

Best Practices – Business Office

NAD Teacher's Convention
2018

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Why share?

- A healthy, efficient Business Office enables the school to run smoothly.
- Collaborating together allows us to share ideas and practices.
- Benchmarking.



Best Practices

1. Relationships
2. Board Presentation
3. Tuition Agreements
4. Automated Payments
5. Former Families
6. Financial Assistance
7. Software Choice
8. Posting Guidelines
9. Budgeting
10. Audit Prep



Relationships

- Administrative Team
 - You are the go-to for any financial related ideas/questions.
 - Communicate policies clearly and invite their help in implementation.
 - Report on A/R on a regular basis.
- Finance Committee Chair
 - Use as a mentor and resource.
 - Communicate often and be transparent.
 - Should not be involved in management.
- Teachers
 - Find a balanced way to be supportive.
- Parents
 - When appropriate, be a friend first and the Business Manager second.
- Conference Treasury and Education offices
- Donors
- Other school administrators



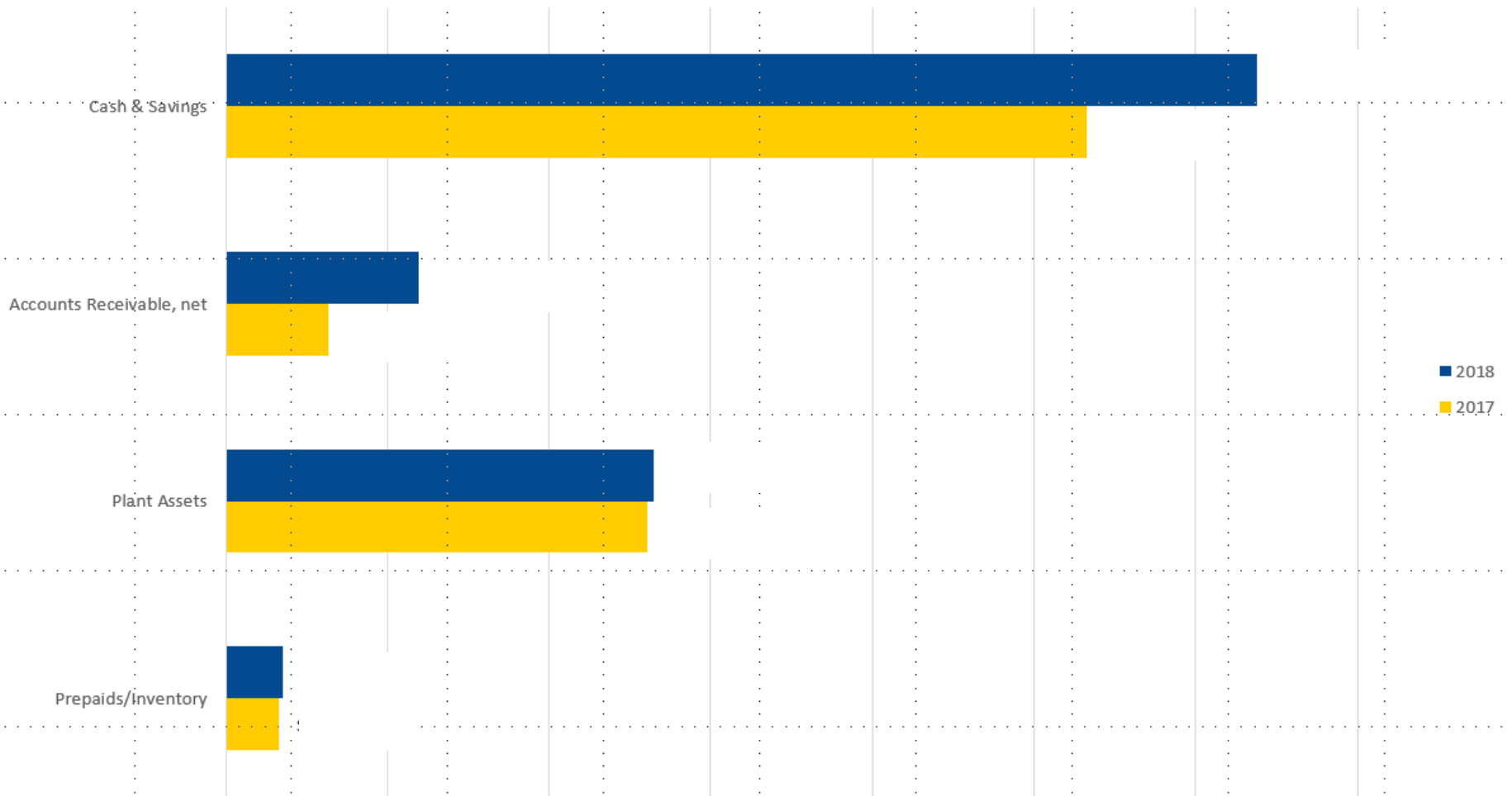
Board Presentation

- Provide a big picture overview.
 - Finance Committee is used for the details.
- Use simple visuals and basic ratios.
 - Avoid reading the reports.
- Give data that they can use when talking with constituents.
 - Questions they may want to be able to answer:
 - Why don't we/can't we offer "XYZ" program?
 - Why is our tuition so much higher than "ABC" school?
 - Why can't we lower our tuition?
 - Why do we increase tuition every year?
- Ask them questions to ensure they have a broad understanding of the financial status of the school.



