Fundamentals in Accounting

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SACUBO
SOUTHERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

UK Auxiliary Services

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Let’s have some fun!

Learning Objectives

- Understand the basic principles of accounting and their application in higher education contexts.
- Communicate financial information effectively to stakeholders, including administrators, faculty, staff and governing bodies.
- Understand how financial information is used in decision-making for institutional operations.
- Understand how financial information and ratios are to assess the financial health of an institution.
- Describe the importance of internal controls in safeguarding assets and ensuring compliance with regulatory requirements in higher education environments.

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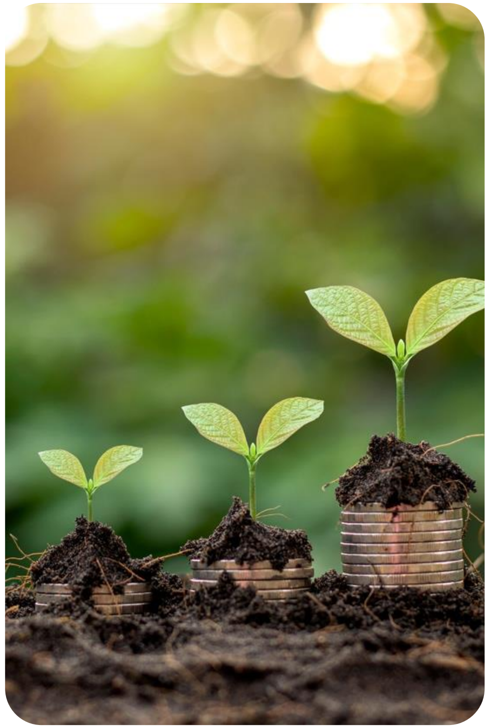
WHY ACCOUNTING?

Importance of Accounting

Goal Attainment



Budgetary Constraints

Storytelling

Stewardship

Accounting is the **language** that crosses industries and businesses - it is a **universal way** for organizations **to communicate** their financial health, make informed decisions, and plan for achieving future goals.

What are stakeholders?

- Anyone who has an interest in the institution’s operations and performance.

- Financial statements help them understand your institution’s operations.

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“Who Cares” Stakeholder Mapping

menti.com

9146 8045

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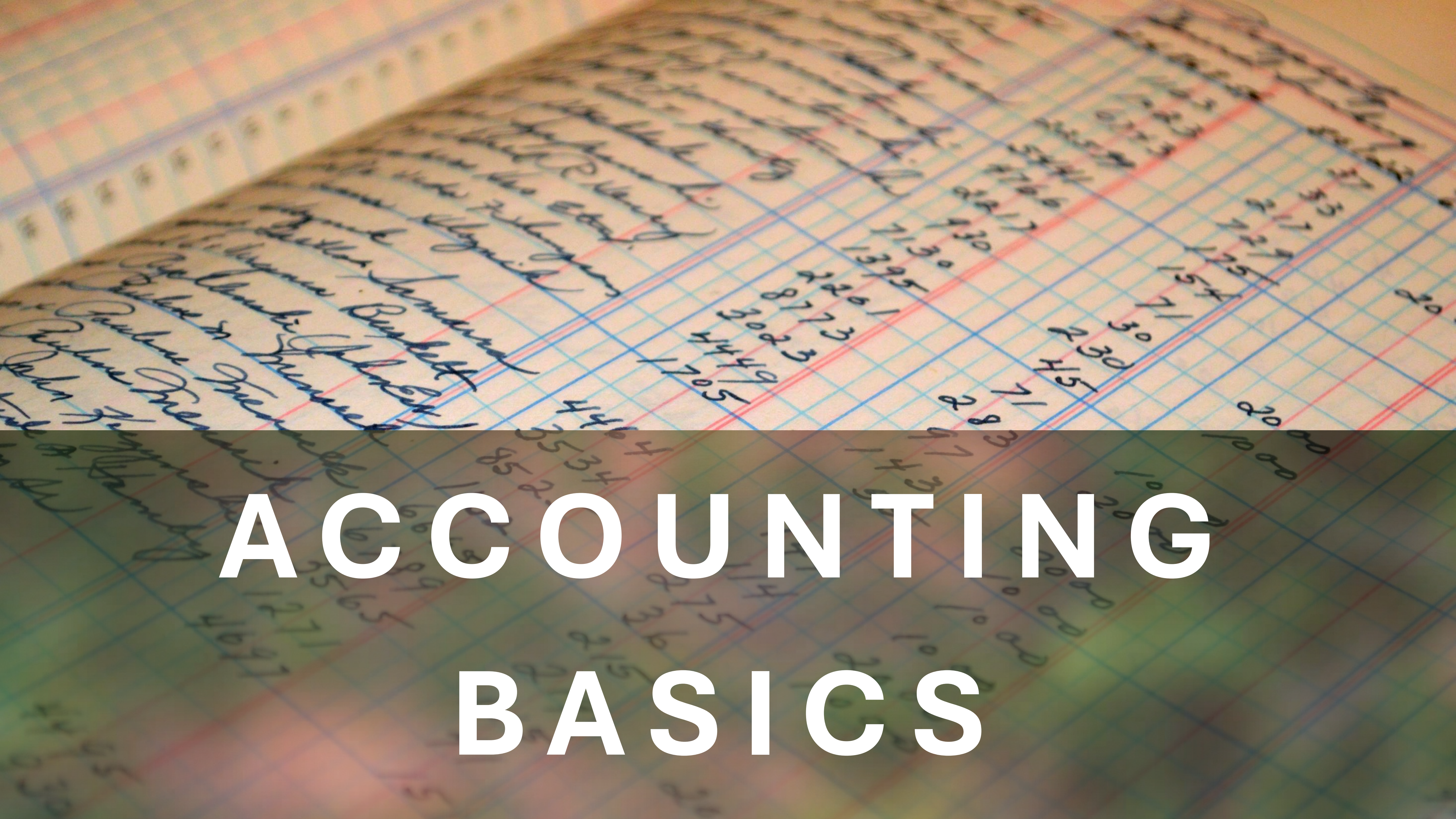
Why did different stakeholders prioritize different things?



