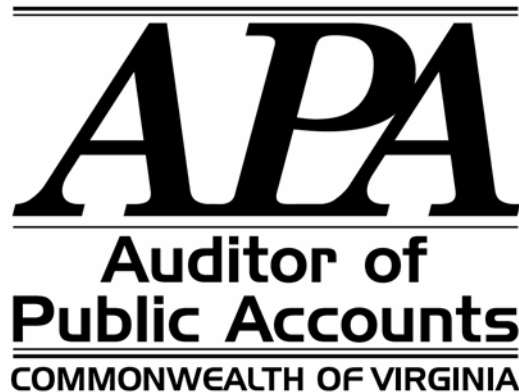


VIRGINIA HIGHLANDS COMMUNITY COLLEGE

**REPORT ON REVIEW
FOR THE YEAR ENDED
JUNE 30, 2006**





Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

February 12, 2007

Dr. F. David Wilkin, President
Virginia Highlands Community College
P.O. Box 828
Abingdon, Virginia 24212

Dear Dr. Wilkin:

We have reviewed the accompanying Statement of Net Assets of Virginia Highlands Community College as of June 30, 2006, 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 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 intended solely for the information and use of the accreditation review board and is not intended to be and should not be used by anyone other than this specified party. However, this letter is a matter of public record and its distribution is not limited.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

Enclosure

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VIRGINIA HIGHLANDS COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
As of June 30, 2006

	Component Unit	
	Community College	Virginia Highlands Community College Educational Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,050,453	\$ 79,790
Accounts receivable	72,563	2,160
Pledges receivable	-	19,525
Due from system office	41,672	-
Interest receivable	-	321
Prepaid expenses	7,128	-
Total current assets	1,171,816	101,796
Noncurrent assets:		
Restricted cash and cash equivalents	163,783	-
Cash with trustees	14,708	-
Other long-term investments	-	441,559
Pledges receivable	-	2,656
Non-depreciable capital assets, net	360,530	16,061
Depreciable capital assets, net	6,979,956	57,857
Total noncurrent assets	7,518,977	518,133
Total assets	8,690,793	619,929
LIABILITIES		
Current liabilities:		
Accounts and retainage payable	86,760	1,082
Accrued payroll expense	393,666	1,304
Deferred revenue	45,588	7,011
Long-term liabilities - current portion	272,220	20,000
Due to Commonwealth	2,000	-
Deposits	22,822	-
Total current liabilities	823,056	29,397
Noncurrent liabilities:		
Long-term liabilities	800,680	-
Total liabilities	1,623,736	29,397
NET ASSETS		
Invested in capital assets, net of related debt	6,999,918	73,918
Restricted for:		
Nonexpendable	-	203,740
Expendable	94,843	226,146
Unrestricted	(27,704)	86,728
Total net assets	\$ 7,067,057	\$ 590,532

*See Auditor of Public Accounts' Review Report

VIRGINIA HIGHLANDS COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2006

	Component Unit	
	Community College	Virginia Highlands Community College Educational Foundation
Operating revenue:		
Tuition and fees (net of scholarship allowance of \$1,550,941)	\$ 1,806,509	\$ -
Federal grants and contracts	3,548,950	-
State and local grants	707,553	-
Nongovernmental grants	212,597	-
Sales/services of education department	7,200	-
Auxiliary enterprises (net of scholarship allowance of \$2,844)	38,491	-
Gifts and contributions	-	10,883
Endowment income	-	12,022
Other operating revenue	202,940	81,150
Total operating revenue	6,524,240	104,055
Operating expenses:		
Instruction	6,544,264	-
Public service	244,841	-
Academic support	1,328,602	112,168
Student services	1,103,411	-
Institutional support	1,634,496	106,346
Operation and maintenance	1,219,016	-
Scholarships and fellowships	1,390,588	-
Auxiliary enterprises	105,052	-
Fundraising	-	3,591
Total operating expenses	13,570,270	222,105
Operating income/(loss)	(7,046,030)	(118,050)
Nonoperating revenue/(expenses)		
State appropriations	7,594,109	-
Local appropriations	77,254	-
Grants and gifts	197,160	-
Investment income	24,439	-
Interest on capital asset related debt	(34,614)	-
Other nonoperating revenue (expense)	(181,898)	-
Net nonoperating revenue	7,676,450	-
Income/(loss) before other revenue, expenses, gains, or losses:	630,420	(118,050)
Capital appropriations - local	23,980	-
Capital gifts, grants, and contracts	88,905	-
Additions to permanent and term endowments	-	137,482
Increase in net assets	743,305	19,432
Net assets - beginning of year	6,323,752	571,100
Net assets - end of year	\$ 7,067,057	\$ 590,532

*See Auditor of Public Accounts' Review Report