Assets

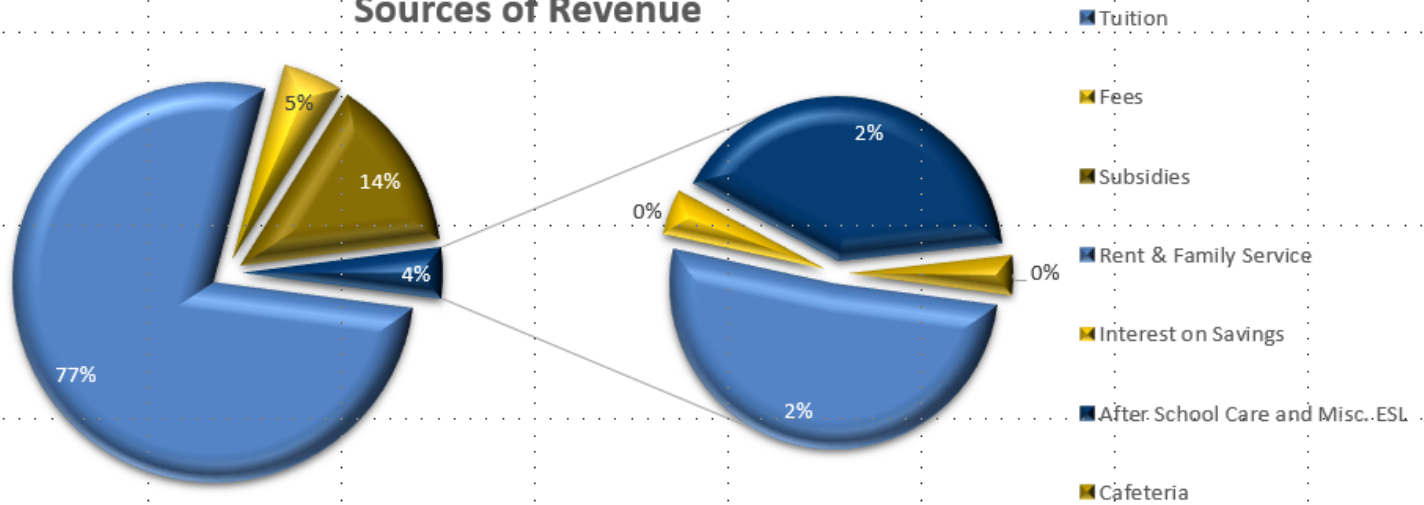
What We Own



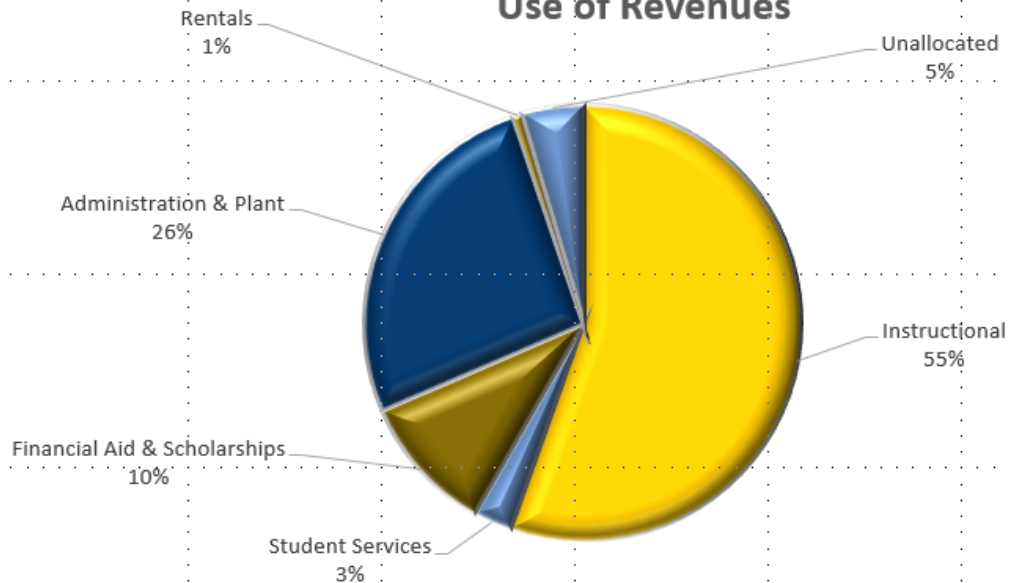


Income Statement

Sources of Revenue



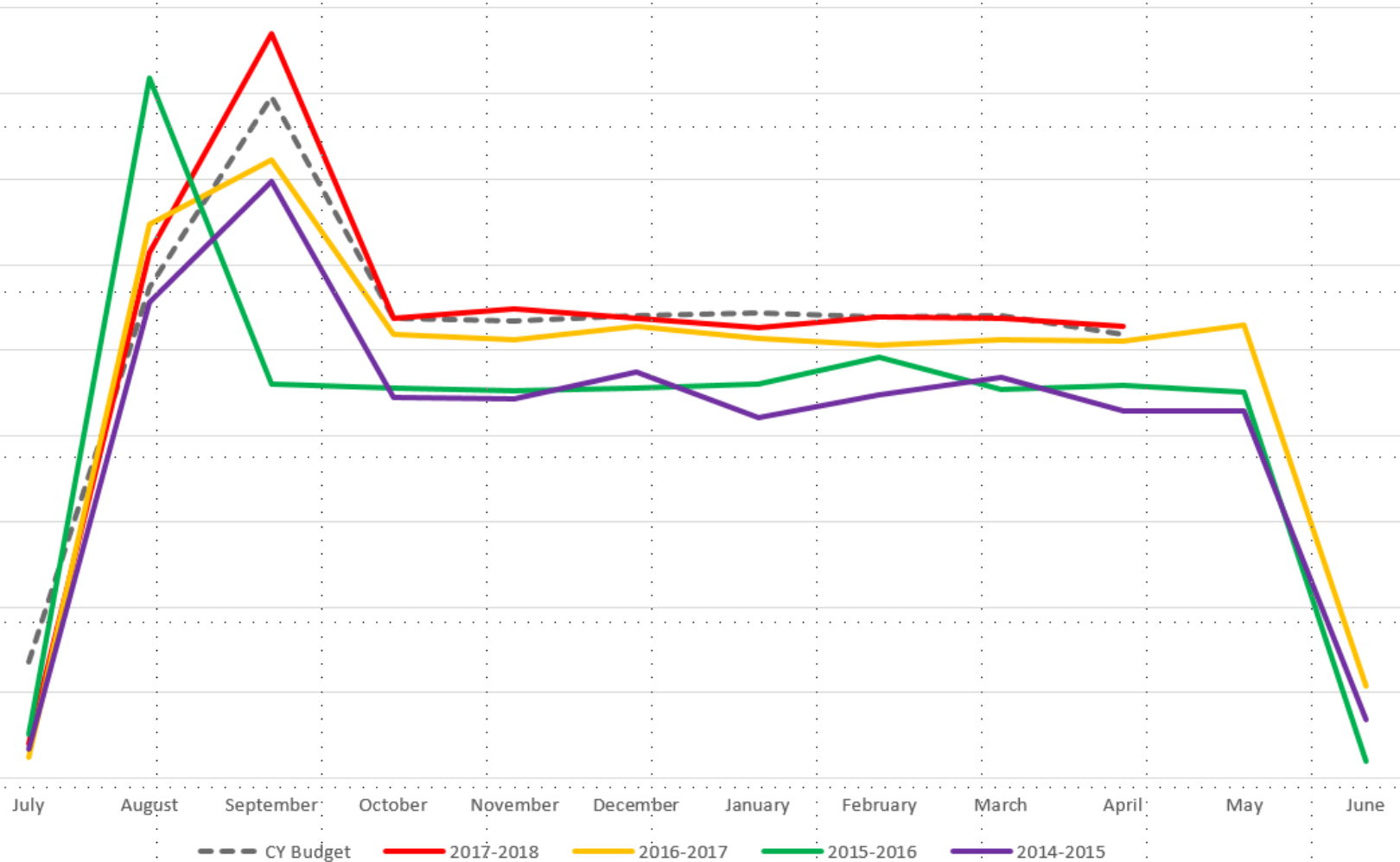
Use of Revenues





Income Trends by Month

Income Trends





Tuition Agreements

- Personalized and signed agreement for every family, no exceptions.
- Use formulas to eliminate manual errors.
- Include important policies, requirements and expectations.
 - Method of payments accepted.
 - Accounts in arrears.
 - Other fees/lunch charges.
 - Subsidies provided by other institutions.
 - End-of-semester exams, report cards, transcripts, diplomas.
- Written in a way that allows for the agreement to hold up in court.
- Establishes the payment schedule.
- Use administrative support to hold to your policies.



Spencerville Adventist Academy
Live to Learn, Live to Serve, All for Christ

2502 Spencerville Road
Spencerville, MD 20868

**Tuition Agreement
2018-2019**

Phone 240 883 3510
bthorp@spencerville.org

