

CONCORD UNIVERSITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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**CONCORD UNIVERSITY
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INDEPENDENT AUDITORS' REPORT

Board of Governors
Concord University
Athens, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Concord University (the University), a component unit of the West Virginia Higher Education Fund, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of 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 University as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, the Concord University Foundation, Inc. (Foundation), which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of and for the years ended June 30, 2023 and 2022, or the blended component unit, Concord University Research and Development Corporation (Corporation), whose statements reflect total assets, net position, and revenues constituting 3% of the assets, 3% of the net position, and 3% of the revenue of the University as of June 30, 2023 and 2% of the assets, 3% of the net position, and 2% of the revenue of the University as of June 30, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation and Corporation, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit, Concord University Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the University implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 94 and 96 – for the year ended June 30, 2023, which represents a change in accounting principle. The University’s June 30, 2022 statement of net position and statement of revenues, expenses, and changes in net position were restated to reflect the impact of adoption. A summary of the restatement is presented in Note 2. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

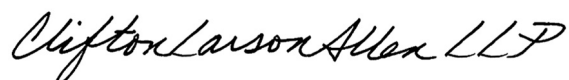
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the Schedules of Proportionate Share of Net Pension Liability and Contributions and Schedules of Proportionate Share of Net OPEB Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 11, 2023

**CONCORD UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

Introduction

Concord University (the University), is pleased to present its financial statements for the years ended June 30, 2023 and 2022. The University's financial statements are presented in the format required by the Governmental Accounting Standards Board (GASB).

The University has two component units. The Concord University Foundation (Foundation) is a private nonprofit organization. No modifications have been made to the Foundation's audited financial information as it is presented herein. The Concord University Research and Development Corporation (Corporation) is presented as a blended component entity of the University.

Financial Highlights

In fiscal year 2023, the University's enrollment decreased by 1.95% for total full-time fall enrollment of 1,530. Total net position increased by 2.75% for the year. Net investment in capital assets increased by 2.64% while unrestricted net position increased by 3.05%. Total gross tuition and fee revenue increased by 3.81% with a 5% tuition and fee increase effective for the year ended June 30, 2023. State appropriated funding increased 3.44% from the fiscal year ended June 30, 2022.

Financial Statements

The three statements reporting the financial results of the University are the statements of net position, the statements of revenues, expenses, and changes in net position; and the statements of cash flows. Each of these statements is discussed below.

Statement of Net Position

The statement of net position presents the Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and noncurrent), Deferred Inflows of Resources, and Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) of the University as of the end of the fiscal year. Assets denote the resources available to continue the operations of the University. Liabilities indicate how much the University owes vendors, employees, and lenders. Net Position provides a way to measure the financial position of the University.

The statement of net position is similar to a balance sheet in format. It presents information about the resources available to the University and claims against those resources. Both resources and claims are classified in a format that segregates assets that are not, or are not intended to be available within the next year for operations, and liabilities, which are not expected to be due within the next year.

Net position is displayed in three major categories:

1. *Net investment in capital assets.* This category represents the University'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 net investment in capital assets.

CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)

2. *Restricted net position.* This category includes net position of which use is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components – expendable and nonexpendable. Expendable restricted net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position 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.

3. *Unrestricted net position.* This category represents the resources derived primarily from tuition and fees, state appropriations, and sales and services of educational activities that are not restricted. These resources are used for transactions related to educational and general operations of the University.

Condensed Statements of Net Position
June 30, 2023, 2022, and 2021

An indicator of the short-term financial health of the University is the ratio of current assets to current liabilities (current ratio). The current ratio was 1.28 to 1 and 1.39 to 1 as of June 30, 2023 and 2022, respectively. These indicate that the University has sufficient available resources to meet its obligations.

	2023	2022 (As Restated)	2021	Change FY 23-FY 22
Assets:				
Current Assets	\$ 10,870,415	\$ 12,918,384	\$ 12,451,023	-15.85%
Noncurrent Assets	2,952,417	3,509,538	3,533,237	-15.87%
Capital Assets, Net	60,372,620	60,213,176	58,984,376	0.26%
Total Assets	<u>74,195,452</u>	<u>76,641,098</u>	<u>74,968,636</u>	-3.19%
Deferred Outflows of Resources	<u>547,914</u>	<u>410,068</u>	<u>727,776</u>	33.62%
Total Assets and Deferred Outflows	74,743,366	77,051,166	75,696,412	-3.00%
Liabilities:				
Current Liabilities	8,490,782	9,311,185	6,497,881	-8.81%
Noncurrent Liabilities	15,827,846	16,617,318	18,312,464	-4.75%
Total Liabilities	<u>24,318,628</u>	<u>25,928,503</u>	<u>29,064,829</u>	-6.21%
Deferred Inflows of Resources	1,339,741	3,217,481	4,031,009	-58.36%
Net Position:				
Net Investment in Capital Assets	44,697,565	43,505,007	42,430,615	2.74%
Restricted:				
Nonexpendable	2,424,736	2,424,736	2,424,736	0.00%
Expendable	2,264,853	2,094,031	2,939,398	8.16%
Unrestricted Net Position (Deficit)	<u>(302,157)</u>	<u>(118,592)</u>	<u>(939,691)</u>	154.79%
Total Net Position	<u>\$ 49,084,997</u>	<u>\$ 47,905,182</u>	<u>\$ 46,855,058</u>	2.46%

CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)

As of June 30, 2023, the total assets of the University had decreased by 3.15% while total liabilities decreased 6.24% from Fiscal Year 2022. Total asset decrease is due primarily to a decrease of cash, due primarily due to an increase in Accounts Receivable of \$.6 million, a decrease in Accounts Payable of \$.2 million, a decrease in accrued payroll of \$.6 million, and a decrease in unearned revenue of \$.1 million. The decrease in total liabilities is primarily due to the following changes: unearned revenue of \$.1 million, accounts payable of \$.6 million, advances from federal sponsors of \$.3 million and bonds payable of \$.4 million. Net position increased by 2.46% during the same time period.

The University's total liabilities and deferred inflows of resources were approximately \$25.7 million and \$29.1 million, respectively, as of June 30, 2023 and 2022. Noncurrent liabilities were approximately \$15.8 million and \$16.6 million, respectively, as of June 30, 2023 and 2022. Noncurrent liabilities consist of capital lease obligations-including Subscription-Based Information Technology Arrangements (SBITAs), advances from federal sponsors, compensated absences, OPEB liability, and other debt obligations. The University's deferred inflows of resources were approximately \$1.3 million and \$3.2 million as of June 30, 2023 and 2022, respectively. Deferred inflows of resources are amortized for pension and OPEB related items over the related recognition period.

Unrestricted net position represented -.75% and -.25% of the total net position of the University for Fiscal Years 2023 and 2022, respectively. The decrease is due to GASB 94 implementation adjustments. Depreciation and amortization expense have been recorded for the years ended June 30, 2023 and June 30, 2022, each in the amounts of approximately \$2.9 million per year.

The Concord University Research and Development Corporation, a blended component unit of the University, purchased the Johnson House and Mill Street Apartments located in Athens, West Virginia with the intent of using the property for providing additional housing for the University's students. When renovations were completed, the housing units were rented to University students as a form of supplemental/nontraditional housing. The University purchased the property from the Concord University Research and Development Corporation using capital lease financing during the year ended June 30, 2012. The Concord University Research and Development Corporation paid off the mortgage note during the year ended June 30, 2021.

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents revenues of the University (operating and nonoperating), the expenses of the University (operating and nonoperating), and any other revenues, expenses, gains, and losses of the University for the years ended June 30, 2023 and June 30, 2022. State appropriations, while budgeted for operations, must be reported as nonoperating revenues as required by GASB. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023, 2022, and 2021**

	2023	2022 (As Restated)	2021	Change FY 23-FY 22
Operating Revenues	\$ 27,409,331	\$ 26,971,263	\$ 23,430,590	1.62%
Operating Expenses	<u>42,557,030</u>	<u>43,329,085</u>	<u>37,006,361</u>	-1.78%
Operating Loss	(15,147,699)	(16,357,822)	(13,575,771)	-7.40%
Nonoperating Revenues, Net	<u>16,139,648</u>	<u>16,872,147</u>	<u>18,309,533</u>	-4.34%
Net Nonoperating Revenues	<u>16,139,648</u>	<u>16,872,147</u>	<u>18,309,533</u>	-4.34%
Change in Net Position before Other Revenues, Expenses, Gains or Losses	991,949	514,325	4,733,762	92.86%
Other Revenues, Expenses, Gains or Losses	<u>187,866</u>	<u>535,799</u>	<u>377,204</u>	0.00%
Change in Net Position	1,179,815	1,050,124	5,110,966	12.35%
Net Position - Beginning of Year	<u>47,905,182</u>	<u>46,855,058</u>	<u>41,744,092</u>	
Net Position - End of Year	<u>\$ 49,084,997</u>	<u>\$ 47,905,182</u>	<u>\$ 46,855,058</u>	2.46%

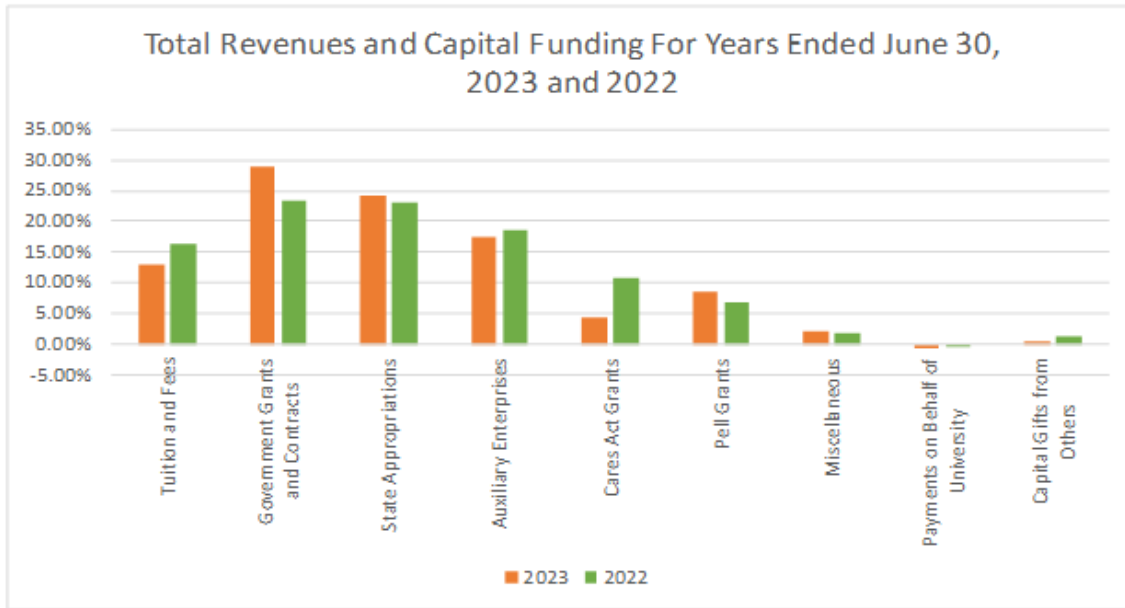
CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)

Major sources of revenue for the University are program and general revenues. The following is a list of the sources of the total revenue and capital funding reported for the years ended June 30:

	<u>2023</u>	<u>2022 (As Restated)</u>	<u>2021</u>	<u>Change FY 23-FY 22</u>
Operating Revenues (by Major Source):				
Tuition and Fees before Allowances	\$ 15,795,439	\$ 15,322,192	\$ 15,685,508	3.09%
Less:				
Institutional Scholarship Discounts and Allowances	<u>10,110,916</u>	<u>8,046,017</u>	<u>8,891,715</u>	25.66%
Tuition and Fees, Net	5,684,523	7,276,175	6,793,793	-21.87%
Grants and Contracts	12,939,736	10,563,265	8,140,943	22.50%
Interest on Student Loans Receivable	-	-	31,896	0.00%
Sales and Services of Education Activities	1,368	3,623	2,264	-62.24%
Auxiliary Enterprise Sales and Services	7,996,504	8,455,830	7,734,618	-5.43%
Miscellaneous	787,200	672,370	727,076	17.08%
Nonoperating Revenues (by Major Source):				
State Appropriations	10,836,709	10,476,415	10,476,415	3.44%
Pell Grants	3,751,985	3,127,147	3,550,254	19.98%
Cares Act Grants	1,953,448	4,900,573	3,460,934	-60.14%
Investment Income (Loss)	667,189	(801,568)	1,350,725	-183.24%
Payments (Refunds) on Behalf of University	(343,654)	(75,938)	188,965	352.55%
Capital Funding:				
Capital Gifts from Others	<u>187,866</u>	<u>535,799</u>	<u>377,204</u>	100.00%
 Total Revenue	 <u>\$ 44,462,874</u>	 <u>\$ 45,133,691</u>	 <u>\$ 42,835,087</u>	 -1.49%

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

The following is a graphic illustration of revenues and capital funding by source and the percentage distribution of these revenues for the years ended June 30, 2023 and 2022:



The major sources of revenue include tuition and fees, government grants and contracts, state appropriations, and auxiliary revenues. State appropriations comprised 22.79% and 24.46% of the total revenue during the years ended June 30, 2023 and 2022, respectively. Gross tuition and fees accounted for 35.59% and 33.68% of total revenue for the years ended June 30, 2023 and 2022, respectively, before scholarship discounts and allowances. Auxiliary revenue increased by 17.48% and 18.58% for the years ended June 30, 2023 and 2022, respectively.

