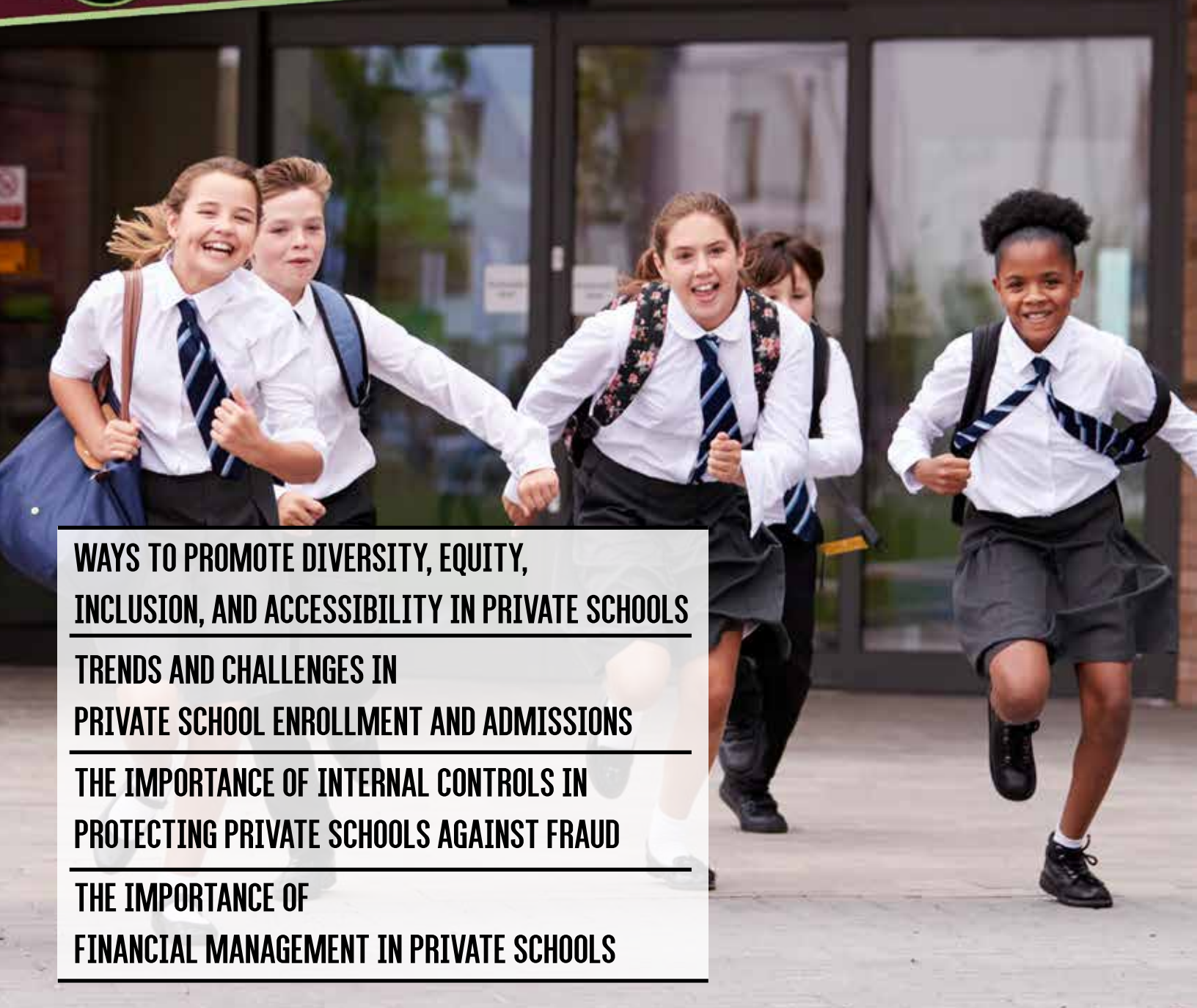




CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS
PRESENTS

THE REPORT CARD

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**WAYS TO PROMOTE DIVERSITY, EQUITY,
INCLUSION, AND ACCESSIBILITY IN PRIVATE SCHOOLS**