Guarantor			
Family ID: _____	_____	Agreement Status: Pending	Additional Notes: _____
Bill To: _____	_____	Waiting on: _____	
Address: _____	_____		
City: _____	State: _____		
Church: _____	Zip: _____		
Charge Code: NC	_____		
Number of Payments: 18	_____		
SDA Subsidy: N	_____		

Students							
	Student Name	Grade	Student Name	Grade	Student Name	Grade	Totals
Registration Fee							\$ -
Early Registration Discount							\$ -
Registration Fee Pymt							\$ -
Tuition							\$ -
Pro-Rated Portion (% Missed)	7/20/2018						\$ -
Multi-Student Discount	0%						\$ -
Local Church Subsidy	0						\$ -
High School Matching							\$ -
Employer Subsidy							\$ -
SAA Financial Assistance							\$ -
SPC Financial Assistance							\$ -
BOOST Scholarship							\$ -
PFE Scholarship							\$ -
BYOT Credit							\$ -
Academy Day Scholarship	One Year Only						\$ -
Academic Scholarship	4-Year						\$ -
Leadership Scholarship	4-Year						\$ -
Fine Arts Scholarship	4-Year						\$ -
SABL Scholarship	One Year Only						\$ -
Summer LE/Camp Earnings	One Year Only						\$ -
Summer LE/Camp Scholarship	One Year Only						\$ -
Sub Total							\$ -
							Family Service Fee 300.00
							Total Current Year Charges 300.00

PAYMENTS:

- ALL MONTHLY PAYMENTS WITHOUT EXCEPTION ARE HANDLED BY FACTS: [HTTPS://ONLINE.FACTSMGT.COM/SIGNIN/3C92S](https://online.factsmgt.com/signin/3C92S)
- PREPAYMENT DISCOUNT WILL NOT BE GIVEN AFTER THE FIRST DAY OF SCHOOL.
- ACCOUNTS MORE THAN 50 DAYS IN ARREARS WILL BE TAKEN TO THE EXECUTIVE COMMITTEE AND THE STUDENT(S) MAY BE ASKED TO WITHDRAW FROM SCHOOL.
- IF THE BALANCE IN THE LUNCH OR FEES ACCOUNTS EXCEEDS \$100.00/\$200.00 RESPECTIVELY AT ANY GIVEN TIME, THE BUSINESS OFFICE MAY DISABLE THE SERVICE UNTIL PAYMENT IS MADE AND MAY ADD THE OUTSTANDING BALANCE TO FACTS TO BE SCHEDULED FOR IMMEDIATE PAYMENT.
- STUDENT ACCOUNTS (INCLUDING TUITION, FEES AND LUNCHES) MUST BE CURRENT AT EACH SEMESTER END TO RECEIVE A SEMESTER REPORT CARD AND/OR A PERMIT TO TAKE THEIR EXAMS.

