

UNCW Financial Update

**Presentation to Board of Trustees
Business Affairs Committee**

January 26, 2012

Dr. Rick Whitfield, AVCBA - Finance

University of North Carolina Wilmington



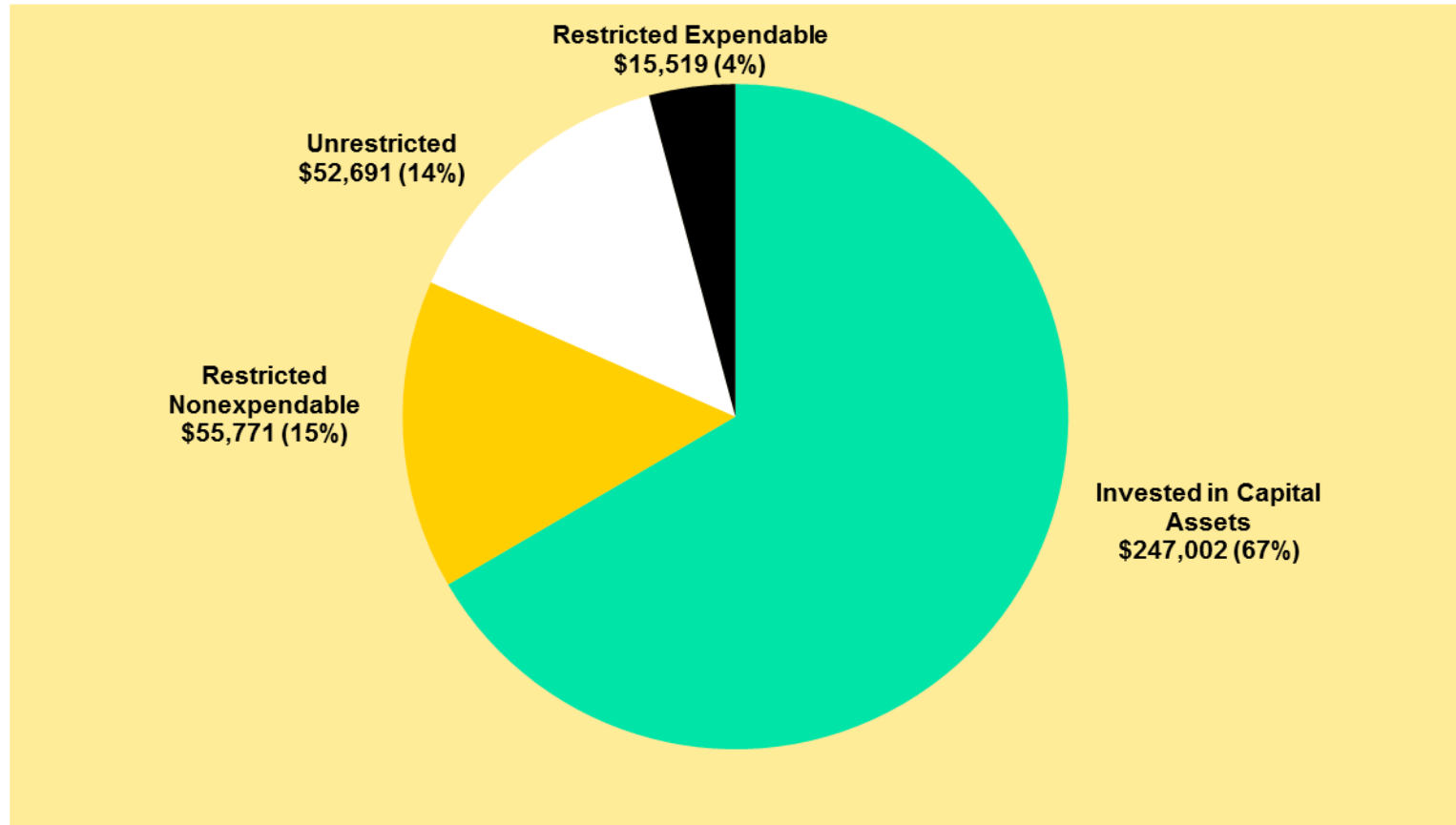
FY2011 Audit Overview

- **State Auditor Issued Unqualified Opinion**
 - “In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of North Carolina at Wilmington and its discretely presented component unit as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.”
- **No Material Deficiencies In Internal Controls - Ongoing Effective Internal Control Environment**
 - “The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.”
- **A Year of Continuing Financial Recovery from FY2009**
 - Net Assets Increased \$19.4m compared to FY2010 Increase of \$7.1m and FY2009 Decrease of (\$11.6m)

2011 Change In Net Assets

	2011	2010	2009
Net Operating Revenues Before Non-Operating Expense	\$10,982,160	\$5,085,370	(\$3,833,963)
> Investment Income/(Loss)	8,710,806	4,378,042	(5,576,370)
> Interest and Fees on Debt	(11,654,036)	(6,491,363)	(6,222,953)
> Other Non-Operating Expense	<u>(46,388)</u>	<u>(735,635)</u>	<u>(1,101,765)</u>
Net Income Before Other Revenues	\$7,992,542	\$2,236,414	(\$16,735,051)
Other Revenues			
> Capital Grants	\$7,759,598	\$2,778,761	\$2,190,631
> Capital Gifts	0	27,133	1,121,058
> Additions to Endowment	<u>4,192,435</u>	<u>2,085,107</u>	<u>1,873,255</u>
Increase/(Decrease) in Net Assets	\$19,944,575	\$7,127,415	(\$11,550,107)

