

New River Community and Technical College

Financial Statements

Years Ended June 30, 2010 and 2009

and

Independent Auditors' Reports

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
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INDEPENDENT AUDITORS' REPORT

To the Governing Board
New River Community and Technical College
Beckley, West Virginia

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New River Community and Technical College (the "College"), as of June 30, 2010 and 2009, and for the years then ended which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on the financial statements based on our audits. We did not audit the discretely presented financial statements of the New River Community & Technical College Foundation, Inc. (a component unit of the College). Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the discretely presented financial statements of the New River Community & Technical College Foundation, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with accounting principles 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2010 and 2009, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 11 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010, on our consideration of the College's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.


Seattle & Stalaker, PLLC
Charleston, West Virginia
November 23, 2010

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

Our discussion and analysis of New River Community and Technical College's (the College) financial performance provides an overview of the College's financial activities during the years ended June 30, 2010 and 2009. Since this discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, please refer to the College's basic financial statements on pages 12 to 17 and the notes to financial statements on pages 18 to 51.

Financial Highlights

With the passage of Senate Bill 448, the College was established and attained independent accreditation in February, 2005, separating from Bluefield State College (BSC). Senate Bill 401 defined the process for separation of assets and liabilities from BSC to BSC and the College. The attached statements represent separate financial information for the College. The following are brief summaries for the College:

- The College's assets exceeded its liabilities by \$11.5 million for FY2010 and \$11.0 million for FY2009.
- Net operating income (loss) before asset transfers and other special items was \$0.5 million in FY2010 and \$1.7 million in FY2009.

Overview of the Financial Statements

The College has implemented Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB 35 requires the College to present financial information as a whole rather than focusing on individual funds.

This report consists of management's discussion and analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statement of net assets; statement of revenues, expenses, changes in net assets; and statement of cash flows.

The statement of net assets presents the College's assets and liabilities, with the difference reported as net assets. Increases or decreases in net assets can be an indicator of improvement or deterioration of the College's financial position.

Changes in net assets during the year are reported in the statement of revenues, expenses, and changes in net assets. All revenues, expenses, and changes are reported as the underlying event occurs that results in the revenue, expense, or change. The statement of cash flows presents information on actual cash inflows or outflows as they occur.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

The New River Community & Technical College Foundation, Inc. (Foundation) is significant enough to be included in the financial statements of the College in accordance with GASB 39. As such, the Foundation audited financial statements are discretely presented as part of the College's financial statements. The assets of the Foundation are controlled by an independent board.

Financial Analysis of the College

Total net assets of the College for FY2010 and FY2009 were \$11.5 million and \$11.0 million, with invested in capital assets, net of related debt comprising 74% and 70% of the total, respectively, an increase of 4% from FY2009 to FY2010. These capital assets are utilized to provide educational and related services to students and the communities but are not readily available for future spending. For FY2010 unrestricted net assets are available to meet the College's obligations. The unrestricted net assets were \$0.2 million (2%) and \$1.7 million (15%) of the total net assets for FY2010 and FY2009, respectively. The unrestricted net assets represent amounts not restricted by plant operations, grant and loan funds, and State code restrictions.

Net Assets
June 30, 2010, 2009 and 2008
(in millions)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 6.2	\$ 5.5	\$ 2.1
Other current assets	<u>0.7</u>	<u>1.1</u>	<u>0.5</u>
Total current assets	<u>6.9</u>	<u>6.6</u>	<u>2.6</u>
Capital assets	<u>9.0</u>	<u>8.3</u>	<u>8.5</u>
Total noncurrent assets	<u>9.0</u>	<u>8.3</u>	<u>8.5</u>
Total assets	<u>15.9</u>	<u>14.9</u>	<u>11.1</u>
Current liabilities	3.3	3.3	1.4
Noncurrent liabilities	<u>1.1</u>	<u>0.6</u>	<u>0.4</u>
Total liabilities	<u>4.4</u>	<u>3.9</u>	<u>1.8</u>
Net assets			
Invested in capital assets	8.5	7.7	8.4
Restricted, expendable	2.8	1.6	0.5
Unrestricted	<u>0.2</u>	<u>1.7</u>	<u>0.4</u>
Total net assets	<u>\$ 11.5</u>	<u>\$ 11.0</u>	<u>\$ 9.3</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

For the years ended June 30, 2010 and 2009 the income before other revenues and expenses such as transfers was \$0.5 million and \$1.7 million. The College has continued to experience increased enrollment growth and expansion of workforce education training programs. Our gross tuition revenue for FY2010 increased by \$2.2 million (43%) and an increasing number of students were eligible for federal and State financial aid assistance as reflected in an increased scholarship allowance of \$1.2 million. Financial aid assistance is reflected in the appropriate federal, State or Pell grant revenue source from which the financial aid was issued. The State appropriation for FY2010 decreased by \$0.3 million to \$5.4 million as the State implemented a budget reduction. This reduction was supplemented with Federal stimulus funding of \$0.4 million in FY2010.

Operating Results
Years Ended June 30, 2010, 2009 and 2008
(in millions)

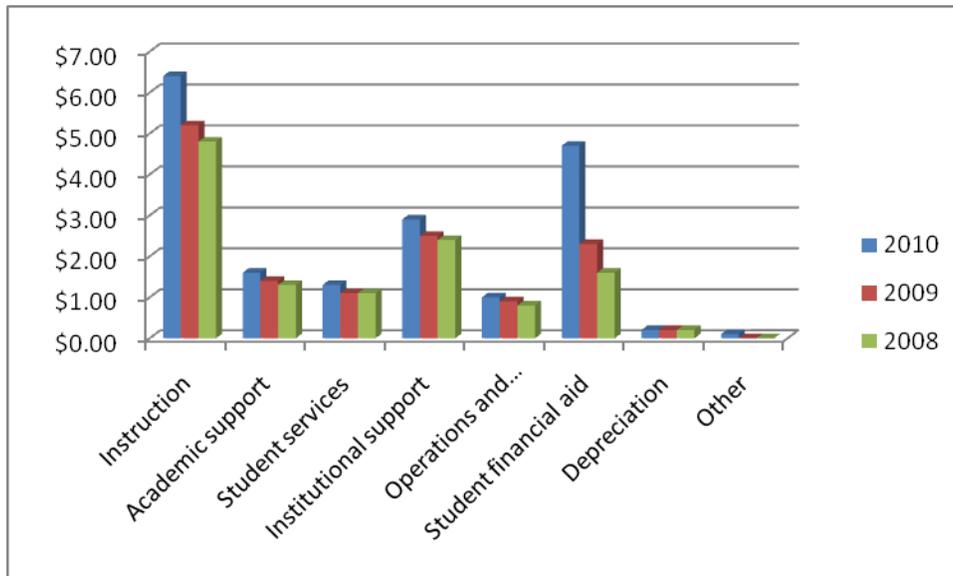
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues			
Tuition and fees	\$ 2.5	\$ 1.5	\$ 1.8
Contracts and grants	2.5	3.3	1.5
Other	<u>0.1</u>	<u>0.6</u>	<u>0.6</u>
Total operating revenues	5.1	5.4	3.9
Less: operating expenses	<u>18.2</u>	<u>13.6</u>	<u>12.2</u>
Operating loss	(13.1)	(8.2)	(8.3)
Nonoperating revenues and transfers			
State appropriation	5.4	5.7	4.8
Pell grant revenue	7.8	4.0	3.2
Other	<u>0.4</u>	<u>0.2</u>	<u>0.2</u>
Net nonoperating revenue and transfers	<u>13.6</u>	<u>9.9</u>	<u>8.2</u>
Income (loss) before other revenues, expenses, gains or losses	<u>0.5</u>	<u>1.7</u>	<u>(0.1)</u>
Asset transfers & bond proceeds			
Bond proceeds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total transfers	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Change in accounting principle	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>
Total change in net assets	<u>\$ 0.5</u>	<u>\$ 1.7</u>	<u>\$ 0.2</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

Operating Expenses
Years Ended June 30, 2010, 2009 and 2008
(in millions)

FUNCTIONAL CLASSIFICATION OF EXPENSES	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction	\$ 6.4	\$ 5.2	\$ 4.8
Academic support	1.6	1.4	1.3
Student services	1.3	1.1	1.1
Institutional support	2.9	2.5	2.4
Operations and maintenance of plant	1.0	0.9	0.8
Student financial aid	4.7	2.3	1.6
Depreciation	0.2	0.2	0.2
Other	<u>0.1</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18.2</u>	<u>\$ 13.6</u>	<u>\$ 12.2</u>

