

Longy School of Music of Bard College

FY19 - FY21 Financial Results - Narrative

FY19 Financials - Narrative

Longy's financial condition at the end of fiscal year FY19 was strong. For Operating Activities, FY19 Net Tuition Revenues reached a new high at \$6 million on a base of 235 students. Scholarships of \$4 million equated to a discount on gross tuition of 40%. Gifts were approximately \$1 million which coupled with Net Tuition revenues gave Longy total revenues of \$7.2 million. Expenses for FY19 were \$6.8 million leaving the school with an Operating Surplus of \$423k. Longy's Net Assets increased year-over-year \$1.6 million due to the aforementioned Operating Surplus plus Investment Income and Restricted Gifts less Depreciation. Largest component of the Net Asset increase was a \$800k purchase of new pianos (reflected in the Restricted Net Assets Contribution line). On the school's Balance Sheet, the Endowment reached a new all-time high of \$7.8 million, an increase \$229k or 10.3% year-over-year. Longy has no long term debt and the school's \$600k Line of Credit was unused.

FY20 Financials - Narrative

Longy FY20 enrollment of 265 students represented a year-over-year increase of 30 students or 13%. This strong enrollment picture generated \$6.9 million in Net Tuition revenues vs. the prior year's Net Tuition of \$6 million. Corresponding scholarships totaled \$4.8 million or a discount from gross tuition revenues of 41%. On a per student basis, the average student received approximately \$18k which was \$1k higher than the previous year. With Operating Expenses of \$7.4 million, Longy had an Operating Surplus of \$324k. As the Pandemic unfolded in the Spring semester, Longy took unprecedented measures to prepare for the unknown impact of the health crisis. To maximize the amount of cash on hand, Longy took two steps. First, Longy drew on its entire Line of Credit of \$600k. This outstanding balance was re-paid in FY21. Second, Longy set aside \$800k in Operating Gifts by establishing a "Covid Reserve" in the Contribution line under Restricted Net Assets. The reserve explains the high Cash balance of \$1.2 million on the Balance Sheet. Also on the FY20 Balance Sheet, the Endowment reached a new high at \$8.2 million, an increase of \$365k from the prior year's \$7.7 million.

FY21 Financials - Narrative

Travel restrictions brought on by the Pandemic had an adverse impact on Longy's enrollments in FY21. Enrollments declined 44 students year-over-year from 265 students in FY20 to 222 students in FY21. Net Tuition declined to \$4.9 million and is attributable to both the lower enrollments and higher discounting on tuition revenues. Due to the Pandemic, the financial wherewithal of the typical conservatory student declined substantially. To respond to this trend, Longy increased its average scholarship from \$18k in FY20 to \$23k in FY21, an increase of \$5k per student or a discount on tuition of 51%. This higher scholarship level compressed Net Tuition revenues. To offset the lower revenues, Longy generated additional donations and lower its expenses. Operating Gifts were \$1.5 million in FY21 and included \$566k from a newly created campaign - "the Stability Fund." Funds from this campaign are designated for higher scholarships to offset the weakening finances of the typical conservatory student. Total campaign proceeds are expected to be \$1.7 million when the campaign effort concludes in FY24. Operating Expenses were \$6.8 million, lower than the prior year by \$600k. The final Operating Surplus was \$124k. The Balance Sheet remained strong with the Endowment at \$9.5 million, up \$1.3 million or 11%.