Montserrat
COLLEGE OF ART

Financial Statement Summary
2022-2023

Montserrat College of Art's (the College) financial statements for fiscal year 2023 are a reflection of enrollment pressures as a delayed result of the pandemic coupled with careful containment of unanticipated expenses. The FY23 financial statements reflect an operating loss of just over $800,000 offset by non-operating income of $795,000 resulting in an almost breakeven loss of just over $6,000.

The following discussion and analysis represent additional commentary and data related to the College's financial performance for the fiscal year ended June 30, 2023.

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

The College's total assets on June 30, 2023, were $21.3 million, which was $4.2 million or 24.6% higher than the previous fiscal year end. This increase is due primarily to the recording of the lease accounting standard for right of use assets of $4.6 million offset by a decrease in cash, equivalents and market securities of $450,000.

Total liabilities amounted to $11.8 million dollars on June 30, 2023, an increase of $4.2 million dollars or 5.6% higher than the prior year. This increase is primarily driven by the $4.6 million operating lease liability required to be recorded by the new lease account standard.

The resulting total net assets, the equivalent of the College's net worth, totaled $9.5 million on June 30, 2023. Total net assets were flat to prior year.

Statement of Activities

Operating Results

The College's total operating revenues decreased by $774,000 over FY22. Net tuition, fees and housing decreased slightly, $77,000 over prior year. offset by a slight growth in federal and state grants by $100,000 for HEERF and private grants.

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. Cost containment measures remained in place for FY22 along with increasing admissions recruitment efforts resulted in an increase in operating expenses of approximately $1.1 million. These costs included, but were not limited to, additional staff, increased recruitment travel, new data reporting and analysis systems, and continued pandemic supports such as personal protective equipment, testing, and mental health support.

The College experienced a slight increase in net assets from operating activities (operating revenues in excess of operating expenses) of $14,550 which is reflective of the sustained private support to the College coupled with careful cost containment measures.

Non-Operating Results

The College's net assets decreased $567,000 from non-operating activities from FY21 to FY22. This decrease is the College's investment loss on endowed funds driven by market results.

Looking Ahead

The College's FY22 results are driven by a downturn in investment markets with most of the impact felt by the endowments. In FY23 the College's Board of Trustees Investment Committee has adjusted the investment strategy to help mitigate future losses during such a volatile time. Enrollments for FY23 are trending slower than anticipated which is the result of decreased recruitment activities during the pandemic. The College has planned for these downturns over the last few years by adding to reserves to help provide resources to weather the enrollment challenges. It is expected that the smaller classes in the next few years will add fiscal pressures to the College, but leadership is confident the enrollment decline will rebound with the reinstated recruitment efforts. Cost containment measures continue to be in place, with strategic investments being made in new programs, learning and living environments, infrastructure, and personnel to ensure a strong organization for the future.