

Letter from the Vice President for Finance and Administration —Fiscal Year 2020

I am pleased to present the audited financial statements for Wheaton College for the fiscal year ending June 30, 2020. The college received a “clean” or unqualified audit opinion from our external auditors, which means the financial statements are presented fairly and are free from material misstatement.

Despite running an operating deficit in fiscal year 2020, Wheaton ended the year with a strong balance sheet and significant liquidity. The operating deficit of \$6.6 million reflects the impact of the COVID-19 pandemic and the very challenging operating environment for small colleges. Despite these challenges, the college was cash flow positive for the year with cash and short-term investments growing from \$9.7 to \$13.7 million.

The college’s endowment reached an all-time high of more than \$210 million at June 30, 2020 and has continued to grow into fiscal year 2021, aided by positive returns and donor contributions. The endowment provides an annual distribution of over \$10.5 million to help fund scholarships, instruction, academic support, capital improvements, and general operations. The board-restricted portion of the endowment was approximately \$40 million at June 30, 2020 and serves as an additional source of liquidity for the college if needed.

The college successfully completed a \$52.3 million three-year fundraising initiative on June 30, 2020 at 5% over goal. Proceeds from the campaign were used for support of campus space renewal and construction, the Wheaton Fund, scholarship, experiential learning, and faculty support. The support of Wheaton alumni and friends has allowed the college to continue to grow revenue from annual giving.

The outbreak of COVID-19 disrupted college operations during this fiscal year, as a state of emergency was declared in March 2020 by both Massachusetts Governor Baker and President Trump. At that time, with the health and safety of the community in mind, the college shifted to remote operations, and students were asked to return to their permanent residences with instruction continuing in a virtual format. As a result, the college refunded \$5.1 million to students for unused room and board. Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the college received a total of \$1.3 million. The college distributed half of these funds to students to assist them with their COVID-related costs. The other half of the CARES aid was used to fund COVID mitigation expenses in fiscal year 2021. The college was also able to secure a \$6.5 million Paycheck Protection Program loan through the Small Business Administration.

The college’s ability to control the financial impact of COVID-19 on fiscal year 2020 was limited, given that the fiscal year had just over three months remaining when the pandemic hit. Our lost revenue was partially offset by operating expense savings, as non-essential spending was curtailed. It was also partially offset by the significant increase in revenue from the College’s summer term, as enrollments rose with the move to an entirely remote format.

The college is taking strong measures to minimize the financial impact of COVID-19 and the challenging higher education market on the college’s finances in fiscal year 2021. Cost reductions measures have been put in place while significant investments have been made in COVID-19

mitigation efforts. At the same time, the college is looking to grow in new and exciting ways with the addition of new majors and minors and investments in academic and innovation spaces on campus. We are confident that the measures we take now will ensure the college will be on a solid financial footing for years to come.

Meghan E. Kass
Vice President for Finance and Administration