



# **Cash Is King-Budgeting, Forecasting and Planning in a Cash Driven World**

## **CACUBO Workshop 2018**

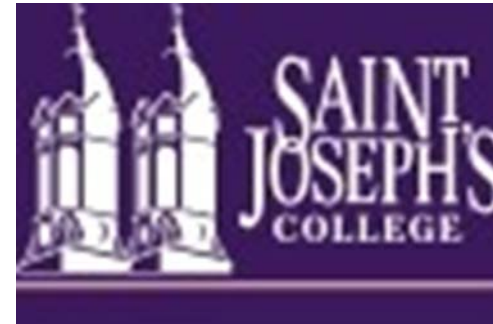
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# Introduction

- Speaker
  - CPA Public Practice-16 Years
  - Higher Ed and Manufacturing/Dist
    - 4 Years CFO in Manufacturing
  - CFO in Higher Ed for 9 Years
- Manchester
  - Small Liberal Arts Institution
  - North Manchester, IN (35 Miles West of Ft. Wayne)
  - UG Enrollment 1256
  - Pharmacy 280
- Guests
  - Large vs. Small Institutions
  - Responsibility Levels

# Why Is This Important





# Cash Pressure Today

- Markets
  - Small Private Liberal Arts Colleges-Enrollment Dependent
  - Eroding State Funding (Applies to Large)
  - Pressure on Pricing-High Discount Rates
  - Shrinking Pool of Students
  - Rural Settings
- Bank Relationships
  - Overleveraged Institutions
- Complex Business Model-High Fixed Costs

# Poor Institutional Process

- Antiquated Financial Management

<u>EXPENSES</u>	
INSTRUCTIONAL	6,379,421
ACADEMIC SUPPORT	2,856,111
STUDENT SERVICES	5,465,932
PLANT OPERATIONS	4,560,454
EDUCATIONAL & RESEARCH	19,261,918
AUXILIARY ENTERPRISES	4,134,243
INSTITUTIONAL SUPPORT	112,752
VISION FUND	
FUND RAISING	1,334,576
OTHER EXPENSES	5,581,571
<b>TOTAL EXPENSES - BEFORE ALLOCATION</b>	<b>\$ 24,843,489</b>
<b>INSTITUTIONAL ALLOCATION</b>	<b>\$ 5,324,801</b>
<b>TOTAL EXPENSES</b>	<b>\$ 30,168,290</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>\$ (4,358,320)</b>



# Poor Institutional Process

- Lack of Revenue Understanding
  - More Talk About Headcount than Dollar Count!
  - Poor Visibility Into Revenue Structure
- Failure to Understand the Impact of Discounting
  - Long Term vs Short Term
  - Net vs Gross
  - Volume vs net
- Line Item Budgeting vs Department Budget
  - “I’m ok as long as I have a departmental surplus”
- Lack of Board Engagement
- Late Timing of Approval in the Fall



# The Operating Cash Statement

- Operating Fund Only
  - Approved by Board in Spring
  - No Grants
  - No Unrealized Investment Gains/Losses
  - Unrestricted Spending
  - No Depreciation Expense
  - Debt Service
    - Principal & Interest
  - Visibility to Crucial Drivers



# The Operating Cash Statement

- Starts with Revenue
  - Undergrad Tuition
  - Institutional Aid-%
    - Funded
    - Unfunded
  - Net UG Tuition Revenue
  - Pharmacy
  - Grad
  - Adult & Continuing Ed
  - Fees, Room & Board
- Performance Indicator-Enrollment Revenue