ACCOUNTING BASICS

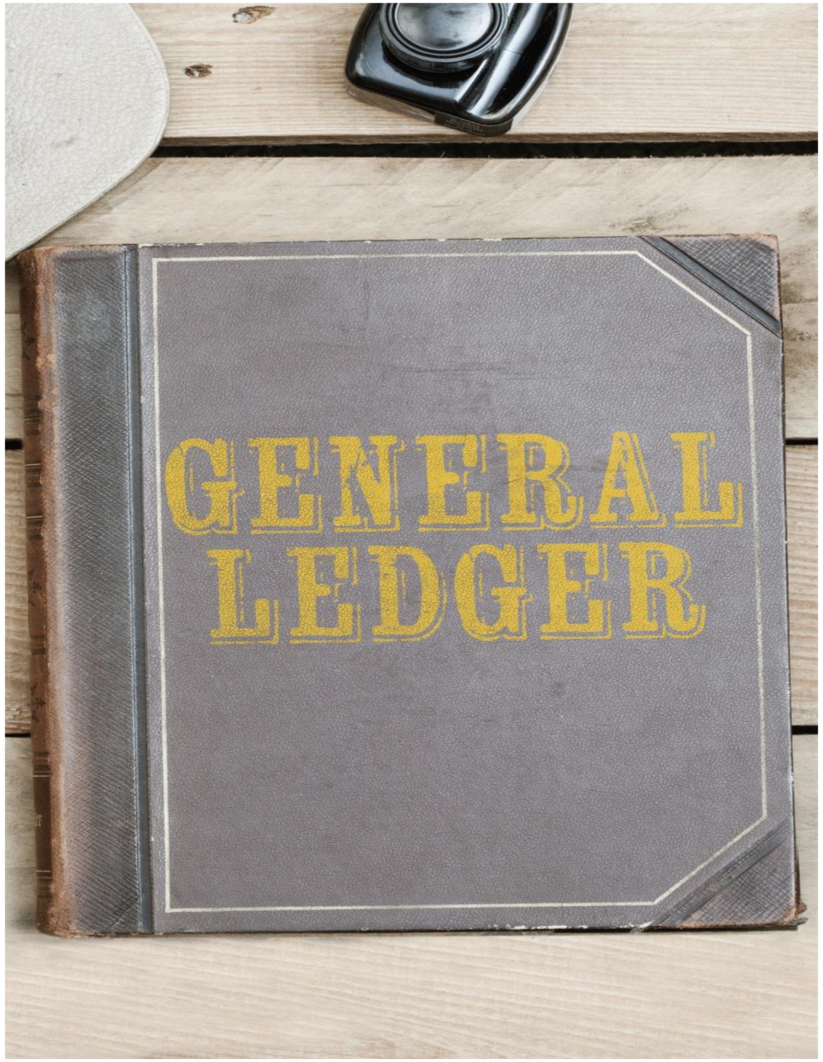
Chart of Accounts

- Foundational financial data structure
- Controls how financial transactions are collected and stored
- Fields and codes used to classify & record financial data
- Tracks budget and actual financial activity

Why is the Chart of Accounts Important?

