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The CFO's Checklist

Strategies for cost containment and revenue growth in higher education

Colleges and Universities that Succeed in 2025

"BRAND NAME" COLLEGES AND UNIVERSITIES/UNIVERSITIES WITH SIGNIFICANT ENDOWED FUNDS

INSTITUTIONS IN GEOGRAPHIES WITH SIGNIFICANT POPULATION GROWTH AND DEMAND FOR SERVICES

INSTITUTIONS WITH PROACTIVE MANAGEMENT WHO IMPLEMENT DATA DRIVEN STRATEGIES FOR COST CONTAINMENT AND REVENUE GROWTH

Review of Cash Accounts

Understanding Cash Sweep Accounts

Automatic Cash Transfers

Cash sweep accounts automatically move excess cash to earn higher interest.

Higher Interest Earnings

Funds are moved to higher interest accounts, maximizing returns. This approach efficiently increases overall earnings.

Optimized Cash Flow Management

By automating cash transfers, businesses can manage cash flow effectively. This reduces manual intervention and enhances efficiency.

Advantages of Cash Sweep Accounts

Maximizes Interest Earnings

Cash sweep accounts can significantly increase interest earned on surplus cash. This can enhance overall financial returns.

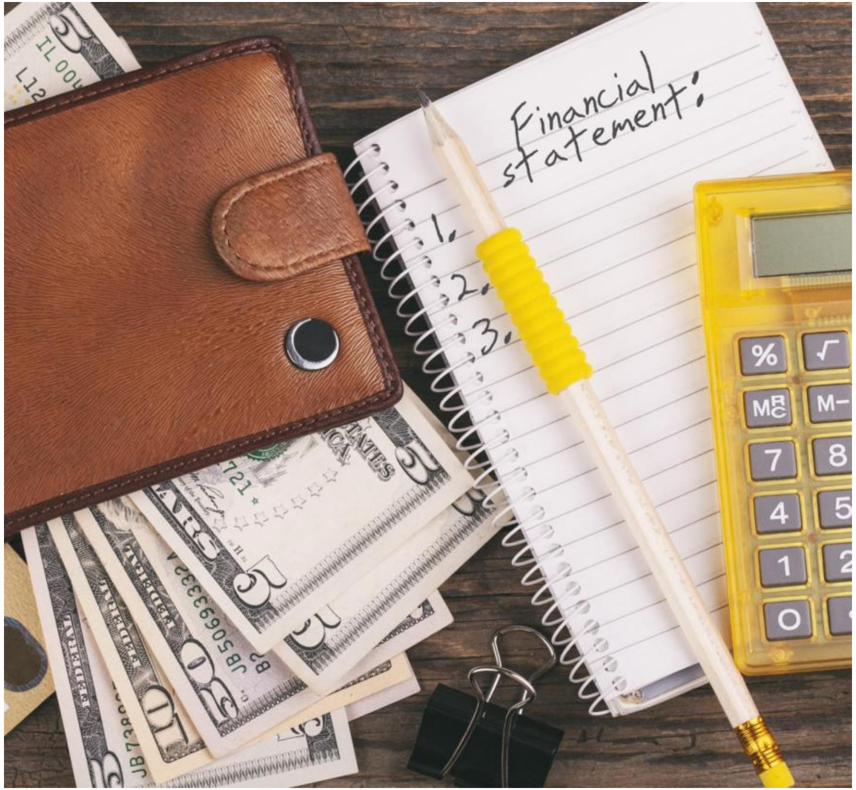
Reduces Idle Funds

These accounts minimize the risk of having funds that are not actively earning interest. This optimizes cash management.

Improves Liquidity

Cash sweep accounts ensure that funds are readily available when needed, enhancing liquidity for financial operations.

Cash Sweep Account Features



Automatic Sweeps

Cash sweep accounts automatically transfer excess funds based on specific thresholds. This ensures optimal cash utilization.

