

**REQUEST FOR PROPOSALS**  
**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION & COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION**  
**RFP#24235**  
**ADDENDUM #1 FEBRUARY 06, 2024**

Question	RFP Section	RFP Paragraph		WVHEPC/WVCCTCE Response
1	3	3.11	Please provide copies of FY23 bond reports mentioned under section 3.11.	Bond Audits are attached.
2	3	3.13	In reference to RFP section 3.13, is there an expectation that the auditors provide a consent letter related to the financial statements to be included in a bond offering?	If bond/debt instrument issuance or refunding occurs in the future, the necessary documents for action will be determined at that time.
3	3	3.2	RFP section 3.2 states that a separate audit report is not required for WVNET. Does WVNET have a separate accounting team, system, policies, procedures and controls from the Commission?	Yes, WVNET has a separate accounting team, system, policies, procedures and controls from the Commission.
4	3	3.2	RFP section 3.2 – can you clarify what is meant by “The Commission and WVNET shall be audited separately but a single audit report shall be issued for these entities.”	WVNET has a separate accounting team, system, policies, procedures and controls from the Commission. Therefore, separate audit procedures must be performed on each entity. The financial data is incorporated into one financial statement as one combined entity and one audit opinion.
5	3	3.5	Section 3.5 – Audit firm participation in the one training session – Does this include the audit firm <i>training others</i> at the session, or the audit firm <i>receiving</i> the training, related to the State’s single audit and closing book process?	The training session usually includes both. The audit firm provides training to Institutions of Higher Education staff on certain items impacting the upcoming financial statement audit process and the winning audit firm receives training from Financial Accounting and Reporting Section (FARS) of the WV Department of Administration on the State's single audit and closing book process.
6	3	3.9	RFP section 3.9 states that if local CPA firms are employed, the Audit Firm shall oversee, supervise, manage and direct the audit work and shall be fully and solely responsible for its accuracy and completeness. However, in prior years, it appears that CLA sub-contracted entire audit engagements to Suttle & Stalnaker, as well as divided responsibility with them on the Combined West Virginia Higher Education Fund report. Please confirm that a similar arrangement would be acceptable for this contract.	The proposal will be evaluated and the contract will be awarded based on the criteria outlined within this RFP and that which is most advantageous to the system.
7	3	3.14A	RFP section 3.14 states that the Audit firm must confirm yearly with each institution if fieldwork will be performed on site or remotely. What are expectations regarding on-site or remote audit fieldwork? Is there any preference to change?	Section 3.14 has been amended to state "The Audit Firm must confirm yearly with each institution if fieldwork will be performed on-site or remotely (off-site). Any on-site fieldwork beyond what is required in the RFP will be priced as additional services with the annual institution engagement letter." Additionally, Exhibit B has been revised to reflect remote (off-site) pricing only. Amended Page 8 attached.
8	3	3.14B	- What has the historical practice been at each institution the past year?	Due to the Covid 19 pandemic, FY2020 and subsequent audits have been mostly been completed on an off-site basis. However, there have been instances where on-site work was requested.
9	3	3.14C	- Is there any preference to change?	Due to the individual needs and circumstances of the institutions, we simply want to build flexibility for choice.
10	3	3.16-3.17	RFP sections 3.16 and 3.17 – how many institutions (entities) currently elect to have separate engagements for additional services beyond the Fund audit? What is the ratio of recurring services vs. one-time services?	We are unable to provide this information and do not believe it is material to preparing a bid response.
11	3	3.3a	RFP section 3.3.a. – can you provide a copy or describe the nature of the mid-year agreed upon procedures?	We are unable to provide this information.

Question	RFP Section	RFP Paragraph		WVHEPC/WVCCTCE Response
12	3	N/A	1. In RFP section titled Section 3: Scope of Services, the RFP provides various requirements and then a bullet point that states "Vendor agrees to comply with the above requirement: Y/N". Can you please clarify if you would like firms to provide our compliance with each requirement within Section 3? Does each criteria need to be copied in the proposal with the appropriate response? Can firms provide an affirmative understanding of this section stating we comply with all the items provided within <i>Section 3: Scope of Services</i> ? If an affirmative response to each question is to be separately listed, could this information appear in an appendix and not count towards the maximum number of page requirement?	Bidding audit firms must comply with the criteria in section 3. audit firms must provide an answer indicating either Yes for compliance or No for non-compliance in the proposal. The answer must be listed separately for each criteria or in summary confirming all items within Section 3 while noting any exceptions.
13	3	N/A	Scope - Confirming Division I and II institutions are having applicable NCAA agreed upon procedures (AUP) performed, even though it is not included in the scope of this RFP? If yes, which firm/internal audit is handling these AUPs?	We are unable to provide this information and do not believe it is material to preparing a bid response.
14	3	N/A	Scope - Confirming institutions with public broadcasting stations are having applicable Corporation for Public Broadcasting (CPB) departmental audits performed, even though it is not included in the scope of this RFP? If yes, which firm/internal audit is handling these audit(s)?	We are unable to provide this information and do not believe it is material to preparing a bid response.
15	3	N/A	Scope - Confirming institutions with discretely presented component units such as Foundations are not included in the scope of this RFP and will continue to be audited by other audit firms?	Exhibit B- Pricing Sheet identifies the required entities and their audits under the scope of this RFP.
16	3	N/A	Scope – Confirming Concord University Research Corporation, Glenville State University Research Corporation, Glenville State University Housing Corporation, and West Virginia Regional Technology Park do not require separate audit reports and instead audited as blended component units as part of the university or HEPC audit?	Exhibit B- Pricing Sheet identifies the required entities and their audits under the scope of this RFP. The necessary Research and Development Corporation audit reports have been included in this addendum. Additionally, audit reports for each entity can be obtained in the FY2023 audited financial statement at: <a href="https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/">https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/</a>
17	3	N/A	Scope – Please describes the institutions' process for reviewing for potential component units, such as for West Virginia University analysis of foundations and West Virginia University Health System?	Given the numerous entities included within the scope of this RFP, the process for reviewing for potential component units could vary. However, component units are evaluated at the institution level based on GASB definitions.
18	4	4.24	RFP section 4.24 - the final sentence is cut-off. Please provide the missing information	The partial sentence at the end of section 4.24 "The vendor that" should be omitted.
19	4	4.24	Section 4.24 of the RFP appears to be incomplete. The sentence at the end wasn't finished. Please clarify if there is additional information for this section.	The partial sentence at the end of section 4.24 "The vendor that" should be omitted.
20	5	5.2	In RFP section titled Section 5: Bidder's Response and Evaluation Criteria, 5.2. states, "Proposals should be limited to 50-pages. Additional material may be presented as exhibits in the main proposal." Can you please clarify if firms can submit additional information and resumes of the key personnel within the Appendix of our proposals that do not count towards the 50-page maximum?	Proposals should be prepared simply and economically, providing a straightforward, concise response. Any materials presented as exhibits do not count towards the proposal page limit.
21	6	N/A	In RFP section titled, Instructions to Bidders, 6. Bid Submission, it states, "All bids must be submitted electronically to the e-mail address identified in the bid document OR mailed/hand delivered to the address below..." Can you please clarify if firms can submit their proposals via email or mailed, or if you would like firms to submit both? Do you have a preference on how you would like firms to submit a proposal either email or hard copies.	The submission methods are a choice. If you submit electronically, the mailed submission is not required.
22	N/A	General	Are the current auditors eligible to submit a proposal?	The RFP has been released to be bid on nationwide.
23	N/A	General	The Systems have been with CLA for 10 years; has CLA been invited to rebid?	The RFP has been released to be bid on nationwide.
24	N/A	General	Is there an audit firm/partner rotation policy/requirement?	These are not requirements included within this RFP.

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25	N/A	General	What is most important to you in an auditor relationship? (e.g., timeliness of meeting deadlines, technical, responsiveness, year-round availability, etc.)	We anticipate each audit firm's response will provide a unique approach to the services outlined within this RFP. This criteria will be reviewed and scored appropriately during the evaluation process.
26	N/A	General	What are your biggest concerns for the upcoming year?	There are no significant concerns identified at this time.
27	N/A	General	What other firms are bidding/proposing?	The RFP has been released to be bid on nationwide. The system will not know who is bidding until the Bid Opening on 02/14/2024.
28	N/A	General	What was the decision-making process like the last time you made a decision to change professional service firms? Who was involved? What were their roles?	An evaluation committee is assigned to score each proposal received based on the criteria set forth in the RFP. We follow the purchasing guidelines established in WV Code for Higher Education.
29	N/A	General	What other service providers are you using?	We are unable to provide this information and do not believe it is material to preparing a bid response.
30	N/A	General	Please describe the relationships with local firms and if you would prefer a different level of involvement from local firms.	Please see requirement 3.9 for the description of local firm relationships. We anticipate each audit firm's response will provide a unique approach to the services outlined within this RFP. This criteria will be reviewed and scored appropriately during the evaluation process.
31	N/A	General	Please describe your ideal audit team structure for the Systems. (e.g., one overall relationship partner with a team of other partners in support, separate relationship partners for each system, or separate relationship partners based on other grouping within the systems, etc.)	We anticipate each audit firm's response will provide a unique approach to the services outlined within this RFP. This criteria will be reviewed and scored appropriately during the evaluation process.
32	N/A	General	Please describe what is included (or not included) in the 50-page limit. For example, does it cover pages, cover letter, and bios count?	Proposals should be prepared simply and economically, providing a straightforward, concise response. Any materials presented as exhibits do not count towards the proposal page limit.
33	N/A	General	Given the complexity of the organizations under audit, will an extension of the time to provide a proposal be given to allow for a comprehensive response to the RFP?	The proposed timeline for submission will remain the same.
34	N/A	General	Please summarize the primary reasons for requesting proposals at this time.	The current contract period is expiring.
35	N/A	General	Which CPA firms have been invited to bid? Has the incumbent firm been included in this process?	The RFP has been released to be bid on nationwide.
36	N/A	General	What is the size of the current audit team?	We are unable to provide this information. However, we anticipate each audit firm's response will provide a unique approach to the services outlined within this RFP. This criteria will be reviewed and scored appropriately during the evaluation process.
37	N/A	General	Do you have an internal audit department? Do you anticipate the internal audit department providing external audit direct support?	No, the system does not have an internal audit department.
38	N/A	General	When you think about your relationship with your current audit firm, what do you value most and what might you be seeking from a new audit firm that you are not currently receiving?	We anticipate each audit firm's response will provide a unique approach to the services outlined within this RFP. This criteria will be reviewed and scored appropriately during the evaluation process.
39	N/A	General	Do any of the entities currently hold/invest in crypto currency or receive any crypto currency through fundraising? If so what platforms/vendors is/are the entities utilizing?	The system entities do not currently hold or transact with crypto currency.
40	N/A	AUDIT	Please provide a prior year fee schedule by entity and hours, if available, for each entity. If not available by entity, please provide prior year total contract fees and hours	The FY23 Fee Schedule is attached.

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41	N/A	AUDIT	Please provide copies of the FY23 audits for Marshall University Research Corporation, Shepherd University Research and Development Corporation, West Virginia University Research Corporation, and West Virginia State University Research and Development Corporation.	FY23 audits are attached for Marshall University Research Corporation and West Virginia University Research Corporation. The FY22 audit is attached for West Virginia State University Research and Development Corporation since the FY23 audit has not been finalized as of the date of this addendum. Shepherd University Research and Development Corporation no longer requires an audit as described in Section 3.8. Section 3.8 has been amended to remove Shepherd University Research and Development Corporation from the listing. Additionally, Exhibit B has been revised to reflect this change. Amended pages attached.
42	N/A	AUDIT	Please provide copies of the FY23 management letters for each entity. If those will not be provided, were there any material weaknesses or significant deficiencies reported for any entity in the prior year?	Material Weaknesses or significant deficiencies reported for any entity can be obtained in the FY2023 audited financial statement at: <a href="https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/">https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/</a>
43	N/A	Audit	We noted most of the audit reports are published at <a href="https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/">https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/</a> ; could the Systems provide the following FY23 reports to assist with proper budgeting and fee setting:	
44	N/A	Audit1	- Research & Development Corporations requiring their own audit	FY23 audits are attached for Marshall University Research Corporation and West Virginia University Research Corporation. The FY22 audit is attached for West Virginia State University Research and Development Corporation since the FY23 audit has not been finalized as of the date of this addendum. Shepherd University Research and Development Corporation no longer requires an audit as described in Section 3.8. Section 3.8 has been amended to remove Shepherd University Research and Development Corporation from the listing. Additionally, Exhibit B has been revised to reflect this change.
45	N/A	Audit1A	- Single audit reports for the 3 entities, other than West Virginia University Research Corporation which has been posted on FAC.gov	FY23 audits are attached for Marshall University Research Corporation and West Virginia University Research Corporation. The FY22 audit is attached for West Virginia State University Research and Development Corporation since the FY23 audit has not been finalized as of the date of this addendum. Shepherd University Research and Development Corporation no longer requires an audit as described in Section 3.8. Section 3.8 has been amended to remove Shepherd University Research and Development Corporation from the listing. Additionally, Exhibit B has been revised to reflect this change.
46	N/A	Audit1B	- Bond Audit(s)	Bond Audits are attached.
47	N/A	Audit	How many bond audits are expected for FY24?	We anticipate the same bond audits as FY23. A copy of those audits have been included in our response.
48	N/A	Audit	Could you provide estimated auditor hours for the GAAP Reporting (Closing Books) Forms Service to assist with proper budgeting and fee setting?	We are unable to provide this information.
49	N/A	Audit	Please provide a schedule of fees for FY23 services listed in Exhibit B to assist with fee setting.	The FY23 Fee Schedule is attached.
50	N/A	Audit	Please provide whether the audit fieldwork was completed on-site or remote for each institution and the preference for FY24. For those preferring on-site, how much time are auditors spending in the field (e.g., 3 days/week for 2 weeks)?	Section 3.4 has been amended to state "The Audit Firm must confirm yearly with each institution if fieldwork will be performed on-site or remotely (off-site). Any on-site fieldwork beyond what is required in the RFP will be priced as additional services with the annual institution engagement letter." Additionally, Exhibit B has been revised to reflect remote (off-site) pricing only.