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PRIVATE SCHOOL ENROLLMENT AND ADMISSIONS**

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BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING THE PRIVATE SCHOOL SECTOR

FROM THE EDITOR - KEN CERINI, CPA, CFP, FABFA

Welcome to the Spring/Summer 2023 issue of the Report Card, the newsletter designed to provide insight and assistance to private schools. While the downturn in the economy that started during 2022 and is anticipated to last into 2024, has had a significant impact on all types of businesses, it seems that private schools are facing certain unique challenges:

- ▶ We have seen an overall downturn in births over the last 10 years or so, which has significantly reduced enrollment for all schools. The downturn in the economy has exacerbated the issue, as some families that may have considered having their child attend private school when the economy was good, are reconsidering those choices as disposable income is shrinking due to rising costs, rising interest, and contraction in the stock market.
- ▶ Donations are down, with less than 50% of all Americans making donations during 2022, down some 20% since 2000. More and more organizations need to rely on larger donations from a smaller pool of donors and finding ways to partner with businesses more effectively.
- ▶ Costs continue to raise, with health benefits up by more than 15%, inflation up 6 to 7% per year, and wages continuing to increase; making it harder for private schools to manage budgets.
- ▶ There is an overall shortage of educational staff, as less and less students are going into the educational field. This continues to make it harder to attract and retain staff, as many of the private school staff are being recruited to work in the public-school arena where the salaries and fringes are much better.

As a result, private schools need to be more strategic in their thought processes, finding ways to differentiate themselves and ensuring that they remain fiscal prudent with their resources. In this issue of the Report Card, we are sharing information about:

- ▶ *Promoting Diversity, Equity, Inclusion, and Accessibility;*
- ▶ *Trends and challenges in school enrollment and admissions;*
- ▶ *The importance of internal controls; and*
- ▶ *The need for proper financial management.*

We are happy to discuss these and other topics with you ... please feel free to reach out to us.

Enjoy your summer and stay connected.



CONTRIBUTORS

WRITERS

ALBERT BORGHESE, CPA
CERINI & ASSOCIATES, LLP
MANAGER

ADAM BRIGANDI, CPA, MBA
CERINI & ASSOCIATES, LLP
SENIOR ACCOUNTANT

JAMES LAINO, CPA
CERINI & ASSOCIATES, LLP
SENIOR ACCOUNTANT

KELLY MEHR, CPA
CERINI & ASSOCIATES, LLP
SENIOR ACCOUNTANT



EDITOR

KEN CERINI, CPA, CFP, FABFA
CERINI & ASSOCIATES, LLP
MANAGING PARTNER

ASSOCIATE EDITOR

IWONA SORNAT, CPA
CERINI & ASSOCIATES, LLP
MANAGER

PAGE LAYOUT & DESIGN

KRISTINA LAINO-TORTORICE
CERINI & ASSOCIATES, LLP
GRAPHIC DESIGNER

WAYS TO PROMOTE DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY IN PRIVATE SCHOOLS



INTRODUCTION

Private schools have a responsibility to create an environment that is diverse, equitable, inclusive, and accessible for all students, faculty, staff, and community members. Promoting **diversity, equity, inclusion, and accessibility (DEIA)** in private schools is not only the right thing to do, but it also leads to a better learning experience for all students.

CULTIVATE A CULTURE OF INCLUSIVITY AND ACCESSIBILITY

Creating a culture of inclusivity and accessibility starts with school leadership. The administration must prioritize DEIA in their policies, practices, and decision-making processes. This can include establishing a DEIA committee or task force, developing a DEIA strategic plan, and integrating DEIA principles into the school's mission statement and core values. Additionally, schools should ensure that their physical environment, educational materials, and website are all accessible to all students, staff, and visitors. This means providing accommodations for students with disabilities, such as wheelchair ramps and accessible restrooms.

OFFER DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY TRAINING

One way to promote DEIA in private schools is to provide training for faculty, staff, and students. This training can cover topics such as unconscious bias, cultural competence, and accessibility. DEIA training can help school community members understand their role in promoting DEIA and create a more inclusive and equitable learning environment.