- Enables accurate, compliant financial reporting
- Standardizes data across units for consistent reporting
- Ensures compliance with grants, donors, and regulations
- Supports budgeting, resource allocation & planning
- Integrates with ERP systems for efficiency & accuracy

General Ledger (GL)



The General Ledger is the official accounting record of the institution.

- Used to record each transaction
- Foundation for financial reporting
- Reflects financial position at a point in time
- Ensures accuracy & completeness through controls

Fund Accounting

Organizes funds by source and restrictions.

- Increases accountability to stakeholders
- Tracks how money can and should be used
- Separately records activities in the GL
- Enables accurate financial reporting

Why Fund Accounting?

Accountability & Stewardship

- Are funds used as intended and properly documented?
- Is our financial information clear, reliable, timely & comparable?

Planning and Budgeting

- What can we do with available resources?
- What are the costs to maintain or replace assets?
- How much cash is coming in and going out? How much did we need for contingencies?

Financial Analysis

- Are resources used efficiently and effectively?
- What did the program/activity cost?

What is a fund?

A self-balancing set of accounts.

- Records assets, liabilities, and net position
- Tracks revenue, expenses, and transfers
- Helps keep different activities financially separate
- **Fund groups** define the purpose of each fund

Fund Groups

Current Funds

Can be spent in the current operating cycle

Current Unrestricted

Current Restricted

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Current Funds

Current Unrestricted

- Student fees
- State support
- Interest on investments
- Sales of goods & services

No outside entity has specified how the monies are to be spent

vs

An <u>outside entity</u> has specified how the monies are to be spent

Current Funds

Current Restricted

- Gifts
- State appropriations for a specific purpose
- Grants & contracts

What is "Restricted"?

Public

Limited By	Restricted
Donor	YES
External entity	YES
Government (Fed/State)	YES
Institution	NO May designate or allocate

Private

Limited By DONOR ONLY	Restricted
In perpetuity	YES Permanently Restricted
Until passage of time or an event occurs	YES Temporarily Restricted
No donor limitation	NO Unrestricted

Conditions vs. Restrictions

Affects the passage of ownership.

Example: “Challenge Gifts”

“I will contribute $xx if the institution raises $xx by a certain date”

Ownership has passed but the donor placed limits on how/when the assets can be used.

Examples:

- Scholarships
- Build a building
- Support a specific department

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Noncurrent Funds

- Endowment
- Loans
- Plant

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Noncurrent Funds – Endowment & Loan

Endowment

- Donated funds invested for the long term
- Principal (“corpus”) is usually kept intact – not spendable
- Earnings support operations (scholarships, programs)
- Provide sustainable, ongoing funding

Loan

- Set aside to lend to students or others
- As loans are repaid, funds are reused (revolving)
- Interest earnings can support operations, but focus on access and affordability (not profit)

Noncurrent Funds - Plant

Used for physical assets (buildings, equipment, infrastructure)

There are 4 sub-categories of Plant Funds

1. **Unexpended**
   - Funds set aside for future construction or major purchases
   - Not yet spent – still in the planning or accumulation stage
   - Often tied to capital projects
2. **Investment in Plant**
   - Represents the value of buildings, land, and equipment in use
   - Includes accumulated depreciation
3. **Debt-Related Plant Funds**
   - Funds related to borrowing for capital projects
   - Used to repay principal and interest on debt
4. **Reserves for Plant**
   - Funds set aside for maintenance, repairs, and replacements
   - Supports long-term upkeep of facilities

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Fund Groups

Agency Funds

- Funds the institution holds on behalf of others
- Does not belong to the organization
- Recorded as a liability – not revenue

Examples

- Student organization funds
- Payroll withholdings (taxes, benefits)

Function Codes

Function Classification (the "why")

- Groups expenses by purpose or activity
- Explains why the expense was incurred
- Examples:
    - Instruction
    - Research
    - Administration

Natural Classification (the "what")

- Groups expenses by type of cost
- Explains what was purchased
- Examples:
    - Salaries
    - Supplies
    - Equipment


FINANCIAL
REPORTING

The Importance of Financial Reporting

1. Measure success
    - Tracks performance against goals
    - Shows whether programs and operations are effective

2. Determine compliance
    - Ensures adherence to regulations, donor restrictions, and policies
    - Supports audits and accountability

3. Communicate financial health
    - Provides stakeholders with a clear picture of stability and sustainability
    - Builds trust & transparency

4. Ensure proper stewardship

What are the standards?

There are different requirements for public and private universities.

GASB

Public Colleges and Universities

GAAP

Generally Accepted Accounting Principles

FASB

Private Colleges and Universities

What set of standards does your institution follow?

Why are there different standards?