			6/30/2017 Fall 2016	6/30/2018 Fall 2017	6/30/2019 Fall 2018	6/30/2020 Fall 2019	6/30/2021 Fall 2020	6/30/2022 Fall 2021	6/30/2023 Fall 2022
<b>Retention assumptions</b>	<b>Four Year</b>	<b>UG Discount</b>	<b>59.4%</b>	<b>59.25%</b>	<b>60.0%</b>	<b>60.0%</b>	<b>60.0%</b>	<b>60.0%</b>	<b>60.0%</b>
First to second year (four year)	68.7%	Retention	68.7%	64.0%	65.0%	66.0%	67.0%	68.0%	69.0%
Second to third year (four year)	84.8%	Retention	69.0%	69.0%	69.0%	69.0%	69.0%	69.0%	69.0%
Third to fourth year (four year)	94.0%	Retention	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Fourth to fifth year	17.5%	Retention	69.0%	69.0%	69.0%	69.0%	70.0%	70.0%	71.0%
			<b>Actuals</b>	<b>Actuals</b>	<b>Projection</b>				
			<b>Fall 2016</b>	<b>Fall 2017</b>	<b>Fall 2018</b>	<b>Fall 2019</b>	<b>Fall 2020</b>	<b>Fall 2021</b>	<b>Fall 2022</b>
<b>First Year Full Time core</b>			377	387	385	390	390	390	390
<b>Transfer</b>			30	32	30	30	30	30	30
<b>International</b>			13	10	5	5	5	5	5
<b>First Year Full Time</b>		0	420	429	420	425	425	425	425
<b>Year 2</b>									
<b>Second Year Full Time core</b>			279	241	252	254	261	265	269
<b>Transfer</b>			26	21	22	21	21	21	21
<b>International</b>			10	11	9	4	4	4	4
<b>Second Year Full Time</b>		0	315	273	282	279	286	290	294
<b>Year 3</b>									
<b>Third Year Full Time core</b>			257	237	205	213	215	222	225
<b>Transfer</b>			17	18	18	19	18	18	18
<b>International</b>			0	9	9	7	4	4	4
<b>Third Year Full Time</b>		0	274	263	232	239	237	243	246
<b>Year 4</b>									
<b>Fourth Year Full Time core</b>			226	242	222	192	201	203	208
<b>Transfer</b>			16	12	17	17	18	17	17
<b>International</b>			0	0	8	9	7	3	3
<b>Fourth Year Full Time</b>		0	242	253	247	218	225	222	228
<b>Fifth Year Full Time</b>				34	42	39	34	35	35
<b>Continuing(Total less 1st Year)</b>			831	823	803	775	781	790	804
<b>Total UG Full Time Enrollment</b>		0	1251	1252	1223	1200	1206	1215	1229
<b>Total headcount</b>		0	1273	1252	1243	1220	1226	1235	1249
Full time enrollment		0	1251	1252	1223	1200	1206	1215	1229
Part time enrollment			22	0	20	20	20	20	20
Full time as % of Headcount			98.27%	100.00%	98.39%	98.36%	98.37%	98.38%	98.40%
<b>Full Time Equivalent before Spring</b>			1260	1252	1231	1208	1215	1224	1237
<b>Part Time Equivalent</b>				0	8	8	8	8	8
<b>Full Time Equivalent</b>			1259	1252	1230	1207	1213	1222	1236



# The Discount Rate

- High Sensitivity to Cash Flow
  - Small Movements=Huge Dollars
- Strategy
  - Outside Service vs In-House
  - Do they work?
- Target Rate
  - NACUBO Tuition Discount Study



# The Discount Rate

- Projecting Forward
  - 3-4 Years in Advance
  - If Rate is Moving Up Must Address
  - Worst of Both Worlds-Declining UG Enrollment and Rising Discount Rates
- Returner Strategy
  - Increase Tuition/Increase Discount
  - Aid Never Changes
  - Hold Tuition



# The Discount Rate

- Critical to Net Revenue
- Margin is Everything
  - Other Related Revenue (Fees, Room & Board)
- Develop Programs with No Discount
  - Not Liberal Arts Programs
  - Allied Health
  - Pharmacy
- Campus Must Be Educated



# Other Revenue Sources

- Philanthropy
  - Endowment
    - Maximize Endowment Use-Are you drawing the full endowment
  - Annual Fund
  - Unrestricted Bequests
- Other
  - Conferencing
  - Bookstore
  - Misc.
  - Etc.