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51	N/A	Audit	Who is responsible for the preparation of the financial statements for the entities included in the RFP, the audit firm or management (noted management is responsible for preparing MD&A)?	Management is responsible for the preparation of the financial statements included within this RFP.
52	N/A	Audit	If there were any reportable findings (significant deficiencies, material weaknesses, non-compliances) in the FY23 audits, please provide the auditor communication of the findings for each entity.	Material Weaknesses or significant deficiencies reported for any entity can be obtained in the FY2023 audited financial statement at: <a href="https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/">https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/</a>
53	N/A	Audit	Please describe how GASB 87 and 96 implementations were accomplished. (e.g., significant administrative burden, passed adjustments, thresholds utilized, etc.)	Various approaches were used in the implementation of GASB 87 and 96 across the entities in scope for this RFP. We are unable to provide this detailed information.
54	N/A	Audit	compensated absences).	There are no significant concerns identified at this time.
55	N/A	Audit	Historically, what portion of the audit work has been performed by the primary audit firm and what portion has been performed by local firms or other subcontractors? Do any local firms currently sign auditors' reports for any of the local entities?	We are unable to provide the historical nature of the division of audit work performed between the primary audit firm and local firms/subcontractors. Signed auditors' reports can be found within this addendum and in the published FY2023 audited financial statements at: <a href="https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/">https://www.wvhepc.edu/resources/purchasing-and-finance/financial-statements-2023/</a>
56	N/A	Audit	Would the Fund consider earlier timing of interim procedures to allow for substantive progress in the audit(s) prior to the June 30 year end?	We will work with the successful audit firm each year to finalize the audit schedule. Schedule A is only an estimated timeline. However, the reporting deadlines set for the State's Annual Consolidated Financial Report (ACFR) are non-negotiable.
57	N/A	Audit	Noting that draft trial balances are provided on August 31, 2024 and draft auditors' reports provided from September 16 through October 4, 2024, what is the period covered by the interim procedures (i.e. as of what date are trial balances provided for interim testing)?	Given the numerous entities included within the scope of this RFP, the period covered by interim procedures could vary.
58	N/A	Audit	Are any of the internal controls for the financial statements or the single audits the same across the various entities, or does each entity have separate internal control environment?	Generally, each entity has a separate internal control environment.
59	N/A	Audit	Have information technology application controls typically been relied upon by your current audit firm? Why or why not?	There are various information technology applications and providers utilized by the system entities. These are outlined in Section 2.5. Applicable testing and report reliance can be assessed and provided at the onset of the audit.
60	N/A	Audit	Who are the key third party service providers impacting financial reporting for each entity? Specifically, those related to investments, payroll, etc. Are SOC 1 reports available for these service providers which cover at least 9 months of the period under audit?	There are various information technology applications and providers utilized by the system entities. These are outlined in Section 2.5. Applicable testing and report reliance can be assessed and provided at the onset of the audit.
61	N/A	Audit	Are there any new business initiatives which will have a significant impact on your financial reporting for 2024 and beyond?	Given the rapidly changing business initiatives within the Higher Education environment, it is not possible to predict future reporting changes. However, there are no significant items identified at this time.
62	Exhibit B	N/A	Exhibit B – Pricing Sheet, requires pricing for both on-site and off-site fieldwork. In many situations, audit work is performed in a combination of on-site and off-site. Should the on-site fieldwork quote assume all scheduled planning and final fieldwork would be performed at the various locations? Or should one of these two categories represent what is anticipated to be both on-site and off-site?	Section 3.4 has been amended to state "The Audit Firm must confirm yearly with each institution if fieldwork will be performed on-site or remotely (off-site). Any on-site fieldwork beyond what is required in the RFP will be priced as additional services with the annual institution engagement letter." Additionally, Exhibit B has been revised to reflect remote (off-site) pricing only and is attached.

## **AMENDED PAGES AND PRICING SHEET**

refund existing revenue bonds or issue other financial or debt instruments where inclusion of financial statements in the offering documents is prudent and desirable. In these cases, the Audit Firm shall cooperate in all respects to facilitate inclusion of the financial statements and not place an undue burden, demand or restriction in incorporating the financial statements in these documents. The Audit Firm shall be given the opportunity to review these documents prior to issuance and to correct misstatements or factual errors in these documents with respect to what is stated in the financial statements. A reasonable fee may be negotiated with the Audit Firm for this service.

**- Vendor agrees to comply with above requirement: Y/N**

3.14 The Audit Firm must confirm yearly with each institution if fieldwork will be performed on-site or remotely. **Any on-site fieldwork beyond what is required in the RFP will be priced as additional services with the annual institution engagement letter.**

**- Vendor agrees to comply with above requirement: Y/N**

3.15 Fund Engagement Letter: By April 1<sup>st</sup> of each year, the Audit Firm shall draft a single engagement letter for the next Fund Audit for review and approval by the Commission. The engagement letter shall comply in all respects to the terms and conditions set forth in this RFP and the purchase order/contract issued by the Commission. Among other things, the engagement shall identify the partner in charge of the audit, the audit schedule, an itemization of the audit fee by entity, a payment schedule for the audit, and other matters normally included in an engagement letter. Once approved by the Commission, this engagement letter shall serve as the vehicle for providing services for audit of the Fund. Invoices for the Fund Audit shall be presented to the Commission for payment.

**- Vendor agrees to comply with above requirement: Y/N**

3.16 Institution Engagement Letter: An institution (entity) may elect to have a separate engagement letter for additional services beyond the Fund audit. This engagement letter shall describe the services and deliverables required to meet the institution's Fund audit obligations as well as other audit services the institution deems necessary for its benefit. If an institution engagement letter is issued, the Audit Firm shall invoice the institution directly and the institutions shall pay all invoices for services in this engagement letter. If an institution desires to have its own engagement letter, the Commission and Audit Firm must be notified by April 30 for the upcoming audit. A copy of the approved engagement letter and subsequent modifications, if any, shall be provided to the Commission.

**- Vendor agrees to comply with above requirement: Y/N**

3.17 Under the auspices of this contract, an entity may engage the Audit Firm to provide additional entity specific auditing and consulting services provided these services do not create a conflict with respect to performing the Fund Audit. The scope of work and associated fees may be negotiated directly between the entity and the Audit Firm. A separate engagement letter shall be provided for the additional services. A copy of the approved

**- Vendor agrees to comply with above requirement: Y/N**

3.6 Periodic teleconferences shall be held by the Audit Firm and the Commission and Council staff to provide an understanding of the status of each entities' audit. The Commission and Council staff shall determine the frequency of these teleconferences. Periodic teleconferences may also be held with the institutions (entities).

**- Vendor agrees to comply with above requirement: Y/N**

3.7 Pursuant to GASB Statements 14, 39, 80 and amended guidance under 61, 85, 90, and 97 provide a review and reliance of each entity's potential component units, including foundations, research and development corporations and other affiliated organizations, for inclusion in each respective institution's issued audit report. All institutions comprising the Fund have adopted these standards, but not all related organizations are reported as component units either due to non-applicability of criteria or immateriality of amounts to the Fund. When and if these related organizations become material, they shall be reported in the appropriate institution's and the Fund's financial statements as discrete component units at no additional cost.

**- Vendor agrees to comply with above requirement: Y/N**

3.8 Shall perform an audit of statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows, with appropriate notes to the financial statements, in accordance with auditing standards generally accepted in the United States ("generally accepted auditing standards") and the standards applicable to financial audits/single audits in accordance with audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) :

- Marshall University Research Corporation (MURC)
- West Virginia State University Research and Development Corporation
- West Virginia University Research Corporation

The Audit Firm shall review the Data Collection Form for consistency and accuracy to the audited financial statements/schedule of federal expenditures of awards and shall assist the institutions with the electronic submission of the reporting package to the Federal Audit Clearinghouse. This assistance shall include an auditor's certification transmitted electronically.

**- Vendor agrees to comply with above requirement: Y/N**

3.9 Standards shall be established and maintained by the Audit Firm to ensure that entities are consistent in the reporting of their financial activity so comparative information is readily available to the Commission and Council. When administratively, legally and economically



## RFP 24235 – AUDIT SERVICES – PRICING SHEET

Please complete the table below with pricing for off-site fieldwork for each institution/entity.

<b>Institution (Entity)/Service</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>Total</b>
<b>Commission Entities (fees &amp; expenses combined):</b>						
<b>Bluefield State College</b>						
Financial Audit - off-site fieldwork						
<b>Concord University</b>						
Financial Audit - off-site fieldwork						
<b>Fairmont State University</b>						
Financial Audit - off-site fieldwork						
<b>Glenville State College</b>						
Financial Audit - off-site fieldwork						
<b>Marshall University</b>						
Financial Audit - off-site fieldwork						
<b>Marshall University Research Corporation</b>						
Financial Audit - off-site fieldwork						
A-133 Audit – off-site fieldwork						
<b>Shepherd University</b>						
Financial Audit- off-site fieldwork						
<b>West Liberty University</b>						
Financial Audit- off-site fieldwork						
<b>WV School of Osteopathic Medicine</b>						
Financial Audit- off-site fieldwork						
<b>West Virginia State University</b>						
Financial Audit- off-site fieldwork						
<b>West Virginia State University Research &amp; Development Corporation</b>						
Financial Audit - off-site fieldwork						
A-133 Audit – off-site fieldwork						
<b>West Virginia University</b>						
Financial Audit- off-site fieldwork						
<b>West Virginia University Research Corporation</b>						
Financial Audit - off-site fieldwork						
A-133 Audit – off-site fieldwork						
<b>WV Higher Education Policy Commission</b>						
Financial Audit and Combined Commission and WVNET Report -off-site fieldwork						

## EXHIBIT B

Bond Audit- System - off-site fieldwork						
GAAP Reporting (Closing Books) Forms Service – off-site fieldwork						
Combined WV Higher Education Fund Report – off-site fieldwork						
<b>WVNET</b>						
Financial Audit (issue report with the Commission)- off-site fieldwork						
<b><u>Commission Subtotal (fees &amp; expenses combined)</u></b>						

<b>Council Entities (fees &amp; expenses combined)</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>Total</b>
<b>Blue Ridge CTC</b>						
Financial Audit- off-site fieldwork						
<b>BridgeValley CTC</b>						
Financial Audit- off-site fieldwork						
<b>Eastern West Virginia CTC</b>						
Financial Audit- off-site fieldwork						
<b>Mountwest CTC</b>						
Financial Audit- off-site fieldwork						
<b>New River CTC</b>						
Financial Audit- off-site fieldwork						
<b>Pierpont CTC</b>						
Financial Audit- off-site fieldwork						
<b>Southern West Virginia CTC</b>						
Financial Audit- off-site fieldwork						
<b>West Virginia Northern Community College</b>						
Financial Audit- off-site fieldwork						
<b>WVU at Parkersburg</b>						
Financial Audit- off-site fieldwork						
<b>WV Council for Community &amp; Technical College Education</b>						
Combined WV Council for Community & Technical College Education Report (Council & all CTC's) – off-site fieldwork						
<b><u>Council Subtotal (fees &amp; expenses combined)</u></b>						
<b>Total Proposal for all Audit Services (fees &amp; expenses combined)</b>						

\*Please refer to Section 5 Reporting Requirements

## EXHIBIT B

If authorized in advance and in writing, additional services may be negotiated and paid on an hourly or stipulated fee basis. Please provide your firm's proposed hourly rates for additional services for FY 2024 through FY 2028 according to the schedule below:

	Hourly Rate				
Personnel	FY 2024	FY 2025	FY2026	FY2027	FY 2028
Partner					
Senior Manager					
Manager					
Senior Auditor					
Field Auditor					
Staff					

The undersigned, in submitting a proposal on behalf of the firm, warrants that he/she has read and understands the RFP requirements, terms and conditions, and agrees to be bound by them if awarded this contract.

This proposal is submitted by:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Audit Firm: \_\_\_\_\_

Date: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

## **FY2023 FEE SCHEDULE**

CliftonLarsonAllen LLP  
West Virginia Higher Education Fund Audit  
FY 2023 Financial Audits  
Current FY PO:  
OASIS Vendor Number: 000000184076

