

Longy School of Music of Bard College

FY20 - FY22 Financial Results - Narrative

FY22 Financials - Narrative - DRAFT

As Longy exited the pandemic, Enrollments bounced back year-over-year from 222 students in FY21 to 270 students in FY22, an increase of 48 students or 22%. This enrollment increase produced an additional \$2.5 million in Tuition revenues year-over-year from a base of \$10 million in FY21 to \$12.5 million in FY22. Financial Aid rose \$1.5 million from \$5.1 million in FY21 to \$6.6 million in FY22. In terms of the Discount Rate, this represented an increase from 50.9% in FY21 to 53% in FY22. The financial wherewithal of the typical conservatory student declined substantially during the pandemic and unfortunately, this trend continued as we exit the pandemic. Both the Discount Rate and the average scholarship amount both reflect this trend. The average scholarship at Longy is approximately \$24k which is \$6k higher than the FY20 average of \$18k and the FY19 average of \$17k. Gifts for FY22 totaled \$1.2 million, slightly lower than FY21 results by \$208k. Primary driver of the lower donations was the weak equity market. Operating expenses of \$7.8 million are higher than the previous year by \$973k or 14%. The year-over-year increase was due to 1) the resumption of pre-pandemic academic programming, recruiting and administrative activities \$368k. 2) Higher student account write-offs of \$193k. Again this reflects the diminishing financial wherewithal of the student population. 3) Higher instruction costs of \$174k which is the result of the increasing enrollments. 4) Additional staff costs \$117k. Longy Balance Sheet remained strong with the school ended the year with \$518k in Cash. Also of note on the Balance Sheet was the Endowment Balance of \$8.2 million. This represented a decline of \$1.3 million from the prior year again due to the weak equity markets.

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%.

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.