

## **Letter from the Vice President for Finance and Administration — Fiscal Year 2023**

I am pleased to present the audited financial statements for Wheaton College for the fiscal year ending June 30, 2023. 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.

As an industry, the market factors impacting higher education continue to be defined by both inspiring opportunities and discouraging demographic trends and rising operating costs. Despite the fact that many of the ongoing disruptive factors for higher education began in the early 2000’s, Wheaton has maintained stable enrollment, developed and sustained competitive academic facilities, grown its endowment and annual fundraising, and funded significant strategic investments for growth, including new academic programs and athletic teams, and improving student retention. The college is focused on its integrated financial strategy to simultaneously grow and diversify total net revenues, improve operating margins, increase philanthropic support, sustain and grow its financial resources, increase debt capacity, and invest in campus renewal.

Wheaton ended the year with an unrestricted operating deficit of \$8.85 million, yet still managed to close with a stronger balance sheet. This outcome included maintaining cash reserves of over \$20 million for operations; transferring more than \$4 million of cash to quasi endowment (i.e., long-term investment portfolio), contributing to the preserving and growing our financial resources.

The FY’23 operating performance not only reflects the challenging operating environment for higher education institutions but also includes significant strategic start-up investments for new programs, including criminal justice, design and nursing. Each of these programs enrolled their first students in fiscal year 2024. The college has also added women’s and men’s water polo and fencing to our roster of NCAA teams. Finally, the college launched WheaGo, an innovative program that allows incoming first-year students to begin their college careers abroad. The offering introduces another competitive advantage in recruiting students, providing the opportunity to study international relations and communication in Barcelona, fashion and design in Paris, business and hospitality in Sydney, or environmental and interdisciplinary study in Lugano, Switzerland.

As a result, the college is beginning to realize growth from these new programs with a 6% increase in the number of new students in fall 2023, and our student retention has returned to pre-pandemic levels.

The college's endowment market value was \$256.2 million at June 30, 2023, up approximately \$15 million from June 30, 2022 due to net investment returns of \$19.3 million and donor contributions of \$9.4 million, offset by the annual endowment distribution of approximately \$14 million to support the college's operating budget. The endowment investment performance compares favorably to the respective market indices. The endowment distribution supports the college's operations, providing funding for student scholarships, student experiential learning opportunities, faculty research, academic program support, capital improvements, and other strategic operating needs. The unrestricted quasi portion of the endowment portfolio was \$46.4 million at June 30, 2023 and serves as an additional source of liquidity for the college, if needed.

We are confident that our growth strategy and other innovative measures we take now will ensure the college will be on a solid financial footing for years to come.

Roger W. Stackpoole  
Vice President for Finance and Administration