

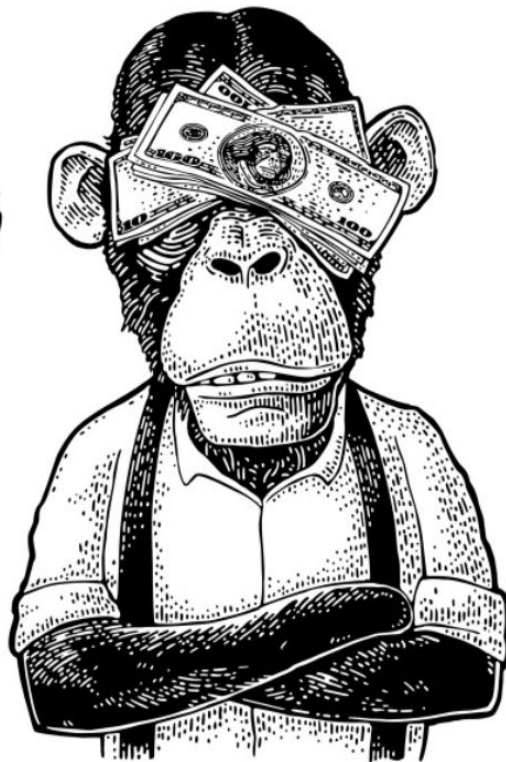
Financial Literacy For Administrative Assistants

June 16, 2022

Toni Boyd
VP for Finance and Operations
The Westminster Schools



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Our Goal Today

- ❖ **Understand** the Independent School/Not-for-profit Business Environment
- ❖ **Understand** the sources of revenues and expenditures in Independent Schools
- ❖ **Understand** the school budget and tuition setting process



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Are we a business?



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Are we a business?

- Render services with no expectation of net income.
- Have no owners.
- Seek financial resources from persons who do not expect either repayment or economic benefits proportionate to the resources provided.
- Different measurement focus.



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How do we measure our success?



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How do we measure our success?

For Profit Success is measured:

- ❖ Net Income
- ❖ Return on Equity
- ❖ Earnings per Share

Not-For-Profit Success is measured:

- ❖ Assessment of efficient and effective use of resources in delivering services
- ❖ Furtherance of donor objectives in the use of contributed money
- ❖ Advancement of the Organization's Mission



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Statements of financial position

Balance Sheet

July 31	2021	2020
	\$	\$
Assets		
Cash and cash equivalents	20,290,425	62,790,141
Construction bond cash held in escrow	-	23,409,105
Accounts receivable, less allowance for doubtful accounts of \$60,000 in 2021 and 2020	2,344,635	2,552,751
Investments	372,706,024	261,514,625
Charitable remainder trusts and gift annuities	853,615	696,120
Contributions receivable, net	24,840,195	13,585,307
Other assets	2,103,900	1,802,616
Property and equipment, net	173,600,227	139,354,783
Total assets	596,739,021	505,705,448
Liabilities		
Accounts payable and accrued liabilities	14,083,339	18,918,204
Funds held for others	441,769	487,748
Deferred revenue	39,576,912	33,510,978
Bonds payable, net of unamortized debt issuance costs of \$528,134 in 2021 and \$546,504 in 2020	109,971,866	109,953,496
Total liabilities	164,073,886	162,870,426
Net Assets		
Without donor restrictions	198,493,143	163,226,741
With donor restrictions	234,171,992	179,608,281
Total net assets	432,665,135	342,835,022
Total liabilities and net assets	596,739,021	505,705,448

Statements of activities

Income Statement

For the year ended July 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
	\$	\$	\$
Revenue, gains and other support:			
<i>Education and general:</i>			
Gross tuition and fees	58,338,956	-	58,338,956
Less – Financial aid	(5,668,477)	-	(5,668,477)
Net tuition and fees	52,670,479	-	52,670,479
Gifts and grants	13,986,906	16,561,827	30,548,733
Bad debt expense	-	(1,342,108)	(1,342,108)
Other income	557,325	80,916	638,241
Total education and general	67,214,710	15,300,635	82,515,345
Auxiliary enterprises revenue	4,595,005	-	4,595,005
Net investment income	31,162,183	49,273,996	80,436,179
Net unrealized loss on bond interest swap	-	-	-
Net assets released from restrictions	10,010,920	(10,010,920)	-
Total revenue, gains and other support, net	112,982,818	54,563,711	167,546,529
Expenses:			
<i>Education and general:</i>			
Student instruction, activities and services	41,159,187	-	41,159,187
Management and general	10,980,486	-	10,980,486
Plant operations	18,303,590	-	18,303,590
COVID-19 response	3,388,054	-	3,388,054
Total education and general expenses	73,831,317	-	73,831,317
Auxiliary enterprises expenses	3,885,099	-	3,885,099
Total expenses	77,716,416	-	77,716,416
Change in net assets	35,266,402	54,563,711	89,830,113
Net assets, beginning of year	163,226,741	179,608,281	342,835,022
Net assets, end of year	198,493,143	234,171,992	432,665,135



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IRS Form 990 - Our Tax Return!

