



BOSTON COLLEGE

OFFICE OF THE FINANCIAL VICE PRESIDENT AND TREASURER

Boston College Financial Statement Summary 2019-2020

As the following financial statements indicate, Boston College had another very successful year in Fiscal 2020 with significant net asset growth, despite the challenges imposed by the pandemic. Like our peer institutions, in March the University was forced to make the decision to close campus and send students home. Because of the closure, the University issued nearly \$24.0 million of pro-rated room and board refunds to students and moved to an entirely remote learning modality. Simultaneously, the University took significant steps to contain costs in order to mitigate the financial impact of the campus closure, including hiring and salary freezes, discretionary expense restrictions, and deferred capital plans. The positive results seen in the Fiscal 2020 financial statements are in large part attributable to the combined efforts of University leadership and the Boston College community during these unprecedented times.

Also contributing to the University's successful Fiscal 2020 was continued strength in undergraduate enrollment, a positive investment return of five percent, and significant growth in contribution revenue over Fiscal 2019. Furthermore, the University undertook a successful \$300.0 million debt issuance to replenish working capital reserves and fund the new integrated science building that will house the Schiller Institute for Integrated Science & Society. Additionally, the University completed a \$190.0 million debt refinancing in the spring, resulting in significant savings over the short and long term.

The following discussion and analysis provide additional commentary and data related to the financial performance of Boston College for the fiscal year ended May 31, 2020.

Statement of Financial position (Total Assets, Liabilities, and Net Assets)

The University's total assets at May 31, 2020 were \$5.2 billion, which was \$429.4 million or 9.0% higher than at the end of the previous fiscal year. The increase was largely attributable to growth in the investments financial statement line item due

to proceeds from the University's \$300.0 million debt issue, as well as growth in the University's endowment from a 5% investment return, coupled with the generosity of our donors who provided \$76.3 million in contributions to the endowment.

Also contributing to the University's increase in assets in Fiscal 2020 was a net increase to property, plant and equipment of \$58.6 million driven by significant construction projects on campus including the Margot Connell Recreation Center, construction of the new science building mentioned above, well as construction on the Pete Frates Center at Harrington Athletics Village, offset by the annual increase to accumulated depreciation.

Total liabilities amounted to \$1.6 billion at May 31, 2020, an increase of \$272.6 million which was primarily a result of the University's \$300.0 million taxable debt issuance, as well as a \$16.2 million increase to the University's post-retirement healthcare liability due to a 100-basis point decrease in the interest rate used to discount expected future cash payments to plan participants.

The resulting total net assets, the equivalent of the University's net worth, totaled \$3.6 billion as of May 31, 2020, an increase of \$156.8 million or 4.6% during the fiscal year.

Statement of Activities

Operating Results

The University's total operating revenues grew \$4.4 million or 1% over fiscal 2019. This overall growth—despite issuing student room and board refunds of \$24.0 million resulting in a 13% decline in auxiliary revenues—is in large part attributable to the strength of the University's enrollments contributing \$20.0 million or 4% growth in the tuition and fees revenue line.

Cost containment measures implemented swiftly in response to the campus closure helped to reduce operating expenses resulting in minimal expense growth of \$4.4 million or 1% over the previous fiscal year.

The University's increase in net assets from operating activities, (operating revenues in excess of operating expenses), of \$154 thousand shows consistency with our previous fiscal year and reflects solid operating results despite the impact of the COVID-19 pandemic.

Non-Operating Results

The University's net assets increased \$156.6 million from non-operating activities in Fiscal 2020. A \$64.7 million increase in philanthropic support resulting in contribution revenue of \$174.3 million is a key contributor to this financial growth, as is investment return of \$137.1 million driven by a 5% return on the University's endowment. The use of \$155.4 million in non-operating assets to support University operations results in the net overall increase from non-operating activities in Fiscal 2020.

Looking ahead

As detailed above, Boston College enters the 2021 fiscal year from a position of strength. A history of consistent, positive operating results combined with a strong liquidity profile, comprehensive planning, and careful stewardship of resources, have enabled the University to continue to thrive amidst the formidable challenges brought on by the global pandemic.

As always, but now more than ever, the University continues to focus on operating efficiencies, sustainability, resource conservation, and expense management to help ensure that resources are devoted to the highest strategic priorities in the year ahead and beyond.