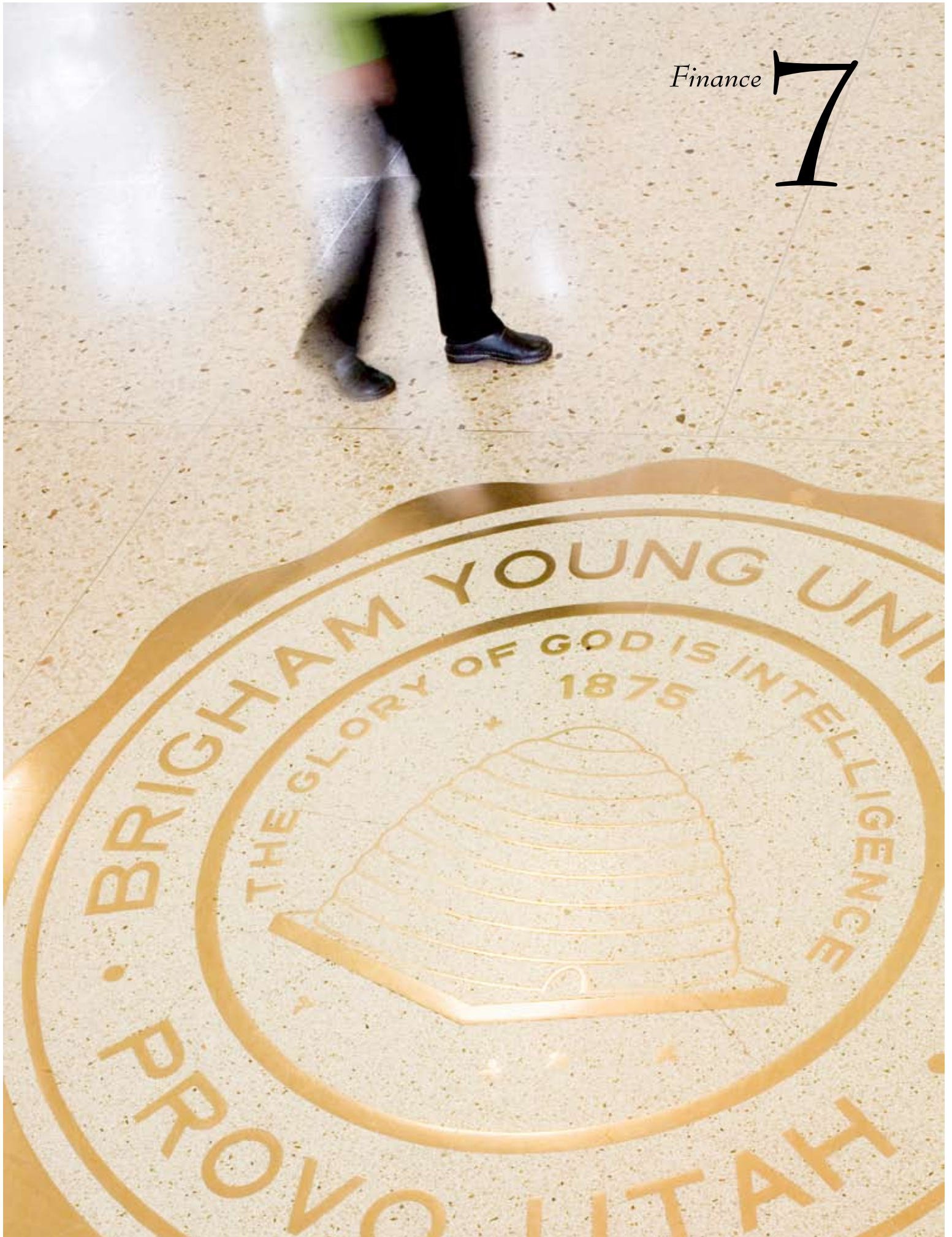


Finance 7





# Finance 7

*Administrators must never lose sight that the funds we spend belong to the Lord and come mostly from the tithes of people with very average means. We can fund everything that's necessary, but not everything that's desirable. We need to be very prudent and conservative and willing to get along without some things.*

*President Gordon B. Hinckley  
Chairman of the Board of Trustees*



## OVERVIEW

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This chapter provides discussion and analysis of the requirements for Standard 7. The four sections address financial planning, adequacy of financial resources, financial management, and fund raising and development at BYU.



