CFO COLLEAGUE

HIGHER EDUCATION FINANCIAL STRATEGY

COMP4CAST FORECASTING MODEL

Model. Forecast. Decide.

A step-by-step guide to building multi-year revenue, enrollment and tuition forecasts for your institution.

BUILD THE FORECAST

Project multi-year revenue, enrollment and pricing outcomes.

TEST EVERY SCENARIO

Model population, aid and tuition assumptions with ease.

DECIDE WITH CONFIDENCE

Turn model outputs into clear, board-ready strategy.

This document contains instructions for the projection model. The accompanying Excel file can be found at this link

COMP4cast® narrative and instructions

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Introduction

I tell those who enter higher education from private industry to avoid conforming to the new reality. There are disciplines from private industry that are not likely to have seen the light of day in their new organization. I encourage them to implement as much as possible, recognizing that precious few of their leadership team will bring to the table meaningful time in any other industry. It was this perspective that motivated my launching the COMP4cast system. It is based on the following observations:

1. Private higher education is somewhat predictable. That's right. Compared to a manufacturing business that buys parts and builds product with the hope that the production schedule is right, higher education is pretty easy. I mean, after the turnstiles stop in mid to late September, it is possible to predict within a reasonable measure of accuracy how the entire year will turn out. With minimal inputs, it is also possible to take a peek at next year, thus starting the budget process anew by October 1. For such predictability, we would have paid a lot of dough in the business world.

2. There aren't a lot of moving parts. Think about what constitutes a statement of activities (income statement). Essentially, there are revenues that flow from and through students and those that don't. For most institutions, tuition, financial aid and auxiliary revenues represent over 90% of total income. Gifts and investment earnings provide the rest. Also, most of next year's students are already here this year. Figure up a realistic range of historic retention values, adding a reasonable recruitment projection for next fall and the revenue is set.

3. Higher ed gets it wrong – a lot. This is an interesting phenomenon that we didn't experience as much in private industry, even though prediction was much more complicated there. Whenever an institution makes mid-year cuts, it can typically be traced to a less than ideal planning process. When the deficiency was known earlier and not addressed, it means the leadership lacks the will to effect necessary changes in time to right the ship. In fact, the same administration may be prone to mid-year cuts on an annual basis. While common, this behavior remains baffling.

4. The primary issue seems to boil down to ownership. Those who rise through the ranks in higher ed often take the position that they will do the best they can but, in the end, the outcomes are subject to a variety of random events and are not their fault – unless of course they come in swimmingly. Too often, the CFO is tasked with putting a budget together in a back room, with little input from others; what is essentially a mathematical exercise. Without ownership, those who bring in the revenues and others who need to control spending (and those who do both) tend to subscribe half-heartedly at best to the prescribed expectations. In the end, no one's job winds up on the line, except the hapless CFO who is merely trying to put something together that will balance.

5. Some do get it right. It seems appropriate to emulate their processes. Also, those who are well organized financially want to be able to table-top various outcomes. The discount rate, donations, capital spending, non-traditional operations, investment earnings, inflation

   assumptions, price increases, debt levels, interest rates and the all-important student population can each yield significant changes to outcomes. Great schools can model these changes, followed by each leadership team member signing up for their part of the process.

Within the context of these five observations, the COMP4cast model was born. The goal was to engender ownership of the component parts of current year performance, next year's budget and the multi-year forecast that follows. There is a worksheet that is only for enrollment / student population. Another reviews financial Price-Aid. Another one looks at capital spending, projects and campaign fundraising. Then, there is one for non-student annual

revenues, including annual fund, investment return used for operations etc. Each is owned by a certain group of people and it all rolls into a budget / forecast.

An important characteristic of this model is that it is relational. After seeing people try to take student numbers and multiply them by tuition and financial aid rates, I decided to decouple populations from revenues. As a result, the population is gathered for the fall semester and is then *related* to the actual amount of tuition and fees recorded for the fall in the general ledger. Some count FTEs. Some count all heads. I recommend users determine a methodology for counting and use that consistently. Then, as the population goes up or down, the baseline amount that was actually booked for tuition and fee revenue will rise and fall ratably. This approach enhances accuracy and predictability while avoiding the nit-picking of determining just how much revenue part-timers and people in certain programs generate.

The output is impressive. Full statements of activities position and cash flows, along with CFI and DOE ratios are generated, allowing for a lot of "what-if" speculation and gaming – real time while the model is on the screen in front of the leadership team. Those who are seeking initial accreditation or a renewal will find a receptive visit team. Banks will appreciate the specificity of the forecasts and ratios while being impressed with the ownership of each component. The board and, particularly, the finance committee will feel confident that what is presented is backed up with component parts that can be discussed and adjusted.

But a word of caution is appropriate. Too often, clients enter overly optimistic assumptions that yield incredible outcomes. When the dreams don't come true, they offer up excuses or just throw away the model. In other words, don't set yourself up for failure in front of the board.

Each worksheet/tab that follows has a lettered prefix to make wading through the various pages easier. While we cannot address all the permutations of possibilities in these pages, the instructions will hit the most significant points as you work through it serially.

Keep in mind that CFO Colleague offers a full implementation process that takes around two days on site. You may want to consider that as you work through the process. We stand ready to assist, as we have with over one hundred eighty higher ed clients to date.

Find the model here: https://cfocolleague.com/free-resources/

Jeff Spear, Founder

October, 2025

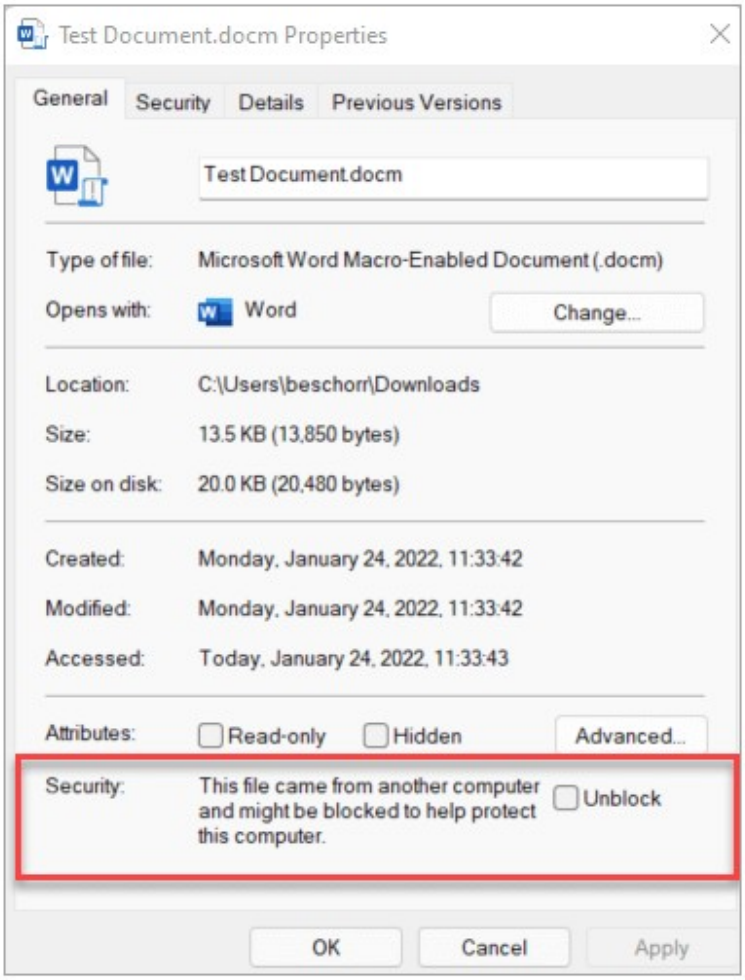
UNBLOCKING THE MACROS !

Microsoft has initiated a macro-blocking protocol for all Excel files with Macros. We recommend that you unblock macros so that the full functionality of this model can be experienced. Follow these instructions after you have saved the COMP4cast Excel file:

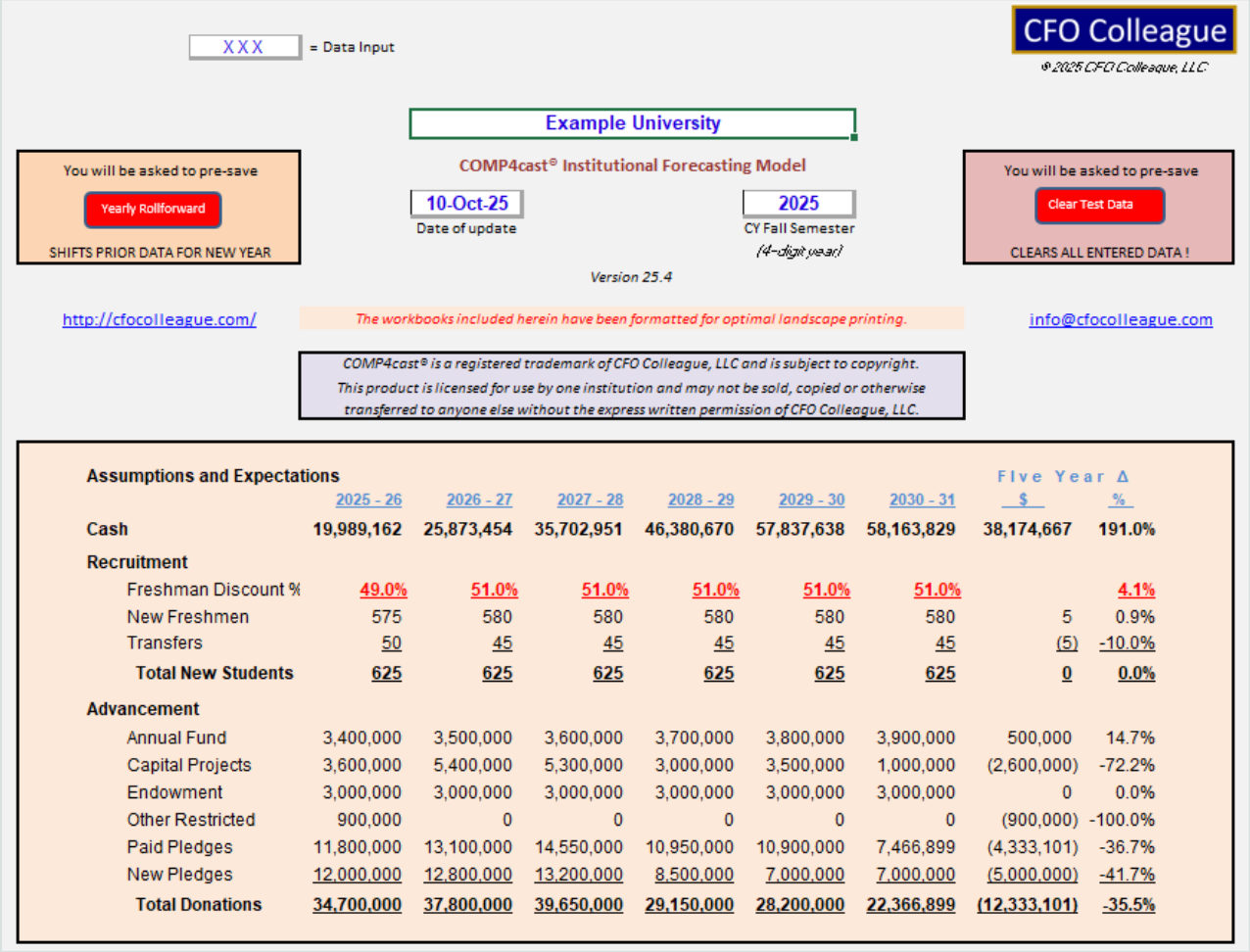
Unblock a single file

In most cases you can unblock macros by modifying the properties of the file as follows:

1. Open Windows File Explorer and go to the folder where you saved the file.
2. Right-click the file and choose **Properties** from the context menu.
3. At the bottom of the **General** tab, select the **Unblock** checkbox and select **OK**.



‘A Cover’



XXX = Data Input

CFO Colleague

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Example University

COMP4cast© Institutional Forecasting Model

You will be asked to pre-save
Yearly Rollforward
SHIFTS PRIOR DATA FOR NEW YEAR

10-Oct-25
Date of update

2025
CY Fall Semester
(4-digit year)

You will be asked to pre-save
Clear Test Data
CLEARS ALL ENTERED DATA !

Version 25.4

http://cfocolleague.com/

The workbooks included herein have been formatted for optimal landscape printing.

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This product is licensed for use by one institution and may not be sold, copied or otherwise transferred to anyone else without the express written permission of CFO Colleague, LLC.

Assumptions and Expectations	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31	Five Year Δ $	Five Year Δ %
Cash	**19,989,162**	**25,873,454**	**35,702,951**	**46,380,670**	**57,837,638**	**58,163,829**	**38,174,667**	**191.0%**
Recruitment								
Freshman Discount %	49.0%	51.0%	51.0%	51.0%	51.0%	51.0%		4.1%
New Freshmen	575	580	580	580	580	580	5	0.9%
Transfers	50	45	45	45	45	45	(5)	-10.0%
Total New Students	**625**	**625**	**625**	**625**	**625**	**625**	**0**	**0.0%**
Advancement								
Annual Fund	3,400,000	3,500,000	3,600,000	3,700,000	3,800,000	3,900,000	500,000	14.7%
Capital Projects	3,600,000	5,400,000	5,300,000	3,000,000	3,500,000	1,000,000	(2,600,000)	-72.2%
Endowment	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	0	0.0%
Other Restricted	900,000	0	0	0	0	0	(900,000)	-100.0%
Paid Pledges	11,800,000	13,100,000	14,550,000	10,950,000	10,900,000	7,466,899	(4,333,101)	-36.7%
New Pledges	12,000,000	12,800,000	13,200,000	8,500,000	7,000,000	7,000,000	(5,000,000)	-41.7%
Total Donations	**34,700,000**	**37,800,000**	**39,650,000**	**29,150,000**	**28,200,000**	**22,366,899**	**(12,333,101)**	**-35.5%**

This typically is the page that confronts the user upon opening the file. Most PCs will ask if you want to enable Macros. I recommend that you do, so that the test data can be cleansed and, when you have populated one year of activity, the next year roll-forward is accomplished through the pressing of a button.

Note the trademark and copyright information. CFO Colleague is happy to automatically extend a usage license to each institution that individually downloads the model or is provided one by our firm. We prohibit anyone or any organization from selling it or providing services to others involving its implementation or ongoing usage.

At the bottom is a summary of assumptions and expectations associated with the data entered therein. While it does not cover all controllable areas, it shows what is assumed to occur on the part of the two largest providers of revenues: enrollment and advancement.

1. Entering the Institution name

You can overwrite the “Example Institution” identified on the cover sheet at any time. I recommend this being the first activity that you do. Note what an entry cell looks like. There is gray frame surrounding a white background and the entered characters are a special shade of blue. These cells are the only places where you can safely enter in data. You may make notes on other pages but must exercise care to avoid overwriting a cell that has a formula in it.

2. Pressing the "Clear Test Data" button

When you press the red "Clear Test Data" button on the right, you will be prompted to save the file before moving forward. Put it in a directory where you can easily access it. If you use a cloud drive, I recommend putting it there so that it does not run the risk of being deleted. Saving the test data provides a way to see examples of how data can be entered for various activities. Save it as COMP4castTEST.xlsm

After pressing the red "clear test data" button and saving the file, all example data will have been cleared from the COMP4cast. This leaves the worksheet with all the formulas intact but no user data entered. I recommend saving the resultant iterations of your forecast under the following format:

[Institution initials]COMP4castYYMMDD[Letter for version from A to Z]

So, for an institution called Tijuana College of Horticulture (TCH). Consider the following file schema: TCHCOMP4cast

260307A

If you save a version later today, the new name would read:

TCHCOMP4cast 260307B

Then, if the third version is saved a few days later, both the date and the letter designation changes:

TCHCOMP4cast 260310C

Note that the date changes but the version [A through Z] goes up with each change, irrespective of the date. And, if you get to Z, start over with A again. Chances are it will be a later date than the previous "A" suffix.

3. Pressing the "Rollforward Year" button

After pressing this button, you will again be prompted to save the file. Essentially, the future year data posted in the 'F Population', 'K Strategic', 'L Capital', 'M Non student' and the assumptions found in 'P Fcast 5yr' tabs will be moved to the left one column. You thus need not re-enter this data. Of course, you are free to change any of these values for future years but it was thought that rolling it forward a year can provide a head start.

> As a part of this process, the year of the fall semester is increased +1. If this is not correct, update the year in the appropriate cell on the cover page. Note again the input cells. They are framed in gray, have a white background and record blue numbers. DO NOT enter data in any other cell, unless you are making notes in cells that are away from the calculation cells. You do not want to overwrite formulas in a program with so much data interdependency.

Back to the year input. If the previous fall was "2024", the cell should have been updated to read "2025". This updates all the years in 'F Population' and later worksheets. Putting the proper fall semester date (4-digit year only) is important so that the reports show the proper years.

4. Putting in the proper current date

Read the previous paragraph to determine the proper date to enter. If you are looking at the year 202425, the year to enter in for the fall semester is "2024". It is also important to identify the specific day/date when data was entered into the model. That day will likely form the basis for part of the saved file name, as identified above.

'B Charts' *(the next tab)* – see page 49

'C Summary' *(the next tab)* – see page 50

Note that this worksheet is a synopsis of all the outcomes generated by the model. It is recommended that you merely skip over it until the model data has been fully populated. There are no user inputs or entries utilized on this page. Most either review it on their screen or print it out after all data has been entered.

'D PY audit

The Statement of Position

Statement of Position

	Actual 2024 - 25	
ASSETS		
Cash	6,514,000	
Other current assets	4,882,000	
Pledges receivable	8,866,899	B. below
Investments	91,599,695	
Fixed + right of use assets (net)	104,402,945	
Other long-term assets		
Total assets	$ 216,265,539	
LIABILITIES		
Current liabilities *(w/o LOC)*	12,450,000	
Line of credit *(LOC)*	1,000,000	
LT debt + right of use liability	26,783,294	C. below
Other, non-current liabilities	3,061,386	
NET ASSETS		
Without donor restriction	49,918,971	
Time/purpose restricted	62,079,551	A. below
Restricted in perpetuity	60,972,337	
Total liabilities and net assets	$ 216,265,539	

Beginning with the statement of position (SOP), input the previous year audited numbers. Since this is a forecasting exercise, it is not necessary to report every line item found in the SOP. Combining lines is fully acceptable. For "A. Time or purpose restricted" net assets, the endowment and split interest portion represents market appreciation. The originally donated amounts to endowments or other permanent donations are found in the category "Restricted in perpetuity." In this way, categories can mirror the former temporary and permanently restricted assignments and allow for the proper calculation of ratios.

