

November 10, 2011



Credible Budgeting and Forecasting

2011 TRACS Conference



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Credible Budgeting and Forecasting

Definitions:

A budget is a description of a financial plan. It is a list of estimates of revenues to and expenditures by an agent for a stated period of time. Normally a budget describes a period in the future not the past.

<http://economics.about.com/cs/economicsglossary/g/budget.htm>

A forecast is a description of the expected financial position and the results of operations and cash flows based on expected conditions. [forecast](#), [prognosis](#) - a prediction about how something will develop

<http://www.thefreedictionary.com/financial+forecast>

Credible Budgeting and Forecasting

Components:

- Departmental or operational plans
- Financial plan
- Facility plan
- Strategic plan

Credible Budgeting and Forecasting

Process:

- Prepare multi-year operating budgets
- Project budgets as actual operating results
- Project investing activities
- Project financing activities
- Forecast year end statement of activity
- Forecast year end statement of position
- Forecast year end statement of cash flows

Credible Budgeting and Forecasting

Forecasting Financial Statements

- Prepare multi-year historical GAAP financial analysis
- Incorporate an operating measure in the SOA
- Illustrate historic trends and benchmarks
- Add forecasted financial statements resulting from multi-year budgets
- Illustrate prospective trends

Credible Budgeting and Forecasting

Liquidity

- The first question to answer in assessing an institutions financial health
- Calculation contains a number of variables
- Significance of variables varies among institutions

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Liquidity Ratio Defined

Sources of Liquidity

Uses of Liquidity

Goal

- To have sufficient resources to meet expected and potential demands on cash
 - Should measure both short term and intermediate term

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Liquidity Ratio Defined

How Much cushion is right for your institution?

- 1.0x
- 1.1x
- 1.25x

Factors to consider:

- Risk tolerance
- Reliability/confidence in cash projections
- Event driven risks

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Liquidity Ratio – Sources

	Short Term Measure	Intermediate Term
Cash and Operating funds	Funds with same day or same plus next day availability	Same as short term but add funds with over 30 day maturity
Operating funds in long term pool	None	Depends on LTP and invest strategy
Endowment cash	Funds with same day or same day plus next day availability	Same as short term but add funds with over 30 day maturity
Net capital redemption calls (on alt invest)	NA	Expected commitments less distributions

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Liquidity Ratio – **Sources**, continued

	Short Term Measure	Intermediate Term
Operating lines of credit	Uncommitted and committed lines	Uncommitted and committed lines
Philanthropy	NA	Receipts expected within 30 days
AR and AP “float”	None	Depends on nature of operations
External funds	To the extent avail within 30 days	To the extent avail within 30 days

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Liquidity Ratio – Uses

	Short Term Measure	Intermediate Term
Operations	Operating deficit plus 30 day reserve	Operating deficit plus 90 day reserve
Endowment Payout	NA	Annual spending
Outstanding Debt	Variable rate obligations due in 30 days	Variable rate obligations and principle due in 1 year
Capital Investments	NA	Capital budget funded from reserve

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Liquidity Ratio – **Uses**, continued

	Short Term Measure	Intermediate Term
Drawdown of reserves	Imminent liquidations	Liquidations needed in 1 year
Potential Collateral Posting	Amount depending on assumptions	Amount depending on assumptions
Other Uses	To the extent needed within 30 days	To the extent needed in 1 year

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Operating Measure

- Reality
- Important to:
 - Finance committees
 - Budget managers
 - Accreditation agencies
 - Credit ratings
- NACUBO white paper as model

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Intermediate Operating Measure

NACUBO Whitepaper

Defining an Operating Measure for Independent Colleges and Universities

Position Paper Prepared by NACUBO Accounting Principles Council

January 5, 2007

http://www.nacubo.org/Business_and_Policy_Areas/Accounting/Operating_Measure_for_Independent_Institutions.html

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Intermediate Operating Measure

NACUBO Whitepaper

- Addresses lack of standard definition of operations for higher education in the FAS Accounting Standards Codification
- Whitepaper recommends 11 items normally reported separately within the changes in *unrestricted net assets*
- Contains
 - Illustrative examples
 - Tables of transactions and expanded discussion
 - Project background
 - Theoretical discussion in way of explanations

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Intermediate Operating Measure

NACUBO Whitepaper

- Nonoperating items
 - Investment gains and income in excess of spending policy
 - Net assets released relating to capital items or long-lived assets
 - Gifts restricted for capital purchases received & expended
 - Change in value of split interest agreements
 - Change in value of non-investment derivatives
 - Gain on sale of nonoperating PPE

