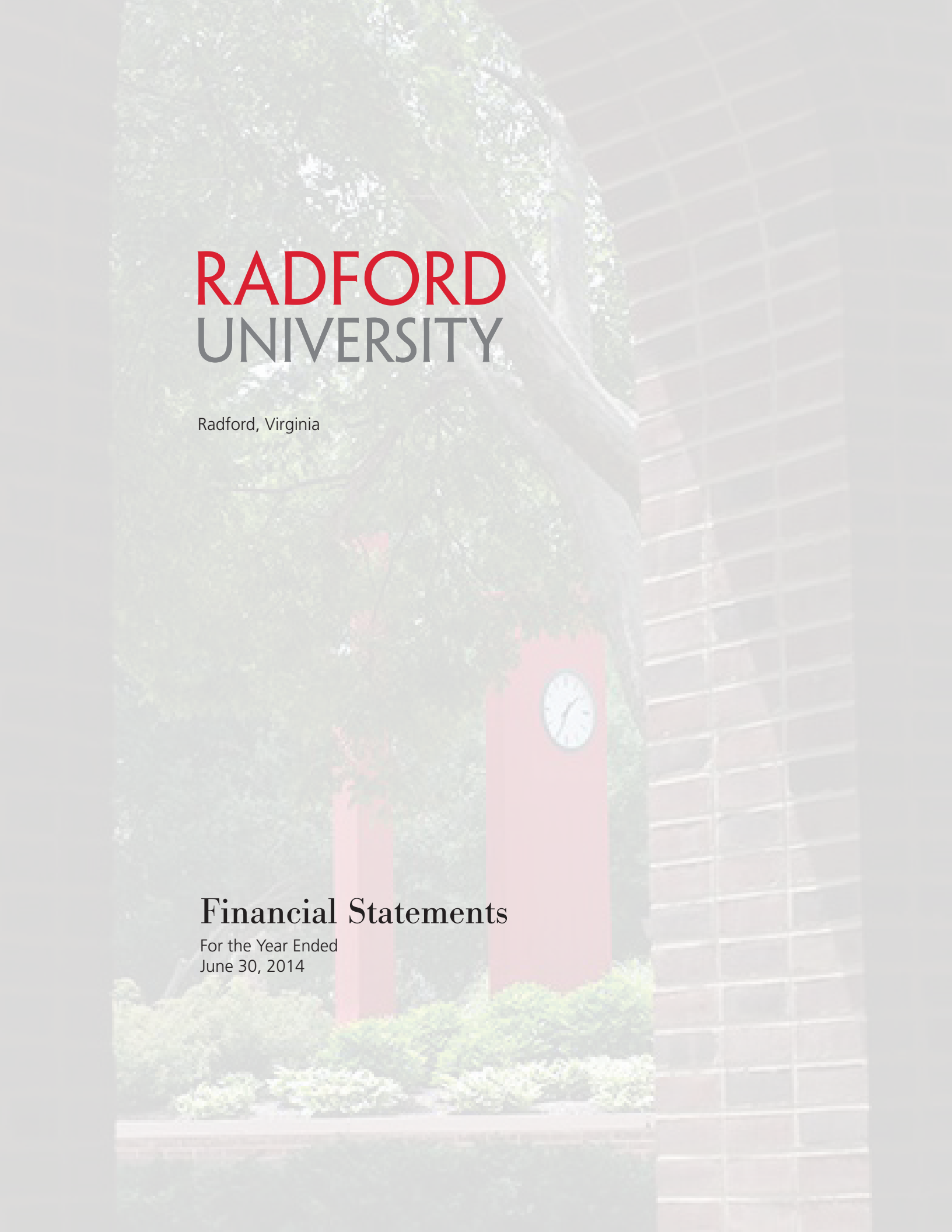




RADFORD UNIVERSITY

Radford, Virginia

Financial Statements

For the Year Ended
June 30, 2014

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Management's Discussion and Analysis

(Unaudited)

Introduction

The following unaudited Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of Radford University in an objective, easily readable format for the year ending June 30, 2014. Since this analysis includes highly summarized data, it should be read in conjunction with the accompanying financial statements and footnotes. The University's management is responsible for all financial information presented, including this discussion and analysis.

The three required financial statements are the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These statements are summarized and analyzed in the following paragraphs. The Radford University Foundation, Inc. is included in the accompanying financial statements in a separate column as a component unit. However, the following discussion and analysis does not include Radford University Foundation's financial condition and activities.

University Overview

Founded in 1910 as an all-women's college, Radford University became coeducational in 1972 and was granted university status by the Virginia General Assembly in 1979. Today, the University is a flourishing coeducational, comprehensive public university that is student centered and focused on providing outstanding academic programs to its 9,798 students (fall 2014 headcount). Radford University's in-state undergraduate enrollment has increased a total of 926 students since fall 2010. This trend aligns with the Commonwealth's goals of 100,000 more undergraduate degrees by 2025 as outlined in the "Virginia Higher Education Opportunity Act of 2011 – Top Jobs for the 21st Century" (TJ21) and the University's six-year plan.

The University offers excellent educational opportunities to students from all geographic regions of the Commonwealth of which 94 percent are Virginia residents and 35 percent of undergraduates are the first in their family to attend college. Because of its midsize, the University provides its students a winning combination of broad opportunities associated with a large university and highly personalized relationships considered the hallmark of a small institution.

Well known for its strong faculty/student collaboration, innovative use of technology in the learning environment, and vibrant student life on a beautiful residential campus, the University offers many opportunities for success in and out of the classroom. In addition to courses offered at its main campus, Radford University also extends its course offerings to students at the Roanoke Higher Education Center, Southwest Virginia Higher Education Center, New College Institute, and Carilion Roanoke Community Hospital. Through its seven colleges, the University offers 69 undergraduate degree programs, 22 master's programs, three doctoral programs, and seven post-baccalaureate certificates. A Division I member of the NCAA and Big South Athletic

Conference, the University participates in 15 varsity sports – nine for women and six for men.

The University employs many "High Impact Practices" that include such offerings as undergraduate research, Scholar-Citizen Quality Enhancement Plan experiences, leadership courses and programs, the Honors Academy, and internship placements to name a few. Radford University also entered into a Guaranteed Admissions Agreement for Nursing with the Virginia Community College System (VCCS). The agreement will provide an efficient pathway for VCCS's Applied Science in Nursing (AAS) graduates to achieve a Bachelor's of Science in Nursing (BSN) degree from Radford University. In regards to graduate programs, the first cohort of the Doctor of Physical Therapy (DPT) program graduated in 2014 with a first time pass rate on the Board License Exam (NPTE) of 100 percent and an employment rate of 100 percent. Additionally, the program obtained full accreditation in 2014.

In 2014, the University's new Language and Culture Institute, a partnership with Virginia Tech that provides language-related programs and services for academic and professional development including an intensive English program for international students, received accreditation from the Commission on English Language Program Accreditation. The campus community supports a culturally diverse student population and offers more than 250 clubs and organizations for student participation, growth, leadership development, and community service. Students also have the opportunity to participate in faculty-led study abroad programs in 13 different countries.

The aforementioned examples are but a few of the many accomplishments that all of the colleges have attained during the course of their instructional mission. Radford University has also received national recognition in several areas which include:

- In August 2014, Radford University was recognized by The Princeton Review in the "2015 Best Colleges: Region by Region" list.
- The University was named as one of the best 138 colleges in the Southeast marking the seventh time the University has received this recognition by The Princeton Review since 2008.
- The University was ranked 34th overall by the U.S. News and World Report on their "Best Regional Universities – South" listing, which comprised of both public and private universities in a 12-state region.
- The U.S. News and World Report ranked Radford University 13 of the top 15 public universities in the southern region.
- Confirming that the University provides one of the best values in the nation, Radford University was recognized by Washington Monthly magazine as one of the "Best

Statement of Net Position—Summary Schedule

(\$ shown in thousands)

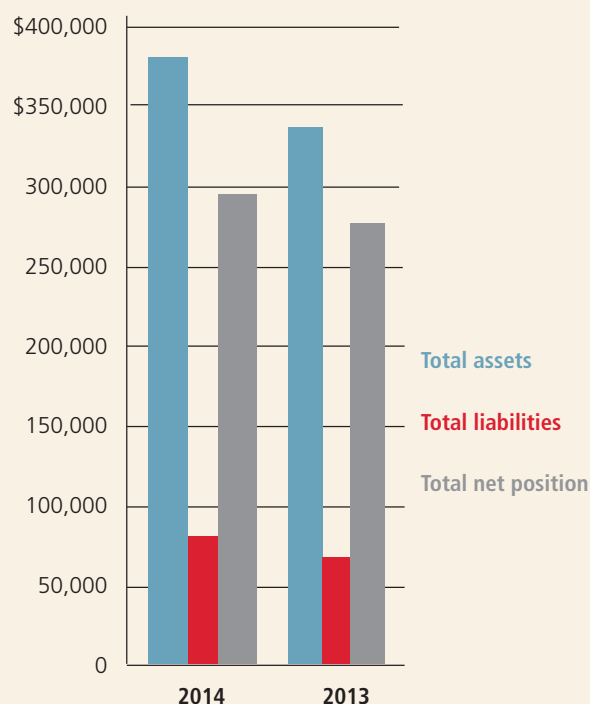
The schedule below shows trends in assets, liabilities, and net position over the past two fiscal years:

	2014	2013	Change	
			Amount	Percent
Assets:				
Current assets	\$123,087	\$115,771	\$7,316	6.3
Capital assets, net	253,739	219,606	34,133	15.5
Other noncurrent assets	3,188	2,994	194	6.5
Total assets	\$380,014	\$338,371	\$41,643	12.3
Liabilities:				
Current liabilities	\$37,137	\$34,285	\$2,852	8.3
Noncurrent liabilities	45,087	29,613	15,474	52.3
Total liabilities	\$82,224	\$63,898	\$18,326	28.7
Net Position:				
Net investment in capital assets	\$226,106	\$214,624	\$11,482	5.3
Restricted—expendable	12,417	12,853	(436)	-3.4
Unrestricted	59,267	46,996	12,271	26.1
Total net position	\$297,790	\$274,473	\$23,317	8.5

Statement of Net Position—Comparative Chart

(\$ shown in thousands)

The chart below is a snapshot of total assets, total liabilities, and total net position for the fiscal years ended June 30, 2014 and 2013:



Bang for the Buck” institutions for the second consecutive year and was the only Virginia university to make the top 100 in the “All Schools” category.

The University is dedicated to building and maintaining a sustainable, environmentally friendly campus. For the fifth consecutive year, the University was named one of the 332 most environmentally responsible colleges in the United States and Canada according to The Princeton Review. The University’s rating was a result of significant strides in sustainability initiatives, including LEED (Leadership in Energy and Environmental Design) Gold certifications for campus buildings, development of a Climate Action Plan with a target climate neutrality date of 2040, and partnering with the City of Radford to provide the Radford Transit system. The University was also the only university in Virginia to receive the Environmental Protection Agency’s Energy Star certification for residence halls. Six campus buildings received this certification of which five are residence halls. Subsequent to The Princeton Review’s “Guide to 332 Green Colleges,” the College of Business and Economics building achieved LEED (Leadership in Energy and Environmental Design) Gold status marking the fourth campus building to receive this accolade.

Radford Transit, developed as a partnership with the City of Radford and operated by New River Valley Community Services, continues to experience considerable levels of growth. By the end of fiscal year 2014, Radford Transit had

transported 351,270 passengers, reflecting an 87 percent increase in ridership over just two years. Since inception, Radford Transit has transported a staggering 867,545 passengers. Radford Transit will soon reach a milestone as it carries its one millionth passenger. Radford Transit will continue to serve the needs of students, employees, and community residents by giving full campus access and transportation to areas adjacent to the University, including the City of Radford, Fairlawn, Christiansburg, Blacksburg, and connections with the Smartway Bus and Megabus. These connections provide students and members of the community with multi-state bus routes and transportation to the Roanoke-Blacksburg Regional Airport. The success of the Radford Transit reinforces the University’s commitment to its students, employees, community residents, and sustainable initiatives.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. The purpose of the statement is to present a snapshot of the University’s financial position to the readers of the financial statements.

The data presented in the Statement of Net Position aids readers in determining the assets available to continue the operations of the University. It also allows readers to determine how much the University owes to vendors and

creditors. Finally, the Statement of Net Position provides a picture of the net position or available resources of the University. Sustained increases in net position over time are one indicator of the financial stability of an organization.

Net position is classified into three major components: net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets**—Net investment in capital assets represents the University's total capital assets, net of accumulated depreciation, reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. Debt incurred, but not yet expended for capital assets, net of accounts and retainage payable to be paid with unspent debt proceeds, is not included as a component of net investment in capital assets.
- **Restricted—expendable**—The expendable restricted component of net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.
- **Unrestricted**—The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the University, and may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Some examples of the University's auxiliaries are intercollegiate athletics and student residential and dining programs.

Total University assets increased by \$41.6 million or 12.3 percent during fiscal year 2014, resulting in total assets of \$380.0 million at year end. The majority of the increase in total assets is attributable to a \$7.3 million increase in current assets and \$34.1 million increase in net capital assets. The largest increases in current assets were in cash and cash equivalents of \$4.2 million as outlined in the Statement of Cash Flows (discussed in a later section) and the receivable due from the Commonwealth of \$2.8 million. The increase in the receivable due from the Commonwealth is related to the timing of several significant requisitions for capital projects near fiscal year end. Capital assets, net of accumulated depreciation, of \$253.7 million accounts for the majority of the increase in noncurrent assets and reflects the ongoing expansion and renovation of facilities at the University as discussed in detail in the following section, Capital Asset and Debt Administration.

Total liabilities increased by \$18.3 million or 28.7 percent during fiscal year 2014. The current liabilities category increased \$2.9 million and the noncurrent liabilities increased \$15.5 million. The rise in liabilities resulted from an increase in accounts payable and accrued expenses of \$1.3 million

as well as Radford University's participation in the pooled bond program (Series 2013A) for \$5.1 million to construct the Student Recreation and Wellness Center and 9(c) general obligation bonds of \$11.9 million for the renovation of three residence halls. Further information regarding the debt issuance can be found in Notes 6 and 7 of the Notes to Financial Statements. The decrease in restricted cash and cash equivalents of \$3.6 million reflects the expenditure of funds for ongoing capital asset construction, which was offset in part by the proceeds of debt issued for the Student Recreation and Wellness Center and renovation of three residence halls.

The increase in total assets was greater than the corresponding increase in total liabilities, thus improving the University's net position by \$23.3 million or 8.5 percent. Net investment in capital assets increased \$11.5 million which is a reflection of the University's continued investment in facilities and equipment to support the University's missions.

Capital Asset and Debt Administration

The development and renewal of the University's capital assets is critical to ensure the necessary infrastructure required for achieving the University's ongoing mission. Accordingly, the University has continued to implement its long-range plans to modernize older facilities and to pursue new construction as needed. These investments in renovation and new construction support and enhance the University's high-quality instructional programs, residential lifestyles, and student quality of life.

Note 4 of the Notes to Financial Statements describe the University's ongoing investment in capital assets. The value of the University's net capital assets increased to \$253.7 million at the end of fiscal year 2014, an increase of \$34.1 million or 15.5 percent over fiscal year 2013. Net additions and reductions to capital assets during fiscal year 2014 totaled \$44.6 million (excluding depreciation). The continued construction of the Student Recreation and Wellness Center and Center for the Sciences as well as beginning construction on the new academic building for the College of Humanities and Behavior Sciences and residence hall renovations account for the majority of the current year capital activity. Current year depreciation expense totaled \$14.0 million.

Capital projects in progress carried commitments to construction contractors, architects, and engineers totaling \$32.2 million at June 30, 2014. These obligations represent the unperformed portion of construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

Financial stewardship requires the effective management of resources, including the use of long-term debt to finance capital projects. Notes 6 and 7 of the Notes to Financial Statements contain information about the long-term debt of the University. In fiscal year 2014, one new note payable in the amount of \$5.1 million was issued for the construction of the Student Recreation and Wellness Center and a bond in the amount of \$11.9 million was issued for the renovation of three residence halls.

Statement of Revenues, Expenses, and Changes in Net Position—Summary Schedule

(\$ shown in thousands)

	2014	2013	Change	
			Amount	Percent
Operating revenues	\$120,700	\$115,437	\$5,263	4.6
Less: Operating expenses	178,663	172,059	6,604	3.8
Operating loss	(57,963)	(56,622)	(1,341)	2.4
Nonoperating revenues and expenses	62,216	63,493	(1,277)	(2.0)
Income before other revenues, expenses, gains, or losses	4,253	6,871	(2,618)	(38.1)
Other revenues, expenses, gains, or losses	19,064	6,975	12,089	173.3
Increase in net position	23,317	13,846	9,471	68.4
Net position—beginning of year	274,473	260,627	13,846	5.3
Net position—end of year	\$297,790	\$274,473	\$23,317	8.5

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's operating and nonoperating activities, which changes the University's total net position. The purpose of the statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investments and capital assets.

Generally, operating revenues are received from providing goods and services to students and various customers and constituencies of the University. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Compensation and fringe benefits for faculty and staff are the largest category of operating expense.

Nonoperating revenues are revenues received for which goods and services are not directly provided. State appropriations are included in this category, but provide substantial support for paying the University's operating expenses. Therefore, the University, like most public institutions, will expect to show an operating loss.

Overall, the result from total fiscal year operations was an increase in net position of \$23.3 million. This increase was primarily attributable to the increase in capital appropriations and gifts described further below. The increase in the operating loss of \$1.3 million was the combination of increased expenses partially offset by an increase in operating revenues. With the inclusion of state appropriations for the University in the nonoperating category, the University will

regularly display an operating loss for the year. This operating loss is primarily covered by the state appropriations included in the nonoperating category as well as investment income and capital appropriations.