SCHOLARSHIPS AND DISCOUNTS:

- LOCAL CHURCH ASSISTANCE AMOUNTS WILL NOT BE APPLIED TO THE ACCOUNT UNTIL WRITTEN CONFIRMATION IS PROVIDED BY THE CHURCH TO THE SAA BUSINESS OFFICE.
- ANY UNPAID BALANCE OF EMPLOYER OR CHURCH ASSISTANCE AS OF FEBRUARY 1 WILL BE POSTED TO THE STUDENT'S ACCOUNT. IT IS THE RESPONSIBILITY OF THE FAMILY TO SEE THAT THIS MONEY IS PAID ON THEIR BEHALF.

Payments and Credits	
Overdue (Credit) Balance as of 8/30:	\$ -
Deferred Balance:	\$ -
Outside Donation:	\$ -
One-Time Payment:	\$ -
Total Payments/Credits:	\$ -

Pre-payment Schedule	
Total Net Due	300.00
Full Year Prepayment Discount	(9.00)
Full Year Pre-payment	291.00

FACTS Payment Schedule	
Total Net Due	300.00
10 FACTS Payments	30.00

Contract

I understand the above finance policy of SAA. I accept full responsibility for the total tuition, registration and family service charges, plus any additional fees, less applicable discounts. Additional fees may include but is not limited to after school care, sports fees and lunch charges. I understand that monthly, automatic tuition payments are required via FACTS if my account is not pre-paid in full by the first day of school. If my account becomes 90 or more days past due, I will be asked to withdraw my student(s) from school unless satisfactory financial arrangements are made with SAA. I understand that it is school policy that transcripts, diplomas and report cards will not be released until my account is paid in full. My student(s) will not be permitted to take final exams (December or May) or participate in graduation unless my account is current or satisfactory arrangements have been made with the school. I understand that the registration fee is non-refundable unless the student is not accepted for admission to SAA. Finally I understand that all discounts shown above are estimates and that I am completely responsible for all tuition and fees being paid on my child(ren)'s behalf by another entity.

(SEAL)	Parent/Guardian/Sponsor _____	Date _____	
(SEAL)	Parent/Guardian/Sponsor _____	Date _____	
	Business Manager _____	Date _____	





Automated Payments

- Clearly state how you accept payments.
 - Pre-Pay by specified due date.
 - Automated payment schedule (FACTS, Smart Tuition, etc.)
 - Credit card, cash, check?
- Required, don't provide an option.
 - Use administration to support your policy.
- Eliminates the majority of collections work; only have to deal with missed payments.
 - Follow-up consistently.
 - Learn how each family communicates.
- Provide flexible options within clear boundaries.
- Put the responsibility on the families, but be a resource for them.
 - Moving payment dates.
 - Alternative payment via cash/check.



Former Accounts

- Implement policies to minimize the addition of new accounts.
 - Use promissory notes with a payment schedule.
- Research your State's laws on collections.
- Establish a consistent contact procedure.
 - Use a friendly demeanor.
 - Follow through.
- Write-off old accounts without contact or with disputes, and that cannot be legally pursued.
 - Will your Board support legal suit?
- Consider third-party credit reporting agencies.



CONFESSED JUDGMENT PROMISSORY NOTE

IMPORTANT NOTICE

THIS INSTRUMENT CONTAINS A CONFESSION OF JUDGMENT PROVISION WHICH CONSTITUTES A WAIVER OF IMPORTANT RIGHTS YOU MAY HAVE AS A DEBTOR AND ALLOWS THE CREDITOR TO OBTAIN A JUDGMENT AGAINST YOU WITHOUT ANY FURTHER NOTICE.