Credible Budgeting and Forecasting

Intermediate Operating Measure

NACUBO Whitepaper, continued

- Nonoperating items
 - Gains and losses associated with debt issue/ extinguish
 - Changes in net assets related to pension and PRBO*
 - Extraordinary gains & losses from infrequent & unusual events
 - Discontinued operations and related impairments
 - Cumulative effect, prior period adjustments, corrections

**excluding periodic costs*

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XYZ School					
2009-2010 CFI Using Changes in Unrestricted Net Assets					
RATIO	Computation Results	Common Relevant Value	Strength Factor (B / C)	Weight Factor	Score (D x E)
Primary Reserve Ratio [expendable net assets to expense]	0.33	0.133	2.4443	0.35	0.86
Net Income Ratio [change in unrestricted net assets to UNA revenue (from operations)]	8.11%	1.3%	6.2402	0.10	0.62
Return on Net Assets [change in net assets to total net assets]	2.16%	2.0%	1.0777	0.20	0.22
Viability [expendable net assets to debt]	0.54	0.417	1.2973	0.35	<u>0.45</u>
CFI = Total of 4 scores in column F					2.15

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The CFI Scale (next slide)

- The meaning of scores along the spectrum

Notes:

- Full color “white paper” with examples and other data detailing the CFI computations and scoring are available from CapinCrouse LLP upon request.
- Initial discussion between NACUBO and DOE took place last fall and included discussion of utilizing measure of operations for net income ratio and allowing an averaging methodology and the inclusion of annuities and trusts as equity in the primary reserve ratio.

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CFI Scoring Range	Action
-4 to -2	Consider whether financial exigency is appropriate
-3 to 1	Structured programs to conserve cash and thus survive. Also assess Debt and DOE Compliance
1 to 3	Consider substantive program adjustments, then reengineer institution
3 to 5	Direct resources toward transformation
5 to 7	Focus resources to compete in future
7 to 9	Experiment with initiatives Design a robust mission
> 9	Deploy resources to achieve robust mission

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CFI and DOE: Contrasts and Comparisons

Comparisons:

- Both use the ratio methodology
- Both use a scoring and weighting approach
- Both arrive at a “composite score”

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CFI and DOE: Contrasts and Comparisons

Contrasts:

- Scoring scale is different
- Deletions from expendable net assets in primary reserve are significant in DOE
- Three ratios instead of four (dropping viability from CFI and adding equity instead of return on net assets)
- *What you don't know . . .*

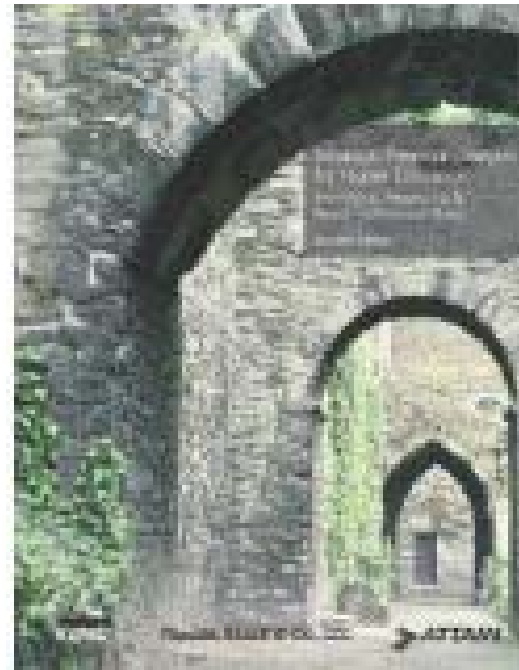
Credible Budgeting and Forecasting

Strategic Financial Analysis for Higher Education

*Identifying, Measuring & Reporting
Financial Risks*

Seventh Edition

- Lou Mezzina, KPMG LLP
- Fred Prager, Prager, Sealy & Co., LLC
- Ron Salluzzo, Attain LLC (consultant to public sector and former KPMG partner)
- Phil Tahey, CPA (former controller John Hopkins and former KPMG partner)



Thank You!

