

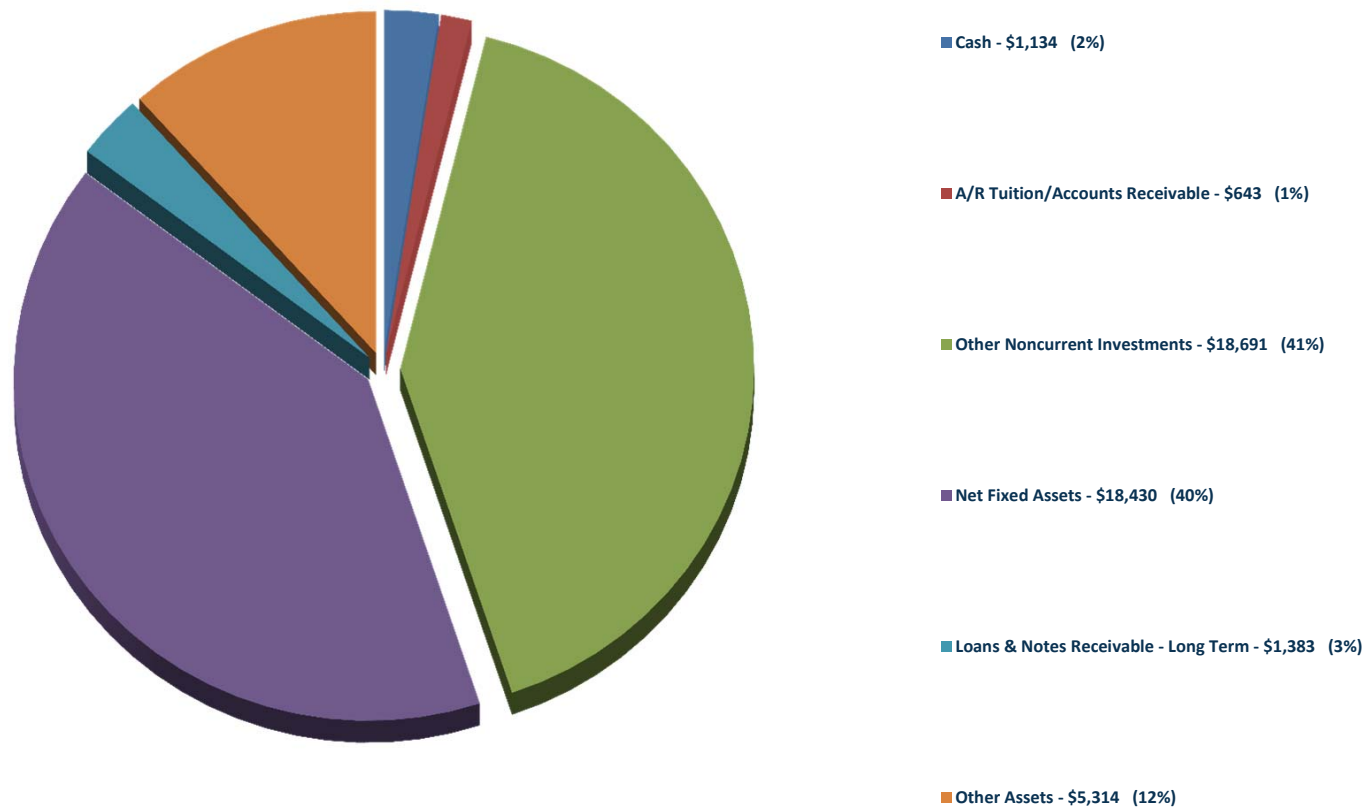
# Southwestern College

Year Ended June 30, 2013

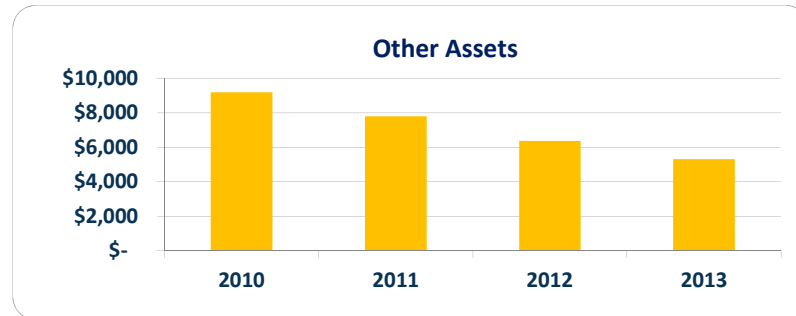
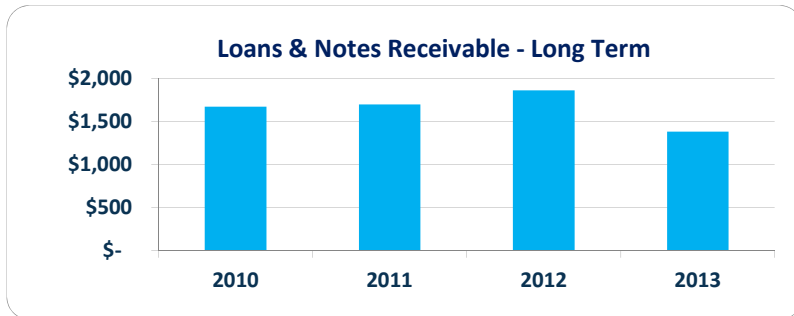
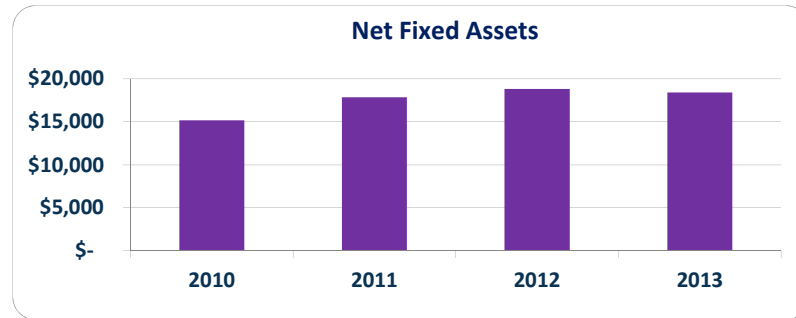
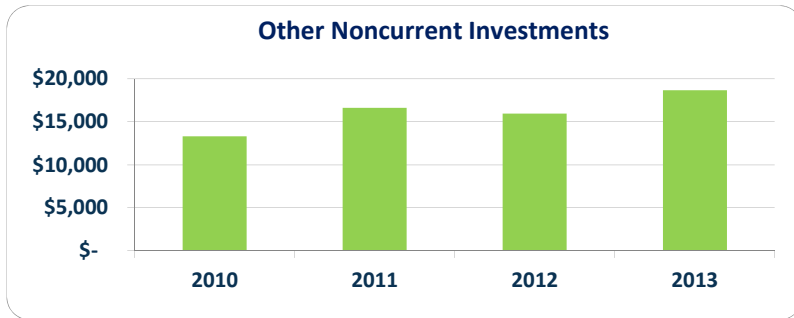
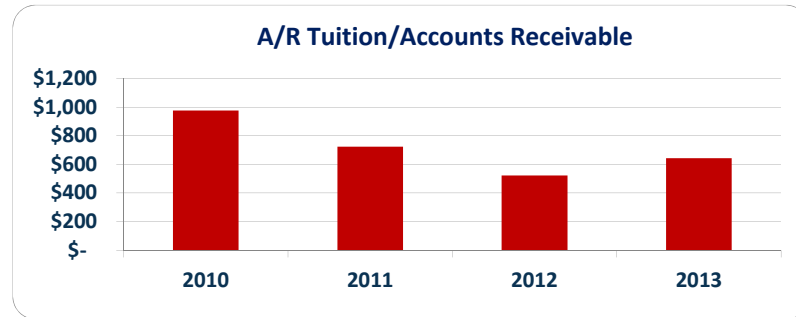
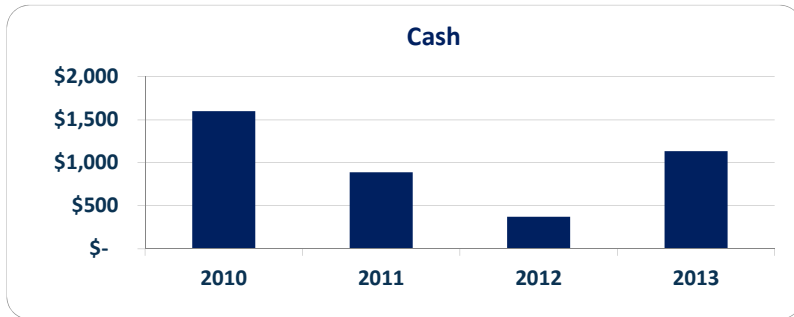