Operating revenues of the University consist primarily of student tuition and fees and revenues generated by various auxiliary enterprises. Operating revenues in total for fiscal year 2014 increased by \$5.3 million as compared to fiscal year 2013. This increase was largely due to growth in tuition and fees and auxiliary revenues, net of scholarship allowances, which reflected an increase of 9.3 percent and 1.0 percent, respectively. The growth in these revenues is attributed to a Board of Visitors approved tuition and fee rate increases and enrollment growth. To address continuing programmatic and instructional needs resulting from sustained enrollment growth and to cover other mandatory cost increases including state mandated salary adjustments and health insurance rate changes, tuition rate increases ranged from 0.0 to 5.8 percent and the auxiliary comprehensive fee rate increased 2.0 percent for fiscal year 2014. Although state appropriations remained unchanged in comparison to fiscal year 2013, nonoperating revenues and expenses for fiscal year 2014 decreased \$1.3 million or 2.0 percent. The decrease in nonoperating activities is the result of a decline in investment income coupled with increases in interest expense on capital asset-related debt and nonoperating transfers to the Commonwealth. The growth in capital appropriations of \$12.1 million was a result of an increase in capital construction funding, predominately related to the construction of the Center for the Sciences building funded via the 21st Century bond program.

Revenues by Source Comparison (\$ shown in thousands)

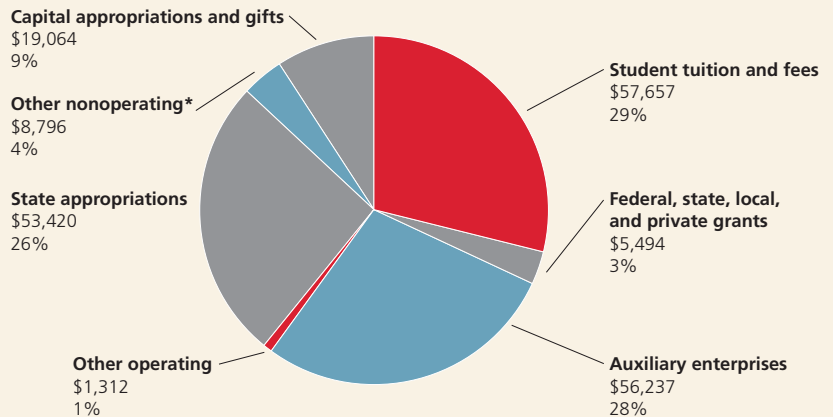
The following chart compares each major revenue source (both operating and nonoperating) for the previous two fiscal years:

	2014	2013	Change	
			Amount	Percent
Revenues by Source:				
Student tuition and fees	\$57,657	\$52,753	\$4,904	9.3
Federal, state, local, and private grants and contracts	5,494	5,771	(277)	(4.8)
Auxiliary enterprises	56,237	55,684	553	1.0
Other operating	1,312	1,229	83	6.8
State appropriations	53,420	53,340	80	0.1
Other nonoperating*	8,796	10,153	(1,357)	(13.4)
Capital appropriations and gifts	19,064	6,975	12,089	173.3
Total Revenues by Source:	\$201,980	\$185,905	\$16,075	8.6

* Includes federal student financial aid (Pell), investment income, interest on capital asset-related debt, loss on disposal of assets, and nonoperating transfers to the Commonwealth.

Revenues by Source (\$ shown in thousands)

The following chart illustrates the percentage of the University's total revenue comprised by each major revenue source (both operating and nonoperating) for the year ended June 30, 2014:



Operating expenses for fiscal year 2014 increased \$6.6 million or 3.8 percent over fiscal year 2013. From a natural expense standpoint, compensation and benefits comprises 56.8 percent of the University's operating expenses and services and supplies accounts for 25.6 percent. These two categories contributed to the majority of the increase in operating expenses for 2014. Compensation and benefits increased \$4.9 million or 5.1 percent. Generally, changes to expenses in this category are from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trends in the costs of fringe benefits. The increase in compensation and benefits during fiscal year 2014 is largely due to an university-wide state mandated three percent salary increase for teaching and research and administrative and professional faculty as well

as an university-wide state mandated two percent salary increase for classified employees in addition to a salary compression adjustment for eligible classified employees based on years of service. The additional hire of full-time faculty and support positions due to enrollment growth and a state mandated increase in fringe benefits costs also attributed to the increase in compensation and benefits during fiscal year 2014. Services and supplies increased \$2.8 million or 6.4 percent over fiscal year 2013. The increased activity in services and supplies is attributed to several factors including the completion of additional facility infrastructure improvements, increased dining contract payments due to increased meal plan sales, and an overall increase in contractual obligations related to student, administrative, and operational support. Operating expenses

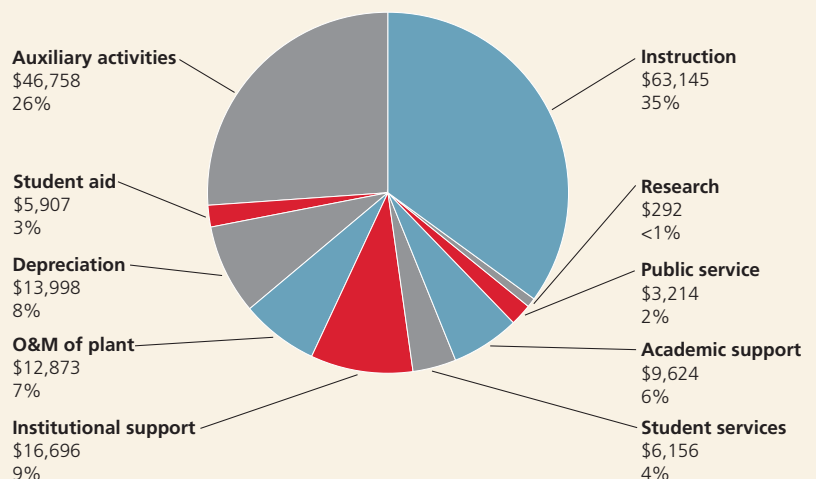
Expenses by Function Comparison (\$ shown in thousands)

The following chart compares expenses by function for the fiscal years ended June 30, 2014 and 2013.

	2014	2013	Change	
			Amount	Percent
Operating Expenses:				
Instruction	\$63,145	\$60,835	\$2,310	3.8
Research	292	318	(26)	(8.2)
Public Service	3,214	3,297	(83)	(2.5)
Academic support	9,624	8,684	940	10.8
Student services	6,156	5,533	623	11.3
Institutional support	16,696	15,647	1,049	6.7
Operation and maintenance of plant	12,873	11,966	907	7.6
Depreciation	13,998	13,216	782	5.9
Student aid	5,907	5,420	487	9.0
Auxiliary activities	46,758	47,143	(385)	(0.8)
Total Operating Expenses:	\$178,663	\$172,059	\$6,604	3.8

Expenses by Function Comparison (\$ shown in thousands)

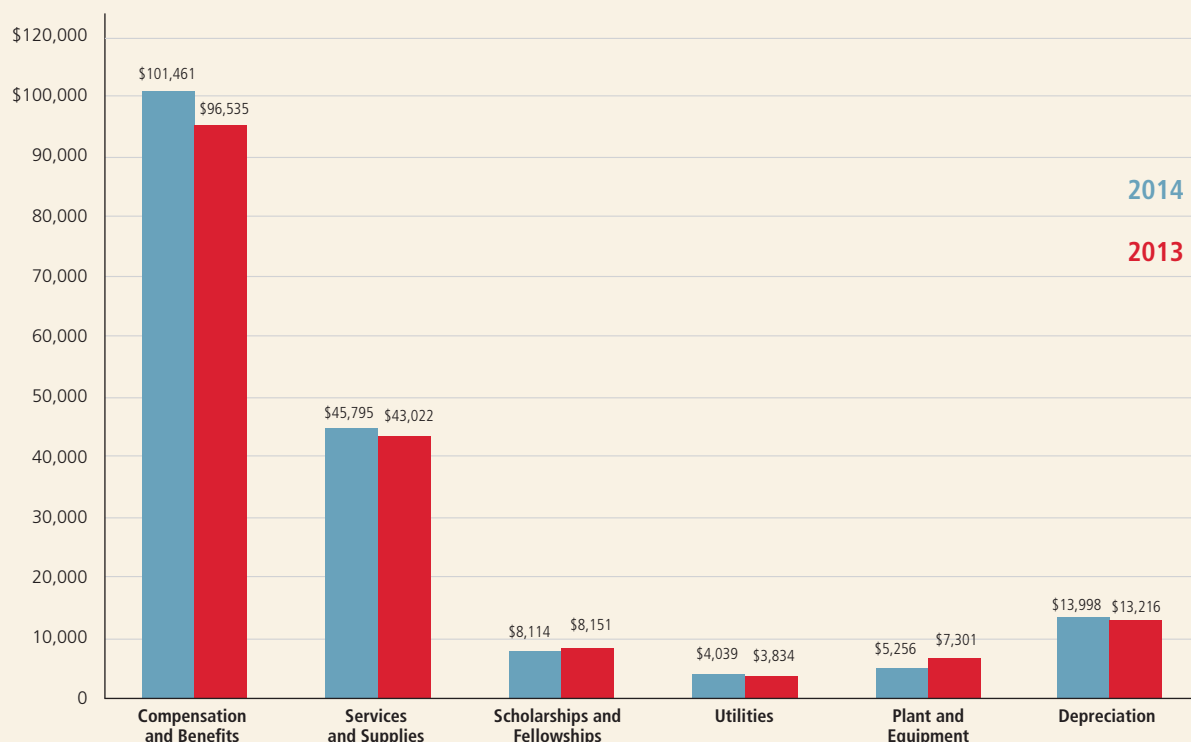
The following graphic illustration presents total expenses by function for fiscal year 2014.