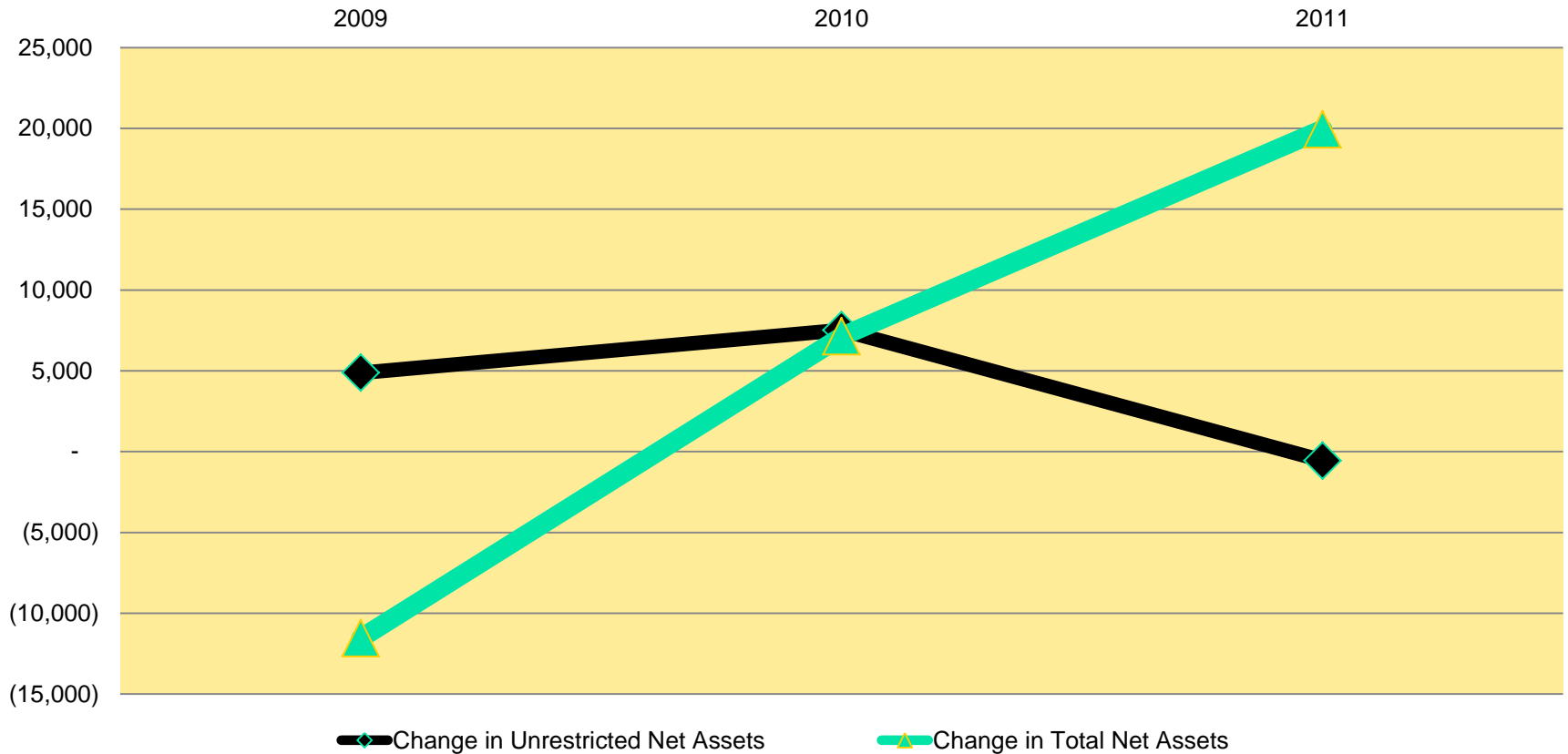
2011 Net Assets Increased \$19.4M to \$371,983 (\$ Thousands)



Net Assets

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Change 2010-11</u>
Invested in Capital Assets, Net	\$215,150,619	\$229,927,613	\$247,002,288	\$17,074,675
Restricted Nonexpendable	41,310,714	45,056,161	55,771,543	10,715,382
Restricted Expendable	41,714,354	22,801,543	15,518,651	(7,282,892)
Unrestricted	<u>45,736,301</u>	<u>53,254,086</u>	<u>52,691,496</u>	<u>(562,590)</u>
Total Net Assets	\$343,911,988	\$351,039,403	\$370,983,978	\$19,944,575

Change in Unrestricted Net Assets FY2009-FY2011 (\$Thousands)



Unrestricted Net Assets Change FY2011 (\$563K) over FY2010 \$7.5M

Contributing Factors to Decrease

General funds - (\$3.3M)