# Revenue

	Prior Year Actual	Current Year Budget	Current Year Actual
<b>Revenues</b>			
<b>Undergrad Revenue</b>			
Undergrad Tuition Revenue	\$ 33,404,028	\$ 34,011,439	\$ 35,730,450
Less: Unfunded Financial Aid	(19,547,963)	(20,237,302)	(21,608,664)
<b>Net Traditional Tuition Revenue</b>	<b>13,856,065</b>	<b>13,774,137</b>	<b>14,121,786</b>
Discount Rate	58.52%	59.50%	60.48%
<b>Non Undergrad Revenue</b>			
Professional Study Program	7,453,464	10,293,323	11,252,102
Grad Program	-	51,584	59,400
Grad Program	-	-	149,600
Grad Program	322,234	311,906	342,563
<b>Non Undergrad Revenue</b>	<b>7,775,698</b>	<b>10,656,813</b>	<b>11,803,665</b>
Executive Education	58,800	119,000	53,030
<b>Total Tuition Revenue</b>	<b>21,690,563</b>	<b>24,549,950</b>	<b>25,978,481</b>
<b>Percent of Total Net Revenues</b>	<b>60.10%</b>	<b>62.84%</b>	<b>63.22%</b>
<b>Student Fee Revenue</b>	<b>1,159,937</b>	<b>1,306,425</b>	<b>1,499,500</b>
<b>Room and Board Revenue</b>			
Room Revenue	5,082,675	5,154,283	5,234,989
Board Revenue	3,277,875	3,292,495	3,533,263
<b>Total Room &amp; Board Revenue</b>	<b>8,360,550</b>	<b>8,446,778</b>	<b>8,768,252</b>
<b>Total Enrollment Driven Revenue</b>	<b>31,211,050</b>	<b>34,303,154</b>	<b>36,246,233</b>
<b>Percent of Total Net Revenues</b>	<b>86.48%</b>	<b>87.81%</b>	<b>88.21%</b>

# Revenue

<b>Other Operating Revenue</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Current Year</b>
Annual Fund	1,076,759	1,015,803	1,050,000
Bequests	398,108	290,549	500,000
Conferencing and other Auxiliary Revenue	891,366	784,505	700,600
Other	629,620	637,843	498,500
<b>Total Other Operating Revenue</b>	<b>2,995,853</b>	<b>2,728,700</b>	<b>2,749,100</b>
<b>Total Revenue from Operations</b>	<b>34,206,904</b>	<b>37,031,853</b>	<b>38,995,333</b>
<b>Non Operating Revenues</b>			
Endowment Draw	1,427,350	1,528,333	1,575,000
Interest & Dividends	456,383	504,136	522,328
<b>Total Non-Operating Revenue</b>	<b>1,883,733</b>	<b>2,032,469</b>	<b>2,097,328</b>
<b>Total Net Revenues</b>	<b>36,090,637</b>	<b>39,064,322</b>	<b>41,092,661</b>
<b>Annual Percentage Growth</b>		<b>8.24%</b>	<b>5.19%</b>

# Expenses

<b><u>EXPENSES</u></b>	
INSTRUCTIONAL	6,379,421
ACADEMIC SUPPORT	2,856,111
STUDENT SERVICES	5,465,932
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# Expenses

Expenses	Prior Year	Budget	Actual
<b>Salaries &amp; Wages</b>			
Faculty	7,526,367	8,378,096	8,524,462
Administration	6,305,799	7,097,289	7,729,047
Hourly	1,695,738	1,780,286	2,056,965
Student Wages	751,952	770,444	885,883
Overtime	102,160	111,561	84,169
Other			
<b>Total Salaries &amp; Wages</b>	<b>16,382,015</b>	<b>18,137,675</b>	<b>19,280,525</b>
<b>Percent of Total Expenses</b>	<b>43.55%</b>	<b>46.88%</b>	<b>47.26%</b>
<b>Benefits</b>			
FICA	1,186,765	1,280,649	1,355,118
Health Insurance Claims	1,896,588	2,029,363	2,100,000
Health Insurance Admin Costs	243,655	183,150	180,000
Disability	32,067	37,013	38,000
TIAA	1,090,298	1,205,797	1,245,696
Dental	48,976	45,854	46,000
Worker's Comp	143,929	148,729	155,000
Unemployment Comp	10,838	12,385	15,000
Other	45,768	59,587	47,200
<b>Total Benefits</b>	<b>4,698,883</b>	<b>5,002,527</b>	<b>5,182,014</b>
<b>Percent of Total Expenses</b>	<b>12.49%</b>	<b>12.93%</b>	<b>12.70%</b>
<b>Total Salaries &amp; Benefits</b>	<b>21,080,898</b>	<b>23,140,202</b>	<b>24,462,540</b>
<b>Percent of Total Expenses</b>	<b>56.04%</b>	<b>59.81%</b>	<b>59.97%</b>
<b>Major Operating Expenses</b>			
Chartwells Food Service	2,007,090	2,129,400	2,200,000
Supplies	792,080	971,368	1,017,414
Utilities	1,073,910	1,005,175	1,075,000
Maintenance Contracts	1,073,787	1,132,569	1,359,385
Purchased Services	730,667	879,493	765,610
Travel	674,792	622,402	719,741
Advertising	236,449	474,079	583,250
Equipment	441,251	373,322	580,821
Property & Casualty	312,563	340,853	330,500
<b>Total Major Operating Expenses</b>	<b>7,342,589</b>	<b>7,928,662</b>	<b>8,631,721</b>
<b>Other Operating Expenses</b>	<b>4,722,107</b>	<b>4,104,074</b>	<b>5,005,739</b>
<b>Total Operating Expenses</b>	<b>12,064,696</b>	<b>12,032,736</b>	<b>13,637,459</b>
<b>Percent of Total Expenses</b>	<b>32.07%</b>	<b>31.10%</b>	<b>33.43%</b>
<b>Total Expenses Before Principal Debt Service &amp; Capital</b>	<b>33,145,594</b>	<b>35,172,938</b>	<b>38,099,999</b>



