

Financial Review

Fiscal Year 2024

*Toni Habegger, CPA
Associate Vice President and Chief Financial Officer
Board of Trustees meeting, February 28, 2025*

Key Takeaways from the 2024 Annual Financial Report

- Adherence to governance standards
- Meets regulatory and statutory compliance obligations
- Financial performance highlights
- Sustained financial health

Areas of Focus

- Governance and Compliance
- Operating Statement Analysis
- Balance Sheet Insights
- Financial Indicators

Purpose and Use

Governance

- Audits provide review of internal controls over financial reporting
- Present fairly the financial position (materiality)
- Used by credit rating agencies
- Ensures compliance with grant funding requirements
- Consistent and transparent reporting
- Financial health assessment

Compliance

- State of Washington
- Federal government for Single Audit Compliance
- Regional accreditation bodies
- Dept of ED financial aid eligibility
- Debt issuance, ongoing disclosure requirements, investors

Annual Financial Report

- **Management Discussion and Analysis**
 - *Overview of the financial position and financial activities (the overall story)*
- **Statements of Net Position- Balance Sheet**
 - *Owns and owes on June 30*
- **Statements of Revenues, Expenses, and Changes in Net Position- Income Statement**
 - *Annual operating performance*
 - *Change in net position*
- **Statements of Cash Flows**
 - *Categories of how cash is used*
- **Notes to Financial Statements**
 - *Required disclosures that supplement the financial statements*
- **Required Supplementary Information**
 - *Pension and other post employment benefit*
- EWU Foundation included as a component unit
- Financial Statements annual audit
- Results presented to BOT Audit Committee (February 2025)
- Annual financial review at February BOT meeting
- EWU website link

<https://inside.ewu.edu/financialservices/office-of-controller/financial-reports/>

Operating Statement

Statements of Revenues, Expenses, and Changes in Net Position

- *Revenues*
- *Expenses*
- *Change in Net Position*



AT ANY LEVEL OF OVERALL
UNIVERSITY ASSETS, EASTERN
MUST LIVE WITHIN ITS
ANNUAL INCOME OVER
TIME.



PRESENTS A CHANGE IN NET
FINANCIAL POSITION OVER
THE PRIOR YEAR.