INCORPORATE DEIA INTO CURRICULUM AND PROGRAMMING

Private schools can promote DEIA by incorporating it into their curriculum and programming. This can include diversifying the curriculum to embody perspectives from different cultures, races, and ethnicities. Schools can also offer programs that focus on DEIA, such as diversity clubs, cultural celebrations, and accessibility awareness events.

FOSTER INCLUSIVE AND ACCESSIBLE HIRING PRACTICES

To promote DEIA, private schools must ensure that their hiring practices are inclusive and accessible. Schools can actively recruit candidates from diverse backgrounds and make accommodations for applicants with disabilities during the hiring process. Additionally, schools should provide ongoing professional development opportunities for faculty and staff to increase their cultural competency and understanding of accessibility issues. Diversity shouldn't stop with internal staff, it should also be reflective at the Board level, with Board and management reflective of the communities and students served by the school. At the end of the day, ideas come from people, so by having leadership and staff with diverse backgrounds and perspectives collaboratively working together, the sky's the limit for creative and imaginative ideas that can be developed.

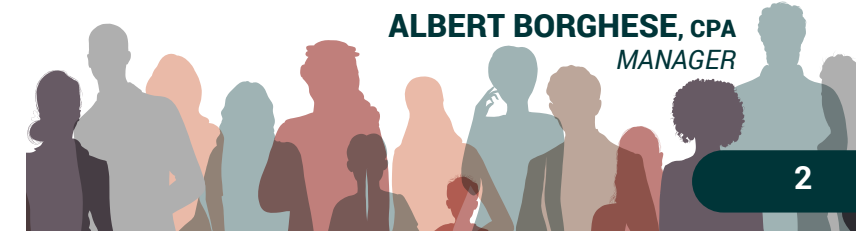
ESTABLISH A DEIA FEEDBACK LOOP

Private schools should establish a feedback loop to assess their progress in promoting DEIA. This can include conducting surveys, focus groups, and other forms of feedback from students, faculty, staff, and community members. Schools should use this feedback to make necessary changes and improvements to their DEIA efforts and policies.

CONCLUSION

Promoting diversity, equity, inclusion, and accessibility in private schools is a continuous effort that requires a commitment from school leadership, faculty, staff, and community members. By cultivating a culture of inclusivity and accessibility, offering DEIA training, incorporating DEIA into curriculum and programming, fostering inclusive and accessible hiring practices, and establishing a DEIA feedback loop, private schools can create an environment where all students can thrive.

ALBERT BORGHESE, CPA
MANAGER





TRENDS AND CHALLENGES IN PRIVATE SCHOOL ENROLLMENT AND ADMISSIONS

Private schools have long been a popular choice for parents seeking a more personalized and academically rigorous education for their children. Private schools offer tremendous benefits compared to public schools such as more intimate classroom settings, a more tolerant and supportive environment, an immersive learning experience, different classroom offerings, and more. However, in recent years, private schools have faced a variety of trends and challenges that have impacted enrollment and admissions.

1. INCREASING COMPETITION

Perhaps the most significant challenge facing private schools today is increasing competition. With the rise of charter schools, magnet schools, and online learning options, private schools are facing more competition than ever before. To stay competitive, private schools must offer unique programs and experiences that cannot be found elsewhere. They need to differentiate themselves and be able to show their value proposition to families to effectively attract students.

2. RISING COSTS

Another challenge facing private schools is rising costs. Private schools must provide high-quality facilities, technology, and instruction to attract and retain students, but these costs can quickly add up. To offset rising costs, some private schools are turning to fundraising, grants, and partnerships with local businesses and organizations. Building endowments to provide on-going scholarships, teacher development, and capital expansion are all ways that private schools can offset the impact of rising costs.

3. THE ECONOMIC DOWNTURN

As a bookend to rising costs, the downturn in the economy, and significant drop in stock values have decreased families' discretionary income and endowment levels maintained by private schools, often reducing the level of scholarships that can be provided at a time when families need them the most. Schools need to evaluate their needs today, versus the ability to replenish reserve levels once the economy turns around.

4. CHANGING DEMOGRAPHICS

Private schools are also facing changing demographics that are impacting enrollment and admissions. For example, the number of school-aged children in the United States is declining, which means that there are fewer potential students for private schools to attract. In addition, the demographics of the student population are changing, with more students coming from diverse cultural and socioeconomic backgrounds.