**Higher Education Solutions**

## 2013 Asset Composition (000's)

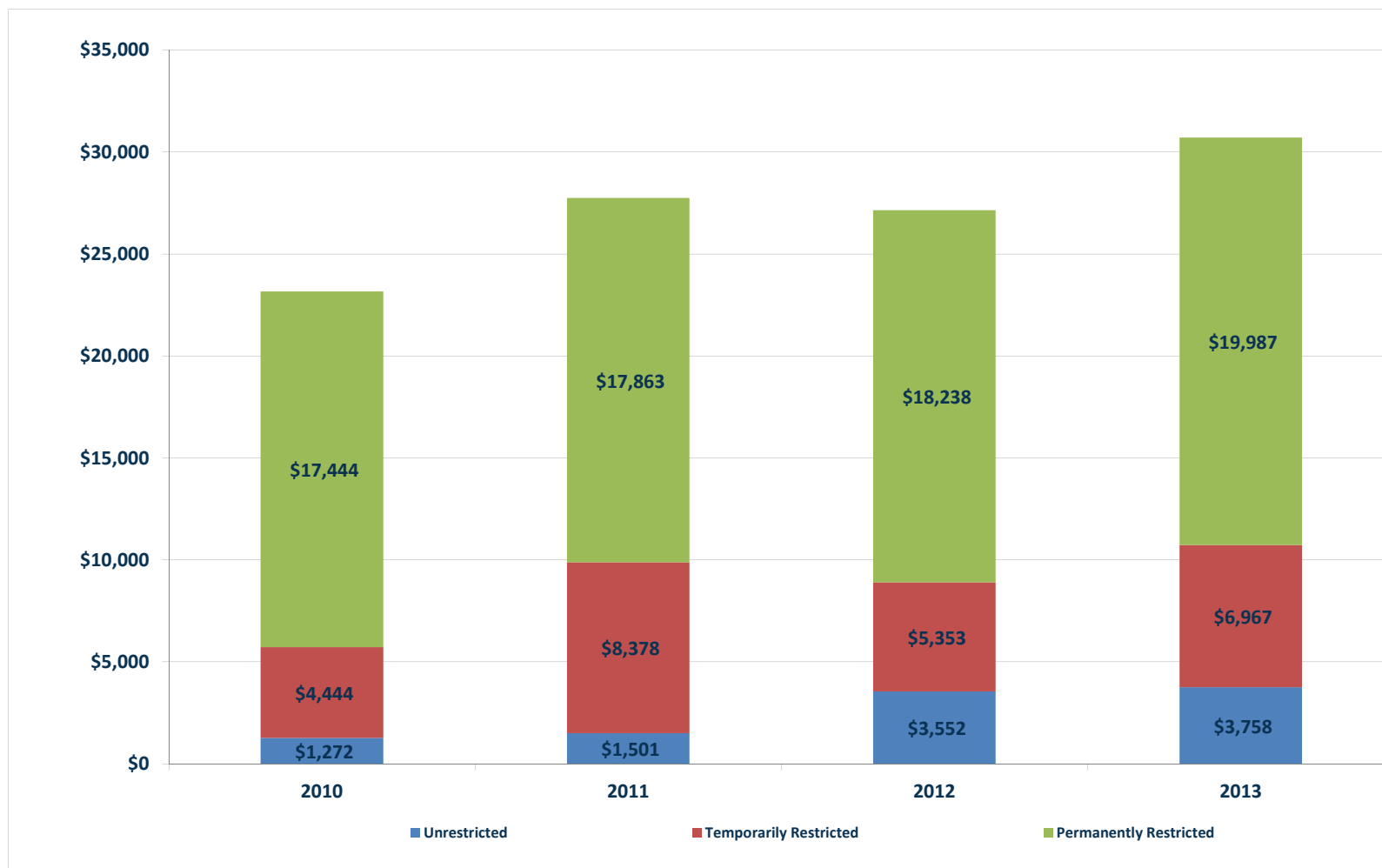


## Asset Composition Trend (000's)



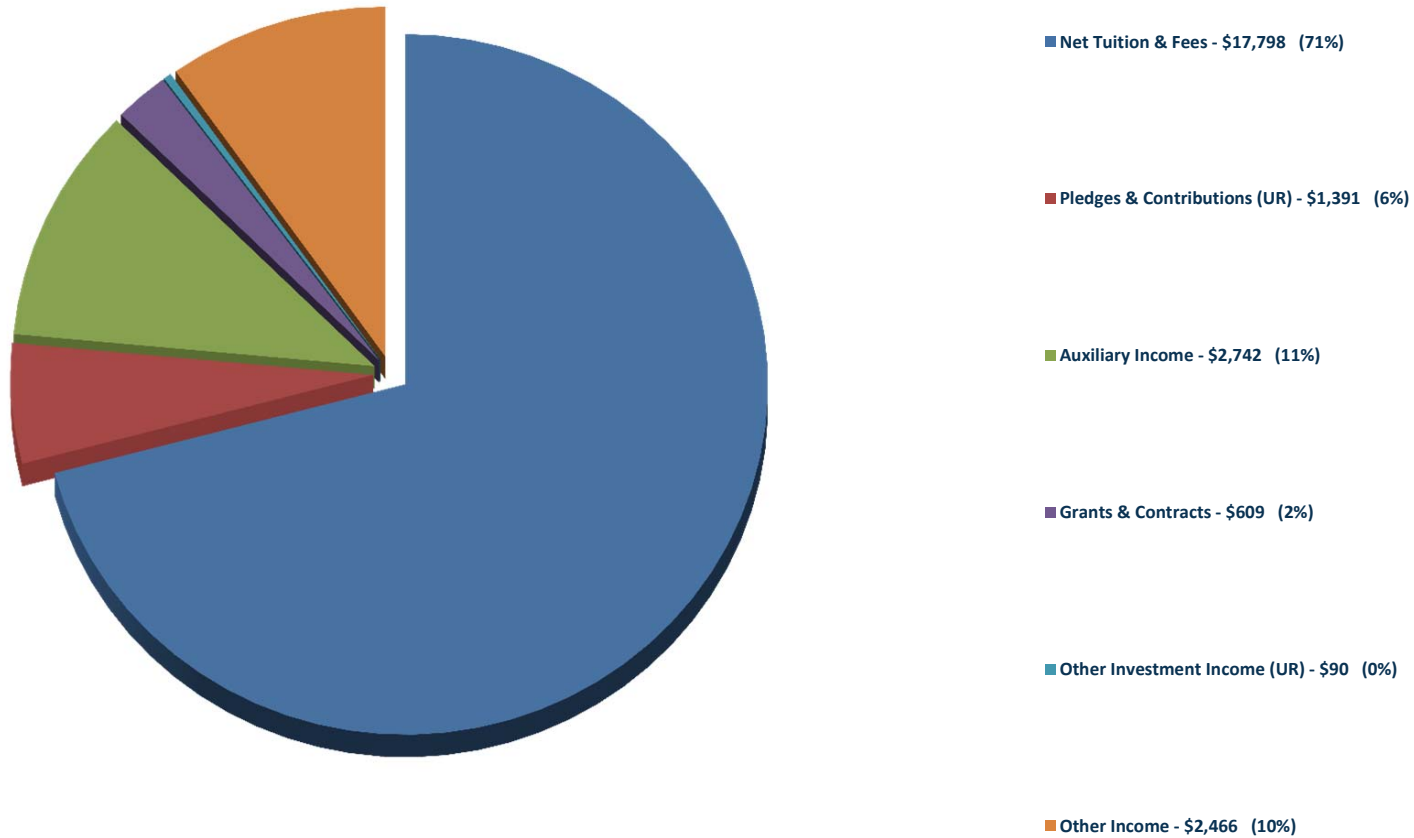
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## Net Assets Composition (000's)



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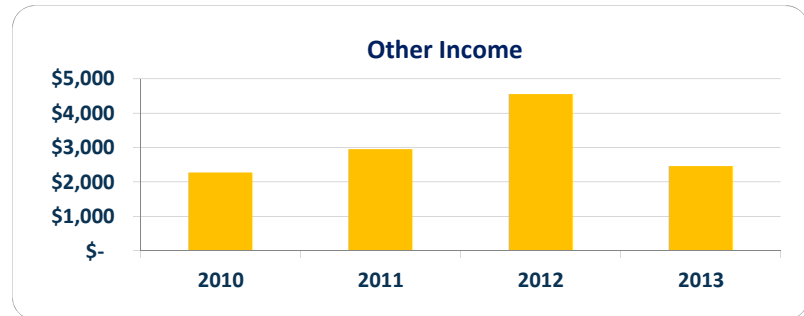
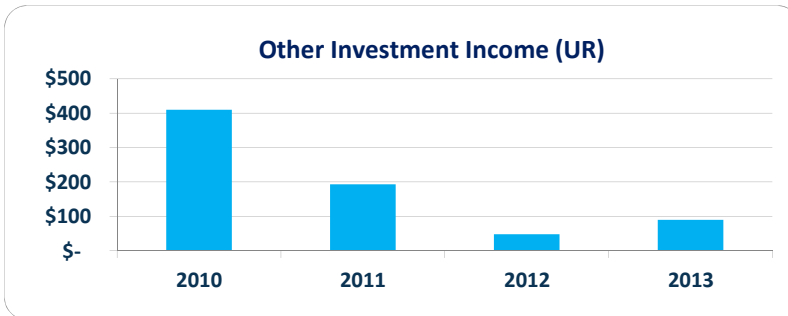
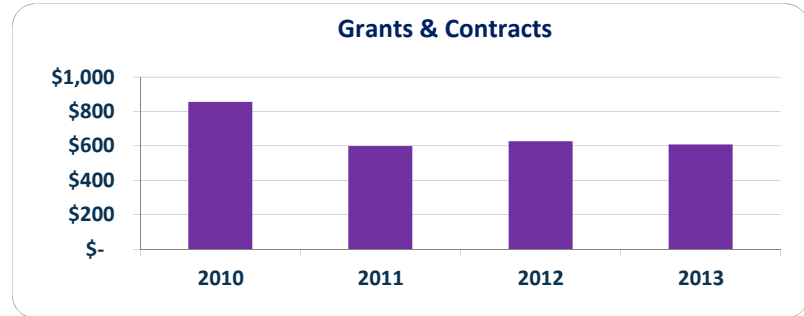
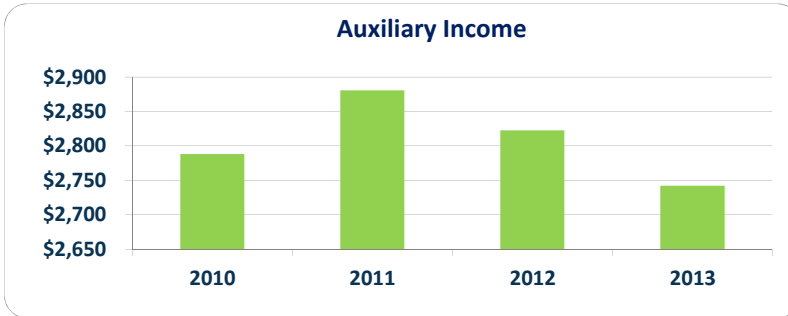
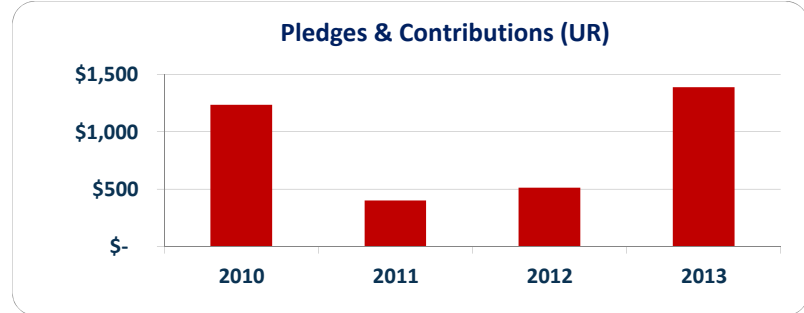
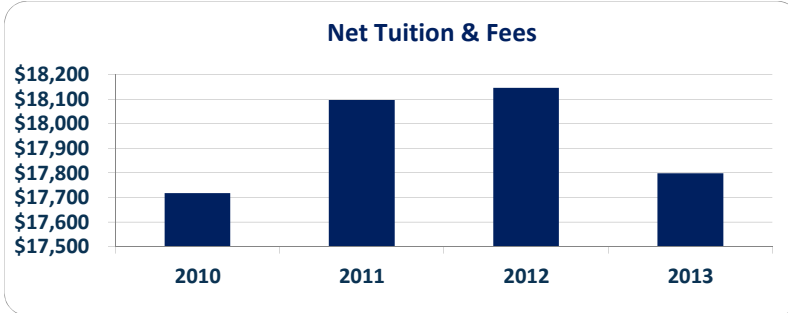
## 2013 Distribution of Revenue (000's)



