

# University of Minnesota

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

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November 12, 2009

NOTICEABLY DIFFERENT

**LarsonAllen**  
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# Agenda

I. Audit Results and Required Communications

II. Financial Statement Highlights

# Audit Results

- University of Minnesota financial statement audit
  - Unqualified opinion
  - Explanatory paragraph for changes in accounting principles
    - ◇ Revenue recognition on “amount-based” awards
    - ◇ Environmental remediation

# Required Communications

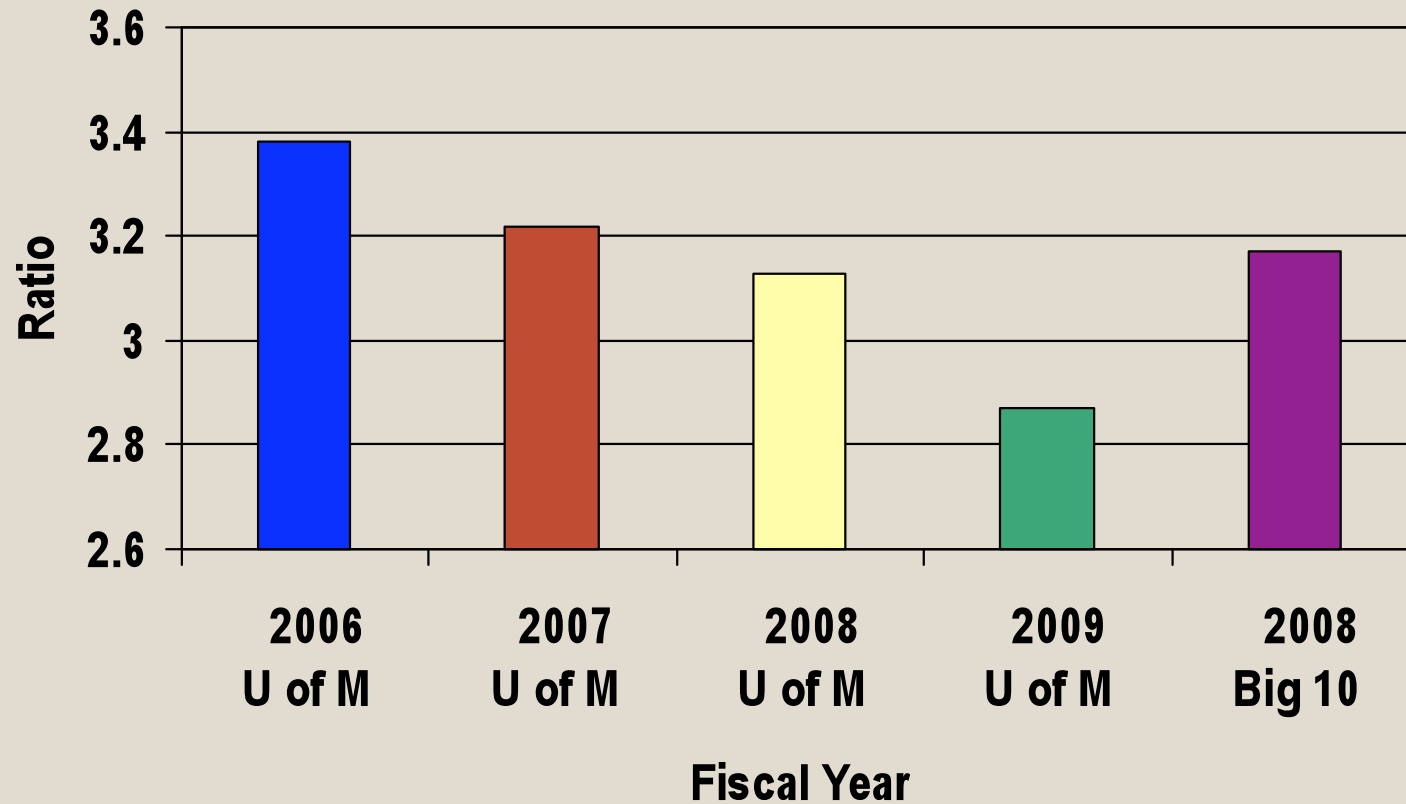
- Auditor responsibility
- Significant estimates
- Difficulties encountered in performing the audit