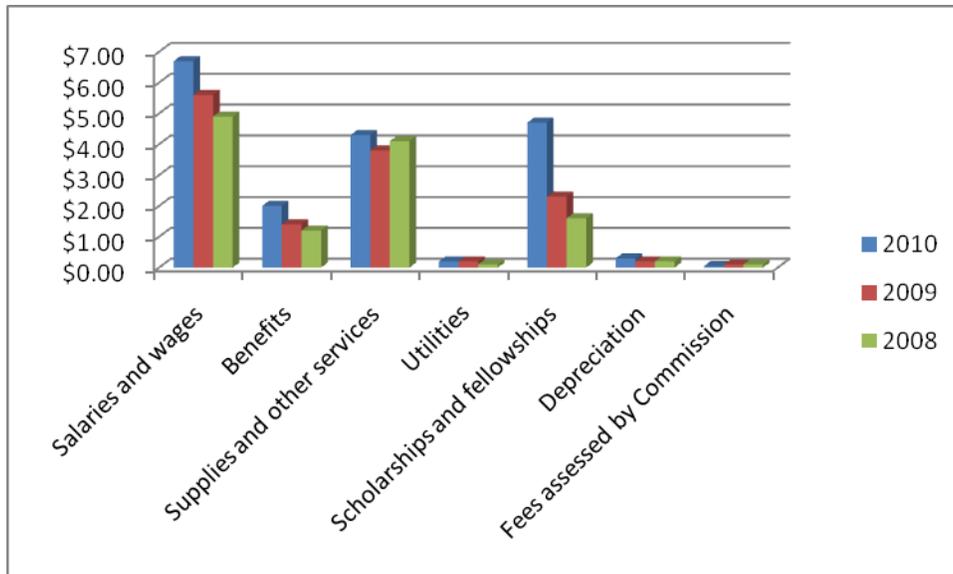
New River Community & Technical College
Functional Classifications of Expenditures FY 2010



NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

NATURAL CLASSIFICATION OF EXPENSES	<u>2010</u>	<u>2009</u>	<u>2008</u>
Salaries and wages	\$ 6.7	\$ 5.6	\$ 4.9
Benefits	2.0	1.4	1.2
Supplies and other services	4.3	3.8	4.1
Utilities	0.2	0.2	0.1
Scholarships and fellowships	4.7	2.3	1.6
Depreciation	0.2	0.2	0.2
Fees assessed by Commission	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
 Total	 <u>\$ 18.2</u>	 <u>\$ 13.6</u>	 <u>\$ 12.2</u>

**New River Community & Technical College
Natural Classifications of Expenditures FY 2010**



NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

The Statement of Cash Flows presents detailed information about the cash activities of the College during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used in the operating activities. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items and related funding received. The fourth section reflects the cash flows from investing activities and shows interest received from investing activities. The fifth section reconciles the net cash used in operating activities to the operating loss reflected in the Statement of Revenues, Expenses and Changes in Net Assets. Cash and cash equivalents for the years ended June 30, 2010 and 2009 were \$6.2 million and \$5.5 million, an increase of \$0.7 million from FY2009 to FY2010.

Cash Flows
Years Ended June 30, 2010, 2009 and 2008
(in thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash provided by (used in)			
Operating activities	\$ (11.8)	\$ (6.8)	\$ (7.9)
Non capital financing activities	13.5	9.7	8.1
Capital and related financing activities	(1.0)	0.4	(0.1)
Investing activities	<u>-</u>	<u>0.1</u>	<u>0.1</u>
Increase (decrease) in cash and cash equivalents	0.7	3.4	0.2
Cash and cash equivalents, beginning of year	<u>5.5</u>	<u>2.1</u>	<u>1.9</u>
Cash and cash equivalents, end of year	<u>\$ 6.2</u>	<u>\$ 5.5</u>	<u>\$ 2.1</u>

Capital Asset and Debt Administration

The debt service obligation for the College for FY2010 and FY2009, respectively, were \$428,905 and \$548,015. During FY2009 the College took on an additional \$500,000 debt service obligation by entering into a capital project loan with the Higher Education Policy Commission (HEPC) to fund a networking project. During FY2010 the College made \$100,000 in payments toward the capital project loan.

During December 2009 HEPC, on behalf of the Council for Community and Technical College Education, issued approximately \$78 million in bonds which will be repaid from excess Lottery Funds. The College's share of the bond issuance was \$16.5 million, of which \$13.5 million will be used to finance the construction of the Beckley Higher Education Center. The remaining \$3.0 million will be used for classroom renovations at the College's Greenbrier campus. The College's FY2010 construction in progress of \$21,840 was paid on behalf of the College by HEPC from the bond proceeds for the Beckley Higher Education Center. In FY2010, the College purchased \$894,888 in equipment additions and \$35,266 in library book additions.

Economic Outlook

Accreditation for the College was approved for a seven year period from the Higher Learning Commission following an institutional visitation in September 2008 providing for solid academic standards that potential students will likely consider when selecting a school to attend. Management is monitoring both the national and State economic conditions for changes which may impact ability to meet the College mission. During times of economic distress, community colleges traditionally experience growth and management is confident that the College will be able to withstand economic downturns.

Contacting the College's Financial Management

This financial report is designed to provide a general overview of the College's finances. Questions concerning any of the information provided in this report should be addressed to the Vice President for Finance and Administration, 221 George Street, Beckley, West Virginia 25801.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,181,733	\$ 5,454,714
Accounts receivable, net of allowance of \$158,544 and \$166,846	206,729	187,395
Due from Commission	1,819	1,399
Due from WV Council for Community & Technical Colleges	553,000	577,550
Due from Bluefield State College	-	365,533
Total current assets	<u>6,943,281</u>	<u>6,586,591</u>
Noncurrent assets		
Capital assets - net	<u>8,972,813</u>	<u>8,285,790</u>
Total noncurrent assets	<u>8,972,813</u>	<u>8,285,790</u>
Total assets	<u>15,916,094</u>	<u>14,872,381</u>
LIABILITIES		
Current liabilities		
Accounts payable	551,277	233,936
Accrued liabilities	602,433	654,967
Due to the Commission	7,514	26,707
Due to Bluefield State College	268,678	193,621
Deferred revenue	1,547,756	1,839,124
Compensated absences - current portion	201,174	218,338
Debt service obligation payable to the Commission - current portion	<u>119,810</u>	<u>119,110</u>
Total current liabilities	<u>3,298,642</u>	<u>3,285,803</u>
Noncurrent liabilities		
Compensated absences	99,306	45,728
Other post employment benefits liability	709,719	126,695
Debt service obligation payable to the Commission	<u>309,095</u>	<u>428,905</u>
Total noncurrent liabilities	<u>1,118,120</u>	<u>601,328</u>
Total liabilities	<u>4,416,762</u>	<u>3,887,131</u>
NET ASSETS		
Invested in capital assets - net of related debt	<u>8,543,908</u>	<u>7,737,775</u>
Restricted for:		
Expendable:		
Scholarships	680	180
Other	<u>2,799,744</u>	<u>1,547,781</u>
Total restricted	<u>2,800,424</u>	<u>1,547,961</u>
Unrestricted	<u>155,000</u>	<u>1,699,514</u>
Total net assets	<u>\$ 11,499,332</u>	<u>\$ 10,985,250</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 323,841	\$ 256,566
Pledge receivable	2,000	-
Miscellaneous receivables and deposit	2,300	6,407
Beneficial interest in assets held by community foundation	<u>720,318</u>	<u>631,591</u>
Total assets	<u>\$ 1,048,459</u>	<u>\$ 894,564</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ -	\$ 8,663
Scholarships payable	51,500	33,850
Accrued expenses	<u>8,680</u>	<u>8,680</u>
Total liabilities	<u>60,180</u>	<u>51,193</u>
NET ASSETS		
Unrestricted	(142,853)	(153,906)
Temporarily restricted	115,422	52,267
Permanently restricted	<u>1,015,710</u>	<u>945,010</u>
Total net assets	<u>988,279</u>	<u>843,371</u>
Total liabilities and net assets	<u>\$ 1,048,459</u>	<u>\$ 894,564</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating revenues		
Student tuition and fees (net of scholarship allowance of \$4,855,264 and \$3,696,022 respectively)	\$ 2,556,336	\$ 1,483,648
Contracts and grants		
Federal	520,931	501,850
State	1,990,957	2,772,467
Sales and services of educational activities	71,615	202,107
Miscellaneous - net	<u>2,037</u>	<u>448,178</u>
Total operating revenues	<u>5,141,876</u>	<u>5,408,250</u>
Operating expenses		
Salaries and wages	6,703,255	5,644,091
Benefits	2,001,677	1,446,855
Supplies and other services	4,295,607	3,839,901
Utilities	188,303	182,563
Student financial aid - scholarships and fellowships	4,712,126	2,253,675
Depreciation	264,970	233,300
Assessments by the Policy Commission for operations	<u>55,643</u>	<u>49,706</u>
Total operating expenses	<u>18,221,581</u>	<u>13,650,091</u>
Operating loss	<u>(13,079,705)</u>	<u>(8,241,841)</u>
Nonoperating revenues (expenses)		
State appropriations	5,435,799	5,673,054
State fiscal stabilization funds (federal)	375,233	-
Payment on behalf of New River Community & Technical College	-	134,209
Federal Pell grants	7,755,494	4,065,309
Investment income	9,008	47,243
Assessments by the Commission for debt service	<u>(3,587)</u>	<u>(2,985)</u>
Net nonoperating revenues	<u>13,571,947</u>	<u>9,916,830</u>
Income (loss) before other revenues, expenses, gains or losses	<u>492,242</u>	<u>1,674,989</u>
Capital payments made on behalf of New River Community & Technical College	<u>21,840</u>	<u>-</u>
Total other revenues	<u>21,840</u>	<u>-</u>
Increase in net assets	514,082	1,674,989
Net assets, beginning of year	<u>10,985,250</u>	<u>9,310,261</u>
Net assets, end of year	<u>\$ 11,499,332</u>	<u>\$ 10,985,250</u>

