



What Presidents Want to Know About Finances

*(or how to read your audit to Manage
your Institution)*

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YOU ARE INTERESTING...

- Publics
- Privates
- Presidents
- CFOs



UNIVERSAL CONSTANT

No one wants to
tell Presidents
the truth



ACCOUNTING IS BORING

No one wants to
read audits





How I met your President...

“I had no idea...” or
“you people are idiots”



Thinking about a new Presidency... (or CFO position)

- Before you go:
 - 990 forms – [guidestar.org](https://www.guidestar.org) (nonprofits), ask for most recent from institution
 - Audits (at least 2 most recent)
 - Financial aid audits (at least 2 most recent)
 - Budgets (current and prior year)
 - Most recent SACSCOC actions – our website, search for institution, click on right arrow for more information, it will show list of actions/activity
 - Most recent SACSCOC report – reaffirmation report, letters about actions, from institution

Now what?

- Confidential Strategies
 - Make a friend
 - Learn to read them yourself
 - Find an expert
 - How much did you pay for your suit? How much did you pay for information?
 - All of the above



DEFINE WHAT YOU WANT TO KNOW

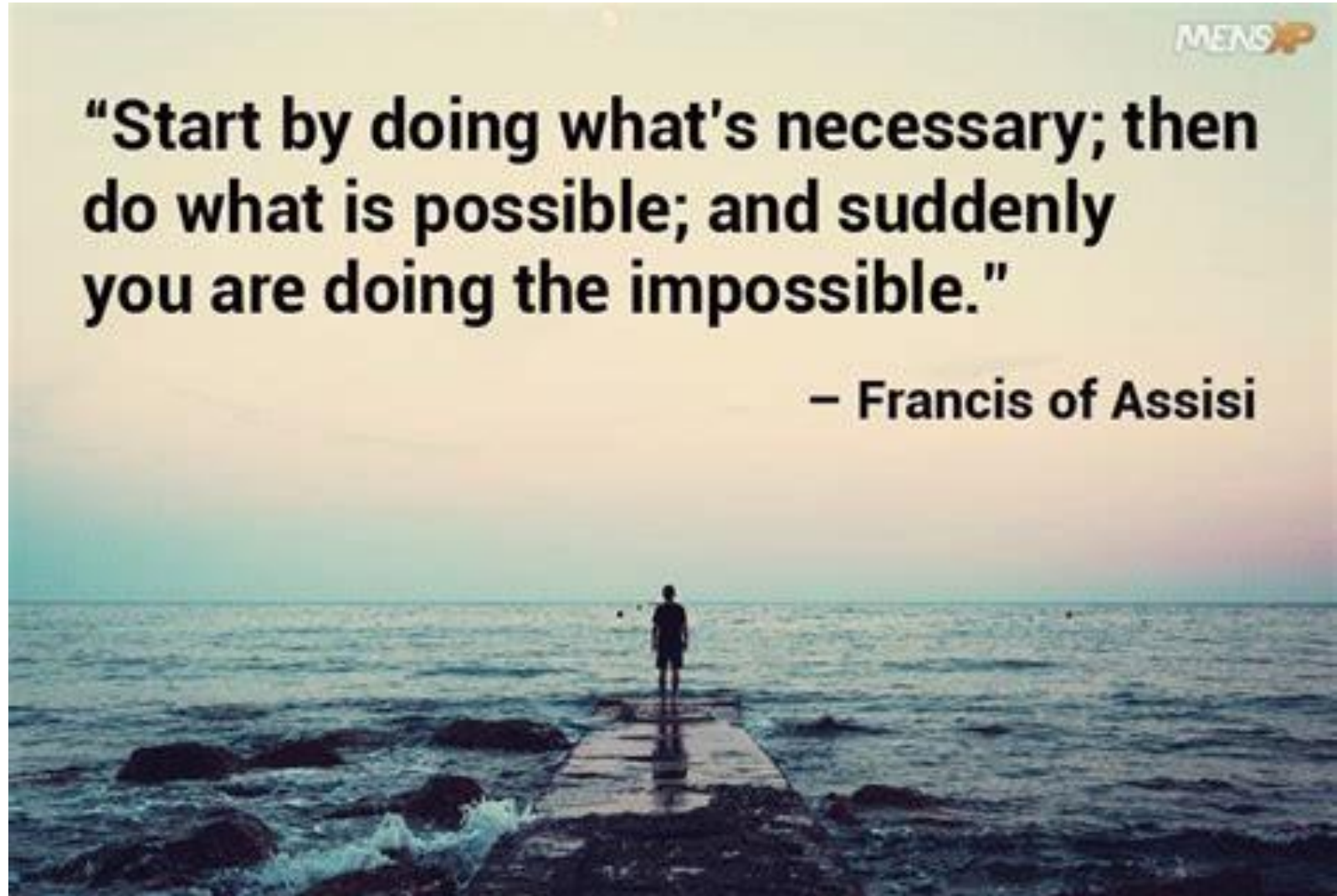
- Operational Resource Base over time (UNAEP)
- Operational Outcomes
- Operational Cash Flows
- Net Assets over time
- Budget versus Actual
- Troubles? Lawsuits, accreditation, enrollment, etc.