*We received the full cooperation of management.*

# Required Communications (continued)

- Significant audit adjustments – none
- Passed adjustments
  - General accounts payable potentially understated by \$6.7 million. Facilities management accounts payable potentially overstated by \$3.1 million
  - Suspense account with a negative balance of \$1.4 million understated cash.
  - Liability for workers compensation case reserves of \$5 million recorded in 2009. Overstated 2009 expenses by \$5 million
  - Donated land valued at \$1 *dollar* at date of donation, instead of fair value at date of donation – overstated 2009 revenues by \$2.9 *million*

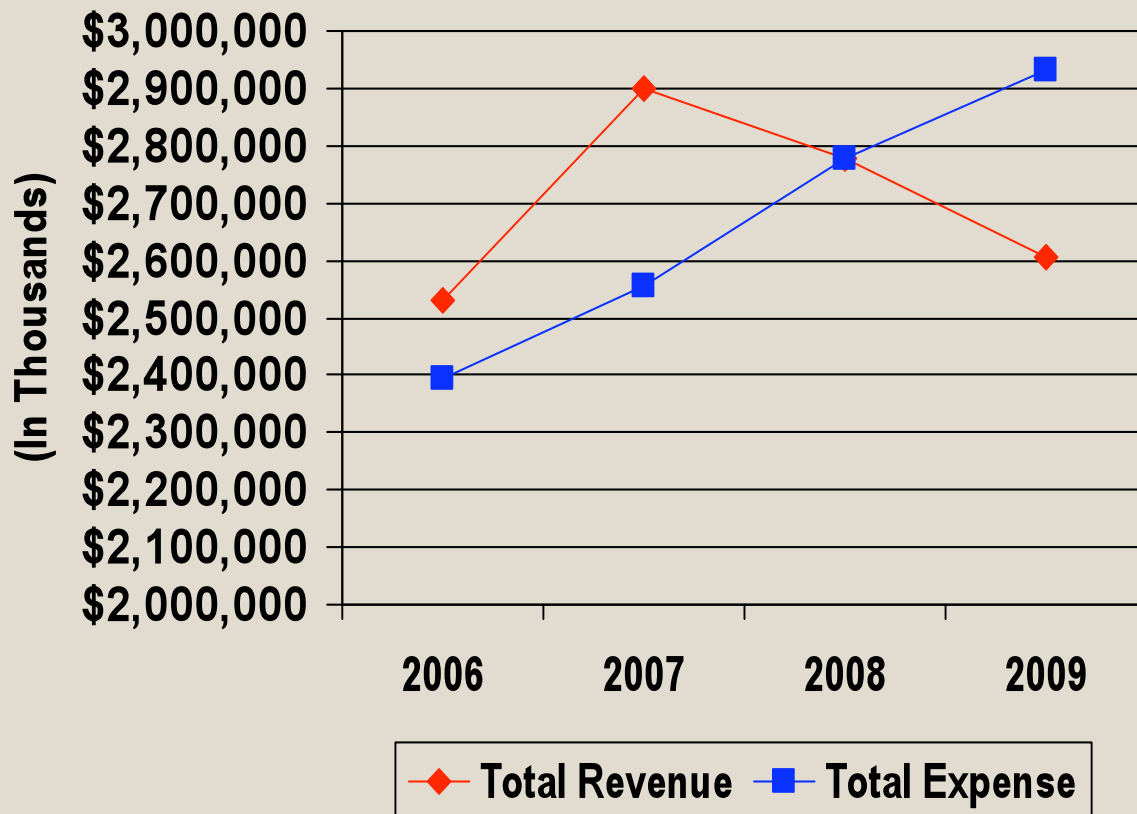
# Total Assets / Total Liabilities



Source: Respective audited financial statements of the universities.