FOR VALUE RECEIVED, the undersigned DEBTOR (which term, as used herein, shall include the undersigned and each endorser, guarantor, accommodation party, and surety of this Note), jointly and severally, promise to pay to the order of Spencerville Adventist Academy (CREDITOR) the sum of _____ DOLLARS from _____, 20____, until paid. Payments shall be mailed or hand delivered to the Creditor at _____, or at any such other place as may be designated from time to time by the holder hereof. The CREDITOR reserves the right to charge interest at _____% per annum, not to begin until all dependents of the DEBTOR have left the institution.

In the event of any default hereof, all remaining payments shall become due and payable at the option of the Holder and the undersigned agree to pay all costs of collection, including a fifteen percent (15%) for attorney's fees if placed in the hands of an attorney for collection. Upon default the undersigned further authorizes any Clerk of any Court of Record in Maryland or elsewhere to enter judgment by confession against them in favor of the Holder hereof for the full amount appearing due and payable hereon, together with interest, charges, attorney's fees of fifteen percent (15%) and costs of suit, as above provided. Demand or presentation for payment, notice of dishonor, protest and notice of protest are hereby waived.

Debtor agrees that this note is provided not in payment of, but as additional security for and evidence of obligations due to the Creditor under an existing Tuition Agreement between Debtor and Creditor. This note is not accepted in lieu of Creditor's other legal rights.

DATE _____

Name

Name

Signature

Signature

Received By: _____



Financial Assistance

- Establish a clear policy; share it with anyone seeking assistance.
- Use a third-party assessment application.
 - Options for families who cannot complete the application.
- Eliminate subjectivity as much as possible.
 - Only make adjustments that are able to be implemented on all applications.
- Consider these options:
 - Award in multiple time blocks.
 - Award in a specific order.
 - Use percentages as awarding guidelines; set a maximum percentage.
 - Maximum income cutoff amount.
 - Require documentation, and communicate early regarding families who file for tax return extensions.



Software

- Need something that assists you, not counteracts you.
- Use fund accounting to make the audit easier.
- Three most important functionalities:
 - Student A/R Management
 - Automated tuition billing, automated payment posting, etc.
 - Parent Communication
 - Reporting
- Communication between programs is essential.
 - Automated (FACTS to RenWeb)
 - Assisted (RenWeb to AASI)
- Eliminate manual processes.
 - Excel utilized only to facilitate communication.
 - Formulas necessary to avoid entry errors.



Posting Guidelines

- Create a monthly check list.
- Use segregation of duties as much as possible.
 - Checks.
 - Deposits.
 - JVs.
- Use posting sheets to eliminate manual entry errors.
- Post in detail as often as possible.
 - Control accounts vs. subsidiary accounts.
 - Descriptions.
- Run General Ledger report monthly to check your entries.



Budgeting

- 95% Preliminary Budget
 - Used to set tuition rates for the upcoming year.
 - Established in January/February.
 - Based on 95% of current enrollment.
 - Must be balanced.
 - Requires administration to evaluate programs and personnel.
- Zero-Based Budget
 - Fresh, clear understanding of what is necessary.
 - Evaluation of what constituents value.
 - Completed by administration but obtain input from all staff.
 - May not need to be annual.
 - Re-design to a more presentable format.



Audit Prep

- Field work should be no more than 4 days.
 - Digitize documents as much as possible.
 - Provide documents on time, no less than one week before field work begins.
- Fraud Risk Assessment.
- Review entire General Ledger and make corrections as needed.
- Reconcile your Net Asset accounts first.
 - Never post to a Net Asset account.
- Create your own financial statement, especially if your software doesn't use Fund Accounting.
 - Categorize your accounts as you see fit. Ask the auditors to make adjustments to match yours.
- Propose all adjustments and corrections yourself.
 - Don't make any posting adjustments after you've sent the Trial Balance.
- Don't be afraid to include a statement that "the difference is not material so no further work should be done."



Departing Thoughts

- Transparency
- Segregation of Duties
- Create clear policies and procedures.
- Business Office Book of Knowledge.
- Create a network of private school Business Managers in your area.



Questions? Sharing?

- What questions do you have about practices or processes in your school?
- What things does your school do well that you want to share?