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SAMPLE COLLEGE
Financial Statements/Forecast

STATEMENT OF FINANCIAL POSITION

June 30,	Per Audit		Proposed Final Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Forecast	
	2011		2012		2013		2014		2015	
ASSETS										
Cash and cash equivalents	\$ 1,162,570	23.5%	\$ 1,165,217	23.4%	\$ 1,323,617	25.4%	\$ 1,539,657	27.9%	\$ 1,859,849	31.3%
Accounts receivable-net	125,216	2.5%	121,616	2.4%	130,216	2.5%	138,366	2.5%	144,436	2.4%
Student loans and other receivables	109,119	2.2%	105,919	2.1%	113,419	2.2%	120,519	2.2%	125,819	2.1%
Contributions receivable	90,348	1.8%	56,398	1.1%	56,398	1.1%	56,398	1.0%	-	0.0%
Inventories	76,416	1.5%	74,216	1.5%	79,416	1.5%	84,386	1.5%	88,088	1.5%
Prepaid expenses and other assets	22,486	0.5%	21,786	0.4%	23,286	0.4%	24,743	0.4%	25,829	0.4%
Property and equipment, net	1,912,525	38.6%	1,901,525	38.3%	1,894,825	36.3%	1,891,225	34.2%	1,881,625	31.7%
Investments held for long-term purposes	1,378,776	27.8%	1,447,676	29.1%	1,520,076	29.1%	1,596,076	28.9%	1,732,274	29.2%
Beneficial interest in perpetual trust	75,300	1.5%	75,300	1.5%	75,300	1.4%	75,300	1.4%	75,300	1.3%
	<u>\$ 4,952,756</u>	100.0%	<u>\$ 4,969,653</u>	100.0%	<u>\$ 5,216,553</u>	100.0%	<u>\$ 5,526,671</u>	100.0%	<u>\$ 5,933,220</u>	100.0%
LIABILITIES										
Accounts payable and accrued expenses	\$ 153,935	3.1%	\$ 148,235	3.0%	\$ 150,735	2.9%	\$ 160,169	2.9%	\$ 167,195	2.8%
Deferred revenue	125,366	2.5%	120,766	2.4%	122,766	2.4%	130,450	2.4%	136,172	2.3%
Line of credit - operating	300,000	6.1%	300,000	6.0%	300,000	5.8%	300,000	5.4%	300,000	5.1%
Note payable	1,864,276	37.6%	1,787,276	36.0%	1,707,276	32.7%	1,624,276	29.4%	1,538,276	25.9%
	<u>2,443,577</u>	49.3%	<u>2,356,277</u>	47.4%	<u>2,280,777</u>	43.7%	<u>2,214,895</u>	40.1%	<u>2,141,644</u>	36.1%
NET ASSETS										
Unrestricted	614,352	12.4%	718,549	14.5%	1,040,949	20.0%	1,416,949	25.6%	1,864,749	31.4%
Temporarily restricted	119,508	2.4%	119,508	2.4%	119,508	2.3%	119,508	2.2%	151,508	2.6%
Permanently restricted	1,775,319	35.8%	1,775,319	35.7%	1,775,319	34.0%	1,775,319	32.1%	1,775,319	29.9%
	<u>2,509,179</u>	50.7%	<u>2,613,376</u>	52.6%	<u>2,935,776</u>	56.3%	<u>3,311,776</u>	59.9%	<u>3,791,576</u>	63.9%
	<u>\$ 4,952,756</u>	100.0%	<u>\$ 4,969,653</u>	100.0%	<u>\$ 5,216,553</u>	100.0%	<u>\$ 5,526,671</u>	100.0%	<u>\$ 5,933,220</u>	100.0%

