Financial Statement Summary
Fiscal Year 2020

While the fiscal year ended June 30, 2020 (FY20) began like most other years in Smith's history, it ended in an unprecedented manner as the college shifted to remote operations in response to the onset of the COVID-19 pandemic. The entire campus community displayed its strong commitment to the college's mission and extreme adaptability, as students were sent home in mid-March, and academic delivery moved solely online. Despite issuing room and board rebates for the second half of the spring term and a 2.5% reduction in year-over-year operating revenue, the college finished the year with a small operating surplus reflecting the cost containment measures implemented in response to the pandemic. Total net assets posted a small decline due to a 1.8% investment return in the endowment, but the college was able to bolster liquidity and position itself for future investment by issuing $100 million in debt at near-historically low interest rates. The following discussion and analysis provide additional commentary and data related to the financial performance of the college for FY20.

Statement of Financial Position

The college's total assets as June 30, 2020 were flat at $2.7 billion over the prior year. Property plant and equipment increased by $54M representing the Neilson Library construction project, funded by gifts and short-term investments which decreased by $32.3M (48.7%) and the increase in payables. Long-term investments, including the college's endowment decreased $35.9M (1.7%) as the market contracted in the early stages of the COVID-19 pandemic. Receivables increased by $14M (23.7%) as donors made unconditional pledges to support the college and its initiatives.

Total liabilities as of June 30, 2020 were $388 million, which was a $19.8 million (5.4%) increase of the previous fiscal year. Of the increase, $11.1M is attributed to the increase in the interest swap agreement liability with the balance in payables. These swaps are maintained to approximate a fixed rate on the college's variable rate debt.

The resulting total net assets were $2.3 billion as of June 30, 2020, which was a $22M (1%) decrease over the prior fiscal year, of which split almost evenly between with and without donor restriction.

Statement of Activities

Operating Results

The college's unrestricted operating revenues decreased by $1.5 million (0.6%) on a GAAP basis, largely due lower net tuition income (4%) attributed to pandemic room & board refunds.

Net tuition represents 45% of operating revenue with unrestricted gifts, grants and investment return for operations and the endowment appropriation representing 50%.

Operating expenses decreased by $3.5 million (1.5%) over the prior fiscal year representing cost containment measures made in response to the COVID-19 pandemic. The ending unrestricted operating surplus of $10.5 million was an increase of $2M over the prior year is evidence of college's rapid response to the pandemic and related effective cost containment efforts.

Nonoperating Results

The college's net assets decreased $28.7 million during FY20 reflecting the valuation change of the interest rate swap and the net effect of the endowment appropriation exceeding the investment return.

Future Outlook

The college was among the first to pivot to remote instruction in spring 2020, and continues to take an appropriately conservative approach in its response to the pandemic. The college continues to prioritize the health and safety of its community, while delivery on the college core academic mission. To provide for liquidity insurance during the pandemic the college issued a $30 million line of credit that it has not accessed. An additional $20 million line was issued in August of 2020 for the same purpose. Subsequent to year end the college issued a $100 million in debt at a fixed 2.86% rate and 40-year bullet maturity to further shore-up near-term liquidity and for longer-term strategic investment purposes.