Expenses by Natural Classification Comparison

(\$ shown in thousands)

The following chart compares expenses by natural classification for the years ended June 30, 2014 and 2013.



are presented on the Statement of Revenues, Expenses, and Changes in Net Position by their functional category. Expenses attributable to instruction and auxiliary activities comprise 35.3 and 26.2 percent, respectively.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. Cash flows from operating activities will always be different from the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position. This difference occurs because the Statement of Revenues, Expenses, and Changes in Net Position is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expense, while the Statement of Cash Flows presents cash inflows and outflows without regard to accrual items. The Statement of Cash Flows should help readers assess the ability of an institution to generate cash flows necessary to meet obligations and evaluate its potential for additional financing.

The Statement of Cash Flows is divided into five sections: cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, cash flows from investing activities, and reconciliation of net operating loss to net cash used by operating activities.

The first section, cash flows from operating activities, deals with operating cash flows and shows net cash used by operating activities of the University. The cash flows from

noncapital financing activities section reflects cash received and disbursed for purposes other than operating, investing, and capital financing. GASB requires general appropriations from the Commonwealth and noncapital gifts to be shown as cash flows from noncapital financing activities. Cash flows from capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Included in cash flows from capital and related financing activities are plant fund activities (except for depreciation). Cash flows from investing activities reflects the cash flows generated from investments to include purchases, proceeds, and interest. The last section reconciles the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year to net cash used by operating activities.

Overall, the University had a net increase in cash of \$4.2 million from fiscal year 2013. The primary sources of cash for the University were state appropriations of \$53.4 million, student tuition and fees of \$57.7 million, auxiliary enterprise revenues at \$56.2 million, and receipts for student loans of \$55.4 million. The major uses of cash were employee compensation and benefits at \$101.2 million, services and supplies of \$46.3 million, student loan disbursements at \$55.4 million, and the purchase of capital assets at \$47.3 million. Net cash used by capital and related financing activities reflects an increase of \$9.6 million from the prior year as a result of an increase in capital asset purchases offset in part by an increase in capital appropriations and gifts. Net

Statement of Cash Flows—Summary Schedule

(\$ shown in thousands)

	2014	2013	Change	
			Amount	Percent
Net cash used by operating activities	\$(44,494)	\$(40,821)	\$(3,673)	9.0
Net cash provided by noncapital financing activities	63,028	62,774	254	0.4
Net cash used by capital and related financing activities	(16,040)	(6,409)	(9,631)	150.3
Net cash provided by investing activities	1,695	6,276	(4,581)	(73.0)
Net increase in cash	4,189	21,820	(17,631)	(80.8)
Cash and cash equivalents—beginning of year	107,378	85,558	21,820	25.5
Cash and cash equivalents—end of year	\$111,567	\$107,378	\$4,189	3.9

cash used by operating activities increased \$3.7 million from fiscal year 2013 as a result of an increase in cash outflows for operating expenses exceeding the increase of cash inflows from operating revenue. For 2014, the change in cash flow provided by investing activities decreased \$4.6 million primarily due to securities lending.

Economic Outlook

The University's administration continues to closely monitor the fiscal environment in which the University operates and reviews key assumptions in the annual update of the University's fiscal plan. The 2014-15 fiscal plan, or operating budget, was developed considering projected enrollment levels, actions taken by the Governor and General Assembly during the 2014 session, Board of Visitors approved tuition and fee rates, strategic goals of the University, and the outlook for the economy. Each year the fiscal plan builds upon the existing multi-year strategic budget plans developed by each division. This collaborative process provides the framework for the University's Six-Year Plan submission to the State and positions the institution for continued success. The fiscal plan addresses critical academic and student support programmatic needs, considers unavoidable cost increases, and continues the implementation of the goals outlined in Radford University's Strategic Plan, 7-17. It also considers the goals outlined in the "Virginia Higher Education Opportunity Act of 2011 – Top Jobs for the 21st Century" (TJ21).

In fiscal years 2013 and 2014, the Commonwealth made investments in higher education to support the goals outlined in the TJ21 legislation. This also served to assist in the mitigation of the loss of general fund support from 2009 to 2012 that was largely attributed to the Great Recession of 2008. Unfortunately, due to limited availability of general fund revenue in the 2014-16 biennium no additional general fund support was allocated to the University to support programmatic growth or to increase support for existing operations in the approved 2014-16 biennial budget. Since the start of the 2015 fiscal year, the state has revised their

revenue projections and now anticipates a general fund shortfall in general fund revenue for the current biennium. Due to this expected scenario, for fiscal year 2015, general fund support for the University is slated to be reduced by \$1.1 million to begin addressing the state's current revenue shortfall. Furthermore, the state has asked for five and seven percent savings strategies to be submitted which could be used to further mitigate the projected general fund shortfall in this biennium.

Radford University remains committed to providing a quality, affordable educational experience represented by the fact that among Virginia's four-year public institutions, the University is the second lowest total costs (tuition, fees, room and board) for in-state undergraduate students. As a public institution of higher education in Virginia, providing affordable educational opportunities for in-state undergraduate students is a priority, thus Radford University continues to rely heavily on state general fund support for its Educational and General (E&G) program activities. For fiscal year 2015, state general fund support for the E&G program will account for \$47.3 million of the total projected program revenues representing a three percent increase from fiscal year 2014. This increase in state general fund support reflects central appropriation adjustments for unavoidable cost increases such as health insurance and fringe benefits rate changes.

Radford University continues to enjoy a healthy demand for its academic programs among Virginia residents and first generation students. As of fall 2014, 94 percent of the University's students were residents of Virginia representing various geographic regions of the Commonwealth. Reflective of Radford University's growth and diversity, the Class of 2018 is composed of 2,015 new freshmen from 307 Virginia high schools and 132 out-of-state and international high schools, and represents 19 different nations. Over one-third (34 percent) of the class is from northern Virginia and more than 37 percent of the new freshmen are first generation college students. Nearly 32 percent of the new freshmen class

identify themselves as ethnic minorities, with 16 percent as African American and 7 percent as Hispanic/Latino.

As a result of placing a continued emphasis on enrollment planning and management as well as implementing new master's and doctoral programs, the University has witnessed and projects further growth in enrollment.

During fiscal year 2015, the University piloted the RU Accelerate Program as a follow up to the successful Wintermester intersession that was specifically designed to help students progress more quickly in their degree programs by providing a variety of course offerings across multiple colleges. The RU Accelerate Program is focused on high achieving incoming students and offers the ability to take an online class before arriving to campus and join an undergraduate research team. Upon successful completion, students will arrive in the fall having already completed a high-demand three credit course.

Radford University has also initiated an intensive retention and high impact practices effort to engage students immediately upon their arrival to campus. The University contracted with industry leader Noel Levitz to develop a holistic retention plan, is researching best practices for student assistance programs, implemented an undergraduate research initiative, is developing yoked instructional and student engagement opportunities, and is evaluating enhancements for career services and experiential learning opportunities.

Substantial progress was made on various capital projects during fiscal year 2014. For fiscal year 2015, the University is continuing to move forward with several major capital projects. Construction nears completion on two

technologically advanced buildings, the Student Recreation and Wellness Center and the Center for the Sciences. These facilities are expected to open in fall 2014 and fall 2015, respectively. During the summer of 2014, the University initiated a multi-building residence hall renovation project for Pocahontas, Bolling, and Draper Halls. These buildings have similar structures and floor plans which provide synergy and cost savings during design and construction. Pocahontas and Bolling Halls will re-open in fall 2015 and Draper Hall will re-open in fall 2016. Additionally, construction is underway of a new academic building for the College of Humanities and Behavior Sciences. The University has also taken steps to initiate the planning for the renovation of Whitt Hall. The addition of each of these structures will certainly result in exciting changes and improve the landscape of Radford University.

In the coming years, Radford University will continue to demonstrate sound judgment in the use of its financial resources and explore innovative strategies for continuous improvement. Future planning efforts have positioned the University to respond immediately to changing economic conditions and will allow the institution to emerge even stronger. Admission applications and student interest in the University continue to be robust which is producing strong enrollments while at the same time maintaining student quality. The impact of these planning efforts demonstrates the University's focus on the future and its ability to respond to unforeseen challenges by continuing to evaluate programmatic costs, identify efficiencies in operations, and prioritize the most critical needs in establishing and monitoring its operational budgets and finances.