SAMPLE COLLEGE
Financial Statements/Operating Measure

STATEMENT OF ACTIVITIES

Year Ended (Ending) June 30,	Per Audit		Proposed Final Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Forecast	
	2011		2012		2013		2014		2015	
REVENUES AND SUPPORT										
Tuition and fees	\$ 2,624,734	73.9%	\$ 2,490,883	73.4%	\$ 2,638,125	72.0%	\$ 2,807,948	72.0%	\$ 2,923,948	71.6%
Scholarships and financial aid	(475,512)	-13.4%	(404,000)	-11.9%	(404,060)	-11.0%	(434,060)	-11.1%	(445,921)	-10.9%
					6%		6%		4%	
<i>Discount rate</i>	-18.1%		-16.2%		-15.3%		-15.5%		-15.3%	
Net tuition and fees	2,149,222	60.5%	2,086,883	61.5%	2,234,065	60.9%	2,373,888	60.8%	2,478,027	60.6%
<i>Growth rate</i>	-5.7%		-2.9%		7.1%		6.3%		4.4%	
Auxiliary activities	859,391	24.2%	852,700	25.1%	889,300	24.3%	937,900	24.0%	966,037	23.6%
Other revenue	85,102	2.4%	89,075	2.6%	89,075	2.4%	86,612	2.2%	88,209	2.2%
	3,093,715	87.1%	3,028,658	89.2%	3,212,440	87.6%	3,398,400	87.1%	3,532,273	86.5%
Contributions	295,766	8.3%	307,500	9.1%	300,000	8.2%	400,000	10.3%	400,000	9.8%
Special events - 2010 Gala	54,876		-		50,000		-		50,000	
Net assets released from restriction - purpose	106,451	3.0%	58,600	1.7%	103,600	2.8%	103,600	2.7%	103,600	2.5%
Net assets released from restriction - pledges	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	457,093	11.3%	366,100	10.8%	453,600	11.0%	503,600	12.9%	553,600	12.3%
Operating revenues, support and releases	3,550,808	98.5%	3,394,758	100.0%	3,666,040	98.6%	3,902,000	100.0%	4,085,873	98.8%
EXPENSES										
Educational Program Expenses										
Instruction	774,214	22.2%	739,080	22.0%	751,530	22.0%	792,440	22.0%	810,890	22.0%
Academic support	262,381	7.5%	268,760	8.0%	273,280	8.0%	288,160	8.0%	294,870	8.0%
Student services	680,226	19.5%	671,890	20.0%	683,210	20.0%	720,400	20.0%	737,170	20.0%
Auxiliary activities	593,608	17.0%	503,920	15.0%	512,410	15.0%	540,300	15.0%	552,880	15.0%
Institutional support	667,273	19.1%	671,890	20.0%	683,210	20.0%	720,400	20.0%	737,170	20.0%
Institutional development	81,144	2.3%	100,780	3.0%	102,480	3.0%	108,060	3.0%	110,580	3.0%
Operations and maintenance physical plant	274,083	7.9%	247,141	7.4%	253,920	7.4%	276,240	7.7%	277,313	7.5%
Depreciation and amortization	154,537	4.4%	156,000	4.6%	156,000	4.6%	156,000	4.3%	165,000	4.5%
Total expenses	3,487,466	100.0%	3,359,461	100.0%	3,416,040	100.0%	3,602,000	100.0%	3,685,873	100.0%
<i>Growth rate</i>	-4.6%		-3.7%		1.7%		5.5%		2.3%	
Change in unrestricted operating net assets	63,342	1.8%	35,297	1.0%	250,000	6.8%	300,000	7.7%	400,000	9.8%
NON-OPERATING ACTIVITIES										
Investment income (losses)	276,117	7.8%	68,900	2.0%	72,400	2.0%	76,000	1.9%	47,800	1.2%
	276,117	7.8%	68,900	2.0%	72,400	2.0%	76,000	1.9%	47,800	1.2%
Increase (decrease) in unrestricted net assets	339,459	9.6%	104,197	3.1%	322,400	8.8%	376,000	9.6%	447,800	11.0%

SAMPLE COLLEGE
Financial Statements/Operating Measure

STATEMENT OF ACTIVITIES

Year Ended (Ending) June 30,	Per Audit		Proposed Final Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Proposed Preliminary Budget 9/30/2011		Forecast	
	2011		2012		2013		2014		2015	
Change in temporarily restricted net assets										
Contributions	123,741	3.5%	58,600	1.7%	103,600	2.8%	103,600	2.7%	103,600	2.5%
Investment income	275	0.0%	-	0.0%	-	0.0%	-	0.0%	32,000	0.8%
Unconditional promises to give long-term (pledges)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Net assets released from restriction		0.0%		0.0%		0.0%		0.0%		0.0%
From program restrictions	(106,451)	-3.0%	(58,600)	-1.7%	(103,600)	-2.8%	(103,600)	-2.7%	(103,600)	-2.5%
From time restrictions (pledges)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Change in temporarily restricted net assets	17,565	0.5%	-	0.0%	-	0.0%	-	0.0%	32,000	0.8%
Change in permanently restricted net assets										
Contributions	81,974		-		-		-		-	
Investment income	3,300		-		-		-		-	
Change in permanently restricted net assets	85,274		-		-		-		-	
Increase (decrease) net assets	442,298	12.5%	104,197	3.1%	322,400	8.8%	376,000	9.6%	479,800	11.7%
Net assets at the beginning of the year	2,066,881		2,509,179		2,613,376		2,935,776		3,311,776	
Net assets at the end of the year	<u>\$ 2,509,179</u>		<u>\$ 2,613,376</u>		<u>\$ 2,935,776</u>		<u>\$ 3,311,776</u>		<u>\$ 3,791,576</u>	
	-		-		-		-		-	
	-		-		-		-		-	

