

OFFICE OF FINANCE AND ADMINISTRATION

FY 2022 Financial Results Narrative
As of and for the fiscal year ending June 30, 2022

Executive Summary

- The University's financial position moderated as a result of decline in the long-term investment pool and less capital project activity
- The University's operating performance generated a net operating surplus (second consecutive fiscal year)
- The University's net positive cash flow mainly due to operating activities

Please find attached the University's audited statement of financial position (balance sheet) as of 6/30/2022, audited statement of activities for the fiscal period ending 6/30/2022, the audited statement of cash flows for the fiscal period ending 6/30/2022, and the accompanying footnotes to the audited financial statements. The key financial highlights are summarized below.

Statement of Financial Position (comparing 6/30/2022 to 6/30/2021)

Total assets declined to \$259.6 million, representing a decrease of approximately \$16.4 million or 5.9%. Long-term investments, investment in plant, and cash and cash equivalents explain most of the change in total assets.

Total liabilities were \$121.2 million, representing a decrease of \$4.5 million or 3.6%. Bonds and capital leases payable and accounts payable and accrued expenses explain most of the change in total liabilities.

Total net assets declined to \$138.4 million, representing a decrease of approximately \$11.9 million or 7.9%. Positive operating performance offset by negative non-operating activity (mainly due to investment return) explain most of the change in total net assets.

Statement of Activities (comparing 6/30/2022 to 6/30/2021)

For the second consecutive fiscal year, the University generated a net operating surplus of \$3.0 million for the fiscal year ending 6/30/2022, representing a decrease of \$0.5 million year over year.

Total operating revenues increased by approximately \$3.6 million or 3.2%. The key drivers were HEERF (institutional and student portions) and contributions (offset by overall decrease in net student fees).

Total operating expenses increased by approximately \$4.1 million or 3.9%. The key drivers were HEERF (student portion), student support, residence, dining and other auxiliary services, academic support, and management and general.

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

Statement of Cash Flows (for the fiscal period ending 6/30/2022)

The University generated a net positive change in cash and cash equivalents of \$2.3 million for the fiscal period ending 6/30/2022, resulting in a cash and cash equivalents balance of \$32.0 million.

Net cash inflows of approximately \$6.2 million from operating activities (net operating surplus coupled with change in operating assets and liabilities).

Net cash outflows of approximately \$3.5 million from investing activities (capital project activity and long-term investment activity).

Net cash outflows of approximately \$0.4 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,

Basil A. Stewart
Vice President for Finance and Administration