5. EMPHASIS ON DIVERSITY, EQUITY, AND INCLUSION

As the demographics of private school students change, there is a growing emphasis on diversity, equity, and inclusion. Private schools must ensure that their student populations reflect the diversity of their communities and that all students feel valued and included. This requires intentional efforts to recruit and retain diverse students, as well as a commitment to creating an inclusive and welcoming environment.

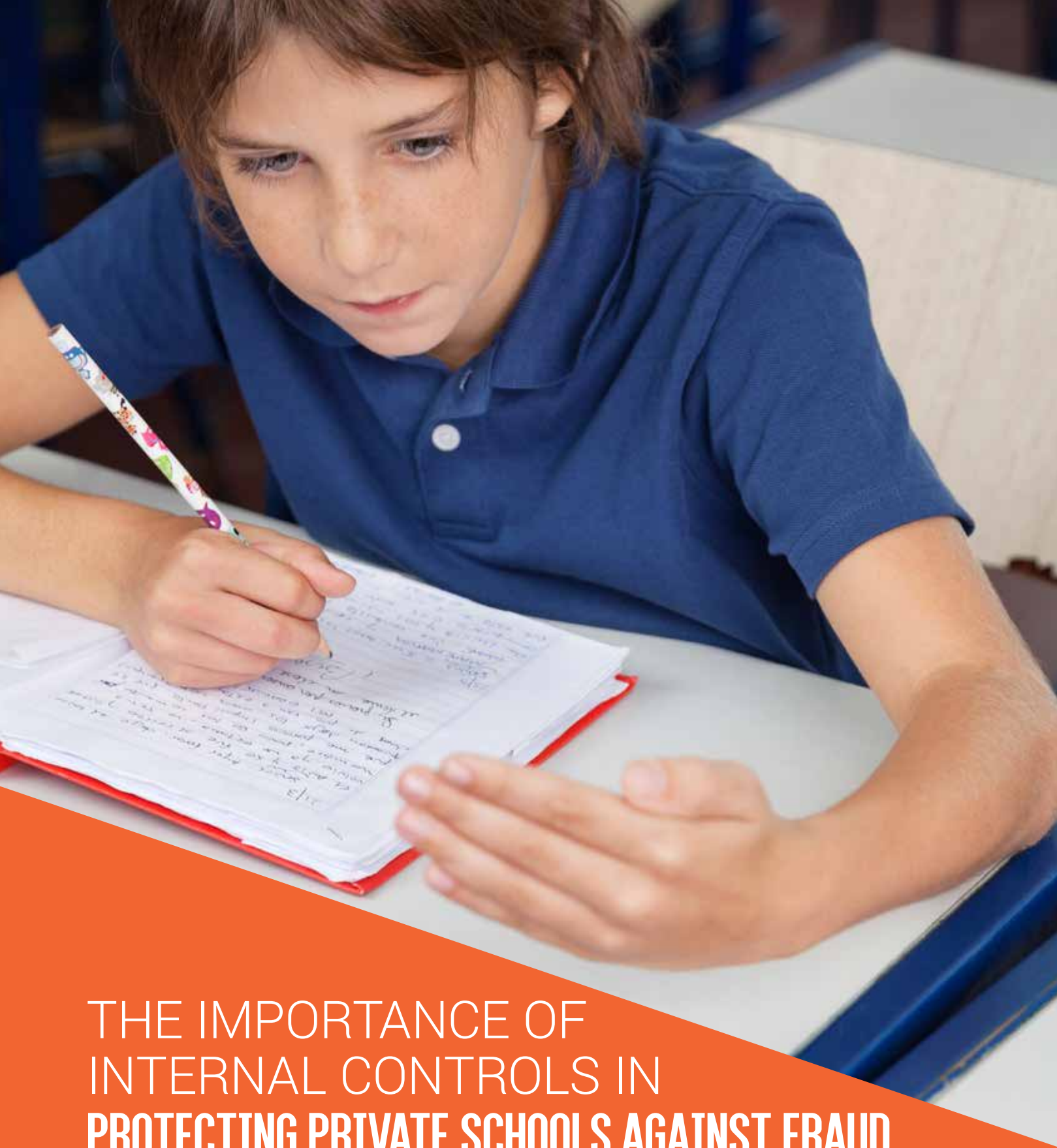
6. IMPACT OF COVID-19

Finally, the COVID-19 pandemic has had a significant impact on private school enrollment and admissions, especially in the New York metropolitan area and other urban centers. During COVID-19 many families, in an effort to reduce exposure, moved out of densely populated cities. What's more, work forces continue to transition to remote, allowing employees to work from anywhere. As a result, urban centers like NY City saw a loss of families and as such a loss of student base due to the pandemic.

In conclusion, private schools are facing a variety of trends and challenges that are impacting enrollment and admissions. To succeed in this competitive landscape, private schools need to find ways to differentiate themselves. This can come through unique course offerings, immersive classroom experiences, greater college prep and linkages, shared experiences with other schools across the country or around the world, or whatever other differentiating factors schools can develop.

ADAM BRIGANDI, CPA, MBA
SENIOR ACCOUNTANT





THE IMPORTANCE OF INTERNAL CONTROLS IN PROTECTING PRIVATE SCHOOLS AGAINST FRAUD

Fraud can have devastating consequences for private schools, both financially and in terms of reputation. That's why it's important for schools to implement strong internal controls to prevent fraud from occurring in the first place.

What are internal controls? Essentially, they are procedures and policies designed to safeguard a school's assets, ensure the accuracy of its financial information and reporting, and deter fraudulent activity. Examples of internal controls include:



1. SEGREGATION OF DUTIES:

Separating tasks between different individuals to prevent any one person from having too much control over a process. For example, the individual who reconciles bank statements should not be the same one who processes payments.

2. AUTHORIZATION AND APPROVAL PROCESSES:

Any significant transaction, such as a large purchase or expense, should require approval from multiple parties, including someone with authority to sign off on the transaction.

3. PHYSICAL SAFEGUARDS:

Physical measures can be put in place to protect assets from theft or damage. This might include locked storage areas for sensitive documents, security cameras, or even access control systems.

4. RECORD-KEEPING:

Detailed and accurate record-keeping is critical for detecting fraud. Schools should maintain clear and complete records of all financial transactions, including receipts and invoices.

5. COMPENSATING CONTROLS:

A strong system of internal controls needs to have proper checks and balances in place. For instance, having the CFO review the payroll to ensure all employees are correctly

included in payroll and their salaries are appropriate, provides an additional control in place to prevent instances of fictitious employees, inappropriate pay, or other inconsistencies in payroll records. Compensating controls will not prevent situations from happening, but they will detect them in a timely basis and help catch errors and deter fraudulent activity.

Implementing proper internal controls can be a significant undertaking, but the benefits of doing so can be substantial. By reducing the risk of fraud, private schools can protect their financial resources, maintain the trust of their stakeholders, and ensure that they are able to continue providing high-quality education to their students.

In addition to implementing internal controls, schools should also regularly review and update their fraud prevention policies and procedures to ensure that they remain effective in an ever-changing environment. This can involve conducting risk assessments, monitoring for unusual or suspicious activity, and providing ongoing training to staff on fraud prevention best practices.

Internal controls are essential for protecting private schools against fraud. By implementing proper controls, schools can reduce their risk of financial loss and maintain their reputation as trustworthy institutions. It's an investment in the long-term success of the school, and one that is well worth making.

JAMES LAINO, CPA
SENIOR ACCOUNTANT



THE IMPORTANCE OF FINANCIAL MANAGEMENT IN PRIVATE SCHOOLS

Pivate schools play a vital role in providing quality education to students as an alternative to the public school system. However, managing the finances of a private school can often be challenging. Private schools need to balance their budgets, ensure adequate funding for school programs and activities, and maintain long-term financial stability.

Private schools traditionally rely on tuition fees, donations, and grants to cover their expenses. Financial mismanagement can lead to a shortage of funds, which can affect the quality of education and impact the school's reputation; both of which can significantly impact ongoing enrollment. Proper financial management is crucial to the success of a private school.

