Calculating Your Institution's Composite Financial Index (CFI)

FIN 2243

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COLLEGE BUSINESS MANAGEMENT INSTITUTE

SOUTHERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

Auxiliary Services

Seating Instructions for Thursday Morning

- You are *encouraged* to sit in teams if more than one person is present from the same institution
- This is especially valuable if one or more of the participants is an experienced accountant but maybe even more so if no one from the team is an experienced accountant

Materials You Will Need

- Copies of your institution's financial statements for two years
  - Preferably in print form
- For public institutions, copies of your foundation financial statements for two years
  - Preferably in print form
- A laptop or tablet with Excel capability

Files Available for Your Use

- CFI Explanation—describes the CFI's four elements
- CFI Instructions—explains how to approach the calculation
- Financial Statement Terms & Synonyms—offers examples of terms that are likely to appear in your financial statements
- FASB CFI Digital Template / GASB CFI Digital Template
  - You will need *only one* of these

Deviations from the Normal Calculation

- This is a classroom exercise and some of you lack accounting experience. The process has been streamlined as follows to accommodate this.
  1. Ignoring Net Investment in Plant for FASB Component Units
  2. Ignoring Net Assets / Net Position restricted for plant / capital acquisition
  3. For some FASB Component Units, ignoring net assets with donor restrictions that are permanent

Guidance

1. Everyone is encouraged to ***read the instructions*** and ***refer to them frequently*** as you work through the calculations—even if you're an experienced accountant
2. Rely on the files that have been made available. Note that the digital files contain instructions that will be helpful.
3. Terminology can vary greatly. Please rely on the Financial Statement Terms & Synonyms unless you're an experienced accountant. Ask if you're unsure.

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Participant Engagement

Process

1. After reading the instructions and familiarizing yourself with the digital CFI template and your financial statements
   - If you're working with a *public institution*, start with the GASB Data Form worksheet
   - If you're working with a *private institution* (or one following FASB standards), start with the Adjustments worksheet

Process

2. Find the relevant terms in your financial statements and transfer the amount for the *appropriate year* to the *labeled line* in the template
3. Continue to follow this process until you have entered a number for each line on the data form that is relevant for your institution
4. Recheck the instructions if you get stuck
   - If that doesn't help, ask Larry

Process

5. If you are a public institution, you may have to enter information for Component Units as well
    - Separate worksheets are provided for this purpose
6. Once you have completed the data forms—including Component Unit forms—the Ratio Calculations and CFI Scoring Sheet should populate automatically
7. Check the CFI Scoring Sheet to ensure that special circumstances do not apply
    - (1) No Debt or (2) Scores Exceeding the Maximum

Process

8. Work together if there is more than one person from your institution
9. Please take breaks as you need them
10. Notify Larry once you are finished with the calculation for the first year
11. Once everyone has finished, we will discuss the results and diagnose what they mean
12. Any Questions Before You Begin?

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Questions, Comments, and Reactions

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