NOTE: Big 10 column excludes University of Michigan with total assets of \$14.8 billion and liabilities of \$4.0 billion given that Michigan manages their endowment assets.

# Trends of Total Revenues & Total Expenses

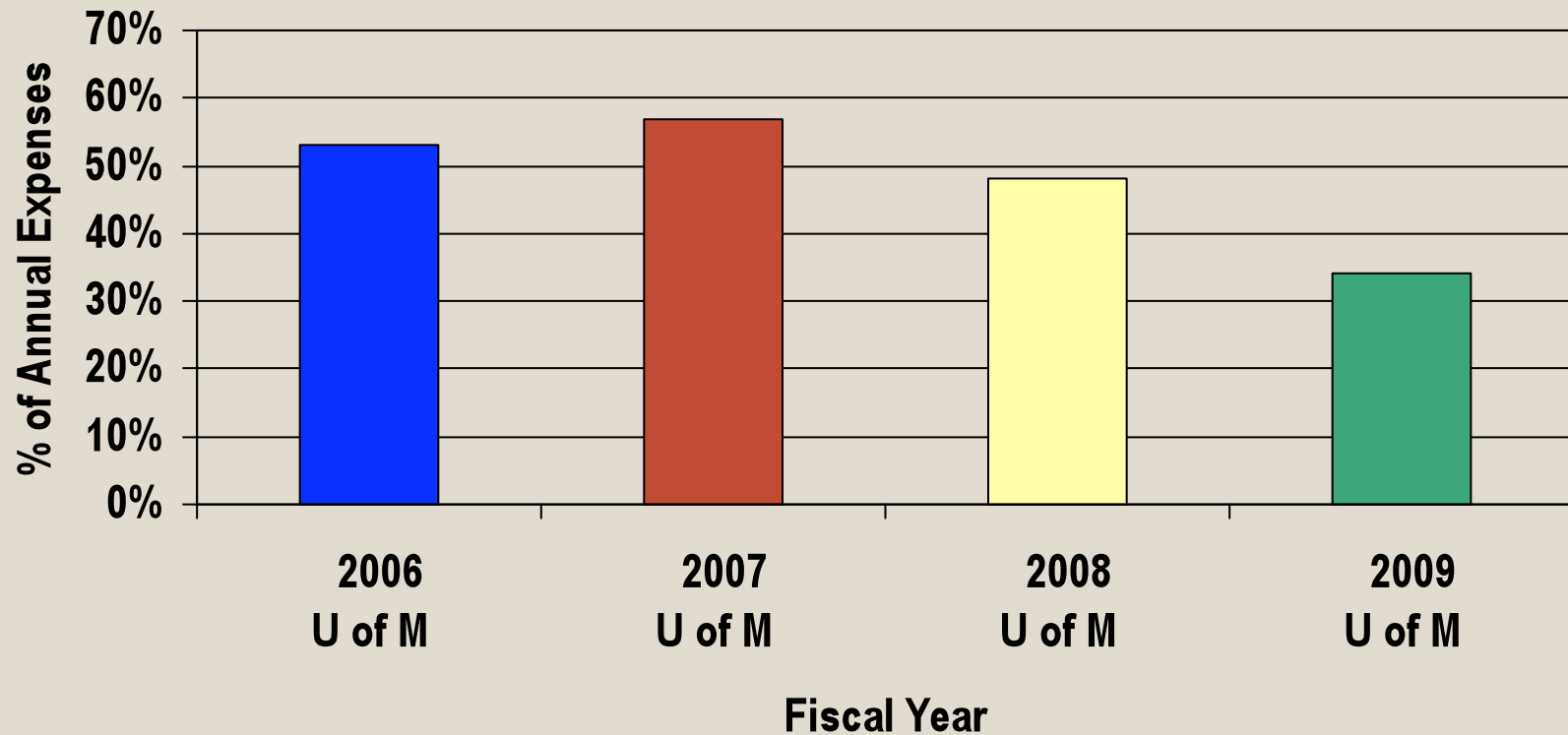


Revenues have decreased from 2008 to 2009

- Market value declines on investments
- Decrease in State appropriations
- Expenses are trending with the annual increases in compensation and benefits