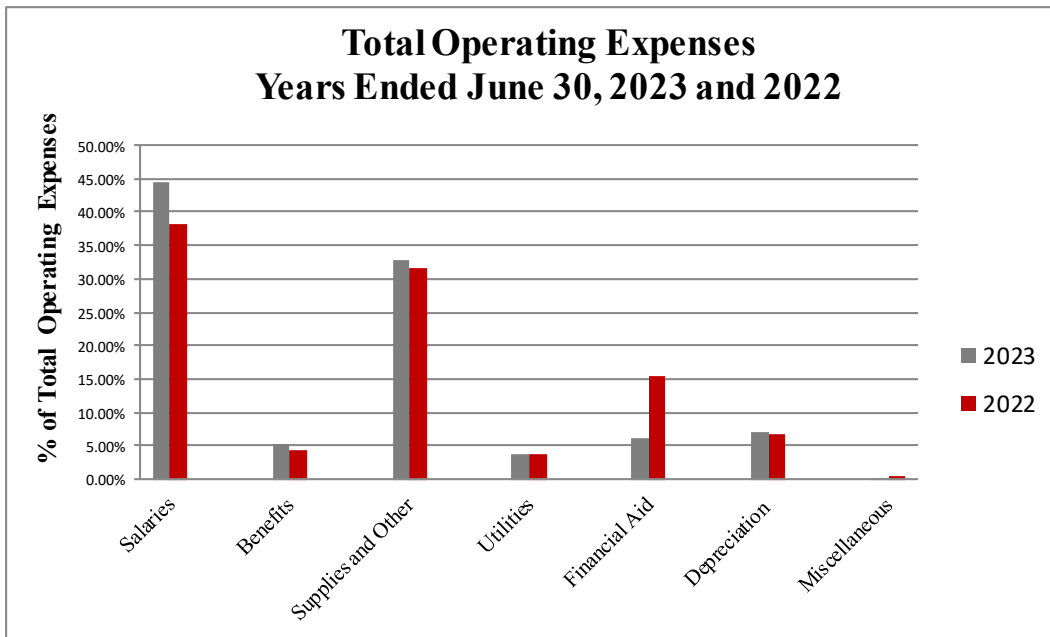
The total revenue from capital funding and was \$211,615 and \$535,799 for the years ended June 30, 2023 and 2022, respectively.

The loss before other revenues, expenses, gains, or losses for the years ended June 30, 2023 and June 30, 2022 was approximately \$15.1 million and \$16.4 million, respectively. The change in the operating loss from Fiscal Year 2023 to Fiscal Year 2022 was primarily related to scholarship expenses from the COVID relief acts, OPEB and Pension Adjustments, as well as other operating activities of the University.

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

The operating expenses of the University by natural classification for the June 30, are as follows:

Salary and benefit costs together comprised 49.9% and 42.36% of the total operating expenses of the University for the years ended June 30, 2023 and 2022, respectively. Student financial aid expense totaled approximately \$2.6 million and \$6.6, respectively. Utilities expense increased 5.5%, primarily due to rate changes by the major utility companies serving the institution.



**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

Statements of Cash Flows

The statement of cash flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing capital and noncapital activities of the University during the year. This statement helps users assess the University's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into five parts:

1. *Cash flows from operating activities.* This section shows the net cash used by the operating activities of the University.
2. *Cash flows from noncapital financing activities.* This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.
3. *Cash flows from capital and related financing activities.* This section includes cash used for the acquisition and construction of capital and related items.
4. *Cash flows from investing activities.* This section shows the purchases, proceeds, and interest received from investing activities.
5. *Reconciliation of net cash used to the operating loss.* This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities.

**Condensed Statements of Cash Flows
Years Ended June 30, 2023, 2022, and 2021**

The University cash decreased for the year ended June 30, 2023 by approximately \$2.9 million, primarily due to an increase in receivables, a decrease in payables, and other operational changes.

	<u>2023</u>	<u>2022 (As Restated)</u>	<u>2021</u>	<u>Change FY 23-FY 22</u>
Cash Provided (Used) by:				
Operating Activities	\$ (15,148,524)	\$ (13,306,341)	\$ (12,041,159)	13.84%
Noncapital Financing Activities	16,115,968	19,391,534	16,296,237	-16.89%
Capital Financing Related Activities	(4,560,109)	(4,005,487)	(2,762,533)	13.85%
Investing Activities	<u>667,189</u>	<u>(801,568)</u>	<u>1,350,725</u>	-183.24%
Increase (Decrease) in Cash	(2,925,476)	1,278,138	2,843,270	-328.89%
Cash - Beginning of Year	<u>7,046,758</u>	<u>5,768,620</u>	<u>2,925,350</u>	22.16%
Cash - End of Year	<u>\$ 4,121,282</u>	<u>\$ 7,046,758</u>	<u>\$ 5,768,620</u>	-41.52%

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

Capital Asset and Long-Term Debt Activity

The University's capital asset additions for the fiscal years ended June 30, 2023 and 2022, totaled approximately \$3.1 million and \$2.4 million, respectively.

During the year ended June 30, 2015, the University issued \$16.5 million in bonds to renovate the North and South Towers dormitories. The debt is to be repaid over 30 years with semiannual interest payments and annual principal. The University has approximately \$13.8 million of bond issues outstanding and has not liquidated any bond issues during the fiscal year ended June 30, 2023.

During the year ended June 30, 2023, the University obtained a loan from the Commission totaling \$550,000 to replace the elevator system in the towers complex. This note is payable over 5 years with no interest.

Economic Outlook

Concord University's financial stability and flexibility continue to be impacted by economic conditions in southern West Virginia. The coal industry, critical to the economy of southern West Virginia, has been negatively impacted by the COVID-19 pandemic. The region's population continues to decline due to increased out-migration, high mortality rates, volatile employment, and low labor participation rates. This population decline has a direct negative effect on the number of high school graduates and other prospective college students in the region.

The COVID-19 pandemic has created economic uncertainty for the institution. Planning has involved modeling various scenarios and the likely economic impact. The University continues to implement cost-saving strategies and investments in enrollment and retention. While overall enrollment is down for fall 2022 (-1.5% from fall 2021), this rate of decline is less than that of fall 2021 (-4.5% from fall 2020). This can largely be attributed to an increase in first-time transfers and a higher retention rate of returning students.

Funding made available through the West Virginia Nursing Expansion Grant (\$5.5 million over 5 years) and HRSA federal earmark funds (\$2.4 million over three years) will benefit the institution immensely. With these funds, Concord plans to launch a brand-new Bachelor of Science in Nursing degree, a high-demand program that will certainly yield additional tuition revenue. In addition, the institution is in the planning phase of starting a Physician's Assistant graduate program, which will also help with enrollment. Using reliable data to inform decision-making, several other academic programs are being developed as well.

The institution is not anticipating any changes in state appropriations in FY23, but the State of West Virginia retains the right to make necessary budget modifications at any time. With that being said, during the 2022 regular legislative session, the West Virginia legislature approved an outcomes-based funding formula for all public institutions. The formula incentivizes improved student outcomes with additional state funds. Outcomes that factor into the formula include credit hour milestone achievements (i.e. students earning 30, 60, and 90 credit hours), bachelor's and master's degrees awarded, expenditures on research and development, awards per 100 FTE, and learning and working. The State of West Virginia has identified degree programs (such as nursing and education) that are considered state priorities. Premiums are applied to priority degrees awarded, which results in additional outcomes and funding. The formula also includes a 2% provision for cost-of-living increases and a hold-harmless provision to prevent significant declines in funding. Concord expects to benefit financially from the new formula for years to come.

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(UNAUDITED)**

Concord is monitoring its FY23 budget in order to improve cash reserves and net position. In addition to monitoring expenditures, the University is developing and modifying strategies to generate additional revenue through data-informed programmatic decision-making, enrollment management, advancement efforts, and grant-writing. The University has been able to successfully address fiscal challenges over the past several years and will continue to do so in the near term.

Requests for Information

The financial report is designed to provide an overview of the finances of the University for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Concord University at Post Office Box 1000, Athens, West Virginia 24712.

CONCORD UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u> (As Restated)
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,121,282	\$ 7,046,758
Due from the Commission	6,280	2,789
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$649,386 and \$468,517, Respectively	3,340,882	2,737,233
Due from Other Agencies	63,519	80,142
Amount Held at Foundation	2,051,204	1,777,538
Amount Held at Foundation - Other	917,315	835,047
Loans to Students - Current Portion	114,399	191,591
Prepaid Expenses	241,968	230,808
Inventories	13,566	16,478
Total Current Assets	<u>10,870,415</u>	<u>12,918,384</u>
NONCURRENT ASSETS		
Amount Held at Foundation - Permanent Endowments	2,424,736	2,424,736
Loans to Students, Net of Allowance	400,272	791,409
No Hardship Pay Adjustment	127,409	136,348
Other Post Employment Benefits Asset	-	78,594
Capital Gifts Long Term	-	78,451
Capital Assets, Net of Accumulated Depreciation and Amortization	60,372,620	60,213,176
Total Noncurrent Assets	<u>63,325,037</u>	<u>63,722,714</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow - Pension Related	36,825	44,565
Deferred Outflow - OPEB Related	511,089	365,503
Total Deferred Outflows	<u>547,914</u>	<u>410,068</u>
Total Assets and Deferred Outflows	<u>\$ 74,743,366</u>	<u>\$ 77,051,166</u>

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,877,998	\$ 2,127,244
Accrued Liabilities	1,998,322	2,630,928
Due to Other State Agencies	21,021	57,556
Unearned Revenue	2,340,561	2,452,667
Compensated Absences	765,189	654,975
Deposits	49,701	46,201
Debt Obligation Due to Commission	110,000	-
Leases and Other Contractual Liabilities	887,990	921,614
Bonds Payable	440,000	420,000
Total Current Liabilities	8,490,782	9,311,185
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	476,035	840,195
Leases and Other Contractual Liabilities	639,687	1,443,213
Compensated Absences	387,756	334,797
Other Postemployment Benefit Liability	287,396	-
Debt Obligation Due to Commission	440,000	-
Net Pension Liability	145,270	104,769
Bonds Payable, Net of Bonds Premium	13,451,702	13,894,344
Total Noncurrent Liabilities	15,827,846	16,617,318
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension Related	194,862	432,627
Deferred Inflows - OPEB Related	1,144,879	2,784,854
Total Deferred Inflows of Resources	1,339,741	3,217,481
NET POSITION		
Net Investment in Capital Assets	44,697,565	43,505,007
Restricted for - Nonexpendable - Permanent Endowments	2,424,736	2,424,736
Restricted for - Expendable - Loans	213,649	316,309
Restricted for - Expendable - Other	2,051,204	1,777,722
Unrestricted Net Deficit	(302,157)	(118,592)
Total Net Position	49,084,997	47,905,182
Total Liabilities, Deferred Inflows, and Net Position	\$ 74,743,366	\$ 77,051,166

