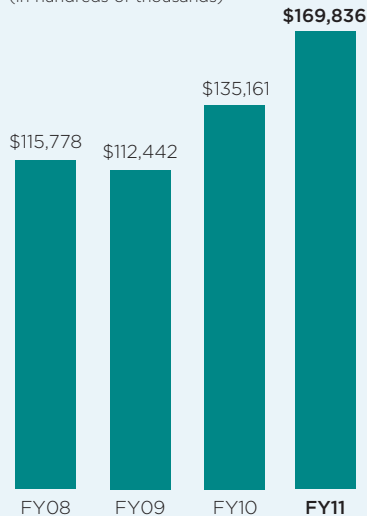


## Continued Growth & Financial Stability

### TOTAL NET ASSETS (in hundreds of thousands)



While we continue to navigate through the unprecedented turmoil in the overall economy and higher education we had another strong fiscal year ending June 30, 2011. The good news is that the financial markets came back during FY 2011 and at year end we had net market gains in excess of 24%. Our Investment balances exceeded over \$100 million for the first time in our history. As was the case throughout higher education, families continue to be challenged to finance the cost of attending college, due to continued high unemployment rates, erosion of personal net worth and continued difficulty in obtaining credit. Sacred Heart University continues to manage its financial affairs with the balanced goals of helping our students overcome these challenges, while managing University resources to ensure long term financial stability and support for the University's strategic initiatives. The University took advantage of the low interest rates to refinance existing debt and borrow additional funds to finance a new Student Services building to be the focal point of the campus near the existing Chapel.

Sacred Heart University operated with a balanced budget again in the fiscal year ending June 30, 2011. Net Tuition and fee revenue grew by 12% over the prior year. Total Net Assets increased by \$35 million, driven by net investment gains of over \$20 million. The University had an increase in unrestricted net assets, from operations only, of \$19 million, which is \$5 million better than prior year. Resources were redirected and we increased University Instructional expenses by \$4 million to continue to enhance the Academic quality and student experience.

The University continues to invest in improvements in our programs and our facilities. We continue to expand both graduate and undergraduate academic offerings in both on ground and on line programs in 2011. A new five-year strategic plan has been approved that identifies opportunities and highlights priorities for the University over the next five years, such as raising the bar on academic excellence and enriching living and learning opportunities outside the classroom. In addition to the new Student Services building, which will open this coming spring, the University renovated the Student Commons area and the Library, while adding and renovating classrooms and making other improvements throughout the University facilities to help provide quality academic and student services.

### Statement of Unrestricted Activities for the year ending June 30, 2011 (\$000's)

#### UNRESTRICTED REVENUES JULY 1, 2010 - JUNE 30, 2011

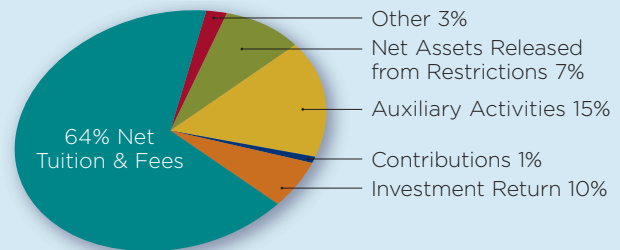
Tuition and Fees .....	\$143,282
Less: University-Sponsored Financial Aid .....	(\$34,174)
Externally Funded Financial Aid .....	(\$3,229)
Net Tuition and Fees .....	\$105,879
Contributions .....	\$1,487
Investment Return .....	\$17,230
Auxiliary Activities (net of financial aid) .....	\$24,369
Other .....	\$4,084

Total Unrestricted Revenue .....	\$153,049
Net Assets Released from Restrictions .....	\$12,223
Total Unrestricted Revenue and Other Support .....	\$165,272

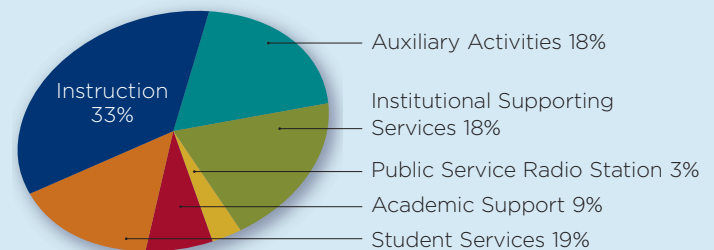
#### EXPENSES EDUCATIONAL PROGRAM SERVICES

Instruction .....	\$42,799
Student Services .....	\$25,128
Academic Support .....	\$11,505
Public Service Radio Station .....	\$4,474
Auxiliary Activities .....	\$23,443
Institutional Supporting Services .....	\$23,540
Total Expenses .....	\$130,889
Increase in Unrestricted Net Assets .....	\$34,383

#### SOURCES OF REVENUES, FY11



#### EXPENSES BY FUNCTION, FY11



#### UNRESTRICTED GIVING, FY11

Friends .....	\$419
Corporations .....	\$698
Foundations .....	\$139
Alumni .....	\$111
Parents .....	\$64
Faculty/Staff .....	\$56
Total Unrestricted Giving .....	\$1,487