Purpose

Private
Intended to educate investors and creditors on the entity's status

Public
Support transparency of public and taxpayer money provided by government funding

Regulations

Private
More flexibility but still need to comply with laws and regulations.

Public
Subject to government regulations and oversight related to purchasing, bidding, and accounting.

Funding

Private
Receive money from tuition, endowment funds, and donations.

Public
Receive their primary funding from the government, including taxpayers.

Accrual Basis

1. Revenues are recognized **when earned**, not when cash is received
2. Expenses are recorded **when incurred**, not when paid
3. **Matches revenues and expenses** to the same time period
4. Provides a more accurate view of financial performance and position
5. **Required by accounting standards** for external financial reporting

Public institutions use “modified accrual” for government funds, but still accrual for overall reporting.

This is different than the Cash Basis, which is when revenues & expenses are recognized when cash is exchanged.

What is the "Accounting Equation"?

PRIVATE
(FASB)

Assets

=

Liabilities

+

Net Assets

PUBLIC
(GASB)

Assets

-

Liabilities

=

Net Position

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Let’s Define

ASSETS

Think of assets as what the institution OWNS

LIABILITIES

Think of liabilities as what the institution OWES

What are some examples of each?

Types of Financial Statements

STATEMENT OF FINANCIAL POSITION (NET POSITION)	STATEMENT OF ACTIVITIES	STATEMENT OF CASH FLOWS
Different for FASB & GASB	Same for FASB & GASB	Same for FASB & GASB
Shows the financial health of the institution	Demonstrates the financial performance of the institution	Shows the sources and uses of cash for the institution

*Footnotes:

- FASB: Functional and Administrative Expenses
- GASB: Management's Discussion & Analysis

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Comparability Challenges: FASB & GASB

- **Different reporting models**
  - GASB (public) vs FASB (private) follow different standards and structures
  - Makes side-by-side comparison different
- **Financial statement presentation differs**
  - GASB uses net position categories, FASB uses net assets (with/without donor restrictions)
  - Similar concepts – different terminology and format
- **Expense classification requirements**
  - FASB requires functional + natural expense reporting
  - GASB does not require the same level of functional reporting in all cases
- **Treatment of capital assets and debt**
  - Differences in presentation and detail for plant, depreciation, and debt
  - Can affect how “financial health” appears

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Activity:
Let’s Review

Find your institution’s financial statements

- What standards does your institution follow?
- What is the most recent year available?

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Let’s take a break

Basics of Financial Statements

GASB

1. Management's Discussion & Analysis
2. Statement of Net Position
3. Statement of Revenues, Expenses & Changes in Net Position
4. Statement of Cash Flows
5. Notes to the Financial Statements
6. Other Required Supplementary Information

CONTENTS

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Management's Discussion & Analysis

GASB

What is it?

1. Precedes the basic financial statements
2. Subject to a lower level of audit
3. HOWEVER, it should be:
   a. Objective and based on currently known facts
   b. Easily readable analysis of financial activities

What is required?

1. Include only the most relevant information
2. Brief discussion of the basic financial statements
3. Any data should reinforce the analysis and results

Statement of Net Position
AKA the "Balance Sheet"

GASB

- Assets and liabilities
  - Current and long-term
- Can be one of two formats:
  - Net Assets Format: Assets - Liabilities = Net Assets
  - Balance Sheet Format: Assets = Liabilities + Net Assets

- Net assets displayed in three broad categories
  - Invested in capital assets ("net of" related debt)
  - Restricted (showing major categories of restrictions)
  - Unrestricted

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Statement of Revenues, Expenses, and Changes in Net Position AKA the "Income Statement"

GASB

- Reports revenues and expenses
- Shows overall financial performance for the period
- Revenues reported by major source (tuition, grants, auxiliary, state)
- Distinguishes between:
  - Operating - core activities (instruction, services)
  - Nonoperating – funding sources (state appropriations, investment income)
- Expenses can be presented by natural or functional classification
  - It is common (but not required) to present both – one on the face and one in the notes

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Statement of Cash Flows

GASB

- **Classifications of activities:**
  - Operating – day-to-day cash activity
  - Noncapital Financing – noncapital funding (i.e. state appropriations)
  - Capital and Related Financing – debt, capital purchases, construction
  - Investing – investment income & purchases
- **Reported by:**
  - Inflows = major source
  - Outflows = type of payment
- Required reconciliation from accrual basis to cash basis (cash flow statement)

Notes to the Financial Statements

GASB

- Critical to understanding the financial statements
  - Provide information not shown on the face of the statements
  - Essential for transparency, context, and full interpretation
- What They Include:
  - Accounting policies & definitions
  - Capital assets & long-term liabilities by major class
  - Debt disclosures
  - Endowment restrictions, spending policies and balances

Activity:
Let's Review

In small groups, identify a GASB institution (public) and find their financial statements. Discuss the following questions:

- Management's Discussion & Analysis
  - What are 2-3 key things that are highlighted?
  - Are there any year-over-year comparisons?
- What is the highest category of expenses?

