Financial Literacy For Administrative Assistants

June 16, 2023

SAIS

SERVING & ACCREDITING INDEPENDENT SCHOOLS

Anne Wiles
Director of Finance and Business Operations

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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?

These people think so:

- DOL – Department of Labor
- CDC – Center for Disease Control
- IRS – Internal Revenue Service
- Federal, State, Local Governments

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Are we a business?

But we ARE different:

- 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.

Measures of success

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How do we measure our success?

For-Profit Success is measured:

- Net Income
- Return on Equity
- Earnings per Share
- Market Share
- Rate of Growth/Expansion
- Brand Recognition
- Customer Satisfaction

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How do we measure our success?

Not-For-Profit Success is measured:

- Advancement of the organization’s mission
- Furtherance of donor objectives in the use of contributed money
- Assessment of efficient and effective use of resources in delivering services
- Market share
- Brand recognition

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So…
Are we a business?

Like all Business…..

Statement of Financial Position
Balance Sheet

June 30,		2022		2021
Assets				
Current Assets				
Cash and cash equivalents	$	5,499,195	$	6,852,134
Operating fixed income investments		9,612,376		9,935,472
Other investments		7,944,259		11,497,883
Accounts receivable, net		34,355		83,929
Pledges receivable, current portion, net		4,498,523		6,855,297
Inventories		112,043		151,658
Prepaid expenses		1,028,227		859,420
Total Current Assets		28,728,978		36,235,793
Investments		22,959,385		19,416,752
Cash restricted for buildings and equipment		287,320		504,849
Pledges receivable, less current portion, net		16,260,051		12,435,437
Property and equipment, net		61,882,934		54,223,561
Other non-current assets		902,713		800,100
Total Assets	$	131,021,381	$	123,616,492
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	2,400,951	$	2,656,716
Amounts held in custody for others		263,935		284,162
Deferred tuition and fees		10,341,444		9,700,303
Current maturities of operating lease obligations		28,111		42,166
Current maturities of finance lease obligations		272,869		277,099
Current maturities of debt		933,120		410,000
Total Current Liabilities		14,240,430		13,370,446
Deferred compensation		738,674		579,993
Interest rate swap		10,816		66,301
Operating lease obligations, less current portion		-		28,111
Finance lease obligations, less current portion		144,981		132,354
Long-term debt, net current portion and deferred loan costs		4,096,770		2,603,185
Total Liabilities	$	19,231,671	$	16,780,390
Net Assets				
Without donor restrictions		62,502,071		59,291,210
With donor restrictions		49,287,639		47,544,892
Total Net Assets		111,789,710		106,836,102
Total Liabilities and Net Assets	$	131,021,381	$	123,616,492

See accompanying notes to financial statements.

Statement of Activities
Income Statement

Year ended June 30, 2022		Without Donor Restrictions		With Donor Restrictions		Total
Support and Revenue						
Tuition and fees, net of scholarships of $4,058,309	$	34,474,085	$	-	$	34,474,085
Auxilliary activities		3,897,375		-		3,897,375
Contributions of cash and other financial assets		-		11,614,599		11,614,599
Net dividends, interest and investment loss on board and donor designated endowment		(496,009)		(3,425,256)		(3,921,265)
Net dividends, interest and investment loss on other investments		(39,085)		-		(39,085)
Other sources		102,952		-		102,952
Satisfaction of program restrictions		584,845		(584,845)		-
Expiration of time and non-program restrictions		5,861,751		(5,861,751)		-
Total Support and Revenue		44,385,914		1,742,747		46,128,661
Program Services						
Instruction and student activities		25,788,092		-		25,788,092
Auxiliary activities		3,747,572		-		3,747,572
Total Program Services		29,535,664		-		29,535,664
Supporting Services						
General and administrative		7,001,822		-		7,001,822
Operations and maintenance of property and equipment		2,883,636		-		2,883,636
Fund raising and development		1,705,035		-		1,705,035
Loss on disposal of property and equipment		104,381		-		104,381
Total Supporting Services		11,694,874		-		11,694,874
Total Program Services and Supporting Services		41,230,538		-		41,230,538
Excess of Support and Revenue Over Program Services and Supporting Services Before Gain on Interest Rate Swap		3,155,376		1,742,747		4,898,123
Gain on Interest Rate Swap		55,485		-		55,485
Changes in Net Assets		3,210,861		1,742,747		4,953,608
Net Assets, beginning of year		59,291,210		47,544,892		106,836,102
Net Assets, end of year	$	62,502,071	$	49,287,639	$	111,789,710

See accompanying notes to financial statements.

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IRS Form 990 – Our* Tax Return!

EXTENDED TO JUNE 15, 2022

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ 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.

OMB No. 1545-0047

2020

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"

*Schools with a Religious Affiliation are exempt from this filing requirement

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Other Common Issues

- General Inflation
- Rising Medical Costs
- Property Insurance Costs
- Rising Interest Rates – Looming Recession
- Pressure on Wages
- Great Resignation
- Changes in Legislation – e.g. Vouchers
- Social Inflation

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Independent School Financial Model

Money Comes in 5 Ways

- Tuition
- Auxiliary Services
- Endowment Draw
- Annual Giving
- Other Gifts

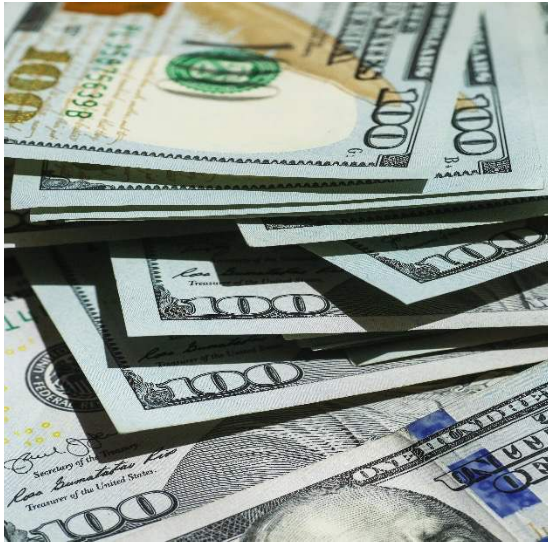
Money Goes Out 3 Ways

- Operations
- Capital Projects
- Reserves

How do we get money?

Tuition Revenue is reduced by:

- Financial Aid
- Scholarships – merit and/or need based
- Other Discounts



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How do we get money?

Auxiliary Services:

- Bookstore
- After School Care
- Summer Camps
- Retail Food Service
- Facility Rental

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How do we get money?

Restricted and Unrestricted Gifts:

Endowment
Annual Giving
Campaign

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Where does the money go?

Operations:

- Salaries and Benefits
- Program
- Supporting Services – a.k.a. Overhead
  - Advancement
  - Communications
  - Facilities
  - Business Office

Where does the money go?

Capital Purchases:

- Furniture
- Fixtures
- Equipment
- New Facilities

Where does the money go?

Reserves:

- Technology
- Facilities
- Rainy Day

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Independent School Budget Process Timeline

August

- Begin Year with approved Preliminary Budget
- Approve Final Budget

October

- Begin Next Year Budget Process

December-January

- Board Approves Tuition and Preliminary Budget for Next Year

February

- Re-enrollment of Current Students

March-April

- New Students are Enrolled

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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