Flexible Allocation

Businesses can choose how and where to allocate their excess cash. This flexibility maximizes financial efficiency.

Higher Interest Rates

Cash sweep accounts often offer higher interest rates than standard checking accounts. This increases earnings on cash reserves.

Exploring High Yield Savings Accounts

Safety and Security

High yield savings accounts provide a secure option for businesses to store their cash safely.

Higher Interest Rates

These accounts offer higher interest rates compared to traditional savings accounts, maximizing returns.

Minimal Fees

Most high yield savings accounts come with minimal fees, enhancing the overall savings experience.

Online Banking Convenience

These accounts are typically offered by online banks, providing easy access and management.

Benefits of High Yield Savings Accounts

Higher Interest Earnings

These accounts typically offer higher interest rates compared to regular savings accounts. This can significantly increase your savings over time.

Low Fees

High yield savings accounts often come with low or no fees. This means more of your money stays invested and grows.

Easy Access to Funds

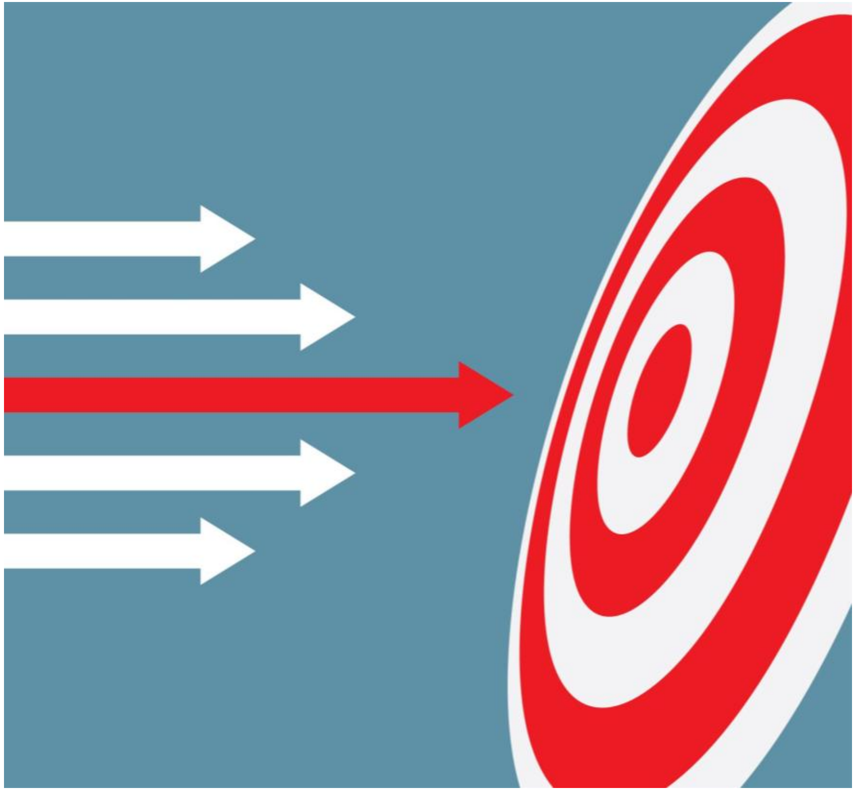
These accounts allow for easy access to your funds when needed. This is crucial for maintaining liquidity.

Liquidity Without Risks

They provide liquidity without the risks associated with stock investments. This is especially beneficial for businesses.

Investments/Investment Policy

Key Components of Investment Policies



Investment Goals

Clearly defined investment goals guide the direction of investment strategies. They help in measuring success over time.

Asset Allocation

Asset allocation strategies determine how investments are distributed across different asset classes. This balances risk and reward.

