ELEMENTS OF A FINANCIAL PLAN

A Financial Improvement Plan details the institution’s financial objectives, outlines how the institution plans to achieve compliance with IV.B.1. of the Accreditation Manual, and specifies timelines for when compliance will be achieved. The institution’s plan should include a narrative that details the recent history and causes for any areas of noncompliance. Here are several specific items that could be included in your plan for review by the Commission.

1. **Operating Budget** – Realistic projection of budgetary needs (monthly actual vs. projected budget); Measurement of progress with an assessment of variance between budgeted and actual financials over a given timeframe

2. **Revenue Management** – Assessment of available revenues and resources; Development and implementation of strategies to increase revenue

3. **Cost Reduction** – A review of the institution’s expenditures; Identification of unnecessary or excess expenditures and ways to reduce them and improve efficiency

4. **Cash and Investments** – Effective cash management including seeking investment returns on funds not immediately required that could provide an additional source of revenue

5. **Reserves** – Maintenance of reserves for unanticipated expenditures or unforeseen emergencies; Provision of adequate working capital for current operating needs to avoid short-term borrowing

6. **Capital Improvement Plan** – Describe any large scale or high cost investments such as equipment purchases, and identify options for financing.

7. **Debt Management** – Allocation of adequate resources for repayment of debt (an integral part of financial management) and restructuring of existing debt as applicable

If the institution is providing an update to its previously submitted financial improvement plan, it should further quantify and analyze its progress, including its successes and areas for continued improvement. Updated analysis should focus on clear metrics, address sustained activities and/or new initiatives the institution is undertaking, describe changing circumstances or endeavors that have not met the institution’s expectations, and adjust existing forecasts. Whenever possible, the information presented should be specific, quantifiable, and materially significant to the overall financial capability of the institution.