

# University of Minnesota

Audit Results and Communications  
Report to the Audit Committee of the  
Board of Regents

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NOTICEABLY DIFFERENT

**LarsonAllen**  
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# Agenda

- I. Audit Results and Required Communications
- II. Financial Statement Highlights

# New Auditing & Accounting Standards

- New auditing standards (SAS No. 104 to 111)
  - Enhanced internal control documentation
  - Tested internal controls that are critical to financial reporting
- New accounting standards
  - Other post employment benefits
  - Pension plan disclosures

# Audit Results

- University of Minnesota financial statement audit
  - Unqualified opinion
  - Modification from previous year for prior period adjustment on University Gateway Corporation

# Required Communications

- Auditor responsibility
- Significant accounting policies
- Significant estimates
- Difficulties encountered in performing the audit

*We received the full cooperation of management.*

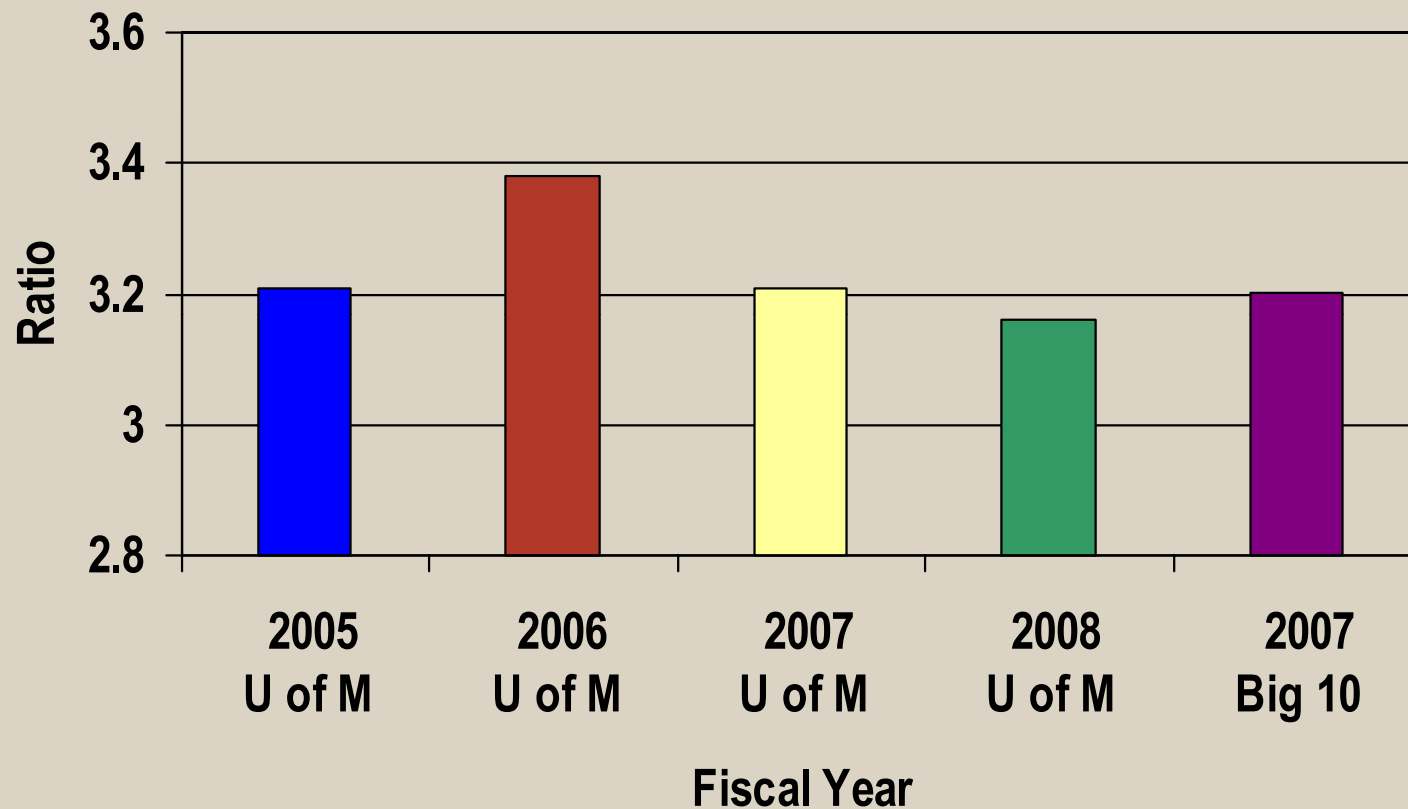
# Required Communications (continued)