Hard
Decisions...

**"Start by doing what's necessary; then
do what is possible; and suddenly
you are doing the impossible."**

– Francis of Assisi





Knowledge is Power

Does the board know?
Will you have support?



Resource Base for Day-to-Day Operations

UNAEP CR 13.2

*(applies to all institutions in
different ways)*



Unrestricted Net
Assets exclusive
of Plant and
Plant-related
Debt

PRIVATES

- Unrestricted = “Without Donor Restriction”
- Your audit may or may not provide
- Only “number” required
- Let’s look at a few examples

NET ASSETS

Without Donor Restriction	1,000,000
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With Donor Restriction	<u>1,000,000</u>
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TOTAL NET ASSETS	2,000,000
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NET ASSETS

Without Donor Restrictions	1,000,000
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With Donor Restriction	
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By Time or Purpose	500,000
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In Perpetuity	<u>500,000</u>
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TOTAL NET ASSETS	2,000,000
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NET ASSETS

Without Donor Restrictions:

Investment, land, buildings & equipmt, net debt	1,500,000
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Undesignated	(500,000)
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With Donor Restriction	<u>1,000,000</u>
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TOTAL NET ASSETS	2,000,000
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Privates:
Your audit
might look
like this...

Maybe it could look like this...

NET ASSETS

Without Donor Restriction

Undesignated	(500,000)
Investment in Property & Plant, net	<u>1,500,000</u>
WITHOUT DONOR RESTRICTION, TOTAL	<u>1,000,000</u>

With Donor Restriction

Restricted by Time and Purpose	500,000
Restricted in Perpetuity	<u>500,000</u>
WITH DONOR RESTRICTION, TOTAL	1,000,000

TOTAL NET ASSETS	2,000,000
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The Goal
CLARITY
for everyone





PUBLIC UNAEP

Difficult to consider due to:


- -Pensions
- -Other Post-Employment Benefits (OPEB)
- -Compensated Absences
- -Deferred Inflows
- -Deferred Outflows
- -Different formats from different states

PUBLIC AUDITS LOOK LIKE THIS

Net Investment in Capital Assets	1,000,000
Restricted for:	
• Nonexpendable	500,000
• Expendable	500,000
Unrestricted	<u>(25,000,000)</u>
NET POSITION	(23,000,000)

SACSCOC COMMON ADJUSTMENTS

Unrestricted Net Assets	(\$25,000,000)
Add Back Compensated Absences-current	\$3,216,512
Add Back Compensated Absences-noncurrent	\$10,431,321
Add back OPEB liability-current	\$124,583
Add back OPEB liability-noncurrent	\$1,812,910
Less Deferred Outflows of Resources-OPEB	-\$124,583
Add Deferred Inflows of Resources-OPEB	\$119,628
Add current Liability Pension	\$612,662
Add Liability-Pension GASB 68	\$65,457,319
Less Deferred Outflows of Resources-Pension	-\$28,945,258
Add Deferred Inflows of Resources-Pension	<u>\$8,248,912</u>
UNAEP adjusted (CA, OPEB & Pensions)	\$35,954,006



