Attached are the audited financial statements for the New England Conservatory of Music for the fiscal year ending June 30, 2022. As in prior years, our external auditors have given their unqualified opinion that these materials fairly present the financial position of the Conservatory.

The COVID-19 pandemic and its impact on the economy continued to present financial challenges in fiscal year 2022. The Conservatory ended the fiscal year with an operating deficit of $5.3 million, but was able to manage its cash flows.

On the Statement of Financial Position, net assets declined by $18 million. This was driven by a decrease in endowment assets.

- Investment value receded during the year due challenging market conditions post pandemic as well as an increase in interest rates. The release of $6 million from the endowment for operations plus an unrealized loss of $11 million put downward pressure on the value of these investments.
- The Conservatory continued to strengthen its balance sheet by reducing long term debt by $1.2 million and current payables by another $1.3 million.
- Our continuing evaluation of capital expenditures for the year, resulted in a reduction of $3.6 million.

On the Statement of Activities, the key highlights are:

- Year-over-year enrollment increased by 20%; Student’s return to a full on-campus experience enhanced our tuition revenues by $4.9 million. Dorm, dining, and special events contributed an additional $5 million to our operating revenues
- The return of students to the campus accompanied adding salaries, wages, and benefits, to our operating expenses by $1.8 million; dormitory food and dining expenses increased by $1.5 million. Building operations also increased by $0.6 million due to an increase in utilities, security, repairs, and maintenance to our installations.
- Continuous support from our donors added an additional $2.5 million in non-current contributions and grants to support our operating expenses for the period; while in-kind contributions added another $1.6 million to strengthen our balance sheet.

On the Cash Flow Statement, net decrease in Cash was manageable at $1.2 million in total.

- Students accounts and contribution receivables grew by $1.2 million due to the increase in enrollment during the period.
• Repayment of our long-term debt for $1.2 million put downward pressure on our cash flows; however, no additional funding from the Board or from our line of credit was needed during the year to supplement our operations.

The Conservatory is coming out of the pandemic with a stronger financial position. The waning of COVID-19 has allowed for the return of the on-campus experience and with it, increased operating revenues and expenses; however, market forces affecting the endowment continue to put downward pressure on long-term cash flows.