**Billing Schedule**  
**Payment Due Date**

GAE LINE			ORIGINAL	% of	20.00%	20.00%	20.00%	25.00%	15.00%	100.00%
	INSTITUTION	Audit Firm	ENC. FEE AMOUNT	Original Fee	7/31/2023	8/31/2023	10/15/2023	11/15/2023	3/31/2024	Total
	<b>4 Year Institutions</b>				\$ 159,332.80	\$ 159,332.80	\$ 159,332.80	\$ 199,166.00	\$ 119,499.60	
					\$ 159,332.80	\$ 159,332.80	\$ 159,332.80	\$ 199,166.00	\$ 119,499.60	
	<b>Payments</b>									
1	Bluefield State College	CLA	\$ 27,061.00	3.40%	5,412.20	5,412.20	5,412.20	6,765.25	4,059.15	27,061.00
2	Concord University	CLA	\$ 28,143.00	3.53%	5,628.60	5,628.60	5,628.60	7,035.75	4,221.45	28,143.00
3	Fairmont State University	Suttle	\$ 32,473.00	4.08%	6,494.60	6,494.60	6,494.60	8,118.25	4,870.95	32,473.00
4	Glenville State College	CLA	\$ 25,978.00	3.26%	5,195.60	5,195.60	5,195.60	6,494.50	3,896.70	25,978.00
5	Marshall University	CLA	\$ 85,513.00	10.73%	17,102.60	17,102.60	17,102.60	21,378.25	12,826.95	85,513.00
6	Marshall University Research Corp.	CLA	\$ 16,236.00	2.04%	3,247.20	3,247.20	3,247.20	4,059.00	2,435.40	16,236.00
7	Marshall University Research Corp. A-133	CLA	\$ 4,763.00	0.60%	952.60	952.60	952.60	1,190.75	714.45	4,763.00
8	Shepherd University	CLA	\$ 43,839.00	5.50%	8,767.80	8,767.80	8,767.80	10,959.75	6,575.85	43,839.00
9	Shepherd University Research & Development Corp.	CLA	\$ 8,659.00	1.09%	1,731.80	1,731.80	1,731.80	2,164.75	1,298.85	8,659.00
10	Shepherd University Research Corp. A-133	CLA	\$ 3,246.00	0.41%	649.20	649.20	649.20	811.50	486.90	3,246.00
11	West Liberty University	CLA	\$ 29,767.00	3.74%	5,953.40	5,953.40	5,953.40	7,441.75	4,465.05	29,767.00
12	WV School of Osteopathic Medicine	Suttle	\$ 28,143.00	3.53%	5,628.60	5,628.60	5,628.60	7,035.75	4,221.45	28,143.00
13	West Virginia State University	CLA	\$ 34,638.00	4.35%	6,927.60	6,927.60	6,927.60	8,659.50	5,195.70	34,638.00
14	WV State University Research Corp.	CLA	\$ 11,906.00	1.49%	2,381.20	2,381.20	2,381.20	2,976.50	1,785.90	11,906.00
15	WV State University Research Corp. A-133	CLA	\$ 3,788.00	0.48%	757.60	757.60	757.60	947.00	568.20	3,788.00
16	West Virginia University	CLA	\$ 185,095.00	23.23%	37,019.00	37,019.00	37,019.00	46,273.75	27,764.25	185,095.00
17	West Virginia University Research Corp.	CLA	\$ 20,566.00	2.58%	4,113.20	4,113.20	4,113.20	5,141.50	3,084.90	20,566.00
18	West Virginia University Research Corp. A-133	CLA	\$ 11,040.00	1.39%	2,208.00	2,208.00	2,208.00	2,760.00	1,656.00	11,040.00
19	Higher Education Policy Commission	CLA	\$ 51,956.00	6.52%	10,391.20	10,391.20	10,391.20	12,989.00	7,793.40	51,956.00
20	HEPC Bond Audit - System	CLA	\$ 48,709.00	6.11%	9,741.80	9,741.80	9,741.80	12,177.25	7,306.35	48,709.00
21	HEPC - GAAP Reporting Closing Books	CLA	\$ 24,896.00	3.13%	4,979.20	4,979.20	4,979.20	6,224.00	3,734.40	24,896.00
22	HEPC - Combined WV Higher Ed. Fund Report	CLA	\$ 52,389.00	6.58%	10,477.80	10,477.80	10,477.80	13,097.25	7,858.35	52,389.00
24	WVNET	CLA	\$ 17,860.00	2.24%	3,572.00	3,572.00	3,572.00	4,465.00	2,679.00	17,860.00
	<b>4 Year Subtotal</b>		\$ 796,664.00	100.00%	\$ 159,332.80	\$ 159,332.80	\$ 159,332.80	\$ 199,166.00	\$ 119,499.60	\$ 796,664.00
			ORIGINAL	% of	20.00%	20.00%	20.00%	25.00%	15.00%	100.00%
	INSTITUTION	STAR Code	ENC. FEE AMOUNT	Original Fee	7/31/2023	8/31/2023	10/15/2023	11/15/2023	3/31/2024	Total
	<b>2 Year Institutions</b>				\$ 52,324.60	\$ 52,324.60	\$ 52,324.60	\$ 65,405.75	\$ 39,243.45	
					\$ 52,324.60	\$ 52,324.60	\$ 52,324.60	\$ 65,405.75	\$ 39,243.45	\$ 261,623.00
	<b>Payments</b>									
25	Blue Ridge Community & Technical College	CLA	\$ 25,437.00	9.72%	5,087.40	5,087.40	5,087.40	6,359.25	3,815.55	25,437.00
26	BridgeValley Community & Technical College	Suttle	\$ 27,061.00	10.34%	5,412.20	5,412.20	5,412.20	6,765.25	4,059.15	27,061.00
27	Eastern WV Comm. & Tech College	Suttle	\$ 24,030.00	9.18%	4,806.00	4,806.00	4,806.00	6,007.50	3,604.50	24,030.00
28	Mountwest Community & Technical College	CLA	\$ 27,602.00	10.55%	5,520.40	5,520.40	5,520.40	6,900.50	4,140.30	27,602.00
29	New River Community & Technical College	Suttle	\$ 34,638.00	13.24%	6,927.60	6,927.60	6,927.60	8,659.50	5,195.70	34,638.00
30	Pierpont Community & Technical College	Suttle	\$ 24,896.00	9.52%	4,979.20	4,979.20	4,979.20	6,224.00	3,734.40	24,896.00
31	Southern WV Comm. & Tech College	Suttle	\$ 25,437.00	9.72%	5,087.40	5,087.40	5,087.40	6,359.25	3,815.55	25,437.00
32	WV Northern Community College	CLA	\$ 24,896.00	9.52%	4,979.20	4,979.20	4,979.20	6,224.00	3,734.40	24,896.00
33	WVU - Parkersburg	CLA	\$ 25,978.00	9.93%	5,195.60	5,195.60	5,195.60	6,494.50	3,896.70	25,978.00
34	Council for Community & Technical College Ed.	Suttle	\$ 21,648.00	8.27%	4,329.60	4,329.60	4,329.60	5,412.00	3,247.20	21,648.00
	<b>2 Year Subtotal</b>		\$ 261,623.00	100.00%	\$ 52,324.60	\$ 52,324.60	\$ 52,324.60	\$ 65,405.75	\$ 39,243.45	\$ 261,623.00
	<b>Total</b>		\$ 1,058,287.00		\$ 211,657.40	\$ 211,657.40	\$ 211,657.40	\$ 264,571.75	\$ 158,743.05	\$ 1,058,287.00

## **BOND AUDITS**

**STATE OF WEST VIRGINIA  
HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES A (TAX-EXEMPT); REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2010 SERIES B  
(FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)**

**COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS**

**YEARS ENDED JUNE 30, 2023 AND 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission  
Charleston, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying combined special-purpose financial statements – modified cash basis of the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt); and Revenue Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable - Issuer Subsidy - Build America Bonds), an agency of the state of West Virginia, which comprise the combined special-purpose statements of assets, liabilities, and fund balance (deficit) – modified cash basis as of June 30, 2023 and 2022, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) – modified cash basis for the years then ended, and the related notes to the combined special-purpose financial statements.

In our opinion, the combined special-purpose financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt); Revenue Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds) as of June 30, 2023 and 2022, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the West Virginia Higher Education Policy Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Basis of Accounting**

We draw attention to Note 1 of the combined special-purpose financial statements, which describes the basis of accounting. As described in Note 1 of the combined special-purpose financial statements, these combined special-purpose financial statements were prepared for the purpose of complying with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances, revenues, and expenses and costs paid of the West Virginia Higher Education Policy Commission required to be presented under these agreements. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the combined special-purpose financial statements – modified cash basis of the West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt); Revenue Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds), an agency of the state of West Virginia are intended to present the assets, liabilities, fund balance, revenues collected, expenses and costs paid and changes in fund balance of only that portion of activities that are attributable to the transactions of the agency. They do not purport to, and do not present fairly the financial information of the West Virginia Higher Education Policy Commission, an agency of the state of West Virginia as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined special-purpose financial statements in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined special-purpose 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 opinion. 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 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 combined special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined special-purpose 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 combined special-purpose 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 State of West Virginia Higher Education Policy Commission'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 combined special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of West Virginia Higher Education Policy Commission'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.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 31, 2023

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT);  
REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY – BUILD AMERICA BONDS)  
COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE  
(DEFICIT) – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

	2023				2022			
	Revenue Fund	Interest Subsidiary Reserve Fund	Project Fund	Combined	Revenue Fund	Interest Subsidiary Reserve Fund	Project Fund	Combined
<b>ASSETS</b>								
Deposits with State Treasurer in Accounts of the Policy Commission	\$ 5,136,052	\$ -	\$ -	\$ 5,136,052	\$ 4,840,481	\$ -	\$ -	\$ 4,840,481
Deposits with State Treasurer in Accounts of Municipal Bond Commission	-	527,257	-	527,257	-	585,711	-	585,711
Deposits with Trustee Bank	-	-	322,354	322,354	-	-	306,398	306,398
Total Assets	<u>\$ 5,136,052</u>	<u>\$ 527,257</u>	<u>\$ 322,354</u>	<u>\$ 5,985,663</u>	<u>\$ 4,840,481</u>	<u>\$ 585,711</u>	<u>\$ 306,398</u>	<u>\$ 5,732,590</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>								
<b>LIABILITIES</b>								
Bond Indebtedness	\$ 50,265,000	\$ -	\$ -	\$ 50,265,000	\$ 50,265,000	\$ -	\$ -	\$ 50,265,000
<b>FUND BALANCE (DEFICIT)</b>	<u>(45,128,948)</u>	<u>527,257</u>	<u>322,354</u>	<u>(44,279,337)</u>	<u>(45,424,519)</u>	<u>585,711</u>	<u>306,398</u>	<u>(44,532,410)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 5,136,052</u>	<u>\$ 527,257</u>	<u>\$ 322,354</u>	<u>\$ 5,985,663</u>	<u>\$ 4,840,481</u>	<u>\$ 585,711</u>	<u>\$ 306,398</u>	<u>\$ 5,732,590</u>

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT);  
REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY – BUILD AMERICA BONDS)  
COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED, EXPENSES AND COSTS PAID, AND  
CHANGES IN FUND BALANCE (DEFICIT) – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023				2022			
	Revenue Fund	Interest Subsidiary Reserve Fund	Project Fund	Combined	Revenue Fund	Interest Subsidiary Reserve Fund	Project Fund	Combined
REVENUES COLLECTED								
Excess Lottery Revenues	\$ 2,623,500	\$ -	\$ -	\$ 2,623,500	\$ 2,620,250	\$ -	\$ -	\$ 2,620,250
Build America Bond Interest Subsidy	-	-	1,262,003	1,262,003	-	-	1,262,006	1,262,006
Student Fees, Net	41,381	-	-	41,381	39,994	-	-	39,994
Transfer to College System Bond funds	-	-	-	-	-	-	-	-
Income from Investments	152,070	16,570	19,214	187,854	3,996	591	286	4,873
Total Revenues Collected	2,816,951	16,570	1,281,217	4,114,738	2,664,240	591	1,262,292	3,927,123
EXPENSES AND COSTS PAID								
Capital Improvements and Related Costs	35,992	-	-	35,992	39,595	-	-	39,595
Service Fees	-	-	2,000	2,000	-	-	2,000	2,000
Interest	-	-	3,823,673	3,823,673	-	-	3,823,673	3,823,673
Total Expenses and Costs Paid	35,992	-	3,825,673	3,861,665	39,595	-	3,825,673	3,865,268
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID	2,780,959	16,570	(2,544,456)	253,073	2,624,645	591	(2,563,381)	61,855
RETIREMENT OF BONDS	-	-	-	-	-	-	-	-
TRANSFERS (FROM) TO – For Payment of Current Debt Service Requirement	(2,485,387)	(75,024)	2,560,411	-	(2,485,387)	(78,220)	2,563,607	-
FUND (DEFICIT) BALANCE Beginning of Year	(45,424,519)	585,711	306,398	(44,532,410)	(45,563,777)	663,340	306,172	(44,594,265)
FUND (DEFICIT) BALANCE End of Year	\$ (45,128,948)	\$ 527,257	\$ 322,354	\$ (44,279,337)	\$ (45,424,519)	\$ 585,711	\$ 306,398	\$ (44,532,410)

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt) (the Series A Bonds) and the Revenue Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds) (the Series B Bonds) are obligations of the West Virginia Higher Education Policy Commission (the Commission), an agency of the state of West Virginia (the State). Senate Bill 653 (S.B. 653) was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia. S.B. 653 created the Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is charged with oversight of public higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by the state statute.

S.B. 653 abolished the Board of Trustees of the University System of West Virginia effective June 30, 2000, and created a one-year Interim Governing Board. Effective July 1, 2001, certain powers were transferred to newly created Governing Boards at each of the institutions of higher education. These powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) 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.

The Bonds were issued on December 17, 2010, to provide funds to acquire, construct, improve, and equip certain higher education facilities.

The Commission will receive up to \$15 million per year through the year 2040 of excess lottery revenues from the West Virginia Lottery Commission for payment of debt service into a Higher Education Improvement Fund. In addition to the lottery revenues, registration and tuition fees, and educational and general capital fees collected at the institutions (universities and colleges) from students are also pledged as collateral for the Commission's bond indebtedness. Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Such pledged collections not remitted by the institutions were in excess of \$20.8 million and \$20.6 million for the years ended June 30, 2023 and 2022, respectively. The Bonds remain an obligation of the Commission.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The General Resolution requires that the Commission is to maintain certain accounts and funds related to the Bonds. The Commission prepares annual combined special-purpose financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the Commission is required to maintain and to present in the form of combined special-purpose financial statements:

*Revenue Fund* - The revenue fund accounts for pledged revenues and expenses and costs paid related thereto and outstanding bonds.

*Interest Subsidy Reserve Fund* - The interest subsidy reserve fund shall include (i) initial deposit upon closing and (ii) subsidy receipts from the U.S. Treasury paid contemporaneously with each interest payment date for the Series B Bonds, equal to 35% of the interest payable on the Series B Bonds. These amounts shall be for credit to the holders of the Series B Bonds.

*Project Fund* - The project fund accounts for the proceeds of revenue bonds and subsequent disbursements thereof for their intended purpose.

*Cost of Issuance Fund* - The costs of issuance include legal and underwriter costs and certain other assets to issue the Bonds. The costs of issuance reduced the proceeds from issuance of the Bonds by \$226,297.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net position, revenues, and expenses of the Commission, but present only the funds the Commission is required to present in the combined special-purpose financial statements pursuant to the provisions of the General Resolution.

In accordance with requirements of the General Resolution as amended, accounting records for the Bonds are maintained on the cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses and costs are recognized when paid rather than when the obligation is incurred. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is another comprehensive basis of accounting as required by the General Resolution. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the General Resolution, a Management Discussion, and Analysis is not included in the combined special-purpose financial statements.

Deposits with the state treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balance of these deposits at the end of the month in which the income was earned.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Deposits with the Bank (the Trustee) as of June 30, 2023 and 2022 included \$322,354 and \$306,398, respectively, of cash invested in fixed-income investments and cash, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities. The U.S. government agency securities are held in safekeeping with the Trustee.

Fixed assets are not included in these combined special-purpose financial statements since they do not represent financial resources available for expenditure but are items for which financial resources have been used. Fixed assets are capitalized in the financial statements of the respective institutions.

Certain ongoing costs associated with the planning and administration of acquisition, construction, equipping, and improvements of certain higher education facilities are paid from these funds on a regular basis.

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY – BUILD AMERICA BONDS)**

In December 2010, \$16,520,000 of Series A Bonds and \$50,265,000 of Series B Bonds were sold. The Bonds were issued to provide funds to (i) fund certain higher education facilities projects, (ii) fund an interest subsidy reserve fund for the benefit of the Series B Bonds, and (iii) pay the costs associated with the issuance of the Bonds. On December 21, 2017, \$12,880,000 of the Series A Bonds were refunded by the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), Series 2017.

The Series B Bonds outstanding at June 30, 2023, consist of term bonds as follows:

<b>Principal Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
<b>Series B Bonds</b>		
\$ 10,800,000	April 1, 2030	7.45 %
39,465,000	April 1, 2040	7.65

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES B (FEDERALLY TAXABLE - ISSUER SUBSIDY - BUILD AMERICA BONDS) (CONTINUED)**

The term bonds are subject to mandatory redemption prior to maturity. The redemption prices are 100% of the principal amount, plus accrued interest.

The Bonds are revenue bonds payable solely from excess lottery revenues. The University System Bonds, the 2004 Series B Bonds, the 2007 Series A Bonds, the 2012 Series A Bonds and B Bonds are on parity with the Bonds with respect to sources of and security for payment and in all other respects. See below for further information on the Series B Bonds. No provision of the General Resolution is to be construed to authorize the Commission, at any time or in any manner, to pledge the credit or taxing power of the State, nor is any obligation or debt created by the Commission or issued under the General Resolution deemed to be an obligation of the State.

