



Financial Statement Summary

For the Period Ending June 30, 2024

The fiscal year 2024 financial reports for Lesley University include the opinion of the university's independent auditors, the audited financial statements, and the accompanying footnotes.

Overview:

Lesley University is in a period of transition as the university puts the impact of covid-19 behind it and moves forward with strategic initiatives focused on its core strengths in education, mental health and well-being, art and design, liberal arts and business and the Threshold Programs and on closing the gap between education and employment in these key areas. The university's \$100 million campus plan, funded solely by the re-allocation of resources from buildings no longer suitable for the university's operations, to those necessary for its future, is far along, with smaller buildings having been sold and substantial renovations on the South Campus and University Hall, in particular, having been completed.

Statement of Financial Position (Total Assets, Total Liabilities, and Net Assets)

Total Assets

Total assets increased \$12.3M (3%) from \$422.9M in 2023 to \$435.2M in 2024. Much of the increase is attributable to the university's campus plan activities. Through a rigorous analysis of the real estate portfolio, the university is selling smaller buildings not suited to the learning and social fabric of a university and renovating the larger buildings, creating vibrant, sustainable, modern living, learning, and leisure spaces.

Total Liabilities

The university's liabilities decreased \$14.2M (9.6%) from \$147.5M in 2023 to \$133.2M in 2024. The principal reason for the decrease was the annual principal payment on the long-term debt issuances as well as the payment of the outstanding line of credit.

Net Assets

Net assets increased \$26.6M (6.3%) from \$275.4M in 2023 to \$301.9M in 2024 because of an operating deficit of \$16.9M, investment gains of \$12.5M, gains on sale of real estate of \$43.2M and contributions to the endowment from donors of \$6.7M. Donor restricted funds totaled \$47.7M or 16% restricted and unrestricted funds total \$254.2M or 84% unrestricted.

Statement of Activities

Operating Results

Tuition revenue for 2024 was \$60.5M or \$1.7M less than in 2023, because of lower enrollment. Despite the small reduction in enrollment, overall revenue for the university was \$85.3M or \$200K less in 2024 than in 2023.

Total expenses were \$102.3M or \$1.8M more than in 2023. While the university ended the fiscal year with an operating deficit of \$16.9M, as the university transitions with a focus on the core programs of education, mental health and wellbeing, art and design, liberal arts and business and Threshold, operational efficiencies will begin to materialize in 2026 and 2027.

The FY 24 operating deficit is (\$16.9M) as reported on the GAAP financial statements. However, considering the major operational realignments that have been achieved and are in process, a more accurate representation of the University's operational run rate for FY 24 can be explained in the table below, bringing the deficit from (\$16.9M) to (\$13.2M).

Financial Item	Amount	Balance
2024 Operating Deficit		-16.9
Add Back: Workday HR/Payroll Implementation Costs	1.1M	
Add Back: Facilities costs because of RE restructuring	0.5	
Add Back: Teach Out Costs of Programs Closing	0.811	
Add Back: Legal, Programming & Other closure costs	0.35	
Add Back: UI Increased tax	0.25	
Add Back: LOC Interest	.679K	-13.21

Non-Operating Results

The primary drivers of the non-operating results were the investment gains, gain on sale of real estate, and the endowment contributions.

Looking Ahead to FY 2025 and beyond

Operational Plans impacting FY 25:

- UG Applications, the top of the funnel, have increased each of the last four years and are 8% higher than in 2021.
- UG selectivity and yield metrics have improved to levels not seen since 2021/2022.
- The university's partnerships program, linking employers and students, is gaining steam with 10 signed agreements and 30 scholars in FY 25. Another 10 organizations are in conversations with the university. We expect the scholars program to continue to be an integral supplement to the traditional enrollment program and will become a signature element of Lesley University. As of now, we are expecting 60-70 scholars for September of 2025.
- The Campus Plan is coming alive with the renovation of the South Campus and improved spaces in University Hall, creating dynamic student living, study and leisure spaces.
- Major new tenants in University Hall will increase revenue and equally important draw the public back into Lesley University and build community connections.

The South Campus is now largely open and the chapel will receive upgrades and renovations. Sherrill Hall will reopen the 2nd and 3rd floors in February 2025 with enhanced student learning, gathering and entertainment spaces. It is an exciting time to see the historic Brattle Street campus come alive and with the modern Porter Square campus, the University is quickly transforming its physical spaces to match the learning, living and leisure activities of the student body.

These improvements in our efforts to broaden the appeal and reach of Lesley University to potential students are beginning to show signs of improvement. To complement the emerging appeal, we are continuing our work on improving the physical campus and we continue to evaluate the size and needs of the physical campus to match the learning and social needs of our students.

Endowment. The university is fortunate to have a strong endowment, with a balance at June 30, 2024 of \$184M. In addition, 82% of this endowment is unrestricted, allowing the university to be nimble, patient, yet strategic as we right size the university for the future. In October 2024 the Investment Committee authorized the university administration to issue an RFP for an endowment management firm, under an OCIO model. We believe this is the right time to engage the marketplace and choose a firm that can assist the university in building a high performing portfolio. As we write this, we have received 11 responses from established and proven firms, and we expect the Investment Committee and the Board of Trustees to make a decision late spring of 2025.

The continued restructuring of the university will continue throughout FY 25 and into FY 26. This effort will continue to take time and resources as we prepare the university for the competitive and quickly changing nature of the higher education landscape. Preparing Lesley as we discussed in the beginning of this note to have a laser focus on students, professionals, alumni and employers connecting them to the core academic strengths of education, mental health and wellbeing, art and design, liberal arts and business and the Threshold program, will set the university up to be sustainable and successful in the future.