

financial statement question

Niswander, Rick

Sent: Tuesday, April 17, 2012 9:29 AM**To:** Walker, Marianna

There was a question at the last Senate meeting regarding a loss recorded on the 6/30/10 financial statements of almost \$1.6. What it was and where it came from.

Gains and losses represent the difference between the carrying value of an asset and the amount at which it is disposed of. It is very important to recognize that the amount of the gain or loss has almost no relationship to the amount of cash that may occur on disposal.

ECU has over \$1 billion, gross, of assets (\$775 million, net). These are assets which might have been purchased with state appropriations (such as a building) or from non-state funds (such as equipment purchased with a grant). As part of the normal operations of the university, millions of dollars of assets are acquired and disposed every year. The \$1.6 million represents the net result of literally hundreds of asset disposals, most transactions being very small. The bigger items in FY 10 were: Demolishing Croatan and the Planters Building (in the warehouse district), approximately \$250K and the disposal of vehicles, particularly some student transit busses, approximately \$250K. The rest was an array of smaller items from all across the university, east and west campus, including ECUP.

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