Under the amended General Resolution, the Commission shall at all times fix and otherwise provide for the collection of revenues (as defined in the General Resolution), which includes subsidy receipts for the benefit of the Series B Bonds, in an amount not less than 100% of the debt service payable on all Bonds outstanding during the then-current Budget Period (as defined in the General Resolution and the 2010 Series Resolution). During the years ended June 30, 2023 and 2022, the Commission collected revenues approximating 1.01 and 1.07 times the principal and interest due, respectively.

**Series B Bonds**

The Commission has elected to designate the Series B Bonds as “Build America Bonds” for purpose of the American Recovery and Reinvestment Act of 2009 (ARRA) and to receive payments (Subsidy Receipts) from the U.S. Treasury in connection therewith. The Commission expects to receive a cash subsidy payment from the U.S. Treasury equal to 35% of the interest payable on the Series B Bonds on or about each interest payment date (a Direct Payment). The Direct Payments to the Commission do not constitute full faith and credit guarantees of the Series B Bonds by the U.S. Treasury under ARRA. The Direct Payments, if received by the Commission, will be applied to the payment of debt service on the Series B Bonds in accordance with the terms of the 2010 Series Resolution. The Commission is obligated to make all payments of principal and interest on the Series B Bonds whether or not it receives the Direct Payments. To receive each Direct Payment, the Commission must file Form 8038-CP with the Internal Revenue Service. No assurances can be given that the Commission will receive the Direct Payments. The amount and receipt of any Direct Payment is subject to future changes in legislation or U.S. Treasury regulations, the Commission’s filings of Form 8038-CP and any offset against certain amounts that may, for unrelated reasons, be owed by the Commission to the federal government. If the Subsidy Receipts from the U.S. Treasury are reduced or eliminated, the Series B Bonds are subject to extraordinary optional redemption.



**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE  
BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT);  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES B (FEDERALLY  
TAXABLE - ISSUER SUBSIDY - BUILD AMERICA BONDS) (CONTINUED)**

**Series B Bonds (Continued)**

If the Commission fails to timely file Form 8038-CP to receive a Direct Payment, it is possible that the Commission will receive a Direct Payment after the related interest payment date. It is for this reason that the Commission has established the interest subsidy reserve fund. Direct Payments will only be paid with respect to the Series B Bonds if the Commission complies with certain covenants and establishes certain facts and expectations with respect to the Series B Bonds regarding the use and investment of proceeds thereof and the use of property financed thereby.

So long as the Series B Bonds are outstanding, the Commission shall maintain the interest subsidy reserve fund with the Municipal Bond Commission or a corporate trustee. On the date of issuance of Series B Bonds, there shall be deposited to the credit of the interest subsidy reserve fund an amount equal to the interest subsidy reserve requirement of \$1,338,285. In the event that any Subsidy Receipt is not received by the Commission in connection with the Series B Bonds on or before any interest payment date, the Municipal Bond Commission or a corporate trustee shall apply an amount on deposit in the interest subsidy reserve fund equal to the amount of the anticipated Subsidy Receipt for that interest payment date as claimed by the Commission on Form 8038-CP. Any amounts paid from the interest subsidy reserve fund shall be repaid by the Commission to the interest subsidy reserve fund immediately upon receipt of any Subsidy Receipt.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A  
(TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES),  
2010 SERIES B (FEDERALLY TAXABLE – ISSUER SUBSIDY –  
BUILD AMERICA BONDS)  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES A (TAX-EXEMPT); REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2010 SERIES B (FEDERALLY TAXABLE - ISSUER SUBSIDY - BUILD AMERICA BONDS) (CONTINUED)**

A summary of annual aggregate principal, interest, and sinking fund payments for each series of bonds is as follows:

<u>Year Ending June 30.</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>35% Direct Subsidy</u>	<u>Total</u>
2024	\$ -	\$ 3,823,673	\$ (1,338,285)	\$ 2,485,388
2025	-	3,823,673	(1,338,285)	2,485,388
2026	-	3,823,673	(1,338,285)	2,485,388
2027	2,510,000	3,823,673	(1,338,285)	4,995,388
2028	2,635,000	3,636,678	(1,272,838)	4,998,840
2029	2,760,000	3,440,370	(1,204,130)	4,996,240
2030	2,895,000	3,234,750	(1,132,163)	4,997,587
2031	3,035,000	3,019,073	(1,056,675)	4,997,398
2032	3,185,000	2,786,895	(975,414)	4,996,481
2033	3,345,000	2,543,243	(890,136)	4,998,107
2034	3,510,000	2,287,350	(800,573)	4,996,777
2035	3,685,000	2,018,835	(706,593)	4,997,242
2036	3,870,000	1,736,933	(607,926)	4,999,007
2037	4,060,000	1,440,878	(504,307)	4,996,571
2038	4,265,000	1,130,288	(395,602)	4,999,686
2039	4,475,000	804,015	(281,406)	4,997,609
2040	6,035,000	461,678	(161,587)	6,335,091
Total	<u>\$ 50,265,000</u>	<u>\$ 43,835,678</u>	<u>\$ (15,342,490)</u>	<u>\$ 78,758,188</u>

\*Total debt service reflects the release at the final maturity of the Interest Subsidy Reserve Fund of \$1,338,404.

**NOTE 3 OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other State agencies to the University.

**STATE OF WEST VIRGINIA  
HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION  
FACILITIES), 2012 SERIES A AND REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2012 SERIES B**

**COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH**

**YEARS ENDED JUNE 30, 2023 and 2022**



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## INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission  
Charleston, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying combined special-purpose financial statements – modified cash basis of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and Revenue Bonds (Higher Education Facilities), 2012 Series B, an agency of the state of West Virginia, which comprise the combined special-purpose statements of assets, liabilities, and fund balance (deficit) – modified cash basis as of June 30, 2023 and 2022, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) – modified cash basis for the years then ended, and the related notes to the combined special-purpose financial statements.

In our opinion, the combined special-purpose financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and Revenue Bonds (Higher Education Facilities), 2012 Series B as of June 30, 2023 and 2022, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the West Virginia Higher Education Policy Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis of Accounting***

We draw attention to Note 1 of the combined special-purpose financial statements, which describes the basis of accounting. As described in Note 1 of the combined special-purpose financial statements, these combined special-purpose financial statements were prepared for the purpose of complying with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances, revenues, and expenses and costs paid of the West Virginia Higher Education Policy Commission required to be presented under these agreements. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the combined special-purpose financial statements – modified cash basis of the West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and Revenue Bonds (Higher Education Facilities), 2012 Series B, an agency of the state of West Virginia are intended to present the assets, liabilities, fund balance, revenues collected, expenses and costs paid and changes in fund balance of only that portion of activities that are attributable to the transactions of the agency. They do not purport to, and do not present fairly the financial information of the West Virginia Higher Education Policy Commission, an agency of the state of West Virginia as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined special-purpose financial statements in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined special-purpose 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 opinion. 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 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 combined special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined special-purpose 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 combined special-purpose 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 State of West Virginia Higher Education Policy Commission'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 combined special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of West Virginia Higher Education Policy Commission'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.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 31, 2023

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES A  
AND REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B  
COMBINED SPECIAL-PURPOSE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
(DEFICIT) – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

	2023				2022			
	Revenue Fund	Project Fund	Bond Fund	Combined	Revenue Fund	Project Fund	Bond Fund	Combined
<b>ASSETS</b>								
Deposits with the State Treasurer in Accounts of the Governing Board	\$ 148,956	\$ -	\$ -	\$ 148,956	\$ 119,139	\$ -	\$ -	\$ 119,139
Deposits with the State Treasurer in Accounts of the Municipal Bond Commission	-	-	170,499	170,499	-	-	101,065	101,065
Deposits with Trustee Bank	-	1,260,437	-	1,260,437	-	1,478,794	-	1,478,794
Total Assets	\$ 148,956	\$ 1,260,437	\$ 170,499	\$ 1,579,892	\$ 119,139	\$ 1,478,794	\$ 101,065	\$ 1,698,998
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>								
<b>LIABILITIES</b>								
Bond Indebtedness Due to the State Treasurer	\$ 86,300,000	\$ -	\$ -	\$ 86,300,000	\$ 92,170,000	\$ -	\$ -	\$ 92,170,000
Total Liabilities	86,300,000	-	-	86,300,000	92,170,000	-	-	-
<b>FUND (DEFICIT) BALANCE</b>	(86,151,044)	1,260,437	170,499	(84,720,108)	(92,050,861)	1,478,794	101,065	(90,471,002)
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	\$ 148,956	\$ 1,260,437	\$ 170,499	\$ 1,579,892	\$ 119,139	\$ 1,478,794	\$ 101,065	\$ 1,698,998

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES A  
AND REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B  
COMBINED SPECIAL-PURPOSE STATEMENT OF REVENUES COLLECTED, EXPENSES AND  
COSTS PAID, AND CHANGES IN FUND BALANCE (DEFICIT) – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022				
	Revenue Fund	Project Fund	Bond Fund	Combined	Revenue Fund	Project Fund	Bond Fund	Combined
<b>REVENUES COLLECTED</b>								
Excess Lottery Revenues	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Student Fees, Net	166,362	-	-	166,362	160,822	-	-	160,822
Income from Investments	-	44,836	72,513	117,349	-	1,679	950	2,629
Total Revenues Collected	10,166,362	44,836	72,513	10,283,711	10,160,822	1,679	950	10,163,451
<b>EXPENSES AND COSTS PAID</b>								
Capital Improvements and Related Costs	144,698	263,192	-	407,890	-	158,584	-	158,584
Service Fees	-	-	3,079	3,079	159,218	-	3,078	162,296
Interest	-	-	4,121,846	4,121,846	-	-	4,394,196	4,394,196
Total Expenses and Costs Paid	144,698	263,192	4,124,925	4,532,815	159,218	158,584	4,397,274	4,715,076
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID</b>	10,021,665	(218,356)	(4,052,412)	5,750,896	10,001,604	(156,905)	(4,396,324)	5,448,375
<b>RETIREMENT OF BONDS</b>	5,870,000	-	(5,870,000)	-	5,600,000	-	(5,600,000)	-
<b>TRANSFERS (FROM) TO – For Payment of Current Debt Service Requirement</b>	(9,991,846)	-	9,991,846	-	(9,994,196)	-	9,994,196	-
<b>INTERFUND TRANSFERS TO (FROM)</b>	-	-	-	-	-	-	-	-
<b>FUND (DEFICIT) BALANCE – Beginning of Year</b>	(92,050,862)	1,478,794	101,065	(90,471,003)	(97,658,269)	1,635,699	103,193	(95,919,377)
<b>FUND (DEFICIT) BALANCE – End of Year</b>	\$ (86,151,044)	\$ 1,260,437	\$ 170,499	\$ (84,720,108)	\$ (92,050,861)	\$ 1,478,794	\$ 101,065	\$ (90,471,002)

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.



**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES),  
2012 SERIES A AND REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2012 SERIES B  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the Series A Bonds) and Revenue Bonds (Higher Education Facilities), 2012 Series B (the Series B Bonds) (collectively, the Bonds) are obligations of the West Virginia Higher Education Policy Commission (the Commission), an agency of the state of West Virginia (the State). Senate Bill 653 (S.B. 653) was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia. S.B. 653 created the Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is charged with oversight of public higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by the state statute.

S.B. 653 abolished the board of trustees of the University System of West Virginia effective June 30, 2000, and created a one-year Interim Governing Board. Effective July 1, 2001, certain powers were transferred to newly created Governing Boards at each of the institutions of higher education. These powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) 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.

The Bonds were issued on June 12, 2012, to provide funds to advance refund a portion of the West Virginia Higher Education Policy Commission Revenue Bonds Higher Education Facilities 2004 Series B (the 2004 Series B Bonds), to fund certain projects of the Commission, and to pay the costs associated with the Bonds. The Bonds refunded and defeased \$124,585,000 of \$135,820,000 2004 Series B Bonds outstanding.

The debt service on the Bonds is payable solely from certain revenues including: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and as permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the institutions (universities and colleges) that constituted registration and tuition fees in effect as of March 21, 2004; and (iii) excess lottery revenues deposited into the Higher Education Improvement Fund as provided for in the Lottery Act (collectively, the Pledged Revenues). Student fees collected by an institution in excess of the debt service allocations are retained by the institution for internal funding of capital projects and maintenance.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES),  
2012 SERIES A AND REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2012 SERIES B  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The General Resolution requires that the Commission is to maintain certain accounts and funds related to the Bonds. The Commission prepares annual combined special-purpose financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the Commission is required to maintain and to present in the form of combined special-purpose financial statements:

*Revenue Fund* - The revenue fund accounts for pledged revenues and expenses and costs paid related thereto, and outstanding bonds.

*Project Fund* - The project fund accounts for the proceeds of revenue bonds and subsequent disbursements thereof for their intended purpose.

*Bond Fund* - The bond fund accounts for the proceeds of revenue bonds and the transfers from the revenue fund and subsequent disbursements thereof for their intended purpose and the payment of debt service amounts.

*Cost of Issuance Fund* - The cost of issuance fund accounts for the costs of issuance, which include legal and underwriter costs and certain other costs to issue the Bonds. The costs of issuance were \$899,293, of which \$671,247 was paid directly to the underwriter.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net position, revenues, and expenses of the Commission, but present only the funds the Commission is required to present in the combined special-purpose financial statements pursuant to the provisions of the General Resolution.

In accordance with requirements of the General Resolution as amended, accounting records for the Bonds are maintained on the cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses and costs are recognized when paid rather than when the obligation is incurred. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is an other comprehensive basis of accounting, as required by the General Resolution. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the General Resolution, a Management Discussion and Analysis is not included in the combined special-purpose financial statements.

Deposits with the state treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balance of these deposits at the end of the month in which the income was earned.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES),  
2012 SERIES A AND REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2012 SERIES B  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Deposits with the Bank (the Trustee) as of June 30, 2023 and 2022, included \$1,260,437 and \$1,478,794, respectively, of cash invested in fixed-income investments and cash, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities. The U.S. government agency securities are held in safekeeping with the Trustee.

Fixed assets are not included in these combined special-purpose financial statements since they do not represent financial resources available for expenditure, but are items for which financial resources have been used. Fixed assets are capitalized in the financial statements of the respective institutions.

Certain ongoing costs associated with the planning and administration of acquisition, construction, equipping, and improvements of certain higher education facilities are paid from these funds on a regular basis.

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES A AND REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B**

In June 2012, \$124,190,000 of Series A Bonds and \$7,975,000 of Series B Bonds were sold. The Bonds were issued to provide funds to (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund certain projects of the Commission, and (iii) pay the costs associated with the issuance of the Bonds.