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

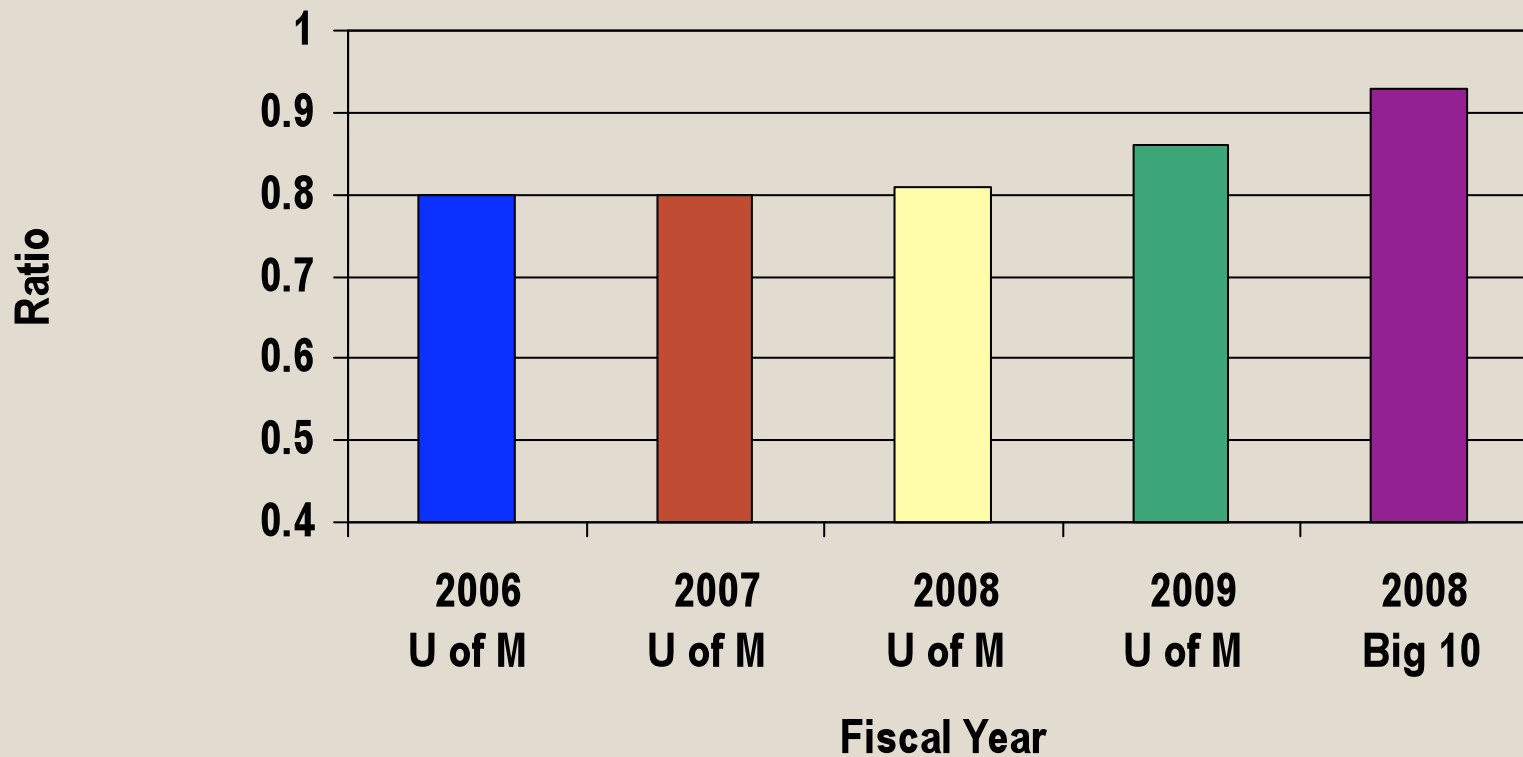
# Expendable Net Assets / Total Expenses



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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