The Accompanying Notes Are An Integral
 Part Of These Financial Statements

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>				
Eldershostel program revenue	\$ 133,424	\$ -	\$ -	\$ 133,424
Contributions	20,407	39,330	72,700	132,437
Interest and dividends income	3,248	14,099	-	17,347
Realized losses on investment securities, net	(8,412)	(58,896)	-	(67,308)
Unrealized losses on investment securities, net	18,383	132,348	-	150,731
Contributed services and supplies revenue	93,353	-	-	93,353
Bank and investment fees	(1,696)	(9,726)	-	(11,422)
Fundraising revenue	3,261	-	-	3,261
Net assets released from restrictions due to expiration of pending purpose restrictions	51,000	(51,000)	-	-
Facilities rental revenue	2,400	-	-	2,400
Total public support and revenue	<u>315,368</u>	<u>66,155</u>	<u>72,700</u>	<u>454,223</u>
<u>Expenses</u>				
Scholarships paid	51,000	-	-	51,000
<u>Elderhostel Expenses</u>				
Contributed salaries and wages, payroll taxes and employee benefits	21,946	-	-	21,946
Lodging	30,030	-	-	30,030
Meals	31,988	-	-	31,988
Tours and instruction	23,542	-	-	23,542
Transportation	14,750	-	-	14,750
Insurance	3,645	-	-	3,645
Total Elderhostel Expenses	<u>125,901</u>	<u>-</u>	<u>-</u>	<u>125,901</u>
<u>Other Expenses</u>				
Contributed salaries, wages, payroll taxes and employee benefits	65,107	-	-	65,107
Contributed supplies and operating expenses	6,300	-	-	6,300
Professional fees	29,693	-	-	29,693
Travel and entertainment	5,017	-	-	5,017
Dues and subscriptions	1,008	-	-	1,008
Contract labor	15,683	-	-	15,683
Neighborhood investment program fees	1,700	-	-	1,700
Contributions and sponsorships	4,107	-	-	4,107
Uncollectible account expense	2,060	-	-	2,060
Other expenses	1,739	-	-	1,739
Total other expenses	<u>132,414</u>	<u>-</u>	<u>-</u>	<u>132,414</u>
Total Expenses	<u>309,315</u>	<u>-</u>	<u>-</u>	<u>309,315</u>
Excess of (Expenses Over Public Support and Revenue)				
Public Support and Revenues Over Expenses	6,053	66,155	72,700	144,908
Transfer between net asset classifications, resulting from underwater funds	5,000	(3,000)	(2,000)	-
Increase (Decrease) in Net Assets	11,053	63,155	70,700	144,908
Net Assets, Beginning of Year	<u>(153,906)</u>	<u>52,267</u>	<u>945,010</u>	<u>843,371</u>
Net Assets, End of Year	<u>\$ (142,853)</u>	<u>\$ 115,422</u>	<u>\$ 1,015,710</u>	<u>\$ 988,279</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>				
Eldershostel program revenue	\$ 122,810	\$ -	\$ -	\$ 122,810
Contributions	39,244	26,000	66,200	131,444
Interest and dividends income	2,124	16,606	-	18,730
Realized losses on investment securities, net	(3,261)	(22,743)	-	(26,004)
Unrealized losses on investment securities, net	(19,586)	(144,023)	-	(163,609)
Contributed services and supplies revenue	70,225	-	-	70,225
Total public support and revenue	<u>211,556</u>	<u>(124,160)</u>	<u>66,200</u>	<u>153,596</u>
<u>Expenses</u>				
Scholarships paid	-	54,430	-	54,430
<u>Elderhostel Expenses</u>				
Lodging	40,023	-	-	40,023
Meals	38,890	-	-	38,890
Tours and instruction	25,945	-	-	25,945
Transportation	12,985	-	-	12,985
Insurance	1,062	-	-	1,062
Total Elderhostel Expenses	<u>118,905</u>	<u>-</u>	<u>-</u>	<u>118,905</u>
<u>Other Expenses</u>				
Contributed salaries, wages, payroll taxes and employee benefits	64,400	-	-	64,400
Contributed supplies and operating expenses	5,825	-	-	5,825
Professional fees	9,637	-	-	9,637
Bank and investment management fees	1,124	8,054	-	9,178
Travel and entertainment	5,814	-	-	5,814
Dues and subscriptions	2,135	-	-	2,135
Contract labor	1,978	-	-	1,978
Neighborhood investment program fees	1,656	-	-	1,656
Contributions and sponsorships	1,115	-	-	1,115
Taxes and licenses	375	-	-	375
Other expenses	1,533	-	-	1,533
Total other expenses	<u>95,592</u>	<u>8,054</u>	<u>-</u>	<u>103,646</u>
Total Expenses	<u>214,497</u>	<u>62,484</u>	<u>-</u>	<u>276,981</u>
Excess of (Expenses Over Public Support and Revenue)				
Public Support and Revenues Over Expenses	(2,941)	(186,644)	66,200	(123,385)
Transfer between net asset classifications, resulting from underwater funds	<u>(181,382)</u>	<u>181,382</u>	<u>-</u>	<u>-</u>
(Decrease) Increase in Net Assets	(184,323)	(5,262)	66,200	(123,385)
Net Assets, Beginning of Year	<u>30,417</u>	<u>57,529</u>	<u>878,810</u>	<u>966,756</u>
Net Assets, End of Year	<u>\$ (153,906)</u>	<u>\$ 52,267</u>	<u>\$ 945,010</u>	<u>\$ 843,371</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Student tuition and fees	\$ 2,747,547	\$ 1,594,097
Contracts and grants	2,397,050	4,407,634
Payments to and on behalf of employees	(8,138,028)	(6,526,558)
Payments to suppliers	(3,918,866)	(4,482,520)
Payments to utilities	(189,251)	(179,726)
Payments for scholarships and fellowships	(4,712,126)	(2,253,676)
Sales and service of educational activities	73,652	632,684
Fees assessed by Commission	<u>(55,643)</u>	<u>(49,706)</u>
Net cash (used) in operating activities	<u>(11,795,665)</u>	<u>(6,857,771)</u>
Cash flows from noncapital financing activities		
State appropriations	5,435,799	5,673,054
State fiscal stabilization funds (federal)	375,233	-
Pell grants	7,755,494	4,065,309
William D. Ford direct lending receipts	9,588,657	6,002,824
William D. Ford direct lending payments	<u>(9,605,262)</u>	<u>(6,002,824)</u>
Net cash provided in noncapital financing activities	<u>13,549,921</u>	<u>9,738,363</u>
Cash flows from capital financing activities		
Purchases of capital assets	(917,135)	(40,525)
Payments to Commission for debt service	(119,110)	(21,432)
Proceeds from Commission	<u>-</u>	<u>500,000</u>
Net cash (used) provided in capital financing activities	<u>(1,036,245)</u>	<u>438,043</u>
Cash flows from investing activities		
Interest on investments	<u>9,008</u>	<u>41,804</u>
Net cash provided in investing activities	<u>9,008</u>	<u>41,804</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	727,019	3,360,439
Cash and cash equivalents - beginning of year	<u>5,454,714</u>	<u>2,094,275</u>
Cash and cash equivalents - end of year	<u>\$ 6,181,733</u>	<u>\$ 5,454,714</u>
Reconciliation of net operating loss to net cash (used) in operating activities		
Operating loss	\$ (13,079,705)	\$ (8,241,841)
Adjustments to reconcile net operating loss to net cash (used) in operating activities		
Depreciation expense	264,970	233,300
Expenses paid on behalf of New River Community and Technical College	-	134,209
Changes in assets and liabilities:		
Accounts receivables - net	(19,334)	(43,384)
Due from Commission	(420)	927
Due from WV Council for Community & Technical Colleges	24,550	(577,550)
Due from BSC	365,533	(17,831)
Due from Other State Agencies	-	30,000
Accounts payable	317,341	106,371
Due to Bluefield State College	75,057	(602,064)
Due to the Commission	(19,193)	13,652
Accrued liabilities	(52,534)	221,227
Compensated absences	36,414	(4,519)
Other post employment benefits	583,024	67,415
Deferred revenue	<u>(291,368)</u>	<u>1,822,317</u>
Net cash (used) in operating activities	<u>\$ (11,795,665)</u>	<u>\$ (6,857,771)</u>
Noncash transaction		
Capital payments made on behalf of New River Community & Technical College	<u>\$ 21,840</u>	<u>\$ -</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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NOTE 1 - ORGANIZATION