# Expenses

- Use Natural Classification
  - Functional Expense Not Abandoned
  - Better Visibility to What Drives Expenses
  - Can See Built In Cushion
- Areas to Focus On
  - Easy to See
  - Easy to Communicate



# Non Cash Expenses

- Depreciation
  - Fully Funded?
  - Pays Debt Service
  - Operating CAP EX (Deferred Maintenance)
- Unrealized Losses
  - Realized Only if Operational
  - Not Included
- Amortization
  - Not Included

# Expenses

<b>Debt Service</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
Interest Expense-Bonds and other debt	298,996	308,067	293,385
Principal-Bonds	493,764	508,187	523,032
Capitalized Lease Payments	1,216,711	1,115,128	1,085,810
<b>Total Debt Service</b>	<b>2,009,471</b>	<b>1,931,382</b>	<b>1,902,227</b>
<b>Percent of Total Expenses</b>	<b>5.34%</b>	<b>4.99%</b>	<b>4.66%</b>
<b>Capital &amp; Start Up Expenses</b>			
Operating Capital Expenditures	2,464,900	1,582,256	792,192
Major Capital Expenditures			
<b>Total Capital &amp; Initiative Expenditures</b>	<b>2,464,900</b>	<b>1,582,256</b>	<b>792,192</b>
<b>Total Debt Service and Capital/Initiative Expenditures</b>	<b>4,474,371</b>	<b>3,513,638</b>	<b>2,694,419</b>
<b>Total Expenses</b>	<b>37,619,965</b>	<b>38,686,576</b>	<b>40,794,418</b>
<b>Net Cash (Deficit) From Operations Before Other Adjustments</b>	<b>\$ (1,529,328)</b>	<b>\$ 377,746</b>	<b>\$ 298,243</b>
<b>Other Adjustments</b>			
Initiatives Included in Operations Budget		-	381,500
Cash Collections On Pledges	474,642	311,846	163,300
<b>Contingency</b>			-
<b>Total Adjustments</b>	<b>474,642</b>	<b>311,846</b>	<b>544,800</b>
<b>Net Cash Flows (Deficit)</b>	<b>\$ (1,054,686)</b>	<b>\$ 689,592</b>	<b>\$ 843,043</b>



# Other Considerations

- Debt Covenants
  - Easy Debt Service Coverage Calculation
  - Helps Manage to Number
- Contingency
  - Needed but Rare
- Further Working Capital Adjustments
  - Reconcile to True Change in Operating Cash



# Operating Cash Forecasting

- 13 Week Cash Flow Forecast
  - Understand Peaks and Valleys
  - Visibility to Potential Shortages
- Manages Line of Credit Use
- Maximizes Investable Cash
- Can be Cumbersome to Develop
- In Theory Should Reconcile to OCS
  - Accurate not Precise