DATA FROM FOOTNOTES

A. Time or Purpose Restricted Net Assets

Unrestricted pledge donations	1,066,000
Capital donation restricted balances	7,912,470
Endowment & split interest appreciation	30,928,000
Other time or purpose donation balances	22,173,081
Total Time or Purpose Restricted	**62,079,551** *to H36*

B. Outstanding Pledges Receivable

Gifts without donor restrictions	1,066,000
Capital Projects	3,200,000
Other Time or Purpose Restricted	1,337,899
Endowment	3,263,000
Total Pledges Outstanding	**8,866,899** *to H12*

C. Scheduled Principal Payments (excl. interest)

Year	Debt	Right of Use	Total
2025 - 26	592,000	153,000	745,000
2026 - 27	590,000	142,000	732,000
2027 - 28	610,000	144,000	754,000
2028 - 29	640,000	146,000	786,000
2029 - 30	665,000	144,000	809,000
2030 - 31	695,000	760,000	1,455,000
BEYOND			21,502,294
	Total Scheduled Principal Payments		**26,783,294** *to H28*

For "B. Outstanding Pledges Receivable", combine categories if necessary to keep within the four designated areas provided. Entry in C is from the footnote for the next five years of debt principal payments. Include lease principal here and you may need to estimate the final year since the audit schedule only goes out five years and we are presenting six (CY + 5). Entry in D assists in determining the annualized rate of return on endowment (M Non Student V. B.)

With the recently adopted lease standard in force, we break out longer term debt requirements into those associated with traditional debt and those calculated in association with leases. These are entered in from the footnotes. You may have to estimate the amounts for the final year since the audit does not cover beyond five years forward and we are reporting six years here.

The Statement of Activities

On the surface, it seems logical to merely enter in the most recent audit under the "Actual" columns. While the subtotals should tie to the audit, there are some additional breakouts needed for the model to deliver intended results. It also may be necessary to combine some audit statement lines to correspond to this format.

The first difference is illustrated with the reporting in Tuition, Fees and Discounts. Most audit reports show these for the entire institution. The model, however, breaks out 18 to 22 year-old traditional (residential) students from non-traditional (adult and graduate) programs. The amounts for each division must be broken down. Net Tuition

and Fees from the audited Statement of Activities ("SOA") will remain the same (cell M20) but traditional and non-traditional amounts are broken out separately.

Statement of Activities

REVENUES		Actual 2024 - 25		
Tuition & Fees--Traditional		$ 51,387,224		
Less: Tuition Discounts	*(negative number)*	(25,847,774)	50.3%	
Net Tuition & Fees--Traditional				25,539,450
Tuition & Fees- Non-Traditional		16,271,443		
Less: Tuition Discounts	*(negative number)*	(893,562)	5.5%	
Net Tuition & Fees--Non Traditional				15,377,881
Net Tuition & Fees				40,917,331
Auxiliary Revenue	*(from H96)*			9,417,500

Note that auxiliary revenue is sourced from column F, beginning with row 92. This allows the user to break out the primary components of auxiliary revenues, consisting of room, board other sources. Entries in these cells are totaled and reflected on the SOA in cell O22.

D. Perm Endowment Gifts *(not pledges)*		3,249,877	
E. Auxiliary Revenues	*Room*	4,541,000	
	Board	4,346,500	
	Other	530,000	
	TOTAL	**$ 9,417,500**	*to O22*

The user is free to enter in whatever revenue categories are desired in cells I 30 through I 36. These will carry over to the Budget, CY Projection and to the Non-student tabs. Again, it may be necessary to combine certain descriptions and values but this list of five labels plus a permanently entered "unrestricted investment income" line should provide Sufficient entry points for material amounts.

Non-Student Revenues:		
Annual fund (unrestricted) donations	3,069,000	
New unrestricted pledges unpaid @ year end		
Other operating revenues	2,853,216	
Government grants	554,000	
Unrestricted investment income	146,784	
Accrued revenue to be received in 2024 - 25		
Net Non-Student Revenues		6,623,000

Note also that assets released from restriction for both endowment-related activities and “other” are likewise accommodated in the operating section. Releases from restriction for capital spending is properly identified in the non-operating section.

Expenses come off the audit categories but are enhanced with some additional lines. First, a line is dedicated to special accruals. This represents the expectation that a certain operating expense will be accrued for at year end, not affecting cash and increasing accounts payable. Typically, this is only recorded for the current year budget since the total accounts payable for the previous audited year is reflected on the balance sheet entered in ’R Bal sheets’.

Second, non-traditional expenses are broken out from all the other expense categories (mainly instruction and institutional support). This means that whatever is charged to non-traditional has to be extracted from the categories that it came out of.

Third, interest expense is broken out separately. Again, whatever category(ies) it was charged to must be decremented for the amount of interest expense. Fourth is a breakout of strategic initiatives but this is often only found on the budget and not in the audit. Fifth is a breakout of healthcare expenses. This is done because of the potentially higher inflation that category represents. Finally is a breakout of depreciation expense which, again, requires the preparer to reduce the amounts identified above by the value of depreciation expense. The reasons for these breakouts relate to how the model expresses future financial results and ratios. Non-traditional performance is separated out so that it can be planned-for

Statement of Activities

EXPENSES		
Salaries and benefits	31,596,447	
Other operating costs	30,747,521	
Offsets of amounts below	(25,881,544)	
Extraordinary expense accruals at year-end		
Auxiliary Expenses	6,339,780	
Interest expense	1,392,731	
Healthcare costs	2,834,988	
Added expenses due to releases from restriction		
Non-traditional	8,377,045	
Strategic Initiatives		
Division Expenses		55,406,968
Depreciation Expense		6,937,000
Total Operating Expenses		62,343,968
Net Operating Contribution (Deficit)		388,171
Non-operating net assets released - capital		1,657,229
Non-operating gains (losses) - other		(1,030,000)
Changes in Net Assets:		
Without donor restrictions		1,015,400
Subject to time or purpose restrictions		5,974,337
Restricted in perpetuity		3,071,226
Overall Change in Net Assets		**$ 10,060,963**

individually. An interest expense breakout allows for additional borrowings and debt pay-offs to be specifically tracked.

Strategic initiatives represent added spending that is supposed to enhance either institutional quality or deliver more students and add to revenues. Health care may be the most talked about issue of our day and merits a separate category of its own, due to its extra-inflationary behaviors. And, depreciation expense is the primary non-cash item in the statement of cash flows and is impacted by additions to fixed assets, including the construction or purchase of new buildings and fixtures. Each of these items is separately accounted-for in later worksheets. Again, each breakout has to be subtracted from the expense categories where they were presented in the audited financial statements.

Keep in mind that cells from M50 to M60 can be combined into one sum / line item. Also the expense being broken out can be offset with a negative number entered in line M70. This means that you can summarize budgeted expenses and merely offset the breakouts with a large, negative number. Those breakouts tend to be: interest expense, healthcare costs, non-traditional, strategic initiatives and depreciation expense. Merely enter in the following formula in M70: =-M66-M68-M72-M74-O78.

The model suggests two categories of non-operating net revenues and expenses in cells O84 and O86. One is for net assets released from restriction related to capital projects and the other is a catch-all for all other releases. For many, changes in interest rate swap contract values represent the primary contributor to cell O86. Gains on sales of fixed assets are typically a part of O86 as well.

With the audited statements entered, attention turns to the foundation of forecasting traditional student operations; student headcount.

'E Budg CY

The most recent audit was entered under 'D PY Audit', with the methodology previously explained. Referencing that section, note that the subtotals should tie to the audit but there are some additional breakouts needed for the model to deliver intended results. It also may be necessary to combine some audit statement lines to correspond to this format. Please excuse the repetition following but the points are important to take into consideration when entering in the Statement of Activities and the new year budget.

Example University
Budgeted / Actual Operating Performance
Enter PY info in 'D PY Audit', and CY info in 'H Non trad', L Capital' and 'M Non student' prior to completing this tab

XXX = *Data Input*

CFO Colleague
20-Oct-24

		Budgeted 2024 - 25		Actual 2023 - 24 (*from 'D PY Audit'*)		Increase (Decrease)	
Revenue:							
Tuition & Fees--Traditional		54,116,270		$ 51,387,224		2,729,046	5.3%
Less: Tuition Discounts	*(negative number)*	(26,843,639)	49.6%	(25,847,774)	50.3%	(995,865)	3.9%
Net Tuition & Fees--Traditional			27,272,631		25,539,450	1,733,181	6.8%
Tuition & Fees- Non-Traditional	*('H Non trad')*	18,920,068		16,271,443		2,648,625	16.3%
Less: Tuition Discounts	*('H Non trad')*	(1,071,600)	5.7%	(893,562)	5.5%	(178,038)	19.9%
Net Tuition & Fees--Non Traditional			17,848,468		15,377,881	2,470,587	16.1%
Net Tuition & Fees			45,121,099		40,917,331	4,203,768	10.3%
Auxiliary Revenue	*(enter in cells F136 - F140 below)*		9,895,500		9,417,500	478,000	5.1%

The first revenue breakout is illustrated above. Most institutions report tuition & fees and tuition discounts for the entire organization. Since the model breaks out traditional (the 18 to 22-year old residential student) from non-traditional (adult and graduate) programs, the amounts for each of these demarcations must be broken down. Net Tuition and Fees from the audited Statement of Activities ("SOA") will remain the same (cell N18) but traditional and non-traditional amounts are broken out separately.

Note that the non-traditional amounts are not entered at this time. The worksheet 'H Non trad' should be completed before entering amounts in this worksheet. Do not overwrite the formulas for non traditional.

Some accommodation may also be necessary relative to the manner in which many institutions budget. The model requires the budget to be expressed the same way that the audit is presented. It may thus be necessary (likely, actually) to consolidate some budget categories so that they match up with audit categories. The point is that the budget and audit need to be presented and compared in consistent lines and categories. For the model, expressing budgets in audit terms allows for prospective calculation of financial statements and ratios in a manner consistent with designed parameters.

Auxiliary enterprise revenues are not entered directly on the face to the SOA. Rather, their component parts are entered beginning in cell F130. These entries are then summarized and reflected in cell M23.

Auxiliary Revenue Breakdown	Budgeted 2024 - 25		Actual 2023 - 24		Increase (Decrease)	
Room	4,775,320		4,541,000		234,320	5.2%
Board	4,567,092		4,346,500		220,592	5.1%
Other	553,088		530,000		23,088	4.4%
TOTAL		9,895,500 *<-(to H20 above)*		9,417,500	478,000	5.1%

The remainder of operating revenues are then entered.

L Capital' and 'M Non student' prior to completing this tab	Budgeted 2024 - 25		Actual 2023 - 24		Increase (Decrease)	
Non-Student Revenues:						
Annual fund (unrestricted) donations	3,100,000		3,069,000		31,000	1.0%
New unrestricted pledges unpaid @ year end			-		-	-
Other operating revenues	1,700,000		2,853,216		(1,153,216)	-40.4%
Government grants	550,000		554,000		(4,000)	-0.7%
			-		-	-
			-		-	-
Unrestricted investment income	140,000		146,784		(6,784)	-4.6%
Accrued revenue to be received in the next year			-		-	-
Net Non-Student Revenues		5,490,000		6,623,000	(1,133,000)	-17.1%
Net assets released - endowment & other	*from 'M Non student' >*	7,759,131		5,774,308	1,984,823	34.4%
Operating Revenues		$68,265,730		$62,732,139	5,533,591	8.8%

Audit categories are typically used for this section except we like to break out unrestricted pledges here. All of these categories came from the 'D PY Audit' worksheet so if you want to add a different one, add it on that sheet. You will see these descriptions again when accessing worksheet 'M Non student'.

Note also that "Assets released from restriction – endowment & other" come from 'M Non student'. As is stated in the upper left corner of this worksheet, it is important to complete worksheets 'H Non trad', 'M Non student' and 'L Capital' before completing this worksheet. It may also be necessary to break down net assets released into "endowment and other" from your audit, if only one release number was presented. Capital releases are found later in the worksheet under non-operating activities.

L Capital' and 'M Non student' prior to completing this tab	Budgeted 2024 - 25		Actual 2023 - 24		Increase (Decrease)	
Expenses						
Salaries and benefits	32,977,459		31,596,447		1,381,012	4.4%
Other operating costs	31,604,374		30,747,521		856,853	2.8%
Offsets of amounts below	(26,929,341)		(25,881,544)		(1,047,797)	4.0%
			-		-	-
			-		-	-
			-		-	-
Extraordinary expense accruals at year-end			-		-	-
Auxiliary expenses	6,750,000		6,339,780		410,220	6.5%
Interest expense	1,400,000		1,392,731		7,269	0.5%
Healthcare costs	3,000,000		2,834,988		165,012	5.8%
Added expenses due to releases *(from 'M Non student)*			-		-	-
New building operations *(from 'L Capital')*			-		-	-
Non-traditional *(from 'H Non trad)*	8,419,341		8,377,045		42,296	0.5%
Strategic Initiatives *(from 'K Strategic')*	240,000		-		240,000	-
Division Expenses		57,461,833		55,406,968	2,054,865	3.7%
Depreciation Expense	*7,175,249 calculated in L Capital*	7,120,000		6,937,000	183,000	2.6%
Total Operating Expenses		64,581,833		62,343,968	2,237,865	3.6%

Recall from 'D PY Audit' that expenses come off the audit categories but are enhanced with some additional lines. First, a line is dedicated to special accruals. This represents the expectation that a certain operating expense will be accrued for at year end, not affecting cash and increasing accounts payable. Typically, this is only recorded for the current year budget since the total accounts payable for the previous audited year is reflected on the balance sheet entered in 'R Bal sheets'.

Second, non-traditional expenses are broken out from all the other expense categories (mainly instruction and institutional support). This means that whatever is charged to non-traditional has to be extracted from the categories that it came out of. These expenses are recorded first in 'H Non trad' before they flow to this worksheet.

Third, interest expense is broken out separately. Again, whatever category(ies) it was charged to must be decremented for the amount of interest expense. Fourth is a breakout of strategic initiatives but this is often only

found on the budget and not in the audit. Fifth is a breakout of healthcare expenses. This is done because of the significantly higher inflation that category represents. Finally is a breakout of depreciation expense which, again, requires the preparer to reduce the amounts identified above by the value of depreciation expense.

Speaking of Depreciation Expense, in a peach colored window in cell F70 is the calculation of depreciation expense for the current year as presented in cell L168 within 'L Capital'. This represents a make-sense test of the budgeted depreciation but requires that 'L Capital' be filled out before a meaningful number will appear.

The reasons for these breakouts relate to how the model expresses future financial results and ratios. Non-traditional performance is separated out so that it can be planned-for individually. An interest expense breakout allows for additional borrowings and debt pay-offs to be specifically tracked. Strategic initiatives represent added spending that is supposed to enhance either institutional quality or deliver more students and add to revenues. Health care may be the most talked about issue of our day and merits a separate category of its own, due to its extra-inflationary behaviors. And, depreciation expense is the primary non-cash item in the statement of cash flows and is impacted by additions to fixed assets, including the construction or purchase of new buildings and fixtures. Each of these items is separately accounted-for in later worksheets. Again, each breakout has to be subtracted from the expense categories where they were presented in the audited financial statements.

Keep in mind that cells from F48 to F58 can be combined into one sum / line item – "Operating expenses". Also the expenses being broken out can be offset with a negative number entered in one of the blank cells. This means that you can summarize budgeted expenses and merely offset the breakouts with a large, negative number. Those breakouts tend to be non-traditional, interest expense, healthcare costs, strategic initiatives and depreciation expense. Merely enter in the following formula in a free cell: =-F64-F66-F64-F66-F72-H78.

Note that in F68, input is offered for the expenses associated with net assets released from restriction that will lead to extra-budgetary expenses. This falls under the "purpose" restricted gifts that used to be called "temporarily restricted". The opportunity to specify immediate expenses associated with purpose restricted releases will be found again in 'M Non student'.

L Capital' and 'M Non student' prior to completing this tab	**Budgeted 2024 - 25**		**Actual 2023 - 24**	**Increase (Decrease)**	
Net Operating Contribution (Deficit)		3,683,897	388,171	3,295,726	*849.0%*
Non-operating net assets released - capital	*from 'M Non student" >*	3,934,772	1,657,229	2,277,543	*137.4%*
Non-operating gains (losses) - other	*from 'M Non student" >*	(370,070)	(1,030,000)	659,930	*-64.1%*
Changes in Net Assets:					
Without donor restrictions		7,248,599	1,015,400	6,233,199	*613.9%*
Subject to time or purpose restrictions	*from 'M Non student' >*	3,949,337	5,974,337	(2,025,000)	*-33.9%*
Restricted in perpetuity	*" " >*	3,000,000	3,071,226	(71,226)	*-2.3%*
Overall Change in Net Assets		$ 14,197,936	$ 10,060,963	4,136,973	*41.1%*

The model allows for the input of other non-operating gains/losses but brings forward the nonoperating capital releases from 'M Non student' Recall that the gain on sales of fixed assets is typically a part of "Other non-operating", as are gains and losses from interest rate swap contracts. Note that the 'L Capital' worksheet allows for projecting what is anticipated for the other non-operating line as the year unfolds.

The bottom section has the Cash Flow Summary, with the information coming from a variety of sources, including the 'L Capital' worksheet. The activity associated with the current (budgeted) year must be entered into 'L Capital' and 'M Non student' before these reports are finalized. Also note that, if this CY Budget worksheet is not completed, the benefits of the forecasting process are diminished.

Cash Flow Summary	Budgeted 2024 - 25	
Overall change in net assets	$14,197,936	
Depreciation expense - *non-cash*	7,120,000	< from 'L Capital'
Decrease (increase) in non-cash assets	(709,591)	
Decrease (increase) in investments	(9,409,109)	
Increase (decrease) in accounts payable	-	
Increase (decrease) in other, non-current liab.	-	
Increase (decrease) in line of credit	-	
Net debt Issued or (principal paid)	6,195,565	< " "
(Net spent on capital projects and equipment)	(10,530,000)	< " "
Cash added (used)		6,864,801
+ beginning cash		5,514,000
= end of year cash		$ 12,378,801

A recap of Non-Traditional and Auxiliary contributions follows so that these areas can be separately evaluated with their own goal setting processes utilized. Also, you will want to enter in the components of budgeted Auxiliary Revenues in the final section (Room, Board and Other)

Non-Traditional Recap:						
Net Tuition Revenue	$ 17,848,468		$ 15,377,881		2,470,587	16.1%
(Operating Expenses)	(8,419,341)		(8,377,045)		(42,296)	0.5%
Non-Traditional contribution (deficit)	52.8%	$ 9,429,127	45.5%	$ 7,000,836	2,428,291	34.7%
Auxiliary Recap:						
Auxiliary Revenues	$ 9,895,500		$ 9,417,500		478,000	5.1%
(Operating Expenses)	(6,750,000)		(6,339,780)		(410,220)	6.5%
Net Auxiliary contribution (deficit)	31.8%	$ 3,145,500	32.7%	$ 3,077,720	67,780	2.2%
Auxiliary Revenue Breakdown	**Budgeted 2024 - 25**		**Actual 2023 - 24**		**Increase (Decrease)**	
Room	4,775,320		4,541,000		234,320	5.2%
Board	4,567,092		4,346,500		220,592	5.1%
Other	553,088		530,000		23,088	4.4%
TOTAL		9,895,500 <-(to H20 above)		9,417,500	478,000	5.1%

Desired outcomes

There are a few outcomes gleaned from this worksheet. First is the impact of actual audited numbers that carry over from the 'D PY Audit' worksheet. You will see that future/forecast balance sheets are influenced by the income statement and the various components of the statement of cash flows. The model begins with reality – the audit – and adjusts for future activity accordingly. This reflects the relational nature of our approach.