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$10,110,916 and \$8,046,017 in 2023 and 2022, Respectively	\$ 5,684,523	\$ 7,276,175
Contract and Grants:		
Federal	7,146,745	4,409,479
State	4,635,208	5,291,996
Private	1,157,783	861,790
Interest on Student Loans Receivable		
Sales and Services of Educational Activities	1,368	3,623
Auxiliary Enterprise Revenue	7,996,504	8,455,830
Miscellaneous, Net	787,200	672,370
Total Operating Revenues	27,409,331	26,971,263
OPERATING EXPENSES		
Salaries and Wages	19,007,078	16,497,462
Benefits	2,276,577	1,863,555
Supplies and Other Services	13,873,087	13,657,329
Utilities	1,641,819	1,561,451
Student Financial Aid - Scholarships and Fellowships	2,637,747	6,646,360
Depreciation and Amortization	2,997,752	2,927,482
Loan Cancellations and Write-Offs	122,970	175,446
Total Operating Expenses	42,557,030	43,329,085
OPERATING LOSS	(15,147,699)	(16,357,822)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	10,836,709	10,476,415
Federal Pell Grants	3,751,985	3,127,147
Investment Income (Loss)	667,189	(801,568)
Refunds on Behalf of University	(343,654)	(75,938)
COVID-19 Grants	1,953,448	4,900,573
Fees Assessed by the Commission for Debt Service	(13,584)	(13,489)
Interest Expense	(687,687)	(743,377)
Other Nonoperating Revenue (Expenses), Net	(24,758)	2,384
Net Nonoperating Revenues	16,139,648	16,872,147
INCREASE IN NET POSITION BEFORE CAPITAL GIFTS, GRANTS, AND CONTRACTS	991,949	514,325
CAPITAL GIFTS, GRANTS, AND CONTRACTS		
Capital Gifts from Others	187,866	535,799
INCREASE IN NET POSITION	1,179,815	1,050,124
Net Position - Beginning of Year	47,905,182	46,855,058
NET POSITION - END OF YEAR	\$ 49,084,997	\$ 47,905,182

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 15,571,649	\$ 15,096,804
Contracts and Grants	12,091,421	12,333,690
Payments to and on Behalf of Employees	(23,640,538)	(19,925,579)
Payments to Suppliers	(15,250,144)	(12,700,911)
Payments to Utilities	(1,641,819)	(1,561,451)
Payments for Scholarships and Fellowships	(12,748,663)	(14,692,377)
Loans Issued to Students	-	(341,649)
Collection of Loans to Students	468,328	116,021
Sales and Services of Educational Activities	1,368	3,623
Auxiliary Enterprise Receipts	7,811,542	8,468,401
Other Receipts (Payments), Net	2,188,332	(102,913)
Federal Student Loan Program - Direct Lending Receipts	8,857,234	8,428,637
Federal Student Loan Program - Direct Lending Payments	(8,857,234)	(8,428,637)
Net Cash Used by Operating Activities	(15,148,524)	(13,306,341)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	10,836,709	10,476,415
Federal Pell Grants	3,751,985	3,127,147
Federal Cares Act Grant	1,953,448	4,900,573
Change in Amts Held by Foundation	(355,935)	887,399
Other Nonoperating	(70,239)	(6,810)
Net Cash Provided by Noncapital Financing Activities	16,115,968	19,384,724
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Grants and Gifts Received	187,866	457,348
Proceeds from Sale of Assets	6,978	5,000
Lease Principal Paid	(427,816)	(335,994)
Obligations Interest Paid	(117,876)	(60,092)
Payments on SBITAs	(634,632)	(602,365)
Purchases of Capital Assets	(3,122,884)	(2,440,925)
Proceeds from Debt Obligations Due Commission	550,000	-
Bond Principal/Premium Paid	(422,642)	(422,641)
Bond Interest Paid	(565,519)	(585,519)
Fees Assessed by Commission	(13,584)	(13,489)
Net Cash Used by Capital Financing Activities	(4,560,109)	(3,998,677)
CASH FROM INVESTING ACTIVITIES		
Investment Income (Loss)	667,189	(801,568)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,925,476)	1,278,138
Cash and Cash Equivalents - Beginning of Year	7,046,758	5,768,620
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,121,282	\$ 7,046,758

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(As Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (15,147,699)	\$ (16,357,822)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	2,997,752	2,927,482
Expenses Paid (Refunds Received) on Behalf of the University	(343,654)	(75,938)
Effects of Net Changes in Assets, Deferred Outflows of Resources (DOR), Liabilities, and Deferred Inflows of Resources (DIR):		
Accounts Receivables, Net	(603,649)	(686,183)
Loans to Students, Net	468,329	221,301
Prepaid Expenses	(11,160)	9,113
Inventories	2,912	(4,664)
Due from Other Agencies	16,623	421,758
Due from the Commission	(3,491)	(221)
No Hardship Pay Adjustment	8,939	13,380
Accounts Payable	(249,246)	693,570
Accrued Liabilities	(640,157)	264,930
Student Deposits	3,500	12,571
Due to Other State Agencies	(36,535)	30,969
Unearned Revenue	(112,106)	1,197,860
Compensated Absences	110,214	(1,625)
Pension Liability and Related DOR and DIR	(189,524)	(181,505)
Other Postemployment Benefits Liability and Related DOR and DIR	(1,419,572)	(1,791,317)
Net Cash Used by Operating Activities	\$ (15,148,524)	\$ (13,306,341)

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 503,833	\$ 310,202
Contributions Receivable	251,671	301,328
Dividends and Interest Receivable	19,946	1,689
Other Receivable	917	917
Cash Restricted for Long-Term Investment and by Agency Relationships	227,949	366,067
Investments	49,718,591	46,011,742
Inventory	2,493	2,622
Prepaid Expenses	39,892	66,664
Property and Equipment, Net	813	2,048
Funds Held for Others	711,743	652,949
	\$ 51,477,848	\$ 47,716,228
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 125,434	\$ 41,314
Amounts Held on Behalf of Others	6,120,741	5,589,734
Annuity Obligations	28,714	27,009
Total Liabilities	6,274,889	5,658,057
NET ASSETS		
Without Donor Restrictions	642,240	516,316
With Donor Restrictions	44,560,719	41,541,855
Total Net Assets	45,202,959	42,058,171
Total Liabilities and Net Assets	\$ 51,477,848	\$ 47,716,228

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Gifts and Grants	\$ 157,256	\$ 718,749	\$ 876,005
In-Kind Support	68,988	-	68,988
Interest and Dividends, Net of Related Expenses of \$106,078	(106,078)	1,323,789	1,217,711
Net Gains on Investments	-	2,884,383	2,884,383
Change in Value of Funds Held in Trusts by Others	-	58,794	58,794
Net Assets Released from Restriction:			
Restrictions Satisfied by Payments	1,601,048	(1,601,048)	-
Administration Fees	362,373	(362,373)	-
Total Revenues and Other Support	2,083,587	3,018,864	5,102,451
EXPENSES AND SUPPORT			
University Support (Program):			
Student Support	844,542	-	844,542
Faculty and Staff Development	18,169	-	18,169
Compensation for Services	-	-	-
Other Expenses	657,334	-	657,334
Management and General	411,100	-	411,100
Fundraising	26,518	-	26,518
Total Expenses	1,957,663	-	1,957,663
CHANGE IN NET ASSETS	125,924	3,018,864	3,144,788
Net Assets - Beginning of Year	516,316	41,541,855	42,058,171
NET ASSETS - END OF YEAR	\$ 642,240	\$ 44,560,719	\$ 45,202,959

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Gifts and Grants	\$ 190,079	\$ 1,748,113	\$ 1,938,192
In-Kind Support	73,444		73,444
Interest and Dividends, Net of Related Expenses of \$138,935	(112,702)	880,979	768,277
Net Gains on Investments		(7,025,890)	(7,025,890)
Change in Value of Split-Interest Agreements			-
Change in Value of Funds Held in Trusts by Others		(32,391)	(32,391)
Net Assets Released from Restriction: Restrictions Satisfied by Payments	1,724,680	(1,724,680)	-
Administration Fees	264,814	(264,814)	-
Total Revenues and Other Support	2,140,315	(6,418,683)	(4,278,368)
EXPENSES AND SUPPORT			
University Support (Program):			
Student Support	845,971	-	845,971
Faculty and Staff Development	26,158	-	26,158
Compensation for Services	8,597	-	8,597
Other Expenses	712,089	-	712,089
Management and General	328,416	-	328,416
Fundraising	49,242	-	49,242
Total Expenses	1,970,473	-	1,970,473
CHANGE IN NET ASSETS	169,842	(6,418,683)	(6,248,841)
Net Assets - Beginning of Year	346,474	47,960,538	48,307,012
NET ASSETS - END OF YEAR	\$ 516,316	\$ 41,541,855	\$ 42,058,171

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION

Concord University (formerly Concord College) (the University) is governed by the Concord University Board of Governors (the Board). The Board was established by Senate Bill 653 (S.B. 653).

The 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 institutions 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.

As a requirement of Governmental Accounting Standards Board (GASB) standards, the University has included information from the Concord University Foundation, Inc. (the Foundation).

Although the University benefits from the activities of the Foundation, the Foundation is independent of the University in all respects. 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 University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The University 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 University. 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 University.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The University is a blended component 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 University is a separate entity which, along with all State institutions of higher education, the West Virginia Council of Community and Technical Colleges, and the Commission (which includes West Virginia Network for Educational Telecomputing), 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 University, including its blended component unit, Concord University Research and Development Corporation (the Research Corporation), which was formed on July 28, 1999 as a nonprofit, nonstock corporation. The Research Corporation is included on the Blended Method as defined by GASB. The basic criterion for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Foundation and Alumni Association of the University are not part of the University reporting entity and are not included in the accompanying financial statements, as the University has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the Foundation and Alumni Association under GASB.

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 University as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's net position is classified as follows:

- *Net Investment in Capital Assets* – This represents the University's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent that debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

- *Restricted Net Position — Expendable* – This includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia Code*. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliaries 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 West Virginia Legislature.

- *Restricted Net Position — 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 Position* – Unrestricted net position represents resources derived from student tuition and fees, State appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University'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 expenses when materials or services are received. All interfund accounts and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statement of net position, the University considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

The University maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts. The University believes that the bank is creditworthy and that it is not exposed to any significant credit risk on cash and cash equivalents.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

Cash and cash equivalents balances on deposit with the state of West Virginia Treasurer's Office (the treasurer) and deposits with the state's Board of Risk and Insurance Management (BRIM) escrow account are deposited into the West Virginia Money Market Pool with the West Virginia Board of Treasury Investments (BTI). 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 guidance. 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 West Virginia Short-Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund which consists of eight investment pools and participant-directed accounts, three of which the University may invest in. These pools have been structured as multiparticipant 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 audited financial report. A copy of that 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>.

Cash in bank accounts includes deposits in the Insured Cash Sweep (ICS) program.

Cash with bond trustee is invested in U.S. Treasury Notes and government backed Money Market funds.

Cash and cash equivalents also include cash on hand.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The University's investments are managed by the Foundation.

Under accounting principles generally accepted in the United States of America, a fair value hierarchy has been established that prioritizes the inputs to valuation techniques. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level 1 – is defined as observable inputs such as quoted prices in active markets for identical assets. Level 1 assets held by the University include a certificate of deposit.

Level 2 – is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The University does not have Level 3 assets.

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 University'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 University on such balances and such other factors, which, in the University's judgment, require consideration in estimating doubtful accounts.

Inventories

Inventories are stated at the lower-of-cost or market, cost being determined on the first-in, first-out method.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, long-term loans to students or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) permanently restricted net position are classified as a noncurrent asset in the statements of net position.

No Hardship Pay Adjustment

The state placed all employees on deferred pay effective October 1, 2014. This represents payment provided to employees who were moved from current pay to arrears pay. Since there were employees who were never on deferred pay, the University was required to make a “no hardship pay adjustment” and treat these employees as if they have already had their deferred pay paid to them. This amount will be deducted from each employee’s last paycheck when they leave state employment.