## 7.A *Financial Planning*

Brigham Young University serves approximately thirty thousand students through 11 colleges and other academic units and programs. These academic activities are supported by 28 auxiliary business areas (CD 7.1). Administration of academic and auxiliary activities is supported by a financial-management process that plans for the development, allocation, and protection of financial resources. The university's activities are coordinated through the pursuit of established priorities consistent with board-approved university Mission, Aims, and Objectives.

### DESCRIPTION AND ANALYSIS

The majority of academic funding is provided by the university's sponsor, The Church of Jesus Christ of Latter-day Saints, after the board of trustees has approved the university's annual strategic resource plan (budget). In accordance with broad guidelines established by the board, the Strategic Resource Planning process includes all categories of university resources and begins at the lowest operating unit level. These guidelines primarily direct that the board will

- Provide annual guideline increases to certain budget categories.
- Specifically approve any increases to net square footage of physical facilities space.
- Specifically approve additions to FTE employees or student enrollment.
- Be assured that budgets are closely monitored.

The board then allows the university considerable autonomy and flexibility to reallocate resources consistent with these guidelines as it seeks to accomplish the institutional objectives as described in Standard 1.

### Strategic Resource Planning, Priorities, and Strategy

Financial planning is guided and defined by the university's established Mission and Aims. Each unit prepares a three-year plan that begins with a report of its effectiveness in accomplishing the strategic objectives established during the previous years' Strategic Resource Planning process (CD 7.2). Units identify specific objectives they desire to accomplish during the coming year and how these objectives contribute to accomplishing their overall three-year plan. The

units then request the resources necessary to carry out their plan. As they evaluate their resource needs, each unit first assesses its existing resource base and considers reallocating those resources to meet new objectives. Each area's plan is presented by its dean or director to the President's Council, which is composed of vice presidents representing all campus areas.

During each annual Strategic Resource Planning cycle, the university also considers its five-year fund-raising strategy, identifies that portion attributable to the coming year, and reviews plans to accomplish fund-raising goals.

Facilities capital projects are also considered during Strategic Resource Planning through a three-year plan that is consistent with the objectives of university units. The facilities planning process includes a Capital Needs Analysis and Information Technology Infrastructure planning to assure that infrastructure and technology equipment needs are considered and are substantially funded by the university's sponsor.

Both academic and auxiliary projects, and their financing, are carefully reviewed and approved through the annual Strategic Resource Planning process before they are initiated. The shared philosophy of the university and its sponsor is that debt financing should be avoided in its business and educational operations. Accordingly, academic-related building funding is provided by the university's sponsor, or through board-authorized donor gifts. Auxiliary-related facilities are financed through operations, donor gifts, or loans from the university's sponsor, rather than through external debt financing. These loans are repaid from the auxiliary unit's operations. Because of the university's generous support from its sponsor, the only significant debt relates to loans for auxiliary-owned housing projects. The status of existing and planned sponsor loans for construction projects for the coming three-year period are addressed through Strategic Resource Planning.

Following the annual Strategic Resource Planning process, the university prepares and submits its annual budget to the board. Once approved by the board, university organizations are notified of their approved budgets for the coming year. Approved budgets, together with any revisions subsequently requested, are reviewed by management against actual operating results on a regular monthly basis through financial reporting provided from the accounting system.

## 7.B Adequacy of Financial Resources

### DESCRIPTION AND ANALYSIS

During the annual Strategic Resource Planning process, available resources are allocated among university programs consistent with the university's Mission, Aims, and Objectives. As shown in figure 7.1, the university's academic activities are supported primarily by its sponsor and by tuition revenue, which provided a combined 80 percent of academic revenues for 2004, exclusive of investment income. Donor contributions and research grants supporting targeted activities provided a combined 13 percent of academic revenues for 2004 (RD 7.6).

