

# **Lesley University**

## **Financial Summary Report**

### **For the Fiscal Year Ended June 30, 2022**

The following is a summary discussion and analysis of Lesley University's financial position as of June 30, 2022 and the financial operations for the fiscal year then ended. Please refer to the Independent Auditors' Report by Mayer Hoffman McCann P.C. (MHM) and the full financial statements, including the related footnotes. MHM issued their "clean" opinion that the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States. Interested parties are encouraged to read the full financial statements to gain a comprehensive understanding of Lesley University's finances. This document is intended only as a high-level, "plain English" summary.

#### **The Statement of Financial Position**

The Statement of Financial Position (the "Balance Sheet") shows total assets of \$423 million as of June 30, 2022 compared to \$460 million as of June 30, 2021. Included in total assets are investments and trusts of \$187 million and \$227 million as of June 30, 2022 and 2021, respectively. There were four reasons for the \$40 million decline in investments during the fiscal year ended June 30, 2022 (FY22): Investment valuations in most U.S. and Global markets were depressed during the last six months of the fiscal year, resulting in a market-based investment loss of \$27 million; the Board of Trustees voted to reclassify \$5 million of amounts previously designated as funds functioning as endowments; the annual endowment spending distribution per policy of \$11 million was made; and these reductions were offset by new gifts restricted for the endowment of \$3 million. For comparative purposes, the change in investments and trusts for the fiscal year ended June 30, 2021 (FY21) was a positive \$39 million, mostly due to an exceptionally good year in the equity markets.

Total liabilities as of June 30, 2022 and 2021 were \$159 million and \$156 million, respectively. Total net assets, which is total assets minus total liabilities, were \$264 million and \$304 million on June 30, 2022 and 2021, respectively. The reduction of \$40 million in total net assets during FY22 was the result of the reduced valuation of investments and trusts as described above, a loss from operating activities of \$3 million, \$4 million of gains on sale of property and equipment, and loss from miscellaneous other nonoperating activities of \$1 million, as further described below.

## The Statement of Activities

The Statement of Activities reports the operating and nonoperating revenues, expenses and other changes for FY22 as compared with FY21. Amounts with donor restrictions are reported for FY22. Total operating revenues were \$97 million in FY22 versus \$90 million in FY21. After conducting operations largely on a remote basis in FY21, the campus reopened fully in FY22 to on-campus classes and student residential life. As a result, tuition, fees, room and board revenue net of discount increased \$14 million, or 25%, when compared to FY21.

Government grants and contracts revenue decreased from \$17 million in FY21 to \$9 million in FY22. The majority of this revenue for both FY22 and FY21 was due to special funding to offset costs of the Covid-19 pandemic. In FY22, the University recorded revenue of \$8 million in special grant funding related to the Higher Education Emergency Relief Fund (HEERF) and IRS Employee Retention Credits. In FY21, these amounts totaled \$16 million of revenue. Amounts reclassified under board designations were \$5 million in FY22 compared to \$1 million in FY21.

Lesley was able to keep its costs down during the pandemic in FY21, resulting in total operating expenses of \$86 million. As the pandemic eased and residential halls and dining operations reopened in FY22, expenses totaled \$100 million. The largest increase in operating expenses was related to auxiliary enterprises.

The University's change in net assets from operating activities was a loss of \$3 million for FY22 compared to a surplus of \$5 million in FY21. The reason for the difference between the years is primarily due to Covid-19 related grants revenue being \$8 million less in FY22 as described above.

Looking forward to FY23 and beyond, the University is in a strong financial position to move forward on its mission and strategic plans.