Capital Assets

Capital assets include property, plant, equipment, books, and materials that are part of a catalogued library, right-to-use assets, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or acquisition 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 15 to 50 years for buildings and infrastructure, 20 years for land improvements and library books, and 3 to 10 years for furniture and equipment. The University’s capitalization threshold is \$5,000. The accompanying financial statements reflect all adjustments required by GASB.

Lease Right to Use Assets and Subscription Based Information Technology Arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the contractual term, payments associated with the contract made to the vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any vendor incentives received from the vendor at the commencement of the term. Lease and SBITA assets are amortized in a systematic and rational manner over the shorter of the contractual term or the useful life of the underlying assets.

Unearned Revenue

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

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEB)

GASB provides for the measurement, recognition, and display of 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. The University is required to participate in this multiemployer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the state of West Virginia. Details regarding this plan and its stand-alone financials can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, West Virginia 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. The University'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 1.5 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. This liability is now provided for under the multiemployer, 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. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the University. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply. The estimated expense and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at <https://www.wvretirement.com/Publications.html#CAFR>. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (Note 13).

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred charges for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension/OPEB plan investments, changes in the state's proportion of expenses and liabilities to the pension/OPEB as a whole, differences between the University's pension/OPEB contributions and its proportionate share of contributions, the University's pension/OPEB contributions subsequent to the pension/OPEB valuation measurement date, and service concession arrangements.

Risk Management

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

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event such differences arise between estimated premiums currently charged by BRIM to the University and the University'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 University 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 University has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

West Virginia had 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 private-sector employers beginning July 1, 2009 and 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 University has classified its 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 nonexchange transactions, such as gifts, contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell grants, investment income, COVID-19 emergency aid grants, and gain on the sale of capital assets (including natural resources).
- *Other Revenues* – Other revenues consist primarily of capital grants and gifts.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Net Position

The University 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 position are available. Generally, the University attempts to utilize restricted net position first when practicable.

Federal Financial Assistance Programs

The University makes loans to students under the Federal Direct Loan Program. Federal Direct loans are not included as receivable on the University's statements of net position as the loans are repayable directly to the U.S. Department of Education. The University made awards of approximately \$8.9 million and \$8.4 million in 2023 and 2022, respectively, under the Federal Direct Loan Program of the U.S. Department of Education, which are not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

The University 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 2023 and 2022, the University received and disbursed approximately \$3.9 million and \$3.5 million, respectively, under these federal student aid programs.

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 position. A scholarship allowance is the difference between the stated charge for goods and services provided by the University and the amount that is paid by a student and/or third parties making payments on a 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 University 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 University 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University 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 University is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the IRS as described in Section 115 of the Internal Revenue Code (IRC).

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 expenses 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The financial statements for the fiscal year ended June 30, 2022 were restated as summarized below due to the adoption of this standard.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The financial statements for the fiscal year ended June 30, 2022 were restated as summarized below due to the adoption of this standard.

Statement of Net Position at June 30, 2022	Balance, as Previously Reported	GASB 94 Changes	GASB 96 Changes	Balance, as Restated
Current Assets	\$ 13,329,319	\$ (410,935)	\$ -	\$ 12,918,384
Noncurrent Assets	63,910,050	(1,515,000)	1,327,664	63,722,714
Deferred Outflows of Resources	410,068	-	-	410,068
Total Assets and Deferred Outflows	<u>\$ 77,649,437</u>	<u>\$ (1,925,935)</u>	<u>\$ 1,327,664</u>	<u>\$ 77,051,166</u>
Current Liabilities	\$ 8,925,591	\$ (136,204)	\$ 521,798	\$ 9,311,185
Noncurrent Liabilities	16,747,391	(817,224)	687,151	16,617,318
Deferred Inflows of Resources	3,953,447	(735,966)	-	3,217,481
Net Position	48,023,008	(236,541)	118,715	47,905,182
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 77,649,437</u>	<u>\$ (1,925,935)</u>	<u>\$ 1,327,664</u>	<u>\$ 77,051,166</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

Statement of Revenues And Expenses	<u>2022</u>
Income, as Previously Reported	\$ 1,167,950
Implementation of GASB 94	
Operating Revenues	-
Operating Expenses	(236,542)
Nonoperating Revenues (Expenses)	-
Implementation of GASB 96	
Operating Revenues	-
Operating Expenses	209,672
Nonoperating Revenues (Expenses)	<u>(90,956)</u>
Income, as Restated	<u>\$ 1,050,124</u>

NOTE 3 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was held as follows:

	<u>2023</u>	<u>2022</u>
Cash on Deposit with the State Treasurer's Office/BTI	\$ 1,726,326	\$ 4,958,311
Municipal Bond Commission for the University	-	14,583
Cash in Bank	<u>2,394,956</u>	<u>2,073,864</u>
Total	<u>\$ 4,121,282</u>	<u>\$ 7,046,758</u>

Cash held by the state treasurer includes \$1,726,326 and \$4,958,311 at June 30, 2023 and 2022, respectively, of cash for sponsored projects, loans, and other purposes.

The University cash equivalents totaling \$0 and \$14,583 at June 30, 2023 and 2022, respectively, are held in repurchase agreements. Remaining cash equivalents primarily relate to amounts held in money markets.

The carrying amount of cash in bank at June 30, 2023 and 2022 is different than that with the bank primarily due to outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the state's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Amounts with the state treasurer as of June 30, 2023 and 2022, are comprised of three investment pools: the West Virginia Money Market Pool, the West Virginia Government Money Market Pool, and the West Virginia Short-Term Bond Pool.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor’s rating of the investment pools as of June 30, and does not agree to the information shown in the previous table. The difference is primarily caused by outstanding checks and items in transit:

	2023		2022	
	Carry Value	S&P Rating	Carry Value	S&P Rating
WV Money Market Pool	\$ 1,450,975	AAAm	\$ 3,487,685	AAAm
WV Government Money Market Pool	-	AAAm	14,583	AAAm
WV Short-Term Bond Pool	33,669	Not Rated	82,791	Not Rated
Total	<u>\$ 1,484,644</u>		<u>\$ 3,585,059</u>	

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.

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 amounts with the state treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the West Virginia Short-Term Bond Pool.

Money Market Pool and the West Virginia Government Money Market Pool and the effective duration for the West Virginia Short-Term Bond Pool:

	2023		2022	
	Carry Value	WAM (Days)	Carry Value	WAM (Days)
WV Money Market Pool	\$ 1,450,975	29	\$ 3,487,685	21
WV Government Money Market Pool	-		14,583	19

The following table provides information on the effective duration for the West Virginia Short-Term Bond Pool:

	2023		2022	
	Carry Value	Effective Duration	Carry Value	Effective Duration
<u>External Pool</u>				
WV Short-Term Bond Pool	<u>\$ 33,669</u>	609	<u>\$ 82,791</u>	584

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.

Cash in Bank with Trustee

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Cash in bank with trustee is governed by provisions of the bond agreement.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Investment Type</u>	Carrying Value	
	2023	2022
Money Market Fund	\$ -	\$ 14,583

The objective of the money market fund is to increase the current level of income while continuing to maintain liquidity and capital. Assets are invested in high-quality, short-term money market instruments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. Government and its agencies.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has no securities with foreign currency risk.

NOTE 4 INVESTMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The University had the following recurring fair value measurements comprised of investments at June 30, 2023 and 2022.

The following amounts are a summary of the inputs used in determining the fair values of financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2023			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	Fair Value			
Amounts Held at Foundation	\$ 5,393,255	\$ -	\$ 5,393,255	\$ -

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

	2022			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Amounts Held at Foundation	\$ 5,037,321	\$ -	\$ 5,037,321	\$ -

The University's investments held by the Foundation classified in Level 2 of the fair value hierarchy are valued at quoted prices for the underlying assets which are considered to be similar assets in active markets.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	2023	2022
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of \$649,386 and \$468,517, Respectively	\$ 467,607	\$ 653,166
Grants and Contracts Receivable	2,041,822	1,338,448
Other Accounts Receivable, Net of Allowance for Doubtful Accounts of \$0 and \$0, Respectively	831,453	745,619
Total	\$ 3,340,882	\$ 2,737,233

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 CAPITAL ASSETS

The following is a summary of capital asset transactions for the University for the years ended June 30:

	2023				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital Assets not Being Depreciated:					
Land	\$ 413,625	\$ -	\$ -	\$ -	\$ 413,625
Construction in Progress	202,777	1,133,930	-	-	1,336,707
Total Capital Assets not Being Depreciated	<u>\$ 616,402</u>	<u>\$ 1,133,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,332</u>
Capital Assets Being Depreciated and Amortized:					
Land Improvements	\$ 4,362,496	\$ -	\$ -	\$ -	\$ 4,362,496
Buildings	95,155,281	755,354	-	-	95,910,635
Equipment	9,649,499	1,088,380	(595,887)	-	10,141,992
Software	344,794	-	-	-	344,794
Library Books	2,123,042	-	-	-	2,123,042
Right of Use Assets	246,996	-	(30,498)	-	216,498
SBITAs	1,720,356	145,221	(45,924)	-	1,819,653
Total Other Capital Assets	113,602,464	1,988,955	(672,309)	-	114,919,110
Less: Accumulated Depreciation and Amortization for:					
Land Improvements	(2,555,203)	(232,125)	-	-	(2,787,328)
Buildings	(42,400,535)	(1,044,352)	-	-	(43,444,887)
Equipment	(7,598,894)	(1,131,612)	634,812	-	(8,095,694)
Software	(343,420)	(1,375)	-	-	(344,795)
Library Books	(600,372)	(25,268)	-	-	(625,640)
Right of Use Assets	(114,574)	(69,679)	25,369	-	(158,884)
SBITAs	(392,692)	(492,824)	45,922	-	(839,594)
Total Accumulated Depreciation and Amortization	<u>(54,005,690)</u>	<u>(2,997,235)</u>	<u>706,103</u>	<u>-</u>	<u>(56,296,822)</u>
Capital Assets Being Depreciated and Amortized, Net	<u>\$ 59,596,774</u>	<u>\$ (1,008,280)</u>	<u>\$ 33,794</u>	<u>\$ -</u>	<u>\$ 60,372,620</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 616,402	\$ 1,133,930	\$ -	\$ -	\$ 1,750,332
Other Capital Assets	113,602,464	1,988,955	(672,309)	-	114,919,110
Total Cost of Capital Assets	<u>114,218,866</u>	<u>3,122,885</u>	<u>(672,309)</u>	<u>-</u>	<u>116,669,442</u>
Less: Accumulated Depreciation and Amortization	<u>(54,005,690)</u>	<u>(2,997,235)</u>	<u>706,103</u>	<u>-</u>	<u>(56,296,822)</u>
Capital Assets, Net	<u>\$ 60,213,176</u>	<u>\$ 125,650</u>	<u>\$ 33,794</u>	<u>\$ -</u>	<u>\$ 60,372,620</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2022 (As Restated)				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital Assets not Being Depreciated:					
Land	\$ 413,625		\$ -	\$ -	\$ 413,625
Construction in Progress		202,777	-	-	202,777
Total Capital Assets not Being Depreciated	<u>\$ 413,625</u>	<u>\$ 202,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,402</u>
Capital Assets Being Depreciated and Amortized:					
Land Improvements	\$ 3,736,447	\$ 626,049	\$ -	\$ -	\$ 4,362,496
Buildings	94,658,383	496,898	-	-	95,155,281
Equipment	8,614,288	1,078,803	(43,592)	-	9,649,499
Software	344,794		-	-	344,794
Library Books	2,093,188	34,013	(4,159)	-	2,123,042
Right of Use Assets	220,939	26,057	-	-	246,996
SBITAs	1,385,600	334,756	-	-	1,720,356
Total Other Capital Assets	<u>111,053,639</u>	<u>2,596,576</u>	<u>(47,751)</u>	<u>-</u>	<u>113,602,464</u>
Less: Accumulated Depreciation and Amortization for:					
Land Improvements	(2,289,247)	(265,956)	-	-	(2,555,203)
Buildings	(40,747,384)	(1,653,151)	-	-	(42,400,535)
Equipment	(7,068,391)	(545,424)	14,921	-	(7,598,894)
Software	(317,330)	(26,090)	-	-	(343,420)
Library Books	(579,603)	(24,928)	4,159	-	(600,372)
Right of Use Assets	(95,333)	(19,241)	-	-	(114,574)
SBITAs	-	(392,692)	-	-	(392,692)
Total Accumulated Depreciation and Amortization	<u>(51,097,288)</u>	<u>(2,927,482)</u>	<u>19,080</u>	<u>-</u>	<u>(54,005,690)</u>
Capital Assets Being Depreciated and Amortized, Net	<u>\$ 59,956,351</u>	<u>\$ (330,906)</u>	<u>\$ (28,671)</u>	<u>\$ -</u>	<u>\$ 59,596,774</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 413,625	\$ 202,777	\$ -	\$ -	\$ 616,402
Other Capital Assets	111,053,639	2,596,577	(47,751)	-	113,602,464
Total Cost of Capital Assets	<u>111,467,264</u>	<u>2,799,354</u>	<u>(47,751)</u>	<u>-</u>	<u>114,218,866</u>
Less: Accumulated Depreciation and Amortization	<u>(51,097,288)</u>	<u>(2,927,482)</u>	<u>19,080</u>	<u>-</u>	<u>(54,005,690)</u>
Capital Assets, Net	<u>\$ 60,369,976</u>	<u>\$ (128,128)</u>	<u>\$ (28,671)</u>	<u>\$ -</u>	<u>\$ 60,213,176</u>