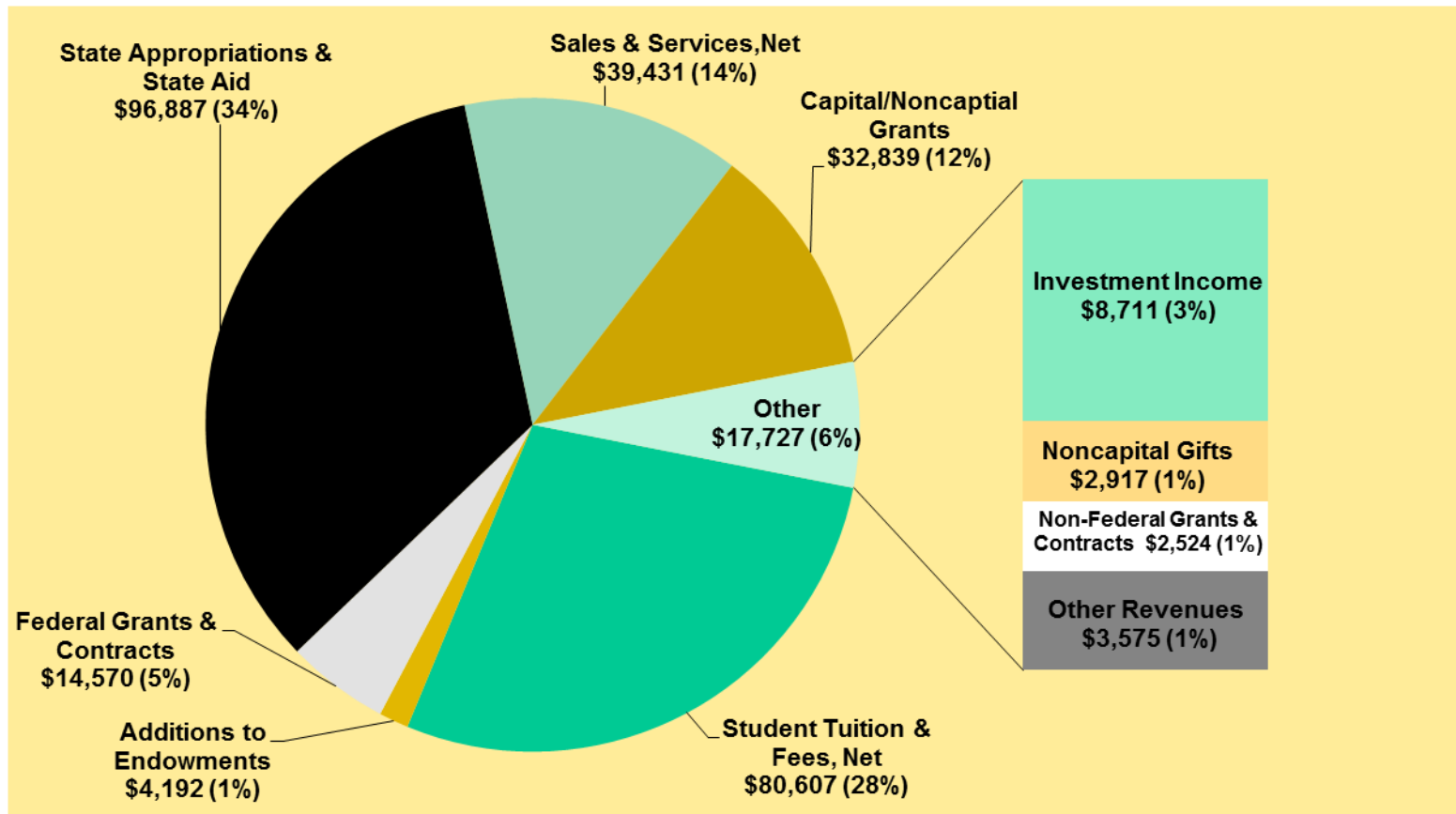
Unrestricted Trust - (\$1.2M)

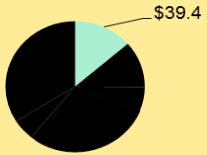
Housing (Net) - (\$2.1M)

Athletics - (\$.7M)