experience **BKD** LLP  
CPAs & Advisors

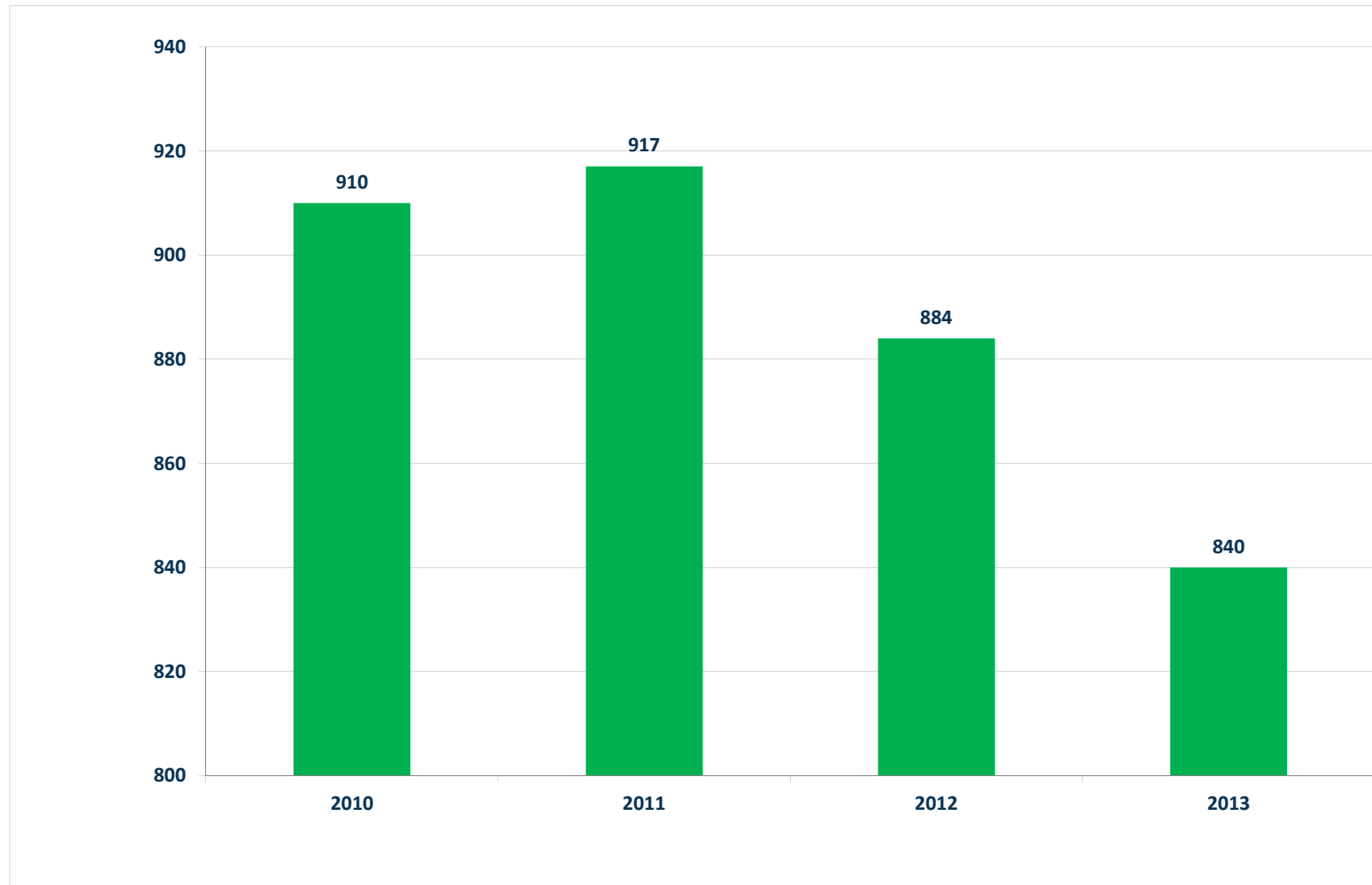
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## Analysis of Unrestricted Revenue (000's)



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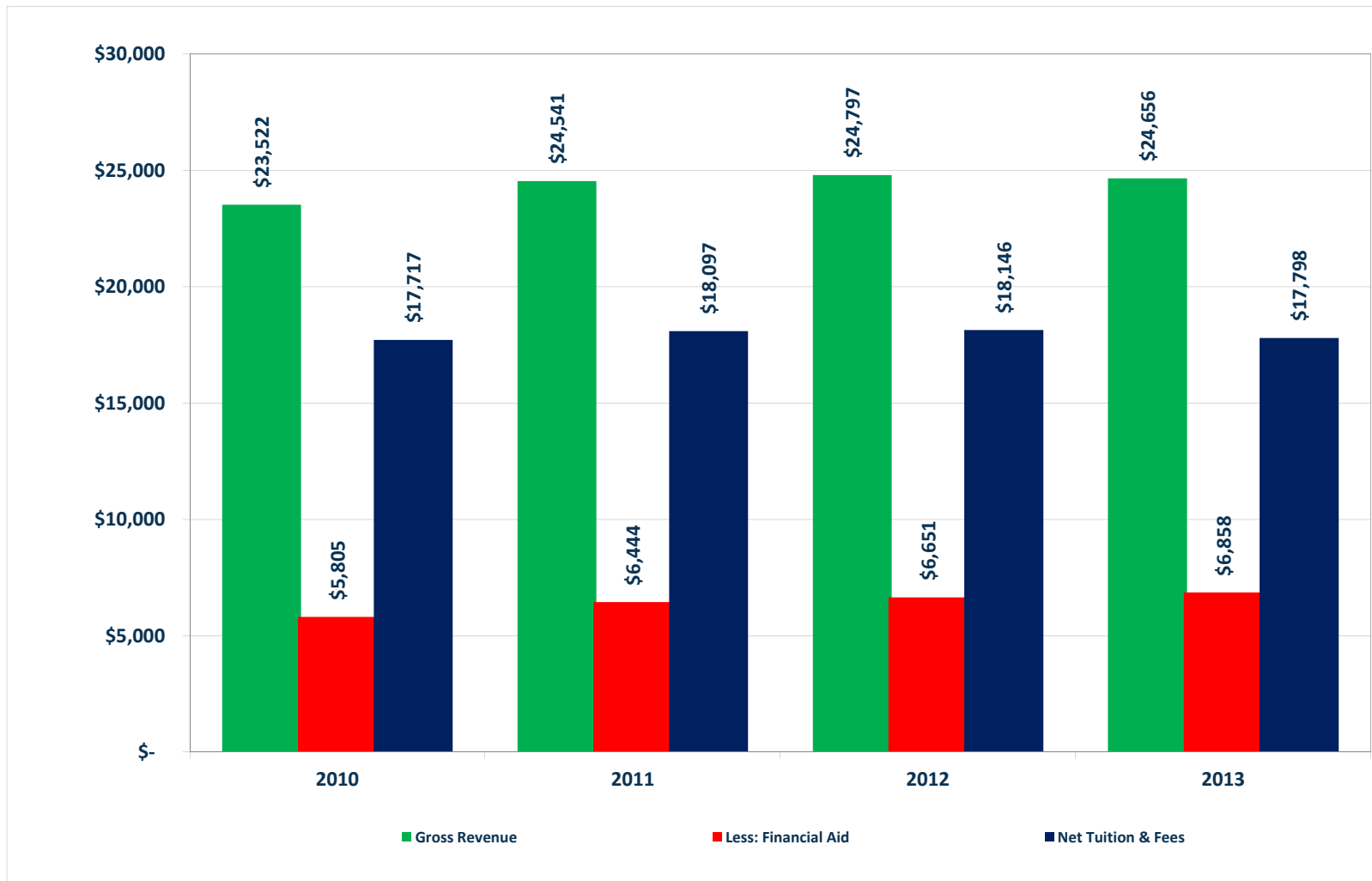
## Number of Students



experience **BKD**<sup>LLP</sup>  
CPAs & Advisors

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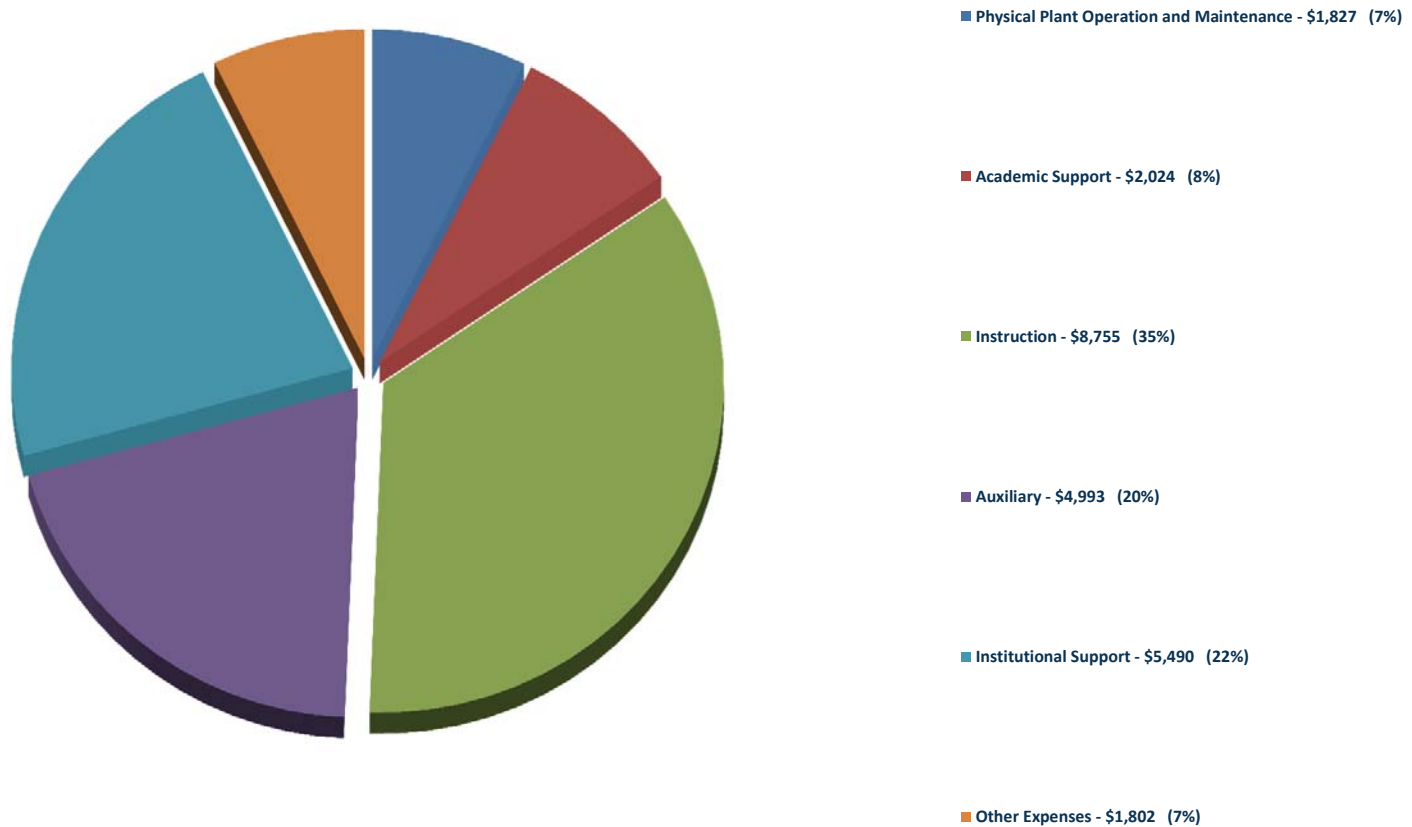
## Student Tuition, Fee, Scholarships (000's)



