

WACUBO 



Rising to the Challenge

2023 WACUBO ANNUAL CONFERENCE



What is Keeping Us Up at Night?

And how to get back to sleep again!





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Dear Mind....

Please stop thinking so much at night. I need sleep.

Sincerely,
Me



Learning Objectives



Recognize current regulatory hot topics impacting higher education.



Assess the economic and community impact of regulatory issues to your institution.



Identify who needs to be involved in the regulatory decision-making process and how changes have been implemented at peer institutions.

Agenda

Introductions

- Panel format and audience participation

Economy

- Inflation , Labor Market, Enrollment, Etc.

Regulatory and Compliance

- Flexible Work Arrangements, IT Security, Accounting Standards, Etc.

Other Hot Topics

Conclusion



Introductions



Lori Seager

- Vice President of Finance and CFO
- Colorado College

Ashlie Reese

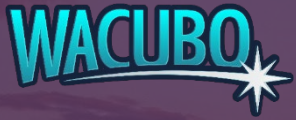
- Associate Vice President – Finance
- University of Wyoming

Sarah Hintz

- Principal
- CliftonLarsonAllen (CLA)

Jean Bushong,

- Principal
- CliftonLarsonAllen (CLA)



The Economy

And its challenges to Higher Education

The Economy and Higher Education Response

Current economy

- Tight labor market
- Higher inflation
- Rising interest rates
- Economic upswing; fears of a recession
- Enrollment “cliff”
- Tuition increases / value proposition



Impact of Current Economy

Competition for labor

- Wages competition with industry

Borrowing slowed due to rising interest rates

Operating costs up – inflation

Enrollment down

- Employment opportunities plentiful?.....Fewer people incentivized to seek higher education.



Recession Looming?

During recessions, college enrollment tends to increase.

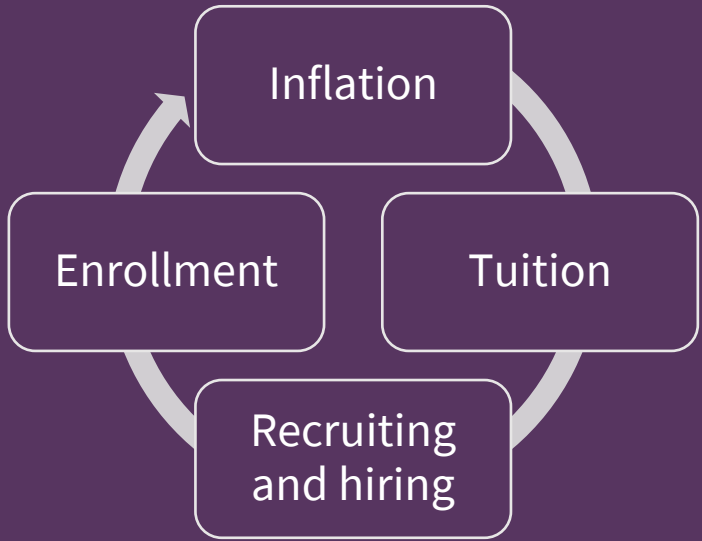
Higher Ed institutions are often first to experience budget cuts, causing increases to tuition

- Public institutions rely heavily on state funding; decline in budgets directly correlates to increase in tuition costs

HEERF Funding no longer available to bail out struggling schools

The Economy

Panel Discussion



Audience Participation

What has been your school's largest challenge during this current economic period?

A.
Drop in enrollment

B.
Costs rising faster than revenue

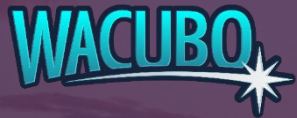
C.
Recruiting and hiring

D.
Push back on tuition increases

E.
Other



What topics just discussed by our panel are on your mind? What solutions are you identifying?

A large saguaro cactus stands in the foreground of a desert landscape under a dramatic, purple and orange sky. A solid red horizontal bar is positioned above the main text.

Regulatory and Compliance Matters

And its challenges to Higher Education

And the list just keeps growing.....