The University 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 LONG-TERM LIABILITIES

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

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 840,195	\$ -	\$ (364,160)	\$ 476,035	\$ -
Lease Liabilities including Financed					
Purchase	1,184,877	-	(427,814)	757,063	444,013
Subscription Liabilities	1,179,949	86,652	(495,987)	770,614	443,977
Compensated Absences	989,772	163,173	-	1,152,945	765,189
Net Pension Liability	104,769	40,501	-	145,270	-
Other Postemployment					
Benefits Liability (Asset)	(78,594)	365,990	-	287,396	-
Debt Obligation Due to the					
Commission	-	550,000	-	550,000	110,000
Bonds Payable	14,256,233	-	(420,000)	13,836,233	440,000
Bond Premium	58,111	-	(2,642)	55,469	-
Total Long-Term Liabilities	<u>\$ 18,535,312</u>	<u>\$ 1,206,316</u>	<u>\$ (1,710,603)</u>	<u>\$ 18,031,025</u>	<u>\$ 2,203,179</u>

	2022 (As Restated)				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 1,042,542	\$ -	\$ (202,347)	\$ 840,195	\$ -
Lease Liabilities including Financed					
Purchase	1,520,872	79,804	(415,798)	1,184,878	428,815
Subscription Liabilities	1,385,600	310,409	(516,060)	1,179,949	492,799
Accrued Compensated Absences	941,072	48,700	-	989,772	654,975
Net Pension Liability	347,540	-	(242,771)	104,769	-
Other Postemployment					
Benefits Liability (Asset)	1,155,637	-	(1,234,231)	(78,594)	-
Bonds Payable	14,656,233	-	(400,000)	14,256,233	420,000
Bond Premium	60,752	-	(2,641)	58,111	-
Total Long-Term Liabilities	<u>\$ 21,110,248</u>	<u>\$ 438,913</u>	<u>\$ (3,013,848)</u>	<u>\$ 18,535,313</u>	<u>\$ 1,996,589</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

Bonds payable at June 30, 2023 and 2022, are summarized as follows:

	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>2023 Principal Outstanding</u>
Revenue Bonds, 2014 Series, due through 2044	2.25% - 5.00%	\$320,000 - 950,000	\$ 13,836,233
Add Unamortized Bond Premium			55,469
Total			<u>\$ 13,891,702</u>
Current			\$ 440,000
Noncurrent			13,451,702
Total			<u>\$ 13,891,702</u>
	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>2022 Principal Outstanding</u>
Revenue Bonds, 2014 Series, due through 2044	2.25% - 5.00%	\$320,000 - 950,000	\$ 14,256,233
Add Unamortized Bond Premium			58,111
Total			<u>\$ 14,314,344</u>
Current			\$ 420,000
Noncurrent			13,894,344
Total			<u>\$ 14,314,344</u>

On December 1, 2014, the University issued Revenue Bonds, Series 2014 (Series 2014 Bonds) amounting to \$16,460,000. The Series 2014 Bonds were issued to (1) finance the costs to plan, design, remodel, improve, and equip certain dormitory facilities on its main campus, (2) pay capitalized interest on the Series 2014 Bonds through December 1, 2015, (3) reimburse certain previously incurred expenditures related to the project, and (4) pay the costs of issuance of the Series 2014 Bonds and related costs.

The Series 2014 Bonds are special, self-liquidating obligations of the University and are secured by and payable solely from certain pledged revenues held under the Bond Indenture (the Indenture). The Series 2014 Bonds shall not be deemed to be general obligations or debts of the state within the meaning of the Constitution of the State; neither the credit nor the taxing power of the state is pledged for the payment of the Series 2014 Bonds.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The Series 2014 Bonds are special, self-liquidating obligations of the University and are secured by and payable solely from certain pledged revenues held under the Bond Indenture (the Indenture). The Series 2014 Bonds shall not be deemed to be general obligations or debts of the state within the meaning of the Constitution of the State; neither the credit nor the taxing power of the state is pledged for the payment of the Series 2014 Bonds.

The Series 2014 Bond covenants require that the schedules of rent, charges, and fees shall at all times produce pledged revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with other monies legally available to be used for such purposes (as prescribed in the Indenture), to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees, that shall be revised from time to time to provide for all reasonable operating expenses and leave net revenues, when combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service. For the year ended June 30, 2023, the University had gross revenues that approximated 210% of the maximum annual debt service.

The Series 2014 Bonds mature on June 1 of each year starting June 1, 2017 and continuing through June 1, 2029, on June 1, 2035, on June 1, 2039, and on June 1, 2044. Annual payments made starting after June 1, 2029 are deposited into a sinking fund and are subject to mandatory redemption prior to maturity on June 1, 2035, June 1, 2039, and June 1, 2044.

During the year ended June 30, 2023, the University paid \$420,000 in principal payments and \$566,405 in bond interest expense.

Future debt service requirements to maturity for the Series 2014 Bonds at June 30, 2023, are as follows excluding unamortized premium of \$55,469.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 440,000	\$ 544,519	\$ 984,519
2025	465,000	522,519	987,519
2026	480,000	507,988	987,988
2027	495,000	492,388	987,388
2028	510,000	475,063	985,063
2029-2033	2,850,000	2,074,612	4,924,612
2034-2039	3,465,000	1,459,800	4,924,800
2040-2044	4,215,000	708,800	4,923,800
2045	916,233	38,000	954,233
Total	<u>\$ 13,836,233</u>	<u>\$ 6,823,689</u>	<u>\$ 20,659,922</u>

Debt Obligation Due to the Commission

The University borrowed \$550,000 from the West Virginia Higher Education Policy Commission on March 1, 2023. The loan accrues no interest and principal payments of \$110,000 per annum are due over each of the next five years.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Employees of the University are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

Following is the University's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal year ended June 30:

	2023	2022
Net OPEB (Asset) Liability	\$ 287,396	\$ (78,594)
Deferred Outflows of Resources	511,090	365,503
Deferred Inflow of Resources	1,144,879	2,784,854
Expenses	(316,877)	(71,950)
OPEB Expense	(1,476,448)	(1,572,590)
Employer Contributions	259,096	302,785

Plan Description

The OPEB plan is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the Code). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years, and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees, and public retirees. Four remaining members represent the public-at-large.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB plan are accounted for in the RHBT, a fiduciary fund of the state of West Virginia. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided

The OPEB plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

Contributions

Pay as you go premiums (paygo) are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidize the retirees' health care.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or vacation leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001, may convert sick or vacation leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and vacation leave days per month for single healthcare coverage and three days of unused sick and vacation leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001, no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

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. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010 and 2) retired employees who had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

Assumptions

The June 30, 2023 OPEB liability (asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2021, and a measurement date of June 30, 2022. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post-retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

There were no assumption changes from the actuarial valuation as of June 30, 2022, measured at June 30, 2021 and rolled forward to a measurement date of June 30, 2022.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the West Virginia Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term rates of return on OPEB plan investments was determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan’s investment advisors, including West Virginia Investment Management Board (WV-BTI). The projected return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55%	4.8%
Core Plus Fixed Income	15%	2.1%
Core Real Estate	10%	4.1%
Hedge Funds	10%	2.4%
Private Equity	10%	6.8%

Discount Rate

A single discount rate of 6.65% was used to measure the total OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of the Plan as of June 30, 2023 and 2022, calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate (6.65%).

	<u>One Percent Decrease 5.65%</u>	<u>Current Discount Rate 6.65%</u>	<u>One Percent Increase 7.65%</u>
Net OPEB Liability - June 30, 2023	\$ 738,719	\$ 287,396	\$ 99,787
Net OPEB Liability - June 30, 2022	\$ 421,744	\$ (78,594)	\$ (494,018)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rate

The following presents the University's proportionate share of the net OPEB (asset) liability as of June 30, 2023 and 2022, calculated using the healthcare cost trend rate, as well as what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>One Percent Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>One Percent Increase</u>
Net OPEB Liability - June 30, 2023	\$ (163,391)	\$ 287,396	\$ 820,797
Net OPEB Liability - June 30, 2022	\$ (580,297)	\$ (78,594)	\$ 532,537

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2023 net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021. The June 30, 2022 net OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021.

At June 30, 2023, the University's proportionate share of the net OPEB liability (asset) was \$385,847. Of this amount, the University recognized \$287,396 as its proportionate share on the statement of net position. The remainder of \$98,451 denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding.

At June 30, 2022, the University's proportionate share of the net OPEB liability (asset) was \$(94,070). Of this amount, the University recognized \$(78,594) as its proportionate share on the statement of net position. The remainder of \$(15,476) denotes the University's proportionate share of net OPEB liability (asset) attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the University's proportion was 0.258220737%, a decrease of 0.006096860% from its proportion of 0.002678729% calculated as of June 30, 2021. At the June 30, 2021 measurement date, the University's proportion was 0.264317597%, an increase of 0.002678729% from its proportion of 0.261638868% calculated as of June 30, 2020.

For the year ended June 30, 2023, the University's recognized OPEB expense of \$(1,476,448). Of this amount, \$(1,159,571) was recognized as the University's proportionate share of OPEB expense and \$(316,877) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$(316,877) for support provided by the State.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 366,631
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	23,075	46,485
Changes in Assumptions	184,308	730,225
Net Difference Between Projected and Actual Investment Earnings	44,610	-
Contributions After the Measurement Date	259,096	-
Reallocation of Opt-Out Employer Change in Proportionate Share	-	1,538
Total	<u>\$ 511,089</u>	<u>\$ 1,144,879</u>
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 541,396
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	62,718	9,341
Changes in Assumptions	-	1,663,087
Net Difference Between Projected and Actual Investment Earnings	-	542,400
Contributions After the Measurement Date	302,785	-
Reallocation of Opt-Out Employer Change in Proportionate Share	-	28,630
Total	<u>\$ 365,503</u>	<u>\$ 2,784,854</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The University will recognize the \$259,096 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Amortization</u>
2024	\$ (813,441)
2025	(70,577)
2026	(122,836)
2027	113,968
Total	<u>\$ (892,886)</u>

NOTE 9 RIGHT OF USE LEASES AND FINANCED PURCHASES

The University leases equipment for various terms under long-term, noncancelable lease agreements. The leases require fixed monthly or quarterly payments, expire at various dates through 2027, and bear interest at a rate of 5.00%.

Leases that provide for the transfer of title to the University at the end of the lease term are accounted for as financed purchases. Interest expense recognized on these leases for the fiscal years ended June 30, 2023 and 2022 totaled approximately \$43,000 and \$50,000, respectively.

The following schedule provides future minimum principal and interest payments to maturity for financed purchases and right of use leases.

<u>Fiscal Year Ending</u>	<u>Financed Purchases</u>		<u>Right to Use Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 63,204	\$ 3,140	\$ 380,809	\$ 20,933
2025	6,970	700	296,282	6,173
2026	6,451	372	-	-
2027	3,348	63	-	-
	<u>\$ 79,972</u>	<u>\$ 4,275</u>	<u>\$ 677,091</u>	<u>\$ 27,106</u>

The following summary provides aggregated information reported for June 30, 2023 for financed purchase and right of use lease liabilities including additions, reductions, and reported liabilities for the year ended June 30, 2023.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 RIGHT OF USE LEASES AND FINANCED PURCHASES (CONTINUED)

The entity leases space at the Erma Byrd Higher Education Center in Beckley, WV; which require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2023, the Entity made variable payments as required by lease agreements totaling \$177,837.

