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Explain why financial modeling is important to institutions

Review best practices in creating financial models

Identify how costs of institutions can be understood in relation to revenue both historically and prospectively.



State of the Industry: What the headlines are saying...

# 32020 CliftonLarsonAllen LLP

#### Harvard Business School professor: Half of American colleges will be bankrupt in 10 to 15 years

Published Thu, Aug 30 2018 • 11:22 AM EDT

# The other college debt crisis: Schools are going broke

PUBLISHED TUE, DEC 3 2019-9:09 AM EST | UPDATED WED, DEC 4 2019-2:59 PM EST

#### Private Colleges Battle Disconnects

Private presidents gather to mull the gaps between the challenges they face, the opportunities they see, a hostile public narrative and what they see as a very different reality.

Cincinnati Christian University closes after nearly 100 years

June 28, 2019

Atlantic Union College begins sale of properties a year after shutdown

#### Another Small New England College Closes

Facing a demographic spiral and a challenge to its accreditation, tiny Southern Vermont College says it will close its doors.





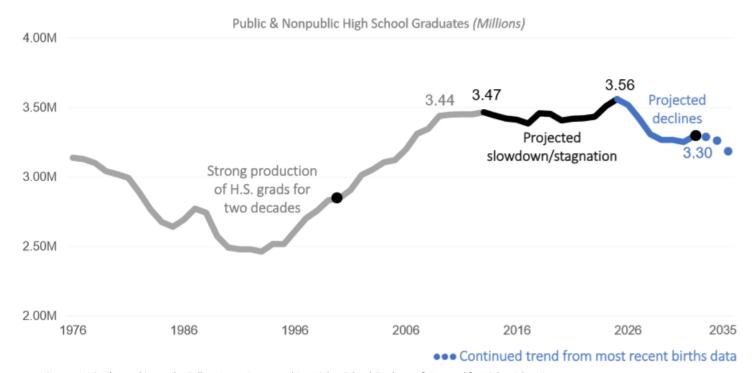
#### Trends in Higher Education

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#### **Public and Nonpublic High School Graduates**

Slowdown & Decline of Traditional-Age Students

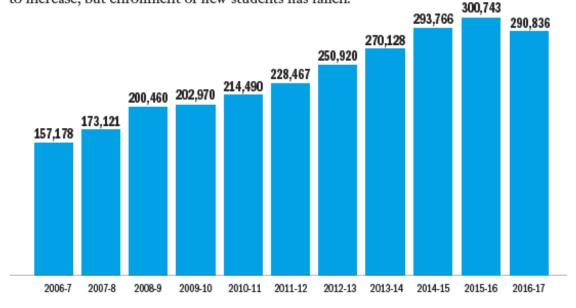


Source: WICHE's Knocking at the College Door: Demographics: Higher School Graduates & Demand for Higher Education



# **Enrollment of New International Students Drops for First Time in a Decade**

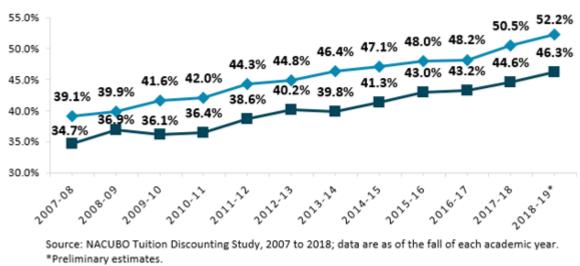
The number of international students in the United States continues to increase, but enrollment of new students has fallen.



SOURCE: INSTITUTE OF INTERNATIONAL EDUCATION

#### **Discounting**

FIGURE 1: AVERAGE INSTITUTIONAL TUITION DISCOUNT RATE
BY STUDENT CATEGORY



First-Time, Full-Time Freshmen ——All Undergraduates

#### **Polling Question**

# What do you see as the biggest challenge facing your institution today?

- Declining enrollment
- Decrease in contributions or funding
- Lack of strategic plan
- Turnover of faculty and staff
- Other