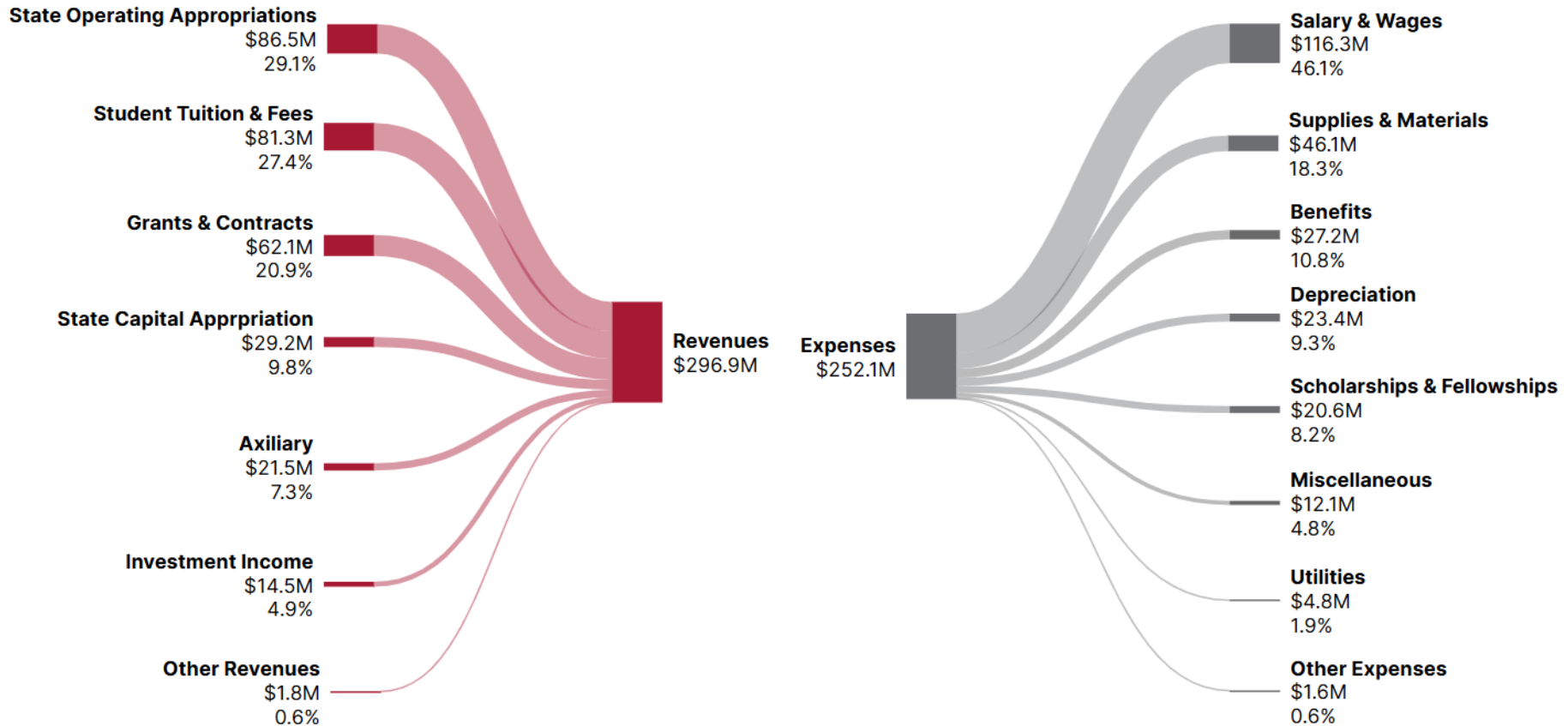


ANALYSIS OF PERFORMANCE
ON THE UNIVERSITY ACROSS
THE INDUSTRY



EXPENDITURES REPRESENT
THE COST OF PROVIDING
SERVICES IN SUPPORT OF THE
INSTITUTIONAL MISSION.