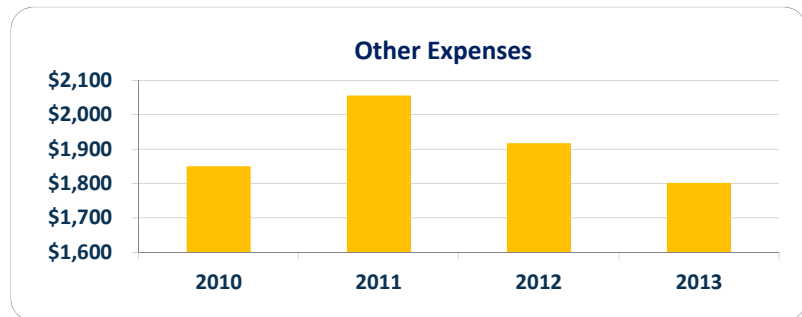
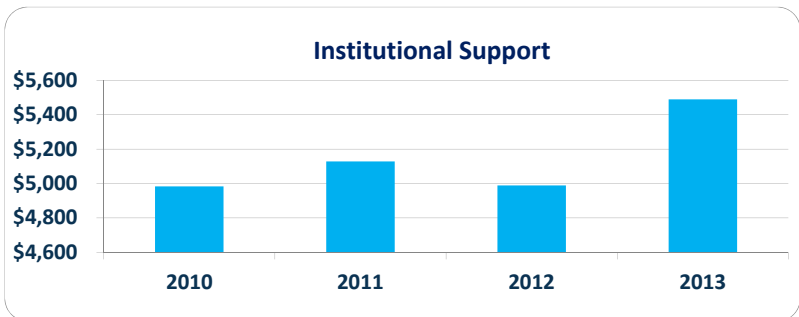
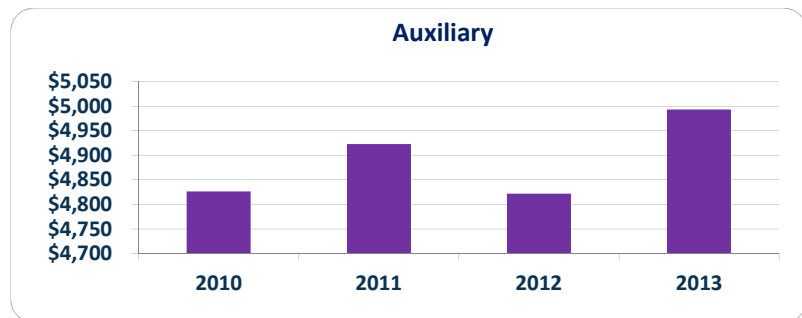
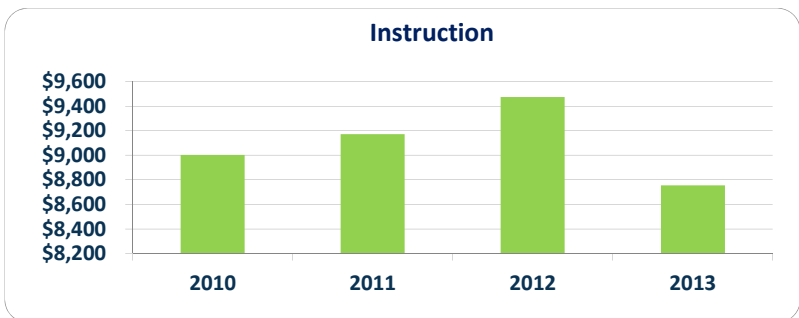
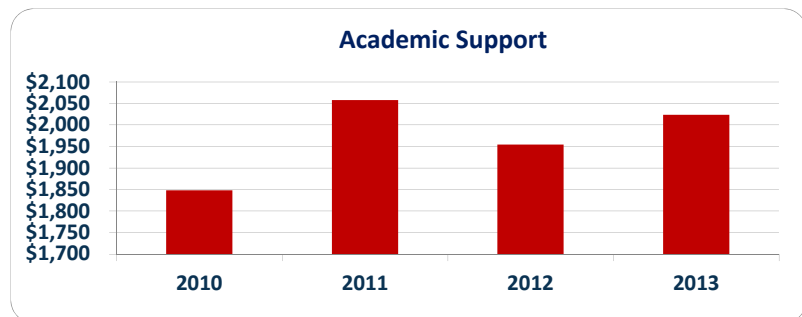
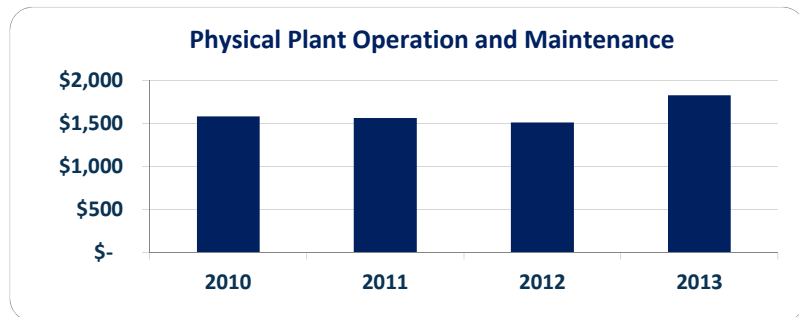
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## 2013 Distribution of Expenses (000's)

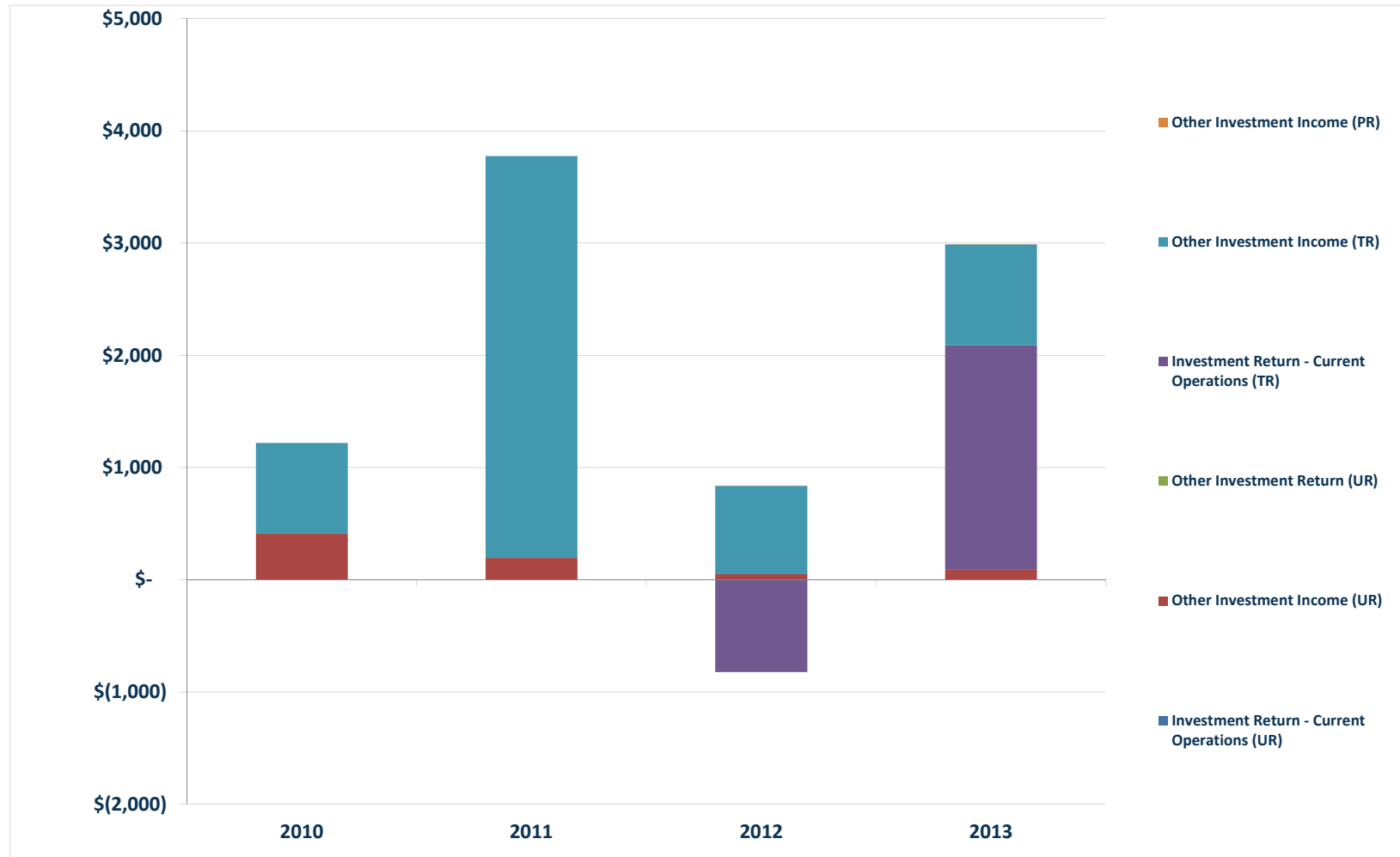


## Analysis of Expenses (000's)



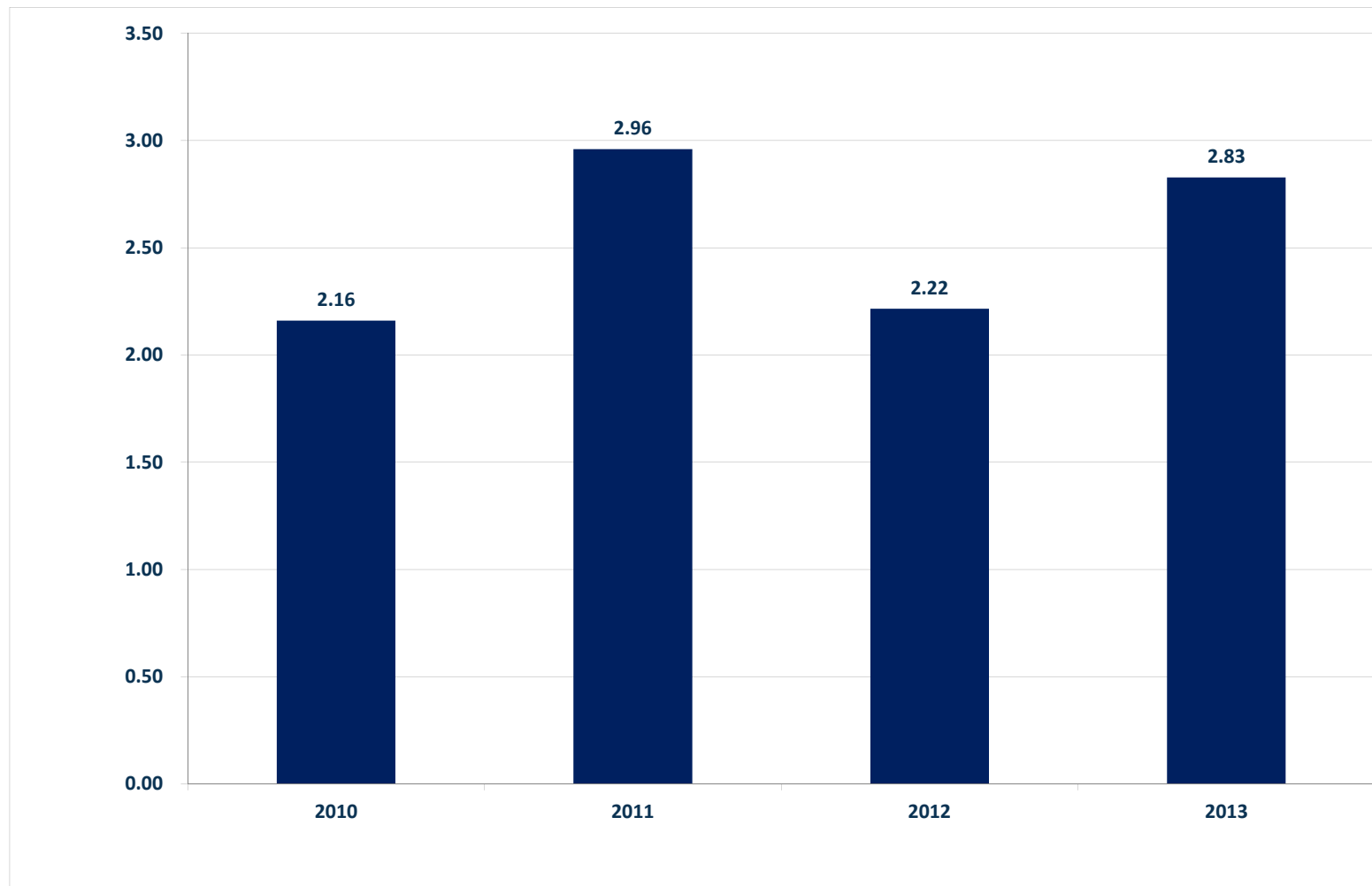
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## Return on Investments (000's)