Financial Statements

RADFORD UNIVERSITY
Statement of Net Position

As of June 30, 2014

		Radford University	Component Unit Radford University Foundation, Inc.
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	\$	94,031,716	\$ 753,693
Restricted cash and cash equivalents (Note 2)		17,534,760	-
Short-term investments (Notes 2, 18C)		226,363	50,575,946
Accounts receivable (net of allowance for doubtful accounts of \$373,286) (Note 3)		1,848,680	-
Contributions receivable (Net of allowance for uncollectible contributions of \$20,618) (Note 18A)		-	1,077,290
Due from the Commonwealth (Note 11)		5,028,967	-
Due from Federal Government		713,234	-
Inventory		463,963	-
Notes receivable (net of allowance for doubtful accounts of \$3,882 and \$ -) (Notes 3, 18B)		26,830	4,289
Prepaid expenses		3,212,627	8,785
Other assets		-	5,263,545
Other receivables		-	51,404
Total current assets		<u>123,087,140</u>	<u>57,734,952</u>
Noncurrent assets			
Other long-term investments (Note 18C)		-	6,292,602
Contributions receivable (net of allowance for uncollectible contributions and discount of \$103,003) (Note 18A)		-	785,415
Other assets		-	428,862
Notes receivable (net of allowance for doubtful accounts of \$609,995 and \$ -) (Notes 3, 18B)		3,187,785	37,508
Depreciable capital assets, net (Notes 4, 18D)		181,878,188	3,992,988
Nondepreciable capital assets (Notes 4, 18D)		71,861,017	4,497,126
Total noncurrent assets		<u>256,926,990</u>	<u>16,034,501</u>
Total assets	\$	<u>\$ 380,014,130</u>	<u>\$ 73,769,453</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses (Note 5)	\$	21,937,916	\$ 213,391
Unearned revenue		4,257,986	293,349
Obligations under securities lending		7,217,926	-
Deposits held in custody for others		331,392	-
Line of credit (Note 18E)		-	500,000
Long-term liabilities - current portion (Notes 6, 7, 18F)		3,371,318	368,546
Advance from the Treasurer of Virginia		20,000	-
Trust and annuity obligations		-	96,250
Total current liabilities		<u>37,136,538</u>	<u>1,471,536</u>
Noncurrent liabilities			
Noncurrent liabilities (Notes 6, 7, 18F)		45,087,010	1,792,173
Trust and annuity obligations		-	541,558
Total noncurrent liabilities		<u>45,087,010</u>	<u>2,333,731</u>
Total liabilities	\$	<u>\$ 82,223,548</u>	<u>\$ 3,805,267</u>
NET POSITION			
Net investment in capital assets	\$	226,106,562	\$ 7,152,799
Restricted for:			
Expendable:			
Scholarships and fellowships		8,683,337	14,718,735
Instruction, research, and other		2,730,264	2,569,060
Loans		63,695	-
Debt service		939,320	-
Other		-	11,987,827
Nonexpendable:			
Scholarships and fellowships		-	19,309,666
Instruction and research		-	2,172,087
Other		-	3,734,377
Unrestricted		59,267,404	8,319,635
Total net position	\$	<u>\$ 297,790,582</u>	<u>\$ 69,964,186</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position*For the Year Ended June 30, 2014*

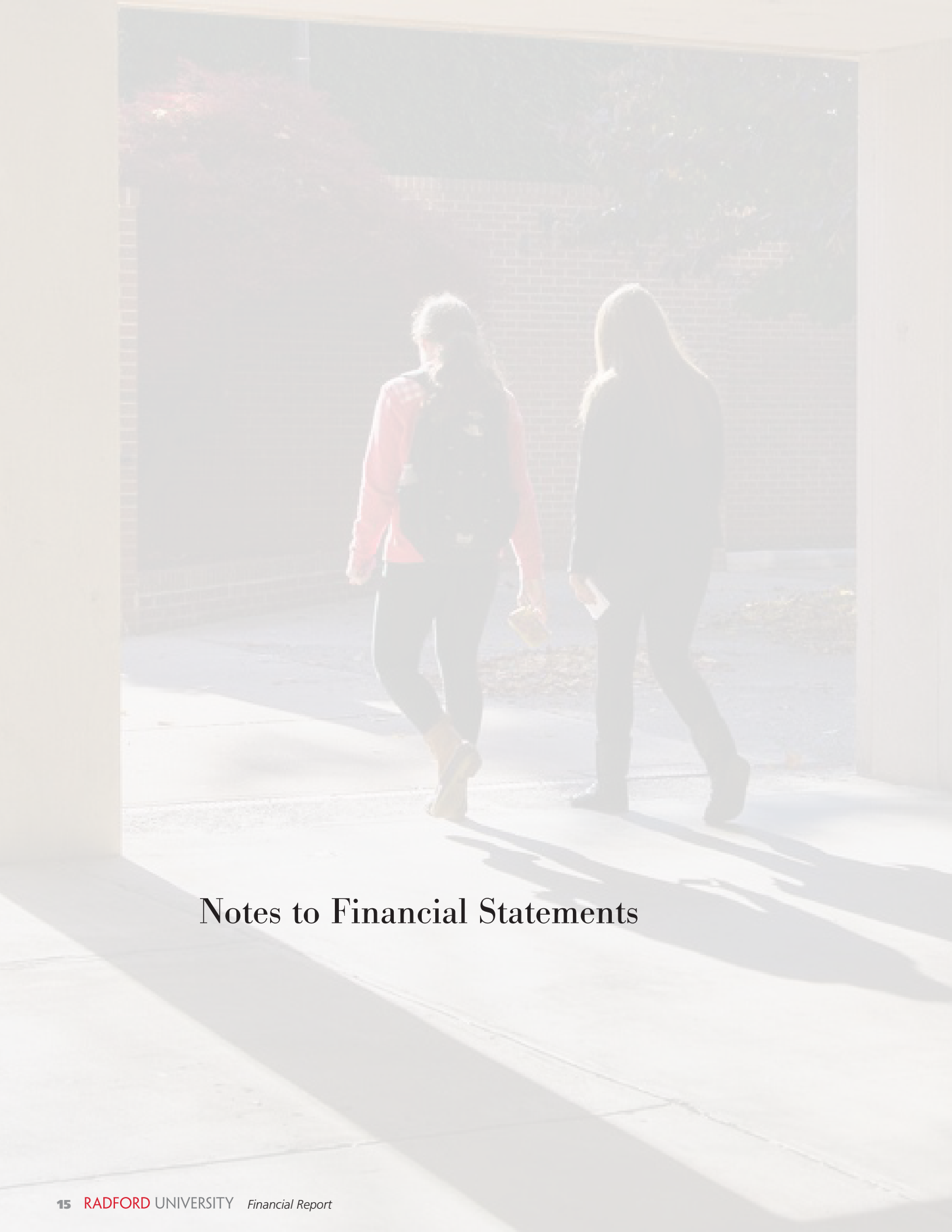
	<i>Radford University</i>	<i>Component Unit Radford University Foundation, Inc.</i>
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of \$11,246,618)	\$ 57,657,055	\$ -
Gifts and contributions	-	2,765,860
Federal grants and contracts	4,300,749	-
State grants and contracts	978,750	-
Nongovernmental grants and contracts	214,476	-
Auxiliary enterprises (net of scholarship allowance of \$9,520,689) (Note 8)	56,237,096	-
Other operating revenues	1,311,595	756,365
Total operating revenues	<u>120,699,721</u>	<u>3,522,225</u>
OPERATING EXPENSES		
Instruction	63,144,851	32,066
Research	291,409	-
Public service	3,214,187	-
Academic support	9,623,404	1,508,235
Student services	6,155,839	-
Institutional support	16,696,079	1,766,505
Operation and maintenance of plant	12,873,032	-
Depreciation (Note 4)	13,998,302	421,634
Student aid	5,906,941	1,271,865
Auxiliary activities (Note 8)	46,757,731	-
Total operating expenses (Note 9)	<u>178,661,775</u>	<u>5,000,305</u>
Operating loss	<u>(57,962,054)</u>	<u>(1,478,080)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 10)	53,419,838	-
Federal student financial aid (Pell)	10,905,245	-
Investment income	496,256	9,071,527
Interest on capital asset-related debt	(1,003,161)	(65,008)
Loss on disposal of assets	(167,057)	-
Impairment loss on property held for sale	-	(2,240,717)
Nonoperating transfers to the Commonwealth	(1,435,333)	-
Net nonoperating revenues	<u>62,215,788</u>	<u>6,765,802</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	4,253,734	5,287,722
Capital appropriations and gifts (Note 11)	19,064,239	493,379
Additions to permanent endowments	-	736,728
Additions to term endowments	-	43,594
Total other revenues	<u>19,064,239</u>	<u>1,273,701</u>
Increase in net position	23,317,973	6,561,423
Net position—beginning of year	274,472,609	63,402,763
Net position—end of year	<u>\$ 297,790,582</u>	<u>\$ 69,964,186</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows*As of June 30, 2014*