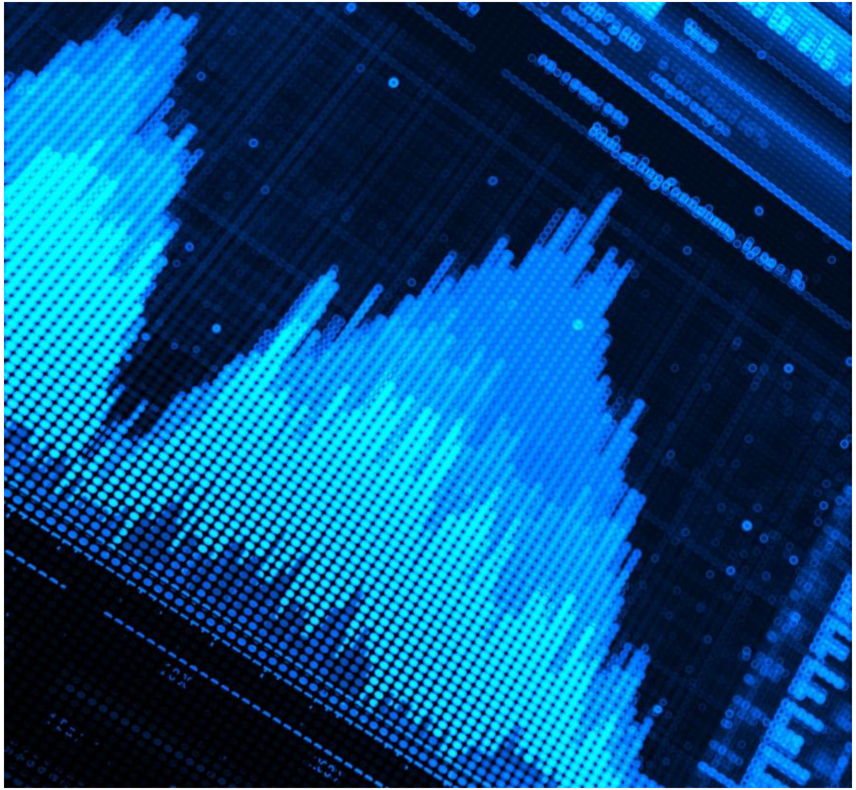
Risk Tolerance

Understanding risk tolerance is crucial for aligning investments with an investor's comfort level and financial situation.

Performance Metrics

Metrics for evaluating performance help assess the effectiveness of investment strategies against set goals.

Assessing Current Investment Strategies



Historical Performance Evaluation

Analyzing past investment returns helps identify successful strategies. This informs future investment decisions.