SAMPLE COLLEGE
Financial Statements/Operating Measure

STATEMENT OF CASH FLOWS

Year Ended (Ending) June 30,	Per Audit	Proposed Final Budget 9/30/2011	Proposed Preliminary Budget 9/30/2011	Proposed Preliminary Budget 9/30/2011	Forecast
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 442,298	\$ 104,197	\$ 322,400	\$ 376,000	\$ 479,800
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	154,537	156,000	156,000	156,000	165,000
Non-cash donations	(25,281)	-	-	-	-
Realized (gain) loss on property & equipment	13,239	-	-	-	-
Unrealized (gain) loss on investments	(267,907)	(68,900)	(72,400)	(76,000)	(79,800)
Accounts receivable	(21,402)	3,600	(8,600)	(8,150)	(6,070)
Student loans and other receivables	(26,785)	3,200	(7,500)	(7,100)	(5,300)
Contributions receivable	(90,348)	33,950	-	-	56,398
Inventory	(2,976)	2,200	(5,200)	(4,970)	(3,702)
Prepays and other assets	851	700	(1,500)	(1,457)	(1,085)
Accounts payable and accrued expenses	22,848	(5,700)	2,500	9,434	7,026
Deferred revenue	(60,563)	(4,600)	2,000	7,684	5,723
Net cash provided by operating activities	<u>138,511</u>	<u>224,647</u>	<u>387,700</u>	<u>451,440</u>	<u>617,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,647,457)	-	-	-	(56,398)
Proceeds from sale of investments	2,556,530	-	-	-	-
Purchases of property and equipment	(128,332)	(145,000)	(149,300)	(152,400)	(155,400)
Proceeds from sale of assets	5,085	-	-	-	-
Net cash used in investing activities	<u>(214,174)</u>	<u>(145,000)</u>	<u>(149,300)</u>	<u>(152,400)</u>	<u>(211,798)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Line of credit net borrowings (payments)	300,000	-	-	-	-
Proceeds from notes payable	-	-	-	-	-
Principal payments on notes payable	(174,369)	(77,000)	(80,000)	(83,000)	(86,000)
Net cash used in financing activities	<u>125,631</u>	<u>(77,000)</u>	<u>(80,000)</u>	<u>(83,000)</u>	<u>(86,000)</u>
Net increase (decrease) in cash	49,968	2,647	158,400	216,040	320,192
Cash at beginning of year	<u>1,112,602</u>	<u>1,162,570</u>	<u>1,165,217</u>	<u>1,323,617</u>	<u>1,539,657</u>
Cash at end of year	<u>\$ 1,162,570</u>	<u>\$ 1,165,217</u>	<u>\$ 1,323,617</u>	<u>\$ 1,539,657</u>	<u>\$ 1,859,849</u>

SAMPLE COLLEGE
Financial Statements/Operating Measure

PROPERTY AND EQUIPMENT

June 30,	Per Audit	Proposed Final Budget 9/30/2011	Proposed Preliminary Budget 9/30/2011	Proposed Preliminary Budget 9/30/2011	Forecast
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
PROPERTY AND EQUIPMENT - at cost					
Land and improvements	\$ 300,776	\$ 300,776	\$ 300,776	\$ 300,776	\$ 300,776
Buildings and improvements	5,665,769	5,779,100	5,894,700	6,012,600	6,132,900
Equipment	1,090,076	1,111,900	1,134,100	1,156,800	1,179,900
Vehicles	79,467	81,100	82,700	84,400	86,100
Library books	486,010	495,700	505,600	515,700	526,000
	7,622,098	7,768,576	7,917,876	8,070,276	8,225,676
Less accumulated depreciation	(5,709,573)	(5,865,573)	(6,021,573)	(6,021,573)	(6,186,573)
	<u>\$ 1,912,525</u>	<u>\$ 1,903,003</u>	<u>\$ 1,896,303</u>	<u>\$ 2,048,703</u>	<u>\$ 2,039,103</u>
Plant related debt	<u>\$ 1,731,773</u>	<u>\$ 1,654,773</u>	<u>\$ 1,574,773</u>	<u>\$ 1,491,773</u>	<u>\$ 1,405,773</u>
Depreciation expense	\$ 154,537 8.1%	\$ 156,000 8.2%	\$ 156,000 8.2%	\$ 156,000 7.6%	\$ 165,000 8.1%
Property and equipment additions	\$ 128,332 1.6%	\$ 145,000 2.0%	\$ 149,300 2.0%	\$ 152,400 2.0%	\$ 155,400 2.0%
Age in years	37	38	39	39	37
Interest	\$ 97,776 4.8%	\$ 100,000 4.6%	\$ 93,000 4.5%	\$ 103,000 5.1%	\$ 106,000 5.5%
Key ratios:					
Primary reserve (target > .40)	0.16	0.18	0.25	0.27	0.38
Net income-unrestricted (target 2%-4%)	9.5%	3.1%	8.8%	9.6%	11.0%
Return on net assets-total return	21.4%	4.2%	12.3%	12.8%	14.5%
Viability (target > 1.25)	0.30	0.33	0.49	0.60	0.90
CFI (target > 3.0)	3.40	1.39	2.97	3.24	4.03
DOE (target > 1.5)	2.43	2.41	2.78	2.89	3.00