You need this
number

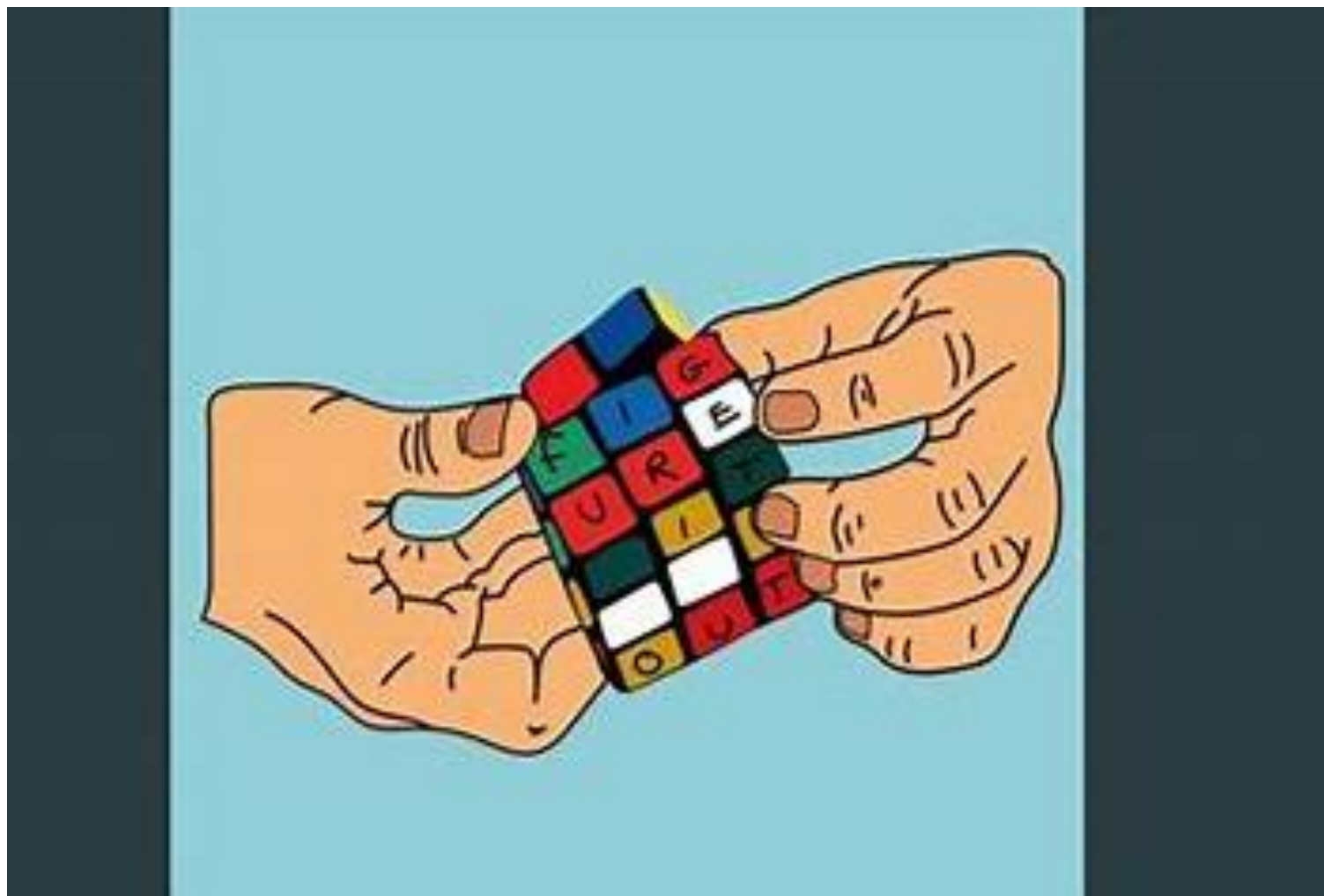
*Someone at your
institution should track it*

PUBLICS AND PRIVATES

UNAEP = Operational
Resources

But I don't want to look bad...





SACSCOC
EVALUATORS
WILL FIGURE
IT OUT

OPERATIONAL OUTCOMES and CASH FLOWS






PUBLIC OUTCOMES

- Operating Revenues
- Plus Nonoperating Revenues
- Less Operational Expenses
- Add back Depreciation
 - (ONLY IN PUBLICS)
- OPERATIONAL OUTCOME