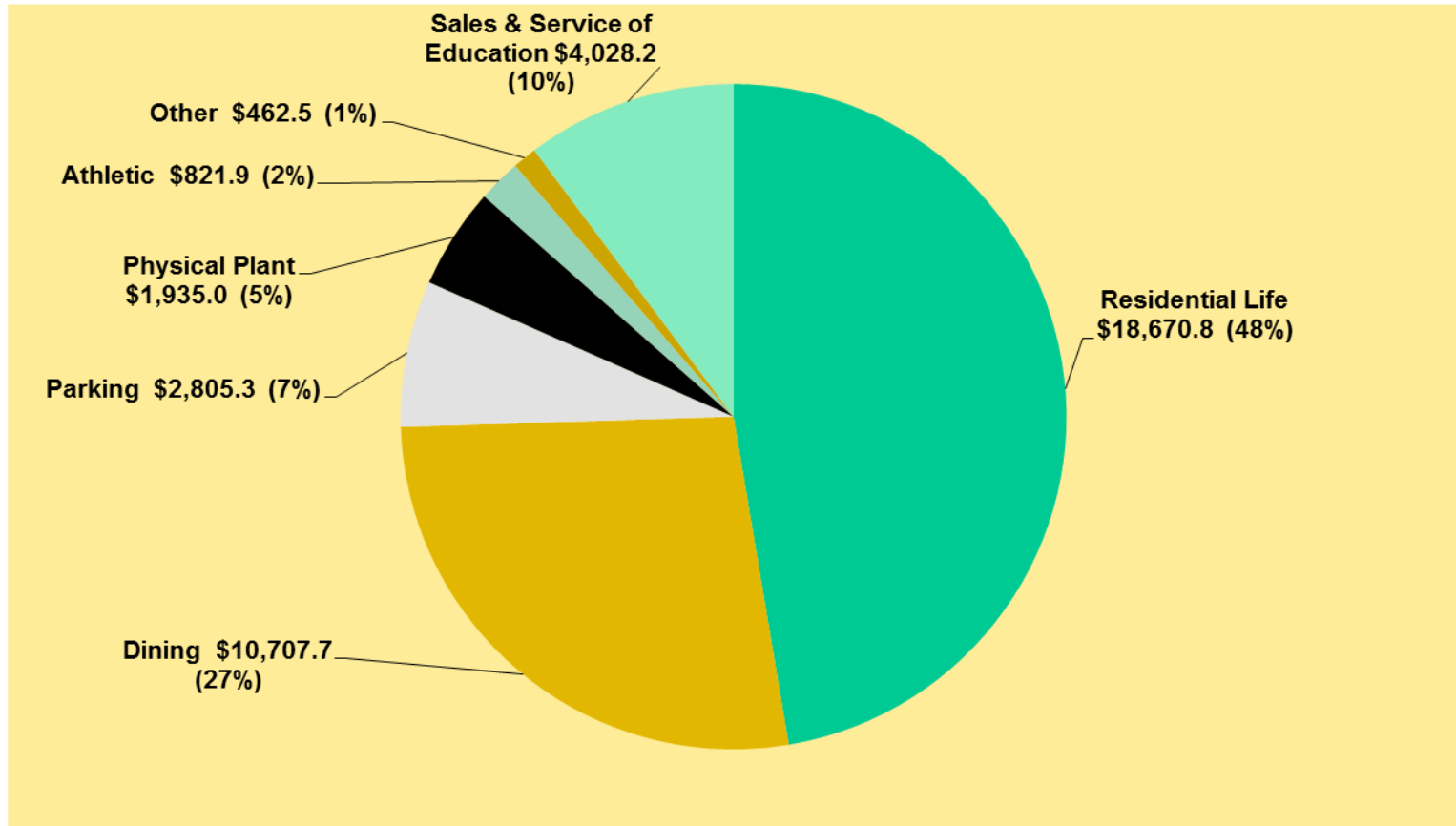
(\$7.3M) reduction

2011 Revenue by Source \$286,253 (\$ Thousands)





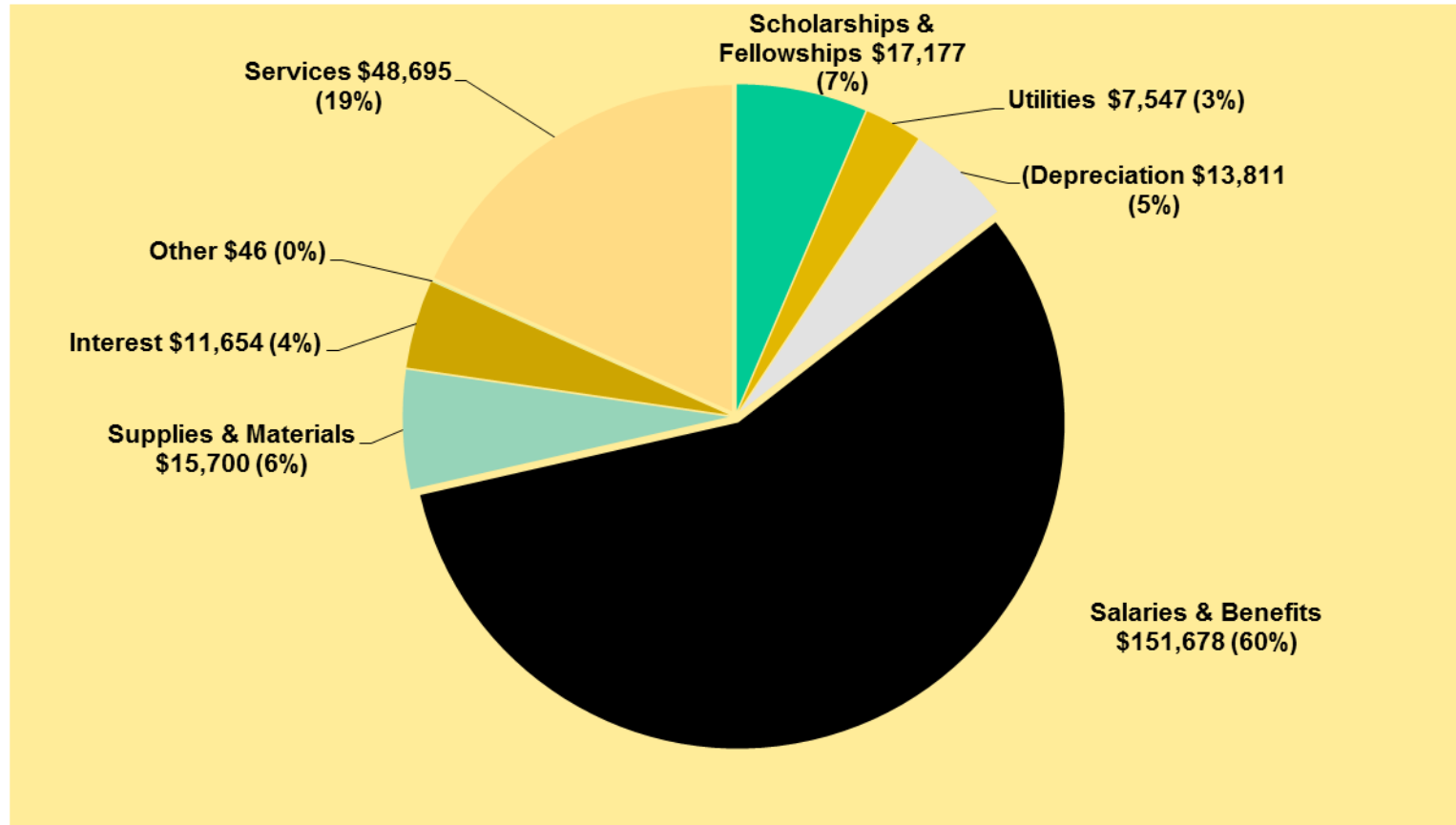
2011 Revenue: Auxiliary Sales & Service, Net \$39,431 (\$ Thousands)