Second, this worksheet represents a make-sense test of the assumptions associated with the CY budget. Keep in mind that the CY budget was prepared well before completion of the prior year audit. For some users, the lining up of the CY Budget against the PY Actual is a shock, showing aggressive increases in revenues that have little basis for support. The hope is that future budgets will be more realistic if the model remains in usage.

Finally, this worksheet establishes the baseline for current year projections and future year forecasts. You will see in future worksheets that comparisons are always made to the CY budget – both for the current year and when putting the budget together for next year.

'F Population'

For the initial use of the model, the entry of this data is critical. Go back as many years as possible (up to seven, ideally) to glean the benefit of history. The top left category represents the new/incoming freshmen or first year students who enter the institution in the fall. This category is also called "FF" or "1st time Freshmen". Some of these students may be bringing in various AP or college credited classes but remain classified as a first year student and deserve to be placed in the FTIAC cells. The "Freshmen" row is for those who are transferring in as freshmen or remain in that classification even though they have been in college for a year (or more).

Example University
Multi-Year Enrollment Trends
- Traditional Population

XXX = *Data Input*

	A C T U A L						
	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25
Fall Enrollments							
1st time Freshmen	530	490	413	396	517	559	575
Freshmen	38	43	45	38	24	31	30
Sophomores	372	404	440	333	346	429	419
Juniors	408	403	389	420	373	389	509
Seniors	485	442	432	475	458	428	441
Others	9	6	9	10	15	10	32
Reported / Forecast Fall Traditional	***1,842***	***1,788***	***1,728***	***1,672***	***1,733***	***1,846***	***2,006***
Transfers in	37	36	34	32	28	20	50
New students (Trf & FF)	567	526	447	428	545	579	625
Returning students	1,275	1,262	1,281	1,244	1,188	1,267	1,381
Potential to return (prev spring)		1,426	1,428	1,361	1,308	1,371	1,472
Return %		88.5%	89.7%	91.4%	90.8%	92.4%	93.8%
Annualized Traditional NTR (000s)						*$25,539*	***$27,750***

The reason for the distinction between "1st time Freshmen" and "Freshmen" is that recruiters are looking at 1st timers when creating annual recruitment goals. It is important for this worksheet to coincide with the goals and guarantees of the recruiting operation. In fact, that group should populate this (with historical information from the Registrar) and ***own*** new student inputs for prospective years.

As an aside, it may be that the distinction between "1st Time Freshmen" and "Freshmen" was not made in previous years. If that is the case, gather the entire freshman class information for each previous year, extracting the number admissions says were recruited as first year students. If their recruited freshmen is smaller than the entire Freshmen class, use it to establish this demarcation.

Note that transfers for the historical fall semesters are entered in as well. These numbers do not represent additions to the historical populations; they are blended in with the FR through SR numbers. The benefit of entering in transfers is twofold: First, it establishes the percentage of the student population arrives new and those that will return from the previous year. Second, the forecasting section of the model adjusts predicted class sizes by changes in transfer numbers.

A recent addition to the model is to show students with the potential to return from the previous spring semester versus those who actually did. This is critical in measuring spring to fall retention.

After entering in fall enrollments up to the current fall, attention is turned to the spring.

Spring Enrollments	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25 CY Spring Semester Calculated	2024 - 25 CY Spring Semester Actual
Freshmen (All)	364	340	273	279	317	318	-	359
Sophomores	367	416	377	402	392	464	-	442
Juniors	407	392	429	347	394	434	-	519
Seniors	629	579	590	607	575	557	-	569
Others	42	42	30	35	39	34	35	34
Reported / Forecast Spring Traditional	***1,809***	***1,769***	***1,699***	***1,670***	***1,717***	***1,807***		***1,923***
Spring as a % of Fall	98.2%	98.9%	98.3%	99.9%	99.1%	97.9%		95.9%
Spring Graduates	383	341	338	362	346	335	-	
Fall Semester % of total year	50.5%	50.3%	50.4%	50.0%	50.2%	50.5%		51.1%
Spring Semester % of total year	49.5%	49.7%	49.6%	50.0%	49.8%	49.5%		48.9%

The spring semester of each year should be filled in with the census data that is gathered about two weeks into the term. Note that spring semester freshmen are not broken out into two categories. Neither are transfers identified. Generally, these distinctions are not material. Though the model predicts the current year second semester population for the various classifications as soon as the fall is entered, it remains necessary to enter the predicted "other" category separately.

A final piece of historic data collected is the number of graduates from the previous spring semester. This allows us to compare potential returning students versus those who actually returned the next fall.

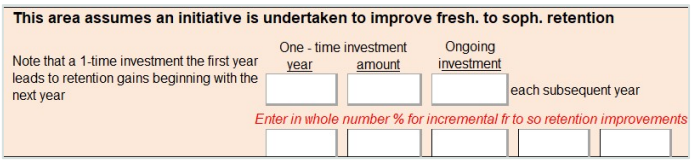
	F O R E C A S T				
Avg	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
extrapolation ->	551	564	578	591	605
497	580	580	580	580	580
36	40	42	42	42	42
392	454	476	478	478	478
413	458	494	517	519	519
452	585	552	593	620	622
13	12	13	15	15	15
1,802	2,129	2,157	2,225	2,254	2,256
extrapolation ->	34	34	34	34	34
34	45	45	45	45	45
531 29.5%	625	625	625	625	625
1,271 70.5%	1,504	1,532	1,600	1,629	1,631
1,394 91.1%					
	$29.987	$30.103	$31.224	$31.810	$32.250

The user should enter in expected 1st time freshman recruitment, Others and Transfers for the five years ahead. The model will fill in the freshmen through senior categories using mathematical relationships established by your history. Note the smaller font numbers in red above the "1st time Freshmen" and the "Transfers in" entry cells. Using linear regression, the model extrapolates "middle of the road" values for your consideration. If the extrapolation follows years of decline, what evidence exists to support a rebound upwards? If incoming student recruitment has trended higher over the past few years, is it sustainable? Essentially, the smaller numbers create talking points to assist in justifying entries made for new freshmen and transfers.

Recall that the population history entered earlier blended in transfers. For forecasted (future) years, the model compares last year's incoming transfers with the current year. That differential is then spread amongst the various classes, based on their historical relationships (the green numbers under the "***Avg***" column.) Typically, this allocation of the change in transfers is not material but there are those situations where large swings in the transfer population exist. In those cases, the automatic allocation of changes in transfer numbers will enhance the forecast's accuracy.

The reason for this segregated worksheet is for enrollment management to own the inputs. The coordinator of this project (Controller?) may want to copy the contents of a blank 'F Population' worksheet onto a separate file and ask enrollment to enter their projections. The input cells can then be copied into the master sheet. Whatever is done to encourage participation will help in embracing the process across silos.

Another way to impact future enrollments involves retention improvement initiatives. An example of such a program is the "Move the Needle" project offered by Credo Higher Ed, a solutions partner of CFO Colleague. The input includes rows 49 and 51.



A drop-down menu of when the initiative is undertaken is available in cell U49. The option also exists to keep the selection year blank. The initial investment amount is entered in cell W49 and anticipated ongoing costs are entered in cell Y49. These amounts are automatically transferred to the proper years in the 'L Strategic' worksheet and flow through to the current year budget and multi-year forecast from the totals presented there.

Entering the impact on freshman to sophomore retention is performed in cells U51 through AC51. Percentage point increases are entered in whole numbers, meaning that an increase in FR to SO retention of four percentage points is reflected by entering in the whole number 4 in the year that retention is affected. Keep in mind that the initial investment year will not yield any improvements in retention. Enter improvements beginning with the year *after* the initial project is completed. (The model will ignore any improvements input for years before the year after the investment year, generating an error message "TOO EARLY!" in row 52.)

It is important to note that incremental improvements are permanent. That is, an increase of 4 percentage points in the second year above will impact retention for the remainder of the five year forecast. In the example, an additional 2 percentage points is added to the previously entered 4 to glean a 6 percentage point improvement for the remainder of the years under forecast.

The end result of the 'F Population' worksheet is a grid of past years and future forecasts, including an estimation for the spring semester of the current year. When the spring data is known, enter it beginning with cell R31. This will show how close the calculation was and will allow for the actual data to inform next year's fall enrollments in the forecast section. While this is but one input in the equation, it may be the most significant one. Getting it right, without irrational exuberance, is critical.

'G Price-Aid'

After entering enrollment data in 'F Population', including the current fall semester and future year predictions, the 'G Price-Aid' worksheet can be populated. Begin with the data set at the top. This covers traditional tuition pricing, room board and other auxiliary pricing and the anticipated discount rate for freshmen only for next year and the following four years. We also have inputs for fall aid added to returners (special circumstances). This should be budgeted, since it happens every fall semester. Annually funded scholarships (non-endowed) are also entered, along with the current year tuition cost.

Next, in cell R30, record whatever is in the general ledger for overall tuition and fees (for the fall only). This is found under the "TOTAL" column. The use of general ledger billings for the fall is an important part of this process in that it represents an actual entry; not a calculation. Since it is often difficult to specifically identify tuition and fee revenue for each class, the model spreads the amount in cell R30 to each class, based on population. This tends to provide sufficient accuracy for purposes of projecting and forecasting. Enter the revenues from "other" students in P30. This should be a relatively low number.

Example University CFO

Price and Aid XXX = *Data Input*

I. Future prices and discounts	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
Traditional tuition price increase %	-0.2%	2.00%	2.00%	2.00%	2.00%	2.00%
Room price increase %	-1.6%	2.00%	2.00%	2.00%	2.00%	2.00%
Board price increase %	-2.2%	2.00%	2.00%	2.00%	2.00%	2.00%
Other aux price increase %	-3.1%	0.00%	0.00%	0.00%	0.00%	0.00%
1st time freshman tuition discount %	49.0%	51.0%	51.0%	51.0%	51.0%	51.0%
Fall Semester only added aid to returners $	$50,000	$52,000	$54,000	$56,000	$58,000	$60,000
Annually funded scholarships $	$120,000	$120,000	$120,000	$120,000	$120,000	$120,000
Endowed scholarship spending $	$2,200,000	$2,544,834	$2,925,837	$3,289,611	$3,655,231	$4,033,945
Annual tuition cost (without fees) $	$28,440	$29,009	$29,589	$30,181	$30,784	$31,400

Enter upon posting fall billings and aid

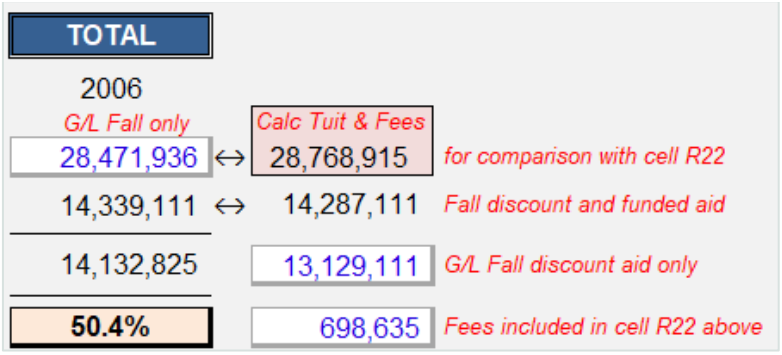
II. Fall Semester 2025 - 26	FF	FR	SO	JR	SR	OTHERS	TOTAL
Population	575	30	419	509	441	32	2006
							G/L Fall only
Gross Tuition and Fees	8,293,497	432,704	6,043,435	7,341,548	6,360,752		28,471,936
Less: Discount Aid	4,063,814	186,063	2,840,415	3,303,697	2,735,123	1,210,000	14,339,111
Net Tuition Revenue (NTR)	4,229,684	246,641	3,203,021	4,037,851	3,625,628	(1,210,000)	14,132,825
Current Year Discount %	49.0%	43.0%	47.0%	45.0%	43.0%		**50.4%**
NTR per student, annualized	14,712	16,443	15,289	15,866	16,443		
					Estimated annual	*with funded aid*	*unfunded aid only*
Projected NTR @ SR year	16,478	18,208	16,454	16,443	*NTR $ / student*	14,091	15,245
Annualized pricing improvement	0.1%	3.5%	0.0%	0.0%	*Overall discount %*	50.4%	46.3%
Projected annual NTR							***$29,900,748***

After the fall billings are entered, attention is turned to Discount Aid, starting with the unfunded component. These entries, made in cells F32 through N32 may require a special report to determine how much institutional financial aid (unfunded tuition discount) is awarded to each class. We accommodate annually funded aid and endowed spending for scholarships later. For the unfunded component, most students receive a "package" as a freshmen or transfer student and the dollar value of that aid remains with them for their remaining years. Breaking out student discounts by class is thus critical. This has proven to be a reliable way to predict future net tuition levels.

As an alternative, you may only know how much the discount rate was for first-time freshmen. Create a formula in F32, applying the known rate to the tuition amount in F30. For example, if the first-time freshman discount rate is 55%, cell F32 would have the formula "=F30*.55). The other discount cells on row 32 can be entered in using a cascading discount assumption. That is, from the freshman rate being the highest, and the returning freshman rate being one of the lowest (similar to seniors, in our experience), enter lower and lower discount rates for each succeeding class until you equal what was in the general ledger for discounts. Indeed, the ultimate goal is to have total aid that agrees with what is in the general ledger. In other words, this can be estimated with some measure of accuracy with just the first-time freshman aid level and total aid known.

Next, go to column T. A comparison is made between cell T30 and R30 as a make-sense test. That is, we are comparing a calculated amount of gross tuition and fees in cell T30 against the actual General ledger amount in R30. This doesn't have to precise but should be within a reasonable range. The same comparison occurs between T32 and R32 for discounts/aid.

In T35, enter in discount (unfunded) aid only (non-endowed and non-pass through). Then fees that are included in the tuition and fee amount from the G/L are entered in cell T38.



Note the peach-colored inset box:	
This provides an internal and external analytical comparison of discount rates. Most institutions want to know their unfunded discount rate in order to better manage discounts over time.	institution is doing with its internally (unfunded only) and externally reported tuition discounts and grants.

If you're wondering what winds up in the "other" financial aid category (cell P32), the model uses half a year of the two funded aid cells (F18 and F20) added to Fall only unfunded aid for "Others" and totals it all in cell P32. The math in the example data is: (F18 + F20)/2 + F16 = P32 or (120,000 + 2,200,000)/2 + 50,000 = 1,210,000.

Annual scholarships and endowed spending for scholarships are important since they represent actual dollars. Unfunded discounts are just that. This inset report shows how the

Estimated annual	with funded aid	unfunded aid only
NTR $ / student	14,091	15,247
Overall discount %	50.4%	46.3%

A word about endowed aid

The presumption in this model is that endowed awards are for one year only and are not guaranteed for succeeding years. We have had one client where endowed awards are received as freshmen and carry forward for the entire four years. If that is the case for your institution, there is a work around for that.

This current version tracks endowed spending as a lump sum for future years, incrementing its value based on expectations entered elsewhere for endowed growth and spending rates. Under our method of calculating future discounts, unfunded aid flows with the student to future years and the endowed growth is merely added on to that total. We have found that this best mimics reality for most institutions that are not highly endowed.

Statistical Information

Rows 40 through 46 provide information gleaned from the data above. The first line "NTR per student, annualized" tends to show how each upperclassmen pays more in net tuition than FFs. We tend to graduate and otherwise lose those who pay the most NTR, replacing them with those who pay the least.

The second line ("Projected NTR @ SR year") demonstrates the impact of discount escalation. Applying anticipated price increases for future years, this line shows what will be paid in NTR for each class cohort when they are theoretically scheduled to become seniors. Again, the presumption is that aid packages remain constant in dollar terms while the gross price increases. The goal is for the projected NTR for future senior classes to exceed NTR for the current SR class. Too often, that is not the case.

The third line shows the annualized change (growth or decline) in NTR revenue comparing a class's projected senior year NTR with that of current seniors. Ideally, this is a positive number and is higher on an annualized basis in an

amount equivalent to inflation. If projected SR NTR is lower than that of current year seniors, "micro-level deflation" occurs where net prices paid by each class are less than last year's corresponding class. That only works if population is growing dramatically.

For next year, scroll down to row 50 and beyond. No inputs are needed, relying on data already entered in the 'F Population' and ' G Price-Aid' worksheets. Next year's discounts for each class are calculated by the model. Again, the FF discount rate comes from the rate entered in cell H14. Typically, it is marginally increased from CY values. The population for each class rolls forward from the 'F Population' worksheet.

The revenue shown under "OTHERS" is adjusted within the model for price increases and population changes between the years. Again, it is only the fall semester component.

The other lines roll forward NTR for each class to their respective senior years and compares that with the NTR for current seniors (described above.) Hopefully, next year improves this outlook.

The bottom of this worksheet is a "Tuition Revenue Differential Analysis" that breaks down the mechanics of net tuition revenue (NTR) changes from one year to the next. This report is merely illustrative. It does not impact any calculations. Section A. shows next fall's first-time freshmen NTR (calculated in the previous section), adding NTR from transfers.

IV. A. New Student NTR - Fall 2025 - 26				B. Lost Student NTR During 2024 - 25				C. YOY Increase (Decrease) in NTR	
				Students lost FA to SP	83	585,854	50.4%	I. New Student NTR	9,020,375
New Freshmen	580	8,459,367	51.0%	Graduating in spring	-	-	43.0%	II. Lost Student NTR	(3,543,360)
Transfers in	45	561,008	51.6%	Others leaving	419	2,957,506	50.4%	+ Increased NTR - Returners	(2,762,318)
New Student NTR	625	9,020,375	51.0%	Lost Student NTR	502	3,543,360	50.4%	= YOY Change in NTR	2,714,697

Section B. identifies the revenue lost from students expected to graduate or otherwise leave during the *current* year. The Fall to Spring loss represents a semester's worth of net tuition lost due to students leaving for any purpose. The "Others leaving" represent everyone else who leaves at the end of the second semester and is denominated in an annual NTR amount.

Section C. introduces the increased NTR from those who will return for the coming fall, adding that sum to the two previous calculations. Essentially, NTR from new students next fall less NTR from those who leave this year combines with the additional NTR from returning students to generate a year over year change in NTR. For many institutions, escalation of discounts, reduced populations or a muted price increase more than cancels out all additionally generated revenues, leading to negative NTR growth (a decline in NTR).

