



April 30, 2024

Statement

Eureka College 2022-23 Audit Report

EUREKA – The audit report that has circulated on social media has not been reviewed or accepted by the full Eureka College Board of Trustees. As in prior years, EC received a clean audit with no material weaknesses. There are no surprises in the audit report, but some comments currently circulating online regarding the audit contain many erroneous interpretations.

For example, the outstanding balance on the line of credit as of 6/30/2023 was \$2.1 million, not \$4.3. A line of credit is a normal part of the operations. The financial loss for 2023 was \$220K, not \$3.2 million (when considering the increase in net assets).

There has been no borrowing from the permanently restricted endowment during 2022-23 or any other time under Dr. Wright's tenure as President. The \$926K referenced in online comments represents a normal practice by all institutions to draw money from unrestricted funds that are invested and achieve substantial returns of 10-15% annually.

Discounting with scholarships and grants is a common practice across most colleges and universities. Eureka College's discount rate of 53% is one of the lowest when compared to other smaller, private, not-for-profit colleges/universities. The average discount rate is 56.6% according to a [recent story in Higher Ed Dive](#). It should be noted that Eureka College has welcomed students from closing colleges and in many cases provided a match of their tuition which temporarily increases the discount rate.

Lastly, fundraising does cost money. However, the audit does not show the more than \$8 million raised in grant funding over the last few years which is part of fundraising and is also budget relieving.

While there are several other concerning discrepancies, it is most important to understand that Eureka College is not unique in the challenges facing us. Virtually every private, small college/university is facing enrollment challenges, low endowments, rising costs, deferred maintenance, operating losses, increasing discount rates, etc. In fact, several area colleges and universities with larger endowments and enrollments have publicly announced program and staffing cuts and other measures to address these complex challenges.

In 2023 – more than 30 non-profit colleges closed, following 23 closures in 2022. In the first three ½ months of 2024, Fontbonne University in St. Louis, Birmingham Southern College in Alabama, Goddard College in Vermont, Cabrini University in Pennsylvania, and Notre Dame College in Ohio have announced closures.

A [recent CNN news report](#) shows that the demographic cliff from declining birth rates is here and the increased costs of college also contribute to the declining enrollment. In fact, Illinois is the largest net exporter of college students.

“The board, administration, and faculty and staff are well aware of the challenges at this moment. Not only is the overall higher education environment difficult in the ways mentioned above, but EC’s nearly 170-year history - including those years when Ronald Reagan was a student - is one of a school that has demonstrated resilience despite being chronically under-resourced. Just like generations past, we are all working together to rise to this occasion,” said Eureka President Jamel Wright.

About Eureka College

Located on nearly 70 wooded acres in Eureka, Illinois, and chartered in 1855, Eureka College cultivates excellence in learning, service and leadership while providing students uniquely personalized educational opportunities. Eureka College holds the unique distinction of being the first college in Illinois and among the first in the nation to admit men and women on an equal basis. The College, originally founded by abolitionist members of Christian Church (Disciples of Christ), is the smallest of only 24 colleges and universities to ever award a bachelor’s degree to a future President of the United States.