Form 990 <small>Department of the Treasury Internal Revenue Service</small>	EXTENDED TO JUNE 15, 2022	<small>OMB No. 1545-0047</small>
	Return of Organization Exempt From Income Tax	2020
	<small>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)</small> ▶ Do not enter social security numbers on this form as it may be made public. ▶ Go to www.irs.gov/Form990 for instructions and the latest information.	Open to Public Inspection
A For the 2020 calendar year, or tax year beginning AUG 1, 2020 and ending JUL 31, 2021		

“Including Conflict of Interest Affirmation”



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Where does the money come from?

Tuition

Gifts

Auxiliary Services

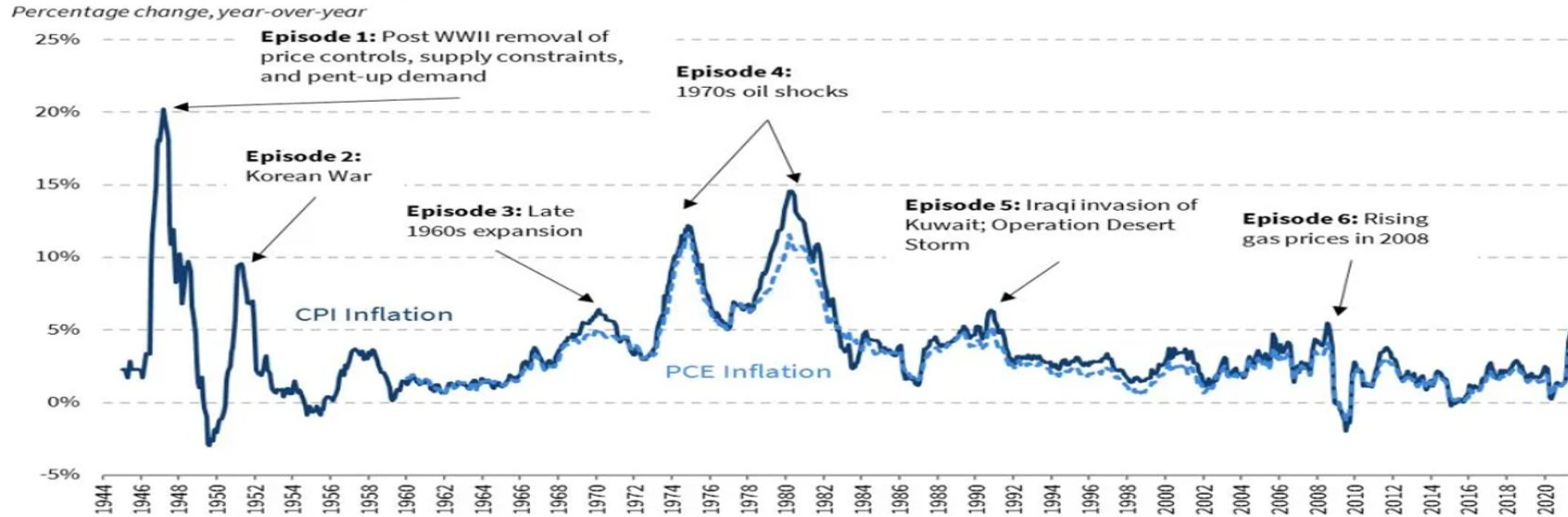


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Inflation

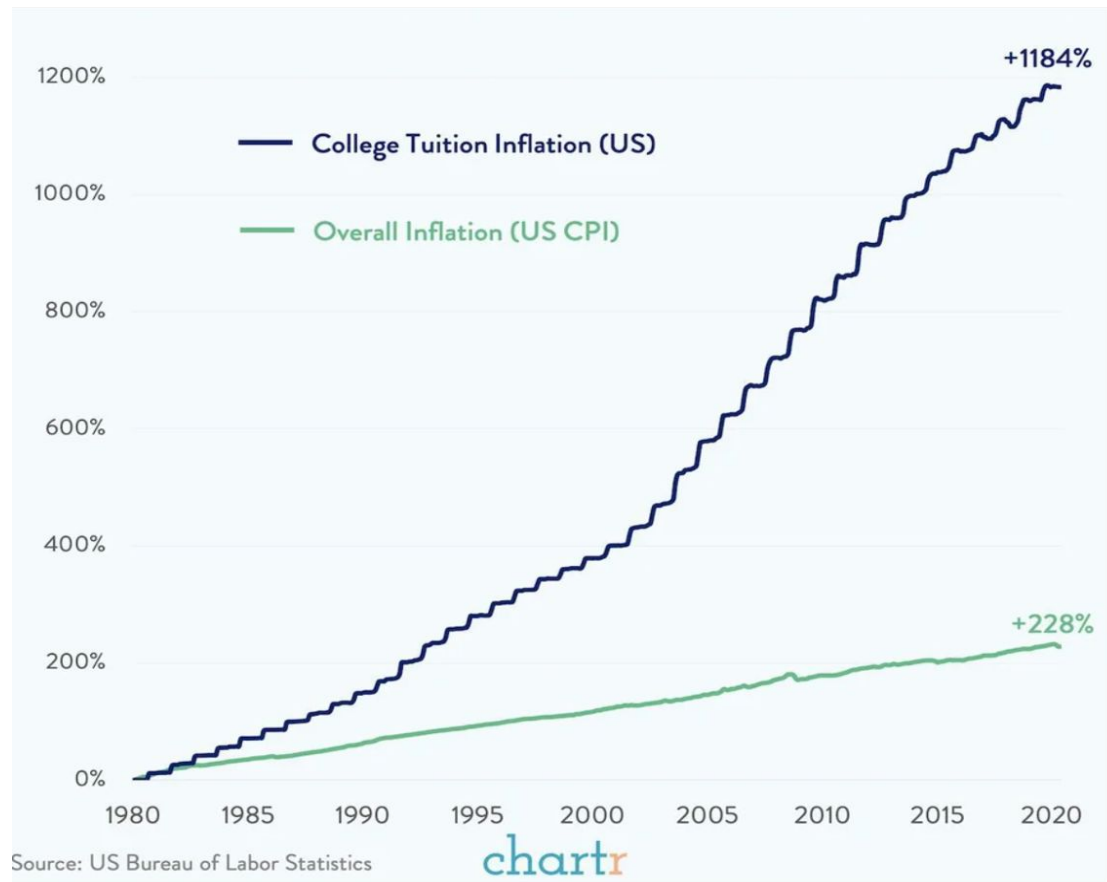
We are
here!
8.8%



Source: Federal Reserve Economic Data (FRED), Haver Analytics, CEA Calculations.

“Economics – The science of explaining tomorrow why the predictions you made yesterday didn’t come true today.”

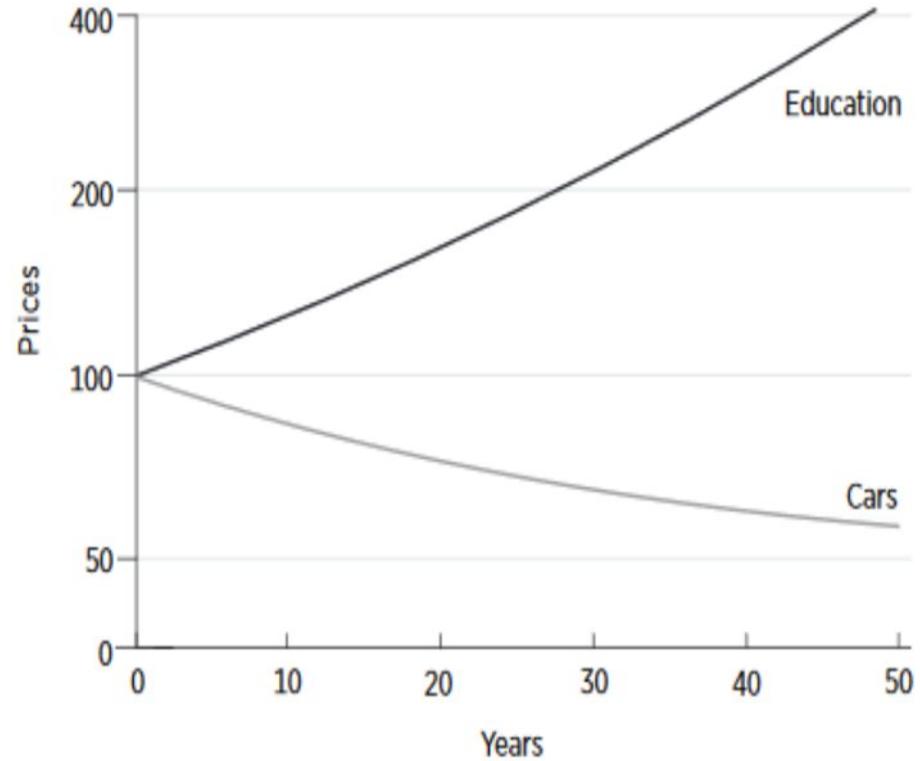
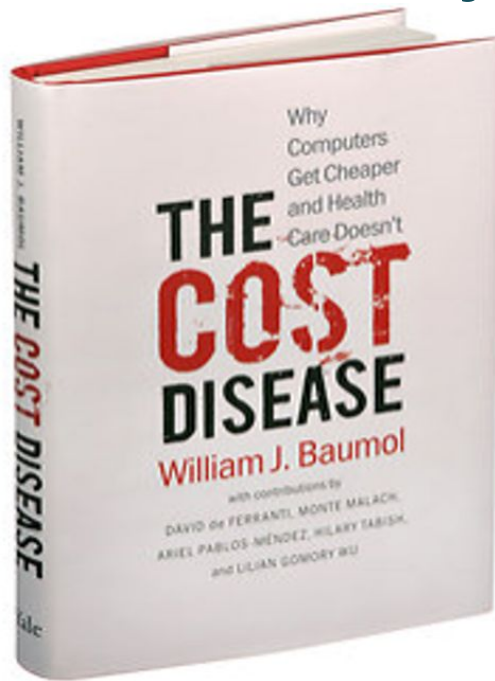
Inflation in education



