

Bentley University FY22 Financial Narrative

Statement of Activities

Operating Results

Bentley University ended fiscal year 2022 with an operating margin of \$28.4 million. The university experienced revenue growth of nearly 20% over the prior fiscal year. The primary driver of this growth was the return to “normal” operations from the “de-densified” campus experience in FY2021, resulting in a \$21.4 million increase in residential and dining revenue.

The strong revenue and operating margin can also be attributed to two unusual events. The FY2021 decision to extend the academic calendar through the summer term, which crosses the fiscal year, resulted in a one-time net revenue deferral of approximately \$8 million from FY2021 to FY2022. In addition, the university received a combined total of \$8.8 million in federal funding to cover the costs and revenue losses associated with the COVID-19 pandemic. The university also received \$7.1 in Higher Education Emergency Relief Funding (“HEERF”), with approximately \$3.5 million distributed directly to students in the form of emergency grants.

Similar to the revenue increases associated with returning to pre-pandemic campus operations, operating expenses increased 10.9% over FY2021. Of note, during the summer of 2021, Bentley took advantage of the record low interest rate environment and refinanced \$91.7 million of outstanding debt, including the termination of the related interest rate swaps. This resulted in annual interest expense savings of \$2 million and created a more level debt structure and budget stability.

Non-Operating Results

The university's net assets decreased from non-operating activities by \$29.2 million in FY2022, primarily driven by the university's investment return and annual draw from the endowment to support operations.

Statement of Financial Position

Bentley ended the fiscal year with a very healthy balance sheet including strong cash and working capital balances and a solid investment balance. After a historic gain of 39.5% in FY2021, Bentley’s investments declined by \$26.9 million. These FY2021 and FY2022 gains and losses are largely due to fluctuations in global financial along with the annual endowment distribution. Even with the impact of this fiscal year’s investment losses, the university’s endowment assets have grown by \$58.2 million since 2018. Total net assets were essentially flat from FY2021 to FY2022 with an ending balance of \$526 million.

In summary, the university enters FY2023 with a strong financial foundation resulting from a history of robust operating margins, sound financial management and continued student demand. Our sound financial picture along with community support provides us the opportunity to think intentionally about the university's revenue diversification goals in the years ahead driven by a new strategic plan.