SAMPLE COLLEGE

Forecast Statement of Activities (Unrestricted)

Year Ending June 30, 2012

	Approved Budget	Actual First Semester	Projection of Second Semester	Forecast for the Year Ended 6-30-11	<i>*Explanation of EOY Projection</i>
OPERATING ACTIVITIES					
Higher education revenues and support:					
Tuition and fees	2,490,883	-	-	-	<i>Budget</i>
Less student aid--institutional	(404,000)	-	-	-	<i>Per Fin. Aid Dept.</i>
Net tuition and fees	2,086,883	-	-	-	
Percentage of student aid	-16.2%	#DIV/0!	#DIV/0!	#DIV/0!	
Federal grants	-	-	-	-	<i>Budget</i>
Private gifts and grants	307,500	-	-	-	<i>Per Develop. Dept.</i>
Sales and services--educational activities	-	-	-	-	<i>Budget</i>
Other income	89,075	-	-	-	<i>Budget</i>
Auxiliary services	852,700	-	-	-	<i>Budget</i>
Higher education revenues and support:	3,336,158	-	-	-	
Net assets released from restriction	58,600	-	-	-	<i>Per Recent Analysis</i>
Operating revenues, support and releases	3,394,758	-	-	-	
Higher education expenses					
Instruction	739,080	-	-	-	<i>Per Recent Analysis</i>
Academic support	268,760	-	-	-	<i>Budget</i>
Student services	671,890	-	-	-	<i>Budget</i>
Institutional support	772,670	-	-	-	<i>Budget</i>
Physical Plant	247,141	-	-	-	<i>Per Recent Analysis</i>
Housing and food services	503,920	-	-	-	<i>Budget</i>
	3,203,461	-	-	-	
Depreciation and amortization	156,000	-	-	-	<i>Budget</i>
Operating expenses	3,359,461	-	-	-	
Change in Operating Net Assets	35,297	-	-	-	
NON-OPERATING ACTIVITIES					
Net assets released from restriction - capital projects	-	-	-	-	<i>Per Recent Analysis</i>
Income (loss) on investments	68,900	-	-	-	<i>0 for Conservatism</i>
Change in Non-Operating Net Assets	68,900	-	-	-	
Change in Unrestricted Net Assets	104,197	-	-	-	

SAMPLE COLLEGE

Forecast Statement of Activities (Temp. Restricted)
Year Ending June 30, 2012

	Actual First Semester	Projection of Second Semester	Forecast for the Year Ended 6-30-11	Projection	*Explanation of EOY Projection	Forecast
OPERATING ACTIVITIES						
Higher education revenues and support:						
Tuition and fees			-			
Less student aid--institutional			-			
Net tuition and fees	-	-	-			
Federal grants			-			
Private gifts and grants	-	-	-		Per Devel. Dept.	
Sales and services--educational activities			-			
Other income			-			
Housing and food service			-			
Higher education revenues and support:	-	-	-			
Net assets released from restriction	-	-	-		Per Recent Analysis	
Operating revenues, support and releases	-	-	-			
Higher education expenses						
Instruction			-			
Academic support			-			
Student services			-			
Institutional support			-			
Physical Plant			-			
Housing and food services			-			
Depreciation and amortization			-			
Operating expenses	-	-	-			
Change in Operating Net Assets	-	-	-			
NON-OPERATING ACTIVITIES						
Net assets released from restriction - capital projects	-	-	-		Per Recent Analysis	
Income (loss) on investments	-	-	-		0 for Conservatism	
Change in Non-Operating Net Assets	-	-	-			
Change in Net Assets	-	-	-			