The entity leases student housing facilities from a blended component unit, and the related right to use asset and liability has been eliminated from these combined statements.

NOTE 10 SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Entity has entered into subscription based-information technology arrangements (SBITAs) for various software licenses and an arrangement with Helios Energy, LLC for lighting services technology. The SBITA arrangements expire at various dates through 2026 and provide for renewal options. The University determined interest rates for its SBITA arrangements by using its estimated incremental borrowing rate as of the date of the SBITA agreement. Liabilities are discounted at interest rates ranging from 6.5% -9.15%.

The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 443,977	\$ 51,017	\$ 494,994
2025	310,837	15,773	326,610
2026	15,800	964	16,764
Total Future Payments	<u>\$ 770,614</u>	<u>\$ 67,754</u>	<u>\$ 838,368</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a state institution of higher education, and the University receives a state appropriation to help finance its operations. In addition, it is subject to the legislative and administrative mandates of state government. Those mandates affect all aspects of the University's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

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 University. 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 has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former state university 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 UNRESTRICTED NET POSITION

The University did not have any designated unrestricted net position as of June 30, 2023 or 2022.

	<u>2023</u>	<u>2022</u>
Total Unrestricted Net Deficit and Temporarily Restricted Expendable Net Position before OPEB (Asset) Liability	\$ (14,761)	\$ (197,186)
Less: OPEB (Asset) Liability	<u>287,396</u>	<u>(78,594)</u>
Total Unrestricted Net Deficit	<u>\$ (302,157)</u>	<u>\$ (118,592)</u>

NOTE 13 RETIREMENT PLANS

Substantially all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (the TRS) or the Teachers' Insurance and Annuities Association-College Retirement Equities Fund (the TIAA-CREF). Previously, upon fulltime employment, all employees were required to make an irrevocable selection between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS 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 University employees have not been significant to date.

Defined Benefit Pension Plan

Some employees of the University are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the University's pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2023 and 2022, respectively:

Summary by Financial Statement Line Items

	<u>2023</u>	<u>2022</u>
Net Pension Liability	\$ 145,270	\$ 104,769
Deferred Outflows of Resources	36,825	44,565
Deferred Inflow of Resources	194,862	432,627
Revenues	195,352	(164,655)
Employer Contributions	16,693	23,024

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS

Plan Description

TRS is a multiemployer defined benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the state of West Virginia (the State) and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS is considered a component unit of the state of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the state of West Virginia's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained from the TRS website at <https://www.wvretirement.com/Publications.html#CAFR>.

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Contributions (Continued)

Member Contributions: TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the Teachers Defined Contribution Retirement System (TDCRS);
4. A certain percentage of fire insurance premiums paid by State residents; and
5. Under West Virginia State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2022 and 2021, the University's proportionate share attributable to this special funding subsidy was 26,777 and \$(3,988), respectively.

The University's contributions to TRS for the years ended June 30, 2023, 2022, and 2021, were \$16,693, \$23,024, and \$30,164, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2020 and 2019 and rolled forward to June 30, 2021 and 2020, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 2.75-5.90% and nonteachers 2.75-6.50%, based on age.
- Inflation rate of 2.75%.
- Discount rate of 7.25%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and Nonstate 2.33-18.00%.
- Disability rates: 0.004-0.563%.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15–100%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2014 to June 30, 2019. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2023 is summarized below.

<u>Asset Class</u>	<u>Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.3%	27.5%
International Equity	6.1%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	9.5%	10.0%
Hedge Funds	3.8%	10.0%

Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2022, is summarized below:

<u>Asset Class</u>	<u>Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.5%	27.5%
International Equity	7.0%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	10.0%

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

The discount rate used to measure the total TRS pension liability was 7.25% for fiscal years 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2023 and 2022 calculated using the discount rate of 7.25%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (dollars in thousands).

	One Percent Decrease <u>6.25%</u>	Current Rate <u>7.25%</u>	One Percent Increase <u>8.25%</u>
Net Pension Liability - June 30, 2023	\$ 214	\$ 145	\$ 87
Net Pension Liability - June 30, 2022	\$ 185	\$ 105	\$ 36

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The June 30, 2023 TRS net pension liability was measured as of June 30, 2022, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The June 30, 2022 TRS net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2023, the University's proportionate share of the TRS net pension liability was \$468,908. Of this amount, the University recognized \$145,270 as its proportionate share on the statement of net position. The remainder of \$323,638 denotes the University's proportionate share of net pension liability attributable to the special funding.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2022, the University's proportionate share of the TRS net pension liability was \$339,019. Of this amount, the University recognized \$104,769 as its proportionate share on the statement of net position. The remainder of \$234,250 denotes the University's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2022 and 2021. Employer contributions are recognized when due. At the June 30, 2022 measurement date, the University's proportion was 0.005648%, a decrease of 0.001056% from its proportion of 0.006704% calculated as of June 30, 2021. At the June 30, 2021 measurement date, the University's proportion was 0.006704%, a decrease of 0.004086% from its proportion of 0.010790% calculated as of June 30, 2020.

For the year ended June 30, 2023, the University recognized TRS pension expense of \$(141,798). Of this amount, \$(168,575) was recognized as the University's proportionate share of the TRS expense and \$26,777 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$26,777 for support provided by the State.

For the year ended June 30, 2022, the University recognized TRS pension expense of \$(164,655). Of this amount, \$(160,667) was recognized as the University's proportionate share of the TRS expense and \$(3,988) as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$(3,988) for support provided by the State.

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 193,677
Difference Between Expected and Actual Experience	6,032	1,185
Net Difference Between Projected and Actual Investment Earnings	5,893	-
Changes in Assumptions	8,207	-
Contributions After the Measurement Date	16,693	-
Total	\$ 36,825	\$ 194,862
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 345,826
Difference Between Expected and Actual Experience	-	83,733
Net Difference Between Projected and Actual Investment Earnings	8,535	3,068
Changes in Assumptions	13,006	-
Contributions After the Measurement Date	23,024	-
Total	\$ 44,565	\$ 432,627

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The University will recognize the \$16,693 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows (dollars in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ 109
2025	42
2026	36
2027	(12)
Total	<u>\$ 175</u>

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2023 and 2022.

Defined Contribution Benefit Plan

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 University matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF which are not matched by the University.

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 Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2023, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022, and 2021, were 2,050,268, \$1,713,322, and \$1,633,144, respectively, which consisted of contributions of \$1,025,134, \$856,661, and \$816,572 from the University and \$1,025,134, \$856,661, and \$816,572 from the covered employees, respectively.

The University's total payroll for the years ended June 30, 2023, 2022, and 2021, was \$18,857,600, \$15,777,816, and \$14,951,064 respectively. Total covered employees' salaries in the TRS and TIAA-CREF were \$17,085,469 and \$16,403 \$14,272,190 and \$23,024; and \$13,609,526 and \$31,164, respectively, in 2023, 2022, and 2021.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 AMOUNT HELD AT FOUNDATION

The amount held at the Foundation represents funds transferred from the Eminent Scholars and Marsh Permanent Endowment funds to the Concord University Foundation, Inc. for the purpose of investing these funds. The Eminent Scholar funds may be used to fund the academic division chair positions as decided by the University. The Marsh Endowment was a gift of a permanent endowment in the amount of \$2.7 million from Dr. Joseph Marsh to completely restore to its original specifications and conditions the Casavant Freres pipe organ and the practice organ, as well as maintain the organs and carillon donated by Dr. Marsh in 1979. The endowment earnings will also be used to hire instructors for the pipe organ and the Carillon bells. The principal of the endowment may be used to fund the cost of the repairs.

NOTE 15 CONCORD UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION

Concord University Research and Development Corporation (the Research Corporation) is a blended component unit of the University. Based on the Research Corporation's audited financial statements as of June 30, 2023 and 2022, condensed financial statements can be found below. The statements are shown under FASB but have been converted to GASB for inclusion.

**Concord University Research and Development Corporation
Condensed Statements of Financial Position
June 30, 2023 and 2022**

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 1,806,211	\$ 1,139,750
Grants Receivable	348,026	273,329
Accounts Receivable, Net of Allowance	86,884	180,346
Related Party Receivables	105,360	264,908
Other Current Assets	6,711	1,480
Net Investment in Sales Type Lease, Current	62,641	59,592
Total Current Assets	2,415,833	1,919,405
Capital Assets, Net	148,008	146,224
Net Investment in Sales Type Lease	140,502	203,392
Total Assets	\$ 2,704,343	\$ 2,269,021
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 106,941	\$ 97,332
Refundable Advances and Unearned Revenue	361,819	185,284
Related Party Payables	40,048	16,565
Amounts Held on Behalf of Others	778,291	770,686
Total Liabilities	1,287,099	1,069,867
NET ASSETS		
Without Donor Restrictions	1,417,244	1,199,154
Total Liabilities and Net Assets	\$ 2,704,343	\$ 2,269,021

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 15 CONCORD UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
(CONTINUED)**

**Concord University Research and Development Corporation
Condensed Statements of Activities
Years Ended June 30, 2023 and 2022**

	2023	2022
REVENUES		
Grants	\$ 648,393	\$ 589,590
Other	564,283	538,216
Total Revenues Without Donor Restriction	1,212,676	1,127,806
EXPENSES		
Program Services	528,871	495,611
Support Services	465,715	427,693
Total Expenses Without Donor Restrictions	994,586	923,304
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	218,090	204,502
CHANGE IN NET ASSETS	218,090	204,502
Net Assets - Beginning of Year	1,199,154	994,652
NET ASSETS - END OF YEAR	\$ 1,417,244	\$ 1,199,154

Complete financial statements for the Research Corporation can be obtained from John Galatic, Executive Director, Concord University Research and Development Corporation, PO Box 1000, Athens, West Virginia 24712.

NOTE 16 FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state and has as its purpose, “. . . to aid, strengthen and further in every proper and useful way, the work and services of the University 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 University. 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 University 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 University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University’s financial statements.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 FOUNDATION (CONTINUED)

Based on the Foundation's audited financial statements as of June 30, 2023 and 2022, the Foundation's net assets (including unrealized gains) totaled \$45,202,959 and \$42,058,171, respectively. Complete financial statements for the Foundation can be obtained from Executive Director of the Concord University Foundation, Inc at PO BOX 1405; Athens, West Virginia 24712.

During the years ended June 30, 2023 and 2022, the Foundation contributed approximately \$844,542 and \$845,971, respectively, to the University for scholarships and other student support.

NOTE 17 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. Management is not aware of any claims that would impact seriously on the financial status of the University.

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 University's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

The University owns various buildings which are known to contain asbestos. The University is not required by federal, state, or local law to remove the asbestos from its buildings. The University is required under Federal Environmental, Health, and Safety Regulations to manage the presence of asbestos in its buildings in a safe condition. The University 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 University 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.