Worker misclassification and W-2/1099 matches



HEERF Compliance



IRS and other regulatory audits and program reviews



Graham Leach Bliley Act and Cybersecurity



990-N filings



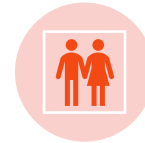
Excess compensation excise tax



Tax exempt bonds



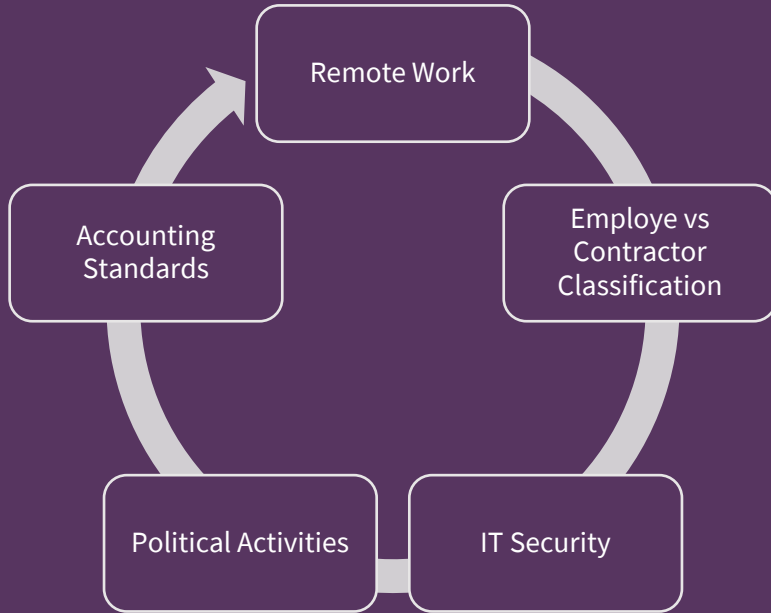
Accounting Standards Changes



Title IX

Regulatory and Compliance Matters

Panel Discussion



Audience Participation

What has been your school's largest challenge related to regulatory compliance matters?

A.

No person/ dept designated to oversee & stay current with changing regulations or unfunded mandates

B.

Campus not understanding the seriousness of compliance

C.

Complexity and number of regulations

D.

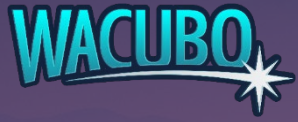
While work was designated to a particular dept, resources not available or did not have skillset

E.

Other



What topics just discussed by our panel are on your mind? What solutions are you identifying?



Conclusion

Top Risks Report



1. Enrollment declines



2. Data Security



3. Recruitment and Hiring



4. Operational pressures



5. Student Mental Health

United Educators Top 10 Risks

Top Risks Report



6. External Pressures



7. Regulatory and Legal Compliance



8. Facilities and deferred maintenance



9. Public Safety



10. Title IX

United Educators Top 10 Risks

Dear Mind....

I know you have a lot coming at you right now. But, I have help. I don't have to solve all these solutions on my own. I will call a colleague, consult on solutions, and collaborate with my peer group. I will create a list and knock out one thing at a time. I will gather strong and talented people around me. I love my institution and I am so glad I get to be a solution-seeker.

Sincerely,
Me



WACUBO*

Thank you!



Appendix



Recent IRS audit activity

Audits are back

Auditors are
coming in
person

Increased IRS
funding =
more audits

Exemption issues

In determining whether you comply as an organization described in Section 501(c)(3), it is necessary to review your internal controls. Therefore, please provide responses to the following questionnaire and mail them by the stated due date in an electronic format.

1. Describe your internal control structure.

Does your organization:

2. Use an annual budget or financial plan?
3. Analyze budget variances and report to the Board?
4. Provide monthly income statements to the Board?
5. Provide monthly balance sheets to the Board?
6. Require Board approval of non-budgeted expenses?
7. Require Board approval of checking account signatory's?
8. Use accounting procedure and policy manuals?
9. Require internal audits or performance reviews?
10. Use computer access passwords or security checks?
11. Require multiple signatures and dollar limits for checks?
12. Require independent (external) financial audits?
13. Provide cash payments for expenses or disbursements?
14. Reconcile all bank accounts on a monthly basis?
15. Deposit all receipts in a financial institution?
16. Provide lock and key security for unused checks and drafts?
17. Perform periodic checks for compliance with Federal, State, and local laws, regulations and legal requirements?
18. Restrict access to accounting files and records?
19. Follow record retention and file purge procedures?



