NORTHERN VIRGINIA COMMUNITY COLLEGE

REVIEW REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

Auditor of Public Accounts
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Commonwealth of Virginia

Auditor of Public Accounts

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Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 1, 2021

Dr. Anne M. Kress
President, Northern Virginia Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of **Northern Virginia Community College**, which comprise the Statement of Net Position as of June 30, 2020, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of College management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We have not reviewed the financial statements of Northern Virginia Community College Educational Foundation, Inc. (Foundation), a discretely presented component unit of Northern Virginia Community College, which is presented in a separate column in the accompanying financial statements. These statements were audited by other auditors whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for the Foundation is based solely on the report of other auditors.

SSARSs require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for

them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, except for the issue noted in the Known Departures from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Accounting standards generally accepted in the United States of America define assets as resources with present service capacity that the government presently controls. As such, preparers of financial statements record existing assets in the Statement of Net Position as positive balances. Northern Virginia Community College's Statement of Net Position includes a negative balance in restricted cash and cash equivalents in the noncurrent assets section of the statement. This negative balance relates primarily to expenses incurred for capital projects, which have not yet been reimbursed by the Virginia College Building Authority. The Statement of Net Position for Northern Virginia Community College includes related amounts due from the Commonwealth that, when included in aggregate with the negative cash balance, eliminate the negative cash in its entirety. As noted in the paragraph below, disclosure related to this matter is not available due to a known departure from accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Known Departures From Accounting Principles Generally Accepted in the United States of America

Accounting principles generally accepted in the United States of America require that the financial statements for business-type entities include notes to the financial statements, which are considered part of the basic financial statements. The Virginia Community College System consolidates information from its 23 community colleges into the basic financial statements for the System; however, the System does not prepare note disclosures for each individual college. In addition, the System does not prepare for each college certain required supplementary information, such as management's discussion and analysis and pension and other postemployment benefit-related schedules, which is required to be presented to supplement the basic financial statements. Required supplementary information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The effect of these departures from accounting principles generally accepted in the United States of America has not been determined.

Other Matters

Northern Virginia Community College is one of 23 community colleges that comprise the Virginia Community College System, which is a component unit of the Commonwealth of Virginia. Federal funds received by the Commonwealth of Virginia are audited at a statewide level by the Auditor of Public Accounts in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of the statewide Single Audit of federal funds, the Auditor of Public Accounts audits federal student financial aid at Virginia's state-supported colleges and universities. The Auditor of Public Accounts audited Northern Virginia Community College Community College's Federal Student Aid programs in fiscal year 2018 and performed follow-up procedures in fiscal years 2019 and 2020 and did not report any material compliance issues. Copies of our audits of the financial statements of the Virginia Community College System along with copies of our statewide Single Audits may be found on our website at www.apa.virginia.gov.

This letter is intended solely for the information and use of the accreditation review board and is not intended to be and should not be used by anyone other than this specified party. However, this letter is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Virginia Community College System
Northern Virginia Community College
Statement of Net Position
As of June 30, 2020

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Assets		
Current Assets		
Cash and cash equivalents	$ 83,386,706	$ 114,462
Short term investments	9,342,120	3,910,159
Accounts receivable (net of allowance for doubful accounts of $21,282)	2,378,881	27,920
Pledges receivable	-	365,484
Due from commonwealth	2,650,662	-
Due from system office	41,704	-
Interest receivable	-	24,286
Prepaid expenses	952,210	-
Notes receivable	767,327	-
Total Current Assets	99,519,610	4,442,311
Noncurrent Assets		
Restricted cash and cash equivalents	(1,350,725)	944,288
Endowment cash and cash equivalents	-	143,384
Appropriation available	79,310	-
Endowment investments	-	8,862,166
Other long-term investments	26,717,710	9,813,866
Pledges receivable	-	340,830
Due from commonwealth	2,079,690	-
Notes receivable (net of allowance for doubtful accounts of $195,415)	1,614,160	-
Post employment benefit assets	4,176,507	-
Non-depreciable capital assets	31,504,517	-
Depreciable capital assets (net of accumulated depreciation of $180,904,596)	319,749,292	-
Total Noncurrent Assets	384,570,461	20,104,534
Total Assets	484,090,071	24,546,845
Deferred Outflows of Resources	33,096,098	-
Total Assets and Deferred Outflows of Resources	517,186,169	24,546,845
Liabilities		
Current Liabilities		
Accounts and retainage payable	5,594,436	71,269
Accrued payroll expense	15,615,988	-
Unearned revenue	33,772,640	-
Long-term liabilities-current portion	5,258,843	-
Securities lending obligation	931	-
Post employment benefit obligations	483,331	-
Deposits	2,757,658	944,288
Total Current Liabilities	63,483,827	1,015,557
Noncurrent Liabilities		
Long-term liabilities	5,619,423	-
Due to federal government	2,739,451	-
Pension and post employment benefit obligations	173,065,919	-
Total Noncurrent Liabilities	181,424,793	-
Total Liabilities	244,908,620	1,015,557
Deferred Inflows of Resources	30,848,120	-
Total Liabilities and Deferred Inflows of Resources	275,756,740	1,015,557
Net Position		
Net investment in capital assets	348,665,907	-
Restricted for:		
Nonexpendable	31,256	7,309,451
Expendable	10,559,472	5,395,711
Unrestricted	(117,827,206)	10,826,126
Total Net Position	$ 241,429,429	$ 23,531,288

