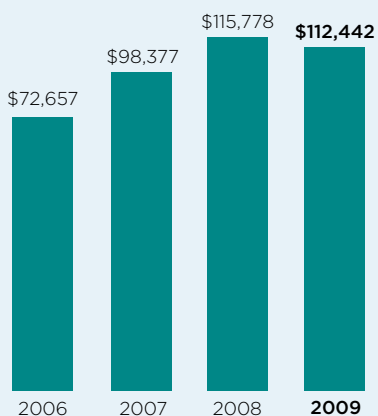


Continued Growth & Financial Stability

TOTAL NET ASSETS (in hundreds of thousands)



The fiscal year ending June 30, 2009, was a year of unprecedented turmoil for the overall economy, from which higher education and Sacred Heart University were not exempt. As was the case throughout higher education, endowments shrank and families were challenged to finance the cost of attending college, due to loss of a job, erosion of personal net worth or inability to obtain credit. Throughout this year, Sacred Heart University managed its financial affairs with the balanced goals of helping our students overcome the challenges this year posed, while managing University resources to ensure our long-term financial stability.

Sacred Heart University operated with a balanced budget again in the fiscal year ending June 30, 2009. Net tuition and fee revenue grew by 7 percent over the prior year. Unrestricted net assets decreased by \$1.7 million, including net investment losses of \$12 million. The University had an increase in unrestricted net assets, from operations only, of \$14 million, which is comparable to the prior year. Resources were redirected to financial aid by reducing operating expenses. The investment portfolio was managed through turbulent financial markets and was positioned to benefit from the gains in the financial markets during 2009. Due to the disciplined financial processes in place, the University was able to overcome these obstacles, and it met its financial obligations in FY 2009, during which University bond ratings were increased by Moody's to Baa2 and affirmed by Standard & Poors at BBB.

The University continues to invest in improvements in our programs and our facilities. We will be expanding academic offerings, both on ground and online in 2010. The University completed construction of its new Chapel of the Holy Spirit, which opened in September 2009, added classrooms and completed significant renovations of laboratories and the Schine Auditorium, to continue to improve our ability to provide quality academic and student services.

Statement of Unrestricted Activities for the year ending June 30, 2009

UNRESTRICTED REVENUES JULY 1, 2008 - JUNE 30, 2009

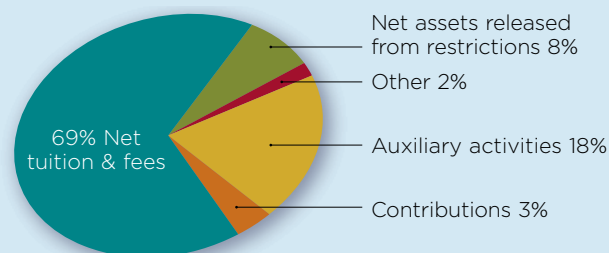
Tuition and Fees	\$128,119,788
Less: University-sponsored financial aid	(\$31,231,491)
Externally funded financial aid	(\$4,009,236)
Net tuition and fees	\$92,879,061
Contributions	\$4,617,562
Investment Return	(\$12,140,821)
Auxiliary Activities (net of financial aid)	\$24,361,983
Other	\$3,258,487

Total Unrestricted Revenue	\$112,976,272
Net Assets Released from Restrictions	\$9,935,933
Total Unrestricted Revenue and Other Support	\$122,912,205

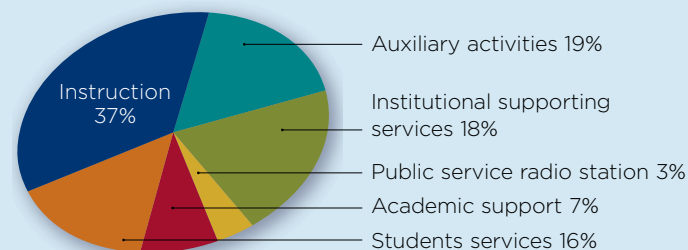
EXPENSES EDUCATIONAL PROGRAM SERVICES

Instruction	\$45,709,860
Student Services	\$19,672,645
Academic Support	\$8,665,586
Public Service Radio Station	\$4,311,422
Auxiliary Activities	\$23,501,468
Institutional Supporting Services	\$22,765,992
Total Expenses	\$124,626,973
Decrease in unrestricted net assets	(\$1,714,768)

SOURCES OF REVENUES, FY09



EXPENSES BY FUNCTION, FY09



UNRESTRICTED GIVING, FY09

Friends	\$2,455,246
Foundation	\$1,426,446
Corporation	\$462,849
Alumni	\$113,689
Parents	\$103,529
Faculty/Staff	\$55,803

Audited Unrestricted Totals..... \$4,617,562