New River Community and Technical College (the "College") is governed by the New River Community and Technical College Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institution under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda. Senate Bill 448 gives the West Virginia Council for Community and Technical College Education (the "Council") the responsibility of developing, overseeing, and advancing the State's Public Policy agenda as it relates to community and technical college education. Senate Bill 401 required the transfer of certain net assets from Bluefield State College to its separately governed community and technical college after the community and technical college received its independent accreditation. The College received its accreditation on February 8, 2005.

As a requirement of Governmental Accounting Standards Board standards (GASB), the College has included information from the New River Community and Technical College Foundation, Inc. (the "Foundation").

Although the College benefits from the activities of the Foundation, the Foundation is independent of the College in all respects. The Foundation is not a subsidiary of the College and is not directly or indirectly controlled by the College. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the College. The College is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The College does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the College. Under State law, neither the principal nor income generated by the assets of the Foundation can be taken into consideration in determining the amount of State-appropriated funds allocated to the College. Third parties dealing with the College, the Board, and the State of West Virginia (the "State") (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. The combined financial statement presentation required by GASB provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

The College follows all GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, and has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989, to its financial statements.

Reporting Entity - The College is an operating unit of the West Virginia Higher Education Fund and represents separate funds of the State of West Virginia (the "State") that are not included in the State's general fund. The College is a separate entity, which along with all State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing), and West Virginia Council for Community and Technical Education form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of the College. The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. Related foundations (see Note 12) are not part of the College reporting entity and are not included in the accompanying combined financial statements, since the College has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

The audited financial statements of the Foundation are presented here as a discrete component unit with the College combined financial statements in accordance with GASB. The Foundation's audited financial statements were as of and for the years ended June 30, 2010 and 2009. The Foundation is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein except that in accordance with governmental accounting standards, the Foundation's statements of cash flows are not presented.

Financial Statement Presentation - GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the College as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net assets are classified as follows:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***Invested in capital assets-net of related debt*** - This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- ***Restricted net assets, expendable*** - This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia State Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected as State Institutions of Higher Education* of the West Virginia State Code. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliary and capital items. These activities are fundamental to the normal ongoing operations of the institution. These restrictions are subject to change by future actions of the State Legislature.

- ***Restricted net assets, nonexpendable*** - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- ***Unrestricted net assets*** - Unrestricted net assets include resources that are not subject to externally imposed stipulations. Such resources are derived from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities and auxiliary enterprises. Unrestricted net assets are used for transactions related to the educational and general operations of the College and may be designated for specific purposes by action of the Board of Governors.

Basis of Accounting - For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenditures when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents - For purposes of the statements of net assets, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalent balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other funds of the State for investment purposes by the West Virginia Board of Treasury Investments ("BTI"). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia code, policies set by the BTI, and by provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool (formerly Enhanced Yield Pool) and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the College may invest in. These pools have been structured as multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of this annual report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305 or <http://www.wvbt.com>.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

Allowance for Doubtful Accounts - It is the College's policy to provide for future losses on uncollectible accounts, contracts, grants and loans receivable based on an evaluation of the underlying account, contract, grant and loan balances, the historical collectability experienced by the College on such balances and such other factors which, in the College's judgment, require consideration in estimating doubtful accounts.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets include property, plant and equipment, and books and materials that are part of a catalogued library. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings, 20 years for land improvements, 7 years for library books and 3 to 10 years for furniture and equipment. The College's capitalization threshold is \$5,000. There was no interest capitalized during 2010 or 2009. The accompanying combined financial statements reflect all adjustments required by GASB.

Deferred Revenue - Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenue, including items such as orientation fees and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Post Employment Benefits - The College accounts for compensated absences in accordance with the provisions of GASB.

GASB provides standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2008, the College was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund sponsored by the State of West Virginia. The Plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage through a self-insured preferred provider benefit (PPB) plan and through external managed care organizations (MCOs), basic group life, accidental death, and prescription drug coverage for retired employees of the State and various related State and non-State agencies and their dependents. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency ("PEIA"), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or <http://www.wvpeia.com>.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1 ½ sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12 month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3 1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. The same hire date mentioned above applies to coverage for faculty employees also. Faculty hired after July 1, 2010 will no longer receive years of service credit toward insurance premiums when they retire.

The estimated expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense on the statements of revenues, expenses, and changes in net assets.

Risk Management - The State's Board of Risk and Insurance Management ("BRIM") provides general, property and casualty, and medical malpractice liability coverage to the College and its employees. Such coverage may be provided to the College by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the College or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the College is currently charged by BRIM and the ultimate cost of that insurance based on the College's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the College and the College's ultimate actual loss experience, the difference will be recorded, as the change in estimate becomes known.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the College has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the College has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to the private-sector employers beginning July 1, 2009 and can begin to offer to government employers July 1, 2010. Nearly every employer in the State, who has a payroll must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

Classification of Revenues - The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations and investment income.
- **Other Revenue** - Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Assets - The College has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, the College attempts to utilize restricted net assets first when practicable.

Federal Financial Assistance Programs - The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through universities like the College. Direct student loan receivables are not included in the College's statement of net assets as the loans are repayable directly to the U.S. Department of Education. In 2010 and 2009, respectively the College received and disbursed approximately \$9,600,000 and \$6,000,000 under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net assets.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2010 and 2009, respectively the College received and disbursed approximately \$7,800,000 and \$4,200,000, under these federal student aid programs.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and College Business Officers ("NACUBO"). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a College basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Government Grants and Contracts - Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The College recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes - The College is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

Cash Flows - Any cash and cash equivalents escrowed, restricted for noncurrent assets or in funded reserves have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Risk and Uncertainties - Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - During 2010, the College adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The adoption of this statement did not have a material impact on the financial statements.

The College also adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement requires governmental entities to measure most derivative instruments at fair value as assets or liabilities. It also improves disclosure requirements surrounding the entity's derivative instrument activity, its objectives for entering into the derivative instrument, and the instrument's significant terms and risks. The adoption of this statement did not have a material impact on the financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 59, *Financial Instruments Omnibus*, effective for fiscal years beginning after June 15, 2010. This statement improves financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards related to certain financial instruments and external investment pools. The College has not yet determined the effect that the adoption of Statement No. 59 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was as follows at June 30:

	<u>2010</u>	<u>2009</u>
Cash on deposit with the State Treasurer	\$ 5,251,504	\$ 5,325,134
Cash in Bank	928,679	128,030
Cash on hand	<u>1,550</u>	<u>1,550</u>
	<u>\$ 6,181,733</u>	<u>\$ 5,454,714</u>

Cash held by the State Treasurer and cash in bank include for years ended June 30, 2010 and 2009 respectively, \$4,040,700 and \$2,741,145 of restricted cash for specific purposes by West Virginia State Code, grant resources and loan funds.