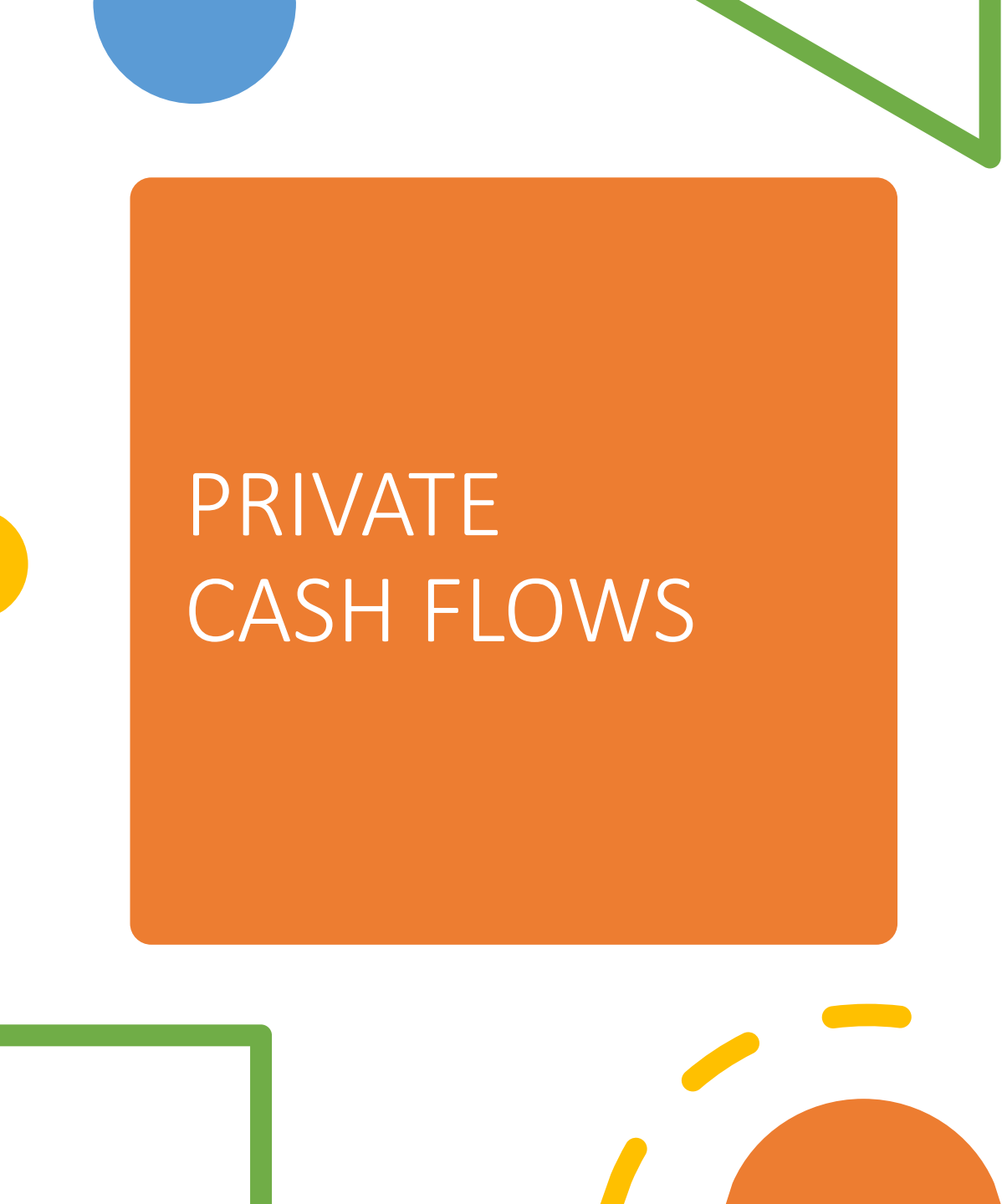
PRIVATE OUTCOMES

- Operating Revenues
 - Less Operational Expenses
 - OPERATIONAL OUTCOME
 - Do not add exclude depreciation from expense
 - Need an operational format in audit
- 



PUBLIC CASH FLOWS

- Operating Cash Flows
- Nonoperational Cash Flows
- OPERATIONAL CASH FLOWS



PRIVATE CASH FLOWS

- Operational Cash Flows
- Can be distorted with large endowment

QUESTIONS



A photograph showing a white card with the words "Thank you" written in a black cursive font. The card is placed on the keyboard of a silver laptop. To the left of the card is a brown paper envelope, and a black pen with a silver clip lies diagonally across the bottom left of the card. The entire scene is set on a light-colored wooden surface.

Thank you