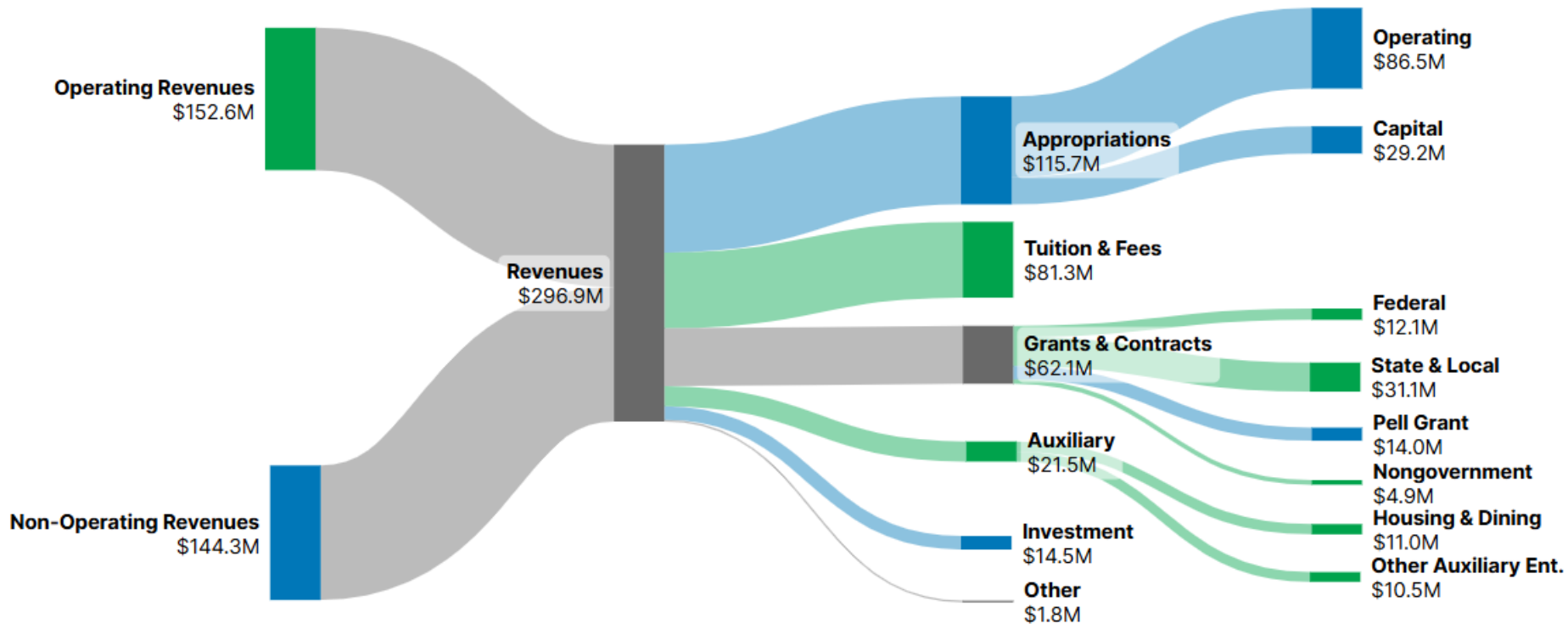
Revenues and Expenses



Change in Net Position \$44.8M

- \$17.2M increase in capital assets
- \$0.9M increase in unexpended capital projects funds
- \$1.0M increase in net pension asset
- \$21.6M increase in unrestricted