Key Revenue Sources FY 2011 and FY 2010

	2011	2010	Change	% Change
State Appropriations	\$89,349,941	\$90,220,051	(\$870,110)	-.96%
State Aid - Federal Recovery Funds	7,536,901	7,228,518	308,383	4.27%
Student Tuition & Fees, Net	80,606,602	71,613,363	8,993,239	12.56%
Grants and Contracts	49,932,942	43,139,008	6,793,934	15.75
Sales and Services, Net	39,431,360	37,764,423	1,666,937	4.41%
Gifts	2,917,139	2,778,116	139,023	5.0%
Investment Income	8,710,806	4,378,042	4,332,764	98.97%
Additions to Endowments	4,192,435	2,085,107	2,107,328	101.07%
Federal Interest Subsidy	678,693		678,693	N/A
Other Revenues	<u>2,896,038</u>	<u>1,771,634</u>	<u>1,124,404</u>	63.47
Total Revenues	<u>\$286,252,857</u>	<u>\$260,978,262</u>	<u>\$30,744,576</u>	9.68%

2011 Expense By Nature \$266,308 (\$ Thousands)

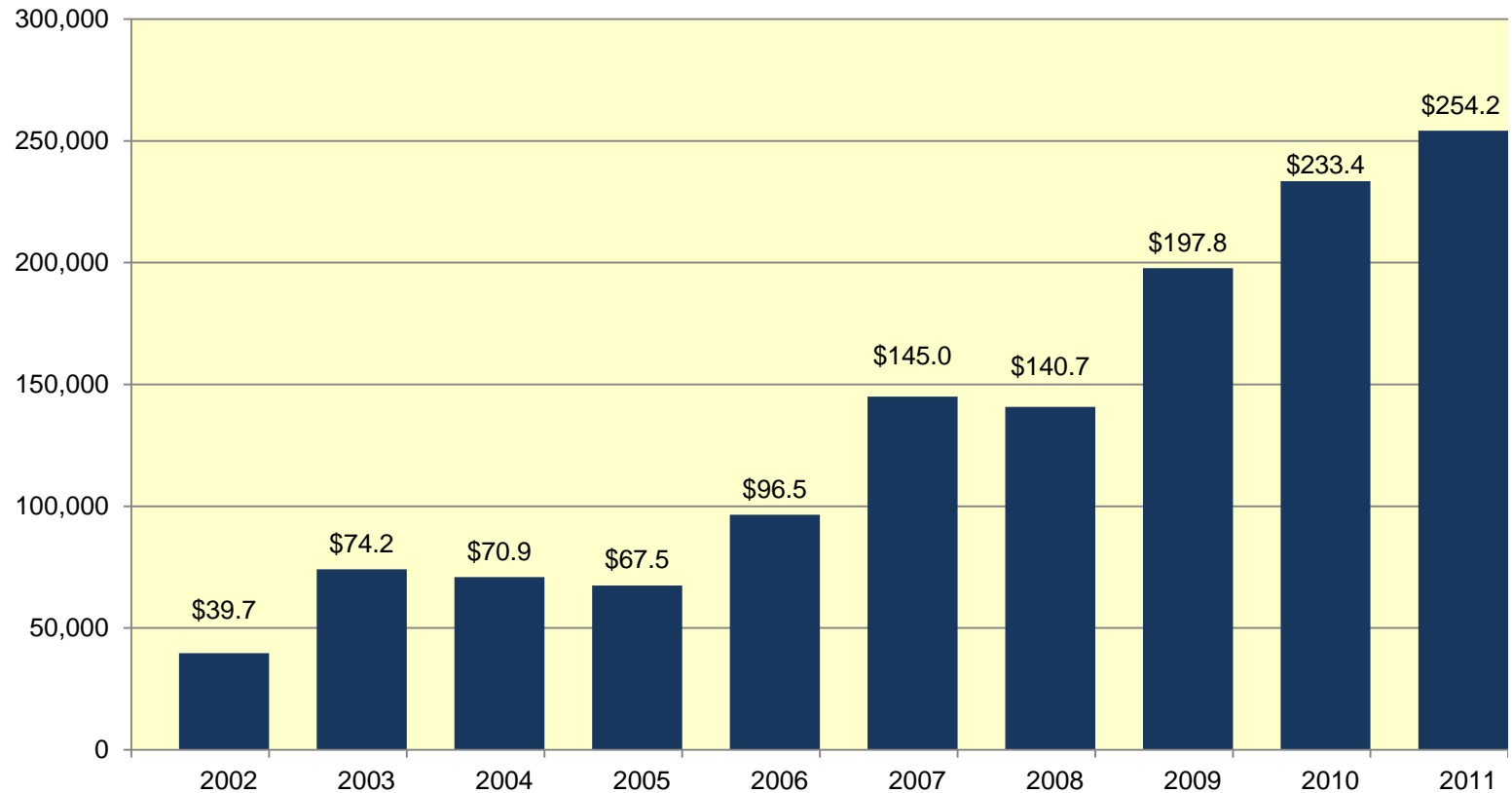


Expenses by Use FY 2011 and FY 2010

	2011	2010	Change	% Change
Salaries and Benefits	\$ 151,677,706	\$ 145,706,677	\$5,971,029	4.1%
Supplies and Materials	15,699,970	18,883,395	(3,183,425)	-16.86%