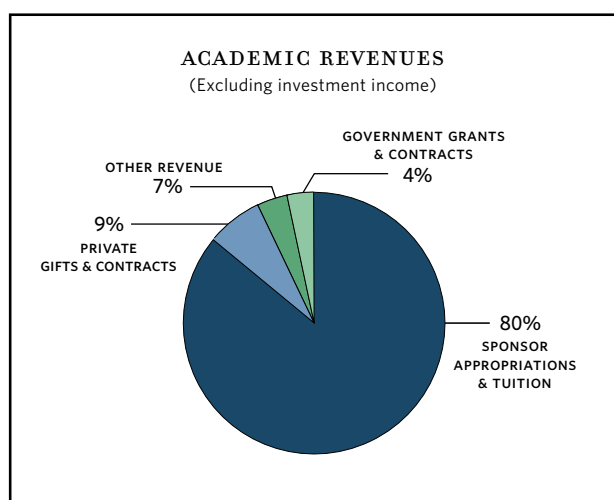


FIGURE 7.1 BYU is primarily supported by sponsor appropriations and tuition.

The majority of academic funding is provided in the form of sponsor appropriations, which in turn come from the tithes of faithful church members. In this manner, a very large portion of the church's 12 million worldwide members participate in funding the university's operations.

The university is also supported by many generous donors who contribute to building programs; endow faculty chairs, professorships, and scholarships; and support other academic activities.

BYU is primarily a teaching-oriented undergraduate university with sufficiently strong graduate programs and research activities to be considered a major university. While government, business, and privately sponsored research is vital to advancing academic experiences for faculty and students, BYU does not intend to become dependent upon external research funding to maintain its ongoing operations

and mission. BYU encourages faculty freedom in research and student mentoring activity by providing full funding support for faculty academic year (fall/winter) salary, while allowing by policy up to six campuswide FTE to be funded during that same period by external research sponsors (CD 7.3). Though modest compared to that of major research universities, BYU's sponsored research funding is obtained through a balanced approach. In addition to growing governmental agency funding, the university has strong programs of support from business and industry as well as other private research sponsors (CD 7.4). As a measure of its effective application of sponsored research funding, BYU typically ranks among the top ten in the nation in respect to return from technology transfer per research expenditure dollar (CD 7.5).

BYU is also noteworthy for its practice of involving undergraduates in research and creative work. This initiative is supported heavily by alumni and other individual donors. Many undergraduate students become involved in mentored research and creative work through donor-sponsored programs administered centrally, or through college- and department-level resources. Centrally administered programs provided for approximately 4,000 students to participate in mentored research and creative work during the 2003–2004 academic year. Commitment of additional department or college resources increased the number receiving this kind of mentored experience to greater than 30 percent of BYU students. Information included in the 2004 report of the National Survey of Student Engagement notes that 41 percent of BYU seniors reported having been involved in a research experience with faculty, or that they planned to have that experience before graduating (CD 7.6).

The university's computing environment and research activities have also been assisted through generous support from private individuals and corporations, resulting in the acquisition of supercomputing resources, among other initiatives.

### Stability, Adequacy of Resources to Meet Debt Obligations

The university has a strong balance sheet and stable sources of revenue. Assets are more than ten times greater than liabilities (RD 7.8). Academic revenues come primarily from sponsor appropriations and student tuition rather than from sponsored research

and donor contributions, which have the potential for greater variability (RD 7.6).

The university does not rely upon debt financing for its academic operations, as shown in figure 7.2. In addition to modest vendor payables, debt is limited to loans extended from the university's sponsor to construct and renovate student housing buildings. Scheduled annual principal and interest payments through the year 2047 are relatively small and average \$3.8 million over the coming 40 years. While other projects could add to this debt burden in the future, no significant projects are currently approved (RD 7.12, CD 7.7).

