



Endicott College FY 2020 Financial Narrative

Endicott College completed the annual financial reporting for the year ended June 30, 2020. The financial reporting contains the opinion of the College's independent auditors and the financial statements with related footnotes. In order to provide additional context to these results, the College has provided a narrative of financial performance over the last fiscal year. Fiscal Year 2020 was an unprecedented year for Endicott College. In March of 2020, the campus transitioned to remote operations due to the emergence of the COVID-19 global pandemic. This included sending students home and applying \$9.2 million of room and board refunds and credits as the campus switched to a fully virtual operation. The campus closure also generated operating expense savings compared to budget and the College remained in a solid financial position during this period.

Statement of Financial Position

The fiscal year ended on June 30, 2020 with total assets of \$399.8 million, \$8.7 million or 2.2% higher than the end of the previous fiscal year. This increase was primarily driven by the College drawing \$4.0 million on a line of credit as a precautionary measure related to the pandemic. Total liabilities amounted to \$126.6 million, \$5.6 million or 4.6% greater than the previous fiscal year. This change was driven primarily by tuition refund credits resulting from the campus closure which remained on student accounts and the outstanding line of credit obligation. The total net assets which is the difference between the College's assets and its liabilities, and the equivalent of its net worth, totaled \$273.2 million as of June 30, 2021, an increase of \$3.1 million or 1.1%

Operating Results – Statement of Activities

The College was able to maintain a strong operating margin in FY2020 which is the difference between operating revenues and operating expenses and is a measure of how effectively the college is managing its routine operations.

Total net student fees of \$105.5 million decreased from the prior year by \$6.0 million or 5.4% due to the refunding of room and board charges. As part of the CARES (Coronavirus Aid, Relief, and Economic Security) Act the institution received approximately \$2.0 million in funding, half of which was awarded directly to students and is the reason for the increase in federal and state grant revenue from the prior fiscal year. Conference and educational services revenue at Endicott declined approximately \$2.0 million from the prior year as all events stopped in March of 2020 for the following months.

Overall, total revenues for the fiscal year ended at \$120.8 million, a \$6.4M or 5.0% decrease from the previous fiscal year.

Departmental expenses at the end of the fiscal year were approximately \$2.5 million lower than budgeted which is directly related to the campus closure. Additional operating expense savings

compared to budget were realized across the physical plant and in food service while areas such as information technology increased expenditures in order to quickly pivot to remote instruction and work.

Overall, Endicott recorded \$109.5 million of operating expenses for the fiscal year ending June 30, 2020 which is relatively flat compared to the prior fiscal year of \$110.0 million. This contributed to an increase in net assets from operations of \$11.4 million while non-operating activity such as investment losses, change in the value of interest rate swaps and a disposal of a fixed asset contributed to the overall increase in net assets for FY2020 of \$3.1 million.