Basics of Financial Statements

FASB

1. Statement of Financial Position
2. Statement of Activities
3. Cash Flow Statement
4. Notes to the Financial Statements
5. Other Required Supplementary Information

Statement of Financial Position AKA the "Balance Sheet"

FASB

- Assets and liabilities
  - Total amount of assets, liabilities and net assets
- Based on the existence or not of donor-imposed restrictions:
  - Total amount of each class of net assets (unrestricted, temporarily restricted, permanently restricted)
- Information about the types of restrictions on net assets
- Liquidity information

Statement of Activities AKA the "Income Statement"

FASB

- Reports the change in total net assets
  - Includes change by net asset class (with donor restrictions/without donor restrictions)
- Revenues, Expenses, Gains and Losses
  - Activity classified by net asset category & reported in the appropriate class
- Revenue is reported as increase in net assets without donor restrictions unless restricted by donor stipulations or law
- Expenses reported as decreases in net assets without donor restrictions
  - Must be reported by function

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Statement of Cash Flows - FASB

FASB

- Total changes in cash and cash equivalents
- Total amount of net cash either provided by or used for investing, financing, and operating
- Interest paid on debt
- Significant non-cash financing and investing activities
- Reconciliation of change in total net assets to net cash (operating activities)

Notes to FASB Financial Statements

FASB

- Examples:
  - Nature of restriction or limitations on net asset balances
  - Any net assets that were released from restrictions
  - Collections policies
  - Appreciation of endowment investments
  - Unconditional & conditional promises to give

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Activity:
Let’s Review

In small groups, identify a FASB institution (private) and find their financial statements. Discuss the following questions:

- What class of net assets had the highest revenues?
  - Was this the same last year?
- Find the Notes, identify two that help you understand different parts of the financial statements.

Financial Statement Audits

- Independent review of financial statements performed by external auditors
- Provide assurance on accuracy & compliance
  - Determine whether the statements are fairly presented and follow standards (GASB/FASB)
  - Enhance credibility and trust
  - Confirms adherence to laws, regulations & policies
- Evaluate internal controls
  - Assess processes that ensure reliable financial reporting
  - Identify potential risks or weaknesses

Outcome: Audit Opinion

- Unqualified ("clean") opinion = no material issues
- Other opinions indicate varying levels of concern

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Auditor Opinion of the Financial Statements

- **Unqualified (Clean) Opinion:** No Issues
- **Qualified Opinion:** There are specific exceptions or limitations
- **Disclaimer of Opinion:** When auditors cannot obtain enough evidence to form an opinion on the financial statements
- **Adverse Opinion:** Financial statements are materially misstated or misleading and don’t fairly present the institution’s financial position

Activity: Let's Review

Let's discuss the two examples below

1. What is the audit opinion?
2. What is your level of trust?

University of California: UC System Financial Report

WeWork: WeWork Financials (Audit Report Page 112)

Activity: Deep Dive

Let's discuss WeWork's 2023 Audit:

1. What does the opinion suggest about the reliability?
2. Does this change your level of trust?

KEY FINANCIAL METRICS

Why are Financial Metrics Important?

- Help describe financial performance, including efficiency, investment performance, liquidity
- Enable decision-making, year-over-year comparisons, and identifying the institution’s opportunities/challenges
- Can be used to compare institutions to each other

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How are they calculated and used?

- **Derived from audited financial statements**
  - Based on reliable, standardized data
  - Capture performance across all funds

- **Provide a consistent way to evaluate financial health**
  - Use industry-standard ratios for comparison
  - Enable benchmarking across institutions

- **Key Questions Financial Ratios Answer**
  - Are resources sufficient and adaptable to support the mission?
  - Are debt levels and investments managed strategically?
  - Is the institution living within its means?
  - Are assets being used effectively to support long-term goals?