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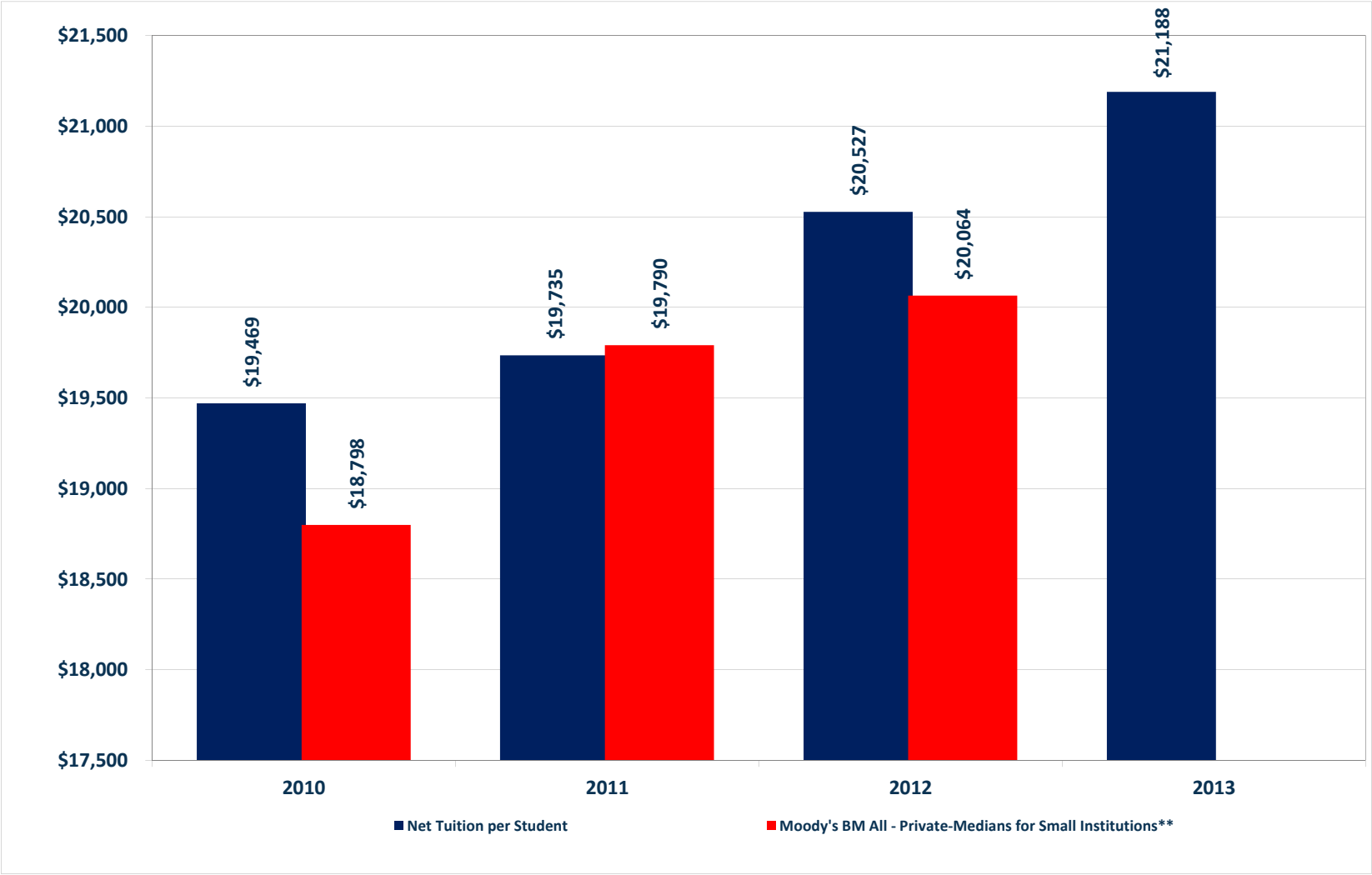
## Liquidity - Current Ratio



experience **BKD**  
CPAs & Advisors<sup>LLP</sup>

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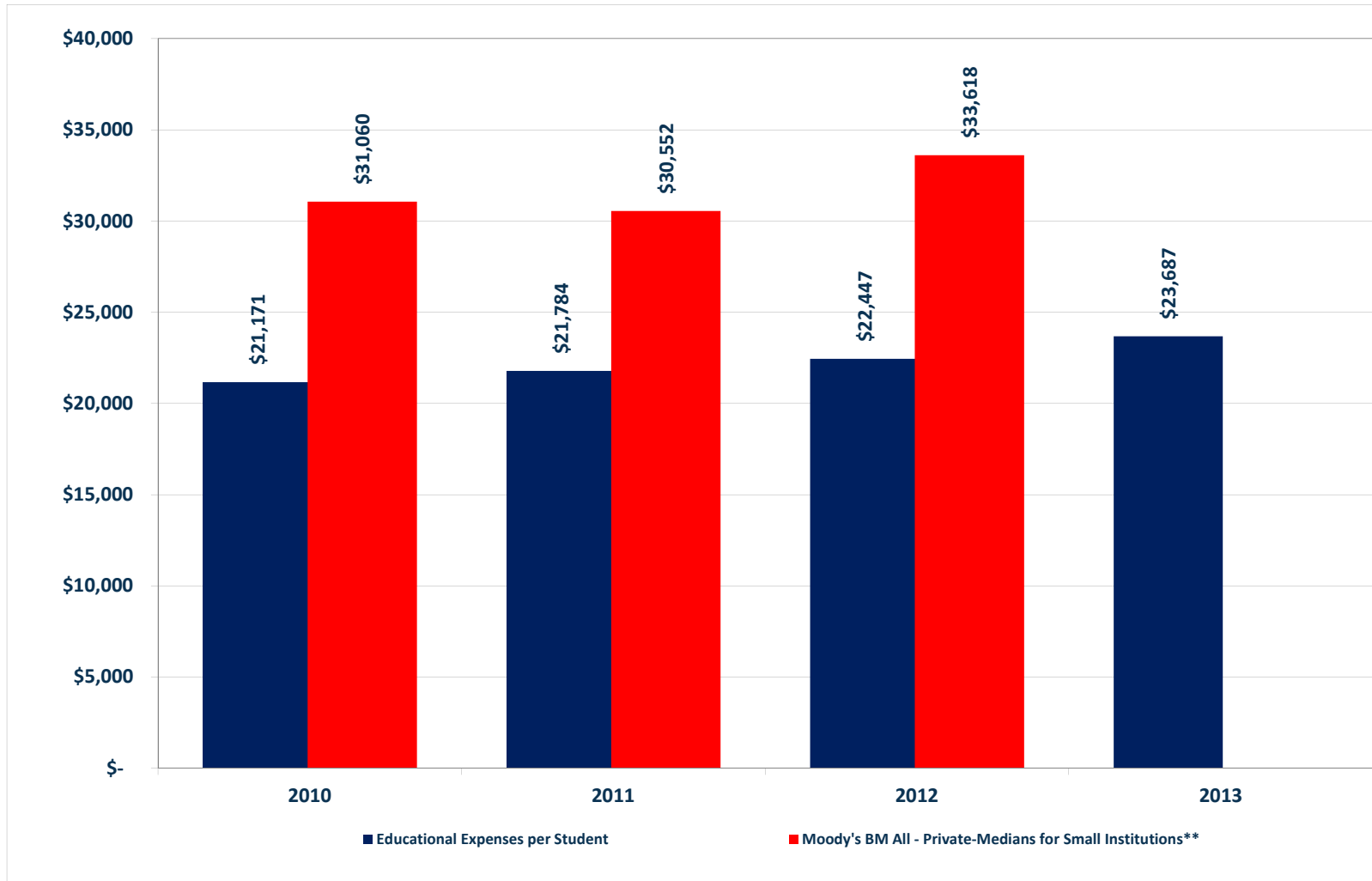
# Net Tuition per Student



\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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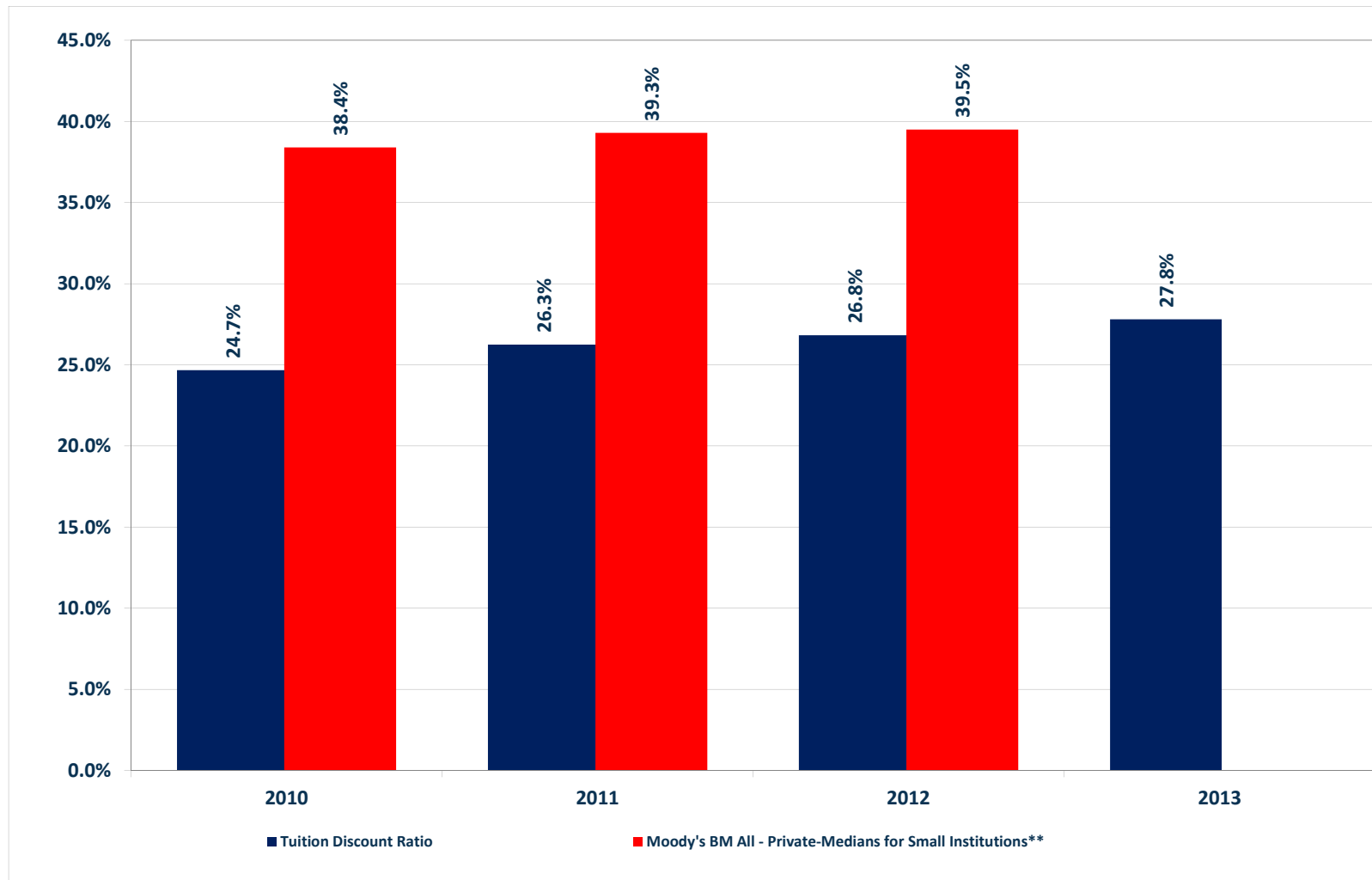
## Net Expenses per Student