CASH FLOWS FROM OPERATING ACTIVITIES:	
Student tuition and fees	\$ 57,659,133
Grants and contracts	5,382,410
Auxiliary enterprises	56,160,092
Other receipts	1,344,656
Payments for salaries, wages, and fringe benefits	(101,178,315)
Payments for services and supplies	(46,305,309)
Payments for utilities	(4,038,934)
Payments for scholarships and fellowships	(8,114,004)
Payments for noncapitalized plant improvements and equipment	(5,255,361)
Loans issued to students and employees	(1,286,686)
Collections of loans from students and employees	1,138,220
Net cash used by operating activities	<u>\$ (44,494,098)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	\$ 53,419,838
Non-General Fund appropriations	(1,435,333)
Federal student financial aid (Pell)	10,891,353
Federal loan contribution	20,904
Federal Direct Lending Program - receipts	55,410,681
Federal Direct Lending Program - disbursements	(55,351,090)
Agency and other receipts and payments, net	71,276
Net cash provided by noncapital financing activities	<u>\$ 63,027,629</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital debt	\$ 17,027,824
Capital appropriations and gifts	16,069,749
Purchase of capital assets	(47,332,250)
Principal paid on capital debt, leases, and installments	(944,735)
Interest paid on capital debt, leases, and installments	(860,920)
Net cash used by capital and related financing activities	<u>\$ (16,040,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale and maturities of investments	1,028,955
Interest on investments	666,414
Net cash provided by investing activities	<u>\$ 1,695,369</u>
Net increase in cash	\$ 4,188,568
Cash and cash equivalents—beginning of the year	107,377,908
Cash and cash equivalents—end of the year	<u>\$ 111,566,476</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (57,962,054)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	13,998,302
Changes in assets and liabilities:	
Receivables, net	(157,272)
Due from the Commonwealth	11,705
Prepaid expenses	(303,529)
Inventory	(7,868)
Notes receivable, net	(194,029)
Accounts payable and accrued expenses	175,310
Unearned revenue	37,700
Accrued compensated absences	(92,363)
Net cash used by operating activities	<u>\$ (44,494,098)</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES	
Gift of capital assets	12,102
Amortization of bond premium/discount	(138,407)
Loss on disposal of capital assets	(167,057)

The accompanying notes to financial statements are an integral part of this statement.



Notes to Financial Statements

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Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

Radford University (the "University") is a comprehensive university that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth of Virginia which includes all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

Under Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, the Radford University Foundation, Inc. (the "Foundation") meets the criteria to qualify as a component unit of the University. The Foundation is a legally separate, tax-exempt organization formed to promote the achievements and further the aims and purposes of the University. The Foundation accomplishes its purposes through fundraising and funds management efforts that benefit the University and its programs. The 17-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the year ended June 30, 2014, the Foundation made distributions of \$1,851,115 to or on behalf of the University for both restricted and unrestricted purposes.

Complete financial statements for the Foundation can be obtained from: Radford University Foundation Administrative Office, P.O. Box 6893, Radford, Virginia 24142.

Basis of Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by GASB, including all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

During the year ended June 30, 2014, the following GASB statements became effective: Statement 65, *Items Previously Reported as Assets and Liabilities*; Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*; Statement 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*; Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement 65 had no effect on the University's net position or changes in net position for the year ended June 30, 2014. Statement 66 provides clarification to conflicting guidance in Statements No. 54 and No. 62 by amending Statements No. 10 and No. 62. Statement 67 modifies the financial reporting for state and local governmental pension plans and Statement 70 requires the reporting and disclosure of nonexchange financial guarantees. The University was not a participant in any nonexchange financial guarantees during the fiscal year.

The Foundation is a non-profit organization that reports under FASB standards, including FASB Statement 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the University's financial report for these differences.

Basis of Accounting

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the Statement of Net Position and Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, modified by GASB Statement 59, *Financial Instruments Omnibus* purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable

Accounts receivable consist of tuition and fees charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from federal, state and local governments, and non-governmental sources, in connection with reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of allowance for doubtful accounts. See Note 3 for a detailed list of accounts receivable amounts.

Notes Receivable

Notes receivable consist of amounts due from the Federal Perkins Loan Program, Nursing Student Loan Program, and other student loan programs administered by the University. Notes receivable are recorded net of allowance for doubtful accounts. See Note 3 for a detailed list of notes receivable amounts.

Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market, and consist primarily of expendable supplies held for consumption.

Capital Assets

Capital assets consist of land, buildings, infrastructure, building and other improvements, equipment, intangibles, and library materials. Capital assets are recorded at actual costs or estimated historical costs if purchased or constructed. Donated capital assets are recognized at fair market value at the date of donation.

Equipment with an expected useful life of greater than one year and with a value or cost of \$5,000 or more at the date of acquisition are capitalized. Intangibles, principally software, are capitalized when acquisition costs are \$10,000 or more and the estimated useful life is three years or greater. Library materials are valued using actual costs for library acquisitions. Construction and renovation costs are recorded as construction in progress until the project is substantially complete at which the costs are removed from construction in progress and capitalized in the appropriate capital asset account (e.g. buildings, improvements, etc.) Such construction projects are capitalized when expenses total more than \$100,000. The costs of routine repairs and maintenance that do not add to an asset's value or extend its useful life are not capitalized and are charged to operating expenses.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	40 years
Building improvements	20 years
Other improvements and infrastructure	20 years
Equipment	3-15 years
Intangibles (software)	3-15 years
Library materials	10 years

Unearned Revenue

Unearned revenue primarily includes amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities related to the period subsequent to June 30, 2014.

Accrued Compensated Absences

The amount of leave earned but not taken by salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, 2014, all unused annual, sick, compensatory, and recognition leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave pay-out policy. The applicable share of employer related taxes payable on the eventual termination payments is also included. See Note 6 for the current and noncurrent amounts.

Noncurrent Liabilities

Noncurrent liabilities include: (1) the principal amounts of notes and bond payable and installment purchase obligations with maturities greater than one year, (2) estimated amounts for accrued compensated absences, and (3) contributions from the Federal government to fund the operations of the Perkins Loan Program and the Nursing Student Loan Program. See Notes 6 and 7 for detailed information and amounts.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

Net Position

GASB Statement 34, as amended by GASB Statement 63, requires that the Statement of Net Position report the difference between assets and liabilities as net position. Net position is displayed in three broad components: Net investment in capital assets, restricted net position (expendable or nonexpendable), and unrestricted. "Net investment in capital assets" consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is reported as "Restricted" when constraints on net position are either externally imposed by creditors, grantors, or contributors, laws or government regulations, or imposed by law. "Unrestricted" net position consists of net position that does not meet the definitions above. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources before unrestricted resources.

Revenue Classifications

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, and (3) federal, state, and nongovernmental grants and contracts.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, state appropriations, investment income,

and other revenue sources that are defined as nonoperating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Scholarship Discounts and Allowances

Student tuition and fees revenues, and certain auxiliary revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

NOTE 2: Cash and Cash Equivalents and Investments

The following information is provided with respect to the University's cash, cash equivalents, investments, and risk disclosures as of June 30, 2014, in accordance with GASB Statement 40, *Deposit and Investment Risk Disclosures*:

Custodial Credit Risk (Category 3 deposits and investments)—The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University had no category 3 deposits or investments for fiscal year 2014.

Credit Risk—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. This Statement requires the disclosure of the credit quality ratings of all investments subject to credit risk. Information with respect to the University's deposit exposure to credit risk is discussed below.

Concentration of Credit Risk—The risk of loss attributed to the magnitude of a government's investment in a single issuer. This Statement requires disclosure of investments with any one issuer that represents 5 percent or more of total investments. However, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from the requirement. The University does not have investments subject to risks due to the concentration of credit.

Interest Rate Risk—The risk that changes in interest rates will adversely affect the fair value of an investment. This Statement requires disclosure of the terms of the investments with fair values that are highly sensitive to changes in interest rates. The University does not have an interest rate risk policy and no investments or deposits that are sensitive to changes in interest rates as of June 30, 2014.

Foreign Currency Risk—The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University had no foreign investments or deposits during fiscal year 2014.

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400,

et seq., *Code of Virginia*. In accordance with GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, cash and cash equivalents represents cash with the Treasurer, cash on hand, temporary investments with original maturities of three months or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The financial institution that holds the University's local cash provides an interest bearing checking account that allows the University to earn a competitive rate of interest on 100 percent of its collected balances.