Bank balances are insured by federal deposit insurance up to \$250,000 per financial institution. Balances in these accounts sometimes exceed the federal deposit insurance limits; however, management believes the banks to be creditworthy and believes that credit risk associated with these deposits is minimal. At June 30, 2010 and 2009, respectively total bank balances exceeded federal deposit insurance limits by approximately \$856,346 and \$722.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2010 and 2009, are comprised of the following investment pools:

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The BTI has adopted an investment policy in accordance with the “Uniform Prudent Investor Act.” The “prudent investor rule” guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income; preserve capital; and, in general, avoid speculative investments. The BTI’s investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI’s Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI’s Consolidated Fund. Of the BTI’s Consolidated Fund pools and accounts in which the Commission invest, all are subject to credit risk.

WV Money Market — Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended June 30, 2010 and 2009, the WV Money Market Pool has been rated AAAm by Standard & Poor’s. A Fund rated “AAAm” has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. “AAAm” is the highest principal stability fund rating assigned by Standard & Poor’s. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor’s (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor’s and P1 by Moody’s. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2010 and 2009, the WV Money Market Pool investments had a total carrying value of \$2,876,711,000 and \$2,570,261,000, respectively, of which the College’s ownership represents 0.17% and 0.18%, respectively.

WV Government Money Market Pool — Credit Risk — For the years ended June 30, 2010 and 2009, the WV Government Market Pool has been rated AAAm by Standard & Poor’s. A Fund rated “AAAm” has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. “AAAm” is the highest principal stability fund rating assigned by Standard & Poor’s. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2010 and 2009, the WV Government Money Market Pool investments had a total carrying value of \$221,183,000 and \$283,826,000, of which the College's ownership represents 0.02% and 0.01%, respectively.

WV Short Term Bond Pool — Credit Risk — The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
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Security Type	Credit Rating*		2010		2009	
	Moody's	S&P	Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset backed securities	Aaa	AAA	\$ 24,330	5.37 %	\$ 16,402	5.21 %
	Aaa	NR *	10,353	2.28	5,136	1.63
	Aa3	AAA	1,000	0.22	223	0.07
	Aa2	AAA			461	0.15
	A3	AAA			273	0.09
	Baa2	AAA			831	0.26
	Baa1	BBB**			332	0.10
	Baa2	BBB**			1,376	0.44
	Ba1	CC**	45	0.01		
	Ba2	BB**	219	0.05		
	Ba3	AAA			645	0.20
	B1	AAA			779	0.25
	B1	BBB**	605	0.13		
	B1	CCC**	857	0.19		
	B2	B**			493	0.16
	B2	CCC**	366	0.08	539	0.17
	B3	AAA			949	0.30
	B3	B**	442	0.10		
	B3	BBB**	247	0.05		
	B3	CCC**	554	0.12		
	Caal	BB**			254	0.08
	Caal	CCC**	230	0.05		
	Caa2	CCC**	779	0.17		
NR *	AAA	3,538	0.78	679	0.22	
			<u>43,565</u>	<u>9.60</u>	<u>29,372</u>	<u>9.33</u>
Corporate bonds and notes	Aaa	AAA	72,549	16.00	47,204	14.99
	Aaa	AA	2,060	0.46		
	Aa1	AA	5,430	1.20	4,445	1.41
	Aa1	A			2,052	0.65
	Aa2	AAA			3,040	0.96
	Aa2	AA	6,650	1.47	9,066	2.88
	Aa3	AA	6,722	1.48		
	Aa3	A	13,850	3.05	7,831	2.49
	A1	AA	15,485	3.41	4,813	1.53
	A1	A	21,098	4.65	5,522	1.75
	A2	A	41,093	9.06	32,040	10.17
	A3	A	4,158	0.92	7,024	2.23
	Baa3	A			2,067	0.66
				<u>189,095</u>	<u>41.70</u>	<u>125,104</u>
U.S. agency bonds	Aaa	AAA	40,180	8.86	60,250	19.13
U.S. Treasury notes***	Aaa	AAA	158,423	34.93	88,805	28.20
U.S. agency mortgage backed securities****	Aaa	AAA	4,540	1.00	4,975	1.58
Money market funds	Aaa	AAA	17,715	3.91	6,426	2.04
			<u>\$453,518</u>	<u>100 %</u>	<u>\$314,932</u>	<u>100 %</u>

* NR = Not Rated

** The securities were not in compliance with BTI Investment Policy at June 30, 2010 and/or 2009. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

*** U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

**** U.S. agency mortgage backed securities are issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

At June 30, 2010 and 2009, the College's ownership represents 0.09% and 0.03%, respectively, of these amounts held by the BTI.

Interest Rate Risk— Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	2010		2009	
	Carrying Value (In thousands)	WAM (Days)	Carrying Value (In thousands)	WAM (Days)
Repurchase agreements	\$ 174,980	1	\$ 212,010	1
U.S. Treasury notes	65,153	140	-	-
U.S. Treasury bills	476,670	35	483,714	69
Commercial paper	855,844	18	592,479	32
Certificates of deposit	281,000	45	128,402	56
U.S. agency discount notes	606,048	52	635,602	57
Corporate bonds and notes	20,000	19	73,812	38
U.S. agency bonds/notes	246,990	55	294,019	70
Money market funds	<u>150,026</u>	1	<u>150,223</u>	1
	<u>\$ 2,876,711</u>	33	<u>\$ 2,570,261</u>	47

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	2010		2009	
	Carrying Value (In thousands)	WAM (Days)	Carrying Value (In thousands)	WAM (Days)
Repurchase agreements	\$ 66,600	1	\$ 53,000	1
U.S. Treasury notes	8,526	114	-	-
U.S. Treasury bills	29,982	72	74,424	94
U.S. agency discount notes	36,465	115	87,662	55
U.S. agency bonds/notes	79,532	30	68,608	37
Money market funds	<u>78</u>	1	<u>132</u>	1
	<u>\$ 221,183</u>	44	<u>\$ 283,826</u>	51

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool at June 30, 2010 and 2009:

Security Type	2010		2009	
	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
U. S. Treasury bonds/notes	\$ 158,423	583	\$ 88,805	917
Corporate notes	189,095	560	125,104	559
Corporate asset backed securities	43,565	679	29,372	622
U.S. agency bonds/notes	40,180	288	60,250	752
U.S. agency mortgage backed securities	4,540	360	4,975	540
Money market funds	<u>17,715</u>	1	<u>6,426</u>	1
	<u>\$ 453,518</u>	530	<u>\$ 314,932</u>	691

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI's Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is reported on the BTI's statement of fiduciary net assets is invested in the lending agent's money market fund in the BTI's name. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits — Custodial credit risk of deposits is the risk that in the event of 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. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - CAPITAL ASSETS

The following is a summary of capital asset transactions for the College for the year ended June 30:

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 824,000	\$ -	\$ -	\$ 824,000
Construction in progress	<u>-</u>	<u>21,840</u>	<u>-</u>	<u>21,840</u>
Total capital assets not being depreciated	<u>\$ 824,000</u>	<u>\$ 21,840</u>	<u>\$ -</u>	<u>\$ 845,840</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	8,276,657	-	-	8,276,657
Equipment	604,623	894,887	-	1,499,510
Library books	<u>351,776</u>	<u>35,266</u>	<u>-</u>	<u>387,042</u>
Total other capital assets	<u>9,330,993</u>	<u>930,153</u>	<u>-</u>	<u>10,261,146</u>
Less accumulated depreciation for:				
Land improvements	29,174	6,529	-	35,703
Buildings	1,075,368	167,170	-	1,242,538
Equipment	461,774	74,063	-	535,837
Library books	<u>302,887</u>	<u>17,208</u>	<u>-</u>	<u>320,095</u>
Total accumulated depreciation	<u>1,869,203</u>	<u>264,970</u>	<u>-</u>	<u>2,134,173</u>
Other capital assets - net	<u>\$ 7,461,790</u>	<u>\$ 665,183</u>	<u>\$ -</u>	<u>\$ 8,126,973</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 824,000	\$ 21,840	\$ -	\$ 845,840
Other capital assets	<u>9,330,993</u>	<u>930,153</u>	<u>-</u>	<u>10,261,146</u>
Total cost of capital assets	10,154,993	951,993	-	11,106,986
Less accumulated depreciation	<u>1,869,203</u>	<u>264,970</u>	<u>-</u>	<u>2,134,173</u>
Capital assets - net	<u>\$ 8,285,790</u>	<u>\$ 687,023</u>	<u>\$ -</u>	<u>\$ 8,972,813</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - CAPITAL ASSETS (Continued)