\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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## Tuition Discount Ratio

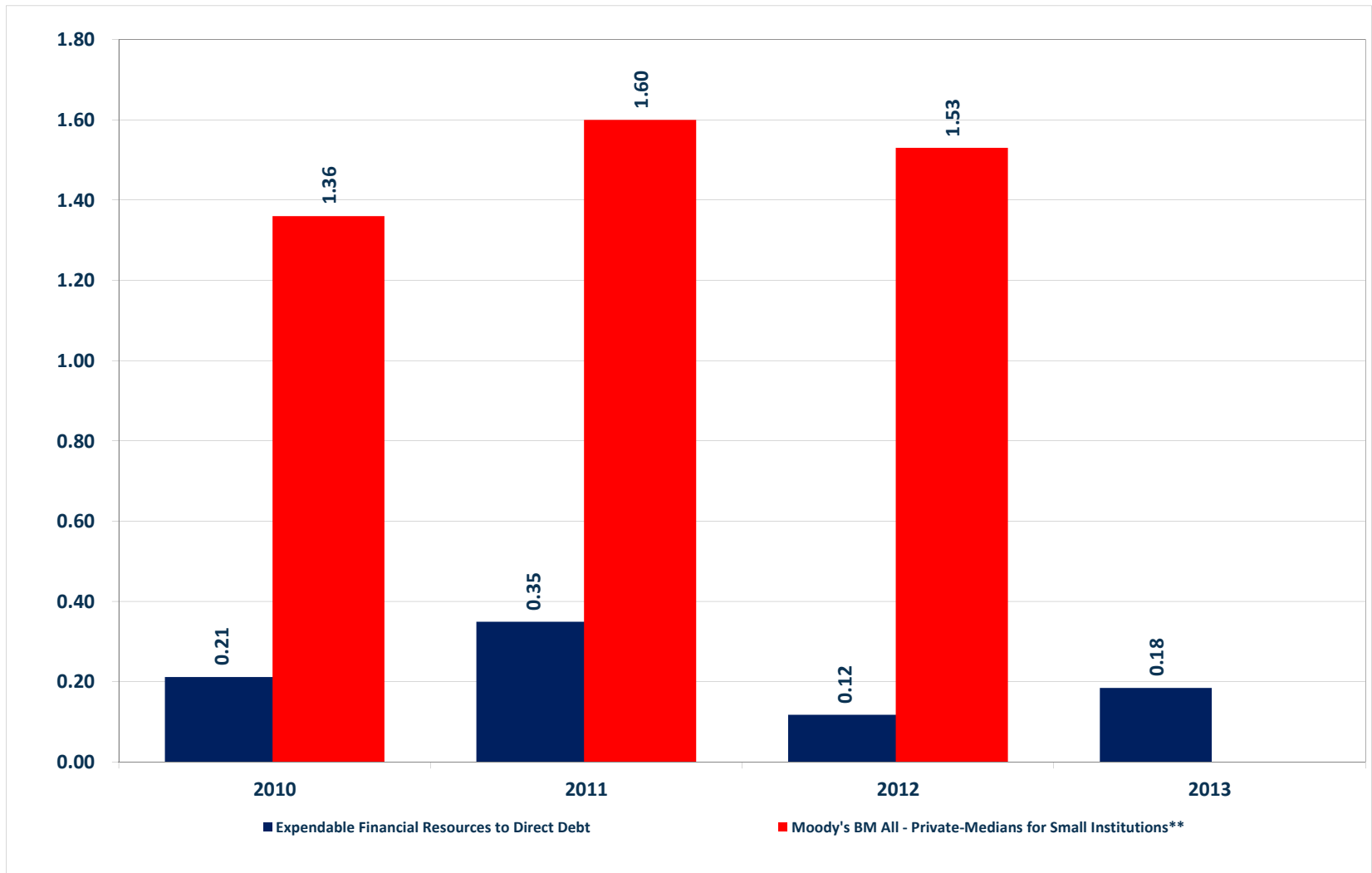


experience **BKD** LLP  
CPAs & Advisors

\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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## Expendable Financial Resources to Direct Debt



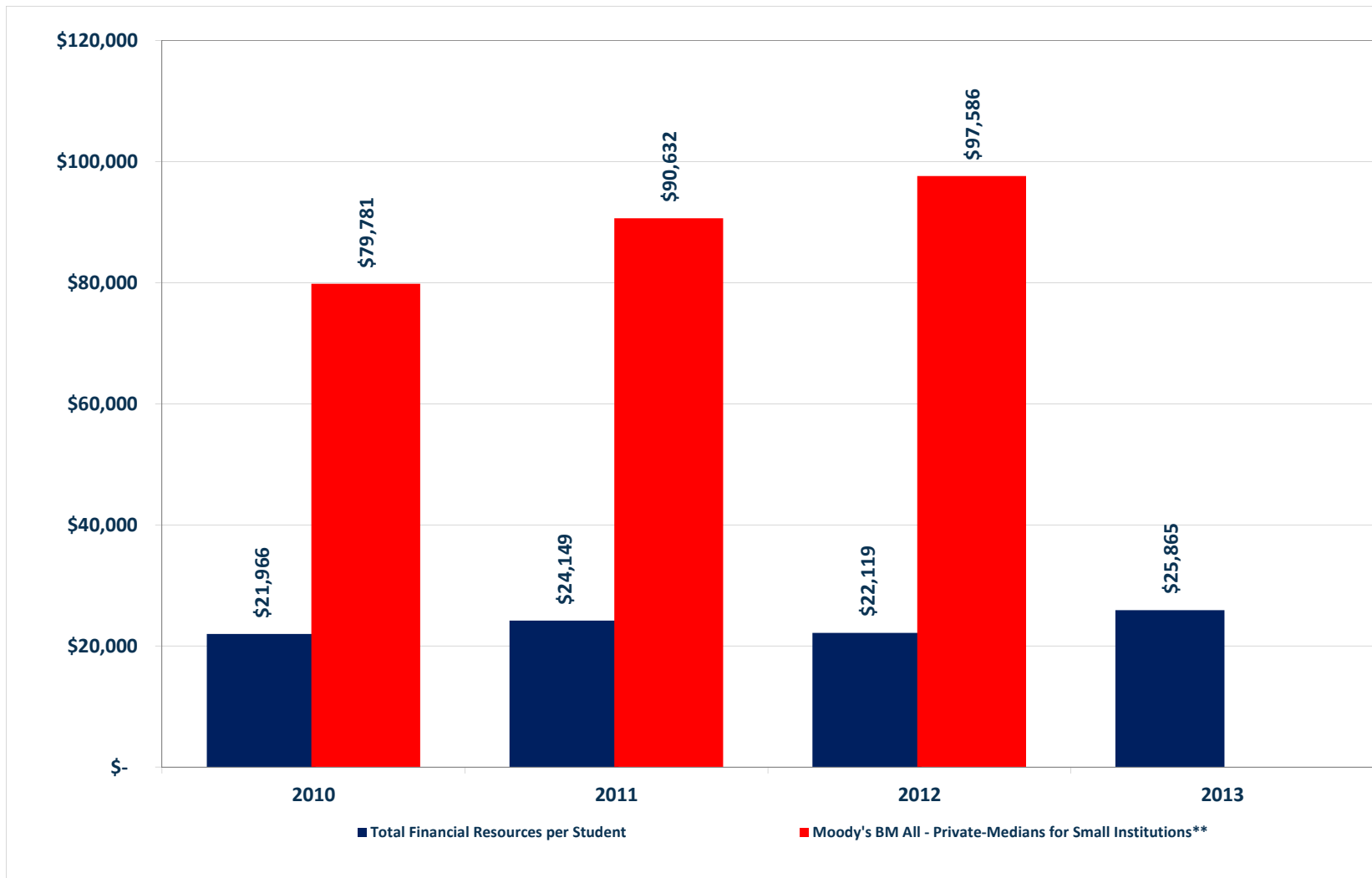
experience **BKD**<sup>LLP</sup>  
CPAs & Advisors

\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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## Total Financial Resources per Student