The result of the overall Price-Aid process and the allocation of aid by class is the creation of an anchor point for forecasting. Projected revenues for next year are derived from updating this fall's actual G/L entry for changes in tuition discounts and population. This approach has proven more reliable than trying to calculate tuition revenue on an FTE basis. Also, the statistical reports that advance NTR and show the inflows and outflows of NTR for new students (those who left throughout last year and the ones who return) can help focus attention where merited. (A hint here is that the revenue benefits from returning students is worth investing in.)

'H Non trad'

Most institutions offer a variety of modalities beyond the traditional, residential programs. The uniqueness of each offering makes it difficult to capture a forecasting rubric within a model of this nature. Some programs are best projected using anticipated student credit hours. Others are affected most by headcount. The addition of programs, locations and partnerships lead to multiple permutations of possible forecasting outcomes.

Another forecasting model called the "Revenue Projection Model" or "RPM" is available through CFO Colleague https://cfocolleague.com/free-resources/ that provides a detailed forecast of revenues for cohort-based non-traditional programs. That program or another that the institution has created can be the source of this input.

The 'H Non trad worksheet will likely have added analyses incorporated at the bottom of the entered data. It may be that you do not break out expenses separately for non-traditional modalities. In that case, the expense section is left blank.

It is critical that each modality be separately evaluated, rather than applying general percentages. What makes up the overall graduate programs, for example. Which ones are growing and which are on the decline? What will be the impact of new programs? There could be a good deal of off-line work to be performed to properly populate this worksheet. It is important work, however, and engages those responsible for these modalities.

Example University

Non Traditional Activity

CFO Colleague

REVENUES	Budget 2024 - 25	Projected 2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
Online - undergrad	4,596,782	4,697,359	4,750,000	4,875,000	5,000,000	5,200,000	5,450,000
MA Ed	3,318,904	3,294,100	3,143,700	3,000,000	2,850,000	2,700,000	2,600,000
EDD	4,964,578	4,876,500	4,697,380	4,500,000	4,400,000	4,350,000	4,300,000
PA	3,055,688	3,263,297	3,400,000	3,600,000	3,800,000	4,100,000	4,350,000
MBA	2,984,116	2,765,983	2,578,000	2,400,000	2,350,000	2,300,000	2,300,000
RN - BSN			596,742	1,100,000	1,400,000	1,560,000	1,607,000
Discounts *(negative number)*	(1,071,600)	(1,088,743)	(1,134,000)	(1,167,000)	(1,178,000)	(1,185,000)	(1,200,000)
TOTAL	**17,848,468** *to 'E Budg CY*	**17,808,496** *to 'J Proj CY*	**18,031,822**	**18,308,000**	**18,622,000**	**19,025,000**	**19,407,000**
EXPENSES	**2024 - 25**	**2024 - 25**	**2025 - 26**	**2026 - 27**	**2027 - 28**	**2028 - 29**	**2029 - 30**
Online - undergrad	1,064,000	1,135,000	1,150,000	1,200,000	1,280,000	1,350,000	1,500,000
MA Ed	1,704,321	1,687,902	1,500,000	1,400,000	1,300,000	1,200,000	1,300,000
EDD	2,478,966	2,400,000	2,300,000	2,050,000	1,800,000	1,700,000	1,550,000
PA	2,105,000	2,203,770	2,300,000	2,400,000	2,500,000	2,650,000	2,750,000
MBA	1,067,054	988,700	900,000	800,000	750,000	680,000	680,000
RN - BSN			406,000	598,000	700,000	780,000	800,000
0							
0							
TOTAL	**8,419,341** *to 'E Budg CY*	**8,415,372** *to 'J Proj CY*	**8,556,000**	**8,448,000**	**8,330,000**	**8,360,000**	**8,580,000**
NET CONTRIBUTION	**9,429,127**	**9,393,124**	**9,475,822**	**9,860,000**	**10,292,000**	**10,665,000**	**10,827,000**

'I Student rev'

This represents the first overall revenue projection in this model. The population worksheet, Price-Aid and Non trad provide a roadmap for the current year and a pretty good preview of next year, particularly for the traditional population and associated auxiliary revenues. The budget for the current year provides the basis for comparison.

2024 - 25 Projected Actual versus Budget

	Spring Actuals	Summer/Other	Fall	% of Year	Spring	% of Year	Total	
A. Traditional Gross Tuition Revenue								
Actual & Projected			28,471,936	51.1%	27,245,941	48.9%	55,717,877	
Budgeted			27,492,737	50.8%	26,623,533	49.2%	54,116,270	1,601,607
B. Financial Aid								
Actual & Projected			(14,339,111)	51.1%	(13,628,878)	48.9%	(27,967,989)	
Budgeted			(13,656,030)	50.8%	(13,187,609)	49.2%	(26,843,639)	(1,124,350)
C. Net Tuition Revenue								
Actual & Projected		0	14,132,825	50.9%	13,617,063	49.1%	27,749,888	
Budgeted		0	13,836,708	50.7%	13,435,923	49.3%	27,272,631	477,257
D. Non-Traditional Revenue *(from 'H Non trad')*					Gross Tuition	(Discounts)		
Actual & Projected for the year					18,897,239	(1,088,743)	17,808,496	
Budgeted					18,920,068	(1,071,600)	17,848,468	(39,972)
E. Aux Revenue	Spring Actuals	Fall Budget	Fall Actual		Spring		Total	
Room		2,426,010	2,478,326	51.1%	2,375,783	48.9%	4,854,109	
Board		2,320,224	2,357,892	51.1%	2,260,332	48.9%	4,618,224	
Other		280,986	284,965	51.1%	273,174	48.9%	558,139	
Total Projected	0		5,121,183		4,909,290		10,030,473	
Budgeted		5,027,220	5,027,220	50.8%	4,868,280	49.2%	9,895,500	134,973
Projected student revenue variance from current year budget (negative)								572,258

If you leave the "Spring Actuals" inputs blank, the model will use revenues and aid for the fall (based on actual GL billings) to extrapolate the spring semester, based on historic population differentials (from 'F Population'). These amounts are sourced from 'G Price-Aid'. If you have the "Spring Actuals" available, entering them in cells D9 and D14 will update cells L9 and L14 respectively, rather than relying on a calculation based on fall actuals only. Note that some institutions do not see their spring financial aid track cleanly with their populations decline. If this applies to you, enter in a number for spring during the fall to avoid optimism about the entire year.

Other entries needed in this first section are: a. the budget and expected actual for summer traditional terms combined with "other" non-semester based tuition revenues (cells F9 and F14) and, b. the actual auxiliary revenues posted for the fall semester, broken down by categories of Room, Board and Other. Again, If spring actuals are blank, fall billings are extrapolated for the year, based on projected population changes, to determine an anticipated positive or (negative) variance. A total student revenue variance is compiled from this analysis. Expense projections are introduced in 'P Fcast 5yr'.

Paging down to Section II., a detailed analysis is auxiliary revenues is found.

II. **Auxiliaries**	Actual	Budgeted	Projected	N E X T	Y E A R	Calculated		Proposed
	2023 - 24	2024 - 25	2024 - 25	Census Chg	Price Change	2025 - 26	Adjustments	2025 - 26
Room	4,541,000	4,775,320	4,854,109	297,635	103,035	5,254,779		5,254,779
Board	4,346,500	4,567,092	4,618,224	283,171	98,028	4,999,423		4,999,423
Other	530,000	553,088	558,139	34,223	0	592,362		592,362
T O T A L	9,417,500	9,895,500	10,030,473	615,029	201,063	10,846,564	0	10,846,564

Projected auxiliary revenues (Column H) represent the pivot point for this analysis. The impact of changes in census numbers is then calculated, followed by what each planned price increase (see 'G Price-Aid') will accomplish for the various components. The result is a calculated amount that can then be adjusted manually in column P. There may be a number of reasons to adjust the calculated auxiliary numbers if the board plan is being adjusted for more or fewer students or a dorm is going off or online for the coming year. A policy change may lead to more students having to opt for dorm life as well. Care should be exercised here to avoid unfounded optimism as adjustments are made, Whatever results from this page will impact the following years directly.

Section III. provides a first look at next year's student revenues, relying on the section I and II. inputs. Since this is first performed after the turnstiles have stopped in mid to late September, such a look is helpful as the budget process for next year commences, ideally in the fall.

III. 2025 - 26 Preliminary Student Revenue Forecast *(summer term blended in)*

A. Traditional	Projected 2024 - 25	+	Next Year's Population Δ	=	Proj CY @ Next Year's Population	+	Rate Increase	=	Forecast 2025 - 26	-	Budgeted 2024 - 25	=	Difference
Gross Tuition	55,717,877		6.1%		59,134,277		2.0%		61,687,175	fm '2 Aid by class'	54,116,270		7,570,905
(Financial Aid)	(27,967,989)		6.1%		(29,682,875)		6.8%		(31,699,848)	51.4% discount rate	(26,843,639)		(4,856,209)
Net Tuition	27,749,888				29,451,402				29,987,328		27,272,631		2,714,697
					Gross tuition		(Discounts)						
B. Non Traditional	17,808,496	< from 'H Non trad' >			19,165,822		(1,134,000)		18,031,822		17,848,468		183,354
C. Auxiliaries	10,030,473								10,846,564	<- from R46	9,895,500		951,064
Student revenue available (needed) for 2025 - 26													3,849,115

The model takes the current projected revenues and adjusts them for anticipated changes in population for the coming year. This creates a sub-total that represents the amount of revenues that would have been recorded had next year's population been on the ground this year (cells H55 -> H59).
Summer/Other term revenues are included automatically. That sub-total is then adjusted for changes in pricing and tuition discount rates. Those changes come from the 'G Price-Aid' worksheet. The rollforward of current year anticipated performance, adjusted for changes in student population, prices and discount rates is then compared with the CY revenue budget to see how much will be available (needed) for the coming year's budget process. This is performed for both net tuition and auxiliaries.

No entries are necessary in this section, with inputs coming from a variety of worksheets, including 'H Non trad'.

The bottom line shows how much will be available from student sources to cover added expenses next year and could wind up being (negative). It is better to have an idea of this early in the first semester of the current year than to begin planning on spending more without any idea of revenues.

Moving on the Section IV, note also that no inputs are required here either. This merely reports expectations for the number of students to be lost between the years, the overall population change and what is called the "replacement ratio" which is the new students divided by students who left.

IV. 2025 - 26 Projected Traditional Student Profile

Traditional student census (*'F Population'*) for fall semester	*2024 - 25* fall student census	2,006	
- (Est'd graduates, transfers or drop outs lost for the CY)	*Less: (CY students lost)*	(502)	
= CY students expected to return for fall semester 2025 - 26	***70.6%*** returning students		1,504
1st time freshman class (from *'F Population'*) for fall 2025 - 26	Est freshman recruitment	580	
+ Transfers in and returning stopouts	Est transfers next fall	45	
= Incoming freshmen & transfers projected for fall 2025 - 26	***29.4%*** new students		625
Next year projected fall census (from *'F Population'*) 2025 - 26	Est total census next fall		2,129
	Next year fall census vs CY	*6.1%*	123

Replacement Ratio:	625 / 502 (new / lost)	=	1.25

At this juncture, a projection of student revenues for the current year has been calculated, with a preliminary look at next year. For many, it is not yet the end of September. This represents a best practice with respect to budget planning for next year, with revenue projections comprising the first phase, followed by expense additions and subtractions. More activity specific to the budget process will take place in worksheet 'K Next yr.'

'J Proj CY'

The first section of this worksheet uses data generated through 'H Student rev.' There are no entries to be made for the major components of student revenues, including traditional and non-traditional tuition and discounts and auxiliaries. The idea behind this sheet is to anticipate how some of the ancillary revenues and various expenses will fare through the end of the current year. The ability to generate financial statements on a monthly basis that look

like this format is assumed. An institution provides GAAP-based statements throughout the year best prepares for the audit by categorizing revenues and expenses consistent with the standards along the way.

This is not to say that monthly financial statements must solely be prepared in audit form. The audit-like statement is but one of what could be two or more financial statement "views" generated for the YTD each month. Others may break down expenses by responsibility center – VPs etc. or look more closely at the impact on cash.

Example University

Current Year Projected Operating Performance

XXX = Data Input

CFO Colleague

20-Oct-24

		Projected 2024 - 25		Budgeted 2024 - 25 (from 'E Budg CY')		Increase (Decrease)	
Expenses							
Salaries and benefits		32,847,553		32,977,459		(129,906)	-0.4%
Other operating costs		31,757,420		31,604,374		153,046	0.5%
Offsets of amounts below		(27,258,456)		(26,929,341)		(329,115)	1.2%
				-		-	-
		0		-		-	-
		0		-		-	-
				-		-	-
Auxiliary expenses		6,801,342		6,750,000		51,342	0.8%
Interest expense		1,497,652		1,400,000		97,652	7.0%
Healthcare costs		3,032,700		3,000,000		32,700	1.1%
Added expenses due to releases	(to 'M Non student)			-		-	-
New building operations	(see 'L Capital')	105,000		-		105,000	-
Non-traditional	(see 'H Non trad)	8,415,372		8,419,341		(3,969)	0.0%
Strategic Initiatives	(see 'K Strategic')	231,140		240,000		(8,860)	-3.7%
Division Expenses			57,429,724		57,461,833	(32,109)	-0.1%
Depreciation Expense	(see 'L Capital)		7,175,249		7,120,000	55,249	0.8%
Total Operating Expenses			64,604,973		64,581,833	23,140	0.0%

It is recommended that entry cells (gray framed white cells with blue numbers) be reviewed each month, beginning with the September financial statement cycle. The various inputs should result from interaction with the respective area generating results so that estimates are fairly stated and "owned." The first illustration of this worksheet is presented for reference purposes only. No entries are needed in this section but this form of presentation is beneficial for providing a glimpse into current and future years.

The input activity begins with the non-student revenue section, representing a best guess for CY actuals.

Most don't derive the majority of their revenues from these lines but they are accountability points. So, advancement should project CY unrestricted gifts each month. Will the institution meet its unrestricted donation budget? This requires distinguishing between unrestricted and restricted gifts. Investment earnings for operations could be gleaned from past practice and can be reasonably predictable. Other amounts should be updated monthly as well. The specific categories depend on the institution and are carried over from the 'E Budg CY' worksheet.

Example College
Current Year Projected Operating Performance XXX = Data Input
CFO Colleague
7-Mar-24

		Projected 2023 - 24		Budgeted 2023 - 24 (from 'E Budg CY')		Increase (Decrease)	
Expenses							
Instructional		8,500,000		8,539,663		(39,663)	-0.5%
Academic support		2,350,000		2,275,701		74,299	3.3%
Student services		5,300,000		5,206,421		93,579	1.8%
Institutional support		5,000,000		4,915,552		84,448	1.7%
Facilities		4,600,000		4,628,474		(28,474)	-0.6%
				-		-	-
Extraordinary expense accruals at year-end		88,000		-		88,000	-
Auxiliary expenses		3,185,000		3,149,558		35,442	1.1%
Interest expense		980,000		965,470		14,530	1.5%
Healthcare costs		2,000,000		1,945,000		55,000	2.8%
Added expenses due to releases	(to 'M Non student)	400,000		350,000		50,000	14.3%
New building operations	(see 'L Capital')	100,000		90,000		10,000	11.1%
Non-traditional	(see 'H Non trad)	11,026,500		11,134,370		(107,870)	-1.0%
Strategic Initiatives	(see 'K Strategic')	100,000		95,000		5,000	5.3%
Division Expenses			43,629,500		43,295,209	334,291	0.8%
Depreciation Expense	(see 'L Capital)		2,709,456		2,800,000	(90,544)	-3.2%
Total Operating Expenses			46,338,956		46,095,209	243,747	0.5%

This next section is a frequently updated and manual process, attempting to anticipate annual expenses by category for the current year. It is recommended that this be updated monthly, beginning with the September financial statement cycle. Some lines reflect budgeted amounts until the institution has a better handle on where costs are headed. It may also be prudent for another form of expense presentation (by responsible VP) to be projected as well. Or, functional areas can be used. If someone is over or under spending, it is good to know who, by how much and for what purpose. Note again the line for "Special accruals (year-end)." It is common for this to be blank for the CY Budget but actuals will often involve some activity here. Make sure that accrued-for expenses are not duplicated elsewhere in the expenses.

	Projected 2024 - 25		Budgeted 2024 - 25		Increase (Decrease)	
Net Operating Contribution (Deficit)		4,285,014		3,683,897	601,118	16.3%
Non-operating net assets released - capital	from 'M Non student" >	3,934,772		3,934,772	-	0.0%
Non-operating gains (losses) - other	" "	(370,070)		(370,070)	-	0.0%
Changes in Net Assets:						
Without donor restrictions		7,849,716		7,248,599	601,118	8.3%
Subject to time or purpose restrictions	from 'M Non student' >	3,949,337		3,949,337	-	0.0%
Restricted in perpetuity	" "	3,000,000		3,000,000	-	0.0%
Overall Change in Net Assets		$14,799,054		$14,197,936	601,118	4.2%

Most of these amounts flow from the 'M Non student' worksheet, except for non-operating gains (losses) which will need to be entered here. The next section shows the impact on cash the operating projection will have. It is followed by a recap of non-traditional and auxiliary enterprise net contributions.

	Projected 2024 - 25		Budgeted 2024 - 25		Increase (Decrease)	
Cash Flow Summary						
Overall change in net assets	$14,799,054		$14,197,936			
Depreciation expense - *non-cash*	7,175,249	< from 'L Capital'	7,120,000			
Decrease (increase) in non-cash assets	(709,591)		(709,591)			
Decrease (increase) in investments	(9,409,109)		(9,409,109)			
Increase (decrease) in accounts payable	404,515		404,515			
Increase (decrease) in other, non-current liab.	-		-			
Increase (decrease) in line of credit	1,000,000					
Net debt Issued or (principal paid)	6,195,565	< " "	6,195,565			
(Net spent on capital projects and equipment)	(10,530,000)	< " "	(10,530,000)			
Cash added (used)		8,925,683		7,269,316		
+ beginning cash		6,514,000		6,514,000		
= end of year cash		$ 15,439,683		$ 13,783,316	1,656,367	12.0%
Non-Traditional Recap:						
Net Tuition Revenue	$ 17,808,496		$ 17,848,468		(39,972)	-0.2%
(Operating Expenses)	(8,415,372)		(8,419,341)		3,969	0.0%
Non-Traditional contribution (deficit)	52.7%	$ 9,393,124	52.8%	$ 9,429,127	(36,003)	-0.4%
Auxiliary Recap:						
Auxiliary Revenues	$ 10,030,473		$ 9,895,500		134,973	1.4%
(Operating Expenses)	(6,801,342)		(6,750,000)		(51,342)	0.8%
Net Auxiliary contribution (deficit)	32.2%	$ 3,229,131	31.8%	$ 3,145,500	83,631	2.7%

At the bottom of the worksheet is a section that compares projected auxiliary revenues with that of the budget. A similar comparison occurs in worksheet 'I Student Rev'. No entries are required.