# Operating Cash Forecasting

	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week
Cash Inflows	1	2	3	4	5	6	7	8	9	10	11	12	13
Tuition Collections	\$ 22,557	\$ 10,535	\$ 2,346	\$ 11,569	\$ 1,256	\$ 18,990	\$ 64,979	\$ -	\$ 3,558	\$ 10,979	\$ 1,597	\$ 210	\$ 21,657
Federal Drawdowns	-	-	-	-	-	7,500,487	3,508,870	-	-	350,789	45,698	-	-
Annual Fund	5,648	4,652	15,786	1,568	6,587	1,564	22,597	6,489	7,515	9,415	6,106	5,489	2,159
Auxiliary Collections	10,687	25,055	5,406	1,586	3,568	325	465	1,587	5,656	6,605	5,287	2,798	5,105
Misc. Cash	-	-	-	-	-	-	-	15,807	5,640	-	6,548	878	2,580
State Funding	-	-	-	-	158,568	1,587,898	25,065	-	-	-	-	-	-
Endowment Draws	-	-	-	-	-	-	-	-	750,000	-	-	-	-
Line of Credit					-								
<b>Total Inflows</b>	<b>\$ 38,892</b>	<b>\$ 40,242</b>	<b>\$ 23,538</b>	<b>\$ 14,723</b>	<b>\$ 169,979</b>	<b>\$ 9,109,264</b>	<b>\$ 3,621,976</b>	<b>\$ 23,883</b>	<b>\$ 772,369</b>	<b>\$ 377,788</b>	<b>\$ 65,236</b>	<b>\$ 9,375</b>	<b>\$ 31,501</b>
<b>Cash Outflows</b>													
Payroll	1,576,584		1,576,584		1,576,584		1,576,584		1,576,584	-	1,576,584		1,576,584
Payables	275,645	32,587	57,859	278,688	36,548	48,458	358,488	45,688	78,505	258,789	32,548	32,587	246,584
Student Refunds	-	-	-	-	-	1,578,658	2,568,778	15,898	25,658	12,586	5,258	-	-
Debt Service	-	-	-	-	-	-	750,000	-	-	-	-	-	-
Line of Credit					-		-						
<b>Total Outflows</b>	<b>1,852,229</b>	<b>32,587</b>	<b>1,634,443</b>	<b>278,688</b>	<b>1,613,132</b>	<b>1,627,116</b>	<b>5,253,850</b>	<b>61,586</b>	<b>1,680,747</b>	<b>271,375</b>	<b>1,614,390</b>	<b>32,587</b>	<b>1,823,168</b>
<b>Net Cash</b>	<b>\$ (1,813,337)</b>	<b>\$ 7,655</b>	<b>\$(1,610,905)</b>	<b>\$(263,965)</b>	<b>\$(1,443,153)</b>	<b>\$ 7,482,148</b>	<b>\$(1,631,874)</b>	<b>\$(37,703)</b>	<b>\$(908,378)</b>	<b>\$ 106,413</b>	<b>\$(1,549,154)</b>	<b>\$(23,212)</b>	<b>\$(1,791,667)</b>
<b>Beginning Operating Cash</b>	<b>4,587,658</b>	<b>\$ 2,774,321</b>	<b>\$ 2,781,976</b>	<b>\$ 1,171,071</b>	<b>\$ 907,106</b>	<b>\$(536,047)</b>	<b>\$ 6,946,101</b>	<b>\$ 5,314,227</b>	<b>\$ 5,276,524</b>	<b>\$ 4,368,146</b>	<b>\$ 4,474,559</b>	<b>\$ 2,925,405</b>	<b>\$ 2,902,193</b>
<b>Ending Operating Cash</b>	<b>\$ 2,774,321</b>	<b>\$ 2,781,976</b>	<b>\$ 1,171,071</b>	<b>\$ 907,106</b>	<b>\$ (536,047)</b>	<b>\$ 6,946,101</b>	<b>\$ 5,314,227</b>	<b>\$ 5,276,524</b>	<b>\$ 4,368,146</b>	<b>\$ 4,474,559</b>	<b>\$ 2,925,405</b>	<b>\$ 2,902,193</b>	<b>\$ 1,110,526</b>



# Long Term Planning

- 3-5 Year Operating Plan with Financials
  - Enrollment
  - Discount Rate
    - Long-Term Plan Critical
    - Margins will Continue to Get Squeezed
- Other Revenue Drivers
- Planning-Realistic
- Frequent Updates