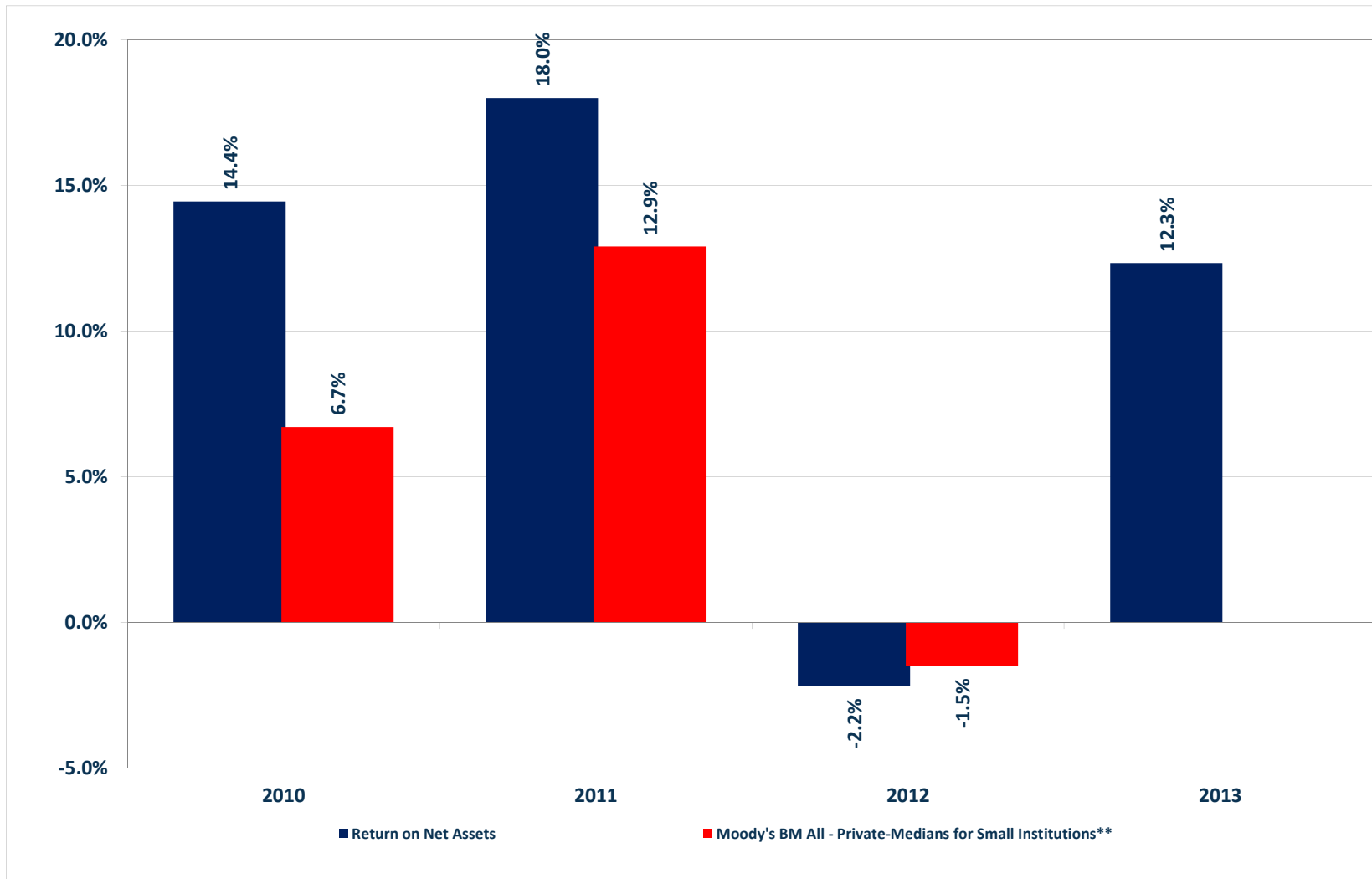


Total Financial Resources per Student: compares financial resources to the size of the student body. Formula:  $(\text{Total Net Assets} + \text{Total Debt} - \text{Net Investment in Plant}) / \text{Total Number of Students}$

\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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## Return on Net Assets

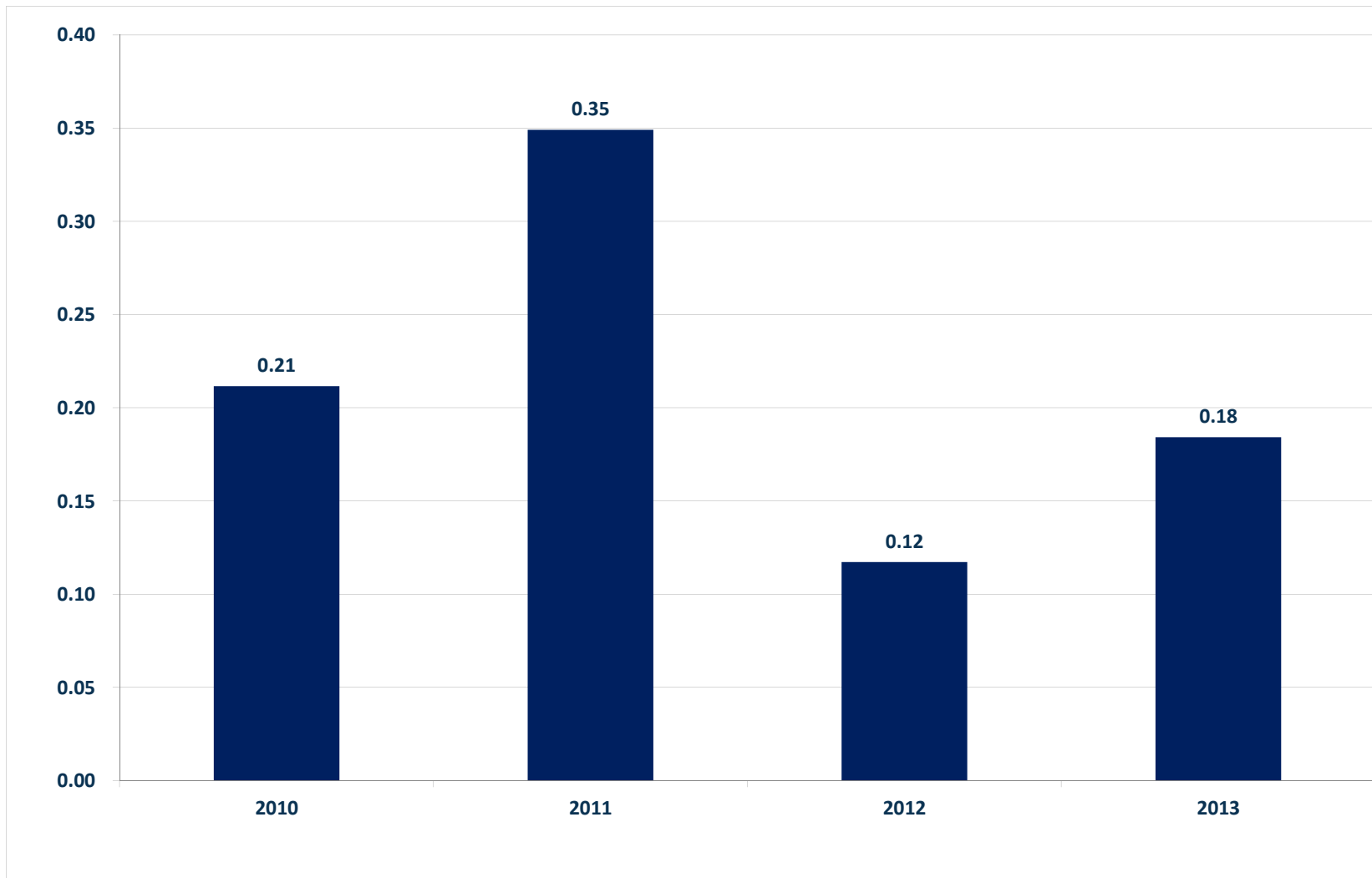


experience **BKD**<sup>L.P.</sup>  
CPAs & Advisors

\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

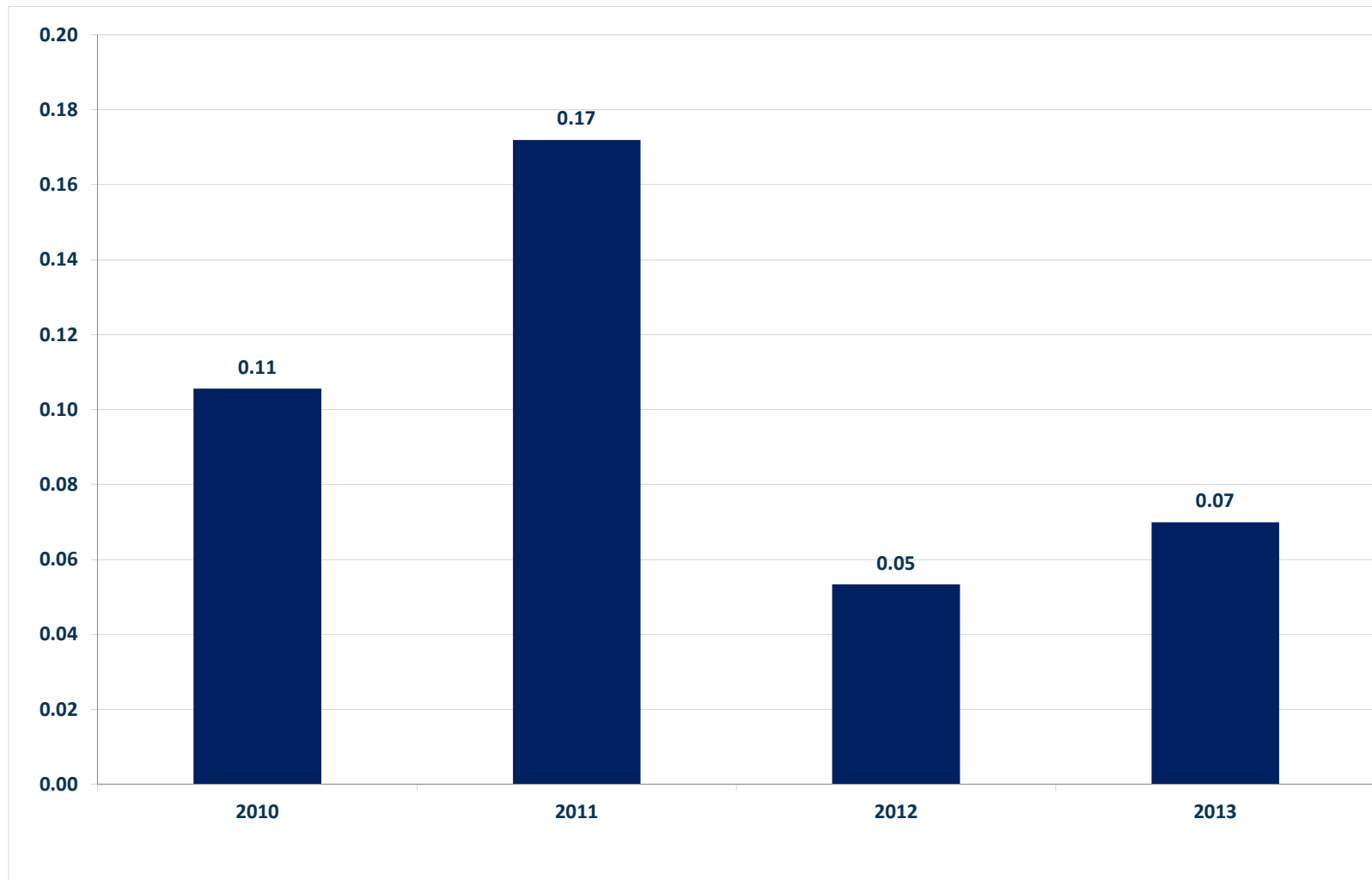
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## Viability Ratio



Viability Ratio: measures the ability of an institution to adequately manage debt, indicating whether the institution can meet its entire debt obligation with expendable assets. Formula:  $\text{Expendable Net Assets} / \text{Long-Term Debt}$  (as defined by CFI)