The Series A Bonds and Series B Bonds outstanding at June 30, 2023 consist of \$39,440,000 and \$2,360,000 serial bonds, respectively, with varying interest rates from 3.0% to 5.0% at June 30, 2023, and mature serially from April 1, 2023 through April 1, 2029, and term bonds as follows:

<b>Principal Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
<b>Series A Bonds</b>		
\$ 42,100,000	April 1, 2034	4.00 %
<b>Series B Bonds</b>		
\$ 2,400,000	April 1, 2034	4.00 %

The term bonds are subject to mandatory redemption prior to maturity. The redemption prices are 100% of the principal amount, plus accrued interest.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES),  
2012 SERIES A AND REVENUE BONDS  
(HIGHER EDUCATION FACILITIES), 2012 SERIES B  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES A AND REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B (CONTINUED)**

The Bonds are revenue bonds payable solely from the Pledged Revenues. The University System Bonds, the 2004 Series B Bonds, the 2007 Series A Bonds, the 2010 Series A and B Bonds, and the 2017 Series Bonds are on a parity with the Bonds with respect to sources of and security for payment and in all other respects. No provision of the General Resolution is to be construed to authorize the Commission, at any time or in any manner, to pledge the credit or taxing power of the State, nor is any obligation or debt created by the Commission or issued under the General Resolution deemed to be an obligation of the State.

Under the amended General Resolution, the Commission shall, at all times, fix and otherwise provide for the collection of revenues (as defined in the General Resolution), which includes subsidy receipts for the benefit of the Series B Bonds, in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period (as defined in the General Resolution and the 2012 Series Resolution). During the years ended June 30, 2023 and 2022, the Commission collected revenues approximating 102% and 102% the debt service payable, respectively.

A summary of annual aggregate principal, interest, and sinking fund payments for each series of Bonds is as follows:

<u>Year Ending June 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2024	\$ 6,160,000	\$ 3,835,346	\$ 9,995,346
2025	6,460,000	3,533,826	9,993,826
2026	6,780,000	3,216,920	9,996,920
2027	7,110,000	2,883,695	9,993,695
2028	7,460,000	2,533,795	9,993,795
2029	7,830,000	2,166,125	9,996,125
2030	8,215,000	1,780,000	9,995,000
2031	8,545,000	1,451,400	9,996,400
2032	8,885,000	1,109,600	9,994,600
2033	9,245,000	754,200	9,999,200
2034	9,610,000	384,399	9,994,399
Total	<u>\$ 86,300,000</u>	<u>\$ 23,649,306</u>	<u>\$ 109,949,306</u>

**NOTE 3 OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other State agencies to the Commission.

**STATE OF WEST VIRGINIA  
HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS  
(HIGHER EDUCATION FACILITIES) SERIES 2017**

**COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS**

**YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission  
Charleston, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying combined special-purpose financial statements – modified cash basis of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) Series 2017, an agency of the state of West Virginia, which comprise the combined special-purpose statements of assets, liabilities, and fund balance (deficit) – modified cash basis as of June 30, 2023 and 2022, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) – modified cash basis for the years then ended, and the related notes to the combined special-purpose financial statements.

In our opinion, the combined special-purpose financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) Series 2017 as of June 30, 2023 and 2022, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the West Virginia Higher Education Policy Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis of Accounting***

We draw attention to Note 1 of the combined special-purpose financial statements, which describes the basis of accounting. As described in Note 1 of the combined special-purpose financial statements, these combined special-purpose financial statements were prepared for the purpose of complying with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances, revenues, and expenses and costs paid of the West Virginia Higher Education Policy Commission required to be presented under these agreements. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the combined special-purpose financial statements – modified cash basis of the West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) Series 2017, an agency of the state of West Virginia are intended to present the assets, liabilities, fund balance, revenues collected, expenses and costs paid and changes in fund balance of only that portion of activities that are attributable to the transactions of the agency. They do not purport to, and do not present fairly the financial information of the West Virginia Higher Education Policy Commission, an agency of the state of West Virginia as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined special-purpose financial statements in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined special-purpose 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 opinion. 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 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 combined special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined special-purpose 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 combined special-purpose 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 State of West Virginia Higher Education Policy Commission'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 combined special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of West Virginia Higher Education Policy Commission'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.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 31, 2023



**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE  
(DEFICIT) – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

	2023			2022				
	Revenue Fund	Project Fund	Bond Fund	Combined	Revenue Fund	Project Fund	Bond Fund	Combined
<b>ASSETS</b>								
Deposits with the State Treasurer in Accounts of the Municipal Bond Commission	\$ 45,791	\$ -	\$ -	\$ 45,791	\$ 36,456	\$ -	\$ -	\$ 36,456
Deposits with Trustee Bank	-	2,202	70,762	72,964	-	2,128	27,731	29,859
Total Assets	\$ 45,791	\$ 2,202	\$ 70,762	\$ 118,755	\$ 36,456	\$ 2,128	\$ 27,731	\$ 66,315
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>								
<b>LIABILITIES</b>								
Bond Indebtedness	\$ 12,195,000	\$ -	\$ -	\$ 12,195,000	\$ 15,715,000	\$ -	\$ -	\$ 15,715,000
<b>FUND (DEFICIT) BALANCE</b>	(12,149,209)	2,202	70,762	(12,076,245)	(15,678,544)	2,128	27,731	(15,648,685)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 45,791	\$ 2,202	\$ 70,762	\$ 118,755	\$ 36,456	\$ 2,128	\$ 27,731	\$ 66,315

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.  
(4)

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED, EXPENSES AND  
COSTS PAID, AND CHANGES IN FUND BALANCE (DEFICIT) – MODIFIED CASH BASIS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023				2022			
	Revenue Fund	Project Fund	Bond Fund	Combined	Revenue Fund	Project Fund	Bond Fund	Combined
<b>REVENUES COLLECTED</b>								
Excess Lottery Revenues	\$ 2,376,500	\$ -	\$ -	\$ 2,376,500	\$ 2,379,750	\$ -	\$ -	\$ 2,379,750
Student Fees, Net	2,000,940	-	-	2,000,940	2,003,415	-	-	2,003,415
Income from Investments	-	74	43,032	43,106	-	2	558	560
Total Revenues Collected	4,377,440	74	43,032	4,420,546	4,383,165	2	558	4,383,725
<b>EXPENSES AND COSTS PAID</b>								
Capital Improvements and Related Costs	62,354	-	-	62,354	68,722	-	-	68,722
Interest	-	-	785,750	785,750	-	-	953,750	953,750
Total Expenses and Costs Paid	62,354	-	785,750	848,104	68,722	-	953,750	1,022,472
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID</b>	4,315,086	74	(742,718)	3,572,442	4,314,443	2	(953,192)	3,361,253
<b>RETIREMENT OF BONDS</b>	3,520,000	-	(3,520,000)	-	3,360,000	-	(3,360,000)	-
<b>TRANSFERS (FROM) TO – For Payment of Current Debt Service Requirement</b>	(4,305,750)	-	4,305,750	-	(4,313,750)	-	4,313,750	-
<b>INTERFUND TRANSFERS TO (FROM)</b>	-	-	-	-	-	-	-	-
<b>FUND (DEFICIT) BALANCE – Beginning of Year</b>	(15,678,544)	2,128	27,731	(15,648,685)	(19,039,237)	2,126	27,173	(19,009,938)
<b>FUND (DEFICIT) BALANCE – End of Year</b>	\$ (12,149,209)	\$ 2,202	\$ 70,762	\$ (12,076,245)	\$ (15,678,544)	\$ 2,128	\$ 27,731	\$ (15,648,685)

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), Series 2017 (the Bonds) are obligations of the West Virginia Higher Education Policy Commission (the Commission), an agency of the state of West Virginia (the State). Senate Bill 653 (S.B. 653) was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia. S.B. 653 created the Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is charged with oversight of public higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by the state statute.

S.B. 653 abolished the board of trustees of the University System of West Virginia effective June 30, 2000, and created a one-year Interim Governing Board. Effective July 1, 2001, certain powers were transferred to newly created Governing Boards at each of the institutions of higher education. These powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) 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.

The Bonds were issued on December 21, 2017, to provide funds to advance refund the West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2007 Series A bonds (the 2007 Series A Bonds), and a portion of the West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2010 Series A Bonds (the 2010 Series A Bonds) to reduce debt service payments, and to pay the costs associated with the Bonds. The Bonds refunded and defeased the \$15,765,000 in outstanding 2007 Series A Bonds and \$12,880,000 of the 2010 Series A Bonds.

The debt service on the Bonds is payable solely from certain revenues including: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution as permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the institutions (Universities and Colleges) that constituted registration and tuition fees in effect as of March 21, 2004; and (iii) excess lottery revenues deposited into the Higher Education Improvement Fund as provided for in the Lottery Act (collectively, the Pledged Revenues). Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The General Resolution requires that the Commission is to maintain certain accounts and funds related to the Bonds. The Commission prepares annual combined special-purpose financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the Commission is required to maintain and to present in the form of combined special-purpose financial statements:

*Revenue Fund* - The revenue fund accounts for pledged revenues and expenses and costs paid related thereto and outstanding bonds.

*Project Fund* - The project fund accounts for the proceeds of revenue bonds and subsequent disbursements thereof for their intended purpose.

*Bond Fund* - The bond fund accounts for the proceeds of revenue bonds and the transfers from the revenue fund and subsequent disbursements thereof for their intended purpose and the payment of debt service amounts.

*Cost of Issuance Fund* - The cost of issuance fund accounts for the costs of issuance, which include legal and underwriter costs and certain other costs to issue the Bonds. The costs of issuance were \$325,191, of which \$126,191 was paid directly to the underwriter.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net position, revenues, and expenses of the Commission, but present only the funds the Commission is required to present in the combined special-purpose financial statements pursuant to the provisions of the General Resolution.

In accordance with requirements of the General Resolution as amended, accounting records for the Bonds are maintained on the cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses and costs are recognized when paid rather than when the obligation is incurred. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is another comprehensive basis of accounting, as required by the General Resolution. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the General Resolution, a Management Discussion and Analysis is not included in the combined special-purpose financial statements.

Deposits with the State Treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balance of these deposits at the end of the month in which the income was earned.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Deposits with the Bank (the Trustee) as of June 30, 2023 and 2022, included \$72,964 and \$29,859, respectively, of cash invested in fixed-income investments and cash, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities. The U.S. government agency securities are held in safekeeping with the Trustee.

Fixed assets are not included in these combined special-purpose financial statements since they do not represent financial resources available for expenditure but are items for which financial resources have been used. Fixed assets are capitalized in the financial statements of the respective institutions.

Certain ongoing costs associated with the planning and administration of acquisition, construction, equipping, and improvements of certain higher education facilities are paid from these funds on a regular basis.

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), SERIES 2017**

In December 2, 2017, \$26,455,000 2017 Series Bonds were sold. The Bonds were issued to provide funds to (i) advance refund the 2007 Series A and a portion of the 2010 Series A Bonds, and (ii) pay the costs associated with the issuance of the Bonds.

The Bonds outstanding at June 30, 2023 and 2022, consist of \$12,195,000 and \$15,715,000 serial bonds, respectively, with 5% interest rates and mature serially from April 1, 2019 through April 1, 2027.

The Bonds are revenue bonds payable solely from the Pledged Revenues. The University System Bonds, the 2010 Series A, B, and C Bonds and the 2012 Series 2012 A and B Bonds, and 2017 Series Bonds are on a parity with the Bonds with respect to sources of and security for payment and in all other respects. No provision of the General Resolution is to be construed to authorize the Commission, at any time or in any manner, to pledge the credit or taxing power of the State, nor is any obligation or debt created by the Commission or issued under the General Resolution deemed to be an obligation of the State.

Under the amended General Resolution, the Commission shall, at all times, fix and otherwise provide for the collection of revenues (as defined in the General Resolution), in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period (as defined in the General Resolution and the 2017 Series Resolution). For the years ended June 30, 2023 and 2022, the Commission collected revenues approximating 102% and 102% of the Debt Service payable, respectively.

**STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) SERIES 2017  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), SERIES 2017 (CONTINUED)**

A summary of annual aggregate principal, interest, and sinking fund payments for each series of bonds is as follows:

<u>Year Ending June 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2024	\$ 3,700,000	\$ 609,750	\$ 4,309,750
2025	3,885,000	424,750	4,309,750
2026	3,405,000	230,500	3,635,500
2027	1,205,000	60,250	1,265,250
Total	<u>\$ 12,195,000</u>	<u>\$ 1,325,250</u>	<u>\$ 13,520,250</u>

**NOTE 3 OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other state agencies to the Commission.

## **RESEARCH CORPORATION AUDITS**

WVU Research Corporation AFS Link:

<https://financialservices.wvu.edu/cost-compliance/uniform-guidance-single-audit>



**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2023 AND 2022**



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**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Marshall University Research Corporation  
(A Blended Component Unit of Marshall University)  
Huntington, West Virginia

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the business-type activities of Marshall University Research Corporation (the Corporation), a blended component unit of Marshall University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Corporation as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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 Corporation 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 opinion.

#### **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 Corporation'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 opinion. 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 Corporation'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 Corporation's ability to continue as a going concern for a reasonable period of time.

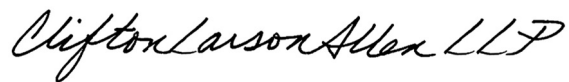
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 11, 2023

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

## **INTRODUCTION**

The Marshall University Research Corporation (MURC or the Corporation) is a nonprofit state entity created by the West Virginia Legislature to further research and economic development activities within the State of West Virginia. MURC is a component unit of Marshall University (Marshall) and is included as an integral part of Marshall's annual combined financial statements.

## **OVERVIEW**

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standard Board (GASB). This section of MURC's annual financial report provides an overview of MURC's financial performance during the year ended June 30, 2023, as compared to the previous fiscal year. Comparative analysis is also presented for fiscal year 2022 compared to fiscal year 2021.

The Corporation's financial report consists of three basic financial statements: the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition, the results of operations, and cash flows of the Corporation as a whole. Each of these statements is discussed below.

## **NET POSITION**

The statements of net position present the assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities) of the Corporation as of the end of the fiscal year. Assets denote the resources available to continue the operations of the Corporation. Liabilities indicate how much the Corporation owes vendors, employees, and lenders. Net position measures the equity or the availability of funds of the Corporation for future periods.