Auxiliary Revenue Breakdown	Projected 2024 - 25		Budgeted 2024 - 25		Increase (Decrease)	
Room	4,854,109		4,775,320		78,789	1.6%
Board	4,618,224		4,567,092		51,132	1.1%
Other	558,139		553,088		5,051	0.9%
TOTAL		10,030,473	<-(to H20 above)	9,895,500	134,973	1.4%

In general, if you input any numbers into the white boxed cells, it will be important to enter in all the numbers subject to user input. This is because the model will use the projection of current year performance if it has anything populated in manual entry cells of this worksheet. Otherwise, the budgeted amounts are used. So, if you merely enter in a few numbers and skip the rest, the current year forecast found in the 'P Fcast 5yr' will be way off. This allows current year projections to inform the forecasting process early on, instead of letting budgeted numbers rule for the entire year. Since actuals can vary materially from budgets, it seems prudent to begin entering in projected amounts into the 'J Proj CY' as soon as practicable – probably in September. Again, absent information to the contrary, entering budget numbers is an acceptable first step.

'K Strategic'

The total for each planned strategic initiative is entered in the appropriate year column. From the 'F Population' worksheet, any retention initiatives flow to the proper years in this sheet, covering the initial investment and subsequent year costs. These are automatically incremented for institutional inflation. As was identified in the previous worksheet, the totals for the next year's column can be further demarcated by non-traditional and auxiliary in the 'N Next yr' budget master worksheet. I suggest some nomenclature here representing the Strategic Goal, Strategy and Action item. The reference above thus represents an initiative that springs from Goal #1, Strategy #3 and Action Item #4 (G1/S3/A4). Of course, the user is free to use whatever identifier considered appropriate.

Example College

Strategic initiative and extra-inflationary spending

CFO Colleague

7-Mar-24

XXX = Data Input

Initiative Description	Strategic Plan Ref *	Current Year Budget 2023 - 24	Current Year Projected 2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
RN to BSN Curriculum Development	G1/S3/A4				135,000			
Purchase of Eagle Scout names	G1/S5/A2			25,000				
Lease of downtown facility (multi year)	G3/S1/A4			125,000	127,500	130,050	132,651	135,304
Retention Initiative *(from 'F Population')*	2023 - 24 *investment year*	95,000	100,000	65,000	65,975	66,965	67,969	68,989
Total Strategic Initiatives		95,000	100,000	215,000	328,475	197,015	200,620	204,293
		(to 'E Budg CY')	*(to 'J Proj CY')*	*(to 'N Next Yr')*	*/ - - - - - - - - - - - - - (to 'P Fcast 5yr') - - - - - - - - - - - - - /*			

* "G" = Strategic **G**oal number
"S" = **S**trategy number
"A" = **A**ction Step number

This worksheet is helpful for single year initiatives that you do not want to automatically carry over to future years. Entries in 'N Next Yr' carry forward, adjusted for changes in population and the presumed inflation rate. So, if either a one-year savings (negative number entered) or spending initiative is not expected to be repeated, it is best to enter it here.

If a strategic initiative involves a permanent increase in cost, as is often the case with personnel additions, enter in increased amounts in **ALL** of the succeeding years on this worksheet. In the example data, the "Lease of downtown facility" qualifies for this treatment. Alternatively, if the first year of the added permanent costs is the coming year, you can enter that cost into 'N Next Yr' and it will automatically be included in succeeding years, with inflationary adjustments reflected.

Some ask where the revenues to be gleaned from these initiatives can be found. Since most involve student recruitment initiatives, growth in recruitment can be reflected in 'F Population' for the years after the investment is made. That same worksheet has an area dedicated to improvement in FR to SO retention. Growth in non-traditional revenues can be entered in the projection for next year in 'H Non trad'. Increased annual fund donations are entered in 'M Non student' (cells F10 -> N10). Nearly all the revenues to be generated from strategic planning can thus be reflected in other areas of the model.

For that reason, a "Strategic Plan Revenue" line has not been created. If a specific initiative is supposed to bring in revenue from a new source, it is suggested that a negative number be entered on an initiative line in this worksheet or that the source is listed in 'E Budg CY' as a line item in non-student revenues. It is also recommended that revenue inputs affected by strategic initiatives be color shaded in both this worksheet and for the revenue area affected. For instance, buying Eagle Scout names might be shaded in a rose color, with the next year's 1st time freshman number also shaded rose. In that population input cell, it is recommended that a formula be used to reflect the baseline expectation for new recruits and an additional sum for the Impact of the initiative. Consider this screen shot where the purchase of Eagle Scout names is highlighted.

Initiative Description	Strategic Plan Ref *	2023 - 24	2023 - 24	2024 - 25
RN to BSN Curriculum Development	G1/S3/A4			
Purchase of Eagle Scout names	G1/S5/A2			25,000
Lease of downtown facility (multi year)	G3/S1/A4			125,000

To demonstrate the impact of the strategic initiative, the highlighted cell in 'E Population' uses the formula: =245+15 to reflect the impact of purchasing names the year before.

W9 =245+15

Example College						CFO Colleague
Multi-Year Enrollment Trends - Traditional Population						7-Mar-24
		F O R E C A S T				
		2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
Fall Enrollments	tion ->	250	250	251	251	252
1st time Freshmen		240	260	265	280	295

This kind of color-coding connects strategic initiative spending with revenue enhancement or expense reduction. Note that, when the worksheets are updated for a new year (see 'Cover' sheet narrative) the colors will remain while the columnar years change. It will thus be necessary to manually repaint the cells after the update is performed.

'L Capital'

This is a pivotal worksheet, covering capital transactions and debt, that identifies a good deal of nonincome statement activities. The first section, illustrated below, allows the user to list down a number of projects planned for completion over the period under forecast. The fiscal year in which the project will be completed is entered using a draw-down menu in column D. This is when the new facility or fixture will be placed in service. The last line allows for the user to insert an annual capital spending amount, representing equipment and improvements that tend to be made each year in the normal course of operations. The illustration left off the final year of the five-year forecast but it is included in the worksheet itself.

Keep in mind that each project has to have a definitive ending. That is, if multiple projects are to be performed on the campus center, each project should have its own row and planned spending process. Identifying distinct projects is necessary so that the model can calculate the appropriate amount of net assets released from restriction and tally depreciation expense appropriately.

Example University							
Capital and Debt Worksheet						X X X = *Data Input*	
Note: all numbers entered in this schedule are expressed as positive				2023 - 24	2024 - 25	2025 - 26	2026 - 27
These are all expressed with positive numbers	In-service year	Life (years)	of usage	Balance			
New Student Center	2024 - 25	30.0	10.0	3,278,446	8,600,000	2,200,000	
Field House	2024 - 25	30.0	10.0	100,437	2,400,000	6,300,000	860,000
Annual capital spending, funded by operations		10.0	8.0		1,000,000	1,000,000	1,000,000
A. Investments in capital projects				3,378,883	**12,000,000**	**9,500,000**	**1,860,000**

The anticipated depreciable lives of asset additions are input in column F. Entries in column H allow a portion of annual depreciation to be recognized based on the months of usage during the year when the asset(s) is/are placed in service.

B. Operating costs of new facilities							
	Sq. footage ("sf")	20,000		65,000	15,000		
	Oper. Cost / sf / yr	$5.00		$4.50	$5.00		

New construction typically results in added operating costs. For each major addition or new build that goes live in a particular year, an estimate is entered of square footage and costs per sq. ft. in rows 43 and 45. This will make its way to the forecast for the year in which the new facility is brought online and will be incrementally increased for future years.

C. Projected sales of fixed assets *non-operating income*	12.0	5.0							
	Remain. Life (in years)	Month of Sale							
			CY Sale Price	1,000,000	1,100,000				
			CY+PY sales cash	125,000	100,000	300,000			
			BV of assets sold	21,500	100,000				
			Gain (loss) on sale *to 'M Non student'*	978,500	1,000,000	-	-	-	-

Accommodation is also made in section C. for sales of existing assets, with the depreciation expense reduced going forward and a non-operating gain recognized. It is important to note that projected sales of assets typically represent small amounts of sales of fully depreciated assets. Alternatively, some have sold off unrelated real property from time to time, gleaning large amounts of revenue and gains. Enter the sale price and anticipated book value at the time of sale for these sales. Then show how much cash is being received from the sale. This reflects the reality that some real property may be sold where the institution holds a note for some or all of the sales proceeds. As funds are received on these notes in future years, those amounts may also be entered on the "CY+PY sales cash" line in the year received. On the far left, identify the remaining depreciable period in years and the month when the sale is anticipated to take place. Leave that cell blank if the month of sale is unknown. This net gain or loss of asset sales flows to the non-operating line of the SOA. Any differential between the sales price and cash received will affect "Other long term assets" on the Balance Sheets.

Of course, planning on spending for capital projects is one thing. Funding such projects is another.

Note: all numbers entered in this schedule are expressed as positive	2023 - 24	2024 - 25	2025 - 26	2026 - 27
II. Cash received for capital projects (purpose restricted)	**Beginning Balance**	*Enter amounts for when funds will be **received**. Include fur*		
New Student Center	1,067,445	1,000,000	2,200,000	800,000
Field House	967,327	900,000	1,000,000	500,000
-				
-				
-				
-				
-				
-				
-				
-				
-				
Cash received from payments on pledges		**1,700,000**	**2,200,000**	**4,000,000**
Capital donations raised	**2,034,772**	**3,600,000**	**5,400,000**	**5,300,000**

The advancement/fundraising arm of an institution needs to own both this section (II.)and section I. above. Choreographing gift amounts for each project is important. The cash received identified in the white cells represents activity from two sources: 1. Non-pledged cash gifts during the year and, 2. Payments on previously pledged gifts. At the bottom of this table, a reduction is made for initial year pledges paid off during the current year, sourced from payments anticipated in worksheet 8. All gifts are released from restriction in the year the project is completed.

In some cases, funds to be used for capital (or operational) purposes are retained in "Investments" until they are needed for a project or other operating need. Going back to 'M Non student, line VI. H. allows for such transfers from investments to cash or the other way. Entries there impact non-endowed investment balances found in that same 'M Non student' worksheet.

III. Debt Issuance and Principal Payments			2024 - 25	2025 - 26	2026 - 27
New Student Center		received +	3,500,000		
Field House		received +	3,500,000		
-		received +			
-		received +			
-		received +			
Refinancings		received +			
Total new debt			7,000,000	-	-
Interest rate on new debt		expressed as %	6.50%		
Amortization period for new debt		expressed in years	25.0		
Months that debt is outstanding in first year		maximum of 12	6		
Interest only months - new debt **(during construction?)**		can be > 12 mo.			6
Eventual full year P & I for each year's additional debt		after int only period	573,870	0	0
Anticipated material debt payoffs	fiscal mo. when paid	*beyond audit sched*			
Scheduled prin pay'ts - pre-existing debt	fiscal mo. when paid 6	*from 'D PY Audit'*	745,000	732,000	754,000
Balance - pre-existing debt			26,038,294	25,306,294	24,552,294
Calculated prin pay'ts - net new debt		*reduces debt*	59,435	122,734	130,711
Net received (paid) on debt			**6,195,565**	**(854,734)**	**(884,711)**
Balance of Long-Term Debt and CP LTD		**26,783,294**	**32,978,859**	**32,124,125**	**31,239,414**

This illustrates another source of funding capital projects - issuing debt. It is also typical to pay some principal each year, to refinance debt from time to time and to pay off a balloon amount every so often.

This section accommodates each of these activities: new debt, refinancings, and principal payments. Interest rate assumptions for current and new debt are also identified, as are amortization periods, anticipated material debt payoffs (refinancings) and the regular schedule of principal payments found on the audit (entered in 'D PY Audit'). Note that you can enter in the number of months the debt is outstanding during the first year of issuance and can stipulate the period in months when the debt is interest only. These two time periods (in months) apply to each year's tranche of new debt. If they are left blank, it is assumed that the new debt was issued and principal payments commenced on the first day of the respective fiscal year.

We have inserted a few lines to accommodate the use of a revolving line of credit. This is a common practice amongst institutions, being used primarily to subsidize summer cash needs. Note that, for each year, the amount of time the line is anticipated to be used, along with the expected balance at year end is identified. For those whose forecast shows a degradation in cash balances, this may be the only mechanism available to offset that need.

Note: all numbers entered in this schedule are expressed as positive	2022 - 23	2023 - 24		2024 - 25		2025 - 26		2026 - 27		2027 - 28		2028 - 29	
Short Term Line of Credit balance at year-end	1,500,000	2,000,000		2,100,000		2,000,000		3,500,000		4,500,000		6,000,000	
Months LOC is outstanding each year / interest rate		5	4.25%	6	4.25%	7	4.25%	8	4.25%	9	4.25%	10	4.50%

Anticipated interest expense is based on amounts of pre-existing debt, multiplied by a blended interest rate (see "IV. Interest Expense" below). New issues (identified above) are based on individual rates and amortization periods established each year. Note also the years of service identified for each project and the blended rate for annual capital spending. The months a project is "in service" for its first year is entered as well.

Note: all numbers entered in this schedule are expressed as positive	2023 - 24	2024 - 25	2025 - 26	2026 - 27
IV. Interest expense	% on initial LTD			
Pre-existing debt	4.50%	1,188,486	1,155,253	1,121,818
Line of credit		81,667	-	-
Accumulated new debt issues since 2023 - 24		227,500	451,137	443,159
Total interest expense for each year		**1,497,652**	**1,606,390**	**1,564,977**

Since we have identified the partial year in-service of new assets and their depreciable lives, it is possible to calculate depreciation expense for each year going forward.

Note: all numbers entered in this schedule are expressed as positive			2023 - 24	2024 - 25	2025 - 26	2026 - 27
V. Depreciation exp. projection	Existing assets	14	*yr est avg remain life*	6,798,260	6,662,295	6,529,049
	1st year purch & sales		*partial year*	376,989	106,414	90,556
	Subsequent years		*increases each year*	-	579,296	962,629
Total depreciation expense for each year				7,175,249	7,348,005	7,582,234
	Non-cash expense					
Budgeted Depreciation Expense	2024 - 25		*from 'E Budg CY'*	***7,120,000***		

Note the boxed in number above that is entered in the 'E Budg CY' worksheet. This reflects what is estimated in the budget process for depreciation expense for the current year. When the model flips to projecting current year results, the amount immediately above the boxed number is used. The model calculates an estimated remaining life for currently existing assets, carried forward for the years presented. This approach serves to reduce the carrying values of currently depreciated assets, with the depreciation impact of new additions and asset sales captured and added separately in rows 167 and 169. In other words, what is currently owned as of the date of this forecast will decline in book value over time. That natural decline will be offset to some degree by new acquisitions. For existing assets, the model divides the value of fixed assets ('R Bal sheets') at the end of the prior or "actual" year by depreciation expense ('D PY Audit') for that same year and then subtracts 1 from the total. In the example, the result is an estimate of 19 years of remaining life.

VI. Asset values placed in service by year	2024 - 25	2025 - 26	2026 - 27
New Student Center	11,878,446	2,200,000	-
Field House	2,500,437	6,300,000	860,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Annual capital spending, funded by operations	1,000,000	1,000,000	1,000,000
Book value of fixed assets sold	(1,470,000)	(3,240,000)	-
Totals for each year	**15,378,883**	**9,500,000**	**1,860,000**
Full year depreciation for new assets (expensed in year two)	579,296	383,333	128,667

Section VI. shows the values of assets being placed in service for each coming year, along with a calculation of full year depreciation expense for each year's additions. Note that the full year of depreciation will not normally be recorded until year two of an asset's in-service life. The first year is typically for a period of time of less than one year.

Note: all numbers entered in this schedule are expressed as positive	2023 - 24	2024 - 25	2025 - 26	2026 - 27
VII. Capital Donations Released from Purpose Restriction				
New Student Center		2,067,445	2,200,000	800,000
Field House		1,867,327	1,000,000	500,000
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
Net Released From Restriction - Capital Projects		**3,934,772**	**3,200,000**	**1,300,000**

Section VII. calculates the donations to capital projects that will be released from restriction each year. Basically, whenever a project goes live (the year it is put in service), donations accumulated for that project through that year

are released from restriction. Gifts received after the project is completed are immediately released, as a reflection of capital campaign pledges being paid and other donations received after the money has been spent on the project.

Worksheet 'N Capital' is critical to cash flow, depreciation expense and interest costs. By following its logical flow, the forecast is enhanced materially. Of particular note is the impact of building a new facility using debt. Unless substantial revenues are received from that initiative in the form of additional students, interest expense, building operations, depreciation expense and negative cash flow from principal payments will serve to materially reduce net operating performance.

'M Non student'

Not all revenues or costs are directly related to students. Some are properly categorized as "nonstudent". This worksheet identifies those components so that they can be properly projected. Ownership is typically by the fundraising organization, with annual fund giving and other income associated most closely with their work. The first year comes from current year entries. The rest is entered based on expectations for the future.

		Projected 2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
I. Operating (non-student) Revenues *(cash received)*		*(from 'J Proj CY')*					
Annual fund (unrestricted) donations		***3,400,000***	3,500,000	3,600,000	3,700,000	3,800,000	3,900,000
Other operating revenues		***1,702,000***	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Government grants		***290,000***	300,000	300,000	300,000	300,000	300,000
		0					
		0					
Accrued revenue to be received in the next year		***0***					
Unrestricted investment income	*Row 100 below*	***150,000***	***177,741***	***177,741***	***177,741***	***177,741***	***177,741***
Non-Student Revenues		***5,542,000***	5,677,741	5,777,741	5,877,741	5,977,741	6,077,741

Because there wasn't another good place to put them, we slipped in some broad expense increments for the outer years into this worksheet. While the current year and next year are measured with specificity, the final four years of the model represent estimates, based on expectations for the general level of prices and specific activities of the institution. While there could be an interest in making these percentages negative, let me suggest that initiatives to reduce expenses show up as negative numbers on the 'K Strategic' worksheet, with their impact continuing for the outer years. This way, the actions required to actually reduce costs are specified and not buried in a percentage rate. Note the line for extraordinary accruals . This relates to when a large expenditure occurs near the end of the year that will not be paid for until the next year. An example of this is an employee bonus, based on how well the institution performed. It may not be identified until well after year-end but will be related to the performance of the previous year. The model presumes that last year is paid in this year, etc.

II. Expense Increments *(spending in outer years)*							
Operating expense inflation %	*impacts P Fcast 5yr*	***2.4%***	***6.8%***	2.5%	2.5%	2.5%	2.5%
Healthcare inflation %	*" "*	***7.0%***	***24.7%***	6.0%	5.0%	5.0%	5.0%
Extraordinary Expense accruals at Y/E	2023 - 24 200,000	150,000	120,000				

Capital donations are then summarized, coming from the Capital worksheet. The Capital worksheet also provides gains and losses on sales of fixed assets and they are shown here. The only entries needed are for other non-operating gains and losses for future years. This is where interest rate swap gains and losses are found. The total for non-operating gains and losses is sent to the 5 yr forecast Statement of Activities. And, yes, the Capital worksheet must be completed before this can be accurately presented.