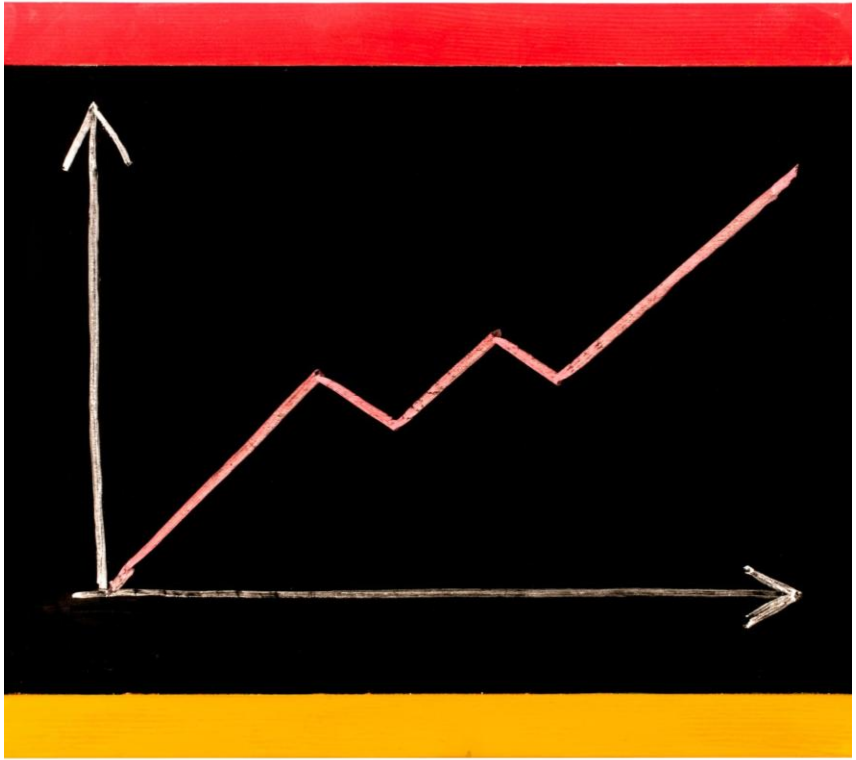
Diversification Importance

Diversifying investments reduces risk and enhances potential returns. A varied portfolio is essential for stability.

Alignment with Goals

Strategies must align with the institution's financial objectives. This ensures investments support long-term success.

Investment Risks to Consider



Market Risk

Market risk refers to the potential losses due to market fluctuations. Investors should always be aware of this risk when investing.

Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Assessing creditworthiness is essential.

Liquidity Risk

Liquidity risk is the risk of being unable to sell an asset quickly without affecting its price. It's crucial for managing investment portfolios.

Inflation Risk

Inflation risk involves the possibility that rising prices will erode purchasing power. Investors need to plan for inflation impacts on returns.

Evaluation of Programs and Athletics – Margin Analysis

Understanding Program Margin Analysis

Financial Contribution Assessment

Program margin analysis evaluates the financial contributions of academic programs in relation to their associated costs.

Identifying Financial Viability

This analysis helps institutions identify which programs are financially viable and sustainable.

Aligning with Strategic Goals

Institutions may need to adjust programs to ensure alignment with broader strategic objectives.

WARNING SIGNS !!!

- Institution has never assessed the costs of its operation
- The costs of programs and departments is a mystery
- “Elephant in the room” during board meetings and board members may be too polite to ask for hard numbers
- Return on investments in programs and departments is unknown
- Finance officers have never had the time, resources, and staff to conduct an analysis

https://www.chronicle.com/article/how-to-recognize-the-warning-signs-of-a-death-spiral-and-how-colleges-can-avoid-one/

The Balance of the Program Margin Analysis

What a program margin analysis should promote:

- Data driven decisions
- Conversations between finance and faculty
- Informed changes to budget or academic structure

What a program margin analysis should not promote:

- Questioning of programs that are core to the college's mission
- Ignoring programs or departments that provide key general education courses

Questions Being Asked

Mining the Data

Building the Dashboard

Conversations with Faculty

Outcome and Next Steps

Importance of Program Margin Analysis

Need for Margin Analysis

Colleges face financial challenges that necessitate a thorough understanding of program margins.

Prioritizing High-Impact Programs

Analysis helps institutions identify and prioritize programs that yield the highest impact.

Improving Financial Health

Understanding margins allows colleges to enhance their overall financial health and sustainability.

Strategic Investment Decisions

Margin analysis aids in making informed decisions regarding academic investments.

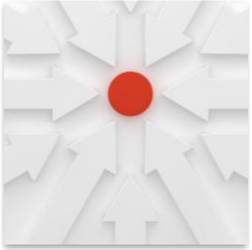
Benchmarking

Definition of Benchmarking

Benchmarking is a process of comparing metrics with similar organizations to enhance performance.

Identifying Best Practices

It helps in recognizing successful strategies and practices from peer institutions.



Guiding Strategic Decisions

Benchmarking informs strategic choices by highlighting areas needing improvement.

Take Advantage of Tax Credits!