The COVID-19 pandemic may impact various parts of the operations and financial results of the University and its component units, including method of delivery, athletics, housing, and food service. Management believes that the University and its component units are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated at June 30, 2023.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 18 FUNCTIONAL CLASSIFICATION OF NATURAL EXPENSES

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

	2023							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	
Instruction	\$ 8,908,048	\$ 863,925	\$ 928,199	\$ 27,598	\$ 26,943	\$ -	\$ -	\$ 10,754,713
Research	310,396	43,294	428,739	-	-	-	-	782,429
Public Service	753,729	108,326	1,915,541	225	233,779	-	-	3,011,600
Academic Support	528,400	71,079	2,355,380	-	-	-	-	2,954,859
Student Services	2,085,151	276,412	986,112	1,117	107,150	-	-	3,455,942
General Institutional Support	3,226,850	445,601	1,741,404	175,338	-	-	-	5,589,193
Operations and Maintenance of Plant	376,549	70,826	397,009	686,434	-	-	-	1,530,818
Student Financial Aid	-	-	23,913	-	2,269,875	-	-	2,293,788
Auxiliary Enterprises	2,817,955	397,114	5,097,307	751,107	-	-	-	9,063,483
Depreciation and Amortization	-	-	-	-	-	2,997,235	-	2,997,235
Other	-	-	-	-	-	-	122,970	122,970
Total	<u>\$ 19,007,078</u>	<u>\$ 2,276,577</u>	<u>\$ 13,873,604</u>	<u>\$ 1,641,819</u>	<u>\$ 2,637,747</u>	<u>\$ 2,997,235</u>	<u>\$ 122,970</u>	<u>\$ 42,557,030</u>

	2022 (As Restated)							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Loan Cancellations and Write-Offs	
Instruction	\$ 7,467,367	\$ 753,549	\$ 1,865,593	\$ 1,215	\$ 37,385	\$ -	\$ -	\$ 10,125,109
Research	16,815	(17,512)	406,253	-	-	-	-	405,556
Public Service	592,336	30,321	1,871,407	740	144,521	-	-	2,639,325
Academic Support	906,719	158,698	2,124,166	46,993	-	-	-	3,236,576
Student Services	1,740,860	213,286	1,121,014	956	142,635	-	-	3,218,751
General Institutional Support	3,035,986	387,155	1,091,115	257,586	-	-	-	4,771,842
Operations and Maintenance of Plant	403,662	68,497	225,241	528,171	-	-	-	1,225,571
Student Financial Aid	-	-	26,623	-	6,321,819	-	-	6,348,442
Auxiliary Enterprises	2,333,717	269,561	4,869,767	725,790	-	-	-	8,198,835
Depreciation and Amortization	-	-	56,150	-	-	2,927,482	-	2,983,632
Other	-	-	-	-	-	-	175,446	175,446
Total	<u>\$ 16,497,462</u>	<u>\$ 1,863,555</u>	<u>\$ 13,657,329</u>	<u>\$ 1,561,451</u>	<u>\$ 6,646,360</u>	<u>\$ 2,927,482</u>	<u>\$ 175,446</u>	<u>\$ 43,329,085</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED

The following are the notes taken directly from the Foundation's financial statements:

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Concord University Foundation, Inc. (the Foundation) is a public charity that solicits and administers gifts on behalf of Concord University (the University). The Foundation administers endowed funds established by donors for the benefit of the University. Founded in 1976 as a 501(c)(3) nonprofit organization, the Foundation is managed by an independent, volunteer governing board.

The significant accounting policies followed by the Foundation are described below:

Basis of Financial Statement Presentation and Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. 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, the 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 differ from those estimates.

The accompanying financial statements present information regarding the Foundation's financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Financial Statement Presentation and Accounting (Continued)

Net Assets with Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in assets as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or fewer to be cash and cash equivalents. At June 30, 2023 and 2022, cash equivalents of \$731,782 and 676,269, respectively, consisted primarily of U.S. Treasury Securities, government agency discount notes, collateralized repurchase agreements, Federal Deposit Insurance Corporation (FDIC) insured bank deposits, and government money market funds.

Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as cash restricted for long-term investment and by agency relationships.

The Foundation follows the common cash management practice of consolidating certain of its operating cash and cash equivalent accounts into one account, which includes various designated and restricted current operating and plant accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account. When this occurs, the activity is accounted for by maintaining receivables and payables between the net asset classes. This may also cause the individual fund cash balances to be shown as negative if monies are due from another fund. The Foundation has sufficient unrestricted funds not included in the consolidated account to cover the designated or restricted monies spent.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. The fair value of investments in equities, bonds, U.S. Government Securities, and short-term assets is determined by reference to quoted market prices and other relevant information generated by market transactions. Net unrealized and realized gains and losses are reflected in the statement of activities.

Mineral rights are stated at cost at the date of acquisition or at the fair value at the date of the gift and are evaluated for impairments in subsequent periods.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Income, and realized and unrealized net gains, on investments of endowment and similar net asset classes are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As changes in net assets without donor restrictions in all other cases.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or at fair value at the date of gift, less accumulated depreciation and amortization. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals and replacements, and equipment costing over \$1,000 are capitalized. Maintenance and repairs are charged to operations as incurred.

The University capitalizes interest costs as part of the construction cost of buildings where it relates to the financing of major projects under development.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Split-Interest Agreements

The Foundation participates in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the Foundation or to a trust in which the Foundation shares benefits with other beneficiaries. Generally, the Foundation accounts for these agreements by recording its share of the related assets at fair value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities.

If the Foundation holds the assets or is the trustee, the assets are included in investments and the liabilities are included in trust and annuity obligations. If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in contributions receivable. If the donor establishes a perpetual trust with a third party as trustee (the Foundation will never receive the principal of the trust), the assets less related liabilities are included in funds held in trust by others. The fair value of funds held in trust by others is determined by the present value of estimated future cash flows.

Assets related to charitable gift annuities for the years ended June 30, 2023 and 2022 are included in investments and amounted to approximately \$106,591 and \$103,118, respectively.

In addition, the Foundation is the beneficiary of a charitable remainder trust for which the Foundation has not recorded an interest since the annuity obligation exceeds the fair value of the assets. Should the trust obtain investment returns above the discount rate or the lead beneficiaries die before their life expectancies, the Foundation may realize benefits from the trust.

Amounts Held on Behalf of Others

Amounts held on behalf of others represents assets held by the Foundation as an agent for other organizations. These funds are custodial by nature and do not involve measurement of operations; therefore, the related assets are included in “investments” and “cash restricted for long-term investments and by agency relationships” and related obligations are included in “amounts held on behalf of others” in the accompanying financial statements.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions

Contributions of cash and other assets, including unconditional promises to give or contributions receivable, are recognized as contribution revenue without donor restrictions or with donor restrictions depending on the existence or nature of donor stipulations. Contributions designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions.

Contributions of long-lived assets with no donor-imposed time restrictions are reported as contributions without donor restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as revenues in net assets with donor restrictions. Those restrictions are considered to be released when the long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value (pursuant to the fair value option included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, which is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors' overall credit standing. The discounts on those amounts are computed using estimated discount rates at the measurement date applicable to the years in which the promises to give are expected to be received.

Conditional promises to give are not recognized until the conditions are substantially met.

Donated Services

Donated professional services contributed by the University are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of the gift. Total donated professional services for the years ended June 30, 2023 and 2022, were approximately \$29,595 and \$37,221, respectively. The value of donated volunteer services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Foundation's fundraising campaigns.

Donated Rent

Use of the facilities contributed by the University are reflected as contributions in the accompanying financial statements at their estimated fair values in the period in which the contributions are received. Total donated rent for the years ended June 30, 2023 and 2022, was \$39,393 and \$36,223, respectively.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Advertising Costs

The Foundation follows the policy of charging advertising costs to expense as incurred.

Inventory

Inventory is measured at the lower of cost and net realizable value. Inventory consist of art prints purchased in bulk for fundraising.

Credit Risk Concentrations

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Foundation places its temporary cash investments with high-credit, quality financial institutions. At times throughout the year, a portion of the Foundation's bank deposits may be in excess of federally insured limits. Concentration of credit risk for marketable securities is limited by the Foundation's policy of diversification of investments.

Functional Reporting

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

- **University Support** – Funds expended primarily to provide support services for Concord University. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- **Management and General** – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.
- **Fundraising** – Expenses related to community and alumni relations, including development and fundraising.

Income Taxes

The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, is not subject to taxes on income derived from its exempt activities. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Fair Value Hierarchy

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of investments in government obligations, corporate equities, and mutual funds is determined based upon quoted market prices. The fair value of money markets approximates cost due to their short-term nature. Funds held in trust by others are recognized based on quoted market prices of the assets in the trust. The fair value of mineral rights and other is determined by obtaining an appraisal at the date of receipt of the gift and is evaluated for impairment in subsequent periods.

The fair value of investments in limited partnerships is determined using the net asset value (NAV) or capital balances of its interest in the limited partnerships as a practical expedient to determine the fair value of its interest in the net assets of these entities. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the representative entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. The fair values of these investments are estimated using the NAV provided by the general partner as practical expedient. These fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Net Asset Classifications of Institutional Funds

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the state of West Virginia. “Endowment” is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Foundation’s activities. The Foundation’s endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Foundation adopted the provisions of authoritative accounting guidance for the net asset classification of donor-restricted endowment funds for an organization that is subject to UPMIFA including the required related financial statement disclosures.

Interpretation of UPMIFA

The Board has interpreted UPMIFA 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. The Foundation classifies as net assets with donor restrictions the historical value of donor restricted “true” endowment funds, which include (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted “true” endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 Foundation and the 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 Foundation; and (7) the investment policies of the Foundation.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the spending rate plus the rate of inflation measured by the consumer price index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment committee recognizes that unsupervised assets will probably be subjected to an inflationary loss of purchasing power; therefore, the funds should be managed in a way that will minimize the effect of inflation. Fixed income-like investments will be used to reduce volatility of the overall portfolio while providing a predictable stream of income.

The Foundation has adopted the following strategic asset allocation:

<u>Asset Class</u>	<u>Asset Allocation Range</u>
U.S. Equity	30 - 50%
International Equity: developed markets	10 - 20%
International Equity: emerging markets	0 - 10%
Alternative investments: liquid strategies	0 - 20%
Alternative investments: private strategies	0 - 10%
Fixed Income	20 - 50%
Cash	0 - 5%

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. The annual target spending rate of the Foundation is currently 4% of the 12-quarter rolling average of the market value of the funds, calculated as of June 30 of the year immediately preceding the beginning of the Foundation's fiscal year. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration, due to market fluctuations or other draws on the endowment. As of June 30, 2023, no funds were underwater. As of June 30, 2022, funds with fair values of \$849,095 and original gift values of \$962,814 were underwater by \$113,719.

Income Taxes

The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, is not subject to taxes on income derived from its exempt activities. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2).

Contributions Receivable

Contributions receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Expected to be Collected in:		
Less than One Year	\$ 250,000	\$ 275,000
One to Five Years	1,671	26,671
Subtotal	<u>251,671</u>	<u>301,671</u>
Less:		
Discount to Net Present Value at 2.91%	-	(343)
Total	<u>\$ 251,671</u>	<u>\$ 301,328</u>

Included in contributions receivable is a \$1 million pledge of which \$250,000 is still outstanding. The pledge was received in connection with the University Point project and is payable upon the death of the donor. The donor passed away in February 2022. An irrevocable pledge in the amount of \$100,000 was received for the renovation of the University's Alexander Fine Arts Center to be received in annual installments of \$25,000 of which \$50,000 is outstanding as of June 30, 2023.

Conditional promises to give to the Foundation are not recorded until the condition is met at which time a receivable will be recorded.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Investments

Long-term investments consisted of the following at June 30:

	<u>2023</u>		<u>2022</u>	
Government Obligations	\$ 9,827,683	19.77%	\$ 10,241,691	22.26%
Corporate Equities	3,990	0.01	4,240	0.01
Mutual Funds:				
Diversifying Asset	35,045,123	70.48	34,183,828	74.29
Money Markets	2,228,703	4.48	1,578,780	3.43
Limited Partnerships	2,609,889	-	-	-
Real Estate Securities	-	-	-	-
Mineral Rights and Other	3,203	0.01	3,203	0.01
Total	<u>\$ 49,718,591</u>	<u>100.00%</u>	<u>\$ 46,011,742</u>	<u>100.00%</u>

Mutual bond funds re concentrated in bonds and government obligations consisting principally of obligations of the U.S. treasury and agencies. Mutual stock funds, common stock securities, and corporate equities are concentrated in large cap sectors and are diversified, with no significant industry concentrations.

The Foundation has various investment vehicles that have carrying values that fluctuate with the financial markets. As a result, the value of such investments may have declined from year-end values and that decline could be material.

Administrative Fees

The Foundation's Board adopted a policy to charge an administrative fee of 1.19% of the market value of each permanently endowed fund, measured as of June 30 of each year. Administrative fees charged to the funds are reported as net assets released from restrictions in the accompanying state of activities.