SAMPLE COLLEGE

Forecast Statement of Activities (Perm. Restricted)
 Year Ending June 30, 2012

	Actual First Semester	Projection of Second Semester	Forecast for the Year Ended 6-30-11	Projection	<i>*Explanation of EOY Projection</i>	Forecast
OPERATING ACTIVITIES						
Higher education revenues and support:						
Tuition and fees			-			
Less student aid--institutional			-			
Net tuition and fees	-	-	-			
Federal grants			-			
Private gifts and grants	-	-	-		<i>Per Devel. Dept.</i>	
Sales and services--educational activities			-			
Other income			-			
Housing and food service			-			
Higher education revenues and support:	-	-	-			
Net assets released from restriction			-			
Operating revenues, support and releases	-	-	-			
Higher education expenses						
Instruction			-			
Academic support			-			
Student services			-			
Institutional support			-			
Physical Plant			-			
Housing and food services			-			
Depreciation and amortization			-			
Operating expenses	-	-	-			
Change in Operating Net Assets	-	-	-			
NON-OPERATING ACTIVITIES						
Net assets released from restriction - capital projects			-			
Income (loss) on investments			-			
Change in Non-Operating Net Assets	-	-	-			
Change in Net Assets	-	-	-			

SAMPLE COLLEGE
Forecast Statement of Activities
Year Ending June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Projection of Total	Forecast
OPERATING ACTIVITIES					
Higher education revenues and support:					
Tuition and fees	-	-	-	-	-
Less student aid--institutional	-	-	-	-	-
Net tuition and fees	-	-	-	-	-
Federal grants	-	-	-	-	-
Private gifts and grants	-	-	-	-	-
Sales and services--educational activities	-	-	-	-	-
Other income	-	-	-	-	-
Housing and food service	-	-	-	-	-
Higher education revenues and support:	-	-	-	-	-
Net assets released from restriction	-	-	-	-	-
Operating revenues, support and releases	-	-	-	-	-
Higher education expenses					
Instruction	-	-	-	-	-
Academic support	-	-	-	-	-
Student services	-	-	-	-	-
Institutional support	-	-	-	-	-
Physical Plant	-	-	-	-	-
Housing and food services	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Operating expenses	-	-	-	-	-
Change in Operating Net Assets	-	-	-	-	-
NON-OPERATING ACTIVITIES					
Net assets released from restriction - capital projects	-	-	-	-	-
Income (loss) on investments	-	-	-	-	-
Change in Non-Operating Net Assets	-	-	-	-	-
Change in Net Assets	-	-	-	-	-

SAMPLE COLLEGE
Forecast Statement of Activities
Year Ending June 30, 2012

For the Period 7/1/11 - 6/30/12

	Actual Balance at 1-Jul-11	Project Operating Results	Projection of Financing & Investing Results	Forecast Balance at 30-Jun-12	
ASSETS:					
Current assets:					
Cash and cash equivalents	1,162,570	-	-	(4) 1,162,570	
Student accounts receivable--net of allowance	125,216	-	-	(5) 125,216	(1)
Student loans and other receivables	109,119	-	-	109,119	(2)
Contributions receivable--net of allowance	90,348	-	-	90,348	(3)
Inventories	76,416	-	-	76,416	(2)
Prepaid expenses and other assets	22,486	-	-	22,486	(2)
	<u>1,586,155</u>			<u>1,586,155</u>	
Long-term assets:					
Property and equipment--net of depreciation	1,912,525	-	-	(4) 1,912,525	
Investments held for long-term purposes	1,378,776	-	-	1,378,776	(3)
Beneficial interest in perpetual trust	75,300	-	-	75,300	(2)
	<u>3,366,601</u>			<u>3,366,601</u>	
Total assets	<u><u>4,952,756</u></u>			<u><u>4,952,756</u></u>	
LIABILITIES AD NET ASSETS:					
Liabilities:					
Current liabilities:					
Accounts payable	(153,935)	-	-	(153,935)	(1)
Accrued expenses	-	-	-	-	(2)
Deposits	-	-	-	-	(2)
Deferred revenue	(125,366)	-	-	(125,366)	(1)
Line of credit - operating	(300,000)	-	-	(300,000)	(5)
Current portion of note payable	-	-	-	-	(2)
	<u>(579,301)</u>			<u>(579,301)</u>	
Long-term liabilities:					
Notes payable--net of current portion	(1,864,276)	-	-	(1,864,276)	(5)
Capital lease obligation--net of current portion	-	-	-	-	(2)
Asset retirement obligation	-	-	-	-	(2)
	<u>(2,443,577)</u>			<u>(2,443,577)</u>	
Net assets:					
Unrestricted	(614,352)	-	*	(614,352)	
Temporarily restricted	(119,508)	-	*	(119,508)	
Permanently restricted	(1,775,319)	-	-	(1,775,319)	
	<u>(2,509,179)</u>			<u>(2,509,179)</u>	
Total Liabilities and Net Assets	<u><u>(4,952,756)</u></u>	<u>-</u>	<u>-</u>	<u><u>(4,952,756)</u></u>	