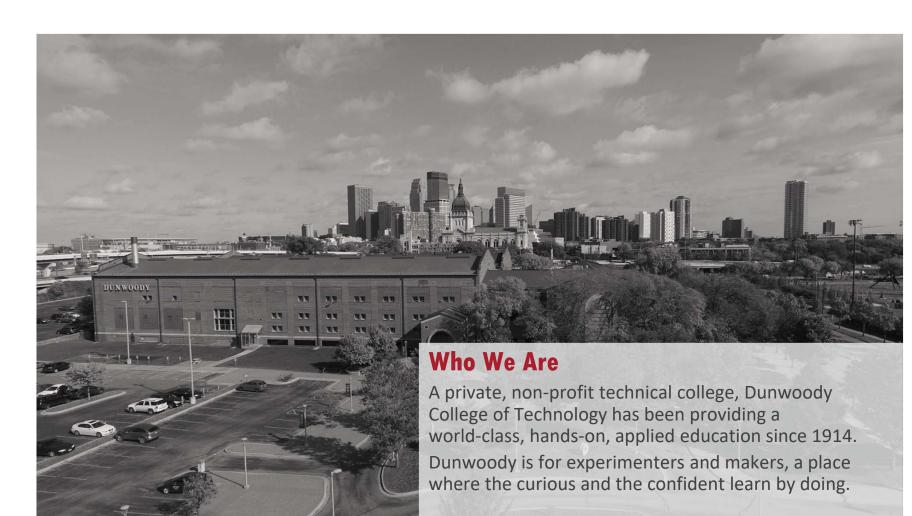




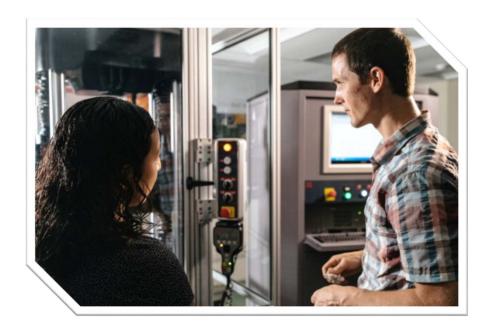
#### A Story of a Turnaround

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## **Challenges Faced by Dunwoody College**





#### **Response to Challenges**

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#### **Governance**



Creat

## **Staffing**



# **Financial Planning and Reporting**



Create

# **Adaptability and Agility**



## **Donor Relationships**



# Destination

2020

2012-2015

#### Sustaining Dunwoody in Our Second Century

- Mission Focus
- Financial Stability
- Exploration

2016-2018

#### **Investing & Growing**

- Enrollment Growth to Meet the Needs of the Workforce
- Student Experience to Enhance Retention & Drive Student Success
- Brand Visibility to Promote the Importance of Technical Education

2019-2021

#### Emerging as Minnesota's Polytechnic

- Nationally recognized leader in technical education
- Distinguished from other colleges with a unique student experience
- Ongoing success of alumni
- Enrollment of 1,600
- Waiting lists in all of our programs

THRIVING

SURVIVING



#### **Dunwoody College of Technology**

seeks to emerge as a first-choice, nationallyrecognized leader in technical education, providing a full college experience rooted in innovative education.

	Growing the College	Developing the Dunwoody Student	Raising the Profile
Stakeholders	More Student Opportunities and Success	Unique Student Life Experience	Viable option for four year students
Financial Resources	Improve the College's Financial Capacity	Invest to Create the Student Experience	Investment in Facility & Marketing
Internal Processes	Implement New Programs, Pipelines & Partnerships	Student Life, Support & Success integrated across degree levels & across curriculum	Increase Visibility of Dunwoody
Organizational Capacity	Organize for Success Technology, Systems & Utilization	Professional Development	Master Campus Plan Implementation

Mission: Dunwoody changes lives by building opportunities for graduates to have successful careers, to develop into leaders and entrepreneurs, and to engage in "the better performance of life's duties." (Quote from the Last Will and Testament of William Hood Dunwoody)



Monthly Financial Reports Multi-Year Budgets





Financial Dashboards



#### **Program Contribution Margin**

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_	PMGT	Percent of Tot	al College Students	Ave Student HC h	Type for Program
Total Tuition & Other Related Revenue - Technical	\$2,831,217	reiteilt of for	ar conege students	17.5	
Total Tuition & Other Related Revenue - Arts and Sciences	\$721,476				7.5
Total Tuition & Other Related Revenue	\$3,552,693				4
Direct Expenses					
Salaries and Wages - Technical	756,088		12%		
Salaries and Wages- Arts and Sciences	160,306				
Salaries and Wages - Total	916,394				
Benefits	102,878	88%			
Personnel Costs	11,858	0070			106.5
Travel	26,315				
Meals and Entertainment	5,462				
Admin Expenses	30,365				
Marketing	39				
		= PN	NGT • Total	■ FT ■ 3QT	PT = LTH
Program Contribution Margin (\$)	\$2,459,383				
Program Contribution Margin (%)	69%	Program Contribution Margin (%)			
				,	
Other					
Utilities/Building Maintenance	17,128	69%			
Depreciation	89,805				62%
Allocated Arts and Sciences Revenue	1,861			57%	
Allocated Arts and Sciences Expenses	7,304			5770	
Allocated Overhead Revenue	137,591				
Allocated Overhead Expenses	1,946,062				
Non-Operating Revenue and Expenses	99,261		39%		
Academic Net Margin (\$)	\$439,274				
Academic Net Margin (%)	12%				
Academic Net Margin (70)	1270				
Fall Students	136				
Spring Students	135				
Summer Students	25				
		PMGT	25th Percentile	50th Percentile	75th Percentile



## **Question & Answer**



Q.