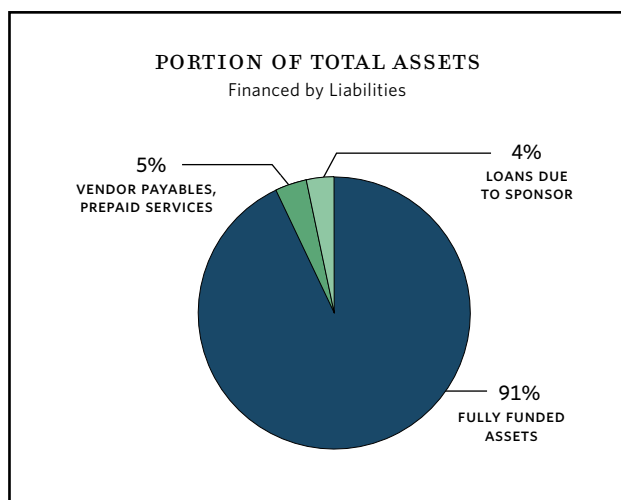


FIGURE 7.2 BYU operates with very limited debt.

University assets are primarily composed of highly liquid investments and cash, in addition to its land, buildings, and equipment, as shown in table 7.1.

<b>TABLE 7.1</b> <i>University Assets</i> (AS OF 2004)	
	% OF TOTAL ASSETS
INVESTMENTS AND CASH	51%
RECEIVABLES, INVENTORIES, OTHER	9%
LAND, BUILDINGS, EQUIPMENT	40%
TOTAL	100%

Financial aid planning is facilitated by the predictability of the university's enrollment, which is limited to board-authorized levels that remain relatively constant because there are more applicants for admission

than can be accommodated by the university. The university's sponsor provides a significant portion of scholarship funding, and these factors are considered together through the Strategic Resource Planning process. Additional scholarship funding is planned for and achieved through university development and advancement programs (RD 7.5).

### Auxiliary Enterprises

The university's mission is supported by several integral auxiliary enterprises, including a bookstore, housing, dining services, Intercollegiate Athletics, and Student Health Services. As a whole, auxiliary enterprises are self-supporting and have adequate operating reserves. Surplus auxiliary resources are used on a very limited basis to accomplish a variety of academic purposes (CD 7.8). Due to seasonal cash flows, Intercollegiate Athletics is extended temporary working capital from the university's general endowment. Intercollegiate Athletics pays interest and is expected to reduce the debt level each year (CD 7.9). Otherwise, auxiliary enterprises are not reliant upon academic and general resources to balance auxiliary operations (RD 7.3).

## 7.C Financial Management

### DESCRIPTION AND ANALYSIS

#### Board Relationship and Control Environment

The university's president has regular and frequent interactions with the board of trustees to keep them informed of university activities, including its financial affairs. The president has built a very strong relationship with the board through many years of service in the church's ecclesiastical organization. This working relationship has established a pattern for regular communication and alignment of goals. The president presents the annual Strategic Resource Planning requests to the church commissioner of education, who represents the board. In addition, the Church Educational System Commissioner's Office, which acts as a support staff to the board, reviews the university's monthly financial report and another report summarizing budget-to-actual comparisons of resources and expenditures for those resources provided by the university's sponsor (RD 7.15).

As a not-for-profit organization, the university is not subject to the Sarbanes-Oxley Act and its requirement that board members shall be independent of the university. Although board members are integrally involved in the governing leadership of the university's sponsor, they are independent of university operations (CD 7.10). The board has encouraged the university to comply with the act where practicable. Accordingly, the university has incorporated applicable principles of the act by implementing a financial code of conduct and assuring that the president, chief financial officer, and other key operating and financial personnel attest to the accuracy of recorded financial transactions. This attestation is available to the board and to the independent auditors of the university (CD 7.11). The university has also developed a procedure to receive information about questionable activities and to protect those who report them (CD 7.12). In addition, the university is documenting its financial processes and related internal controls surrounding those processes, as discussed in the Control of Resources section below.

### **Financial Management Mission and Structure**

The financial management activities of the university are directed by the chief financial officer, who reports directly to the president. The goals of the campuswide financial organization are represented by its mission and vision statements:

- **Controllers' Mission Statement:**

To support the university's mission, we promote and protect the economic interests of all BYU stakeholders.