		2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
III. Capital Donations rel. from restriction (non op)	*L Capital*	***3,934,772***	3,200,000	1,300,000	0	0	0
IV. Non-operating gains (losses) - other							
Gain (loss) on sale of fixed assets	*L Capital*	***530,000***	***760,000***	-	-	-	-
Other non-operating net gain (loss)		(900,070)	500,000	500,000	500,000	500,000	500,000
Non-operating gains (losses) - other	*Beginning*	***(370,070)***	***1,260,000***	***500,000***	***500,000***	***500,000***	***500,000***

Accommodation is made for those who report the asset "Pledges receivable." Beginning balances in column D are entered in 'D PY Audit', showing net pledges outstanding for the most recent audited financial statements. Future years are entered in columns F through P representing anticipated new commitments over the coming years and expected payments to be received on pledges going forward. To the extent that these pledges are made by related parties (employees or board members) you will need to adjust the appropriate manual entry line found on the tab 'S DOE ratios' beginning with cell G14 for those amounts. (See instructions for 'S DOE ratios').

			2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
V. Pledge Activity		*D PY Audit*	Enter BOT new pledges & payments as positive numbers					
A. Gifts without donor restrictions	New Pledges	*1,066,000*	2,300,000	3,000,000	2,000,000	1,500,000	1,000,000	1,000,000
C/Y budget = $ 0,000	Pledges paid		2,000,000	2,700,000	2,800,000	1,750,000	1,500,000	1,116,000
B. Capital Projects	New Pledges	*3,200,000*	2,300,000	3,000,000	5,000,000	1,000,000	500,000	500,000
	Pledges paid		1,700,000	2,200,000	4,000,000	3,000,000	3,500,000	1,000,000
C. Other Time or Purpose Restricted	New Pledges	*1,337,899*	3,300,000	2,800,000	2,200,000	2,000,000	1,500,000	1,500,000
	Pledges paid		3,600,000	3,200,000	2,750,000	2,200,000	1,700,000	1,287,899
D. Endowment	New Pledges	*3,263,000*	4,100,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
	Pledges paid		4,500,000	5,000,000	5,000,000	4,000,000	4,200,000	4,063,000
Total Pledges Receivable		8,866,899	9,066,899	8,766,899	7,416,899	4,966,899	1,066,899	600,000

Please note that the only activity in this area that impacts the Statement of Activities is new pledges for unrestricted gifts. The impact of these pledges is seen on row 11 above. Otherwise, pledges only affect the SOP.

Attention is then turned to endowments, investment returns and restricted gifts.

	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
VI. Endowment available for investment						
A. Beginning value of investments *(from 'R Bal sheets')*	*91,599,695*	*101,008,804*	*111,104,885*	*121,390,718*	*130,860,111*	*140,729,392*
B. Beginning book value and appreciation of endowment	*91,900,337*	*100,443,577*	*109,538,412*	*119,238,937*	*129,551,493*	*140,488,802*
C. Less beginning balance of endowment pledges	*(3,263,000)*	*(2,863,000)*	*(1,863,000)*	*(863,000)*	*(863,000)*	*(663,000)*
D. Beginning endowment available for investment (B + C)	*88,637,337*	*97,580,577*	*107,675,412*	*118,375,937*	*128,688,493*	*139,825,802*
E. Excess (deficiency) Investment less endowment (A. - D.)	*2,962,358*	*3,428,227*	*3,429,474*	*3,014,782*	*2,171,618*	*903,590*
E. Cash Gifts for Endowments *(not pledge payments)* *3,249,877*	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
F. Endowment pledges paid during the year	*4,500,000*	*5,000,000*	*5,000,000*	*4,000,000*	*4,200,000*	*4,063,000*
Endowment available for investment	*92,387,337*	*101,580,577*	*111,675,412*	*121,875,937*	*132,288,493*	*143,357,302*
VII. Endowment & split interest accumulated appreciation						
A. Projected investment return as a %	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
B. Endowment spending rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
F. Special endowment payouts (impact of matching)						
C. Endowment & split interest appreciation *(beginning balance)*	*30,928,000*	*36,471,240*	*42,566,075*	*49,266,600*	*56,579,156*	*64,516,465*
D. Endowment earnings before spending	*5,543,240*	*6,094,835*	*6,700,525*	*7,312,556*	*7,937,310*	*8,601,438*
E. Endowment spending released from restriction	*(3,634,131)*	*(3,998,754)*	*(4,414,692)*	*(4,843,163)*	*(5,268,028)*	*(5,723,254)*
Endowment & split interest appreciation *(ending balance)*	*32,837,109*	*38,567,321*	*44,851,908*	*51,735,992*	*59,248,437*	*67,394,650*
G. Non-endowed (unrestricted) investments *(beginning balance)*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*
H. Earnings on non-endowment investments	*150,000*	*177,741*	*177,741*	*177,741*	*177,741*	*177,741*
I. Non endowed spending	*(150,000)*	*(177,741)*	*(177,741)*	*(177,741)*	*(177,741)*	*(177,741)*
J. Transferred into (out of) investments to cash						
Non-endowment investments *(ending balance)*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*	*2,962,358*
Pledge payments less new pledges	*400,000*	*1,000,000*	*1,000,000*	*-*	*200,000*	*63,000*
Endowed and non-endowed investments *(ending balance)*	*101,008,804*	*111,104,885*	*121,390,718*	*130,860,111*	*140,729,392*	*150,670,577*

We begin by establishing how much of the endowment is being invested. For most institutions, all of the endowment is invested in marketable securities. Some, however, do not invest the full amount of their endowment. The model calculates what is available for investment in order to establish realistic expectations for spending and growth. Contributions to the endowment wind up in the "restricted in perpetuity" category. Accumulated earnings in excess of endowment spending is found in Time and Purpose Restricted net assets.

The presumption of an earning rate and a spending rate is applied to each year specifically. It is suggested that conservative earning rates be applied so that an overstatement of changes in endowed spending and investment assets can be avoided. In some situations, the current year return could be negative, particularly if a material market correction has occurred. The example uses the same spending and earning rates for all years but that is not considered optimal.

Since most calculate spending based on a three-year rolling average, it may be necessary to reduce the spending rate to something more akin to what will actually be spent. This is because the three-year moving average tends to be less than the current value, due to the tendency for market values to grow over time.

Line VII. F. is for endowment draws that are above the normal spending practice. Of course, the spending rate and any special draws should be approved by the investment committee and, ideally, the board. Keep in mind that a prudent spending rate is considered to be under seven percent (7%). Institutions that exceed that are considered imprudent by definition so exercising care in spending is advised. Some put their endowed spending rate at 0%, establishing planned spending in VII. F.

Line VII. I. allows you to move funds between cash and investments, reflecting transfers that may occur from time to time in connection with capital projects or for operating needs. These funds are extracted from or added to non-endowed (quasi) investments

In VIII. Time and Purpose Restricted gifts and releases are entered here. This involves non-capital gifts that will be used in the near term for designated purposes – like sports fundraising and direct scholarships (aka "pass through"). They can be time or purpose restricted.

		2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
VIII. Impact of Other Time/Purpose Restricted Activities							
A. Pledges for unrestricted donations	*Row 42 above*	*2,300,000*	*3,000,000*	*2,000,000*	*1,500,000*	*1,000,000*	*1,000,000*
B. Unrestricted donations released from restriction	*Row 44 above*	*2,000,000*	*2,700,000*	*2,800,000*	*1,750,000*	*1,500,000*	*1,116,000*
C. New donor pledges for other donations	*Row 50 above*	*3,300,000*	*2,800,000*	*2,200,000*	*2,000,000*	*1,500,000*	*1,500,000*
D. Non-endowment donations for scholarships (pass through)		*120,000*	*120,000*	*120,000*	*120,000*	*120,000*	*120,000*
E. Other restricted donations received directly (not pledged)		900,000					
F. Other restricted donations released from restriction		2,125,000	3,200,000	2,800,000	1,800,000	1,400,000	1,000,000
Net change in other time or purpose restricted net assets		*2,375,000*	*(400,000)*	*(600,000)*	*200,000*	*100,000*	*500,000*
G. Added expenses due to other time or purpose releases		-					

Note VIII. G. where the spending of released funds is disclosed. Certain purpose restricted releases involve the spending of funds in an extra-budgetary manner that offsets the release. Often, institutions neither budget for the release and the associated payments but we are attempting to emulate what audited financial statements will look like. We prefer to budget and/or capture both the released grant revenues and the associated spending.

For many, the amount spent will be equal to the amount released. But certain gifts can be applied against activities that are already being performed and thus meet the requirements of the restriction. This line avoids merely adding in releases without the extra spending associated with it.

For releases associated with the passing of time, there may be no particular spending associated with the release.

IX. Change in net assets restricted due to time or purpose	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
A. Capital donations and pledges received	3,600,000	5,400,000	5,300,000	3,000,000	3,500,000	1,000,000
B. Capital donations released from restriction	(1,167,882)	(3,200,000)	(1,300,000)	-	-	-
D. Endowment earnings	5,543,240	6,300,528	6,906,335	7,480,727	8,029,529	8,576,911
E. Endowment spending	(3,634,131)	(4,203,754)	(4,833,125)	(5,434,035)	(6,037,995)	(6,663,584)
F. Net change in other time or purpose donation balances	2,375,000	(400,000)	(600,000)	200,000	100,000	500,000
Total change	6,716,227	3,896,775	5,473,209	5,246,692	5,591,534	3,413,327
X. Investment account recap						
Beginning investment balance	91,599,695	101,008,804	111,105,579	121,178,788	130,225,481	139,417,015
Investment earnings on endowment	5,543,240	6,300,528	6,906,335	7,480,727	8,029,529	8,576,911
Cash gifts to endowment	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Endowment pledges paid	4,500,000	5,000,000	5,000,000	4,000,000	4,200,000	4,063,000
Endowment payouts	(3,634,131)	(4,203,754)	(4,833,125)	(5,434,035)	(6,037,995)	(6,663,584)
Transfers from (to) cash	-	-	-	-	-	-
Investment earnings on non endowments	150,000	177,741	177,741	177,741	177,741	177,741
Spending of investment earnings on non-endowments	(150,000)	(177,741)	(177,741)	(177,741)	(177,741)	(177,741)
Ending investment balance	101,008,804	111,105,579	121,178,788	130,225,481	139,417,015	148,393,341

In section IX. gifts for capital projects comes from 'L Capital'. Endowment gifts may be influenced by a planned campaign or may merely reflect an average amount received for endowments each year. As a matter of mechanics, gifts for projects and market appreciation of the endowment add to net assets restricted due to time or purpose while gifts for endowments increase net assets restricted In perpetuity.

Section X. reconciles changes in the asset account "Investments", showing the various activities that impact that balance. The Finance Committee particularly appreciates this report.

'N Next yr'

The "Next yr." tab represents a master budgeting worksheet for the coming fiscal year. In it, only *changes* in amounts from the CY budget are presented. This allows for a concise format to govern the budget process. The details of individual budget lines are categorically summarized here but only to the extent that changes are anticipated. The first section takes data from previous worksheets and does not require any entries.

Note: Complete worksheets D - H and CY data for 'K Strategic', 'L Capital', and 'M Non student'		Fiscal Year 2025 - 26		
		Traditional	Auxiliaries	Total
I. Operating Revenue Changes versus CY Budget				
A. Traditional Student Revenues	*(from 'I Student rev')*	2,714,697	951,064	3,665,761
B. Non Traditional Student Revenues	*(from 'I Student rev')*			183,354
C. Non-Student	*(from 'M Non student')*	187,741		187,741
D. Net assets released from restriction		(560,377)		(560,377)
Total projected increase (decrease) in operating revenues		2,342,061	951,064	3,476,479

Entering the changes

The next sections allow you to enter in whatever *changes* will be occurring in expense lines for the coming year's budget. These are changes to the current year budget, the baseline for our analysis. It is important to note that these changes represent **permanent** adjustments to expenses. That is, the model will adjust them up or down for years beyond next year for inflation and population changes. If the introduction of an initiative for the coming year only is desired, I suggest inserting it in 'K Strategic' where it will not affect other years unless specific entries are made there.

'K Strategic', 'L Capital', and 'M Non student'	Traditional	Auxiliaries	Total
II. Anticipated increases (decreases) for:			
A. Personnel Costs - (changes only)			
Faculty net changes	280,000		280,000
Employee pay increase	175,000		175,000
Staff net changes	80,000		80,000
Training	25,000		25,000
Administration net change	48,000		48,000
Pension changes	36,000		36,000
Student employee changes	78,000		78,000
Health care costs	120,000		120,000
Total Personnel Cost Increases	842,000	-	842,000

The user is free to put any categories desired in the far-left descriptive cells. The test data uses typical categories found in most institutions. A distinction is made between personnel costs and other costs. The columns identify traditional, non-traditional and auxiliary expenses from left to right. And, as a reminder, these are just the ***changes***. These are not the total amounts. BTW, reductions are reported with negative numbers. This is important for those who are restructuring operations.

'K Strategic', 'L Capital', and 'M Non student'	Traditional	Auxiliaries	Total
C. Contracts & Cost Increases (changes only)			
Overall Costs in budget	350,000	50,000	400,000
Travel			0
Energy	30,000	20,000	50,000
Laundry contract increase			0
Increase in maintenance costs		30,000	30,000
Athletic dues	25,000		25,000
Athletic travel	10,000		10,000
Audit services	5,000		5,000
Faculty development	65,000		65,000
Food Service		95,000	95,000
			0
Total Increases to Contracts and Costs	485,000	195,000	680,000

The same approach applies to the contacts and costs section. Only changes are entered here as well. Columns continue to represent the categories identified above – Traditional and Auxiliaries. To reiterate, if you merely want something to impact one year alone and not be carried forward to future years from this exercise, I recommend using 'K Strategic' for that purpose.

The grid approach seems to work well in budget planning. This allows for an easily viewed master listing of cost changes without the distraction of dealing with thousands of accounts.

The next section (next page) finishes off the budget highlights for the coming year. While it is not typical to identify strategic initiatives for auxiliaries, the model affords the breakout of these amounts into thw auxiliary category. The Traditional column automatically deducts the amounts entered in the auxiliary column so that the total equals the amounts found for next year in the 'K Strategic' worksheet. In other words, the total strategic spending for next year does not change. The entries here merely allocate that spending to the other two columns.

The same approach is taken for depreciation, operating costs and interest expense. The total amount is placed in the Traditional column, to be decremented by whatever is assigned manually to the other column. The far right column "Total" remains the same, allocated between the three functional areas.

Note: Complete worksheets D - H and CY data for 'K Strategic', 'L Capital', and 'M Non student'		Fiscal Year 2025 - 26		
		Traditional	Auxiliaries	Total
D. Strategic	*(from 'K Strategic')*	(240,000)		(240,000)
E. Non Traditional	*(from 'H Non trad')*			136,659
Sub-total Operating Expense Increases		3,436,800	-	3,573,459
F. Capital Projects	*(from 'L Capital')*		*(entries for 'Auxiliaries' reduces 'Traditional')*	
Increased Depreciation Expense		228,005		228,005
Additional New Building Operating Costs		-		-
Interest Expense *(change from CY)*		206,390		206,390
G. Total projected increase (decrease) in expenses		**3,871,195**	**-**	**3,871,195**
H. Net Revenue increase (decrease)		(1,529,134)	951,064	(394,716)
I. Carryover of prior year operating surplus (deficit)				3,683,897
J. Next year unrestricted operating surplus (deficit)				**3,289,181**
		Traditional	Auxiliaries	
K. Non-operating net revenue (expense)				**4,460,000**
L. Unrestricted surplus (deficit)				**7,749,181**
M. Change in time and purpose restricted net assets				**3,896,081**
N. Change in net asssets restricted in perpetuity				**3,000,000**
O. Institutional change in net assets				**$ 14,645,262**

From the unrestricted surplus, net non-operating net revenues or expenses are reported, with changes in donor restricted net assets added so that an anticipated bottom line for next year's overall performance can be calculated. All of this comes from other worksheets.

'O Monthly Cash'

Remember that we are "forecasting" and not engaging in prophesy. With that said, there are certain characteristics of higher education where revenues show up in the fall and spring at certain times

Student revenues tend to be concentrated in September and January. Giving tends to come through in December and June. The idea is to get a general sense for cash flow so that plans can be made to address any issues that arise.

'P Fcast 5 yr'

The only entry needed for this worksheet is in the upper left corner, with input cells captioned "Decline" showing "25%" and "Growth" showing "50%". This deserves some explanation.



These cells specify the impact of changes in traditional student populations on traditional expenses (divisional and auxiliary). If population ***declines*** 2% and "25%" is entered in the "Decline" cell, expenses are reduced by .02 * 0.25

or 0.5%. This decline is offset by the divisional expense inflation rate (1.5% in the example). Conversely, when traditional population ***increases*** by 2%, the expense increase from the change in population will be around 1.0% (2% * 50%), and is then added to the anticipated 1.5% divisional expense inflation. The idea here is that declines in volume result in minimal reductions in expenses. Increases tend to add costs to a greater extent. Too many clients would show significant increases in volume but did not increase expenses for that volume. This section addresses that.

The rest of this worksheet is all calculated. Also, note that the previous year actual (off the audit), the current year and next year are already provided-for from previous worksheets. The forecast for the remaining four years is affected by the grid of revenue assumptions found in the 'G Price-Aid" worksheet and expense assumptions in 'M Non student'. Care must be exercised to avoid overly optimistic assumptions for each variable. There are a number of "what-if" possibilities here.

The actual forecast is not shown in this narrative because it does not require any inputs. It follows a condensed audit format, with the added expense categories found in 'D PY Audit' and the breakout of non-traditional from traditional tuition found in that same worksheet.

Users tend to toggle back and forth with this worksheet when making changes to other inputs. These numbers change with the addition of but one freshman student or a change in the prospective freshman discount rate by one tenth of one percent. The slightest of changes in donations or prices (tuition or auxiliaries) also adjust performance going forward. The model coordinator can be quite active when convening around a table with the model on the screen. This is the most important aspect of the model, provided that users are not tempted to magnify optimistic inputs.

Some added comparisons are provided after the condensed statement of activities is presented. These begin with a summary cash flow statement, followed by an analysis of what funds are available for operations. We found this to be necessary because too many were not segregating cash aside for restricted gifts, using donor restricted funds for operations. The net contribution from non-traditional operations is then presented. We expect at least a 40% return from these modalities. Finally, a breakdown of auxiliary revenues and expense shows progression or lack thereof from this important portion of student revenues.

Each of these reports are critical to understanding the building blocks of institutional revenues and are worth sharing with the finance committee on at lest an annual basis.

