

OFFICE OF FINANCE AND ADMINISTRATION

FY 2023 Financial Results Narrative
As of and for the fiscal year ending June 30, 2023

Executive Summary

- The University's financial position was in line with the prior year because of an improvement in the long-term investments pool coupled with an increase in capital project activity.
- The University's operating performance generated a net operating surplus (third consecutive fiscal year).
- The University's net cash outflows are mainly due to an increase in capital project activity.

Please find attached the University's audited statement of financial position (balance sheet) as of 6/30/2023, audited statement of activities for the fiscal period ending 6/30/2023, the audited statement of cash flows for the fiscal period ending 6/30/2023, and the accompanying footnotes to the audited financial statements. The key financial highlights are summarized below.

Statement of Financial Position (comparing 6/30/2023 to 6/30/2022)

Total assets declined to \$259.5 million, representing a decrease of approximately \$0.1 million or 0.04%. Long-term investments, accounts, grants, and pledges receivable, net, investment in plant, and cash and cash equivalents explain most of the change in total assets.

Total liabilities were \$116.2 million, representing a decrease of approximately \$5.0 million or 4.1%. Bonds payable, deposits, deferred revenue, and other liabilities, and accounts payable and accrued expenses explain most of the change in total liabilities.

Total net assets improved to \$143.3 million, representing an increase of \$4.9 million or 3.6%. Positive operating performance coupled with improvement in non-operating activity (mainly due to investment return) explain most of the change in total net assets.

Statement of Activities (comparing 6/30/2023 to 6/30/2022)

For the third consecutive fiscal year, the University generated a net operating surplus amounting to \$14 thousand for the fiscal year ending 6/30/2023, representing a decrease of \$3.0 million year over year.

Total operating revenues decreased by approximately \$4.2 million or 3.7%. The main change was the Higher Education Emergency Funds (HEERF) - institutional and student portions.

Total operating expenses decreased by approximately \$1.2 million or 1.1%. The main change was HEERF - student portion.

Non-operating performance mainly improved due to the capital markets and their impact on the University's long-term investments portfolio.

Statement of Cash Flows (for the fiscal period ending 6/30/2023)

The University experienced a decrease in cash and cash equivalents of approximately \$11.1 million for the fiscal period ending 6/30/2023, resulting in a cash and cash equivalents balance of \$20.9 million.

Net cash outflows of approximately \$2.7 million from operating activities (net operating surplus coupled with change in operating assets and liabilities).

Net cash outflows of \$6.9 million from investing activities (capital project activity and long-term investment activity).

Net cash outflows of approximately \$1.5 million from financing activities (principal payments on long -term debt offset by contributions restricted for long-term investment).

Please feel free to contact me with any questions or comments via phone at 413-782-1288 or via email at basil.stewart@wne.edu.

Respectfully submitted,

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