- **Controllers' Vision Statement:**

We endeavor to be trusted business advisors in a self-service environment.

These concepts are central to the university's financial management direction to assure that resources are effectively utilized and that system tools allow campus personnel to execute transactions in a timely and well-controlled environment.

The campuswide financial organization has integrated the elements of both a centralized and decentralized structure. Centralized accounting management is led by qualified financial directors who report to the chief financial officer. These directors are responsible for Financial Accounting and Reporting,

Regulatory Accounting and Reporting, Student Financial Services, Treasury Services, Budget Office, and Financial Solutions (consulting activities). In addition, the chief financial officer maintains a close working relationship with the Supply Management Department, which is a satellite department of its sponsoring church and is located on the BYU campus. This office is dedicated to the support of university procurement needs, which is accomplished through a centralized global supply management approach that allows BYU to take advantage of the church's worldwide volume purchasing and travel agreements (CD 7.13). Together, these departments have dramatically improved financial processes and service to the campus community during the last five years (CD 7.14, CD 7.15).

Colleges and auxiliary divisions are led by a total of 34 financial controllers, who in turn lead the accounting activities of department financial support personnel within their area of stewardship (CD 7.16). Controllers report directly to deans and directors but maintain a strong liaison relationship with one of the central financial directors who report to the chief financial officer. The challenge of organizing and communicating through this large financial structure is an ongoing effort. Central financial directors meet individually with college and division controllers on a regular basis to consider matters specific to colleges and divisions. On a monthly basis, financial directors and the chief financial officer also meet with controllers in council meetings to discuss issues and set financial strategy. In addition, these council members meet monthly with the rest of the campus financial personnel to train and discuss financial issues.

The administrative vice president is responsible for human resources, physical facilities, and the business aspects associated with the most significant auxiliary operations. Each of these areas is led by qualified and capable leaders with experience dealing with university administration (CD 7.17).

### **Control of Resources**

Central financial managers are continuing an evaluation and documentation of their internal control processes. These processes are being reviewed by the Office of Compliance and Audit to identify key control procedures that can be routinely tested and relied upon to assure that an adequate internal control structure is in place. As this process matures, the



university plans to extend this methodology to the distributed financial and nonfinancial processes of the campus as a means to strengthen the overall internal control environment.

Monthly financial results are electronically reported to campus managers on the fourth working day of the subsequent month. The timeliness of this reporting allows managers to evaluate their results rapidly and to monitor and correct potential errors. A monthly review of revenues and expenses is also provided to the president and vice presidents to allow oversight of operations. Auxiliary areas are reviewed for budget-to-actual differences, and explanations to management are provided. The financial results of academic areas are also compared to budget, and over-expenditures are resolved.

The university maintains policies for the use of operating funds, endowment funds, and investment portfolios. Under the direction of the University Investment Committee, investment funds are primarily invested in cash management, fixed income, and equity pools maintained with the university sponsor's investment portfolios. Decisions regarding investment strategy are based upon criteria established by the board and by university management (CD 7.18).

To help ensure the effectiveness of university compliance programs, the Executive Risk Management and Compliance Committee was recently formed. It is composed of senior university personnel who are tasked with the responsibility to coordinate compliance programs on the campus. The Office of Compliance and Audit will provide evaluations of university compliance programs in addition to addressing its traditional internal auditing role.

### **Accounting Practices**

The university's monthly and annual financial statements are prepared on the accrual basis of accounting and conform to generally accepted accounting principles. The university's underlying record-keeping is based on principles of fund accounting that organize revenues and expenses according to sources of institutional resources and by natural revenue and expense classifications (RD 7.14, RE 7.2).

The university's accounting system is an enterprise system that allows for common programming tools and core functional user skills to be developed across multiple modules. The university provides information

access to its accounting systems and other supporting systems through a common reporting tool that facilitates inquiry by authorized financial, academic, and operating personnel. Imaged original documentation for a variety of financial transactions is also available for review by the campus community.

