



**Clark University
Financial Statement Summary
For the Fiscal Year Ended May 31, 2023**

The Fiscal Year 2023 financial reports for Clark University “the University” include the opinion of the University’s independent auditors, audited financial statements, and corresponding footnotes.

Overview

Clark’s financial performance for FY 2023 was mixed as a result of ongoing inflationary pressures on operations coupled with negative investment performance.

The University’s operating performance improved from FY 2022 primarily due to increased net tuition revenue and a large unrestricted bequest. The University’s recent investments in its physical campus, academic programming, and administrative systems and classroom technology are providing the foundation for student recruitment and retention. The University is experiencing strong demand for its professional studies and graduate programs and increased interest in its undergraduate programs with the addition of new academic programs. The competition among regional colleges and universities has put pressure on undergraduate net tuition revenue, but the University is seeing modest growth in total undergraduate net tuition revenue.

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

Total Assets

The University’s total assets decreased 6% from \$778.3 million as of May 31, 2022 to \$728.5 million as of May 31, 2023. This decrease was primarily due to negative investment performance during FY 2023. There was a transfer of approximately \$50 million from the investment portfolio consisting of Series 2021 bond proceed project funds to fund the construction of the Center for Media Arts, Computing and Design which opened in September 2023, as well as other capital projects on campus.

Total Liabilities

Total liabilities decreased \$14 million, or 6% due to the elimination of notes payable in conjunction with the unwind of a New Market Tax Credit transaction, which took place as planned at the end of the seven-year tax credit term in November 2022. A one-time net gain on the sale of these tax credits of \$2.9 million was recorded in other non-operating changes, net.

Total Net Assets

Total net assets decreased \$35.9 million, or 6% to \$527.3 million due primarily to an operating surplus of \$0.6 million, combined with negative investment performance of \$42.5 million in FY 2023. Donor-restricted funds totaled \$394.8 million (or 75%) and unrestricted funds totaled \$132.4 million (or 25%) of the total net assets as of May 31, 2023.

Statement of Activities

Operating Results

The University's total operating revenue and other support totaled \$161.1 million, an increase of \$25.0 million, or 18% from FY 2022. This increase was primarily due to an increase in graduate enrollment, which positively impacted net tuition and fees and revenue from auxiliary services. Contribution revenue increased \$4.9 million, or 83% year over year due to a significant unrestricted bequest received. There was also an increase in income appropriated under spending policy as a result of a 6.00% distribution rate on quasi-endowment funds supporting operations versus a 5.50% rate in FY 2022.

The University's total operating expense increased \$14.8 million, or 10% from \$145.7 million in FY 2022 to \$160.5 million in FY 2023. This increase was primarily due to the impact of higher enrollment and inflation on operating expenses, as well as strategic investments made in the University's programs and facilities in alignment with the University's strategic framework.

The University generated a net operating surplus of \$0.6 million in FY 2023 due to the positive operating leverage provided by an 18% increase in revenue and other support and a 10% increase in operating expense.

Non-Operating Results

The primary contributor to the net non-operating expense of \$36.5 million was negative investment performance in FY 2023.

Looking Ahead

The University's new state-of-the-art Center for Media Arts, Computing, and Design opened as scheduled for the start of the fall 2023 semester. The facility is an exciting addition to campus that enables interdisciplinary synergies with the University's academic program in game design and creates a new hub for innovation and research.