

College of the Holy Cross
Financial Summary
2018-2019

The fiscal 2019 financial statements for the College of the Holy Cross (the “College”) covering the period from 7/1/2018 through 6/30/2019 reflect a year of balance sheet strength and strong financial performance.

Balance Sheet

Assets: The balance sheet, which provides a financial snapshot of the College as of June 30, 2019, reflects total assets of \$1,257 million, which was \$24.3 million or 2.0% higher than the previous year. Most of the asset growth came from additional cash that increased \$22.1 million over the previous year primarily from debt proceeds used to finance major construction projects and the receipt of additional donor contributions. Most of the College’s total assets consisted of long-term investments (\$793.4 million or 63.1% of the total) and land, buildings, and equipment, net of accumulated depreciation, of \$308.0 million, or 24.5% of total assets.

Liabilities: Liabilities on June 30, 2019 totaled \$220 million, most of it in the form of long-term debt of \$159.8 million. The majority of the \$13.8 million increase in total liabilities over the previous year was due to \$8.5 million of additional liability associated with the College’s defined benefit pension plan for hourly employees. The other major component of the growth in liabilities was long term debt that increased \$5.0 million during the year; the College borrowed \$13.0 million to finance construction, an amount that was partially offset by payments on existing debt and the amortization of bond issue costs that totaled \$8.0 million.

Net Assets is the difference between total assets and total liabilities and is the equivalent of the College’s net worth. At the end of fiscal 2019, the College’s net assets totaled \$1,037 million. Nearly half (or \$506 million) of total net assets have no donor-imposed restrictions on their use while \$531 million, or 51.2%, is either permanently restricted with respect to use or has temporary restrictions.

Statement of Activities

The increase in net assets from operations, sometimes referred to as “operating margin,” is the difference between operating revenues and operating expenses. Since it excludes non-operating items such as investment gains or losses, donor contributions toward capital projects and the endowment, and certain pension adjustments, operating margin is a measure of how the College manages its day-to-day operations. In fiscal 2019, the College generated an operating margin of \$8.9 million, which represented 4.5% of total operating revenues.

Total operating revenues amounted to \$200.7 million in fiscal 2019, an increase of \$8.9 million over fiscal 2018. The majority of revenues was provided by tuition, dining and residential fees net of financial aid, which totaled \$136.2 million and accounted for slightly more than two-thirds (67.9%) of total operating funds. Despite increased financial aid costs, this key revenue source increased \$8.0 from the previous year as a result of higher enrollment and a 4.6% increase in student charges. The College’s endowment, which provided \$30.4 million of support, represented the second largest source of operating funds in fiscal 2019. Additional operating support was provided by auxiliary enterprises such as bookstore and conference services, contributions to the annual fund from alumni, as well as revenue from grants and contracts.

Operating expenses totaled \$191.7 million during fiscal 2019, an increase of \$8.8 million over the previous year. As at most similar institutions, salaries, wages and benefits that totaled \$113.4 million represented

the majority (59.2%) of the College's operating expenses during the year. Maintaining a residential campus also requires a broad array of support expenditures that include the cost of food, utilities, maintenance, and equipment. Together, these expenses amounted to \$55.4 million in fiscal 2019, or 28.9% of total expenses. Lastly, depreciation and borrowing costs totaled \$22.9 million in fiscal 2019, an amount largely unchanged from fiscal 2018.

Non-Operating items are revenues and expenses outside of the College's core operations. For 2019, these items included contributions totaling \$25.3 million to support the endowment and capital projects. In addition, investment gains on the College's investments totaled \$25.9 million. When combined with transfers to support campus operations and the costs associated with additional pension obligations, non-operating items contributed \$1.5 million to the College's net assets in fiscal 2019.

Looking ahead:

The College of the Holy Cross enters fiscal 2020 from a position of strength. The College's *Become More* capital campaign has achieved nearly 90% of its \$400 million goal and the College's has demonstrated its optimism for the future by breaking ground on a state-of-the-art performing arts center that will represent the largest single capital project in its history.