- Significant audit adjustments
  - Proposed and passed
    - ◇ One alternative investment fund valued at March 31 instead of June 30 – impact investments undervalued by \$1.4 *million*
  - Identified by management and passed
    - ◇ Donated land valued at \$1 *dollar* at date of donation, instead of fair value at date of donation – impact land undervalued by \$2.9 *million*

# Financial Statement Highlights

- Financial position is at a healthy level
- Near break-even for 2008
- Supported by the following financial ratios
  - Total assets / Total liabilities
  - Expendable net assets / Total expenses
  - Trends of total revenues & Total expenses
  - Tuition revenue / Instruction expense

# Total Assets / Total Liabilities

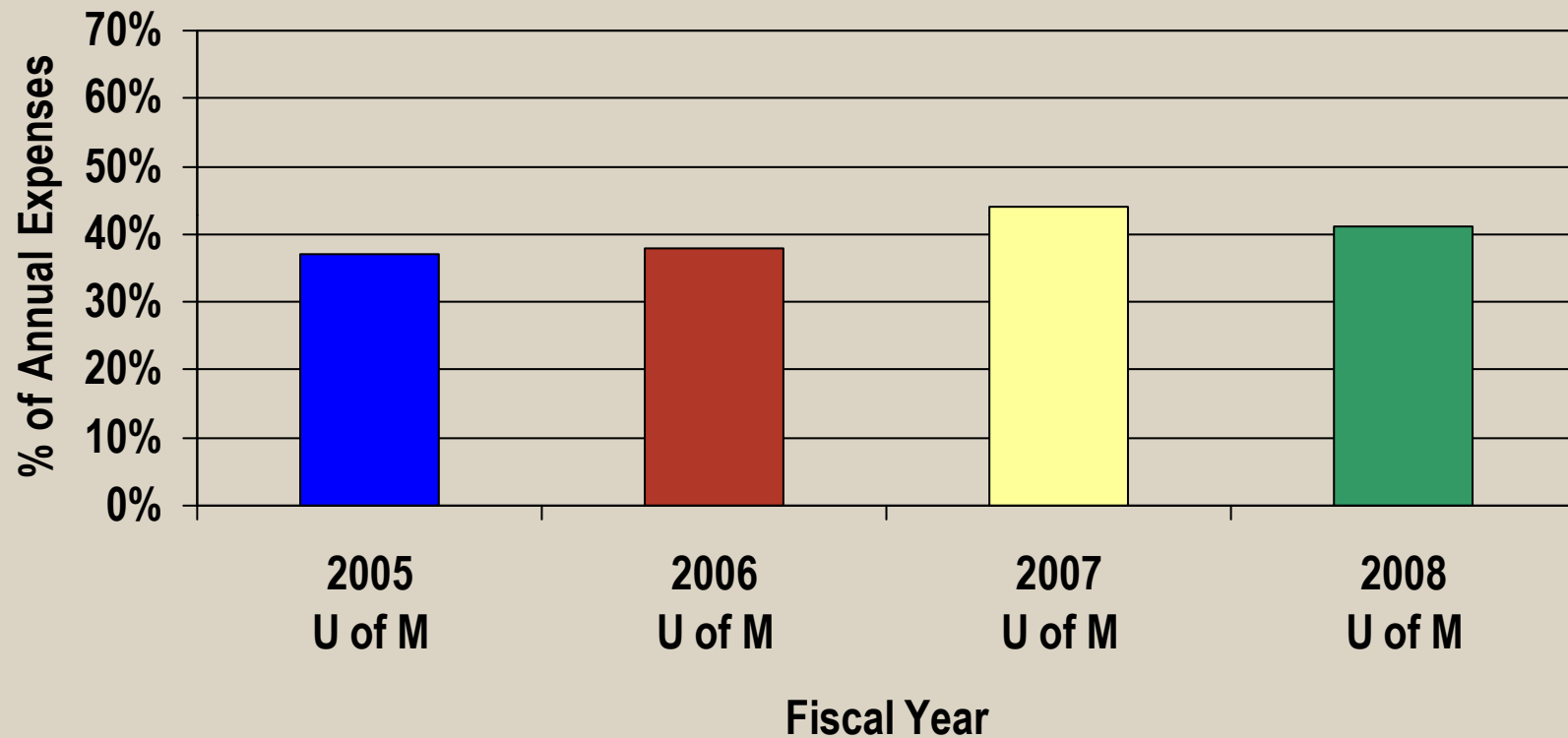


Source: Respective audited financial statements of the universities.

NOTE: Big 10 column excludes University of Michigan with total assets of \$13.9 billion and liabilities of \$2.3 billion given that Michigan manages their endowment assets.

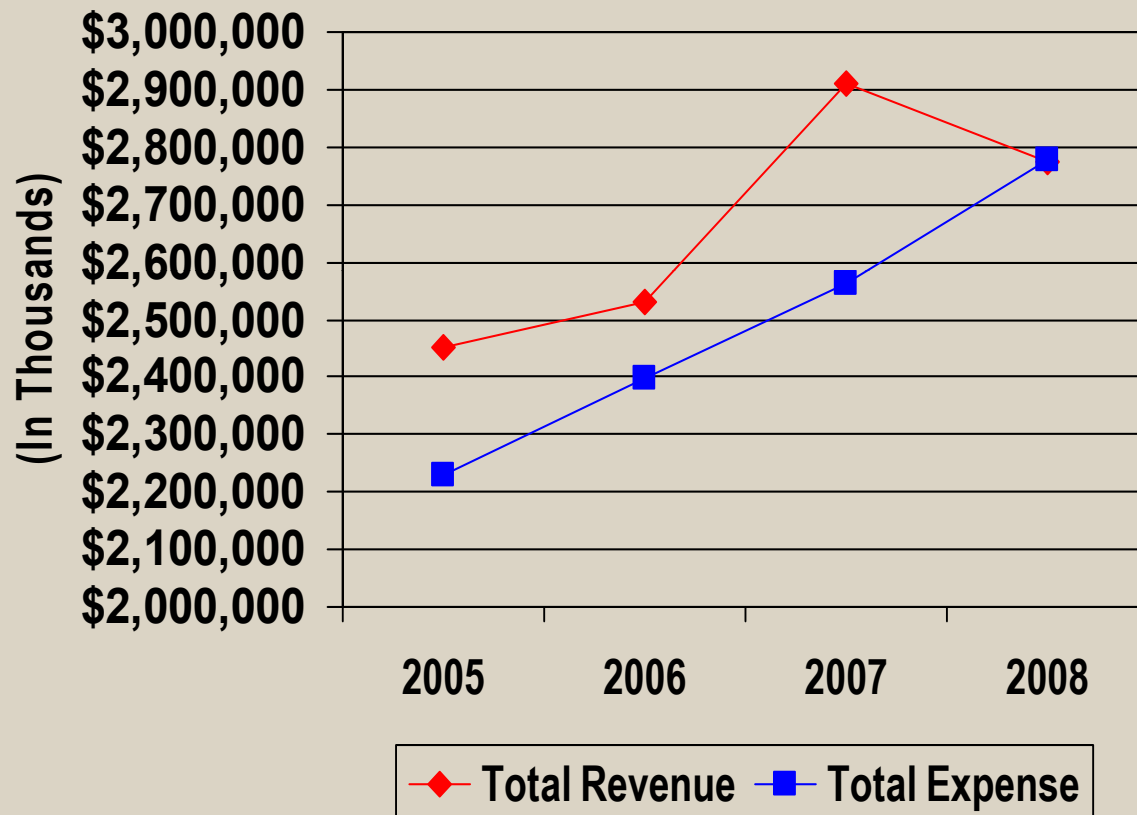


# Expendable Net Assets / Total Expenses



Source: Respective audited financial statements of the University of Minnesota.

