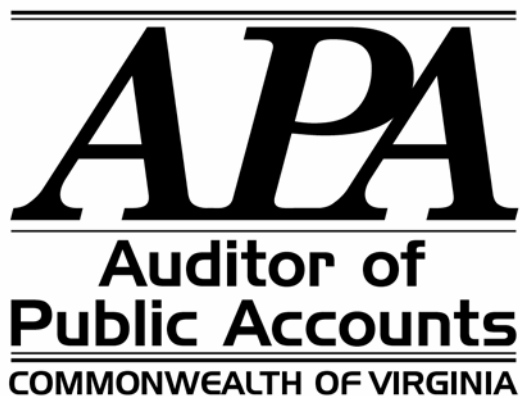


THOMAS NELSON COMMUNITY COLLEGE

**REPORT ON REVIEW
FOR THE YEAR ENDED
JUNE 30, 2004**





Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

March 1, 2005

Dr. Charles A. Taylor, President
Thomas Nelson Community College
99 Thomas Nelson Drive
P.O. Box 9407
Hampton, VA 23670

Dear Dr. Taylor:

We have reviewed the accompanying Statement of Net Assets of Thomas Nelson Community College as of June 30, 2004, and the related statement of Revenues, Expenses and Changes in Net Assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the individual community college.

A review consists principally of inquiries of college personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

This letter is for the express use of the accreditation review board and is not intended to be used for any other purpose.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

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THOMAS NELSON COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
As of June 30, 2004

		Component Unit	
		Community College	Thomas Nelson Community College Educational Foundation
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,393,075	\$ 1,114,271	
Short term investments	498,942	-	
Accounts receivable	409,937	-	
Pledges receivable	-	259,069	
Due from system office	10,886	-	
Interest receivable	1,402	-	
Prepaid expenses	43,810	-	
Inventories	15,359	-	
Notes receivable	465	-	
Total current assets	3,373,876	1,373,340	
Noncurrent assets:			
Restricted cash and cash equivalents	1,772,851	-	
Endowment investments	-	1,259,986	
Other long-term investments	-	1,330,292	
Investments in real estate	-	21,060	
Pledges receivable	-	191,438	
Non-depreciable capital assets	946,176	-	
Depreciable capital assets, net	20,553,436	7,333	
Total noncurrent assets	23,272,463	2,810,109	
Total assets	26,646,339	4,183,449	
LIABILITIES			
Current liabilities:			
Accounts and retainage payable	260,405	4,546	
Accrued payroll expense	1,282,056	-	
Deferred revenue	609,565	-	
Long-term liabilities-current portion	850,075	-	
Due to Commonwealth	15,000	-	
Deposits	190,518	-	
Total current liabilities	3,207,619	4,546	
Noncurrent liabilities:			
Long-term liabilities	5,081,225	-	
Total liabilities	8,288,844	4,546	

THOMAS NELSON COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
As of June 30, 2004

		<u>Component Unit</u>	
		Community College	Thomas Nelson Community College Educational Foundation
NET ASSETS			
Invested in capital assets, net of related debt		16,699,139	7,333
Restricted for:			
Nonexpendable		-	1,568,484
Expendable		1,725,603	2,467,485
Unrestricted		(67,247)	135,601
Total net assets		<u>\$ 18,357,495</u>	<u>\$ 4,178,903</u>

See Auditor of Public Accounts' Review Report

THOMAS NELSON COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2004

	Component Unit	
	Community College	Thomas Nelson Community College Educational Foundation
Operating revenue:		
Tuition and fees (net of scholarship allowances of \$2,465,117)	\$ 8,283,496	\$ -
Federal grants and contracts	8,189,245	-
State and local grants	99,700	-
Nongovernmental grants	521,034	37,200
Sales/services of education department	298,375	-
Auxiliary enterprises (net of scholarship allowances of \$17,843)	287,751	-
Gifts and contributions	-	8,503
Endowment income	-	100,148
Other operating revenues	785,406	118
Total operating revenue	18,465,007	145,969
Operating expenses:		
Instruction	13,376,718	-
Public service	225,084	-
Academic support	3,083,524	55,617
Student services	2,558,583	-
Institutional support	4,845,508	58,532
Operation and maintenance	3,979,718	50,212
Scholarships and fellowships	5,220,367	-
Auxiliary enterprises	217,524	-
Other expenses	8,666	-
Total operating expenses	33,515,692	164,361
Operating loss	(15,050,685)	(18,392)
Nonoperating revenues/(expenses):		
State appropriations	13,855,800	-
Local appropriations	210,000	-
Grants and gifts	452,810	-
Investment income	9,536	197,915
Interest on capital asset related debt	(285,875)	-
Other nonoperating revenue (expense)	157,063	(2,192)
Net nonoperating revenue	14,399,334	195,723
Income (loss) before other revenues, expenses, gains or losses	(651,351)	177,331
Capital appropriations-state	316,000	-
Capital appropriations-local	462,902	-
Capital gifts, grants and contracts	5,040	-
Additions to permanent and term endowments	-	214,984
Increase in net assets	132,591	392,315
Net assets - beginning of year as restated	18,224,904	3,786,588
Net assets - end of year	\$ 18,357,495	\$ 4,178,903

See Auditor of Public Accounts' Review Report