The administrative accounting system includes subsidiary software systems for the procurement and payment of goods and services that use self-service Web technology and which retain electronic tracking of review and approval (CD 7.19). These include the following:

- Purchasing card and emergency checks for purchasing supplies under \$2,000.
- Travel authorization and travel and business reimbursement.
- A system that allows authorized campus personnel to negotiate services and expedite payment when the purchase is with system-established vendors providing goods or services within authorized categories.
- Electronic procurement system allowing rapid online procurement functionality (planned for late 2006).

Systems and programming processes are mature and use industry-standard technology and vendor-developed software, in addition to internally developed systems. Administrative computing and the university's recently constructed data center are supported through the Office of Information Technology. Functional process owners and supporting Office of Information Technology areas are pursuing a long-term evaluation of business continuity planning. This continuity planning is considering the value and costs associated with the recovery of systems within the data center versus establishing alternative computing facilities. In addition, a determination of the minimum periods allowable for restoration of services in the event of a disaster is also being considered. When the evaluation of pilot projects is completed, priorities and resource needs will be determined, and funding requirements will be included in Strategic Resource Planning.

### **Auditing Practices**

The board is responsible for all independent auditing activity at the university. The Church Educational System Audit Committee has been established by the board and provides oversight to the accounting and



financial reporting processes of the university and audits of its financial statements (CD 7.20).

The audit committee is composed of four members, all of whom are independent of the university and possess significant financial and management expertise. The audit committee is directly responsible for the appointment, compensation, and oversight of the work of the independent audit firm employed by the university and preapproves all nonaudit work performed by the university's independent auditors.

The independent auditor, currently Deloitte & Touche, LLP, has been selected through a competitive selection process involving appropriate accounting firms. The university's financial statements are audited annually by Deloitte & Touche (RE 7.2), which also conducts audits of compliance with federal statutes regarding both financial aid and research grants and contracts. The results of audits, including management letters regarding outstanding accounting issues, are reported to the board through the audit committee. The chief financial officer provides responses to the management letter, which are carefully considered in conjunction with other campus managers responsible for implementing and complying with policies and procedures (RE 7.2).

Because it is a private institution, the university does not routinely make its financial information available to the public except as required by IPEDS guidelines (RE 7.1).

The Church Auditing Department, a department of the university's sponsor, performs audits of the revenues and expenses of the university's Intercollegiate Athletics program and other selected expenses of the university. The results of audits by the Church Auditing Department are reported to the audit committee as they are issued.

BYU's Office of Compliance and Audit conducts a broad range of activities contributing to the development and monitoring of the overall internal control structure of the university. The scope of these activities includes review of the processes designed to provide reasonable assurance in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

The results of Office of Compliance and Audit engagements are promptly reported to the appropriate administrative personnel at the university, and significant issues are discussed with the audit committee. Management is responsible for seeing that corrective action is taken for reported deficient conditions. The Office of Compliance and Audit monitors the disposition of results communicated to management and reports the status of audit recommendations to the audit committee.

## ***7.D Fund Raising and Development***

### **DESCRIPTION AND ANALYSIS**

#### **Investment Management**

Board-established committees direct and monitor the investment policies of the university's investment committee. The university treasurer complies with the policies and investment strategies established by the investment committee.

The investment committee reviews and updates asset allocation guidelines periodically. Individual investment allocation decisions are made within approved benchmarks on a monthly basis and are reviewed quarterly to ratify investment actions taken by the treasurer (CD 7.18). Specific investment decisions are made by Ensign Peak Advisors, an affiliate of the university's sponsoring church. The treasurer also maintains complete records of investment activity. Records of individual endowments and their investments and related earnings are maintained and are referenced to assure compliance with gift purpose and intent. An annual statement of an endowment fund's investment, performance, and payout distributions is made available to donors. Regular internal and independent audit oversight ensures that endowment management and investment are compliant with university policy and legal requirements.

#### **Fund-Raising Activities**

In conjunction with Strategic Resource Planning, the board sets fund-raising priorities that reflect long-range plans to maintain and enhance BYU's educational excellence in a changing world while being guided by unchanging principles. Fund-raising

priorities are correlated among planned sponsor funding allocations, tuition, and philanthropy.