Cash Flow Summary	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
Overall increase (decrease) in net assets	3,657,145	3,746,307	1,487,435	1,804,813	172,831	952,113	1,366,782
Depreciation expense - non-cash		2,709,456	2,863,663	3,015,150	3,346,197	3,569,615	3,739,660
Decrease (increase) in non-cash assets	*See*	(99,823)	105,446	(18,018)	(16,422)	(71,889)	(95,725)
Decrease (increase) in investments		1,655,159	(3,845,422)	(310,431)	(307,349)	(299,544)	(292,089)
Increase (decrease) in accounts payable	*Audited*	176,000	40,133	82,108	72,160	97,307	113,028
Increase (decrease) in other, non-current liabilities		14,310	5,520	6,624	626	3,445	4,911
Increase (decrease) in line of credit		500,000	100,000	(100,000)	1,500,000	1,000,000	1,500,000
Net debt Issued or (principal paid)	*Statements*	(1,040,625)	8,747,224	(1,188,832)	(861,580)	(1,466,572)	(1,520,005)
(Net spent on capital projects and equipment)		(7,603,500)	(9,800,000)	(3,150,000)	(2,550,000)	(2,400,000)	(2,400,000)
Cash added (used)		57,284	(296,001)	141,415	1,356,462	1,384,475	2,416,562
Add: beginning balance		7,193,818	7,251,102	6,955,101	7,096,515	8,452,978	9,837,453
End of year cash balance	7,193,818	7,251,102	6,955,101	7,096,515	8,452,978	9,837,453	12,254,015
Operating Cash & Investments							
Cash at year-end	7,193,818	7,251,102	6,955,101	7,096,515	8,452,978	9,837,453	12,254,015
Add: Investments	26,728,448	25,073,289	28,918,711	29,229,142	29,536,491	29,836,035	30,128,124
Pledges receivable	350,000	240,000	170,000	102,000	64,000	41,000	22,000
Less: Line of credit payable	(1,500,000)	(2,000,000)	(2,100,000)	(2,000,000)	(3,500,000)	(4,500,000)	(6,000,000)
Net assets with donor restriction	(27,080,356)	(29,700,197)	(31,741,738)	(35,534,169)	(27,798,518)	(29,080,062)	(29,859,151)
Cash & Investments available for operations	5,691,910	864,194	2,202,074	(1,106,512)	6,754,951	6,134,426	6,544,988
Non-Traditional Recap:							
Net Tuition Revenue	19,594,888	17,692,564	18,841,332	19,406,658	19,911,984	20,337,310	20,992,636
(Operating Expenses)	(9,568,470)	(11,026,500)	(11,035,000)	(11,036,000)	(11,130,000)	(11,110,000)	(11,130,000)
Non-Traditional contribution (deficit)	10,026,418 51%	6,666,064 38%	7,806,332 41%	8,370,658 43%	8,781,984 44%	9,227,310 45%	9,862,636 47%
Growth	***Actual***	***Projected***	/ - - - - - - P r o j e c t e d - - - - - - /				
% of population changes reflected in expenses 50%	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
Auxiliary Recap:							
Room Revenue	3,204,771	3,248,999	3,359,276	3,523,801	3,768,130	4,110,362	4,508,436
Board Revenue	2,352,008	2,394,890	2,476,176	2,597,451	2,777,549	3,029,814	3,323,241
Other Auxiliary Revenue	320,775	327,891	339,020	355,624	380,282	414,820	454,994
(Operating Expenses)	(3,038,081)	(3,185,000)	(3,344,558)	(3,425,998)	(3,543,791)	(3,703,150)	(3,880,666)
Net Auxiliary Contribution	2,839,473 48%	2,786,780 47%	2,829,914 46%	3,050,878 47%	3,382,171 49%	3,851,847 51%	4,406,006 53%

'R Bal sheets'

There are no inputs needed for this worksheet. It is only for reporting purposes. Recall that the previous year's audited statement of position was entered in 'D PY Audit'. That entry has been transferred to the 'R Bal sheets' tab. Note how cash changes annually, as do the other portions of the statement.

The model calculates certain changes in balance sheet components, based on volumes. This impacts the following reported categories:

- Other current assets
- Other long-term assets
- Current liabilities
- Other, non-current liabilities

Remember that we are engaging in forecasting. While there could be some abnormal changes in certain of these balances, they should track with volume over time.

When looking at the Balance Sheet, carefully review amounts to determine reasonableness. If something appears to significantly vary from normal expectation, you can find where the number came from by highlighting the cell. Such a review and adjustment is critical to the ability for the model to be embraced by users.

	Actual	Projected	/ - - - - - Forecast - - - - - /				
	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
ASSETS							
Cash	6,514,000	15,439,683	18,750,000	27,293,548	36,743,984	47,396,878	51,290,749
Other current assets	4,882,000	5,391,591	5,768,801	5,841,521	6,038,143	6,172,278	6,276,515
Pledges receivable	8,866,899	9,066,899	8,766,899	7,416,899	4,966,899	1,066,899	600,000
Investments	91,599,695	101,008,804	111,104,885	121,390,718	130,860,111	140,729,392	150,670,577
Fixed & right of use assets (net)	103,336,945	106,691,696	105,603,691	99,881,457	93,325,026	86,796,565	80,293,514
Other long-term assets	-	-	-	-	-	-	-
Total assets	215,199,539	237,598,673	249,994,277	261,824,143	271,934,163	282,162,012	289,131,355
LIABILITIES							
Current liabilities (w/o CP of LTD)	12,450,000	12,854,515	13,701,249	13,961,566	14,434,620	14,860,828	15,295,948
Line of credit payable	1,000,000	2,000,000	-	-	-	-	-
Long-term and right of use debt	26,783,294	32,978,859	32,124,125	31,239,414	30,314,206	29,356,950	27,744,057
Other, non-current liabilities	3,061,386	3,061,386	3,061,386	3,061,386	3,061,386	3,061,386	3,061,386
NET ASSETS							
Without donor restriction	49,918,971	57,768,687	65,276,210	69,044,638	70,937,419	72,427,034	73,195,965
Restricted due to time or purpose	61,013,551	64,962,888	68,858,969	74,544,802	80,214,195	86,483,476	90,861,661
Restricted in perpetuity	60,972,337	63,972,337	66,972,337	69,972,337	72,972,337	75,972,337	78,972,337
Total liabilities and net assets	215,199,539	237,598,673	249,994,277	261,824,143	271,934,163	282,162,012	289,131,355

The composition of purpose and time restricted donations is broken down just below the balance sheet as well. Essentially, we treat this area identically to how temporarily restricted net assets were treated in the past. That is, the appreciation component of the endowment and split interest investments finds its way to net assets that are time or purpose restricted.

Just below the recap of time and purpose restricted net assets is a listing of ratios, including the CFI, the Department of Education's Financial Responsibility ratio and a Debt Service Coverage Ratio *DSCR).

	Actual	Projected	/ - - - - - Forecast - - - - - /				
	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30
Recap of time or purpose restricted							
Capital donation restricted balances	*7,912,470*	*7,577,698*	*9,777,698*	*13,777,698*	*16,777,698*	*20,277,698*	*21,277,698*
Endowment & split interest appreciation	*30,928,000*	*36,471,240*	*42,566,075*	*49,266,600*	*56,579,156*	*64,516,465*	*73,117,903*
Other time or purpose donation balances	*22,173,081*	*24,548,081*	*24,148,081*	*23,548,081*	*23,748,081*	*23,848,081*	*24,348,081*
Total time or purpose (temp) restricted	61,013,551	68,597,019	76,491,854	86,592,379	97,104,935	108,642,244	118,743,682
CFI	2.8	4.6	5.0	5.3	5.4	5.9	6.3
DOE	2.8	3.0	3.0	3.0	2.9	2.8	2.7
DSCR	4.4	7.4	7.0	5.5	4.7	3.6	3.4

The Debt Service Coverage Ratio is a commonly used mechanism used by banks to gauge financial strength. The individual calculation may vary for each institution but we used a standard calculation here that is common to a number of clients. We begin with net unrestricted surplus (deficit) and add back depreciation and interest expense to arrive at the numerator (theoretical funds available to service debt). This is then divided by maximum annual debt service, which we calculate from the Capital tab. Note that we are including anticiapted lease payments in our calculation of maximum annual debt service.

The details supporting these ratios are found on the second page of this worksheet.

'S DOE ratios'

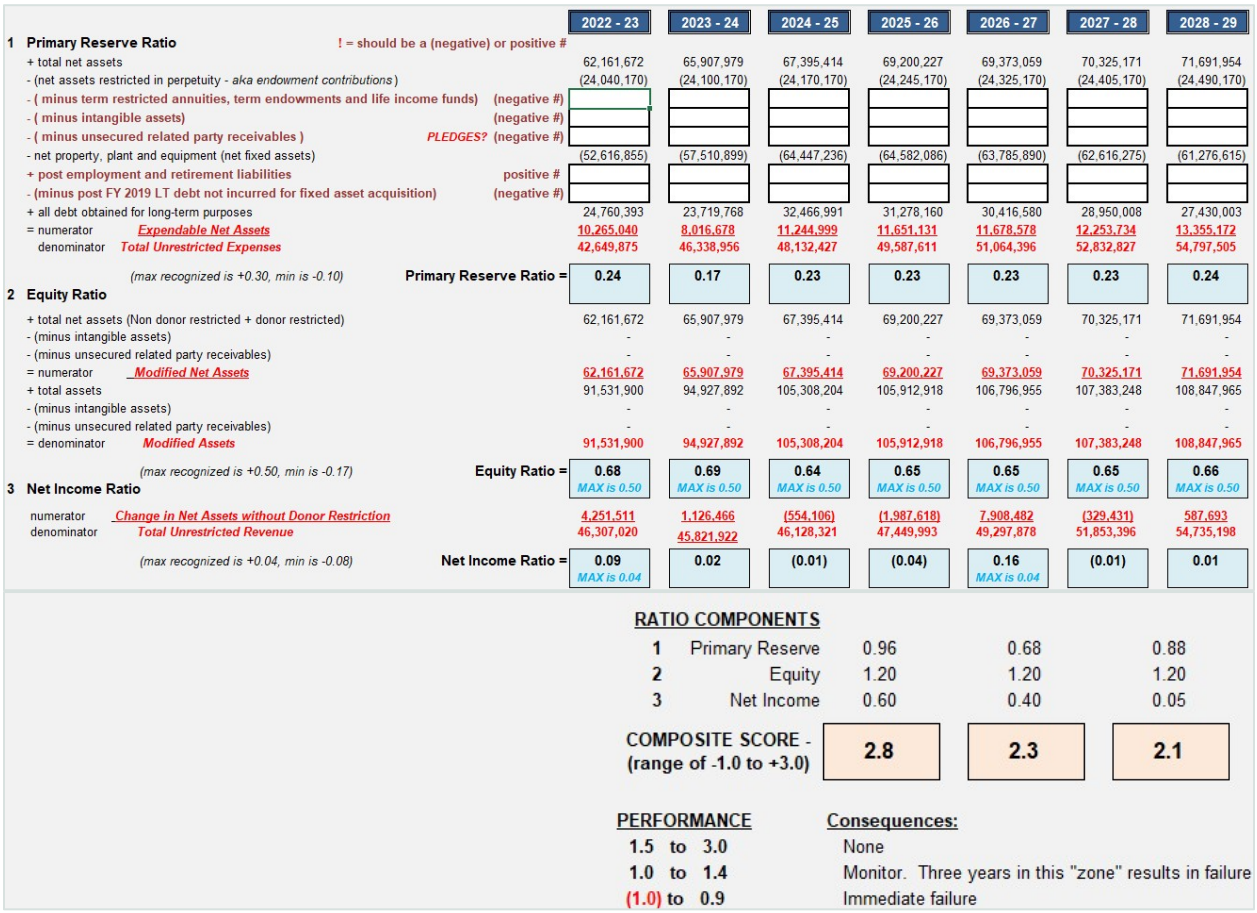
This section relies on other values, generated throughout the model. There is allowance, however, for some of the particular amounts not typically specified in the financial statements to be entered into this form in connection with the Primary Reserve Ratio. Those entry areas are identified in white with black framing. For many institutions, this ratio is of paramount concern and I recommend familiarization with the regulations to ensure full compliance.

One example of a manual entry is if there are pledges outstanding on the beginning balance sheet. To the extent that those pledges were made by related parties (employees and board members) that portion will need to be extracted as unsecured, related party receivables. The model will prompt you with a question PLEDGES? if a total exists for pledges receivable on the initial balance sheet.

Staying wit hthe Primary Reserve Ratio, the amount of Long-Term Debt added back is limited to net fixed assets as presented with each balance sheet. For years ending after June 30, 2019, only new debt that is used for asset purchases is allowed to be added back. So, you can't merley borrow more to enhance your score but must match any new borrowings with actual purchases of fixed assets. A line for "post FY 2019 LT debt not incurred for fixed asset acquisition" has thus been included so that any borrowings that are not connected directly with fixed asset acquisition can be deducted in establishing "Expendable Net Assets" for the Primary Reserve Ratio. Note also that "Right of Use Assets" are combined with "Fixed Assets" and "Right of Use Liabilities" are combined with "Long Term Debt". The assumption is that the liabilities associated with leases will not exceed the recorded right of use assets.

For all three ratios, notations concerning the maximum and minimum scores are included. A score that is higher than the maximum, will be limited to the MAX score. Similarly, if the score is less than the minimum, it will not affect the final ratio any more than the minimum would. This is important for ratio strategies. If the Primary Reserve and Equity ratios are at their highest but the CY loss is substantial, it may be a good time to identify where other losses can be recognized because the impact of the loss on the overall ratio has already been maximized as a (0.2).

The best way to improve this ratio is to post surpluses. Also, we do not recommend aggressively paying down debt, in light of its benefits for the primary reserve.



		2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
1 Primary Reserve Ratio	! = should be a (negative) or positive #							
+ total net assets		62,161,672	65,907,979	67,395,414	69,200,227	69,373,059	70,325,171	71,691,954
- (net assets restricted in perpetuity - *aka endowment contributions*)		(24,040,170)	(24,100,170)	(24,170,170)	(24,245,170)	(24,325,170)	(24,405,170)	(24,490,170)
- (minus term restricted annuities, term endowments and life income funds)	(negative #)							
- (minus intangible assets)	(negative #)							
- (minus unsecured related party receivables)	PLEDGES? (negative #)							
- net property, plant and equipment (net fixed assets)		(52,616,855)	(57,510,899)	(64,447,236)	(64,582,086)	(63,785,890)	(62,616,275)	(61,276,615)
+ post employment and retirement liabilities	positive #							
- (minus post FY 2019 LT debt not incurred for fixed asset acquisition)	(negative #)							
+ all debt obtained for long-term purposes		24,760,393	23,719,768	32,466,991	31,278,160	30,416,580	28,950,008	27,430,003
= numerator	*Expendable Net Assets*	10,265,040	8,016,678	11,244,999	11,651,131	11,678,578	12,253,734	13,355,172
denominator	*Total Unrestricted Expenses*	42,649,875	46,338,956	48,132,427	49,587,611	51,064,396	52,832,827	54,797,505
(max recognized is +0.30, min is -0.10)	**Primary Reserve Ratio =**	0.24	0.17	0.23	0.23	0.23	0.23	0.24
2 Equity Ratio								
+ total net assets (Non donor restricted + donor restricted)		62,161,672	65,907,979	67,395,414	69,200,227	69,373,059	70,325,171	71,691,954
- (minus intangible assets)		-	-	-	-	-	-	-
- (minus unsecured related party receivables)		-	-	-	-	-	-	-
= numerator	*Modified Net Assets*	62,161,672	65,907,979	67,395,414	69,200,227	69,373,059	70,325,171	71,691,954
+ total assets		91,531,900	94,927,892	105,308,204	105,912,918	106,796,955	107,383,248	108,847,965
- (minus intangible assets)		-	-	-	-	-	-	-
- (minus unsecured related party receivables)		-	-	-	-	-	-	-
= denominator	*Modified Assets*	91,531,900	94,927,892	105,308,204	105,912,918	106,796,955	107,383,248	108,847,965
(max recognized is +0.50, min is -0.17)	**Equity Ratio =**	0.68 MAX is 0.50	0.69 MAX is 0.50	0.64 MAX is 0.50	0.65 MAX is 0.50	0.65 MAX is 0.50	0.65 MAX is 0.50	0.66 MAX is 0.50
3 Net Income Ratio								
numerator	*Change in Net Assets without Donor Restriction*	4,251,511	1,126,466	(554,106)	(1,987,618)	7,908,482	(329,431)	587,693
denominator	*Total Unrestricted Revenue*	46,307,020	45,821,922	46,128,321	47,449,993	49,297,878	51,853,396	54,735,198
(max recognized is +0.04, min is -0.08)	**Net Income Ratio =**	0.09 MAX is 0.04	0.02	(0.01)	(0.04)	0.16 MAX is 0.04	(0.01)	0.01

RATIO COMPONENTS

1	Primary Reserve	0.96	0.68	0.88
2	Equity	1.20	1.20	1.20
3	Net Income	0.60	0.40	0.05
COMPOSITE SCORE - (range of -1.0 to +3.0)		**2.8**	**2.3**	**2.1**

PERFORMANCE	**Consequences:**
1.5 to 3.0	None
1.0 to 1.4	Monitor. Three years in this "zone" results in failure
(1.0) to 0.9	Immediate failure

't Scenarios

As the name implies, it is possible to compare the impact of different inputs on the coming year. Changes in revenues will impact some operating expenses. Also included are capital spending options, new building operations costs and changes to the line of credit outstanding. The "volume expense factor" cells identify the percentage increases in expenses for each 100% increase in associated revenues. Auxiliaries are pegged at 33% since the cost of food service is typically 2/3rds of board revenues and board tends to be half the price of room. Traditional and non-traditional expense impact from changes in volume can thus be estimated using these two percentages.