Net position is displayed in three major categories:

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

*Restricted Net Position.* This category includes net position, the use of which is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - nonexpendable and expendable. Nonexpendable components of restricted net position include endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift or grant 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. Expendable components of restricted net position include resources for which the Corporation is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

*Unrestricted Net Position.* This category includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from facilities and administrative earnings and revenues from investments. Unrestricted components of net position are used for transactions related to the educational and general operations of the Corporation and may be designated for specific purposes by the Corporation's Board of Directors. While the Corporation has not specifically designated Net Position balances at June 30, 2023, certain amounts are reserved for specific programs.

**CONDENSED STATEMENTS OF NET POSITION  
AS OF JUNE 30  
(IN THOUSANDS)**

	2023	2022	2021
Assets:			
Current Assets	\$ 28,104	\$ 26,061	\$ 21,193
Other Noncurrent Assets	30,325	29,770	35,174
Capital Assets, Net	11,522	10,694	9,930
Total Assets	69,951	66,525	66,297
Liabilities:			
Current Liabilities	23,589	20,514	20,443
Noncurrent Liabilities	940	1,275	1,314
Total Liabilities	24,529	21,789	21,757
Net Position:			
Net Investment in Capital Assets	10,714	9,409	8,795
Restricted:			
Nonexpendable	15,000	15,000	15,000
Expendable	19,550	18,678	17,048
Unrestricted	158	1,649	3,697
Total Net Position	45,422	44,736	44,540
Total Liabilities and Net Position	\$ 69,951	\$ 66,525	\$ 66,297

**Changes to Net Position**

The increase in net position of \$685,681 in FY2023 was due to the increase in investment income, offset by the net operating loss. The increase in net position of \$196,300 in FY2022 was due to the increase in net operating income, the forgiveness of the SBA Paycheck Protection Loan, offset by the loss in investments.

The first component is the Corporation's net investment in capital assets, which increased \$1,289,590 during FY2023 and increased \$614,437 during FY2022.

Restricted nonexpendable net assets were earned in connection with the "Bucks for Brains" West Virginia Research Trust Fund. Private donations were received by the Marshall University Foundation (the "Foundation") and were matched by a corresponding draw from the State on the project for each year. These funds are held in two nonexpendable funds – one at the Foundation and the other at MURC.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**Changes to Net Position (Continued)**

Restricted expendable assets increased \$903,144 during FY2023 and increased \$1,630,225 during FY2022. These monies have been restricted for use by entities outside the Corporation, mainly by granting agencies. Restricted expendable assets are generally produced through program income, which totaled \$1,297,854 for FY2023 and \$1,265,065 for FY2022.

Finally, unrestricted net assets decreased by \$1,507,053 for FY2023 and decreased by \$2,048,362 for FY2022 and over the prior year total. Activity in Cost Recovery and Operating Funds accounts for the Statement of Revenues, Expenses, and Changes in Net Position.

The statement of revenues, expenses, and changes in net position present the revenues and expenses, both operating and nonoperating, as well as other gains and losses of the Corporation.

Operating revenues are received for providing goods and services to the various customers and constituencies of the Corporation. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Corporation. Revenues received for which goods and services are not provided are reported as nonoperating revenues. For example, gifts are nonoperating because they are provided by the donor to the Corporation without the donor directly receiving commensurate goods and services for those revenues.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30  
(IN THOUSANDS)**

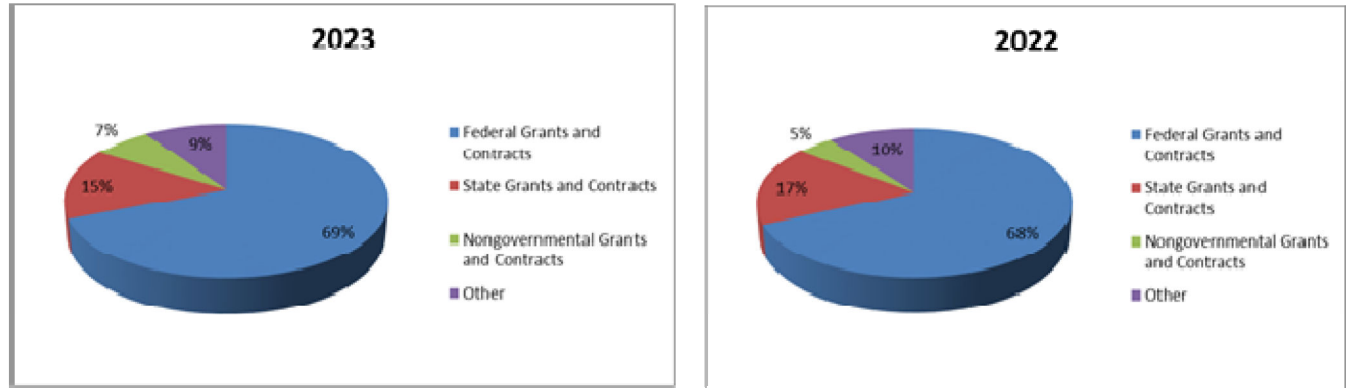
	2023	2022	2021
Operating Revenues	\$ 58,628	\$ 53,421	\$ 47,815
Operating Expenses	<u>(60,845)</u>	<u>(50,748)</u>	<u>(47,582)</u>
Operating Income (Loss)	(2,217)	2,673	233
Nonoperating Revenues (Expenses)	<u>2,903</u>	<u>(2,477)</u>	<u>7,687</u>
Increase in Net Position	686	196	7,920
Net Position - Beginning of Year	<u>44,736</u>	<u>44,540</u>	<u>36,620</u>
Net Position - End of Year	<u><u>\$ 45,422</u></u>	<u><u>\$ 44,736</u></u>	<u><u>\$ 44,540</u></u>



**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**Revenues**

The following charts illustrate the composition of revenues by source for 2023 and 2022:



**Changes to Operating Revenues and Expenses**

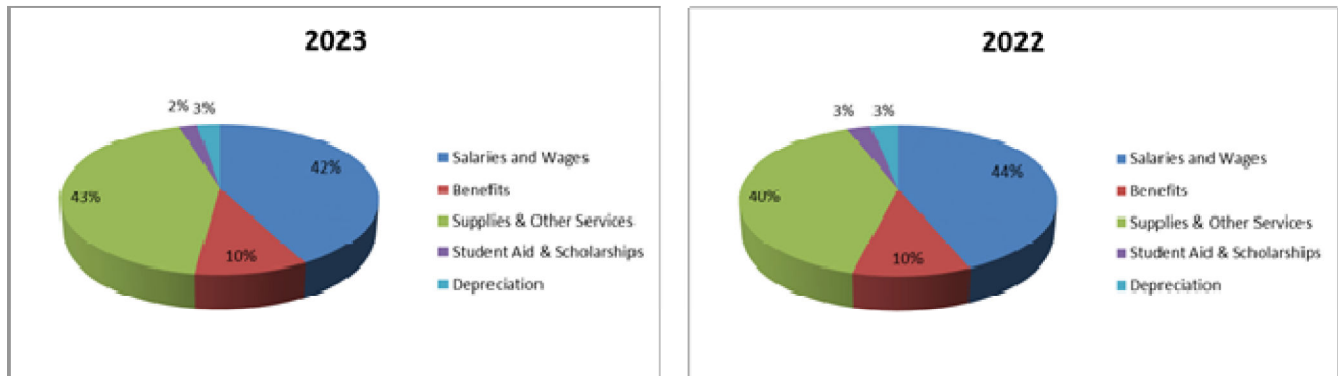
For FY2023, Operating Revenues were \$58,627,516, an increase of \$5,206,509 compared to FY2022. This is primarily the result of an increase in government grants and contracts totaling \$3,556,751 and nongovernmental grants and contracts totaling 1,588,567.

For FY2022, Operating Revenues were \$53,421,007, an increase of \$5,060,077 compared to FY2021. This is primarily the result of an increase in government grants and contracts totaling \$5,872,729.

There was no construction related grant revenue in either year.

**EXPENSES**

The following is a graphic comparison of total expenses by category between 2021 and 2020:



Operating Expenses were \$60,845,190 for FY2023 as compared to \$50,747,983 for FY2022, an increase of \$10,097,207.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

Operating Expenses were \$50,747,983 for FY2022 as compared to \$47,582,178 for FY2021, an increase of \$3,165,805.

**STATEMENT OF CASH FLOWS**

The statement of cash flows presents detailed information about the cash activity during the year. The statement helps users assess the Corporation'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 sections:

Cash flows from operating activities show the net cash provided or used by the operating activities of the Corporation.

Cash flows from noncapital financing activities reflect the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.

Cash flows from capital and related financing activities include cash used for the acquisition and construction of capital and related items.

Cash flows from investing activities show the purchases, proceeds, and interest received from investing activities.

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities provides a schedule that reconciles the accrual-based operating income (loss) and net cash provided by (used in) operating activities.

**CONDENSED STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30  
(IN THOUSANDS)**

	2023	2022	2021
Cash Provided (Used) by:			
Operating Activities	\$ (1,781)	\$ 6,739	\$ (1,112)
Noncapital Financing Activities	-	-	-
Capital and Related Financing Activities	(2,891)	(2,290)	(1,685)
Investing Activities	2,580	417	1,183
Net Increase (Decrease) in Cash and Cash Equivalents	(2,092)	4,866	(1,614)
Cash and Cash Equivalents - Beginning of Year	7,895	3,029	4,643
Cash and Cash Equivalents - End of Year	<u>\$ 5,803</u>	<u>\$ 7,895</u>	<u>\$ 3,029</u>

The decrease in cash balance in 2023 is due to the current year expenditure of income and advances received from sponsor agencies in prior year, as well as expenditure of unrestricted funds.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The Corporation completed construction for an addition to the Forensic Science Center in September 2009. Funding for the Forensic Science Center addition resulted in the Corporation incurring a note payable in the amount of \$3,000,000, which had a principal balance of \$805,090 at June 30, 2023. Other capital assets owned by the Corporation are primarily comprised of equipment purchased with funds provided directly within grant agreements or using indirect costs recovery funds. During FY2023, \$2,509,488 in capital assets was purchased, which was research equipment. The Corporation has no other debt obligations.

**ECONOMIC OUTLOOK**

Marshall University Research Corporation achieved a record level of grant awards in FY23 on behalf of Marshall University: \$68 million.

New personnel were added in grant development and grant writing to accelerate the momentum. Marshall was awarded \$1.5 million in ARC funds in partnership with WVU, matched by the State, to assist communities in accessing grant resources. These additions will enhance Marshall's ability to compete for external funding.

Modernization of our grant IT infrastructure was undertaken with the transition to Cayuse, which will automate and simplify grant submission and administration processes.

Marshall's strategic research focus areas were identified as health care, cybersecurity and forensics, advanced energy, advanced manufacturing, entrepreneurship and aviation. This focus led to significant results:

- A 5-year \$1 million award to the Marshall University Division of Aviation will help diversify the region's economy while providing an increased workforce in an ever-expanding industry full of opportunities for the area. The money will help the Aviation Maintenance program at Tri-State Airport train airplane mechanics to work on airplanes in their backyard and worldwide.
- Marshall has been granted \$45 million by the State of West Virginia to build a state-of-the-art Cybersecurity Center, which will accelerate our ability to acquire and conduct grants in this area of strategic importance to the University, the region and the nation.
- Marshall will be a collaborator in the West Virginia Network for Functional Neuroscience and Transcriptomics (WV-NFNT), a statewide collaboration of neuroscientists and bio informaticists working to position West Virginia as a center for impactful neuroscience research. This was funded by the National Science Foundation for \$20 million over five years and will probe the fundamental neuroscience of substance use disorder.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

The Center of Excellence for Recovery continued its important work on substance use disorder for the region with the following awards:

- \$3 million grant from the Health Resources and Services Administration's (HRSA) Rural Communities Opioid Response Program. This grant aims to address the pressing issue of opioid use in rural West Virginia by expanding access to Medications for Opioid Use Disorder (MOUD) and support services.
- \$1 million to examine the experiences of transitional-aged youth (TAY) from their own perspective, using both quantitative and qualitative methods to provide a comprehensive view of the diverse pathways that lead to independence.
- \$500,000 from SAMHSA (Substance Abuse and Mental Health Services Administration) to develop and implement training on mental health and substance use disorder awareness in communities throughout the following West Virginian counties: Boone, Cabell, Clay, Kanawha, Lincoln, Logan, Mason, Mingo, Putnam and Wayne.

Requests for any information may be directed to the Chief Financial Officer, One John Marshall Drive, Huntington, West Virginia 25755.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,803,493	\$ 7,895,279
Grants and Contracts Receivable - Net of Allowance of \$2,245,684 for 2023 and \$2,525,795 for 2022	21,660,454	17,746,495
Other Accounts Receivable	14,727	55,025
Prepaid Expenses	625,308	363,890
Total Current Assets	<u>28,103,982</u>	<u>26,060,689</u>
Noncurrent Assets:		
Investments	30,119,543	29,769,954
Capital Assets, Net	11,727,111	10,694,137
Total Noncurrent Assets	<u>41,846,654</u>	<u>40,464,091</u>
 Total Assets	 <u><u>\$ 69,950,636</u></u>	 <u><u>\$ 66,524,780</u></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 4,769,147	\$ 2,561,683
Accrued Liabilities	1,554,541	1,602,655
Notes Payable - Current Portion	161,018	161,018
Lease Liability - Current Portion	160,683	147,156
Compensated Absences	1,073,141	1,016,577
Unearned Revenue	15,870,336	15,024,806
Total Current Liabilities	<u>23,588,866</u>	<u>20,513,895</u>
Noncurrent Liabilities:		
Notes Payable	644,072	805,090
Lease Liability	47,285	171,358
Unearned Rent Revenue	248,526	298,231
Total Noncurrent Liabilities	<u>939,883</u>	<u>1,274,679</u>
Total Liabilities	<u>24,528,749</u>	<u>21,788,574</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	10,714,051	9,424,461
Restricted for:		
Nonexpendable	15,000,000	15,000,000
Expendable - Sponsored Projects	19,550,381	18,678,041
Unrestricted	157,455	1,633,704
Total Net Position	<u>45,421,887</u>	<u>44,736,206</u>
 Total Liabilities and Net Position	 <u><u>\$ 69,950,636</u></u>	 <u><u>\$ 66,524,780</u></u>