IRA Snapshot

Creates and modifies a number of renewable energy credits as well as loan and grant programs

Creates new monetization options for tax-exempt entities beginning Jan. 1, 2023- runs through December 31, 2032

IRC Section 6417 provides an elective/direct pay option (i.e., cash refund) for:

- Tax-exempt organizations
- State and local governments
- Tribal governments

Two-tiered credit rate structure

- Base credits and bonus credits

IRS ECO portal will be used for registering your organization and projects

Guidance still being issued by Treasury and the IRS

Opportunities for Higher Education

New building construction and renovations

Fleet electrification and charging infrastructure

HVAC improvements

Solar panel installations

Pricing leverage for Section 179D allocations

Capital project forecasting

Direct Pay Credits

- §30C Alternative fuel vehicle refueling property credit
- §45 Electricity produced from certain renewable resources, etc.
- §45Q Credit for carbon oxide sequestration
- §45U Zero-emission nuclear power production credit
- §45V Credit for production of clean hydrogen
- §45W Credit for qualified commercial clean vehicles
- §45X Advanced manufacturing production credit
- §45Y Clean electricity production credit
- §45Z Clean fuel production credit
- §48 Energy credit
- §48C Advanced energy project credit
- §48E Clean electricity investment credit

Claiming Direct Payments

Pre-filing registration

- Must be completed prior to filing the tax return where a direct pay election is made
- Must provide certain information about organization, the credits you intend to claim, and details regarding the property giving rise to the credit
- A registration number will be issued that will be required when making the election on tax return
- IRS will issue a separate registration number for each applicable credit property

Making the election on a tax return

- Must be filed on Form 990-T by due date (including extensions) along with
  - Form 3800 (General Business Credit)
  - Applicable credit form

Review of Finance Function – Automation, Software Optimization, Outsourcing

Top Finance Department Trends – 2025

The cost of labor and accountant shortage is accelerating the use of automation in accounting

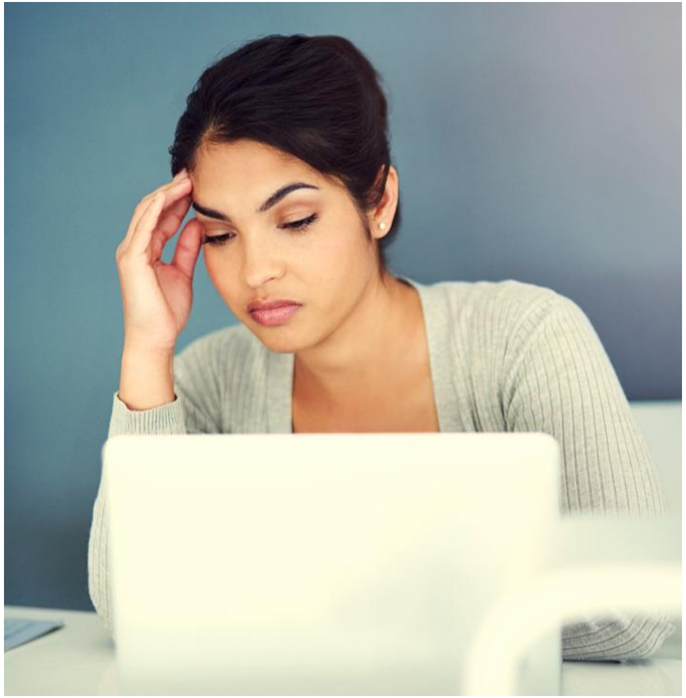
Accounting artificial intelligence investment will continue to grow

Outsourcing accounting is becoming more common

Analytics, action, and storytelling will continue to converge with data automation

What is Driving You Toward Change?

- What is your biggest pain point with your finance and operations today?
- Are you receiving the data you need to run your business when you need it?
- Do you wish you had a real-time dashboard to see daily cash flow or key performance indicators (KPIs)? How about budgeting? Forecasting?
- Is your accounting team always behind due to too many manual processes? or massaging of data? Or waiting on data from other teams?
- Do you have integration issues with other software that impacts accounting?