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Understanding Inflation and Productivity



Note: The Y axis uses a ratio scale.



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Restricted and Unrestricted Gifts:

Annual Giving
Capital Campaign
Endowment



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Auxiliary Services:

Bookstore

After School Care

Summer Camp

Retail Food Service

Facility Rental



Where does the money go?

Operations:

Salaries

Program

Facility Maintenance

Capital Purchases:

Furniture, Fixtures, Equipment

New Facilities

Reserves:

Technology

Facilities



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Independent School Financial Model

Money Comes in 5 Ways

- Tuition
- Endowment Draw
- Annual Giving
- Auxiliary, Other

Money Goes Out 3 Ways

- Operations
- Capital Projects
- Reserves

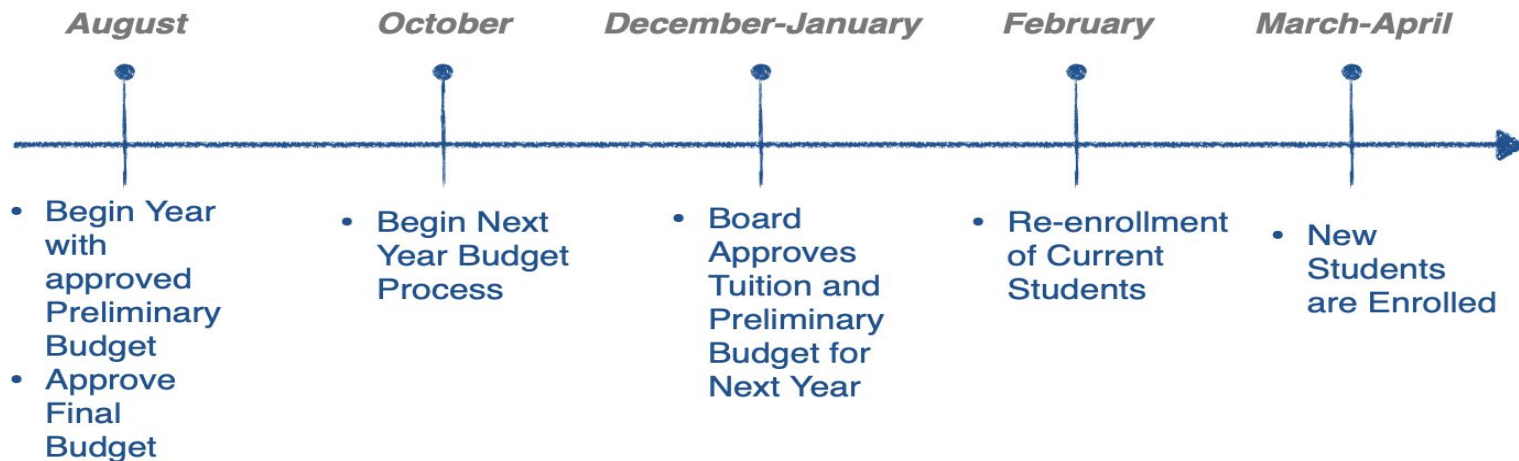
Statement of Activities



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Independent School Budget Process Timeline



An investment in knowledge pays the best interest. --**Benjamin Franklin**



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No one is more cherished in this world than someone who lightens the burden of another. Thank you. - *Joseph Addison*



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