Return on Net Assets Ratio

What It Measures

- Shows how effectively the institution generates results from its net assets
- Indicates overall financial performance and sustainability

Formula

- Change in Net Assets ÷ Beginning Total Net Assets

How to Interpret

- Positive ratio → Institution is building financial strength
- Negative ratio → Institution may be spending more than it generates
- Higher ratio → Stronger financial performance

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Current Ratio

What It Measures

- Ability to meet short-term obligations with short-term assets

Formula

- Current Assets ÷ Current Liabilities

How to Interpret

- > 1.0 → can cover short-term obligations
- < 1.0 → potential liquidity risk
- 1.5–2.0 → often considered strong in higher education

Viability Ratio

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What It Measures

- Ability to cover debt payments (principal + interest)
- Compares operating income to debt obligations

Formula

- Operating Income ÷ Debt Service (Principal + Interest)

How to Interpret

- > 1.0 → sufficient income to cover debt
- < 1.0 → potential difficulty meeting obligations
- Higher ratio = stronger financial flexibility

Fundraising Ratio

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What It Measures

- The percent of contributions remaining after fundraising costs
- Indicates how efficiently the institution raises donations

Formula

- (Contributions – Fundraising Expenses) ÷ Contributions

How to Interpret

- Higher % → more funds retained for mission use
- Lower % → higher cost to raise each dollar
- Trend over time helps assess improvement or decline

Operating Revenue to Faculty Ratio

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What It Measures

- Operating revenue generated per full-time faculty member
- Links financial resources to academic capacity

Formula

- Operating Revenue ÷ Full-Time Faculty

How to Interpret

- Higher ratio → more revenue available per faculty member
- Lower ratio → potential resource constraints
- Trends indicate changes in resource availability or staffing levels

Activity:
Let's Review

Go online and find the financial statements of an institution. Use the Statement of Net Position to calculate the Current Ratio

(Current Assets / Current Liabilities)

- What does it tell you about the institution?

University of Florida Example

Current Ratio Calculation

Current Ratio = Current Assets ÷ Current Liabilities

= $3,204M ÷ $610.9M = 5.24

- ✅ Above benchmark — shows **fiscal strength**
- ⚠️ *May also suggest underutilized assets or excess liquidity*

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RISK
INTERNAL
CONTROLS

What is do we mean when we talk about preventing “fraud, waste and abuse”?

Fraud

Intentional misrepresentation of information for unauthorized financial gain or to derive some other benefit

Waste

Misuse of resources or practices that result in excessive or nonessential expenditures

Abuse

Improper use of funds, resources or authority that results in higher costs

Mismanagement

Failure to appropriately manage budgets, expenditures, or documentation

What are the components of fraud?

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1

INTENTIONAL

Done deliberately or on purpose; not an accident

2

DECEPTION

Concealing or omitting information; lying

3

PERSONAL GAIN

Monetary benefit, praise, avoiding punishment

Why do we care?

MACRO: Reputational damage → Loss of stakeholder and funder trust; Potential budgetary impacts

MICRO: Potential for additional audits → Negative work culture; Demand for time and resources

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Could it happen to your institution?

EDUCATION

Ex-Yale Medical School employee admits stealing $40 million in electronics

The former Yale administrator pleaded guilty to fraud and tax offenses after the theft of computer and electronics from the school.

A professor used $185K in research grants on strip clubs, iTunes and more, officials say

Ex-Drexel University professor Chikaodinaka D. Nwankpa is accused of spending research grant funds on strip clubs, authorities say.

The Washington Post

Democracy Dies in Darkness

Ex-Purdue prof, wife get probation for research funds fraud

A former Purdue University professor and his wife have been sentenced to probation and ordered to pay a combined $1.6 million in restitution after pleading guilty to using more that $1 million in federal research funds for their own personal expenses. A federal judge in Hammond sentenced Qingyou...

AP

Accounting manager who handled USF health care funds embezzled millions

Most of the stolen $12.8 million flowed to an adult website, investigators say. Ralph Puglisi pleaded guilty in federal court.

Tampa Bay Times

Former UCO employee allegedly caught selling university property online

EDMOND, Okla. – University of Central Oklahoma police set up a sting to catch a former university employee suspected of selling university property on Facebook Marketplace. The woman accused is former administrative assistant Renda Walter from the University of Central Oklahoma and, according to police, she could be slapped with embezzlement charges. The university's website [...]

