



New England  
College of Optometry

## **FINANCIAL STATEMENT YEAR END REVIEW JUNE 30, 2023**

### **Overview**

NECO's fiscal year 2023 financial statements emphasize our persistent financial strength and strong fiscal management, along with positive returns on our endowment portfolio. NECO's operating performance after depreciation and interest expense (\$3.8M, 12%), combined with \$3.56M in net investment income demonstrate our continued resilience as a private single-professional institution of graduate medical education, and despite the cumulative impact of inflationary pressures and rising labor costs.

The June 30, 2023, audited financial statements were reviewed and accepted by the Board of Trustees on October 20, 2023, and NECO received an unmodified ("clean") audit opinion with no significant deficiencies or material weaknesses in controls from Mayer Hoffman McCann P.C.

### **Statement of Financial Position**

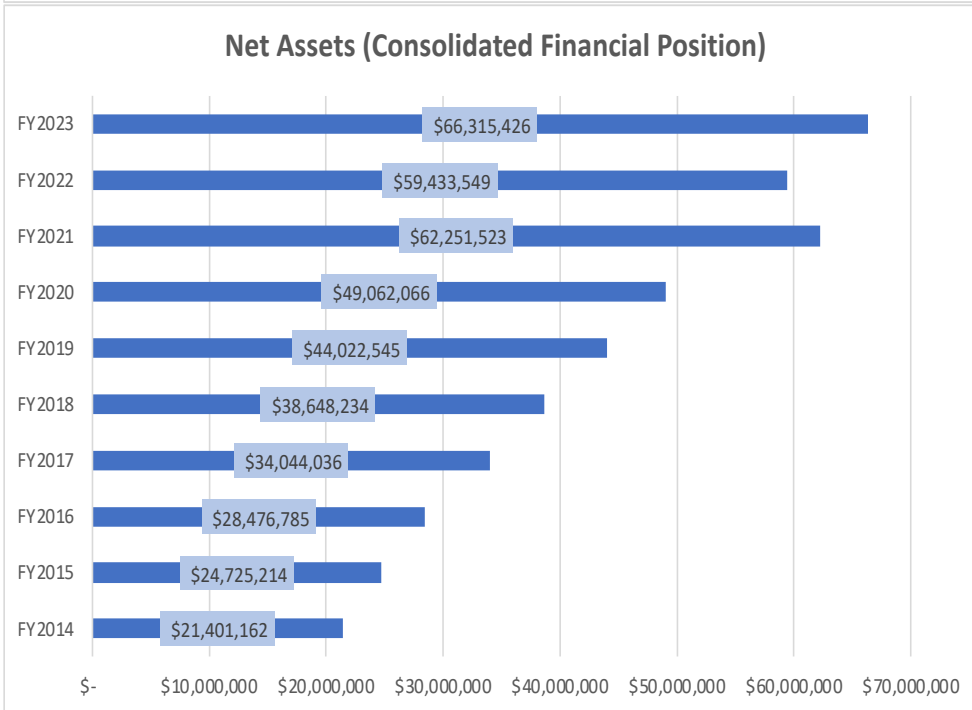
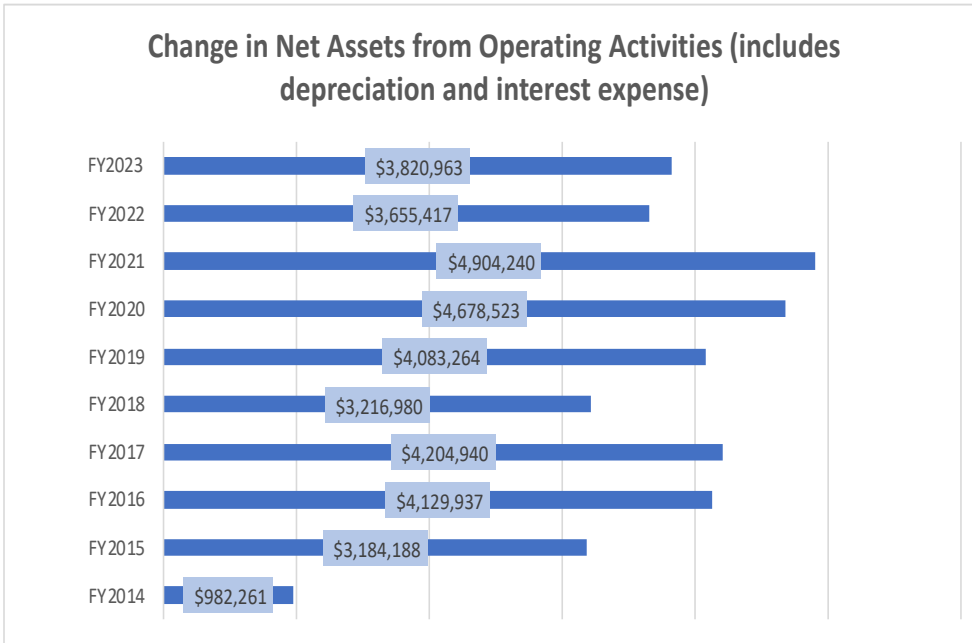
NECO's total net assets on June 30, 2023, were \$66.3M; a \$6.9M increase over the previous year (\$59.4M). We saw a decrease in pre-payments and donor contributions receivables, while net student loans were flat. The decrease in property, plant and equipment is attributed to depreciation expenses exceeding current year additions. Total liabilities decreased during the fiscal year, from \$16.05M in 2022 to \$15.5M in 2023.

Total liabilities and net assets on June 30, 2023 were \$81.8M, up from \$75.5M the previous year.

### **Statement of Activities**

Total operating revenues increased slightly (up 1.7%) from FY2022 (\$31.4M) to FY2023 (\$31.9M), largely due to an increase in net tuition. Operating expenses also increased slightly (up 1.4%) from FY2022 to FY2023, mostly due to an increase in labor costs and additional instructional and academic support associated with online learning (it should be noted we elected to temporarily postpone the development of a fully online OD program and terminated our partnership with Noodle in December 2022).

Net Operating Trends, Net Assets Trends:



**Cash Flows**

NECO’s cash balance at the beginning of the fiscal year was \$8.16M; our ending balance on June 30, 2023 was \$7.4M. NECO generates sufficient cash flows from operations and uses excess funds to support capital expenditures and to build the pooled investment fund.

## **Capital Spending**

Capital spending during FY2023 was \$1.36M, with most of the spend occurring in Facilities. We took a \$105K loss on the disposal of assets because of our decision to defer the replacement of windows at our Beacon Street Campus (estimate was cost prohibitive).

## **Pooled Investment Fund at year end**

NECO's pooled investment fund value at the end of June 2023 was \$51.2M (unrestricted portion \$40.17M, restricted \$11.02M). In addition, we have ~\$2.1M in short term investments held separately; this amount was originally earmarked for the library renovation, prior to the pandemic. NECO's net investment income for the fiscal year was \$3.56M.

## **Projections**

NECO remains in a position of outstanding financial strength. Moving forward we will continue to ensure our resource allocation reflects strategic priorities, including a major investment in the development of online didactic courses, and providing exceptional education and clinical training to our students, and care to our patients. We are mindful of the lasting impacts of the pandemic on our employees and students, including mental health. We will continue to monitor and manage the increased cost of debt; inflation; rising labor costs; and shifting expectations around remote learning *and work*, and how this affects collaboration, engagement, and space utilization.

Traci Logan  
Executive Vice President, COO, CFO