Revenue and Expense Deep Dive

We have completed our review of the financial data you submitted. We sampled the revenue and expense items for further review as noted below.

A. Revenue Accounts:

Attached is a sample of the revenue accounts that were reviewed. Please provide the following information for greater clarity.

1. Source documents.
2. A detailed explanation for the source of revenue.
3. Explain what "BFET" and "Muckleshoot" means.
4. Provide any contracts that were entered for the sources of revenue identified, i.e. "Van Rental."

B. Expense Accounts:

Attached is a sample of the expense accounts that were sampled. Please provide the following information for greater clarity.

1. An explanation describing the business nature of the expense.
2. Source documents supporting the expense: i.e. invoices, receipts, contracts, cancelled checks.
3. Explain what "NICMERE," "NARCH-AIWRE" and "NACTEP" mean.
4. It was observed that there were expenses related to a "boat." Please fully explain your ownership in a boat and its purpose.



Employee / Independent Contractor

F. Information Returns:

During our review, we identified several individuals who were issued both Forms W-2 and 1099. See attachment. To clarify the nature and proper worker classification, please provide the following:

1. A detailed explanation why both information returns were issued.
2. Detailed job description(s) for classification as an employee and an independent contractor.

B. Invalid TIN:

In our review of the Form 1099 information, our records indicate that two individuals were identified as having invalid taxpayer identification numbers, social security numbers (“SSN”) in these instances. They are as follows:

[REDACTED]

[REDACTED]

To clarify the correct SSN, please provide the following:

1. Forms W-9 for each individual.

Employee / Independent Contractor

A. Worker Clarification:

In our review of the Forms 1099, we sampled 25 workers for the 2018 and 2019 years, which are listed in the schedule below. To clarify the accuracy of the worker classification as independent contractors, please provide the following:

1. Detailed description of the duties performed.
2. State if there are other workers who conduct similar duties but who are issued a Form W-2.
3. Describe how it was determined that the workers were properly classified as independent contractors.



Political activities

In determining whether you comply as an organization described in Section 501(c)(3), it is necessary to review and clarify your activities with respect to legislative and political activities. Therefore, please provide responses to the following questionnaire and mail them by the stated due date in an electronic format.

LEGISLATIVE:

1. Do you urge either the public or your members to contact lawmakers regarding proposing, supporting or opposing specific legislation?
2. Do you make direct appeals to lawmakers concerning specific legislation, either in person or by letter?
3. Do you donate to or support other organizations, groups, or committees whose primary purpose is to engage in legislative or lobbying activities?
4. Do you provide information to the public or to your members concerning legislative issues?
5. Do you employ/contract with a professional lobbyist?

POLITICAL:

1. Do you make donations to political campaigns or endorse political candidates?
 2. Do you have a political action committee (PAC)?
 3. Do you donate to any PAC funds?
 4. Do you collect political campaign donations from your members or the public and remit them to a PAC?
 5. Do you permit candidates to use your facilities, computers, employees, mailing or membership lists?
 6. Do you provide non-partisan information about candidates to any persons or groups?
 7. Do you conduct voter registration drives or promote voter participation in elections?
 8. Do you allow political intervention, in that do you permit employees to disseminate information using company computers to email staff members and students encouraging or discouraging them to vote for particular candidates running for public office?
-



Unrelated Business Income

During our on-site visit to [REDACTED], it was observed that you maintained a small store, referred to as the [REDACTED], that sold primarily clothing and snack items. [REDACTED] stated that the [REDACTED] was at one time a bookstore but because students now typically purchase books on-line, there was no need for the College to sell books.

[REDACTED] Manager of the [REDACTED] stated that the items sold in the [REDACTED] are marketed through Facebook and the [REDACTED] [REDACTED] indicated that most of the sales were made to the public.