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Contracts and Grants:		
Federal	\$ 40,389,777	\$ 36,381,051
State	8,772,073	9,224,048
Private and Local	3,911,443	2,322,876
Program Income	1,297,854	1,265,065
Miscellaneous	4,256,369	4,227,967
Total Operating Revenues	<u>58,627,516</u>	<u>53,421,007</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	25,692,997	22,113,247
Benefits	6,016,282	5,280,144
Supplies and Other Services	26,019,553	20,150,312
Utilities	216,777	146,658
Student Financial Aid - Scholarships and Fellowships	1,339,119	1,419,826
Depreciation and Amortization	1,560,462	1,637,796
Total Operating Expenses	<u>60,845,190</u>	<u>50,747,983</u>
<b>NET OPERATING INCOME (LOSS)</b>	(2,217,674)	2,673,024
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income (Loss) - Including Unrealized Gain (Loss) of \$2,336,773 for 2023 and (\$6,671,092) for 2022	2,929,517	(4,985,792)
Interest on Indebtedness	(36,454)	(31,525)
PPP Loan Forgiveness	-	2,555,000
Gain (Loss) on Disposal of Equipment	10,292	(14,407)
Nonoperating Revenues (Expenses), Net	<u>2,903,355</u>	<u>(2,476,724)</u>
<b>INCREASE IN NET POSITION</b>	685,681	196,300
Net Position - Beginning of Year	<u>44,736,206</u>	<u>44,539,906</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 45,421,887</u></u>	<u><u>\$ 44,736,206</u></u>

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contracts and Grants	\$ 50,284,975	\$ 49,739,082
Payment to and on Behalf of Employees	(31,741,474)	(27,822,946)
Payments to Suppliers	(24,272,672)	(19,053,595)
Payments for Utilities	(216,777)	(146,658)
Payments from Scholarship and Fellowships	(1,339,119)	(1,419,826)
Program Income	1,297,854	1,265,065
Other Receipts, Net	4,206,661	4,178,259
Net Cash Provided (Used) by Operating Activities	<u>(1,780,552)</u>	<u>6,739,381</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments on Notes Payable	(161,018)	(161,018)
Purchases of Capital Assets	(2,509,488)	(2,008,975)
Proceeds from Sale of Capital Assets	12,500	48,052
Interest Paid on Notes Payable	(26,426)	(31,525)
Interest Paid on Leases	(10,028)	(13,218)
Principal Payments on Leases	(196,702)	(123,435)
Net Cash Used by Capital Financing Activities	<u>(2,891,162)</u>	<u>(2,290,119)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(15,890,524)	(12,747,054)
Sales/Maturities of Investments	17,878,068	11,479,522
Investment Income	592,384	1,685,272
Net Cash Provided by Investing Activities	<u>2,579,928</u>	<u>417,740</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,091,786)	4,867,002
Cash and Cash Equivalents - Beginning of Year	<u>7,895,279</u>	<u>3,028,277</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 5,803,493</u></u>	<u><u>\$ 7,895,279</u></u>

See accompanying Notes to Financial Statements.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Net Operating Income (Loss)	\$ (2,217,674)	\$ 2,673,024
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	1,560,462	1,637,796
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(3,873,662)	18,419
Prepaid Expenses	(261,418)	(18,687)
Accounts Payable	2,207,465	(190,451)
Accrued Liabilities	(48,114)	(275,049)
Unearned Revenue	845,530	2,999,884
Unearned Rent Revenue	(49,705)	(49,704)
Compensated Absences	56,564	(55,851)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,780,552)</u></u>	<u><u>\$ 6,739,381</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS</b>		
Loss on Disposal of Equipment	<u><u>\$ 2,208</u></u>	<u><u>\$ 49,240</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u><u>\$ 27,575</u></u>	<u><u>\$ 32,171</u></u>

See accompanying Notes to Financial Statements.



**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Marshall University Research Corporation (A Blended Component Unit of Marshall University) (the Corporation) is a nonprofit corporation incorporated in 1987, pursuant to the laws of the state of West Virginia (the State). The purpose of the Corporation is to foster, support, and assist in any research and economic development activities consistent with the educational objectives and mission of Marshall University (the University). The Corporation, designated by the University, fulfills the role of public institutions to work in partnership with business, industry, or government. The Corporation encourages the acceptance of gifts, grants, contracts, and equipment, and the sharing of facilities, equipment, and skilled personnel to promote and develop joint applied research and development, technical assistance, and instructional programs in the State. The Corporation is a component unit of the University.

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Corporation's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

**Reporting Entity**

The Corporation is a blended component unit of the University, as the University is the sole member of the nonstock, nonprofit corporation. The University is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of 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 Higher Education Policy Commission (which includes West Virginia Network for Educational Tele-Computing) (the Commission), and the West Virginia Council for Community and Technical College Education, form the Higher Education Fund of the State. The Higher Education Fund is 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 Corporation, including Marshall Institute for Interdisciplinary Research, Inc. (MIIR). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the Corporation's ability to significantly influence operations and accountability for fiscal matters of related entities.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

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

*Net Investment in Capital Assets* – This represents the Corporation's total investment in capital assets, net of depreciation and outstanding debt used to fund those capital assets.

*Restricted, Expendable* – This includes resources for which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Restricted, Nonexpendable* – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift or grant 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* – This 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 Corporation, and may be used at the discretion of the board of directors to meet current expenses for any purpose.

**Basis of Accounting**

For financial reporting purposes, the Corporation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation'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 intercompany accounts and transactions have been eliminated.

**Cash and Cash Equivalents**

For purposes of the statements of net position, the Corporation considers all liquid investments with an original maturity of three months or less to be cash equivalents.

**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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments in corporate bonds, mutual funds, and government securities are presented at fair value based on quoted market prices. These valuations include assumptions and methods that were reviewed by Corporation management and are primarily based on quoted market prices for the underlying investments or other observable market data. The Corporation has other investments recorded at cost.

**Allowance for Doubtful Accounts**

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

**Capital Assets**

Capital assets include equipment, buildings, and construction in progress. 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. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 12 years for furniture and equipment and 50 years for buildings. The Corporation's capitalization threshold was \$5,000 for the years ended June 30, 2023 and 2022.

**Unearned Revenue**

Revenues for programs or activities to be conducted in the next fiscal year are classified as unearned revenue.

**Unearned Rent Revenue**

Unearned rent revenue represents the monies received from Huntington Area Development Council (HADCO). Recognition of this revenue was deferred during the construction of a business start-up incubator. The beginning total \$994,101 of unearned rent received from HADCO is being recognized evenly over a 20-year period commencing July 2010.

**Compensated Absences**

The Corporation accounts for compensated absences in accordance with the provisions of GASB. GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation, as these benefits are earned and payment becomes probable.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risk Management**

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

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

**Classification of Revenues**

The Corporation 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) most federal, state, local, and nongovernmental grants and contracts, (2) federal appropriations, and (3) sales and services of educational activities.

*Nonoperating Revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as investment income.

*Other Revenues* – Other revenues primarily consist of capital grants and gifts.

**Use of Restricted Components of Net Position**

The Corporation 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 resources are available. Generally, the Corporation attempts to utilize restricted funds first when practicable.

**Government Grants and Contracts**

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Corporation 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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status**

The Corporation has applied for and received from the Internal Revenue Service an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code as an entity organized for educational, research, and economic development purposes.

**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 could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Adoption of New Accounting Standard**

In March 2020, the 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. This standard did not have a significant impact on the Corporation.

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. This standard did not have a significant impact on the Corporation.

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**NOTE 2 CASH AND CASH EQUIVALENTS**

The composition of cash and cash equivalents is as follows as of June 30:

	2023	2022
Money Market and Cash Equivalents	\$ 5,795,141	\$ 7,875,225
In Bank	8,352	20,054
Total	<u>\$ 5,803,493</u>	<u>\$ 7,895,279</u>

The carrying amount of cash in bank at June 30, 2023 and 2022, was \$8,352 and \$20,054, respectively, as compared with a bank balance of \$8,352 and \$20,054, respectively. The bank balances were secured by federal depository insurance, as noted below, or collateralized by securities held by the State's agent. The Federal Deposit Insurance Corporation (FDIC) insures interest-bearing accounts for \$250,000.

At June 30, 2023 and 2022, \$1,444,199 and \$335,415, respectively, was held in a cash account insured by the Security Investor Protection Corporation (SIPC). These funds are held in 19 distinct accounts, each having \$250,000 of SIPC coverage. In addition, TIAA-CREF Trust Company, FSB (TIAA Trust) sets aside collateral as security for any amount that exceeds \$250,000 in cash. The market value of the collateral must at all times equal or exceed the amount of the uninsured fiduciary funds as mandated by regulation 12 CFR 150.310.

Cash equivalents totaling \$4,350,944 and \$7,539,810, compared with bank balances of \$6,316,472 and \$9,612,493 at June 30, 2023 and 2022, respectively, are held in a business checking account collateralized at 163% and 117%, respectively. The collateral was held in the name of the Corporation. The difference is primarily caused by outstanding checks.

**NOTE 3 INVESTMENTS**

Investments consist of the following at June 30:

	2023	2022
Corporate Bonds	\$ 2,890,559	\$ 4,216,667
Supranational Bonds	179,035	847,492
Equity Mutual Funds	19,348,397	17,791,816
Fixed Income Mutual Funds	1,691,867	2,449,322
U.S. Government Agency Obligations	363,889	504,467
U.S. Treasury Obligations	5,645,796	3,960,190
Total Investments	<u>\$ 30,119,543</u>	<u>\$ 29,769,954</u>

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**NOTE 3 INVESTMENTS (CONTINUED)**

**Credit Risk**

The U.S. Government Agency Obligations, U.S. Treasury Obligations, and Supranational Bonds held by the Corporation have an average maturity of 4.6 and 3.8 years at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the Corporation's investment in U.S. Government Agency Obligations and U.S. Treasury Obligations were AA+ by S&P and Aaa by Moody's.

The Corporate Bonds held at June 30, 2023, have S&P ratings ranging from AA+ to BBB and Moody's ratings ranging from Aaa to Baa2. The Corporate Bonds held at June 30, 2022, had S&P ratings ranging from AAA to BBB and Moody's ratings ranging from Aaa to Baa3.

**Concentration of Credit Risk**

The Corporation's investment policy (not approved by the board of directors as of June 30, 2023 and 2022) will be to invest according to an asset allocation strategy designed to meet the goals of the Investment Objective. As a result, the following asset allocation targets and ranges have been presented for the Investment Pool:

Representative Asset Class	Target Weight	Maximum Weight
Fixed Income/Government Securities	60 %	100%
Money Market	20	20
Equity Securities/Derivatives/Hedge	20	20

The Corporation has investments in a single issuer greater than 5% as of June 30 as follows:

	2023	2022
iShares Russell Mid-Cap Growth	\$ -	\$ 1,769,553
TIAA-CREF Large-Cap Growth Index Fund	4,458,431	4,395,236
TIAA-CREF Large-Cap Value Index Fund	3,802,672	3,437,647
Harding Loevner Institutional Emerging Markets	1,837,424	1,597,604
iShares Core MSCI EAFE	5,084,505	4,432,935
DFA Inflation Protected Securities Portfolio	1,691,867	1,712,366
iShares Russell Mid-Cap Value	1,960,424	-
Total	<u>\$ 18,835,323</u>	<u>\$ 17,345,341</u>

**Interest Rate Risk**

This is the risk of potential variability in the fair value of debt and fixed income securities resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Corporation does not have an investment policy limiting the duration of investments.

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**NOTE 4 FAIR VALUE MEASUREMENTS**

Investments have been reported at fair value and categorized as Level 1, 2, or 3. Level 1 represents investments that have a quoted price in the active market. Level 2 represents investments with direct or indirect market inputs. Level 3 represents investments with no observable market.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets classified as Level 2 are valued using quoted prices for identical or similar assets in markets that are not active.

	2023			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 2,890,559	\$ -	\$ 2,890,559
Supranational Bonds	-	179,035	-	179,035
Equity Mutual Funds	19,348,397	-	-	19,348,397
Fixed Income Mutual Funds	1,691,867	-	-	1,691,867
U.S. Government Agency Obligations	-	363,889	-	363,889
U.S. Treasury Obligations	-	5,645,796	-	5,645,796
Total Investments	<u>\$ 21,040,264</u>	<u>\$ 9,079,279</u>	<u>\$ -</u>	<u>\$ 30,119,543</u>

	2022			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 4,216,667	\$ -	\$ 4,216,667
Supranational Bonds	-	847,492	-	847,492
Equity Mutual Funds	17,791,816	-	-	17,791,816
Fixed Income Mutual Funds	2,449,322	-	-	2,449,322
U.S. Government Agency Obligations	-	504,467	-	504,467
U.S. Treasury Obligations	-	3,960,190	-	3,960,190
Total Investments	<u>\$ 20,241,138</u>	<u>\$ 9,528,816</u>	<u>\$ -</u>	<u>\$ 29,769,954</u>



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**NOTE 5 CAPITAL ASSETS**

The summary of capital asset transactions is as follows for the years ended June 30:

2023				
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	27,980,550	2,509,488	(1,168,851)	29,321,187
Right-to-Use Leased Assets	441,949	86,156	-	528,105
Total Capital Assets	33,355,118	2,595,644	(1,168,851)	34,781,911
Less: Accumulated Depreciation and Amortization:				
Building	1,257,817	98,652	-	1,356,469
Equipment	21,257,887	1,284,054	(1,166,643)	21,375,298
Right-to-Use Leased Assets	145,277	177,756	-	323,033
Total Accumulated Depreciation and Amortization	22,660,981	1,560,462	(1,166,643)	23,054,800
Capital Assets, Net	<u>\$ 10,694,137</u>	<u>\$ 1,035,182</u>	<u>\$ (2,208)</u>	<u>\$ 11,727,111</u>
2022				
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year
Capital Assets:				
Building	\$ 4,932,619	\$ -	\$ -	\$ 4,932,619
Equipment	26,977,597	2,008,974	(1,006,021)	27,980,550
	263,391	178,558	-	441,949
Total Capital Assets	32,173,607	2,187,532	(1,006,021)	33,355,118
Less: Accumulated Depreciation:				
Building	1,159,165	98,652	-	1,257,817
Equipment	20,820,802	1,393,866	(956,781)	21,257,887
	-	145,277	-	145,277
Total Accumulated Depreciation	21,979,967	1,637,795	(956,781)	22,660,981
Capital Assets, Net	<u>\$ 10,193,640</u>	<u>\$ 549,737</u>	<u>\$ (49,240)</u>	<u>\$ 10,694,137</u>

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**NOTE 6 LONG-TERM LIABILITIES**

The summary of long-term obligation transactions is as follows for the years ended June 30:

2023					
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Current Portion
Notes Payable	\$ 966,108	\$ -	\$ (161,018)	\$ 805,090	\$ 161,018
Unearned Rent	347,936	-	(49,705)	298,231	49,705
Lease Liabilities	147,156	60,812	-	207,968	160,683
Total Long-Term Liabilities	<u>\$ 1,461,200</u>	<u>\$ 60,812</u>	<u>\$ (210,723)</u>	<u>\$ 1,311,289</u>	<u>\$ 371,406</u>

2022					
	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Current Portion
Notes Payable	\$ 1,127,126	\$ -	\$ (161,018)	\$ 966,108	\$ 161,018
Unearned Rent	397,640	-	(49,704)	347,936	49,705
Lease Liabilities	249,212	157,253	(87,951)	318,514	147,156
Total Long-Term Liabilities	<u>\$ 1,773,978</u>	<u>\$ 157,253</u>	<u>\$ (298,673)</u>	<u>\$ 1,632,558</u>	<u>\$ 357,879</u>

**NOTE 7 NOTES PAYABLE**

In 2008, the Corporation executed a Loan Agreement and borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center (the Center). The Corporation's repayment terms are the same as the bond repayment term. The Corporation made the first interest payments on October 10, 2008, for the interest due on the loans semi-annually and first annual principal payment on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. Any remaining principal balance shall be payable in full on April 10, 2028.