# Long Term Planning

- Capital Expenditures
  - Technology
    - 3-5 Year Plan
    - PC Replacement Cycle
      - Finance
        - » Lease
        - » Cash
      - Philanthropy Not Likely



# Long Term Planning

- Capital Expenditures
  - Deferred Maintenance (Operating Cap Ex)
    - Funded Out of Operating Cash
    - Tight Cash Budgets Squeeze this Out
    - How Much to Spend
      - Rule of Thumb 50% of Depreciation Expense
    - Philanthropy Not Likely
- Major Buildings
  - Donor Funding
  - Debt



# Long Term Planning

- New Programs or Initiatives
  - Smaller Fund out of Operations
  - Larger Need Financing
  - Philanthropy
- Major Initiatives are Investments
  - Cash Funding for Start-Up
  - Incubated until Self Supporting or Discontinued
  - Return and Short Payback
  - Use Discounted Cash Flows



# Long Term Planning

- Roll Up into a 3-5 Year Operating Cash Flow Plan
- Add New Variables
  - Debt
  - Technology Spending
  - Deferred Maintenance
- Impact of Major Buildings
- Impact of Initiatives
  - Incubate or Not

# Long Term Planning

	Current Year	Projected	Projected	Projected	Projected	Projected
	Actual	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
<b>Revenues</b>						
<b>Undergrad Revenue</b>						
Undergrad Tuition Revenue	\$ 35,730,450	\$ 37,176,541	\$ 37,456,854	\$ 38,677,722	\$ 40,015,794	\$ 41,542,985
Less: Unfunded Financial Aid	(21,608,664)	(22,985,283)	(23,603,765)	(24,074,026)	(24,182,460)	(25,259,482)
<b>Net Traditional Tuition Revenue</b>	<b>14,121,786</b>	<b>14,191,258</b>	<b>13,853,089</b>	<b>14,603,696</b>	<b>15,833,333</b>	<b>16,283,503</b>
Discount Rate	60.48%	61.83%	63.02%	62.24%	60.43%	60.80%
<b>Non Undergrad Revenue</b>						
Professional Study Program	11,252,102	11,061,988	11,172,734	11,284,286	11,397,353	11,511,243
Grad Program	59,400	297,000	299,970	302,970	305,999	309,059
Grad Program	149,600	299,200	299,200	299,200	299,200	299,200
Grad Program	342,563	285,000	363,351	373,162	383,237	393,584
<b>Non Undergrad Revenue</b>	<b>11,803,665</b>	<b>11,943,188</b>	<b>12,135,255</b>	<b>12,259,618</b>	<b>12,385,789</b>	<b>12,513,086</b>
Executive Education	53,030	50,000	50,000	50,000	50,000	50,000
<b>Total Tuition Revenue</b>	<b>25,978,481</b>	<b>26,184,446</b>	<b>26,038,344</b>	<b>26,913,313</b>	<b>28,269,123</b>	<b>28,846,589</b>
<b>Percent of Total Net Revenues</b>	<b>63.22%</b>	<b>64.46%</b>	<b>63.86%</b>	<b>63.70%</b>	<b>63.92%</b>	<b>63.41%</b>
<b>Student Fee Revenue</b>	<b>1,499,500</b>	<b>1,406,991</b>	<b>1,441,191</b>	<b>1,535,441</b>	<b>1,598,623</b>	<b>1,667,142</b>
<b>Room and Board Revenue</b>						
Room Revenue	5,234,989	5,193,888	5,352,480	5,651,327	5,979,791	6,347,626
Board Revenue	3,533,263	3,583,078	3,692,485	3,898,649	4,125,245	4,379,002
<b>Total Room &amp; Board Revenue</b>	<b>8,768,252</b>	<b>8,776,966</b>	<b>9,044,965</b>	<b>9,549,976</b>	<b>10,105,035</b>	<b>10,726,628</b>
<b>Total Enrollment Driven Revenue</b>	<b>36,246,233</b>	<b>36,368,404</b>	<b>36,524,501</b>	<b>37,998,730</b>	<b>39,972,781</b>	<b>41,240,360</b>
<b>Percent of Total Net Revenues</b>	<b>88.21%</b>	<b>89.54%</b>	<b>89.58%</b>	<b>89.94%</b>	<b>90.39%</b>	<b>90.66%</b>
<b>Other Operating Revenue</b>	<b>Current Year</b>					
Annual Fund	1,050,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Bequests	500,000	-	-	-	-	-
Conferencing and other Auxiliary Revenue	700,600	650,000	650,000	650,000	650,000	650,000
Other	498,500	500,000	500,000	500,000	500,000	500,000
<b>Total Other Operating Revenue</b>	<b>2,749,100</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>2,300,000</b>
<b>Total Revenue from Operations</b>	<b>38,995,333</b>	<b>38,668,404</b>	<b>38,824,501</b>	<b>40,298,730</b>	<b>42,272,781</b>	<b>43,540,360</b>
<b>Non Operating Revenues</b>						
Endowment Draw	1,575,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Interest & Dividends	522,328	100,000	100,000	100,000	100,000	100,000
<b>Total Non-Operating Revenue</b>	<b>2,097,328</b>	<b>1,950,000</b>	<b>1,950,000</b>	<b>1,950,000</b>	<b>1,950,000</b>	<b>1,950,000</b>
<b>Total Net Revenues</b>	<b>41,092,661</b>	<b>40,618,404</b>	<b>40,774,501</b>	<b>42,248,730</b>	<b>44,222,781</b>	<b>45,490,360</b>
<b>Annual Percentage Growth</b>	<b>5.19%</b>	<b>-1.15%</b>	<b>0.38%</b>	<b>3.62%</b>	<b>4.67%</b>	<b>2.87%</b>
<b>Compound Annual Growth</b>						<b>3.36%</b>