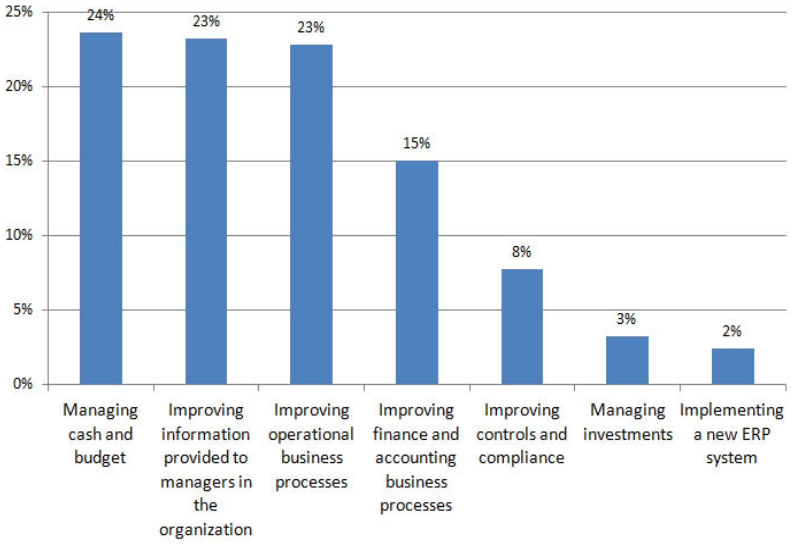


Why Automation? Address These Issues

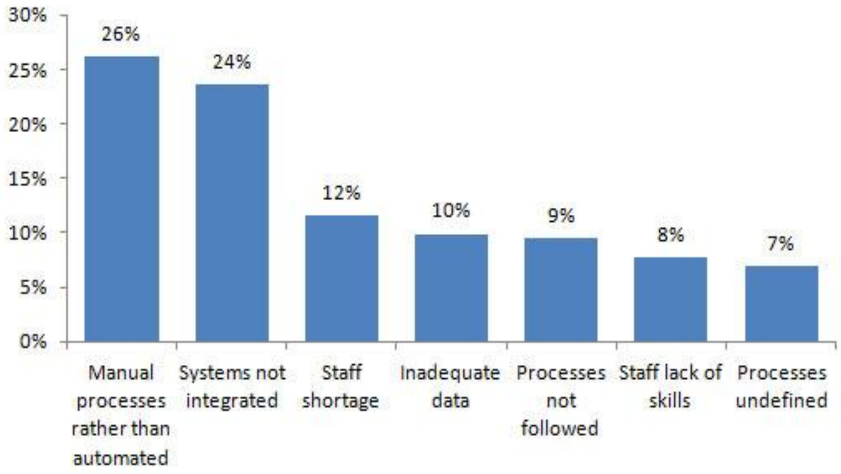
The business experiences	The CFO experiences	The user experiences
Overworked staff who are compensating for technology that is not fully utilized or integrated Increased costs and resource requirements associated with maintaining on-premise hardware and software and/or manual paper-based processes Reduced productivity and user satisfaction Lack of real-time access and visibility to financial data Challenges integrating multiple locations, business units, or currencies due to growth and expansion	Limited visibility to accurately and timely manage cash and budget Increased manual effort to access critical financial information and reports Increased exposure to a breakdown in controls Reduced ability to provide strategic vision while bogged down in manual accounting tasks	Increased usage of spreadsheets with limited functionality Limited ability to access financial data anywhere, anytime, from any device Limited integration between systems, causing manual data re-entry

Inefficiency in the Accounting Function Often Hinders Focus on Mission

Top Issues for CFOs and Business Managers



Top Bottlenecks in Monthly Close Process



Are You Fully Leveraging Autmation?