The board has directed LDS Philanthropies, a department of the university's sponsoring church, to be responsible and account for all BYU fund-raising efforts. The resources of LDS Philanthropies are deployed to work in concert with the university's advancement vice president for all BYU fund-raising activities. Well-developed policies and procedures at the university, LDS Philanthropies, and the church guide LDS Philanthropies in its fund-raising activities (CD 7.21).



LDS Philanthropies' correlation and support of fund raising for BYU include the following:

- Annual giving
- Major and principal gift programs
- Planned giving (wills, trusts, etc.)
- Prospect research
- Relationship management with corporations and individual donors and related recognition programs
- Oversight of capital or comprehensive campaigns carried out by university colleges and departments

LDS Philanthropies is also responsible for receiving contributions, providing donor receipts, and reporting gifts to the university's administration and the board. Monthly processes assure that gifts are accurately recorded by the university and tracked in relation to long-term fund-raising goals established by the board and university management.

In addition, LDS Philanthropies maintains a database of information about alumni, donors, and

friends and generates reports as necessary from that database. Donor relationships are typically strengthened by the alignment of donor goals with the spiritual aims of BYU that complement its educational mission. Numerous events and programs are designed to cultivate and involve donors of varying financial ability in university programs and to increase their understanding and commitment to support BYU's mission. These include members and potential members of the BYU President's Leadership Council, who commit to provide in excess of \$1 million in support over a specified

period, as well as smaller-dollar donors whose involvement is also actively sought and respected.

While BYU donors have historically been more inclined to provide support for initiatives that directly benefit students, there has also been growing interest among donors to provide funding for academic and other building programs. LDS Philanthropies continues to coordinate all donor support in these areas to assure that accepted

donor contributions remain consistent with overall funding objectives approved by the board.

There are certain challenges associated with expanding BYU's donor philanthropy. Overall, cash and securities gifts received have been steadily increasing for the five-year period that ended in 2004 (CD 7.22). There is concern, however, that the volatility of the U.S. stock market, as well as other global markets, and general geopolitical uncertainty, may influence donors to delay their gifts. In addition, changes to current estate tax regulation could lead to increased or decreased estate philanthropy in the next decade. All of these issues are being actively considered by LDS Philanthropies as they establish fund-raising strategy and goals. LDS Philanthropies believes that these concerns can be overcome as donors are brought into increasing personal contact with BYU's students and faculty members. Programs are being designed to increase these personal contact opportunities to help donors recognize the importance of their financial partnership with BYU.

Sponsored research activities have been growing for the last several years. This trend is expected to continue at a measured pace as the quality and reputation of the university's faculty researchers grow. The university continues to pursue research awards that will contribute to its primary mission as a teaching institution by expanding the professional experiences of its faculty and the academic experience of its mentored student researchers. Although facilities and equipment improvements are ongoing, no specific improvements or expansions are anticipated to be required for sponsored research. Where needed, these improvements are expected to be fully funded by government, corporate, or private sponsors of research activity.

## SUMMARY

Following are strengths and challenges and recommendations noted for Standard 7:

### *Strengths*

- BYU's annual Strategic Resource Planning process invites units to look first to internal resource reallocation before seeking new resources. Program improvement requests are evaluated against university objectives to ensure alignment with board and administration expectations.
- The Capital Needs Analysis and Information Technology Infrastructure processes ensure that infrastructure and technology equipment are carefully planned. Infrastructure and technology equipment are substantially funded by the university's sponsor.
- The university's sponsor is financially stable and committed to ongoing support for BYU's Mission, Aims, and Objectives. The stability of the university's sponsor protects the university from irregular economic and donor contribution patterns.
- Generous alumni and other donors provide significant funding for academic programs. For example, the academic computing environment has been greatly enhanced through private donations to provide supercomputer hardware.
- The university has a strong balance sheet with very low debt. Assets are more than ten times greater than liabilities.
- Debt is not used to fund university academic buildings. Academic buildings are fully funded by the university's sponsor or by board-authorized donor funding. Auxiliary buildings are financed through operations, through loans from the university's sponsor, or through board-authorized donor funding. Sponsor loans are limited to housing facilities that have a predictable cash flow to satisfy repayment obligations.
- A monthly review of budget, revenue, and expenditures for all campus units ensures that activity is in line with approved budget guidelines; significant operating variations are identified and explained to the president and the President's Council.
- BYU usually ranks among the top ten in the nation with respect to return from technology transfer per research dollar expended.
- BYU is noteworthy for the annual involvement of approximately 30 percent of its students in mentored research and creative work.
- The university uses purchasing and payment systems that incorporate electronic approval processes.
- As a general officer of the university's sponsor, the president has an unusually strong relationship with the board, which results in alignment of goals and strategy in university-board matters.
- The campuswide controllership structure provides for consistency in implementing financial policy and procedure among the entire financial management team while retaining the allegiance of college and auxiliary personnel to their areas.
- Documentation of central financial processes improves the university's ability to monitor and evaluate the effectiveness of those processes.
- Timely closing and reporting of the university's monthly financial results by the fourth working day increases the usefulness of this financial information.
- Monthly and quarterly gift reporting is provided to the president and the Office of the Church Commissioner of Education, showing the progress of long-term fund-raising initiatives.
- There is growing support of BYU's mission from both large- and smaller-dollar donors. Broad participation from donors in providing financial

support is considered important to the university, given its role within the framework of its sponsor.

#### *Challenges and Recommendations*

- The university is in the early stages of implementing a formalized method to document and monitor key internal control processes throughout university financial and nonfinancial areas as a means to strengthen the overall internal control environment. Because of its comprehensive nature and the desire to implement with existing resources, it will require several years to fully implement.
- Financial managers are continuing to improve training for all members of the campuswide financial team regarding financial processes.
- The newly formed Executive Risk Management and Compliance Committee and the Office of Compliance and Audit are continuing to strengthen the university's compliance environment.
- The university is pursuing its continuity strategy evaluation for computing resources. Determining the requirements for system recovery and for alternative production facilities in the event of a disaster is expected to be an ongoing priority over the next three years.
- LDS Philanthropies is considering future fundraising strategies and goals in light of changing donor patterns resulting from economic uncertainties. To address these concerns, LDS Philanthropies will seek to bring BYU's mission to an even greater awareness among its donor base by designing programs to bring donors into greater personal contact with students and faculty.



# Supporting Documentation

## NWCCU Required Documentation (RD)

- RD 7.1 Not applicable
- RD 7.2 Not applicable
- RD 7.3 Summary Report of Revenues and Expenditures
- RD 7.4 Sources of Financial Aid
- RD 7.5 Enrollment, Tuition, and Unfunded Financial Aid
- RD 7.6 Revenues for Private Institutions
- RD 7.7 Expenditures for Private Institutions
- RD 7.8 Assets, Liabilities, and Net Assets
- RD 7.9 Operating Gifts and Endowments
- RD 7.10 Capital Investments
- RD 7.11 Not applicable
- RD 7.12 Debt Principal and Interest
- RD 7.13 Endowment and Life Income Fund Report
- RD 7.14 Accrual Basis of Accounting
- RD 7.15 Reports to Board
- RD 7.16 Ratios

## NWCCU Required Exhibits (RE)

- RE 7.1 Financial Section of the IPEDS Report for the Past Three Years
- RE 7.2 2004 Audited Financial Statement and Auditor's Management Letter
  - Net Asset Breakdown
  - Unappropriated Net Gain on Endowment
  - Annual Excess of Endowment Return
  - Scholarship and Fellowship Expense Fund from Tuition
  - Cumulative Realized Appreciation of Investments
  - Maximum Aggregate Annual Debt Service
- RE 7.3 2006 Detailed Current Operating Budget
- RE 7.4 Current Operating Budgets
- RE 7.5 Default Rate

## BYU Chapter Documents (CD)

- CD 7.1–CD 7.23 Miscellaneous Documents Available in the Committee Room