# Long Term Planning

Expenses						
<b>Salaries &amp; Wages</b>						
Faculty	8,524,462	8,680,872	8,797,436	8,883,030	8,980,974	9,216,934
Administration	7,729,047	6,422,804	6,487,674	6,553,200	6,619,387	6,686,243
Hourly	2,056,965	3,731,084	3,768,768	3,806,832	3,845,281	3,934,122
Student Wages	885,883	894,830	903,868	912,997	922,218	931,533
Overtime	84,169	85,010	85,861	86,719	87,586	88,462
Other						
<b>Total Salaries &amp; Wages</b>	<b>19,280,525</b>	<b>19,814,599</b>	<b>20,043,606</b>	<b>20,242,777</b>	<b>20,455,447</b>	<b>20,857,293</b>
<b>Percent of Total Expenses</b>	<b>47.26%</b>	<b>47.06%</b>	<b>46.67%</b>	<b>46.19%</b>	<b>45.99%</b>	<b>45.99%</b>
<b>Benefits</b>						
FICA	1,355,118	1,440,859	1,457,622	1,472,094	1,487,592	1,517,553
Health Insurance Claims	2,100,000	2,310,000	2,541,000	2,795,100	3,074,610	3,382,071
Health Insurance Admin Costs	180,000	198,000	217,800	239,580	263,538	289,892
Disability	38,000	41,800	45,980	50,578	55,636	61,199
TIAA	1,245,696	1,299,598	1,314,718	1,327,771	1,341,749	1,368,774
Dental	46,000	50,600	55,660	61,226	67,349	74,083
Worker's Comp	155,000	162,750	170,888	179,432	188,403	197,824
Unemployment Comp	15,000	15,300	15,606	15,918	16,236	16,561
Other	47,200	48,144	49,107	51,071	52,093	53,134
<b>Total Benefits</b>	<b>5,182,014</b>	<b>5,567,051</b>	<b>5,868,380</b>	<b>6,192,771</b>	<b>6,547,206</b>	<b>6,961,092</b>
<b>Percent of Total Expenses</b>	<b>12.70%</b>	<b>13.22%</b>	<b>13.66%</b>	<b>14.13%</b>	<b>14.72%</b>	<b>15.35%</b>
<b>Total Salaries &amp; Benefits</b>	<b>24,462,540</b>	<b>25,381,651</b>	<b>25,911,985</b>	<b>26,435,548</b>	<b>27,002,653</b>	<b>27,818,385</b>
<b>Percent of Total Expenses</b>	<b>59.97%</b>	<b>60.29%</b>	<b>60.34%</b>	<b>60.33%</b>	<b>60.71%</b>	<b>61.34%</b>
<b>Major Operating Expenses</b>						
Chartwells Food Service	2,200,000	2,266,000	2,333,980	2,403,999	2,476,119	2,550,403
Supplies	1,017,414	1,037,762	1,058,517	1,079,688	1,101,281	1,123,307
Utilities	1,075,000	1,128,750	1,185,188	1,244,447	1,331,558	1,398,136
Maintenance Contracts	1,359,385	1,400,167	1,442,172	1,485,437	1,530,000	1,575,900
Purchased Services	765,610	780,922	796,541	812,471	828,721	845,295
Travel	719,741	734,136	748,819	763,795	779,071	794,653
Advertising	583,250	600,748	618,770	637,333	656,453	676,147
Equipment	580,821	598,245	616,193	634,678	653,719	673,330
Property & Casualty	330,500	355,288	381,934	410,579	441,373	474,475
<b>Total Major Operating Expenses</b>	<b>8,631,721</b>	<b>8,902,017</b>	<b>9,182,112</b>	<b>9,472,428</b>	<b>9,798,295</b>	<b>10,111,646</b>
