

Summary of Unrestricted Net Assets, June 30, 2011 Balance

Prepared for Interim HE Committee, July 30, 2012

- Net assets is a financial reporting category and is the sum of total assets less total liabilities. Three categories: invested in capital assets, net of related debt; restricted; and, unrestricted net assets
 - Unrestricted net assets (UNA) are not restricted, but in many cases are already programmed or obligated for specific purposes. UNA are not specifically restricted by a donor.
 - UNA consists of assets such as Cash, Investments; Accounts receivable; Notes receivable; Inventories; Other non-liquid assets, and offsetting liabilities including accounts payable, payroll payables, compensated absences (AL and SL), etc.
 - UNA can be restricted (by donor, contract, debt instrument, etc.) or unrestricted (management designated)
 - **Critical for Strong Financial Position**
 - ✓ Accumulated over time to ensure steady cash flow and stable operations
 - ✓ Supports ongoing, current operations
 - ✓ Facilitates long-term planning needs (e.g. capital repair/replacement)
 - ✓ Provides short-term operating funds in the event of an unforeseen event or emergency
 - ✓ Contributes to positive impact on bond rating, lower interest rates
 - ✓ Provision for strategic opportunities and initiatives
 - ✓ Important to the overall financial viability of the institution
 - Two types of unrestricted UNA:
 - ✓ **Obligated :**
 - a.) Auxiliary reserves (25%). Generally, used for operations of bookstore, food service, housing, parking , Wellness Ctr., etc.); repair/replacement; stabilize rates; pledged under bond issue.
 - b.) Quasi-endowments (3%). Unrestricted gifts or campus funds set aside to generate interest income in support of academic and student related programs and scholarships.
 - c.) Ag Research, UGPT Institute, Forest Service (10%). Includes sales/other revenues, federal appropriations due to differences in federal and state FY, etc.
 - d.) Plant Improvement Reserves (9%). For repair and replacement of buildings and infrastructure, includes asbestos settlement funds, and earmarked capital campaign fundraising.
 - ✓ **Un-obligated:**
 - e.) Tuition/General Fund (16%). Unspent resources at FY end, budgeted for ongoing operations in the next FY. Largely due to timing differences (e.g. summer school revenues collected prior to June 30th, but expenditures after June 30th).
 - f.) Other local funds (12%). Generated from indirect cost recovery on G&C, student program and course fees, student activity fees, technology fees, workforce training revenues, institutional sales and services, etc.
 - g.) UND SOMHS (3%). Support current operations, capital repair/replacement, research infrastructure
 - h.) Departmental sales and services (12%). Includes ticket sales, art department sales, etc.
 - i.) Self-supporting programs and activities (2%). Generated via gifts, program revenues, and partnerships with business (e.g. continuing ed, some distance ed, etc.)
 - j.) Indirect cost reimbursement (7%). Amount provided by grantor to cover institutional administrative and facilities costs associated with grant administration. Generally, allocated to a wide variety of activities including departmental seed money to secure new grant funding, investment in infrastructure, etc.
- (Note: Does not reflect \$29.8 million in compensated absences)

June 30, 2011 NDUS Total unrestricted net asset (source: FY11 audited financial statements)

\$192.0 million

June 30th balances will be utilized as campuses gear up operations for the fall term, and over the course of the academic year.