Example College
Three Scenarios for 2024 - 25

CFO Colleague

INPUTS		Current Plan	Scenario 1	%Δ	#Δ	Scenario 2	%Δ	#Δ	Scenario 3	%Δ	#Δ
Fall 1st Time Freshmen		240			-	240	0.0%	0	240	0.0%	0
Fall Transfers	volume exp factor	62	65	4.8%	3	62	0.0%	0	65	4.8%	3
Fall Returning Students	10%	675	680	0.7%	5	675	0.0%	0	680	0.7%	5
Spring Fresh to Fall Soph (a quasi retention factor		108.6	109.6	0.9%	1.0	108.6	0.0%	(0.0)			-
FF Discount Rate		47.0%	47.8%	0.8%	points	47.0%	0.0%	points	46.5%	-0.5%	points
Tuition Increase		3.5%	2.5%	-1.0%	points	3.5%	0.0%	points	1.8%	-1.7%	points
New unrestricted pledges booked		20,000	30,000	50.0%	10,000	50,000	#####	30,000	15,000	-25.0%	(5,000)
Annual fund donations	volume exp factor	1,350,000	1,150,000	-14.8%	(200,000)	1,350,000	0.0%	0	1,400,000	3.7%	50,000
Non Traditional Net Tuition & Fees	40%	18,841,332	18,500,000	-1.8%	(341,332)	17,590,000	-6.6%	(1,251,332)	17,500,000	-7.1%	(1,341,332)
Operational spending increases (cuts)		0	56,000	0.2%		0	0.0%		(1,000,000)	-3.9%	
New Building Operations		100,000	50,000	-50.0%	(50,000)	90,000	-10.0%	(10,000)	80,000	-20.0%	(20,000)
Capital Spending		7,625,000	7,500,000	-1.6%	(125,000)	7,625,000	0.0%	0	7,000,000	-8.2%	(625,000)
Capital project gifts received		3,550,000	3,300,000	-7.0%	(250,000)	3,552,500	0.1%	2,500	3,500,000	-1.4%	(50,000)
Net Assets Released - Purpose or Time		3,047,490	5,900,000	93.6%	2,852,510	2,997,075	-1.7%	(50,415)	6,000,000	96.9%	2,952,510
Line of Credit (LOC) @ Year End		2,100,000	1,000,000	-52.4%	(1,100,000)	2,000,000	-4.8%	(100,000)	2,500,000	19.0%	400,000
LOC Months Outstanding / Interest Rate	6.0 4.25%		4.0 4.25%	-68.3%	(30,458)	6.0 4.25%	-4.8%	(2,125)	7.5 4.25%	48.8%	21,781
New Debt Issued for fixed asset acquisition		10,000,000	7,000,000	-30.0%	(3,000,000)	10,000,000	0.0%	0	4,000,000	-60.0%	(6,000,000)
Years of Amortization / Interest Rate	25 4.00%		6.00%			5.00%			7.00%		

RESULTS									
Fall Population	977	987	1.0%	10	977	0.0%	(0)	985	0.8%	8
Traditional NTR / discount %	15,876,243 42.6%	15,953,738	42.8%	77,496	15,875,887	42.6%	(356)	15,982,173	42.5%	105,931
NTR / Student	16,250	16,164	-0.5%	(86)	16,250	0.0%	(0)	16,226	-0.2%	(24)
Cash	6,955,101	5,587,658	-19.7%	(1,367,442)	6,343,070	-8.8%	(612,031)	5,625,130	-19.1%	(1,329,971)
Unrestricted Net Surplus (Deficit)	(554,106)	(496,615)	-10.4%	57,491	(1,018,221)	83.8%	(464,115)	257,545	-146.5%	811,651
Overall Net Surplus (Deficit)	1,857,435	4,147,435	123.3%	2,290,001	975,404	-47.5%	(882,031)	5,201,596	180.0%	3,344,161
DOE FRR	2.3	2.0	(0.3)		2.2	(0.1)		2.0	(0.3)	

Note the line “Spring Fresh to Fall Soph”. This reflects the anticipated relationship between the population of all students classified as Freshmen in the spring semester of the current year, versus the anticipated population of next Fall’s Sophomores. Unless there is anticipated to be a significant initiative to improve retention, it is not recommended that this be changed. Also, a larger number on the line above it (Fall Returning Students) can be further enhanced by an increase in the Spring Fresh to Fall Soph line. Proceed with caution.

The “Operating Spending Increases (cuts) line allows for anticipated spending reductions to be recorded but can also have increased spending identified, associated with currently unplanned initiatives.

Each identified input can be changed to yield similar (though not exact) scenarios that would occur if the raw numbers were adjusted throughout the model. This exercise merely allows for more “what if” options, versus wading through the entire model to input new driving data. The goal is for the leadership team to be able to see the impact that changes in inputs have on financial outcomes.

> **NOTE:** In the various scenarios, ***only enter the inputs you wish to change***. Leaving an input cell blank means that the “Current Plan” value will be used for that cell. To test this, all the input cells under “Scenario 2” in the Example College data are blank. The results are identical to the Current Plan. Remember that a zero is not a blank. The model interprets a zero as a zero. So, if you want to use the Current Plan values, just make sure the cell is blank.

'U Pricing Options'

Another common strategy is to consider a major adjustment in the price / aid calculation. In fact, the popularity of this kind of strategy led CFO Colleague to create a separate worksheet to demonstrate the impact of typical decisions made in connection with a reset. This tab thus allows for scenarios to be calculated, presuming that the previous year's decisions affect the next year, and so on. There are but four primary inputs but they are all interdependent.

	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
Added mktg / consulting costs (incl. pre-deployment)	$ 200,000	$ 150,000	$ 100,000	$ 100,000	$ 100,000
Incremental Student retention factor -> 75%	New Disc't % ------>	25.0%	26.0%	27.0%	28.0%
% Gross **Tuition & Fees** Price Increase (Decrease)		-25.0%	2.5%	2.5%	2.5%
Increase (decrease) in New Freshmen		20	15	10	10

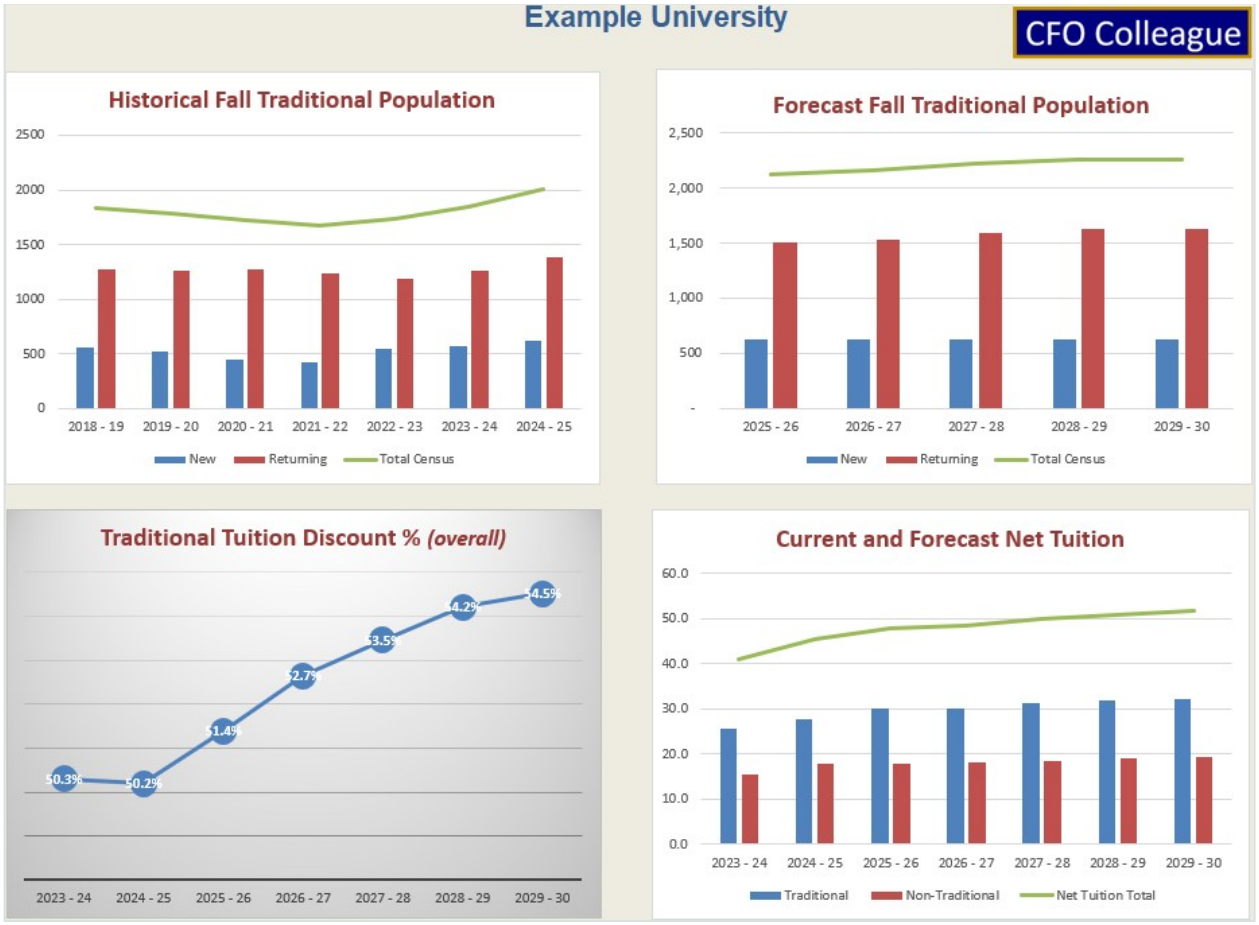
Outcomes are displayed right below the inputs to show the incremental change in revenues due to the assumptions being realized. The investment in marketing is combined for the preparation year and the first year of the price reset. Essentially, this is designed to identify the levers associated with a change in price and financial aid. Significant reductions in net tuition per student will require a material increase in student demand. The question becomes how confident the institution is in the presented outcomes.

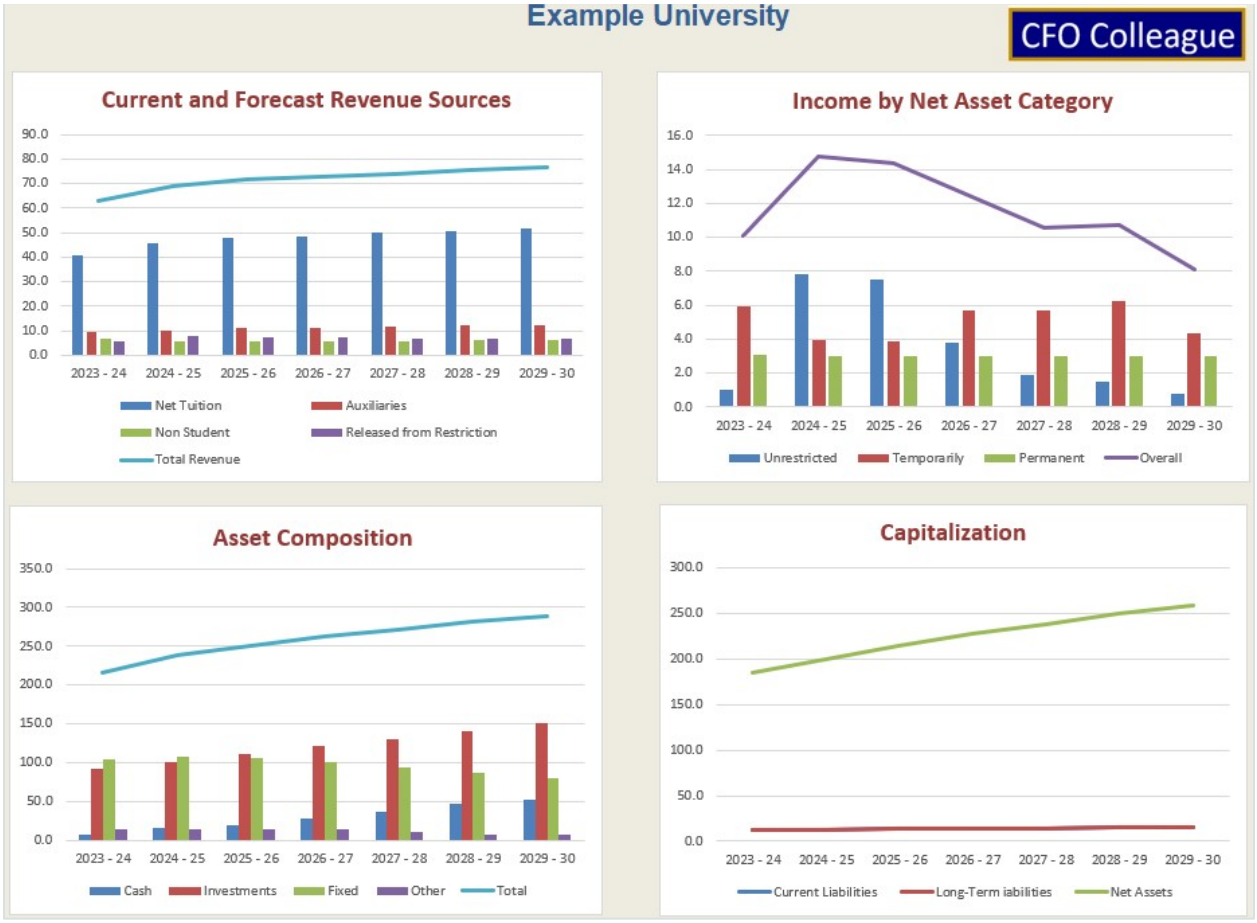
	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29
Increase (decrease) in New Freshmen		20	15	10	10
Add: Currently Projected New Freshmen		260	265	280	295
New Freshmen as a result of Pricing Initiative		280	280	290	305
Cumulative Change in Overall Population from Pricing Initiative		20	30	33	34
New Average (Fall/Spring) Annual Population		996	1,042	1,104	1,176
Currently Projected Sticker Price (**Tuition & Fees**)		29,732	30,623	31,542	32,185
New Calculated Sticker Price (**Tuition & Fees**)		22,299 (25.0)	22,856	23,428	24,013
Proposed / Recalibrated Aid (Discount) Per Student		(5,575)	(5,943)	(6,325)	(6,724)
Proposed **Net Tuition & Fees** Revenue Per Student		16,724 482	16,914 190	17,102 189	17,290 187
Currently Projected **Net Tuition & Fees** Revenue Per Student		16,743 18	16,970 56	17,375 272	17,557 267
Total **Net Tuition & Fees** Revenue Impact		316,536	450,857	264,006	289,590
New Auxiliary Impact (Added Revenue less Added Expenses)		62,550	100,262	116,832	132,624
Annual Revenue Impact from Pricing Initiative		379,086	551,119	380,838	422,214
Change in expenses due to volume changes and marketing costs		(358,054)	(411,014)	(432,478)	(445,960)
Net Impact		21,033	140,105	(51,640)	(23,746)
Cumulative Revenue Impact		21,033	161,138	109,497	85,751

While there are any number of considerations associated with this kind of strategy, let me close by highlighting the need for substantial promotional activities. This will need to be fleshed out by the leadership team before having a revenue party. And, keep in mind that resets are for the parents. The students themselves are hardly phased by such initiatives.

‘B Charts’

Moving back to the second tab, we see eight different graphs depicting various performance metrics associated with a populated model. These graphs may be helpful in showing how the realization of plans can transform an institution’s performance. Also, they can demonstrate how doing nothing new will yield major problems. Never underestimate the power of visual learning. The output is demonstrated on the next page:





‘C Summary’

Our firm has identified four components of operating financial contribution for the typical private institution. They are: Traditional, Non-Traditional, Auxiliaries and Other. The idea behind this presentation is to show how the costs of traditional operations tend to require a substantial subsidy by a variety of other activities in order for the overall operation to generate a surplus. While not an uncommon occurrence it should leave room for careful analysis to determine how to reduce the subsidy and to continue investing in the areas that enhance it.

All of the numbers found in the summary are sourced from the worksheet ‘P Fcast 5 yr’ and tie out to the results reported there. Clients find it to be a simple connection of revenues and expenses and a conversation starter, at a minimum. It is also easier to explain the components to those whose primary responsibilities are not financial in nature. Also presented are the restricted funds to show their impact as well.

Example College
Forecast Summary

	Actual 2022 - 23	Projected 2023 - 24	2024 - 25	F G 2025 - 26
I. Traditional				
Fall Population	1,002	978	977	995
Overall Tuition Discount	41.1%	42.0%	42.7%	43.9%
Net Tuition Revenues	15,903,477	17,662,578	17,547,466	17,584,388
Auxiliary Revenues	5,877,554	5,971,780	6,174,472	6,476,876
Non student Revenues	4,891,101	3,974,000	3,875,000	3,738,784
Total Traditional Revenues	26,672,132	27,608,358	27,596,938	27,800,047
Operating Expenses	(26,459,190)	(27,750,000)	(28,837,811)	(29,592,980)
Auxiliary Expenses	(3,038,081)	(3,185,000)	(3,344,558)	(3,425,998)
Depn, Interest, Strategic, New Bldg Ops	(3,584,134)	(3,879,456)	(4,555,252)	(5,224,824)
Total Traditional Expenses	(33,081,405)	(34,814,456)	(36,737,621)	(38,243,803)
Non operating net	594,366	1,643,500	1,450,000	150,000
Net from Traditional	(5,814,907)	(5,562,598)	(7,690,683)	(10,293,756)
II. Non Traditional				
Net Tuition Revenues	19,594,888	17,692,564	17,891,332	18,256,658
Identified Expenses	(9,568,470)	(11,026,500)	(11,035,000)	(11,036,000)
Net from Non Traditional	10,026,418	6,666,064	6,856,332	7,220,658
III. Donor Restricted				
Time or purpose restricted	3,042,859	2,559,841	1,971,541	3,717,431
Restricted in perpetuity	699,593	60,000	70,000	75,000
Net from donor restricted activity	3,742,452	2,619,841	2,041,541	3,792,431
IV. Overall				
Unrestricted Operating Revenues	46,267,020	45,300,922	45,488,270	46,056,705
Unrestricted Operating Expenses	(42,649,875)	(46,240,956)	(48,122,621)	(49,579,803)
Unrestricted Operating Surplus (Deficit)	3,617,145 8%	(940,034) -2%	(2,634,351) -6%	(3,523,098)
Non operating net	594,366	1,643,500	1,450,000	150,000
Donor Restricted	3,742,452	2,619,841	2,041,541	3,792,431
Overall Performance	7,953,963	3,323,307	857,189	419,334
V. Key Accounts				
Cash	7,193,818	7,018,456	6,284,193	4,833,054
Long-Term Debt	24,760,393	23,719,768	32,525,537	31,439,097
Net Unres Assets + LTD - Fixed Assets	7,224,854	2,393,650	3,078,731	(1,515,656)
VI. CFI Ratios	3.4	1.2	0.1	-1.0
DOE Ratios	2.8	2.3	2.1	1.9

Conclusion

While no approach to forecasting is all that simple, this model focuses on breaking down the driving activities into individual worksheets that can be owned by leadership team members. The alternative is a singular, massive worksheet where only the experts enter in data. And then the expert moves on …

The hope is that this process will both inform the leadership about how a successful financial outcome can be achieved and distribute the ownership of the driving activities necessary to achieve forecasted results. There is great value in an informed conversation.

I would be remiss in not sharing with you that CFO Colleague has successfully deployed this model on scores of campuses throughout the US market. Our staff of professionals can have you up and running in two days or less and the cost is far less than what your hourly rate would be in learning this all from scratch. We would love to add you to our list of successful implementations.

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ABOUT CFO COLLEAGUE

Founded in 2013, CFO Colleague has a team of professional consultants with expertise in a variety of operational and financial managerial areas within private higher education. Our contingent of professionals currently numbers twenty and we have been engaged with over 200 institutions.

The primary focus of this practice is on institutions that tend to be resource constrained. By applying analytical practices employed in manufacturing, health care and other non-profits, added to extensive experience within private higher education, our goal is to transform the institution toward a sustainable, thriving future.

Whether interim leadership is needed, better analytical tools or a full turnaround, we stand ready to assist you to move from surviving to thriving.

For more information, please review our website: https://cfocolleague.com