Consider these *6 questions*:

1.	Are we able to **execute all operations remotely**?	Anytime, anywhere access with no VPN connection needed
2.	Is my team still engaged in **manual inefficient or error-prone processes**?	Cloud drives higher ROI through time savings and process efficiencies
3.	Does my financial system need to **integrate** with other applications?	Payroll, fundraising software, billing, AP automation, expense management
4.	Are budget owners and program managers able to **access to budget-to-actual reporting** without the assistance of finance?	Systems should drive real-time visibility
5.	Does my organization struggle with **lengthy month-end closes**?	Streamline consolidations and closes; eliminate silos of data
6.	Do we need to **closely manage costs of software**?	Cloud vendor amortizes costs allowing you to receive leading infrastructure allowing continuous backups, disaster recovery, and superior security for less

Optimization Approach and Methodology

You need a holistic plan to distill your goal for optimization into action. As Dale Carnegie said:

"An hour of planning can save you ten hours of doing."

Discover

- Documentation review
- Interviews and walkthroughs
- Identify systems requirements

Take the time to understand the root causes of the pain points that you are experience. Also take time to ENIVSION an ideal state.

Assess

- Evaluation
- Observations
- Recommendations

Review issues, improvement opportunities, and critical success factors to align best practices and draft a conceptual target state.

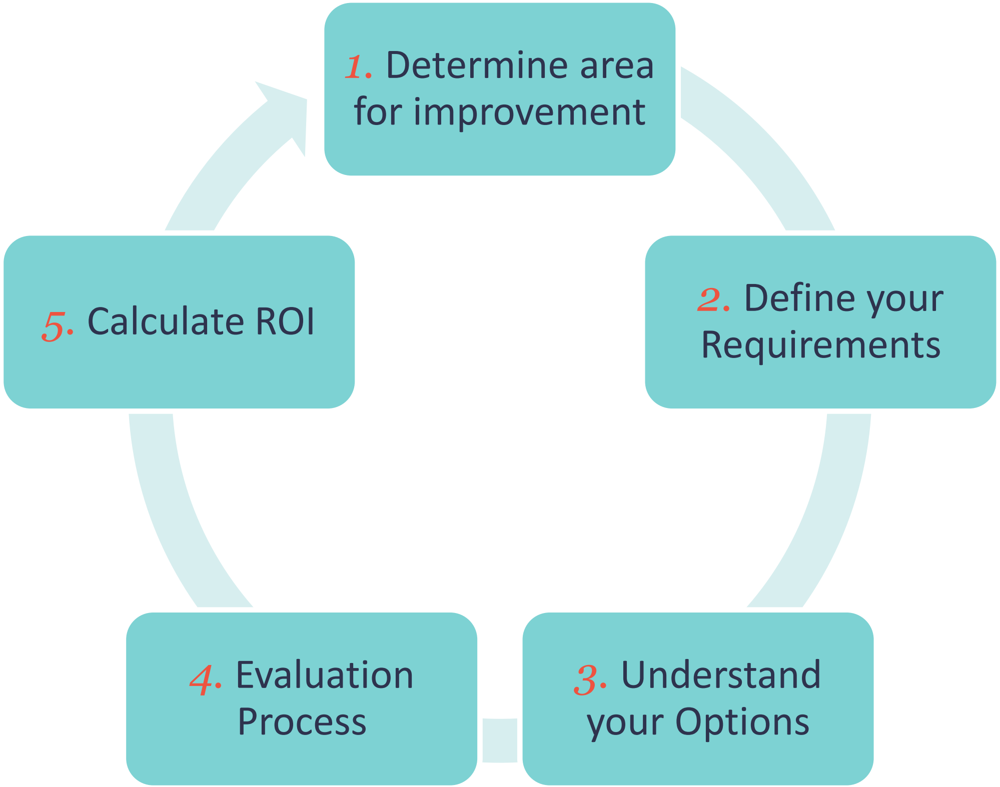
Optimize

- Prioritize
- Implementation roadmap
- System selection and optimization

Prioritize opportunities to achieve the future state, create an actionable plan to get there, and determine the 'quick wins.'

Structure • Process • Systems

Roadmap Planning – Continual Improvement



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