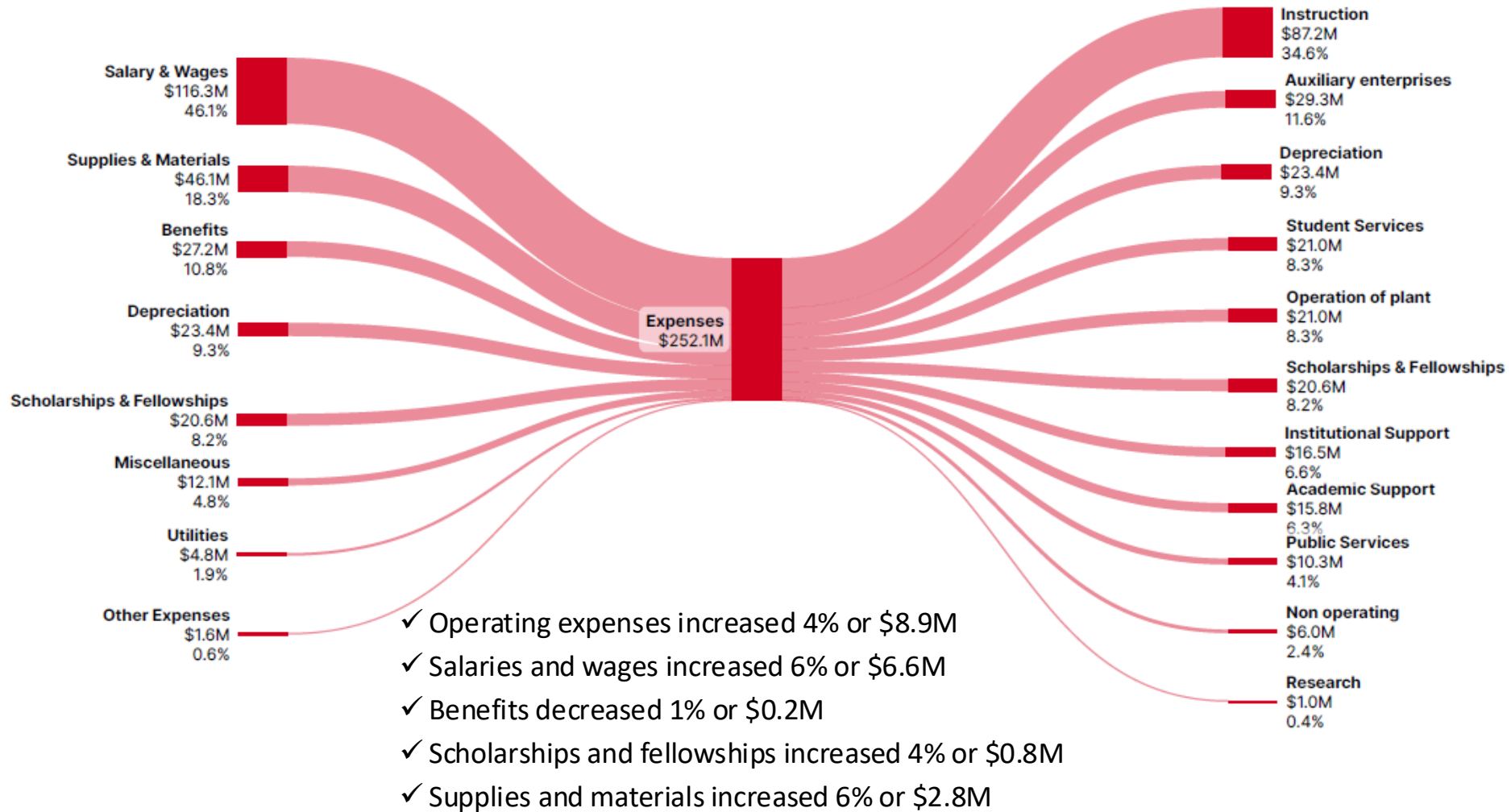
Revenues



- ✓ Operating revenues, slight decline 0.1%
- ✓ Student tuition and fees, decreased 4%
- ✓ Grants and contracts, increased 10%
- ✓ Auxiliaries, decreased 4%
- ✓ State operating appropriations, increased 4%
- ✓ State capital appropriations, decreased 14%

Expenses

Natural and Functional Categories



Balance Sheet

Statement of Net Position



University Assets and Liabilities at a point in time



A comprehensive view of all the Eastern owns,
and all that Eastern owes



Analyze performance within the industry



Analyze debt capacity for future capital investments

Balance Sheet Overview

All Funds	2024 (millions)	2023 (millions)	Balance Sheet Highlights	Y/Y change
Total Assets and Deferred Outflows	\$829.3	\$805.7	<ul style="list-style-type: none"> \$18.9 increase in cash and investments \$7.8M decrease in receivables \$10.4M increase in capital assets \$2.0M decrease in accounts payable \$6.7M decrease in leases, current and long-term liabilities 	8.6% -25.9% 2.1% -21.5% -3.6%
Total Liabilities and Deferred Inflows	\$311.0	\$332.2		
Net Position (June 30)	\$518.3	\$473.5		

Change in Net Position \$44.8M

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Composite Financial Index



- **Overall measure of financial health**

- Combines the four key ratios using industry standard weighting-

Net Operating Ratio
Primary Reserve Ratio
Return on Net Position Ratio
Viability Ratio

- Influenced by enrollment changes, state operating appropriations and tuition and fee pricing changes
- Useful in understanding the financial position of the institution in relation to an industry standard
- Recommended Level = 3

Composite Financial Index



Source: EWU Financial Statements

Financial Indicators

<u>Financial Indicator</u>	<u>Definition</u>	FY 2024
Tuition dependency ratio (%)	Helps measure sensitivity to changes in enrollment levels	44.1%
Annual days cash on hand	Measures the number of days an institution is able to operate (cover its cash operating expenses)	387
Current ratio	Measures liquidity – ability to meet current obligations with liquid assets	5.49
Debt service coverage (x)	Measures actual margin of protection for annual debt service payments from annual operations. A higher ratio is advantageous while a declining ratio may be cause for concern.	3.00

Moody's Scorecard Results

2024

Metric	% of Total Score	Value	Indicated Score
Scale (15%)			
Adjusted Operating Revenue (\$000s)	15%	\$242,216	A
Market Profile (25%)			
Brand and Strategic Positioning	10%	Very Good	A
Operating Environment	10%	Very Good	A
Operating Performance (10%)			
EBIDA Margin	10%	12.64%	A
Financial Resources & Liquidity (25%)			
Total Cash and Investments (\$000s)	10%	\$290,283	Aa
Total Cash & Investments to Operating Expenses	15%	1.21x	Aa
Leverage & Coverage (20%)			
Total Cash & Investments to Total Adjusted Debt	10%	1.27x	Aa
Annual Debt Service Coverage	10%	2.12x	Aa
Financial Policy (10%)			
Financial Policy and Strategy	10%	Very Good	A
Indicative Rating			A1

Source: University's 2024 audited financial statements

Note: Based on PFM's calculations; actual results may vary



EASTERN WASHINGTON UNIVERSITY

Financial Outlook

- **Planning for the Future**
 - Budget Model Redesign Project – FY2027
 - Responsive to Strategic Resource Allocation report
 - Investing in the Strategic Plan
- **Long-term financial plan**
 - Align financial planning with EWU's mission and strategic priorities
 - Ensure long term financial sustainability and adaptability to changing economic conditions
 - Revenue diversification
 - Cost containment strategies: Efficiency improvements and process optimizations.
 - Campus Master Planning: Aligning infrastructure investments with student and academic program needs.
 - Debt Optimization: Managing institutional debt while financing priority projects strategically.

Eastern's business model will be flexible and responsive to the economic environment over time