	2009			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 824,000	\$ -	\$ -	\$ 824,000
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 824,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,000</u>
Other capital assets:				
Land improvements	\$ 97,937	\$ -	\$ -	\$ 97,937
Buildings	8,276,657	-	-	8,276,657
Equipment	623,070	40,525	58,972	604,623
Library books	<u>351,776</u>	<u>-</u>	<u>-</u>	<u>351,776</u>
Total other capital assets	<u>9,349,440</u>	<u>40,525</u>	<u>58,972</u>	<u>9,330,993</u>
Less accumulated depreciation for:				
Land improvements	22,645	6,529	-	29,174
Buildings	907,221	168,147	-	1,075,368
Equipment	471,738	45,325	55,289	461,774
Library books	<u>289,588</u>	<u>13,299</u>	<u>-</u>	<u>302,887</u>
Total accumulated depreciation	<u>1,691,192</u>	<u>233,300</u>	<u>55,289</u>	<u>1,869,203</u>
Other capital assets - net	<u>\$ 7,658,248</u>	<u>\$ (192,775)</u>	<u>\$ 3,683</u>	<u>\$ 7,461,790</u>
Capital asset summary:				
Capital assets not being depreciated	\$ 824,000	\$ -	\$ -	\$ 824,000
Other capital assets	<u>9,349,440</u>	<u>40,525</u>	<u>58,972</u>	<u>9,330,993</u>
Total cost of capital assets	<u>10,173,440</u>	<u>40,525</u>	<u>58,972</u>	<u>10,154,993</u>
Less accumulated depreciation	<u>1,691,192</u>	<u>233,300</u>	<u>55,289</u>	<u>1,869,203</u>
Capital assets - net	<u>\$ 8,482,248</u>	<u>\$ (192,775)</u>	<u>\$ 3,683</u>	<u>\$ 8,285,790</u>

The College maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

At June 30, 2010, the College had no outstanding contractual commitments for property, plant, and equipment expenditures.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the year ended June 30:

	2010				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 264,066	\$ 36,414	\$ -	\$ 300,480	\$ 201,174
Debt obligation due Commission	548,015	-	119,110	428,905	119,810
OPEB liability	126,695	724,523	141,499	709,719	-
Due to Bluefield State College	<u>193,621</u>	<u>86,469</u>	<u>11,412</u>	<u>268,678</u>	<u>268,678</u>
Total noncurrent liabilities	<u>\$ 1,132,397</u>	<u>\$ 847,406</u>	<u>\$ 272,021</u>	<u>\$ 1,707,782</u>	<u>\$ 589,662</u>
	2009				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 268,585	\$ -	\$ 4,519	\$ 264,066	\$ 218,338
Debt obligation due Commission	66,462	500,000	18,447	548,015	119,110
OPEB liability	59,280	215,956	148,541	126,695	-
Due to Bluefield State College	<u>795,685</u>	<u>-</u>	<u>602,064</u>	<u>193,621</u>	<u>193,621</u>
Total noncurrent liabilities	<u>\$ 1,190,012</u>	<u>\$ 715,956</u>	<u>\$ 773,571</u>	<u>\$ 1,132,397</u>	<u>\$ 531,069</u>

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2010 and 2009, the noncurrent liability related to OPEB costs was \$709,719 and \$126,695, respectively. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$850,719 and \$141,499, respectively, during 2010, \$350,165 and \$148,541, respectively, during 2009 and \$351,051 and \$156,272, respectively, during 2008. As of the years ended June 30, 2010, 2009 and 2008, there were four, three and three retirees receiving these benefits, respectively.

NOTE 7 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The College is a State institution of higher education. It receives a State appropriation in partial support of its operations. In addition, the College is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of the College's operations, its tuition and fee structure, its personnel policies and its administrative practices.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 7 - STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)

The State has chartered the Commission with the responsibility to construct or renovate, finance and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the College. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents or the former Boards of the College and College Systems (the "Boards"). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on these various bonds. The tuition and registration fees of the members of the former State College System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2005, the College assumed \$119,300 in additional debt obligation from the Commission, including amounts from Glenville State College for the Nicholas County Campus. During 2010, and 2009, respectively the College paid \$19,110 and \$18,447 to the Commission against the debt obligation. During FY2009 the College entered into a \$500,000 capital project loan with the Higher Education Policy Commission to fund a networking project. The loan is to be repaid over five years in semi-annual payments of \$50,000. During 2010, and 2009, respectively the College paid \$100,000 and \$0 to the Commission against the loan. The amount due to Commission at June 30, 2010 is \$428,905.

During the year ended June 30, 2005, the West Virginia Higher Education Policy Commission issued \$167 million of 2004 series B Revenue Bonds to fund capital projects at various higher education institutions in the State of West Virginia. The Colleges was approved for \$2.3 million of the bond proceeds for capital projects from this bond issuance. The capital projects included the purchase of the Nicholas County Campus (\$1.3 million) and Lewisburg campus assistance with construction of a new library building in co-operation with the Greenbrier County library (\$1 million). As of June 30, 2010, the College has drawn all of the available bond funds to pay for capital projects. State lottery funds will be used to repay the debt, although College revenues are pledged if lottery funds prove insufficient.

During December 2009, the Commission, on behalf of the Council, issued \$78,295,000 of Community and Technical Colleges Improvement Revenue Bonds, 2009 Series A (the "2009 Bonds"). The proceeds of the 2009 Bonds will be used to finance the acquisition, construction, equipping, or improvement of community and technical college facilities in West Virginia. The bond projects listed in the bond offering for the 2009 Bonds proposes bond funding of \$16,500,000 for the College. State lottery funds will be used to repay the debt.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 8 - UNRESTRICTED NET ASSETS

The College's unrestricted net assets at June 30, 2010 and 2009, include certain undesignated net assets, as follows:

	<u>2010</u>	<u>2009</u>
Designated for repair and replacement	\$ -	\$ 1,551,638
Undesignated	<u>864,719</u>	<u>274,571</u>
 Total unrestricted net assets before OPEB liability	 864,719	 1,826,209
Less: OPEB liability	<u>709,719</u>	<u>126,695</u>
 Total unrestricted net assets	 <u>\$ 155,000</u>	 <u>\$ 1,699,514</u>

NOTE 9 - RETIREMENT PLANS

Substantially all full-time employees of the College participate in either the West Virginia Teachers' Retirement System (the "STRS") or the Teachers' Insurance and Annuities Association - College Retirement Equities Fund (the "TIAA-CREF"). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by College employees have not been significant to date.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the new Educators Money 401(a) basic retirement plan. New hires have a choice of either plan. As of June 30, 2010, there were no employees enrolled in the new Educators Money 401(a) basic retirement plan.

The STRS is a cost sharing, multiple employer defined benefit public employee retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The College accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for the years ended June 30, 2010 and 2009. Required employee contributions were at the rate of 6% of total annual salary for the years ended June 30, 2010 and 2009. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest five years' salaries out of the last 15 years) multiplied by the number of years of service.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 9 - RETIREMENT PLANS (Continued)

Total contributions to the STRS for the years ended June 30, 2010, 2009 and 2008 respectively, were \$45,543, \$36,707 and \$33,907 which consisted of \$35,018, \$26,222 and \$24,219 from the College, and \$10,525, \$10,485 and \$9,688 from the covered employees in 2010, 2009 and 2008, respectively.

The contribution rate is set by the State Legislature on an overall basis and the STRS does not perform a calculation of the contribution requirement for individual employers, such as the College. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, Building 5, Room 1000, Charleston, WV 25305.

The TIAA-CREF is a defined contribution benefit plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The College matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which is not matched by the College.

Total contributions to the TIAA-CREF for the years ended June 30, 2010, 2009 and 2008 respectively, were \$573,740, \$451,168 and \$394,490 which consisted of equal contributions of \$286,870, \$225,584 and \$197,245 from both the College and covered employees.

Total contributions to Great West for the years ended June 30, 2010, 2009 and 2008 respectively, were \$11,310, \$0 and \$1,516, which consisted of equal contributions of \$5,655, \$0 and \$758, from both the College and covered employees.

The College's total payroll for the years ended June 30, 2010, 2009 and 2008 respectively, was \$6,703,255, \$5,644,091 and \$4,912,771. Total covered employees' salaries in STRS, TIAA-CREF and Great West were \$5,108,876, \$3,934,545 and \$3,461,515.

NOTE 10 - LEASES

The College leases various equipment, software and buildings under operating leases. Rental payments for operating leases were \$ 383,913 and \$ 303,200 for the years ended June 30, 2010 and 2009. Following is a schedule of future minimum lease payments for the term of these operating leases.