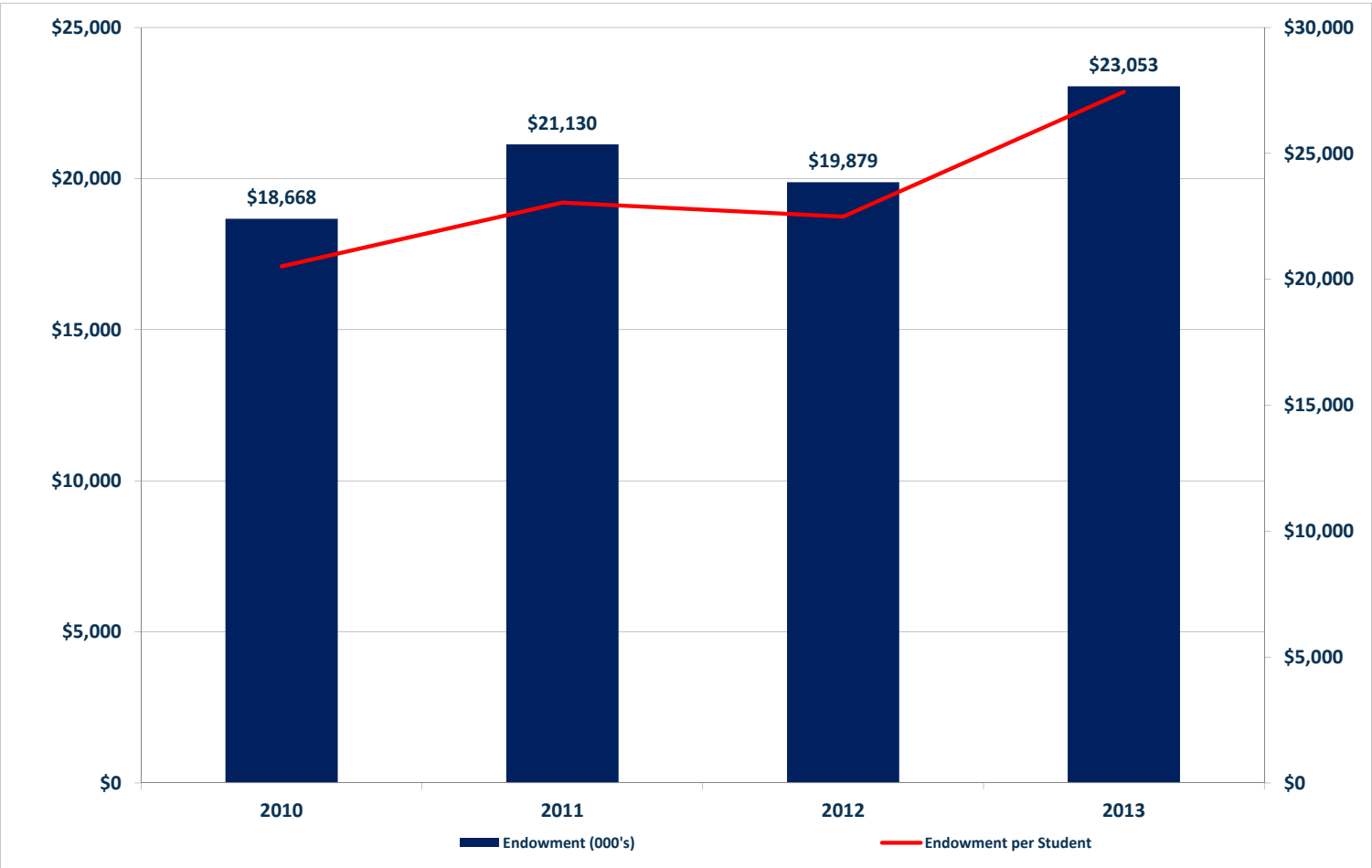
## Primary Reserve Ratio



Primary Reserve Ratio: measures the sufficiency and flexibility of financial resources by comparing expendable net assets to total expenses. Formula:  $\text{Expendable Net Assets} / \text{Total Expenses (as defined by CFI)}$

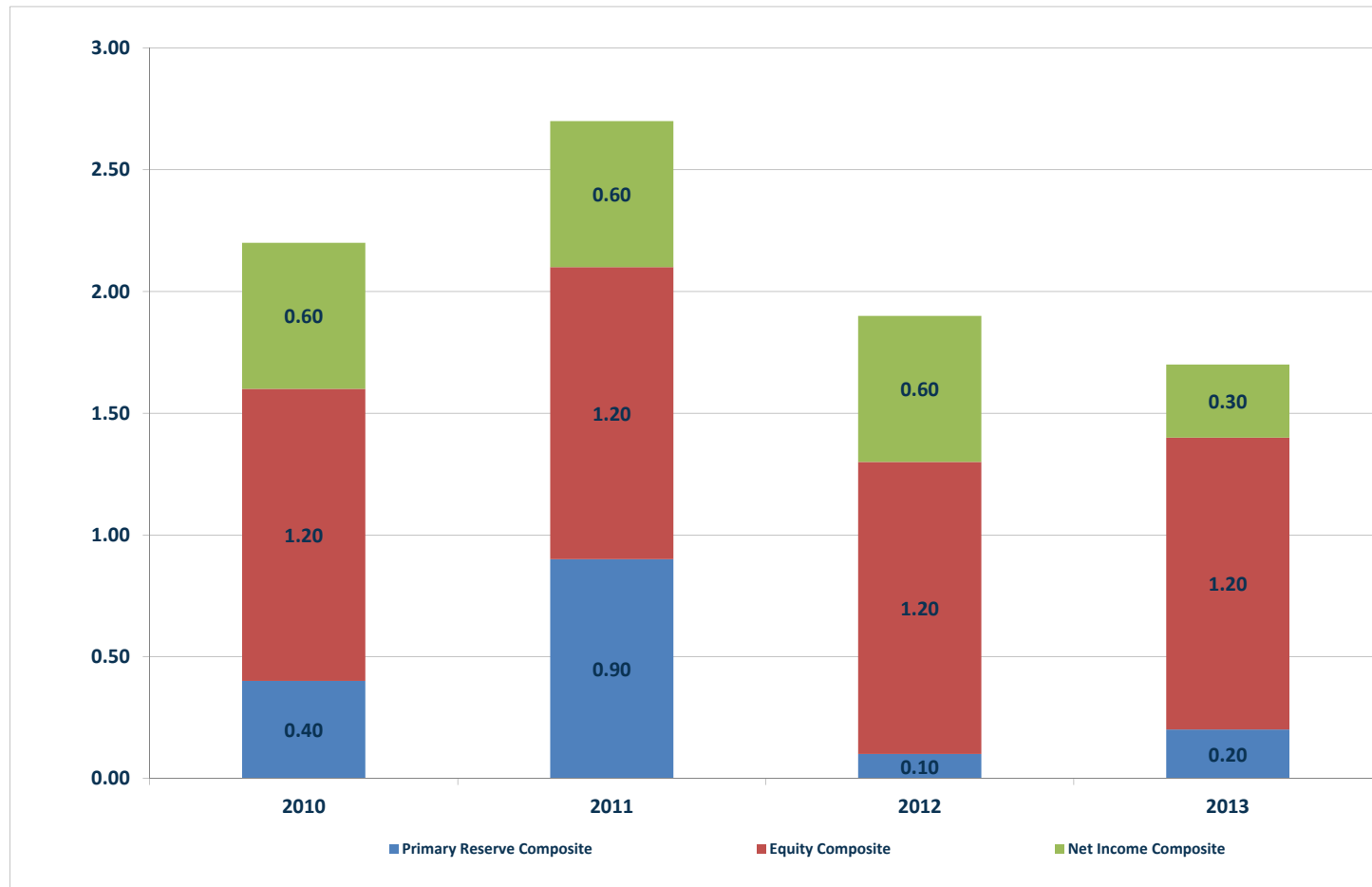
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### Endowment (000's) - Endowment per Student



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## DOE Stability Ratio



**experience** **BKD**  
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<b>Scale**</b>	<b>Pass</b>	<b>1.5 to 3.0</b>
(in aggregate)	<b>Zone</b>	<b>1.0 to 1.4</b>
	<b>Fail</b>	<b>-1.0 to 0.9</b>

\*\*Source: U.S. Department of Education

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# Department of Education Stability Ratios

- **Primary Reserve Ratio**: The Primary Reserve Ratio is a reasonable measure of financial viability and a broad measure of the liquidity of the institution. Because this ratio measures expendable resources within the context of operating size, it is a measure of relative wealth or wealth against commitments of the institution. The Primary Reserve Ratio serves as a direct measure of an institution's viability and an indirect measure of its liquidity.
- **Equity Ratio**: The Equity Ratio measures the amount of total resources that is financed by owners' investments, contributions or accumulated earnings, and how much is subject to claims of third parties. The ratio captures an institution's overall capitalization structure (resources) and, by inference, its overall ability to borrow. The ratio provides insight into the ability of the institution to access debt and capital in the marketplace. The ratio also helps answer the question: Is the institution financially healthy? For example, an institution with small levels of capital may have difficulty obtaining additional financing or handling its existing debt burden.
- **Net Income Ratio**: The Net Income Ratio measures the ability of an institution to live within its means in a given operating cycle. A positive ratio indicates a surplus or profit for the year. Generally speaking, the larger the surplus or profit, the stronger the institution's financial position as a result of the year's operations. A negative ratio indicates a deficit or loss for the year. Small deficits may not be significant if the institution has large expendable capital, but large deficits or losses are usually a warning signal that major program or operational adjustments should be made. Because of its direct effect on an institution's resources, the Net Income Ratio is an important indicator of the underlying causes of a change in an institution's financial condition.



**Higher Education Solutions**

experience **BKD**<sup>LLP</sup>  
CPAs & Advisors

Ratio	Description	Method of Computation	Southwestern College				Medians for Small Institutions**					Other**
			2010	2011	2012	2013	All	Aaa	Aa	A	Baa	All Ba1 and Below
Market Demand Ratios												
Net Tuition per Student (Traditional Only)	Measures average tuition and fees actually received per student	Net tuition and fee revenue divided by total number of full time equivalent students	19,469	19,735	20,527	21,188	\$20,064	\$14,185	\$25,887	\$20,706	\$18,901	\$15,928
Educational Expenses per Student	Compares educational expenses to the size of the student body	Total educational and general expenses divided by total number of full time equivalent students	21,171	21,784	22,447	23,687	\$33,618	\$50,508	\$50,958	\$35,055	\$24,950	\$19,504
Total Tuition Discount (Traditional Only)	Measures the amount of tuition revenue funded by unrestricted institutional resources as well as restricted endowments and external sources	Total scholarships and fellowships divided by gross tuition and fee revenue	24.68%	26.26%	26.82%	27.81%	39.50%	44.00%	37.60%	41.70%	39.00%	36.10%
Capital Ratios												
Unrestricted Financial Resources-to-Direct Debt	Measures coverage of direct debt by the most liquid financial investments	Total unrestricted net assets, plus long term debt less investment in plant divided by direct debt	-0.2	-0.3	-0.4	-0.6	0.81	7.32	1.37	1	0.5	-0.05
Expendable Financial Resources-to-Direct Debt	Measures coverage of direct debt by financial resources that are expendable in the long run.	Total unrestricted net assets plus temporarily restricted net assets plus long-term debt less investment in plant, divided by total operating expenses	0.2	0.3	0.1	0.2	1.53	11.46	3.96	1.71	0.98	0.03
Balance Sheet Ratios:												
Unrestricted Financial Resources to Operations	Measures coverage of annual operating expense by the most liquid financial resources	Total net assets plus long term debt less net investment in plant, divided by total operating expenses	-0.1	-0.2	-0.2	-0.2	0.62	5.09	1.22	0.75	0.37	-0.06
Total Financial Resources per Student	Compares financial resources to the size of the student body	Total net assets plus long term debt less net investment in plant, divided by full time equivalent students	\$ 21,966	\$ 24,149	\$ 22,119	\$ 25,865	\$97,586	\$851,996	\$356,596	\$123,904	\$41,772	\$6,293
Operating Ratios												
Return on Net Assets	Indicates direction and degree to which an institution has improved its total resource base	Increase (decrease) in total net assets, divided by average net assets (the sum of beginning and ending net assets divided by two)	14.45%	18.01%	-2.18%	12.34%	-1.50%	-2.60%	-1.80%	-1.60%	0.10%	-6.20%

\*\* Source: Moody's Investor Service, Private Colleges and Universities Medians 2012, July 2013

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