OKLAHOMA'S NEWS 4

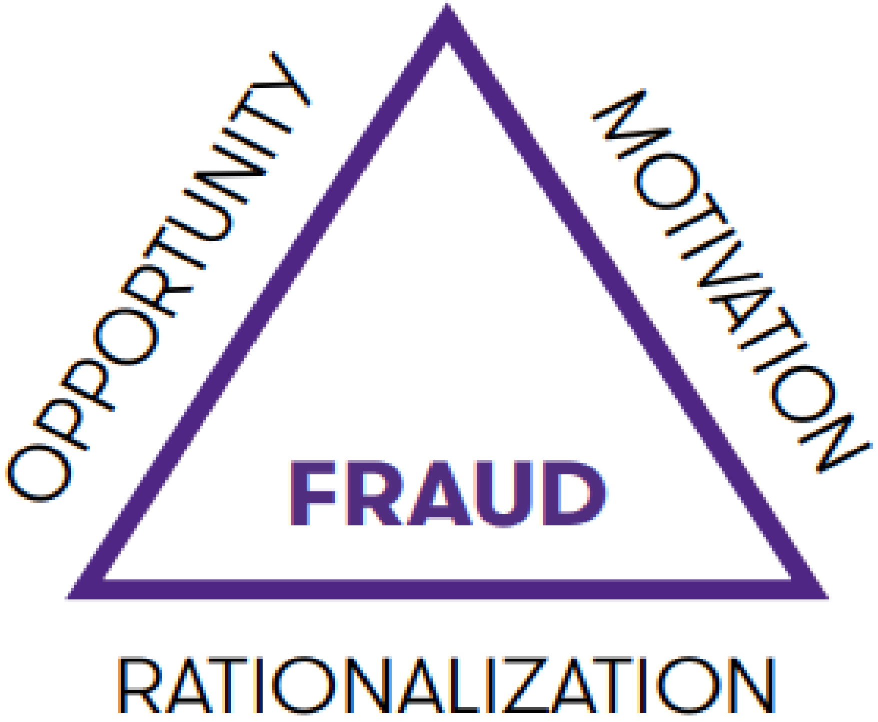
Former Delaware State University employee sentenced for involvement in tuition bribery scheme

A former Delaware State University employee was sentenced to prison for taking bribes to give students a break on their tuition for four years.

delaware online

When does fraud occur?

These 3 elements are required for an individual to commit fraud



Motivation

- Financial or emotional force pushing towards fraud

Opportunity

- Perceived ability to execute plan without getting caught

Rationalization

- Personal justification of dishonest actions

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The best way to **deter fraud** is to **increase** the perceived **risk of detection.**

The Internal Control Framework

Organizations create internal control systems to help achieve objectives.

Internal Controls are:

1. An ongoing process with multiple procedures based on policies
2. Effected by people from the board of directors to management, and all employees
3. Designed to provide reasonable assurance that the institution's objectives are considered in daily operations, regular reporting, and compliance

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Three Lines of Defense

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First Line - Front Line Staff and Supervisors

Responsible for processing transactions and ensuring adherence to policies and procedures - this line is the foundation for success!

Second Line - Business Officers and Leaders

Oversee the first line to review and ensure compliance with policies, procedures and regulatory requirements.

Third Line - Core Offices and Internal Audit

Functions that provide independent assurance by reviewing or auditing transactions

EFFECTIVE INTERNAL CONTROLS AND THE PREVENTION OF FRAUD, WASTE AND ABUSE DEPEND ON THE PARTICIPATION OF ALL EMPLOYEES AT EVERY LEVEL.

Components of Internal Control

1 **Control Environment**

- Tone at the top
- Integrity, ethics, accountability
- Clear roles & responsibilities

2 **Risk Assessment**

- Identifies & analyzes potential risks
- Considers fraud risk and changes
- Aligns risks with objectives

3 **Control Activities**

- Policies & procedures to mitigate risks

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Components of Internal Control - Continued

4

Information & Communication

- Relevant, timeline information flows
- Supports decision-making & reporting
- Clear communication across the organization

5

Monitoring

- Ongoing & periodic evaluation of controls
- Includes internal audit & management review

Which of these are internal controls?

Control Environment

Scenario

A recent audit revealed that a faculty member in the Biology department used a purchasing card to buy $6,000 of high-end and personal electronics. The purchases went unnoticed for weeks. There were no effective limits or secondary approvals for purchases under $10,000.

Monthly reconciliation was done within the department and signed off by an administrative assistant, who felt uncomfortable questioning senior faculty. The Department Chair feels strongly that faculty should be given autonomy, and he doesn't want a culture of suspicion.

Risk Assessment

Once we set objectives, we need to identify risks to achieving them.

What is POSSIBLE?

What is our TOLERANCE?

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Risk Assessment

Set Clear Objectives

- Objectives must be specific enough that people can identify and assess the risks to achieving them.
- If objectives are vague or unsuitable, it will be hard (if not impossible) to accurately assess risks.

Identify Risks to achieving the objectives

- What could go wrong?
- What fraud could happen?

Consider anything that could change risks

- If there is anything NEW then that is a red flag

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Control Activities

Preventive control

Designed to <u>avoid</u> an event or result when something first occurs.

Detective control

Designed to <u>discover</u> an event or result after the initial processing, but before the ultimate objective takes place.

Critical control activity: Separation of duties!

What Are Control Activities?

Policies and procedures that help ensure risks are addressed – they put controls into action to achieve objectives.