<u>Year Ending June 30</u>	<u>Rental Payments</u>
2011	\$ 530,682
2012	345,326
2013	162,609
2014	79,552
2015	5,533
	<u>\$ 1,123,702</u>

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 11 - FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State of West Virginia and has as its purpose "...to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations..." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented with the College's financial statements in accordance with GASB. Based on the Foundation's audited financial statements for the years ended June 30, 2010 and 2009, the Foundation's net assets (including unrealized gains) totaled \$988,279 and \$843,371, respectively. Complete financial statements for the Foundation can be obtained from the President of the New River Community and Technical College Foundation, Inc.

Gifts, grants, pledges and bequests to the Foundation totaled \$132,437 and \$131,444 for the years ended June 30, 2010 and 2009, respectively.

NOTE 12 - CONTINGENCIES

The nature of the educational industry is such that, from time to time, claims will be presented against colleges on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the College would not seriously impact the financial position of the College.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The College's management believes disallowances, if any, will not have a significant financial impact on the College's financial position.

The College owns various buildings which are known to contain asbestos. The College is not required by Federal, state or local law to remove the asbestos from its buildings. The College is required under Federal Environmental, Health and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The College addresses its responsibility to manage the presence of asbestos in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The College also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing or operating with the asbestos in a safe condition.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 13 - COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements starting on the following page.

Note 1 — Description of the Organization

New River Community and Technical College Foundation, Inc. (“**the Organization**”) is a non-profit West Virginia corporation organized to promote educational and fraternal opportunities for current students and alumni of New River Community and Technical College (“**New River**”), located and operating in various communities in southeastern, West Virginia. It has been organized to serve New River, its faculty, students and alumni through fundraising, managing funds, overseeing the distribution of these funds, the undertaking of capital and other educational projects. The Organization currently accomplishes these by engaging in the following principal activities:

- Solicitation of restricted and unrestricted charitable contributions.
- Investment of available liquid assets.
- Awarding to qualifying students, faculty or staff of New River certain grants or scholarships.
- Operation of Road Scholar program as an enterprise (**See Note 2**).

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation: The Organization has implemented the financial statement presentation required by the Financial Accounting Standards Board Codification of Accounting Standard No. 958 the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted, described as follows:

- **Unrestricted:** Resources over which the Board of Directors has discretionary control.
- **Temporarily Restricted:** Resources subject to donor imposed restrictions which will be satisfied by actions of the Organization’s or passage of time.
- **Permanently restricted:** Resources subject to a donor imposed restriction that will be maintained permanently by the Organization.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the net assets released from restrictions.

Use of Estimates: The preparation of financial statements in conformity accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could and will likely differ from those estimates.

Cash and Equivalents: Cash and equivalents include cash, demand deposits with financial institutions and other short-term investments with original maturities of three months or less.

Note 2 — Summary of Significant Accounting Policies (continued)

Pledges Receivable: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Beneficial Interest In Assets Held By Community Foundation: The Organization placed with the Greater Greenbrier Valley Community Foundation, Inc. (“GGVCF”) certain unrestricted and restricted assets in the form of a “Donor Designated Sub-Fund Agreements” (“the Agreements”). The substance of these agreements provides for the income resulting from the investment of the assets to be paid back to the Organization. One of these agreements further provides for the Organization to have at its discretion the ability to invade 100% of the principal (corpus) placed with GGVCF, whereas the others do not. The assets subject to this agreement amount to approximately 12% of the total of such assets at June 30, 2010. Notwithstanding this, GGVCF does have variance power with respect to these funds whereby the Board of GGVCF by majority vote has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of this Board (without the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with charitable needs of the area served by the GGVCF.

The applicable accounting standards require that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions are presented as an asset in financial statements of the agency (in this case the Organization). Accordingly, the value of the assets held by GGVCF as of June 30, 2010 and 2009 is presented in the accompanying statement of financial position in the amount of \$720,318 and \$631,591, respectively.

As of June 30, 2010 GGVCF records reflect total investment assets, at market value and cost or donated value of \$3,310,412 and \$3,396,924, respectively, comprised of the following:

	Market Value	Cost or Donated Value	Net Unrealized (Loss) Gain
Cash and equivalents	\$ 756,492	\$ 756,492	\$ -
Fixed income securities	1,407,041	1,399,835	7,206
Mutual funds	16,794	19,079	(2,285)
Equity securities	1,130,085	1,221,518	(91,433)
	\$ 3,310,412	\$ 3,396,924	\$ (86,512)

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

Note 2 — Summary of Significant Accounting Policies (continued)

Prior to March 31, 2010, the investment assets underlying these agreements were held by the Greater Kanawha Valley Foundation, Inc. (“GKVF”) of which GGVCF was an affiliate organization. Effective January 1, 2010, GGVCF terminated its relationship with GKVF. As of December 31, 2008, the most recent audited financial statements of GKVF prior to June 30, 2009 reflected total investment assets, at market value and cost or donated value of \$103,085,329 and \$133,976,613. Comprised of the following:

	Market Value	Cost or Donated Value	Net Unrealized (Loss) Gain
Corporate stocks	\$ 244,576	\$ 252,701	\$ (8,125)
Mutual funds	182,646	226,221	(43,575)
Money market funds	6,573,684	6,573,684	-
US core equities	23,781,069	39,751,233	(15,970,164)
US mid/small growth equities	4,450,439	6,425,438	(1,974,999)
US mid/small value equities	5,149,030	6,635,666	(1,486,636)
International core equities	18,758,891	24,647,804	(5,888,913)
Alternative	17,552,143	17,277,333	274,810
Fixed income	16,469,385	18,204,473	(1,735,088)
Real assets	9,923,466	13,982,060	(4,058,594)
	<u>\$ 103,085,329</u>	<u>\$ 133,976,613</u>	<u>\$ (30,891,284)</u>

Donated Goods, Facilities and Services: Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received as donations revenues with a corresponding expense.

Income Taxes: There is no provision for federal or state income taxes on income since the Organization is an exempt nonprofit association under Internal Revenue Code Section 501©(3). Management believes there is no unrelated business taxable income associated with the Organization. The Organization adopted Financial Accounting Standards Codification Topic “Accounting for Uncertainty in Income Taxes”, which addresses the determination of whether tax benefits claimed or expected to be claimed on a

Note 2 — Summary of Significant Accounting Policies (continued)

tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than 50% likelihood of being realized upon ultimate settlement.

Concentrations: The Organization maintains cash in demand deposit accounts with federally insured banks. At times, the balance in the accounts may be in excess of federally insured limits. At June 30, 2010 and 2009 this amounted to approximately \$40,000 and \$0, respectively. In management's opinion, the amounts, if any in excess of the federally insured limits do not pose significant risk to the Organization.

Economic Geographic and Other Dependencies: The Organization generates a significant amount of its support and revenue (including fundraising activities) from within the state of West Virginia. Its economy is largely dependent upon the mineral extraction (coal), timbering, farming, and recreation/resort industries. Changes in economies of these industries could significantly influence the Organization's ability to provide its services.

The Organization is also dependent upon significant amounts of support in the form of salaries, wages and employee benefits and other operating costs provided by New River. The ability or desire of New River to continue to provide this support could significantly influence the Organization's ability to provide its services (See Note 3).

Compensated Absences: Compensated absences are not provided for in the accompanying statement of financial position as New River provides all compensation and benefits for employees who serve/operate the Organization (See Note 3).

Road Scholar Enterprise: As an enterprise and under terms of a contract the Organization operates as a "program provider" for Road Scholar, Inc. Road Scholar, Inc. is a not-for-profit organization dedicated to providing learning opportunities to adults through short-term academic programs. It is the nation's first and the world's largest educational travel organization primarily for adults. As a program provider the Organization is responsible for providing a variety of approved services to include meals, lodging, instruction, learning opportunities and transportation to groups of adults enlisted into the Road Scholar programs. The current contract commenced January 12, 2009 and ends on January 12, 2014. Revenues recognized for the provision of these services amounted to \$133,424 and \$122,810 for the years ended June 30, 2010 and 2009, respectively and are reported in the accompanying statement of activities.

Comparative Totals: The financial statements include certain prior year summarized comparative information in total but not by net asset class, with respect to the statement of activities and changes in net assets and functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2009 from which the summarized information was derived.

Date of Management Review: Subsequent events (events or transactions that have occurred which may have a material effect on the financial statements and that require adjustment to or disclosure in the financial statements) have been evaluated through September 28, 2010, which is the date the financial statements were available to be issued.

Note 3 — Related Party Transactions

New River provides facilities, furniture, fixtures and equipment which are used by the Organization. The value of the usage of these items has not been recorded in the accompanying financial statements, as there is no objective basis to determine the value of their usage.

