



New England
College of Optometry

FINANCIAL STATEMENT YEAR END REVIEW JUNE 30, 2019

Overview

NECO's fiscal year 2019 financial statements illustrate continued balance sheet strength, with substantial growth in cash and net assets. Operating performance remains strong, including steady enrollment, growth in operating revenues, and cost controls.

The June 30, 2019, audited financial statements were reviewed and accepted by the Board of Trustees in October 2019, and NECO received an unmodified ("clean") audit opinion with no material weaknesses in controls from Mayer Hoffman McCann P.C.

Statement of Financial Position

NECO's total assets on June 30, 2019, were \$62.0M, which was a \$5.2M increase over the previous year (\$56.8M). The increase reflects substantial growth in cash, moderate growth in investments, and a reduction in net student loans. The decrease in property, plant and equipment is attributed to depreciation expenses exceeding current year additions. Liabilities decreased during the fiscal year, from \$18.2M in 2018 to \$18.0M in 2019, owing to a decrease in bonds payable.

Statement of Activities

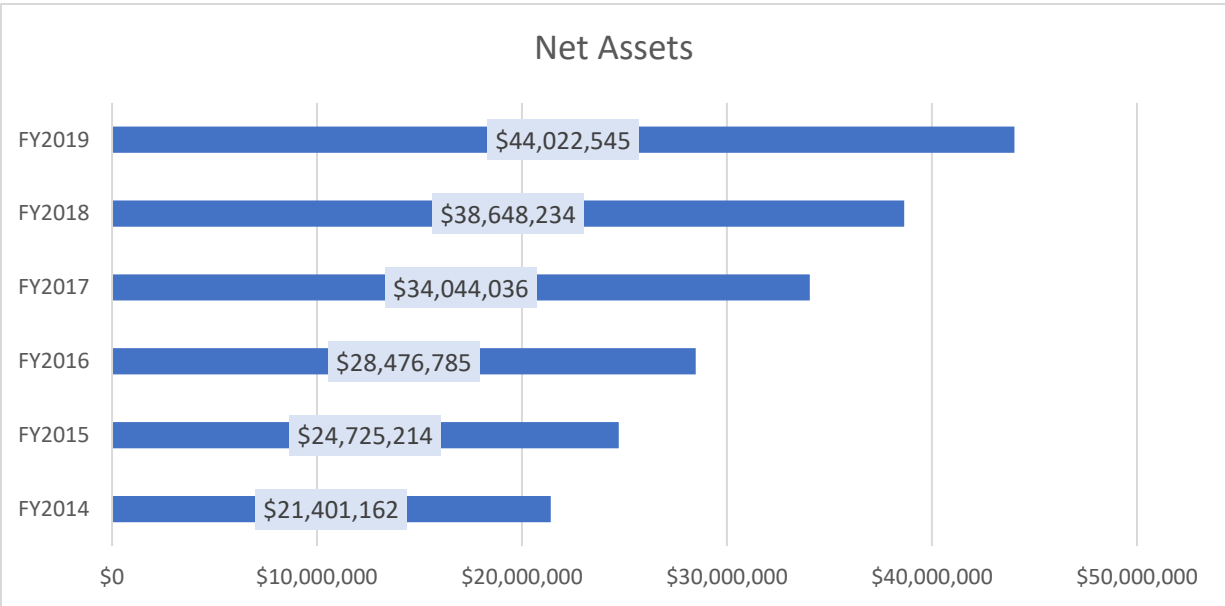
Operating revenues increased 3.2% between FY2018 and FY2019, including increases in net tuition, patient care, and grants and contracts revenues, and interest income. Operating expenses were unchanged, as increases in institutional support and fundraising expenses were offset by cost controls in clinical instruction and patient care.

NECO's increase in net assets from operating activities is consistent with the previous few years, and shows resiliency in our major revenue streams and decisive cost management.

Cash Flows

NECO generates sufficient cash flows from operations and uses excess funds to support capital expenditures and to build the pooled investment fund. We expect to transfer \$3.0M of excess cash generated in FY2019 to the investment fund during FY2020.

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Change in net assets from operating activities	\$982,261	\$3,184,188	\$4,129,937	\$4,204,940	\$3,216,980	\$4,083,264
Operating Revenue (includes net assets released from restrictions)	\$24,994,725	\$26,656,068	\$28,461,480	\$29,609,597	\$27,735,433	\$28,610,853
Operating Expenses (includes depreciation and interest expense)	\$24,012,464	\$23,471,880	\$24,331,543	\$25,404,657	\$24,518,453	\$24,527,589
Net Operating Income as a % of Revenue	3.9%	11.9%	14.5%	14.2%	11.6%	14.3%



Projections

NECO continues to be in a position of outstanding financial strength. Enrollment is strong as we have met our targets for incoming students for fall 2019. Our new Center for Academic and Professional Achievement (CAPA) will focus on student success and alumni engagement. Moving forward, we have earmarked funds to renovate our library area, adding flexible spaces that can accommodate study, classroom learning, and programming.

Traci Logan
 Executive Vice President, COO, CFO