Common Types:

- Approvals & Authorizations
- Segregation of Duties
- Reconciliations & Reviews
- Physical Safeguards

Why They Matter

- Reduce risk of errors, fraud & misstatements
- Support accurate & reliable financial reporting
- Ensure policies are properly followed

Information & Communication

Information will not be useful unless it is communicated throughout the organization.

Communication occurs no matter:

where people are located,

their level of authority,

or their functional responsibility.

Requirements

- What information is needed to achieve objectives
- Processes to collect & report relevant data
- Information flow
  - Upward AND downward
  - Supports decision-making & effective control execution

Method

- Before communicating, consider:
  - Who needs the information?
  - What is being communicated?
  - When is it needed?

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Monitoring Activities

We monitor to assess the effectiveness of the controls and determine if a change is needed.

Ongoing

Routine and built-in to normal business processes

Will often identify problems faster

Separate

Conducted at periodic intervals by objective management personnel, internal audit, or external parties

Will provide objective feedback

It is important to step outside your daily work and think about what you are doing and why you are doing it on a regular basis.

Internal Controls are basically good common sense.

What risks are there?

How does your work process minimize risks?

Are there areas for improvement?

TRUST, BUT VERIFY

The entire framework begins with the staff and management team and then moves to central administration.

The control structure only works if the team members unilaterally are on board and vigilant and conscientious....

Shortcuts in Operations = Gaps in Coverage

TRUST IS NOT AN INTERNAL CONTROL

!

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Scenario	Weakness?	Why?
1. The same person collects tuition payments and records them in the system.		
2. Monthly bank reconciliations are reviewed by the finance manager.		
3. Physical inventory counts are only done every 3 years.		
4. Staff members use shared logins to access the accounting software.		
5. Purchase orders require dual approval for amounts over $5,000.		

Scenario	Weakness?	Explanation
1. The same person collects tuition payments and records them in the system.	**Yes**	This violates the principle of **segregation of duties**.

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2. Monthly bank reconciliations are reviewed by the finance manager.	No	This is **good practice**. Regular reconciliation is a key internal control.
3. Physical inventory counts are only done every 3 years.	Yes	This is a **weakness** — inventory should be verified at least annually.
4. Staff members use shared logins to access the accounting software.	Yes	Shared logins eliminate **accountability and audit trails**.

Scenario	Weakness?	Explanation
1. The same person collects tuition payments and records them in the system.	**Yes**	This violates the principle of **segregation of duties**.
2. Monthly bank reconciliations are reviewed by the finance manager.	**No**	This is **good practice**. Regular reconciliation is a key internal control.
3. Physical inventory counts are only done every 3 years.	**Yes**	This is a **weakness** — inventory should be verified at least annually.
4. Staff members use shared logins to access the accounting software.	**Yes**	Shared logins eliminate **accountability and audit trails**.
5. Purchase orders require dual approval for amounts over $5,000.	**No**	This is a **strong control** — dual authorization for high-value transactions helps prevent unauthorized or fraudulent spending.

FINANCIAL COMMUNICATION

Telling the Story - Numbers

(1) Instructional Expenses:

•+15% increase over three years, tied directly to hiring 7 new faculty in high-demand health fields (e.g., physician assistant, public health, nursing informatics).

(2) Grants & Contracts Revenue:

•+42% increase, outpacing the college-wide average.

•Two of the newly hired faculty secured NIH and HRSA awards in their first 18 months, contributing to both research volume and national visibility.

(3) Enrollment Growth:

•Graduate enrollment up 18%, driven by the launch of two new master's programs.

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Telling the Story - Words

The Story These Numbers Tell:

Strategic faculty investment, aligned with workforce needs and research potential, has shifted the College's financial trajectory from stability to momentum.

These outcomes weren't accidental. They're the result of a deliberate strategy:

- hire high-impact faculty in growth areas,
- design relevant academic programs,
- build the infrastructure to support both

The financial statements confirm the success of this approach.

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Sharing What You Learned

Hint: Avoid jargon!

Key Strategies

Keep It Simple

Use financial information, such as key metrics, that show important measures in plain language

Don’t try to have too much information at once!

Understand Your Audience

Make the information relevant, useful, and easy to understand for the people you are communicating to - always (ALWAYS) avoid or define jargon

Tell a Story

Tell the story behind the numbers, metrics, or financial statements - don’t just share them!

Remember - accounting is the language of business, so use it to tell impactful stories

And a few more tips....

- Think of how you would explain it to a child - seriously!
- A picture is worth 1,000,000 words!
- Use visuals and stories that illustrate your points and make them memorable
- Find the “why”

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Activity:

Using the financial statements of your institution, find one interesting fact and talk to a partner about how you would use it to tell a story to a stakeholder.

LET’S REFLECT

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Thank you!

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UK Auxiliary Services

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