This document provides a summary of the New England Conservatory of Music’s audited fiscal year 2023 financial statements. As in prior years, our external auditors have given an unqualified opinion on the financial statements.

The COVID-19 pandemic and its impact on the economy continued to present financial challenges in fiscal year 2023. That said, improvements in investment returns and donor contributions resulted in an overall increase in net assets of $17.5 million. The change in net assets from operations reflected a decrease of $11.3 million.

Highlights on the Statements of Activities are as follows:

- Donor-restricted contributions and grants increased from $4.5 million to $29.9 million for the period ending June 30, 2023.
- Investment returns, net of endowment draw, came in at $5.1 million versus a negative $10.9 million in the prior year.
- Operating performance declined from a deficit of $5.3 million in the prior year to a deficit of $11.2 million.
  - Operating revenues were down slightly (2%) driven by a decline in government grants related to COVID-19 relief, as well as a decline in in-kind gifts (non-cash).
  - Operating expenses were up 9.6% primarily driven by an increase in professional services related to strategic long-term planning and to cover employee vacancies held open from COVID-19.

Highlights on the Statements of Financial Position are as follows:

- Total assets increased $15. million driven by increases in Contribution receivables related to new gifts and investment increases related to endowment gifts and investment performance, offset by the College’s endowment spending policy.
- Total liabilities decreased $2.2 million driven by the repayment of long-term debt and timing differences related to accounts payable and accrued expenses.
- As noted above, net assets increased $17.5 million:
  - Net assets without donor restrictions decreased by $8.7 million, driven by operating losses.
  - With donor restrictions net assets increased by $26.3 million driven by non-current gifts and endowment contributions.

The Statement of Cash Flows reflects an overall $2.3 million decrease in cash and restricted cash due mainly to negative operating cash flows and cash outlays for capital expenditures. This reduction in operating cash flows is offset by positive cash flows from non-operating contributions, which are reflected in financing activities portion of the statement.
The Conservatory is supported by a strong endowment for an institution of its size, and by a proven ability to fundraise for its programs. Management is currently implementing strategic changes in an effort to improve operating results over the next several years.