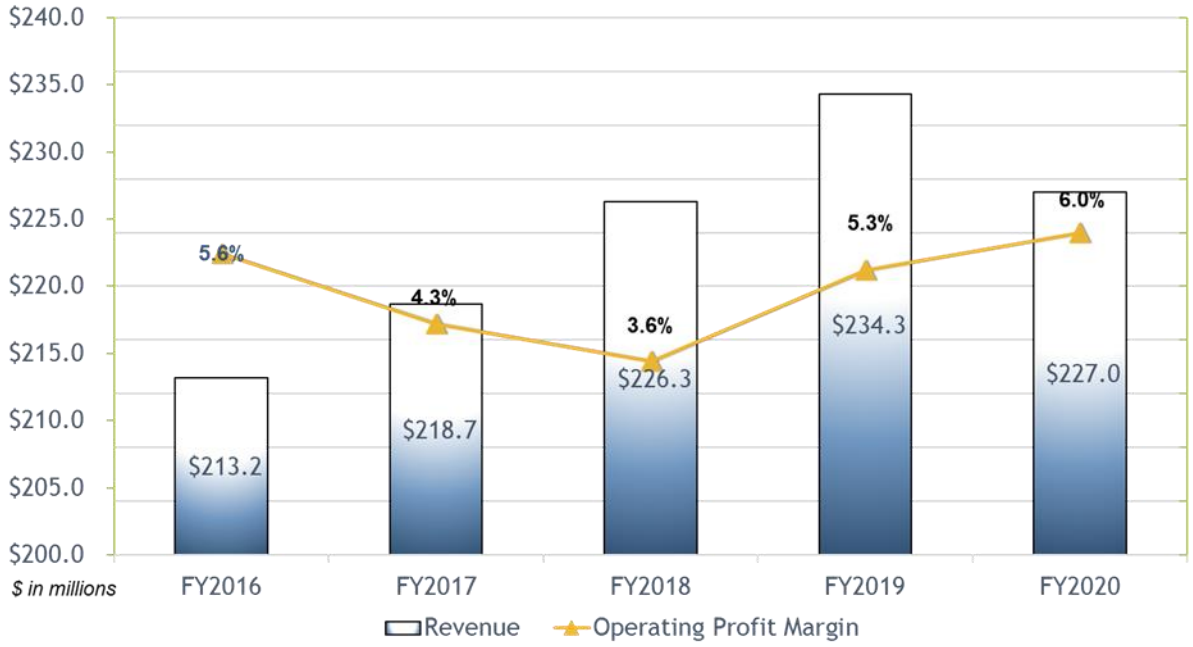
**FY 2020 Financial Narrative**

Fiscal Year 2020 was an unprecedented year for Bentley University. The university was heavily impacted by the COVID-19 pandemic, which resulted in a quick transition to operating as a remote campus last March. During this shift to remote operations, the entire community banded together to ensure that Bentley continued to remain nimble and financially sound. Still, the impact of moving to a remote setting brought profound challenges. As a result of the early campus closure, the university issued $12 million in room and board credits, and activities such as executive education, conference services and summer camps slowed or came to a stop. In just three months, Bentley went from projecting to meet its operating revenue budget of $239.9 million to generating $227.0 million in FY2020, a shortfall of approximately $12.9 million.

Despite the reduction in revenue, the university recorded an operating margin of $13.5 million, exceeding the FY2019 margin of $12.4 million. This was achieved by the immediate and deliberate efforts of all campus divisions to limit expenditures to only those required to keep our students, faculty and staff safe and to provide the crucial services of the university both on and off campus. Operating expenses for FY2020 declined by nearly 4% from FY2019. While salaries and benefits remained flat, supplies and services declined by $5.1 million or 10%, along with a decrease in utilities, depreciation and interest expense. This surplus is crucial for the university to be able to respond to the uncertainty presented by the continued impact of COVID-19 in FY2021.




Despite operating income of $13.5 million, our net assets declined by $10 million in FY2020. The university offered a voluntary early retirement package which resulted in a $5 million non-operating expense. This combined with the change in swap values, an investment loss and our annual endowment draw to support operations contributed to an overall decline in our net assets.

To ensure adequate liquidity as the university headed into the uncertainties of fall 2020, management took a full drawdown of our line of credit in May 2020. This, together with the suspension of capital spending on planned projects, left us with an ending cash balance of approximately $74 million, which is approximately $33 million greater than the year before. The investment balance decreased by $13.3 million resulting from the annual endowment draw and investment losses. That said, Bentley's underlying financial position is solid, and our goal is to protect this position going forward in the face of the uncertainty that the COVID-19 pandemic continues to present.