Services	48,694,722	44,058,570	4,636,152	10.52%
Scholarships and Fellowships	17,177,308	15,695,692	1,481,616	9.44%
Utilities	7,547,034	8,667,368	(1,120,334)	-12.93%
Depreciation	13,811,118	13,612,147	198,971	1.46%
Interest	11,654,036	6,491,363	5,162,673	79.53%
Other	<u>46,388</u>	<u>735,635</u>	<u>(689,247)</u>	-93.69%
Total Expenses	<u>\$266,308,282</u>	<u>\$253,850,847</u>	<u>\$12,457,435</u>	4.91%

Long Term Debt Overview

Debt Analysis 2002 – 2011 (\$ Thousands)



Debt Financed Key Strategic Initiatives

FY2011:

- Schwartz/University Suites Fire Safety Project FY2011 - \$5M
- Wagoner Dining Hall Project FY2011 - \$4M
- MARBIONC Research Facility Project FY2011 - \$15.75M

FY2010:

- Energy Performance Contracting FY2010 - \$4.5M
- Student Life Programs-Dorm/Union FY2010 - \$18.5M
- Student Rec Center Expansion FY2010 - \$34.3M
- Reduction (Advance Refunding) of Existing Debt FY2010 – (\$18.3M)

Prior to FY2010:

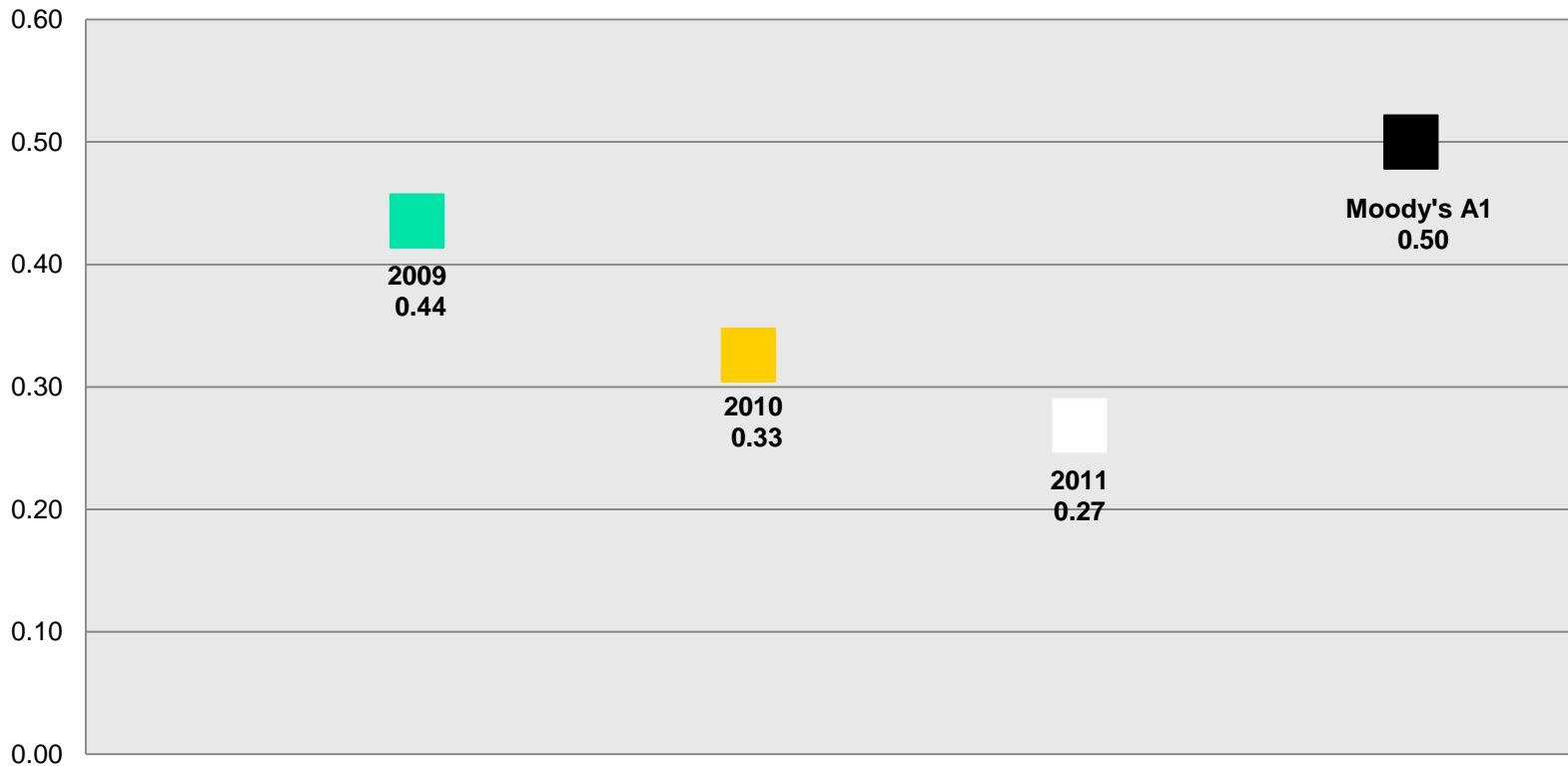
- UNCW Corp. Investment in Student Housing FY2006 – 09 - \$128.46M

