

STONEHILL COLLEGE
FY 2019

OVERVIEW OF THE FINANCIAL STATEMENTS
Internal Comments

I. Overall Results

For the fiscal year ending June 30, 2019, Stonehill College saw an increase in its financial position of \$12.9 million. This increase is the result of a favorable operating surplus of \$2.6 million, restricted gift contributions of \$11.9 million, a positive investment return of \$11.6 million and a negative \$2.9 million net change in the valuation of the College's interest rate swap agreements. This increase was offset by the authorized \$8.5 million of distribution from endowment and a loss of \$546 thousand on the disposal of fixed assets (Business Building).

In summary:

Total net assets have increased to \$307.1 million, representing an increase of 4.4% or \$12.9 million for the year.

Total operating revenues and expenses were \$105.0 million and \$102.4 million, respectively, resulting in a net operating surplus of \$2.6 million.

Total investments increased to \$217.8 million, representing an increase of 2.8% or \$5.9 million for the year. This is mainly attributed to an endowment distribution of \$8.5 million, a positive endowment return of \$11.4 million and endowment gifts of \$2.9 million.

Total contributions from gift payments and pledges were \$12.7 million, comprised of \$815 thousand for operations and \$11.9 million for restricted/endowment/capital.

II. Statement of Financial Position

Cash and cash equivalents decreased by \$2.8 million to \$17.9 million. The total student receivables balance is \$414 thousand. This includes an allowance for uncollectible accounts of \$100 thousand. These account balances are actively managed by Student Accounts and usually decrease by the College's fall enrollment deadlines.

Contributions and grants receivables increased by \$4.1 million, from \$11.2 million in FY18 to \$15.3 million in FY19. New pledge commitments for FY19 totaled \$7.3 million with pledge payments of \$3.3. The pledge discount and reserve for unfulfilled pledges

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decreased by approximately \$177 thousand from \$1.2 million in FY18 to \$1.0 million in FY19.

II. Statement of Financial Position (continued)

Restricted cash decreased by \$847 thousand. This decrease is mainly due to the last drawdown of 1.2 million of the \$1.2 million restricted cash as of June 30, 2018 relating to the construction of the New Academic and Welcome Center. This decrease is offset by a slight increase of \$299 thousand in Perkins cash relating to the close down of this program.

Land, buildings, equipment, and construction in progress increased by a net amount of \$24.7 million. Capital asset additions were \$32 million, primarily due to the remaining spending relating to the construction of the New Academic and Welcome Center which opened last summer and to the new construction related to the Leo J. Meehan Business Building, which opened this summer. Depreciation costs, for FY19, totaled \$7.0 million. There was also a loss of disposal of assets of \$546 thousand, due to Stanger Hall being taken down.

Note and bond payable increased by \$17.7 million as a result of a \$25 million construction line of credit for the new Business Building offset by debt payments.

The College's interest rate swap valuation saw a negative change which resulted in an increase of \$1.9 million in the liability.

Of the total net assets of \$307.1 million, 70.9% are classified as without donor restrictions and 29.1% as with donor restrictions. Of the \$89 million of with donor restrictions, \$65 million consists of endowment funds, true endowment and gains (realized and unrealized) and the remaining \$24 million corresponds primarily to pledges, donor restricted gifts, annuity funds and perpetual trusts.

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III. Statement of Activities

Current operations resulted in total revenues of \$105 million and total expenses of \$102.4 million, thereby producing an increase in unrestricted net assets from operations of \$2.6 million. Operating revenues increased by 5.5% and corresponding operating expenses increased by 5.5% from FY18 levels.

Non-operating activity resulted in a positive net change of \$10.4 million. This was primarily the result of the new gifts of \$11.9 million, investment gains of \$11.6 million. In addition, the College made interest rate payments of \$882 thousand on the swap investment and distributed \$8.5 million from the endowment. Total interest and fees paid on swaps and notes/bonds payable for FY'19 was \$3.2 million. The College also incurred a \$546 thousand loss on disposal of assets (noted above).

IV. Statement of Cash Flows

Cash and cash equivalents totaled \$17.9 million, representing a decrease of \$2.8 million from the prior year. Net cash provided by operating activities was \$1.5 million, net cash used in investing activities was \$27 million, and net cash provided by financing activities of \$22.7 million.