See Independent Accountant's Review Report

Virginia Community College System
Northern Virginia Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Community College	Component Unit Northern Virginia Community College Educational Foundation
Revenues		
Operating Revenue		
Tuition and fees (net of scholarship allowance of $53,100,760)	$ 118,162,437	$ -
Federal grants and contracts	9,641,332	-
State and local grants	1,528,562	-
Nongovernmental grants	3,985,768	-
Auxiliary enterprises (net of scholarship allowance of $160,048)	4,132,563	-
Gifts and contributions	-	1,148,805
Endowment income	-	(225,307)
Other operating revenues	6,486,152	476,688
Total Operating Revenue	143,936,814	1,400,186
Expenses		
Operating Expenses		
Instruction	133,023,579	-
Public service	2,860,254	644,544
Academic support	36,717,203	-
Student services	31,905,176	-
Institutional support	35,248,836	424,130
Operation and maintenance	39,188,050	-
Scholarships and fellowships	31,553,379	1,206,612
Auxiliary enterprises	3,936,091	-
Fundraising		285,957
Other expenses	512,020	-
Total Operating Expenses	314,944,588	2,561,243
Operating Income (Loss)	(171,007,774)	(1,161,057)
Nonoperating Revenues(Expenses)		
State appropriations	103,572,661	-
Local appropriations	250,000	-
Grants and gifts	59,865,875	-
Investment income	1,889,590	465,998
Interest on capital asset related debt	(81,036)	-
Other nonoperating revenue (expense)	(2,954,376)	-
Net Nonoperating Revenue	162,542,714	465,998
Income before other revenues, expenses gains (losses)	(8,465,060)	(695,059)
Capital appropriations-state	6,827,733	-
Capital appropriations-local	5,605,423	-
Capital gifts, grants and contracts	28,229	-
Additions to permanent and term endowments	-	1,265,158
Increase (Decrease) in Net Position	3,996,325	570,099
Net Position		
Net Position beginning of year	237,433,104	22,961,189
Net Position end of year	$ 241,429,429	$ 23,531,288

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Virginia Community College System
Northern Virginia Community College
Statement of Cash Flows
For the Year Ended June 30, 2020

	Community College
Cash flows from operating activities:	
Tuition and fees	$ 129,187,741
Grants and contracts	14,830,785
Payments to suppliers and others	(55,362,568)
Payments for employee wages	(158,613,708)
Payments for employee fringes and pension benefits	(49,728,022)
Payment for scholarships	(31,241,443)
Payments for utilities	(3,734,491)
Auxiliary	4,132,563
Loans issued to students	(60,000)
Loans collected from students	349,320
Other	6,427,458
Net cash used by operating activities	(143,812,365)
Cash flows from non-capital financing activities:	
State appropriations	103,572,661
Local appropriations	250,000
Grants and gifts	60,064,312
Custodial receipts	3,001,737
Custodial disbursements	(3,015,921)
PLUS, Stafford and Direct Lending loan receipts	33,900,063
PLUS, Stafford and Direct Lending loan disbursements	(34,572,982)
Loan repayments	(840,598)
Other non-operating revenue(expense)	(2,934,172)
Net cash provided (used) by non-capital financing activities	159,425,100
Cash flows from capital and related financing activities:	
Capital appropriations-state	4,997,839
Capital appropriations-local	5,605,423
Capital grants and gifts	20,750
Purchase capital assets	(13,354,064)
Proceeds from sale of capital assets	60,233
Debt interest payments	(192,878)
Debt principal payments	(880,000)
Net cash provided (used) by capital financing activities	(3,742,697)
Cash flows from investing activities:	
Purchases of investments	(7,196,572)
Sale of investments	6,896,988
Investment income	887,806
Net cash provided (used) by investing activities	588,222
Net increase (decrease) in cash and cash equivalents	12,458,260
Cash and cash equivalents, beginning of year	69,576,790
Cash and cash equivalents, End of Year	$ 82,035,050
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(171,007,774)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	14,947,855
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	1,050,243
Prepaid expenses and other	4,731,251
Post employment benefits asset	610,493
Accrued compensation and leave	1,088,339
Accounts payable and other	36,758
Unearned revenue	10,099,693
Pension liability	23,094,717
Post employment benefits liability	(7,028,475)
Deferred inflows of resources related to pensions and post employment benefits	(5,450,553)
Deferred outflows of resources related to pensions and post employment benefits	(15,984,912)
Net cash used in operating activities	$ (143,812,365)
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	82,035,981
Less: Securities Lending Cash Equivalents	931
Cash and cash equivalents end of year	$ 82,035,050
Noncash transactions	
Donated fixed assets	$ 7,479
Amortization of bond premium	$ 108,228
Unrealized Gain/(loss) on investments	$ 1,001,773
Amortization of deferral on debt defeasance	$ (58,800)

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