Property and Equipment

Property and equipment at June 30, consists of the following:

	<u>2023</u>	<u>2022</u>
Equipment and Software	\$ 8,631	\$ 8,631
Less: Accumulated Depreciation	(7,818)	(6,583)
Total	<u>\$ 813</u>	<u>\$ 2,048</u>

Funds Held In Trust by Others

Funds held in trust by others, consisting of the assets of trusts established under (1) the will of Maxine Poe administered by a foundation and (2) a charitable remainder trust established by Wald Wheeler and administered by a bank. The Foundation is the income beneficiary of the Poe trust and the income is recorded as revenues with donor restrictions. The Wheeler Trust specifies 6% annual distributions are payable year by year over the lives of two beneficiaries with remaining value to be distributed to the Foundation upon their deaths.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Financial Assets and Liquidity Resources

The following represents the Foundation's financial assets at June 30:

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and Cash Equivalents	\$ 503,833	\$ 310,202
Contributions Receivable, Net	251,671	301,328
Dividends and Interest Receivable	20,863	2,606
Cash Restricted for Long-Term Investment and by Agency Relationships	227,949	366,067
Investments	<u>49,718,591</u>	<u>46,011,742</u>
Total Financial Assets	<u>50,722,907</u>	<u>46,991,945</u>
Less Amounts Not Available to be Used Within One Year:		
Endowments and Accumulated Earnings Subject to Appropriation Beyond One Year	41,130,227	38,142,801
Board-Designated Endowment	55,556	60,635
Contributions Receivable Collectible Beyond One Year	1,671	26,328
Cash Restricted for Long-Term Investment and by Agency Relationship	227,949	366,067
Total	<u>41,415,403</u>	<u>38,595,831</u>
Financial Assets Available to Meet General Expenditures Over the Next Fiscal Year	<u>\$ 9,307,504</u>	<u>\$ 8,396,114</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Net Assets

Net assets as of June 30, consist of the following:

	2023	2022
Without Donor Restrictions:		
Board-Designated Endowment Funds	\$ 55,556	\$ 60,635
Undesignated	586,684	455,681
Subtotal	642,240	516,316
With Donor Restrictions:		
Subject to Expenditure for Specific Purpose and Time		
Business Department	1,773,304	1,532,636
Faculty Development	420,887	274,488
University Point Alumni Center	739,934	573,428
Student Support	12,397,609	10,699,953
Subtotal	15,331,734	13,080,505
Permanent Endowment Funds:		
Restricted in Perpetuity, the Income from which is		
Expendable to Support the Students of the University	17,846,244	17,849,471
Bonner Scholar's Program	11,382,741	10,611,879
Subtotal	29,228,985	28,461,350
Total With Donor Restrictions	44,560,719	41,541,855
Total Net Assets	\$ 45,202,959	\$ 42,058,171

The Bonner Scholar's Program stipulates that scholarships and other expenses are to be provided to a certain number of students. The permanent endowment amount of this program is to consist of the original endowment plus or minus investment earnings less the cost of scholarships and other expense provided to the stipulated number of students.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Operating Expenses

The tables below present expenses by both their nature and function for the fiscal years ended June 30, 2023 and 2022.

	Program						Total
	Faculty		Compensation for Services	Other Expenses	Management and General	Fundraising	
	Student Support	and Staff Development					
<u>June 30, 2023</u>							
Compensation	\$ -	\$ -		\$ -	\$ 129,660		\$ 129,660
Scholarships and Grants	844,542	-	-	-	-	-	844,542
Professional Services	-	-	-	-	75,528	-	75,528
Travel and Conferences	-	-	-	-	8,737	660	9,397
Office Space	-	-	-	-	104,365	-	104,365
Office Expenses	-	-	-	-	73,061	-	73,061
Other	-	-	-	657,334	18,514	-	675,848
Depreciation	-	-	-	-	1,235	-	1,235
Advertising	-	-	-	-	-	9,414	9,414
Campaign Expenses	-	-	-	-	-	16,444	16,444
Faculty and Staff Development	-	18,169	-	-	-	-	18,169
Total	<u>\$ 844,542</u>	<u>\$ 18,169</u>	<u>\$ -</u>	<u>\$ 657,334</u>	<u>\$ 411,100</u>	<u>\$ 26,518</u>	<u>\$ 1,957,663</u>

	Program						Total
	Faculty		Compensation for Services	Other Expenses	Management and General	Fundraising	
	Student Support	and Staff Development					
<u>June 30, 2022</u>							
Compensation	\$ -	\$ -	\$ 8,597	\$ -	\$ 129,883	\$ 3,685	\$ 142,165
Scholarships and Grants	845,971	-	-	-	-	-	845,971
Professional Services	-	-	-	-	65,022	-	65,022
Travel and Conferences	-	-	-	-	7,352	5,504	12,856
Office Space	-	-	-	-	45,124	-	45,124
Office Expenses	-	-	-	-	47,128	-	47,128
Other	-	-	-	712,089	32,433	687	745,209
Depreciation	-	-	-	-	1,474	-	1,474
Advertising	-	-	-	-	-	22,450	22,450
Campaign Expenses	-	-	-	-	-	16,916	16,916
Faculty and Staff Development	-	26,158	-	-	-	-	26,158
Total	<u>\$ 845,971</u>	<u>\$ 26,158</u>	<u>\$ 8,597</u>	<u>\$ 712,089</u>	<u>\$ 328,416</u>	<u>\$ 49,242</u>	<u>\$ 1,970,473</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Endowment

The Foundation has adopted the following strategic asset allocation:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ 41,130,227	\$ 41,130,227	\$ -	\$ 38,142,801	\$ 38,142,801
Board-Designated Endowment Funds	55,556	-	55,556	60,635	-	60,635
Total	\$ 55,556	\$ 41,130,227	\$ 41,185,783	\$ 60,635	\$ 38,142,801	\$ 38,203,436

Changes in endowment net assets for the year ended June 30, are as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning	\$ 60,635	\$ 38,142,801	\$ 38,203,436	\$ 65,497	\$ 44,094,597	\$ 44,160,094
Investment Return						
Investment Income	3,652	759,129	762,781	1,100	408,150	409,250
Realized and Unrealized Gains (Losses)	-	2,730,531	2,730,531	-	(6,450,915)	(6,450,915)
Total Investment Return	3,652	3,489,660	3,493,312	1,100	(6,042,765)	(6,041,665)
Contributions	-	495,791	495,791	-	1,089,699	1,089,699
Appropriations for Expenditures	(8,731)	(998,025)	(1,006,756)	(5,962)	(998,730)	(1,004,692)
Endowment Net Assets, Ending	\$ 55,556	\$ 41,130,227	\$ 41,185,783	\$ 60,635	\$ 38,142,801	\$ 38,203,436

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Fair Value Measurements

The following is a summary of the inputs used in determining the fair values of financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2023				
	Fair Value	Level 1	Level 2	Level 3	NAV*
Recurring Fair Value Measurements:					
Government Obligations	\$ 9,827,683	\$ 9,827,683	\$ -	\$ -	\$ -
Corporate Equities	3,990	3,990	-	-	-
Mutual Funds-					
Diversifying Asset	35,045,123	35,045,123	-	-	-
Money Markets	2,228,703	2,228,703	-	-	-
Limited Partnerships	2,609,889	-	-	-	2,609,889
Total	49,715,388	47,105,499	-	-	2,609,889
Funds Held in Trust by Others	711,743	-	711,743	-	-
Nonrecurring Fair Value Measurements:					
Mineral Rights and Other	3,203	-	3,203	-	-
Total Financial Assets	<u>\$ 50,430,334</u>	<u>\$ 47,105,499</u>	<u>\$ 714,946</u>	<u>\$ -</u>	<u>\$ 2,609,889</u>
	2022				
	Fair Value	Level 1	Level 2	Level 3	NAV&
Recurring Fair Value Measurements:					
Government Obligations	\$ 10,241,691	\$ 10,241,691	\$ -	\$ -	\$ -
Corporate Equities	4,240	4,240	-	-	-
Mutual Funds-					
Diversifying Asset	34,183,828	34,183,828	-	-	-
Money Markets	1,578,780	1,578,780	-	-	-
Limited Partnerships	-	-	-	-	-
Total	46,008,539	46,008,539	-	-	-
Funds Held in Trust by Others	652,949	-	652,949	-	-
Nonrecurring Fair Value Measurements:					
Mineral Rights and Other	3,203	-	3,203	-	-
Total Financial Assets	<u>\$ 46,664,691</u>	<u>\$ 46,008,539</u>	<u>\$ 656,152</u>	<u>\$ -</u>	<u>\$ -</u>

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the financial statements.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 19 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Fair Value Measurements (Continued)

At June 30, 2023, the Foundation's limited partnership investment with a fair value of \$2,609,889 has no remaining capital call commitments. The limited partnership has quarterly redemptions with a 65-day notice period.

Related Parties

The Foundation's investment advisor, Clearstead Advisors, LLC, has limited power of attorney and trade authorization of approximately \$34.3 and \$38.2 million in investment funds held by Fidelity Investment as of June 30, 2023 and 2022, respectfully.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2023 financial statements through October 11, 2023, the date the financial statements were available to be issued.

CONCORD UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE 9 YEARS ENDED JUNE 30, 20XX

Schedule of Proportionate Share of TRS Net Pension Liability (In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2022	0.005648%	\$ 145	\$ 324	469	\$ 109	133%	77.78%
June 30, 2021	0.006704	105	234	339	153	222	86.38
June 30, 2020	0.010790	348	755	1,103	201	173	70.89
June 30, 2019	0.013635	406	979	1,385	297	137	72.64
June 30, 2018	0.015786	493	1,277	1,770	485	102	71.20
June 30, 2017	0.026241	907	2,005	2,912	720	126	67.85
June 30, 2016	0.035737	1,469	2,798	4,267	760	193	61.42
June 30, 2015	0.033051	1,145	2,660	3,805	1,102	104	66.25
June 30, 2014	0.039108	1,349	3,048	4,397	1,144	118	65.95

Schedule of Employer Contributions (In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
June 30, 2022	\$ 23	\$ 17	\$ 6	\$ 109	15.60%
June 30, 2021	28	23	5	153	18.34
June 30, 2020	45	30	15	201	14.93
June 30, 2019	66	45	21	297	15.15
June 30, 2018	70	108	(38)	485	22.27
June 30, 2017	109	107	2	720	14.86
June 30, 2016	139	134	5	760	17.63
June 30, 2015	150	150	-	1,102	13.61
June 30, 2014	178	180	(2)	1,144	15.73

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information For the Year Ended June 30, 2023

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

CONCORD UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
SCHEDULES OF PROPORTIONATE SHARE OF OPEB LIABILITY AND CONTRIBUTIONS
FOR THE 6 YEARS ENDED JUNE 30, 20XX

Schedule of Proportionate Share of Net OPEB Liability (In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	University's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2022	0.258220737%	\$ 287	\$ 98	\$ 385	\$ 11,048	2.60%	93.59%
June 30, 2021	0.264317597	(79)	(15)	(94)	9,619	-0.01	101.81
June 30, 2020	0.261638868	1,156	256	1,412	9,290	12.44	73.49
June 30, 2019	0.260772065	4,327	885	5,212	9,657	44.81	39.69
June 30, 2018	0.262111930	5,626	1,163	6,789	9,183	12.66	30.98
June 30, 2017	0.254863297	6,267	1,287	7,554	9,147	14.07	25.10

Schedule of Employer Contributions (In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2022	\$ 64	\$ 259	\$ (195)	\$ 11,048	0.02
June 30, 2021	155	303	(148)	9,619	0.03
June 30, 2020	506	482	24	9,290	5.19
June 30, 2019	537	506	31	9,657	5.24
June 30, 2018	532	432	100	9,183	4.70
June 30, 2017	573	432	141	9,147	4.72

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information For the Year Ended June 30, 2023

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Information, if necessary, can be obtained from peia.wv.gov



**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***

Board of Governors
Concord University
Athens, West Virginia

We have audited, in accordance with the 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, the financial statements of the business-type activities and the discretely presented component unit of Concord University (the University), a component unit of the West Virginia Higher Education Policy Fund, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 11, 2023. Our report includes a reference to other auditors who audited the financial statements of the Concord University Foundation, Inc. and the Concord University Research and Development Corporation, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the Concord University Research and Development Corporation. The financial statements of the Concord University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concord University's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Concord University's internal control. Accordingly, we do not express an opinion on the effectiveness of Concord University's internal control.

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 a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concord University's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 11, 2023