<b>Other Operating Expenses</b>	<b>5,005,739</b>	<b>5,105,853</b>	<b>5,286,220</b>	<b>5,391,945</b>	<b>5,499,784</b>	<b>5,609,779</b>
<b>Total Operating Expenses</b>	<b>13,637,459</b>	<b>14,007,871</b>	<b>14,468,333</b>	<b>14,864,373</b>	<b>15,298,079</b>	<b>15,721,426</b>
<b>Percent of Total Expenses</b>	<b>33.43%</b>	<b>33.27%</b>	<b>33.69%</b>	<b>33.92%</b>	<b>34.40%</b>	<b>34.67%</b>
<b>Total Expenses Before Principal Debt Service &amp; Capital</b>	<b>38,099,999</b>	<b>39,389,521</b>	<b>40,380,318</b>	<b>41,299,921</b>	<b>42,300,731</b>	<b>43,539,810</b>
<b>Debt Service</b>	<b>Actual</b>					
Interest Expense-Bonds and other debt	293,385	249,313	216,849	183,474	222,504	205,361
Principal-Bonds	523,032	538,309	554,034	570,217	586,873	604,016
Capitalized Lease Payments	1,085,810	924,846	794,688	767,128	367,119	-
<b>Total Debt Service</b>	<b>1,902,227</b>	<b>1,712,468</b>	<b>1,565,571</b>	<b>1,520,819</b>	<b>1,176,496</b>	<b>809,377</b>
<b>Percent of Total Expenses</b>	<b>4.66%</b>	<b>4.07%</b>	<b>3.65%</b>	<b>3.47%</b>	<b>2.65%</b>	<b>1.78%</b>
<b>Capital &amp; Start Up Expenses</b>						
Operating Capital Expenditures	792,192	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Major Capital Expenditures						
<b>Total Capital &amp; Initiative Expenditures</b>	<b>792,192</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Total Debt Service and Capital/Initiative Expenditures</b>	<b>2,694,419</b>	<b>2,712,468</b>	<b>2,565,571</b>	<b>2,520,819</b>	<b>2,176,496</b>	<b>1,809,377</b>
<b>Total Expenses</b>	<b>40,794,418</b>	<b>42,101,989</b>	<b>42,945,889</b>	<b>43,820,740</b>	<b>44,477,227</b>	<b>45,349,187</b>
<b>Net Cash (Deficit) From Operations Before Other Adjustments</b>	<b>\$ 298,243</b>	<b>\$ (1,483,586)</b>	<b>\$ (2,171,388)</b>	<b>\$ (1,572,010)</b>	<b>\$ (254,447)</b>	<b>\$ 141,172</b>
<b>Other Adjustments</b>						
Initiatives Included in Operations Budget	381,500					
Cash Collections On Pledges	163,300					
Contingency	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>544,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows (Deficit)</b>	<b>\$ 843,043</b>	<b>\$ (1,483,586)</b>	<b>\$ (2,171,388)</b>	<b>\$ (1,572,010)</b>	<b>\$ (254,447)</b>	<b>\$ 141,172</b>



# Support

- Different
- Board Engagement Critical
  - \$1 Million OCF Requirement
- Community
  - Understand Cash vs 990 or Audit
  - Discount Rate and Pressure on Pricing
  - Cost Structure to Match Market
- Communicate and Educate



**Questions?**