

Letter from the Vice President for Finance and Administration — Fiscal Year 2022

I am pleased to present the audited financial statements for Wheaton College for the fiscal year ending June 30, 2022. 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.

Wheaton ended the year with a positive operating margin and a strong balance sheet and liquidity. The unrestricted operating margin of \$2.1 million reflects stable enrollment, strategic investments in new programs including nursing, and continued operating impacts and additional costs associated with the COVID-19 pandemic, offset by approximately \$11.9 million in federal grants awarded to recover some of our COVID revenue losses and increased costs. The federal grant programs consisted of Higher Education Emergency Relief Funds and the CARES Act Employee Retention Tax Credit. In addition to these federal grants, the college qualified for the federal forgiveness of the fiscal year 2020 COVID Payroll Protection Loan for \$6.5 million (this loan forgiveness is included in our nonoperating revenues, thereby excluded from the operating margin referenced above).

Despite the challenges facing the higher education sector in general and smaller institutions specifically, high inflation, and significant downturn in the global financial markets, the college generated positive cash flows from operations after debt service, contributing to the growth in cash and short-term investments from \$14.5 million to \$17.9 million.

The college’s endowment market value was \$241.5 million at June 30, 2022, down approximately \$25 million from the June 30, 2021 due to net investment losses of \$22 million (due to the significant market downturn) and the annual allocation of \$11.4 million endowment funds for operations, offset by donor contributions of \$8 million. The endowment investment performance compares favorably to the respective market indices. The \$11.4 million of annual endowment distribution to support the college’s operations provided funding for scholarships, instruction, academic support, capital improvements, and general operations. The board-designated portion of the endowment was \$41.8 million at

June 30, 2022 and serves as an additional source of liquidity for the college if needed.

The college continued the renovations of the Haas Athletic Center and the renewal of the Old Science Center to develop the Diana Davis Spencer Discovery Center, completing these projects in August 2023. The Discovery Center renovation includes classrooms, labs and offices for the new design and nursing programs. These projects were funded from over \$19 million in gifts along with proceeds from the debt financing issued in March 2021.

The college is focused on growth in our academic programs and student enrollment. Our growth strategy incorporates returning to pre-pandemic student retention rates; new academic programs including the interdisciplinary design major that was introduced this academic year, and welcoming our first students this coming fall in the new nursing, criminal justice, restorative justice, and criminology programs; growth in our athletics programs; and other strategic investments.

An innovative first-semester abroad program will begin next fall called WheaGo. This program will provide incoming first-year students with the opportunity to begin their college careers studying international relations and communication in Barcelona, fashion and design in Paris, business and hospitality in Sydney, or environmental and interdisciplinary study in Lugano, Switzerland.

Wheaton is making significant investments in our athletics program to strengthen admissions efforts and improve student retention. For the first time in 25 years, we are adding new varsity teams to our roster: men's and women's water polo will be introduced next academic year. We recently hired head coach, Alana Burgess, who was most recently at Brown University, and we are actively recruiting student-athletes for this new program.

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