

BAC HIGHLIGHTS & FINANCIAL SUMMARY FY19 to FY21



From the desk of Sydney R. Leo, Vice President of Finance & Administration



OVERVIEW

The Boston Architectural College (The BAC) has been a leader in design education since its founding in 1889 as the Boston Architectural Club. In the early days, practicing architects volunteered their time to teach evening courses, allowing other club members to advance their skills, regardless of socio-economic status and education.

Our mission is to provide excellence in design education emerging from practice and accessible to diverse communities.

The BAC is officially recognized as a Title III school, meaning that it serves the educational needs of financially challenged and underrepresented populations. Each year, the school attracts an increasingly diverse student body, and unlike most institutions of higher learning, the success rate among minority students is equal to and higher than that of the student body overall, reinforcing the fact that we have learned to support all students well.

Central to the success of the BAC is the ability to provide the resources required while ensuring affordability for our students. In Fiscal year 2020, the BAC began implementing a Strategic Resource Planning process that enables the BAC to maintain financial sustainability while investing in the BAC's strategy and our students.

A New Strategy

With the installation of the new president, Dr. Mahesh Daas, in July 2019, the college maintained its focus on near-term goals for enrollment, retention, and graduation, while transitioning to new leadership and vision.

Learning from the pandemic, our 2020-2025 strategic plan, *BAC to the Future*, arises from the need for flexibility, adaptability, and responsiveness to changing conditions as we implement initiatives over five years to meet more students wherever they may be and to further our mission.

Our aim is to achieve long-term viability as a mid-sized higher education institution, optimizing financial resources for multi-year operations to fulfill our mission.




The strategic plan identifies six dimensions of our vision, provides an overarching framework for an ongoing planning process that embraces continuous improvement

FY19 to FY21 Financial Summary

Statement of Activities

Operating Results:




Total Revenue grew 5.09% from FY19 to the end of FY 21. This increase in revenue was due primarily to an increase in student enrollment in 2020 and 2021.

- FY21: 2.53% (\$433,608) 
- FY20: 2.49% (\$416,752) 
- FY19: -.67% (-\$111,870) 

The BAC's investment in technology and remote learning, enabled the BAC's returning students and new student to continue receiving an affordable and high quality academic experience remotely during the pandemic.

Despite enrollment growth, Operating Expenses were reduced .51% (\$88,887) from FY19 to the end of FY 21. While some of this reduction was due to closing onsite operations during the pandemic. The BAC worked to identify opportunities to optimize spend through its strategic resource planning process.




The BAC has historically broken even or incurred a decrease or increase within \$700k to net assets.

- FY21: \$295,744 
- FY20: -\$684,412 
- FY19: -\$623,503 

Non-Operating Activities:

The BAC has carefully managed its investments and endowment ensuring adequate growth and spending within policy. The primary focus is to ensure funds are available to support operations and students, while enabling investment in our strategy.

As a result, Net Assets have increased 24.44% from FY19 to FY22.

- FY21: \$23,052,080 
- FY20: \$18,536,817 
- FY19: \$18,525,210 

The large increase in Net Assets in FY21 was due in large part to the large increase in the market in that year, as well as the forgiveness of the Payment Protection Program loan.

and response to emerging conditions, outlines six high level goals, and presents nine inaugural initiatives.

One of the initiatives, the BAC Cloud Canopy, was put on an accelerated implementation path as we addressed the challenges of the pandemic.

The BAC Cloud Canopy

The BAC launched a comprehensive cloud-based system to connect faculty and students with remote teaching and learning, access the myriad software systems used in the architecture and design fields as well as in and design education, and build support and connectivity for BAC communities of learners, designers, faculty, staff, alumni, and our professional partners.

With the closing of the campus in late March 2020, the BAC team rallied to consolidate access to our learning management system, email, student portal, student support services including advising, tutoring, and student life, the library's digital resources, all the software platforms identified across our spatial design programs (Cloud Lab), and BAC events. Cloud Lab was piloted in Summer 2020 and the Cloud Canopy was online for the start of the Fall 2020 semester.

BAC FINANCIAL MANAGEMENT & RESOURCING

As a very small, private, not-for-profit special focus institution, we have continued to operate responsibly within our means, neither overextending debt nor depleting our endowment. Since much of the BAC's revenue has come from student tuition and fees and thus is tied to enrollment, we have carefully reduced resource use in appropriate areas in the past as we grappled with decreasing enrollment. As a result, we are lean and in a healthy position, with stabilized enrollment and retention.

The BAC is carefully and intentionally moving from stabilization to growth goals. Our 2020-25 strategic plan includes, among six strategic goals, "realizing our vision through innovative resourcing models." The plan and this goal are supported by the college's strategic resource planning model, an innovation that replaces an incremental budgeting model based on current year funding.

The BAC has also established long-term financial goals that transition the college from a student revenue dependent institution to a self-sustaining institution that can further provide scholarships and other supports to our students as well as continue to provide high quality education and access to leading technologies.

FY19 to FY21 Financial Summary

Statement of Financial Position

Total Assets:

The BAC's Total Assets have grown year over year based primarily on the fiscal year operating results and market impact on investments and endowment.

- FY21: \$43,735,977
- FY20: \$42,790,435 *(Note1)*
- FY19: \$33,787,011

Total Liabilities:

The BAC's Total Liabilities have decreased year over year based primarily on the pay-off of the two Bonds issued to the BAC for the purchase of its 951 Boylston Street building and the improvements to the alleyway between the 320 Newbury and 951 Boylston buildings.

- FY21: \$20,683,897 *(Note2)*
- FY20: \$24,253,618 *(Note1)*
- FY19: \$15,261,801

Total Net Assets:

The BAC's Total Net Assets have increased year over year. The large increase in fiscal year 2021 was due primarily to the large net investment increase of \$3m in the endowment.

- FY21: \$23,052,080
- FY20: \$18,536,817
- FY19: \$18,525,210

Note1: The change between FY19 and FY20 is due to a change in the BAC's Financial Reporting policy related to deferred student revenue in FY21. Prior to FY21, deferred student revenue, revenue invoiced before the end of the current fiscal year but for courses/programs that will occur in the next fiscal year, was discounted using a complex model. In FY 21, the policy was changed to present all deferred student revenue and the corresponding accounts receivable.

Note2: The change in liabilities between FY20 and FY21 is related to the Payment Protection Program loan received during the pandemic and then forgiven in FY21.