

**Financial Summary**  
**For the Fiscal Year Ended June 30, 2021**

***Overview***

Despite the significant challenges presented by the ongoing impact of the COVID-19 pandemic, Holy Cross ended Fiscal Year 2021 in a strong financial position. Prudent financial management and collaboration across all divisions yielded positive operating results despite a shift to a primarily remote fall 2020 semester. The generosity of alumni and friends of the institution was unwavering through both annual giving and payment of existing pledges. Additionally, the robust level of operating support from the College's endowment, which ended the year over \$1.0 billion for the first time in the College's history, balanced out the revenue stream during the year.

The necessary robust health and safety protocols in place, including extensive COVID testing and contact tracing, enhanced cleaning protocols, take-out meals in the dining hall, and meal deliveries for students, and dedicated isolation and quarantine spaces, added significant expense. Additionally, dining, residence halls, and classrooms underwent modifications to enable hybrid in-person and remote learning. All were, however, essential investments in our community to allow for a modified but incredibly high-quality learning experience for our students. The community also responded by being strong stewards of their resources to help the overall management of expense lines.

***Total Assets, Liabilities and Net Assets***

On June 30, 2021, the College's **total assets** were \$1.6 billion, \$297.8 million (22.6%) higher than at the end of the previous fiscal year. The increase was principally driven by investment gains and contributions to the College's endowment that brought the total long-term investment balance to a record \$1.1 billion at the end of the fiscal year. In addition, property, plant, and equipment totaled \$389.2 million, increasing \$42.5 million. This increase was driven principally by construction spending on the Prior Center for Performing Arts. Cash and cash equivalents declined \$19.4 million to \$106.6 million as the College deployed short-term investments acquired in the previous year.

**Total liabilities** amounted to \$303.5 million on June 30, 2021, increasing \$5.7 million. About three-quarters of the College's liabilities consist of long-term debt, totaling \$227.9 million on June 30, 2021. Long-term debt increased \$16.5 million during the year. This was principally driven by using the remaining \$26.5 million available on the College's \$49.0 million term loan offset by principal payments on outstanding debt. Due to solid investment returns on plan assets, the College's obligations on its defined benefit pension plan for hourly employees totaled \$8.9 million, declining \$11.4 million year over year.

The resulting **total net assets**, which is the difference between the College's assets and its liabilities and the equivalent of its net worth, totaled \$1,314.5 million as of June 30, 2021, an increase of 28.6% during the fiscal year.

## ***Endowment***

The endowment totaled \$1.0 billion on June 30, 2021, representing 79.4% of the College's total net assets. Endowment assets increased 37.2%, or \$283.0 million, during the year as a result of investment gains net of management fees and contributions and transfers to the endowment. Investment markets, particularly those in the U.S., were extremely strong during fiscal 2021 as federal stimulus programs aided consumer spending. In addition, the development and deployment of coronavirus vaccines also allowed the domestic economy to re-open more quickly than most other countries.

## ***Operating Results***

Operating margin, defined as the difference between operating revenues and operating expenses, measures the College's effectiveness in managing day-to-day operations. It excludes non-operating items such as investment gains or losses, contributions toward capital projects and the endowment, and certain pension adjustments. Holy Cross operated at essentially a break-even level during a year that, as described at the outset of this discussion, was severely disrupted by COVID.

Like most colleges, Holy Cross's operating support depends significantly on net student fees. In fiscal 2021, 64.1% of the College's operating revenues, or \$114.1 million, was generated from tuition, required fees, and room and board charges, net of financial aid. This was \$19.5 million less than the previous year due to a primarily remote fall semester.

The College's operating expenses for the year ended June 30, 2021 totaled \$175.0 million. The largest single expense component for the College is **salaries and wages**, totaling \$81.8 million in fiscal 2021. When combined with associated fringe benefits of \$26.2 million, total compensation represented \$108.0 million, or 62% of total operating expenses in fiscal 2021. The College's combined compensation costs declined \$7.1 million from a year earlier as the College's response to the pandemic included a hiring freeze, limited furloughs, and College contributions to the retirement plan for salaried employees that were suspended for nine months.

**Supplies, services, and other expenses** consist of a broad array of expenditures, including utilities, equipment, professional and contracted services, the cost of goods sold in the College's bookstore and various dining venues, study away programs, travel, insurance, as well as others. These expenses totaled \$41.7 million in fiscal 2021, \$9.0 million less than the previous year. Although the College incurred additional costs for COVID testing, medical services, and isolation and quarantining costs for returning students, these were more than offset by significant savings in travel, study abroad programs, and food costs.

**Depreciation** expense totaled \$18.4 million, about \$0.6 million more than in fiscal 2020. Depreciation expense becomes the basis for the renewal and replacement portion of the capital budget; these funds help assure that there is ongoing investment in the College's campus infrastructure.

**Borrowing costs** associated with the College's long-term debt totaled nearly \$7.0 million in fiscal 2021 and represented 4.0% of total operating expenses. These expenses were \$0.6 million higher

than fiscal 2020 and largely reflected a full year of interest expense associated with our \$60.0 million bond issued in December 2019.

### ***Looking Ahead***

The College's balanced operating budget for fiscal 2022 reflects a return to more typical operations and from a position of financial strength. Enrollment for the fall 2021 semester is in line with pre-pandemic levels. All classes have returned to in-person teaching, and with appropriate health and safety considerations, students can participate in campus activities with minimal interruption.

The College's prudent financial management, together with extraordinary philanthropy and enrollment management, means that Holy Cross can and will continue to both think and act boldly. Holy Cross aspires to be a leader in the evolution of work. Through a pilot remote-work initiative, we are reimagining how we work together by adopting flexible work practices and policies that enhance employee productivity and satisfaction, supported by technologies that facilitate new forms of collaboration.