EFFECTIVE FINANCIAL MANAGEMENT CAN HELP PRIVATE SCHOOLS ACHIEVE THE FOLLOWING:

1. ENSURE ADEQUATE FUNDING:

Financial management helps private schools maintain a steady stream of revenue to fund school programs, activities, faculty, and facilities. This allows the school to provide quality education, better develop linkages with other institutions, and ensure students have a wide range of opportunities towards personal growth and development.

2. BUDGET PLANNING:

Proper financial management requires private schools to create and maintain a budget plan that meets the needs of the school while staying within its means. This ensures that the school's resources are used efficiently and effectively and that monitoring of fiscal operations are properly monitored throughout the year.

3. FINANCIAL STABILITY:

Financial management helps private schools maintain financial stability, which is essential for the long-term success of the school. Financial stability enables private schools to weather financial challenges and continue to provide quality education to students.

KEY FINANCIAL CHALLENGES FACED BY PRIVATE SCHOOLS:

Private schools face several financial challenges that can affect their financial stability. Some of these challenges include:

1. FLUCTUATING ENROLLMENTS:

Enrollment is down everywhere, and private schools are not immune to these drops in enrollment. Actually, private schools often feel the decrease in students more than their public-school counterparts, especially during down economies, when discretionary funds are not as readily available. Fluctuations in enrollment, which can impact a private school's revenue, can make it challenging for schools to maintain financial stability.

2. RISING COSTS:

Private schools face rising costs for salaries, benefits, and facilities. These costs can strain the school's budget and impact its financial stability.

3. COMPETITION:

Private schools face competition from other private schools, charter schools, and public schools. This competition can make it challenging for schools to attract and retain students, impacting their revenue.

EFFECTIVE FINANCIAL MANAGEMENT PRACTICES FOR PRIVATE SCHOOLS:

Private schools can overcome these financial challenges by implementing effective financial management practices, which can include:

1. CREATE AN ANNUAL BUDGET WITH CONTINGENCIES:

Private schools should create a budget that outlines their expenses and revenue. When creating the budget, they should also consider putting together certain contingency budgets in case they don't hit their enrollment levels. The budget and contingency budgets should be approved by the school's board prior to the start of the year, so the school already has approved cuts that can be made quickly to preserve resources if budget shortfalls occur. In addition, budget to actual analysis should take place each month to ensure that the school's operations are in line with budgeted levels (*revenue and expenses*) so mid-year adjustments can be made to keep the school on-track.

2. CREATE A CAPITAL BUDGET:

Similar to the need to develop an operating budget, private schools should develop a 5-year rolling capital budget to understand the school's capital needs and outflows. By understanding the capital needs of the school, the school can look into alternative funding (*such as E-Rate*) or can spread capital costs so that it is not all clustered in a single year or two.

3. INCREASE ENROLLMENT:

The life blood of private schools is enrollment. This is something that needs to be worked on year-round. Increased enrollment requires on-going marketing and outreach, development of scholarship/financial assistance programs, developing collaborations with other schools, etc.

4. ENDOWMENT DEVELOPMENT:

Many private schools already have in place endowments, the most common of which is to fund scholarships. Having a scholarship fund available to provide support to students in need can help attract more students to the school.

5. FUNDRAISING:

Private schools should also look to raise discretionary funds through donations, grants, and fundraising events. This can help supplement the school's revenue and provide additional resources for programs and activities.

6. FINANCIAL REPORTING:

Private schools should maintain accurate financial records and provide regular financial reports to the school board and other stakeholders. This ensures transparency and accountability in financial management and helps the school board practice fiscal oversight and responsibility.

Proper financial management is essential for the success of private schools. Effective financial management practices can help private schools overcome financial challenges and ensure financial stability. By creating appropriate budgets (*operational and capital*), increasing enrollment, fundraising for operations and endowments, and maintaining accurate financial records, private schools can maintain financial stability and provide quality education to their students.

KELLY MEHR, CPA
SENIOR ACCOUNTANT

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Cerini & Associates, LLP
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P: (631) 582-1600 | F: (631) 582-1714 | 3340 Veterans Memorial Hwy., Bohemia, NY 11716