>\$254,187</u>	<u>\$77,586</u>	<u>\$83,498</u>	<u>(\$39,615)</u>
NET POSITION					
Net Position at Beginning of Year	\$2,667,348	\$2,800,093	\$3,054,280	\$2,388,884	\$2,472,382 [†]
Cumulative effect of adoption of GASB 68					
Cumulative effect of adoption of GASB 75			(742,982)		
Net Position at Beginning of Year, Adjusted	\$2,667,348	\$2,800,093	\$2,311,298	\$2,388,884	\$2,472,382
<i>Net Position at End of Year</i>	<u>\$2,800,093</u>	<u>\$3,054,280</u>	<u>\$2,388,884</u>	<u>\$2,472,382</u>	<u>\$2,432,767</u>

[†] Reflects restatement of fiscal year 2019 GASB Pronouncement 75 reporting.

(f) the information in Appendix A under the heading: "SUMMARY OF FINANCIAL RESULTS, FISCAL YEARS 2018, 2019 AND 2020 - Endowment and Fundraising" is updated as follows

University Endowment Assets[†]
(\$ thousands)

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$707,246	\$792,278	\$842,858	\$948,195	\$1,013,070

[†] Approximately 64% of the endowment is restricted by donors.

(g) the information in Appendix A under the heading “INDEBTEDNESS OF THE UNIVERSITY – Spendable Cash and Investments” is updated as follows:

Spendable Cash and Investments
(\$ in thousands)

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Spendable Cash and Investments [†]	\$1,231,909	\$1,115,142	\$1,264,764	\$1,446,094	\$ 1,563,723	\$1,577,064

[†] The amounts shown above in the table are the sum of University cash and investments less debt service reserve funds, plus Foundation cash and investments, plus pledges receivable reported in permanently restricted net assets, less University permanently restricted net assets, less Foundation permanently restricted net assets. Commencing in fiscal year 2019, pledges receivable are no longer included in spendable cash and investments.

DATED: March 3, 2021

ACTIVE 55036527v3