UNCW Credit Ratings

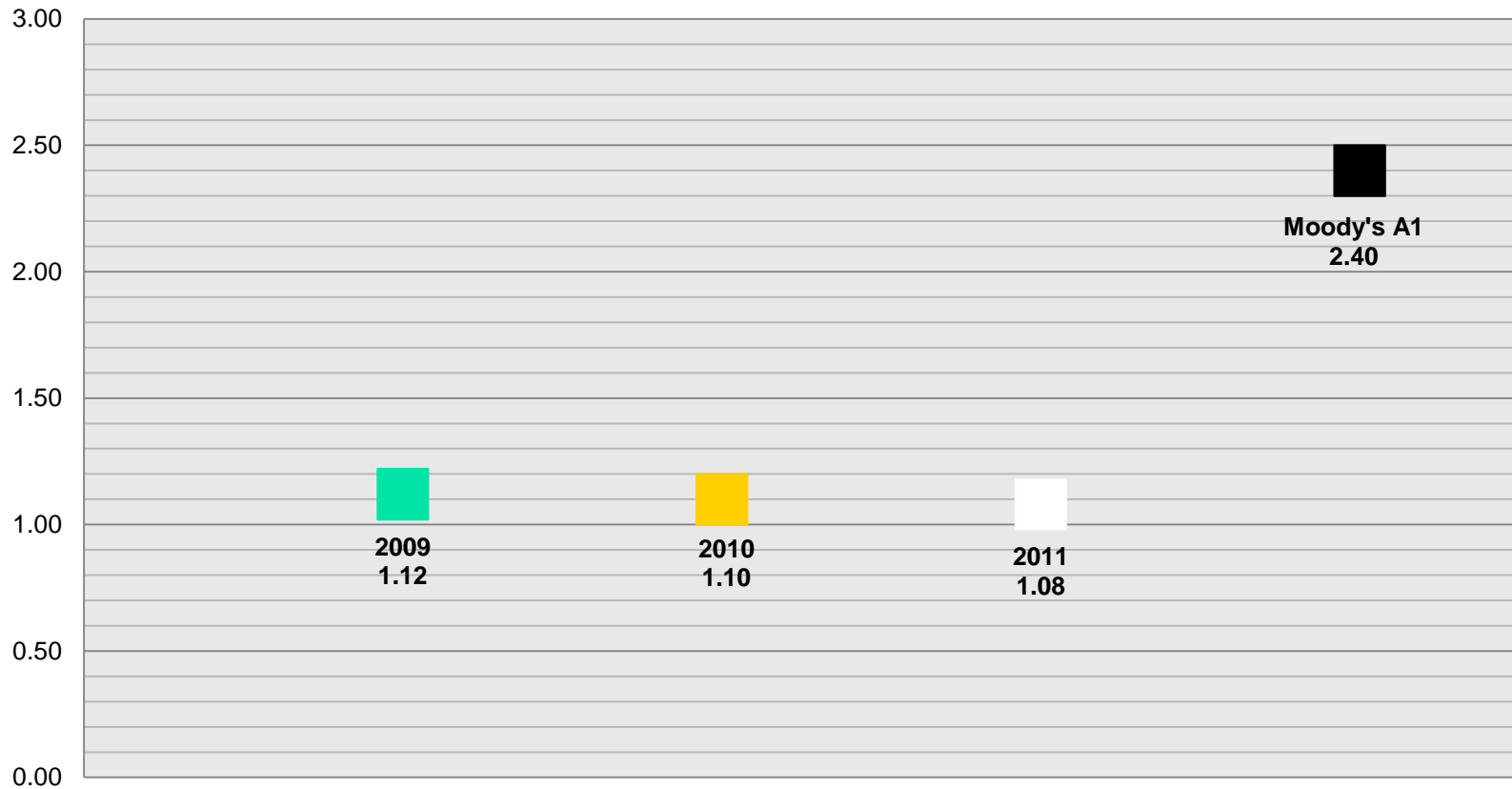
- Moody's Investors Services
 - UNCW Rating = A1 with a Stable Outlook
 - Rating Upgraded to A1 from A2 and Outlook Revised to Stable from Positive September 2010