Investments

Management of the University's investments is governed by the University's investment policy approved by the Board of Visitors. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 through 2.2-4517, et seq., *Code of Virginia*. Investments are categorized as short-term or long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

<i>As of June 30, 2014:</i>		Market Value
Cash and cash equivalents:		
Cash on hand and deposited with financial institutions		\$7,266,312
Cash with the Treasurer of Virginia		79,773,841
Collateral held for Securities Lending		6,991,563
Cash equivalents (State Nonarbitrage Program)		17,534,760
Total		<u>\$111,566,476</u>
Investments:		
Collateral held for Securities Lending (short-term)		<u>\$226,363</u>

Securities Lending Transactions

GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*, establishes accounting and financial reporting standards for security lending transactions. In these transactions, governmental entities transfer their securities to broker-dealers and other entities for collateral and simultaneously agree to return the collateral for the same securities in the future. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

NOTE 3: Accounts and Notes Receivable

Accounts receivable consisted of the following at June 30, 2014:

Student tuition and fees	\$749,018
Auxiliary enterprises	543,086
Federal, state, and nongovernmental grants and contracts	757,670
Other activities	172,192
	2,221,966
Less allowance for doubtful accounts	(373,286)
Net accounts receivable	<u>\$1,848,680</u>

Notes receivable consisted of the following at June 30, 2014:

Current portion:	
Federal student loans	\$27,295
Institutional student loans	3,417
Less allowance for doubtful accounts	(3,882)
Net current notes receivable	<u>\$26,830</u>
Noncurrent portion:	
Federal student loans	\$3,584,465
Institutional student loans	213,315
Less allowance for doubtful accounts	(609,995)
Net noncurrent notes receivable	<u>\$3,187,785</u>

NOTE 4: Capital Assets

A summary of changes in the various capital asset categories for the year ending June 30, 2014 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$11,192,308	-	-	\$11,192,308
Construction in progress	20,710,513	41,663,829	1,705,633	60,668,709
Total nondepreciable capital assets	31,902,821	41,663,829	1,705,633	71,861,017
Depreciable capital assets:				
Buildings	255,718,303	1,821,050	-	257,539,353
Infrastructure	22,349,228	-	-	22,349,228
Software	8,117,998	-	-	8,117,998
Equipment	33,063,275	3,611,669	2,152,639	34,522,305
Other improvements	9,527,459	1,158,230	-	10,685,689
Library materials	22,802,353	1,750,051	1,516,759	23,035,645
Total depreciable capital assets	351,578,616	8,341,000	3,669,398	356,250,218
Less accumulated depreciation for:				
Buildings	99,853,768	8,574,275	-	108,428,043
Infrastructure	20,076,400	314,267	-	20,390,667
Software	2,985,702	574,515	-	3,560,217
Equipment	21,521,023	2,686,431	1,985,582	22,221,872
Other improvements	5,860,008	329,605	-	6,189,613
Library materials	13,579,168	1,519,209	1,516,759	13,581,618
Total accumulated depreciation	163,876,069	13,998,302	3,502,341	174,372,030
Depreciable capital assets, net	187,702,547	(5,657,302)	167,057	181,878,188
Total capital assets, net	\$219,605,368	36,006,527	1,872,690	\$253,739,205

NOTE 5: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30, 2014:

Employee salaries, wages, and fringe benefits payable	\$10,623,292
Vendors and suppliers accounts payable	4,938,680
Capital projects accounts payable	5,955,076
Accrued interest payable	420,868
Total accounts payable and accrued expenses	\$21,937,916

NOTE 6: Noncurrent Liabilities

The University's noncurrent liabilities consist of long-term debt (further described in Note 7), accruals for compensated absences, and federal loan program contributions. A summary of changes in noncurrent liabilities for the year ending June 30, 2014, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Long-term debt:						
Notes payable—Pooled bonds	\$20,532,497	\$5,090,890	\$735,391	\$24,887,996	\$925,155	\$23,962,841
Bonds Payable—9c	5,456,363	11,936,934	198,017	17,195,280	543,574	16,651,706
Installment purchase obligations	71,629	-	11,327	60,302	11,565	48,737
Total long-term debt	\$26,060,489	\$17,027,824	\$944,735	\$42,143,578	\$1,480,294	\$40,663,284
Other liabilities:						
Accrued compensated absences	2,864,808	4,001,488	4,093,851	2,772,445	1,891,024	881,421
Federal loan program contributions	3,521,401	20,904	-	3,542,305	-	3,542,305
Total other liabilities	\$6,386,209	\$4,022,392	\$4,093,851	\$6,314,750	\$1,891,024	\$4,423,726
Total long-term liabilities	\$32,446,698	\$21,050,216	\$5,038,586	\$48,458,328	\$3,371,318	\$45,087,010

NOTE 7: Long-Term Debt

Notes Payable—Pooled bonds

The University issued 9(d) bonds by participating in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue also secures these notes. The Radford University portion of the 2009B issuance was \$3.72 million (par amount) and carries interest rates from 2.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 9/01/29. The Radford University portion of the 2011A issuance was \$4.235 million (par amount) and carries interest rates from 3.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 9/01/31. The Radford University portion of the 2012B issuance was \$11.155 million (par amount) and carries interest rates from 3.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 9/01/32. The Radford University portion of the 2013A issuance was \$4.865 million (par amount) and carries interest rates from 2.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 9/01/33.

Bonds Payable—9c

The University has issued bonds pursuant to section 9(c) of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University. They are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth of Virginia. The Radford University portion of the 2013A issuance was \$5.04 million (par amount) and carries interest rates from 2.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 6/01/33. The Radford University portion of the 2014A issuance was \$11.08 million (par amount)

and carries interest rates from 2.0 percent to 5.0 percent and is secured by general revenues of the University. Principal is due annually and interest payments are due semi-annually through 6/01/34.

Installment Purchase Obligations

The University has future obligations under an installment purchase agreement initiated in January 2009. The capitalized value of the asset purchased under this installment purchase agreement is \$114,460 and the repayment term is 10 years at an interest rate of 2.087 percent.

Future principal payments on long-term debt are as follows:

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable—9c	Installment Purchase
June 30, 2015	\$810,000	\$480,000	\$11,565
June 30, 2016	855,000	555,000	11,807
June 30, 2017	895,000	580,000	12,055
June 30, 2018	935,000	605,000	12,308
June 30, 2019	980,000	635,000	12,567
2020–2024	5,670,000	3,695,000	-
2025–2029	6,995,000	4,510,000	-
2030–2034	5,715,000	4,890,000	-
Unamortized Premium	2,032,996	1,245,280	-
Total	<u>\$24,887,996</u>	<u>\$17,195,280</u>	<u>\$60,302</u>

Future interest payments on long-term debt are as follows:

Fiscal Year Ending	Notes Payable Pooled Bonds	Bonds Payable—9c	Installment Purchase
June 30, 2015	\$927,306	\$667,305	\$1,199
June 30, 2016	890,831	597,600	956
June 30, 2017	847,931	573,600	708
June 30, 2018	802,181	544,600	455
June 30, 2019	756,256	514,350	197
2020–2024	3,033,356	2,061,250	-
2025–2029	1,701,409	1,249,025	-
2030–2034	405,575	511,438	-
Total	<u>\$9,364,845</u>	<u>\$6,719,168</u>	<u>\$3,515</u>

NOTE 8: Auxiliary Activities

Auxiliary operating revenues and expenses consisted of the following at June 30, 2014:

Revenues

Room contracts, net of scholarship allowances of \$2,380,889	\$11,851,054
Dining service contracts, net of scholarship allowances of \$2,304,569	11,548,164
Comprehensive fee, net of scholarship allowances of \$4,835,231	23,604,965
Other student fees and sales and services	9,232,913
Auxiliary enterprises revenues	<u>\$56,237,096</u>

Expenses

Residential facilities	\$9,753,224
Dining operations	14,819,785
Athletics	9,747,889
Other auxiliary activities	12,436,833
Auxiliary activities expenses	<u>\$46,757,731</u>

NOTE 9: Expenses by Natural Classification

	Compensation and Benefits	Depreciation	Plant and Equipment	Scholarships and Fellowships	Services and Supplies	Utilities	Total
Instruction	\$56,229,170	\$ -	\$2,083,764	\$815,035	\$4,016,495	\$387	\$63,144,851
Research	182,034	-	363	-	109,012	-	291,409
Public service	1,746,015	-	71,972	-	1,396,200	-	3,214,187
Academic support	7,903,201	-	431,261	20,756	1,268,186	-	9,623,404
Student services	4,263,328	-	60,674	-	1,831,837	-	6,155,839
Institutional support	13,143,304	-	644,937	-	2,907,838	-	16,696,079
Operation and maintenance of plant	5,159,740	-	1,062,579	-	4,362,666	2,288,047	12,873,032
Depreciation	-	13,998,302	-	-	-	-	13,998,302
Student aid	-	-	-	5,893,331	13,610	-	5,906,941
Auxiliary activities	12,833,412	-	899,811	1,384,882	29,889,126	1,750,500	46,757,731
Total	\$101,460,204	\$13,998,302	\$5,255,361	\$8,114,004	\$45,794,970	\$4,038,934	\$178,661,775

NOTE 10: State Appropriations

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that unexpended General Fund appropriations that remain on the last day of the current year, ending June 30, 2014, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2014, except as may be specifically provided otherwise by the General Assembly. The Governor may, at his discretion, unallot funds from the re-appropriated balances that relate to unexpended appropriations. The following is a summary of state appropriations received by the University during the year ended June 30, 2014, including all supplemental appropriations and reversions:

Original legislative appropriation:

Educational and general programs	\$43,456,527
Student financial assistance	8,087,230
Financial assistance for E&G programs	62,228

Supplemental adjustments:

Virtual Library of Virginia (VIVA) allocation	12,503
Prior year NGF carryforward	2,397
Virginia Military Survivors and Dependents Education Program	71,590
Two-Year College Transfer Grant Program	49,500

Central Appropriation Transfers:

Health insurance	1,583,410
Retirement contribution changes	413,198
State employee increases	353,298
Other transfers	4,892

Reversion to the General Fund of the Commonwealth

(676,935)

Adjusted appropriation	<u>\$53,419,838</u>
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NOTE 11: Capital Appropriations

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2014, funding has been provided to the University from three programs: general obligation bonds [code section 9(c)], and two programs (21st Century program and the Equipment Trust Fund) managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities.

