Management Summary of FY'19 Audited Financials

Under the direction of new Hebrew College leadership, FY'19 features first steps in a wide range of strategic initiatives designed to position the college for continued programmatic excellence and long-range fiscal responsibility. Most importantly, a decision previously made to right-size its campus and facilities footprint has resulted in the sale of Hebrew College's current campus, thereby fully retiring associated bank debt, and substantially enhancing working capital reserves. The college has engaged a diverse team of real estate professionals, board members, staff, and other advisors to identify optimal opportunities for relocation of the campus. Terms of the sale of the campus included provisions to remain at its current Herrick Road, Newton location through December 2022.

As a vitally important result of the sale, cash on hand increased to $1.76 million as of June 30, 2019 as compared with $574 thousand one-year prior. This cash will provide resources necessary to relieve current fiscal pressures and position the college for a soon to be launched comprehensive new campus capital campaign. One downside of the transaction as recorded on the books is a $2.2 million loss on sale. This is a non-cash entry, reflecting the difference between book value and current value, that will have no negative impact on the college's ability to operate. In fact, with five years of prepaid rent valued at $2.0 million on the balance sheet, the college is well positioned for achieving a balanced budget over the next few years while it remains at this location.

Other key metrics to highlight include:

- Total Unrestricted Operating Revenue increased by 3% over prior year to $8.41 million
- Total Operating Expenses decreased by 1% as compared with prior year to $9.41 million
- Change in Unrestricted Net Assets from operations of a negative $1.00 million is an improvement over the prior year loss of $1.35 million. And half of this loss is due to the non-cash impact of allocations from pre-paid rent.
    - Note: Management is fully committed to achieving a positive change in Unrestricted Net Assets on a cash basis in FY'20 for the first time in many years and to continue to do so reliably into the future.
- Current Liabilities of $1.06 million as of June 30, 2019 is a small fraction of its $9.02 million balance one year prior.
- Total Liabilities of $7.12 million is down 29% from prior year.
- A $5.2 million debt to CJP will be fully satisfied by July 2023 with the allocation of certain mortgage payments to be received by Hebrew College during that period as proceeds from sale of campus.

Keith Dropkin
Chief Financial & Administrative Officer