- Standard and Poors Rating Services
 - UNCW Rating = A- with a Stable Outlook
 - Rating and Outlook Affirmed April 2011

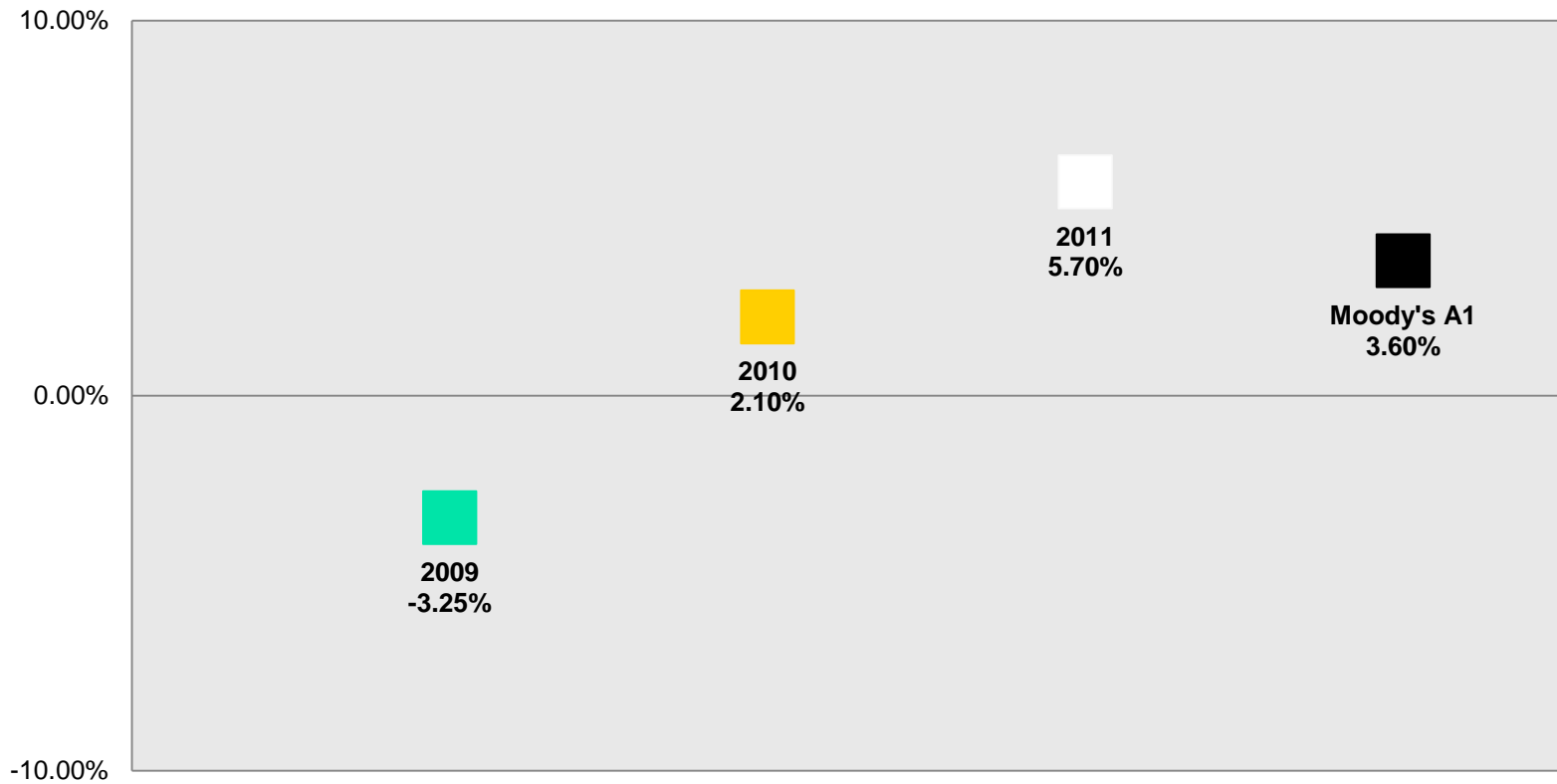
Expendable Resources to Debt 2009-2011



Operating Revenues to Total Debt 2009 - 2011



Return on Net Assets 2009 - 2011



Questions, Comments, Observations