



## **Financial Statement Summary 2020-2021**

Montserrat College of Art's (the College) financial statements for fiscal year 2021 illustrate a year of unprecedented net asset growth, despite ongoing challenges imposed by the global pandemic. Prudent management of the College's resources and careful containment of unanticipated pandemic related expenses resulted in a positive operating surplus for the fiscal year.

The financial statements also reflect a historic endowment return contributing more than \$668 thousand to the College's balance sheet as well as governmental support provided through the Higher Education Emergency Relief Fund (HEERF) CARES Act, used for student aid and support to the College to offset COVID-19 related expenses and lost revenue.

The following discussion and analysis represents additional commentary and data related to the College's financial performance for the fiscal year ended June 30, 2021.

### **Statement of Financial Position (Total Assets, Liabilities and Net Assets)**

The College's total assets on June 30, 2021, were \$16.5 million dollars, which were \$1.5 million dollars or 9.9% higher than the previous fiscal year end. This increase is due primarily to strategic College fundraising and the investment growth of \$668 thousand dollars in the College's endowment, coupled with the generosity of the donors who provided \$294 thousand dollars in contributions to the endowment.

Total liabilities amounted to \$6.4 million dollars on June 30, 2021, a decrease of \$1.4 million dollars or 17.7% lower than the prior year. This decrease was primarily driven by the forgiveness of \$1.1 million dollars for the Paycheck Protection Program loan coupled with the repayment of the College's outstanding Line of Credit balance of \$500 thousand dollars.

The resulting total net assets, the equivalent of the College's net worth, totaled \$10.1 million dollars on June 30, 2021. This represents an increase of \$2.9 million dollars or 39.8% over the prior year.

## **Statement of Activities**

### **Operating Results**

The College's total operating revenues grew \$935 thousand dollars or 9% over the fiscal 2020. The growth is primarily driven by the receipt of the federal HEERF funds of \$1.1 million and \$478 thousand dollars of private gifts and grants, offset by a decrease in combined net tuition, fees and housing of \$576 thousand dollars.

The global pandemic has placed pressure on the College's enrollment. The inability for the admissions team to travel and perform in person recruitment activities has created a unique challenge for recruiting an incoming class resulting in a smaller class than anticipated. Coupled with the need to reduce density of students in housing and creating isolation space, resulting in a reduction of the number of beds available.

Cost containment measures remained in place for fiscal year 2021 resulting in almost flat operating expense over the prior year despite increased costs associated with COVID-19. These costs included, but were not limited to, personal protective equipment, testing, and mental health support. In FY 2021, the College sought to offset some of these costs through innovative grant writing and secured personal protective equipment (estimated value of \$10,000) from the Massachusetts Emergency Management Agency.

The College's increase in net assets from operating activities (operating revenues in excess of operating expenses) of \$1.1 million is reflective of the increased private support to the College coupled with careful cost containment measures, the repurposing of College budgeted funds from FY 2021 to FY 2022 and the reduction of older leased dormitory space in favor of new state-of-the-art dormitory space. In July of 2021, the College expanded its footprint in downtown Beverly, Massachusetts with the purchase of 9 Dane Street for \$1.3 million dollars and will relocate Admissions, Advancement, Student Services, Student Clubs, the College Nurse and Wellness Center and the Facilities Department to this new 9,000 square foot building. The backfill space will be developed into additional student studio and lab space that will increase educational opportunities for our students. In addition, the College leased newly renovated dormitory space at 275 Cabot Street bringing an additional forty (40) rooms online in the Fall of 2021.

### **Non-Operating Results**

The College's net assets increased \$1.7 million from non-operating activities from FY 2020 to FY 2021. The College's investment return exceeded the prior year's return by over \$696 thousand dollars. This increase was coupled with the forgiveness of the Paycheck Protection Plan loan of \$1.1 million dollars by the Federal Small Business Administration in April of 2021.

## **Looking Ahead**

The College's fiscal year 2021 positive results provides a stable financial footing to help weather the enrollment challenges that will need to be faced over the next few fiscal years. In person recruitment activities have resumed but it will take some time to replenish the pipeline that is needed to enroll a full class. Cost containment measures will continue to be in place, but strategic investments are being made in learning and living environments, infrastructure, and personnel to ensure a strong organization for the future.