New River also provides all the compensation, payroll taxes and employee benefits for the personnel who operate the Organization as well as supplies and other operational needs. These are recorded as contributed services and supplies revenue and contributed salaries, wages, payroll taxes and employee benefits and supplies and operating expenses in the accompanying statement of activities. The total amount of the services, supplies and operating expenses provided were \$93,353 and \$70,225 for the years ended June 30, 2010 and 2009, respectively.

Note 4 — Endowments

Endowments consist of thirty-five individual funds established for a variety of specific purposes. These represent entirely donor-restricted endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State of West Virginia Uniform Prudent Management of Institutional Funds Act (WVUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by WVUPMIFA.

In accordance with WVUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization.

These permanently restricted scholarship funds are largely held and invested by the Greater Greenbrier Valley Community Foundation, Inc. in the form of Donor Designated Sub-Fund Agreements (**See Note 2**). Only the distributions/disbursements received from GGVCF for these funds have been used to pay scholarships during the year, which management believes have been determined in accordance with the provisions of the WVUPMIFA.

Note 5 — Fair Value of Financial Instruments

The Organization has adopted the applicable provisions of Topic 820-10 of the FASB Accounting Standards Codification. Topic 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Topic 820-10 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Topic 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value as follows:

- **Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- **Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
- **Level 3:** Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments:

- Cash and equivalents, pledge receivable, miscellaneous receivables, deposits, accounts payable, scholarships payable and accrued expenses: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Beneficial interest in assets held by community foundation: The fair value of beneficial interest in assets held by community foundation is based on the values provided by GGVCF and GKVF as of June 20, 2010 and 2009, respectively. These are based on the proportionate share of investment assets held by GGVCF and GKVF that are represented by these agreements as of June 30, 2010 and 2009, respectively (**See Note 2**).

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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Note 5 — Fair Value of Financial Instruments (continued)

The estimated fair values of the Organization's financial instruments are as follows for the year ended June 30, 2010:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and equivalents	\$ 323,841	\$ 323,841
Pledge receivable	2,000	2,000
Miscellaneous receivables and deposit	2,300	2,300
Beneficial interest in assets held by community foundation	720,318	720,318
Financial liabilities:		
Scholarships payable	51,500	51,500
Accrued expenses	8,680	8,680

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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Note 5 — Fair Value of Financial Instruments (continued)

The estimated fair values of the Organization's financial instruments are as follows for the year ended June 30, 2009:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and equivalents	\$ 256,566	\$ 256,566
Miscellaneous receivables and deposit	6,407	6,407
Beneficial interest in assets held by community foundation	631,591	631,591
Financial liabilities:		
Accounts payable	8,663	8,663
Scholarships payable	33,850	33,850
Accrued expenses	8,680	8,680

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2010

Note 5 — Fair Value of Financial Instruments (continued)

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis at June 30, 2010:

	Fair Value Measurement at Reporting Date Using		
<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	
Beneficial interest in assets held by community foundation	\$ 720,318	\$ -	\$ 720,318

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis at June 30, 2009:

	Fair Value Measurement at Reporting Date Using		
<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	
Beneficial interest in assets held by community foundation	\$ 631,591	\$ -	\$ 631,591

Note 6 — Commitment

On January 10, 2010, the Organization entered into a consulting contract with a nationally known fundraising consulting group. The contract provides for this consulting group to provide services associated with the establishment of a “Major Gifts Campaign”. In consideration for these services, the Organization is obligated to pay the consulting group a sum total of \$198,000 in monthly installments of \$5,500 per month, plus direct expenses over a thirty-six month period, which commenced during March 2010. During the year ended June 30, 2010, \$22,000 of these installments were paid and they are included in the accompany statement of activities as a component of professional fees expense.

This contract is cancellable without cause upon thirty days written notice by either party to the contract.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 14 - NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

This table represents operating expenses within both natural and functional classifications for the year ended June 30:

	2010							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 4,032,715	\$ 1,144,891	\$ 1,192,911	\$ -	\$ -	\$ -	\$ -	\$ 6,370,517
Academic support	933,979	291,767	427,544	-	-	-	-	1,653,290
Student services	550,319	178,887	595,350	1,049	-	-	-	1,325,605
General institutional support	909,894	273,902	1,680,701	(962)	-	-	-	2,863,535
Operations and maintenance of plant	276,348	112,230	399,101	188,216	-	-	-	975,895
Student financial aid	-	-	-	-	4,712,126	-	-	4,712,126
Depreciation	-	-	-	-	-	264,970	-	264,970
Other	-	-	-	-	-	-	55,643	55,643
Total	\$ 6,703,255	\$ 2,001,677	\$ 4,295,607	\$ 188,303	\$ 4,712,126	\$ 264,970	\$ 55,643	\$ 18,221,581

	2009							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Fees Assessed by Commission	Total
Instruction	\$ 3,395,517	\$ 827,551	\$ 1,066,360	\$ -	\$ -	\$ -	\$ -	\$ 5,289,428
Academic support	786,403	210,896	382,187	-	-	-	-	1,379,486
Student services	463,364	129,304	532,192	1,017	-	-	-	1,125,877
General institutional support	766,124	197,982	1,502,401	(933)	-	-	-	2,465,574
Operations and maintenance of plant	232,683	81,122	356,761	182,479	-	-	-	853,045
Student financial aid	-	-	-	-	2,253,675	-	-	2,253,675
Depreciation	-	-	-	-	-	233,300	-	233,300
Other	-	-	-	-	-	-	49,706	49,706
Total	\$ 5,644,091	\$ 1,446,855	\$ 3,839,901	\$ 182,563	\$ 2,253,675	\$ 233,300	\$ 49,706	\$ 13,650,091



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Governing Board
New River Community and Technical College
Beckley, West Virginia

We have audited the financial statements of New River Community and Technical College (the "College") as of and for the year ended June 30, 2010, and have issued our report thereon dated November 23, 2010, which states reliance on other auditors for the discretely presented component unit. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of The New River Community and Technical College Foundation, Inc., as described in our report on the College's financial statements. This report does not include results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and responses as 2010-01 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we have reported to management of the College in a separate letter dated November 23, 2010.

The College's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the College's response and, accordingly we express no opinion on it.

This report is intended for the information and use of the College's management, the Members of the College's Governing Board, the West Virginia Higher Education Policy Commission, the West Virginia Council for Community and Technical College Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.



Charleston, West Virginia
November 23, 2010

2010-01 FINANCIAL REPORTING

Criteria:	Management of the College is responsible for establishing an internal control structure that reduces to an acceptable level the risk of errors and fraud occurring and not being detected. The College is also responsible to have a financial management system in place to account for the receipt and expenditure of grant and other funds, prepare accurate financial reports and be able to trace funds to a level of expenditures adequate to establish that such funds have not been used in violation of applicable laws and regulations, in a timely manner.
Condition:	While conducting the audit we noted the following weaknesses in internal control: <ul style="list-style-type: none">• Management was unable to reconcile Banner and FIMS accounting systems.• Transactions were not being posted to the Banner accounting system in a timely manner during 2010.• Supporting schedules were not maintained and readily available for certain account balances.• Several accounts required adjustment to reconcile to supporting documentation.
Context:	Total assets, liabilities, operating revenues and operating expenses of the College are \$15.9 million, \$4.4 million, \$5.1 million and \$18.2 million, respectively.
Cause:	Due to staffing constraints management was unable to reconcile the Banner and FIMS accounting systems resulting in management not having timely and reliable internal ledgers to review during the year end close process. This resulted in inaccuracies in certain financial statement accounts requiring audit adjustments.
Effect:	The inability to reconcile the Banner and FIMS accounting systems at year end created a delay in the timely completion of the audited financial statements. Furthermore, management was unable to generate a trial balance from the Banner accounting system resulting in the application of additional audit procedures.
Recommendation:	We recommend that management review the daily accounting functions and financial reporting processes to ensure adequate policies and procedures are in place to ensure accurate and timely financial reporting. Management should ensure that the accounting system is posted in a timely manner, account reconciliations are prepared and reviewed in a timely manner and supporting schedules are maintained for all account balances.
Views of Responsible Officials and Planned Corrective Actions:	<i>Management agrees with the finding of the audit and continues to make efforts to fully utilize the New River Banner Database. New River has fully transitioned all services from Bluefield State College, but because of new staff and the demands of training and setup for our Banner Database, we are not in the position we expected or hoped. We anticipate that a full-time accounting position will be filled by the end of calendar year 2010, helping us continue to make progress with timely posting of transactions. We plan to continue a contract with Brown Edwards & Company for reconciliation purposes and will seek their guidance to firmly establishing policies and procedures.</i>