The Statement of Revenues, Expenses, and Changes in Net Position includes the amounts listed below for the year ended June 30, 2014, in the capital appropriations and gifts line item for equipment and facilities. Part of the funding for these programs is a receivable from the Commonwealth at June 30, 2014 as shown in the subsequent paragraph:

VCBA 21st Century program	\$17,826,063
General Obligation Bonds	(280)
VCBA Equipment Trust Fund program	1,226,354
Capital donation	12,102
Total capital appropriations and gifts	<u>\$19,064,239</u>

The line item, "Due from the Commonwealth," on the Statement of Net Position for the year ended June 30, 2014, represents pending reimbursements from the following programs:

VCBA 21st Century program	\$3,881,750
VCBA Equipment Trust Fund program	1,147,217
Total Due from Commonwealth	<u>\$5,028,967</u>

NOTE 12: Commitments

At June 30, 2014, the University was a party to construction and other contracts totaling approximately \$79.7 million of which \$47.5 million has been incurred. The remaining commitments totaling \$32.2 million represent the unperformed portion of the construction contracts and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

The University is committed under various operating leases for land, buildings, and equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the financial statements. A portion of the University's operating leases are lease agreements with the Radford University Foundation, Inc. (the "Foundation"), a component unit of the University. Rental expense was approximately \$2,181,780 for the year ended June 30, 2014 of which \$545,711 was paid to the Foundation.

The University has, as of June 30, 2014, the following future minimum rental payments due under operating leases:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2015	\$1,385,261
June 30, 2016	276,037
June 30, 2017	276,037
June 30, 2018	64,315
June 30, 2019	-
Total	<u>\$2,001,650</u>

NOTE 13: Retirement Plans

Virginia Retirement System

Employees of the University are employees of the Commonwealth of Virginia. Substantially all full-time classified salaried employees of the University participate in a defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS is a multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

The VRS does not measure assets and pension benefit obligations separately for individual state institutions. Therefore, all information relating to this plan is available at the statewide level only and can be found in the Commonwealth's Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia, not the University, has the overall responsibility for contributions to this plan. The CAFR provides disclosure of the Commonwealth's unfunded pension benefit obligation at June 30, 2014. The same report contains historical trend information showing VRS's progress in accumulating sufficient assets to pay benefits when due. The University's expenses include the amount assessed by the Commonwealth for contributions to VRS, which totaled \$3,490,795 for the year ended June 30, 2014.

Optional Retirement Plans

Full-time faculty and certain administrative staff participate in defined contribution plans, TIAA/CREF Insurance Companies and Fidelity Investments Tax-Exempt Services. These plans are fixed-contribution programs where the retirement benefits received are based upon employer and employee contributions, plus interest and dividends. Employees hired prior to July 1, 2010 (Plan 1) have an employer required contribution rate of 10.4 percent. Employees hired on or after July 1, 2010 (Plan 2) have an employer required contribution rate of 8.5 percent and an employee required contribution rate of 5 percent.

Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions. Total employer pension costs under this plan were approximately \$2,622,866 for year ended June 30, 2014. Contributions to the optional retirement plan were calculated using the base salary amount of approximately \$26,274,235 for this fiscal year.

Deferred Compensation Plan

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$318,637 for fiscal year 2014.

NOTE 14: Postemployment Benefits

The Commonwealth sponsors postemployment benefit programs that are administered by VRS. These programs, a statewide group life insurance program and the Virginia Sickness and Disability Program's long-term care plan, provide postemployment benefits to eligible retired and terminated employees. Health care credits are also provided to offset the monthly health insurance premiums for retirees who have at least 15 years of service. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

NOTE 15: Grants and Contracts Contingencies

The University has received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University. In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2014, the University estimates that no material liabilities will result from such audits or questions.

NOTE 16: Federal Direct Lending Program

The University participates in the Federal Direct Lending Program. Under this program, the University receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs and disburses these funds to eligible students. The funds can be applied to outstanding student tuition and fee charges or refunded directly to the student. These loan proceeds are treated as student payments with the University acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the Statement of Revenues, Expenses, and Changes in Net Position. The activity is included in the noncapital financing section of the Statement of Cash Flows. For the fiscal year ended June 30, 2014, cash provided by the program totaled \$55,410,681 and cash used by the program totaled \$55,351,090.

NOTE 17: Risk Management and Employee Health Care Plans

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report.

NOTE 18: Component Unit Financial Information

(A) Contributions Receivable

The following summarizes the unconditional promises to give at June 30, 2014:

Current receivables:

Receivable in less than one year	\$1,097,908
Less allowance for uncollectible contributions	(20,618)
Net current contributions receivable	<u>\$1,077,290</u>

Noncurrent receivables:

Receivable in one to five years	\$868,164
Receivable in more than five years	20,254
Less discount to net present value	(85,624)
Less allowance for uncollectible contributions	(17,379)
Net noncurrent contributions receivable	<u>\$785,415</u>
Total contributions receivable	<u>\$1,862,705</u>

The discount rate used in 2014 was 5.66 percent. As of June 30, 2014, there were no conditional promises to give.

(B) Notes Receivable

Note receivable due in monthly payments of \$542 through May 2022 with interest receivable at 5.5 percent and secured by land and building.

Note receivable, current	\$4,289
Note receivable, noncurrent	37,508
Total note receivable	<u>\$41,797</u>

(C) Investments

Investments are comprised of the following as of June 30, 2014:

Short-term:

Cash and cash equivalents	\$339,333
Equities	1,136,590
Investment company	49,100,023
Total short-term	<u>\$50,575,946</u>

Long-term:

Cash and cash equivalents	\$30,585
Equities	22,004
Mutual and money market funds	619,095
Investment company	5,620,918
Total long-term	<u>6,292,602</u>
Total investments	<u>\$56,868,548</u>

(D) Capital Assets

A summary of land, buildings, and equipment at cost, less accumulated depreciation, for the year ending June 30, 2014 is presented as follows:

Depreciable capital assets:

Buildings	\$5,587,414
Furniture and equipment	297,414
Vehicles	42,759
Land improvements	171,216
Total depreciable capital assets, at cost	<u>6,098,803</u>
Less accumulated depreciation	<u>(2,105,815)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>\$3,992,988</u>

Nondepreciable capital assets:

Land	\$1,393,693
Construction in progress	1,034,451
Collections of art	2,068,982
Total nondepreciable capital assets	<u>4,497,126</u>
Total capital assets, net of accumulated depreciation	<u>\$8,490,114</u>

(E) Line of Credit

The following is a summary of the outstanding line of credit at June 30, 2014:

Line of credit agreement renewed May 9, 2014 with a principal amount up to \$1,500,000, interest payable monthly at LIBOR plus 1.61 percent (1.761 percent at June 30, 2014) with outstanding principal due upon maturity on May 31, 2015, secured by real estate and substantially all accounts held by Radford University Foundation, Inc. with the financial institution	<u>\$500,000</u>
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(F) Long-Term Debt Payable

The following is a summary of the outstanding notes payable at June 30, 2014:

Note payable in semi-annual installments of \$40,000 through April 2016, with interest payable quarterly at LIBOR plus 2.25 percent, with a minimum rate of 3 percent (3 percent at June 30, 2014), outstanding principal due upon maturity, collateralized by virtually all accounts held by Radford University Foundation, Inc. with the financial institution	\$560,000
Note payable in monthly installments of \$9,804 through March 2018 with interest payable at 3.41 percent outstanding principal due upon maturity, collateralized by real property	776,350
Note payable in monthly installments of \$17,532 through July 2018, with interest payable at 2.01 percent, unsecured	<u>824,369</u>
Total long-term debt	<u>\$2,160,719</u>

Future principal payments on notes payable for years ending June 30 are as follows:

2015	\$368,546
2016	775,600
2017	303,055
2018	695,216
2019	<u>18,302</u>
Total notes payable	<u>\$2,160,719</u>

NOTE 19: Subsequent Events

On August 5, 2014 Radford University entered into a lease agreement with Carilion Medical Center for the joint use of the Anatomy and Physiology Laboratory with Jefferson College of Health Sciences, and Virginia Tech Carilion School of Medicine. Leasehold improvements not to exceed \$900,000 will be incurred for actual costs of renovations, up-fit, or improvements made to the premises.

Radford University is currently in the process of acquiring land from the Radford University Foundation for approximately \$750,000. This land will be used for the construction of new intramural fields. The new intramural fields will supplement and replace the existing fields, which will allow the University to better meet student demands.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 29, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

Board of Visitors
Radford University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Radford University a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit of the University, which is discussed in Notes 1 and 18. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based on the report of the other auditor.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit of the University that were audited by another auditor upon whose report we are relying was audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Radford University as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2015, on our consideration of Radford University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.



AUDITOR OF PUBLIC ACCOUNTS

JMR/alh

RADFORD UNIVERSITY

Radford, Virginia

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