* These items net to the change in unrestricted net assets on the projection SOA

- (1) Based on historical trends
- (2) No big change anticipated
- (3) See "Contribs" worksheet
- (4) Dorm renovation project
- (5) See "Notes-Leases" worksheet

SAMPLE COLLEGE
Statements of Financial Position

	Forecast	Actual		
	<u>30-Jun-12</u>	<u>1-Jul-11</u>		
ASSETS:			Projection of	Forecast
Current assets:				
Cash and cash equivalents	\$1,162,570	\$1,162,570		
Student accounts receivable--net of allowance	125,216	125,216		
Other accounts receivable	109,119	109,119		
Contributions receivable--net of allowance	90,348	90,348		
Inventories	76,416	76,416		
Prepaid expenses	<u>22,486</u>	<u>22,486</u>		
	<u>1,586,155</u>	<u>1,586,155</u>		
Long-term assets:				
Property and equipment--net of depreciation	1,912,525	1,912,525		
Long-term contributions receivable	1,378,776	1,378,776		
Long-term investments	<u>75,300</u>	<u>75,300</u>		
	<u>3,366,601</u>	<u>3,366,601</u>		
Total assets	<u><u>\$4,952,756</u></u>	<u><u>\$4,952,756</u></u>		
LIABILITIES AD NET ASSETS:				
Liabilities:				
Current liabilities:				
Accounts payable	\$153,935	\$153,935		
Accrued expenses	0	0		
Deposits	0	0		
Deferred revenue	125,366	125,366		
Current portion of notes payable	300,000	300,000		
Current portion of capital lease obligations	<u>0</u>	<u>0</u>		
	579,301	579,301		
Long-term liabilities:				
Notes payable--net of current portion	1,864,276	1,864,276		
Capital lease obligation--net of current portion	0	0		
Asset retirement obligation	<u>0</u>	<u>0</u>		
	<u>2,443,577</u>	<u>2,443,577</u>		
Net assets:				
Unrestricted	614,352	614,352		
Temporarily restricted	119,508	119,508		
Permanently restricted	<u>1,775,319</u>	<u>1,775,319</u>		
	<u>2,509,179</u>	<u>2,509,179</u>		
Total Liabilities and Net Assets	<u><u>\$4,952,756</u></u>	<u><u>\$4,952,756</u></u>		

SAMPLE COLLEGE

Statements of Financial Position

	<u>Balance at 1-Jul-11</u>	<u>Term Changes</u>	<u>Anticipated New Pledges</u>	<u>Anticipated Collections</u>	Pro	<u>Balance at 30-Jun-12</u>	Forecast
Contributions receivable							
Short-term portion	-	-	-	-		-	
Long-term portion	<u>90,348</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>		<u>50,348</u>	
	<u><u>90,348</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(40,000)</u></u>		<u><u>50,348</u></u>	
			(40,000)				

SAMPLE COLLEGE
 Statements of Financial Position

	<u>Balance at 1-Jul-11</u>	<u>Term Changes</u>	<u>Anticipated New Borrowings</u>	<u>Anticipated Repayments</u> Pro	<u>Balance at 30-Jun-12</u> Forecast
<u>Notes payable</u>					
Short-term portion	-	-	-	-	-
Long-term portion	<u>1,864,276</u>	<u>-</u>	<u>-</u>	<u>(77,000)</u>	<u>1,787,276</u>
	<u><u>1,864,276</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(77,000)</u></u>	<u><u>1,787,276</u></u>
<u>Capital Leases</u>					
Short-term portion	-	-	-	-	-
Long-term portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>