# Trends of Total Revenues & Total Expenses



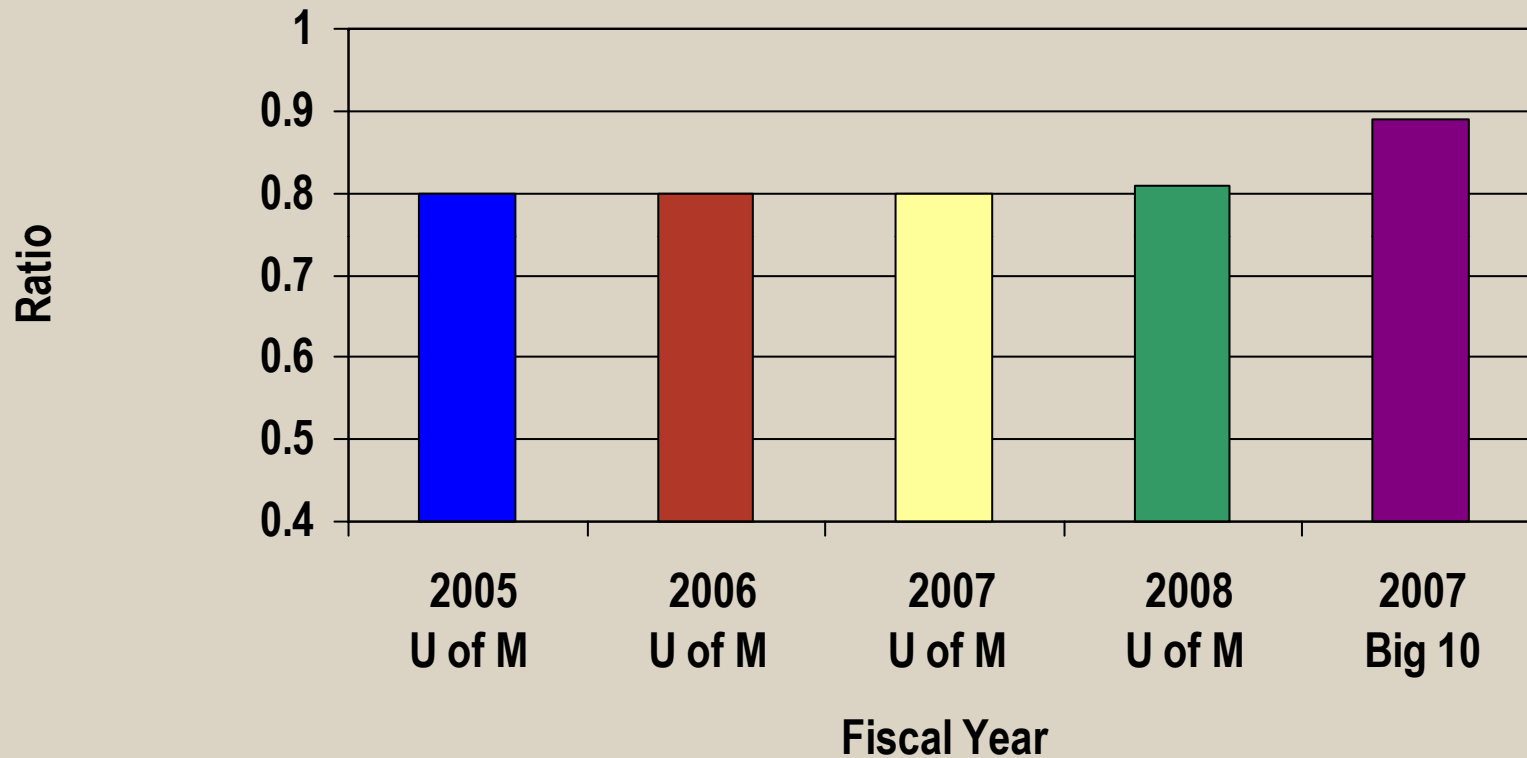
Revenues have decreased from 2007 to 2008

- Market value declines on investments
- Capital appropriations

Expenses are trending with the annual increases in compensation and benefits

Source: Respective audited financial statements of the University of Minnesota.

# Tuition Revenue / Instruction Expense



Source: Audited financial statements of respective the universities.

# Questions and Feedback

We welcome any questions pertaining to the engagement.

We appreciate the opportunity to serve as the auditors for University of Minnesota and welcome any feedback relative to our performance.

# Thank you!

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