However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. The rate for the period April 1, 2014 to April 1, 2018 was 1.6415%. The rate for the period April 1, 2018 to April 1, 2022 was 2.854%. The rate is subject to change each subsequent five-year period to the rate per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum. The Loan Agreement defines various events of default and related cures. If an event of default were to occur, the issuer may take possession of the Center and or declare all amounts outstanding due and payable.

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**NOTE 7    NOTES PAYABLE (CONTINUED)**

The scheduled maturities on notes payable are as follows at June 30, 2023:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$    161,018
2025	161,018
2026	161,018
2027	161,018
2028	161,018
Total	<u>\$    805,090</u>

On April 10, 2020, Marshall University Research Corporation was granted a loan from JPMorgan Chase Bank, N.A. in the aggregate amount of \$3,115,000, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 9, 2020, issued by the Borrower, matures on April 9, 2022, and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Corporation repaid \$560,000 of the Loan on May 13, 2020.

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Corporation intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In September 2021, the Corporation received forgiveness for the entire amount outstanding on the PPP Loan from the Small Business Administration. The Small Business Association may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors for a period of six years. The amount of liability, if any, from potential noncompliance cannot be determined with certainty, however, management is of the opinion that any review will not have any impact on the Corporation's statement of net position or statement of revenues, expenses, and changes in net position, as the PPP loan was used for its intended purpose.

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**NOTE 8 LEASES**

The Corporation leases equipment, as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through January 2025 and bear interest at a rate of 3.71%.

Total future minimum lease payments under lease arrangements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 160,683	\$ 3,899	\$ 164,582
2025	47,285	288	47,573
Total	<u>\$ 207,968</u>	<u>\$ 4,187</u>	<u>\$ 212,155</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Buildings	\$ 493,811
Equipment	34,294
Less: Accumulated Amortization	(323,033)
Total	<u>\$ 205,072</u>

**NOTE 9 RELATED-PARTY TRANSACTIONS**

A summary of balances and transactions with the University is as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Statement of Net Position Balances:		
Advances Receivable	\$ 250,000	\$ 250,000
Due from the University	1,256,084	423,978
Due to the University	664,660	686,757
Statement of Revenues, Expenses, and		
Changes in Net Position Transactions:		
Grants and Contracts Revenue	2,961,893	7,460,654
Other Sources of Revenue	127,176	172,166
Payroll and Benefits Expense	6,944,947	7,247,726
Other Expenses	1,513,322	1,125,880

The Corporation leases approximately 12,900 square feet of office space located in the Weisberg Family Applied Engineering Complex from the University. The lease requires the Corporation to pay a minimum rental of \$90,276 per year and expires on April 30, 2024. The rental includes \$15,000 per year for furniture located in the premises.

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**NOTE 10 UNRESTRICTED COMPONENTS OF NET POSITION**

At June 30, 2023 and 2022, the Corporation has no designated components of net position.

**NOTE 11 RETIREMENT PLAN**

All eligible employees of the Corporation participate in the Teachers Insurance and Annuities Association – College Retirement Equities Fund (TIAA-CREF). The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed, plus investment earnings. Each employee participating in this plan is required to contribute 6% of total annual compensation. The Corporation matches the employees' 6% contributions. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA-CREF not matched by the Corporation.

Total contributions to the TIAA-CREF for the years ended June 30, 2023, 2022, and 2021, were \$2,363,890, \$2,248,094, and \$2,092,724, respectively, which consisted of \$1,130,808, \$1,046,080, and \$988,448, respectively, from the Corporation and \$1,233,172, \$1,202,014, and \$1,104,276, respectively, from employees.

The Corporation's total payroll for the years ended June 30, 2023, 2022, and 2021, was \$21,903,403, \$19,478,605, and \$18,659,149, respectively. Total covered employees' salaries in TIAA-CREF were \$18,798,917, \$17,436,237, and \$16,466,851 for the years ended June 30, 2023, 2022, and 2021, respectively.

**NOTE 12 CONTINGENCIES**

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

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

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**NOTE 13 DONOR-RESTRICTED ENDOWMENTS**

The Corporation's permanent funds include donor-restricted endowments. The Net Position-Nonexpendable amounts of \$15,000,000 represent the principal portions of the endowments. The amount of interest earnings on donor-restricted investments is available for expenditure by the governing board, for purposes consistent with endowment's intent.

**NOTE 14 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS**

The following tables represents operating expenses within both natural and functional classifications for the years ended June 30:

	2023						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation/Amortization	Total
Instruction	\$ 2,198,167	\$ 520,917	\$ 2,209,527	\$ 1,793	\$ 809,443	\$ -	\$ 5,739,847
Research	7,390,919	1,566,307	11,610,582	35,815	286,895	-	20,890,518
Public Service	11,802,782	2,920,647	7,420,667	70,050	100,172	-	22,314,318
Academic Support	111,769	30,542	92,857	400	50,600	-	286,168
Student Activities	477,254	120,828	362,673	8,308	84,125	-	1,053,188
General							
Institutional Support	3,712,106	857,041	4,323,247	100,411	7,884	-	9,000,689
Depreciation and Amortization	-	-	-	-	-	1,560,462	1,560,462
Total	<u>\$ 25,692,997</u>	<u>\$ 6,016,282</u>	<u>\$ 26,019,553</u>	<u>\$ 216,777</u>	<u>\$ 1,339,119</u>	<u>\$ 1,560,462</u>	<u>\$ 60,845,190</u>

	2022						
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 2,320,621	\$ 568,905	\$ 1,979,504	\$ 1,964	\$ 694,134	\$ -	\$ 5,565,128
Research	6,453,931	1,472,943	9,208,556	3,465	339,502	-	17,478,397
Public Service	9,303,454	2,520,519	6,332,027	61,711	247,173	-	18,464,884
Academic Support	51,497	11,501	66,015	480	50,750	-	180,243
Student Activities	403,260	110,191	367,790	4,547	57,924	-	943,712
General							
Institutional Support	3,580,484	596,085	2,196,420	74,491	30,343	145,277	6,623,100
Depreciation	-	-	-	-	-	1,492,519	1,492,519
Total	<u>\$ 22,113,247</u>	<u>\$ 5,280,144</u>	<u>\$ 20,150,312</u>	<u>\$ 146,658</u>	<u>\$ 1,419,826</u>	<u>\$ 1,637,796</u>	<u>\$ 50,747,983</u>

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER:						
Department of Agriculture						
Agricultural Research Service	D	10.001			\$ 6,858	\$ -
Agricultural Marketing Service	I	10.170	Future Generations University Corporation	202112-552-APRCB-01	10,848	-
Total Department of Agriculture					17,706	-
Department of Commerce						
Economic Development Cluster	D	11.307			(3,228)	-
Economic Development Cluster	I	11.307	Coalfield Development Copration	01-79-15293	30,183	-
Total Department of Commerce					26,955	-
Department of Defense:						
Office of the Secretary	D	12.630			794,881	232,721
National Security Agency	D	12.901			17,521	-
Total Department of Defense					812,402	232,721
Department of Housing and Urban Development						
Community Development Block Grants	I	14.228	WV Department of Economic Development	RPMTPLMID0017	111,137	-
Community Development Block Grants	I	14.228	WV Development Office	RPMTPLNLMID0018	93,965	-
		Subtotal 14.228			205,102	-
Total Department Housing and Urban Development					205,102	-
Department of the Interior:						
Fish and Wildlife Service - State Wildlife Grants	I	15.634			22,827	-
Geological Survey	D	15.808	South Carolina Department of Natural Resources	P24014306020	4,687	-
Total Department of the Interior					27,514	-
Department of Justice:						
Prescription Drug Monitoring Program	I	16.560	RTI International	2-312-0218404-67091L; HH1NQ1B5MPV3	7,314	-
Second Chance	I	16.827	West Virginia University	09-097QQQ-MURC	1,860	-
Total Department of Justice					9,174	-
Department of Labor						
Occupational Safety and Health Administration	D	17.502			34,772	-
Total Department of Labor					34,772	-
Department of Transportation						
National Infrastructure Investments	I	20.933	Engineering & Software Consultants LLC	21-59; DTFH61-17-D-00005	11,954	8,932
Total Department of Transportation					11,954	8,932
Appalachian Regional Commission						
Appalachian Research	D	23.011			129,437	-
Total Appalachian Regional Commission					129,437	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>						
<b>(CONTINUED):</b>						
<b>National Aeronautics and Space Administration:</b>						
OSTEM	I	43.008	West Virginia University	N/A	\$ 10,106	\$ -
OSTEM	I	43.008	West Virginia University	15-683-MURC-2	19,536	-
OSTEM	I	43.008	West Virginia University	22-634-MURC-MM000470458	29,674	-
OSTEM	I	43.008	West Virginia University	80NSC20M00055	13,360	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC	3,948	-
OSTEM	I	43.008	West Virginia University	91-175C-MURC-2	86,857	-
OSTEM	I	43.008	West Virginia University	91-175-MURC-2	11,424	-
OSTEM	I	43.008	West Virginia University	SEED Grant	9,365	-
Total National Aeronautics and Space Administration		Subtotal 43.008			184,270	-
<b>National Science Foundation:</b>						
Engineering	D	47.041			98,466	-
Geosciences	D	47.050			8,546	-
Geosciences	I	47.050	Purdue University	10001393-019	1,705	-
		Subtotal 47.050			10,251	-
Computer and Information Science	D	47.070			77,462	-
Computer and Information Science	I	47.070	West Virginia University	21-395-MURC	40,109	-
		Subtotal 47.070			117,571	-
Biological Sciences	D	47.074			114,761	-
Biological Sciences	I	47.074	University of North Carolina at Chapel Hill	5116250	(858)	-
		Subtotal 47.074			113,903	-
Education and Human Resources	D	47.076			187,506	-
Education and Human Resources	I	47.076	Mountwest Community and Technical College	2202015 - DUE	33,143	-
Education and Human Resources	I	47.076	University of Alaska Fairbanks	PO539381	4,509	-
Education and Human Resources	I	47.076	University of Kentucky	3200002015-19-046	42,949	-
Education and Human Resources	I	47.076	University of Kentucky	3200004325-22-133	32,534	-
Education and Human Resources	I	47.076	University of Alaska Fairbanks	S000 23866	24,542	-
		Subtotal 47.076			325,183	-
International Science and Engineering	I	47.079	WV Higher Education Policy Commission	HEPC.DSR.16.2	3,956	-
National Science Foundation	I	47.083	WV Higher Education Policy Commission	NSF2023 TRACK1-002 ; OIA 2242771	28,586	-
Total National Science Foundation					697,916	-
<b>Department of Veterans Affairs:</b>						
V/A Health Administration Center	D	64.054			18,537	-
Total Department of Veterans Affairs					18,537	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

RESEARCH AND DEVELOPMENT CLUSTER		Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
(CONTINUED):								
<b>Environmental Protection Agency:</b>								
National Student Design Competition			D	66.516			\$ 5,998	\$ -
Total Environmental Protection Agency							5,998	-
<b>Department of Energy</b>								
Science Financial Assistance Program			D	81.049			1,929	-
University Coal Research			I	81.057	University of Utah	10058252-01	4,838	-
Total Department of Energy							6,767	-
<b>Department of Education</b>								
Office of Postsecondary Education			D	84.116Z			9,178	-
Total Department of Education							9,178	-
<b>Department of Health and Human Services</b>								
State Capacity Building			I	93.240			1	-
Mental Health Research			D	93.242	National Association of County and City Health Officials	6NU38OT000306-02-01	95,604	-
National Institutes of Health - Alcohol Research Programs			D	93.273			37,635	-
National Institutes of Health - Drug Abuse and Addiction Research			D	93.279			1,430,679	187,710
National Institutes of Health - Drug Abuse and Addiction Research			I	93.279	University of Cincinnati	013764-00021	1,739	-
National Institutes of Health - Drug Abuse and Addiction Research			I	93.279	University of Cincinnati	013764-00024	(54,190)	-
National Institutes of Health - Drug Abuse and Addiction Research			I	93.279	Pennsylvania State University	1 R61 DA056764-01;MARUD A056764	296,962	-
National Institutes of Health - Drug Abuse and Addiction Research			I	93.279	University of Cincinnati	013764-00037	71,310	-
Subtotal 93.279							1,746,500	187,710
Centers for Disease Control and Prevention			I	93.323			559,990	-
Centers for Disease Control and Prevention			I	93.323	WV Department of Health and Human Resources	G211058	681,061	-
Centers for Disease Control and Prevention			I	93.323	WV Department of Health and Human Resources	G220332	134,369	-
Subtotal 93.323							1,375,420	-
National Institutes of Health			I	93.361			3,972	-
National Institutes of Health - HIV Prevention Activities			D	93.393	University of Baylor	7000001650	99,662	-
Centers for Disease Control and Prevention - Strengthening Public Health			I	93.421			(214)	-
National Institutes of Health - Cardiovascular Diseases Research			D	93.837	National Association of County and City Health	2021-030901	269,716	-
National Institutes of Health - Cardiovascular Diseases Research			D	93.837	Medical College of Wisconsin	1R01HL164460-01A1	791	-
Subtotal 93.837							270,507	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

Federal Agency/Program		Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>							
<b>(CONTINUED):</b>							
<b>Department of Health and Human Services (Continued):</b>							
National Institutes of Health		D	93.839			\$ 335,905	\$ -
National Institutes of Health - Diabetes, Digestive and Kidney Research		D	93.847			740,754	-
National Institutes of Health - Extramural Research Programs		D	93.853			147,001	-
National Institutes of Health - Extramural Research Programs		I	93.853	Case Western Reserve University	RES513538	21,536	-
National Institutes of Health - Extramural Research Programs		I	93.853	Virginia Commonwealth University	FP00017404_SA001	668	-
			Subtotal 93.853			169,205	-
National Institutes of Health - Allergy and Infectious Diseases Research		D	93.855			127,220	-
National Institutes of Health - Biomedical Research		D	93.859			5,313,788	2,278,035
National Institutes of Health - Biomedical Research		I	93.859	West Virginia University	12-303-MURC	(9,456)	-
National Institutes of Health - Biomedical Research		I	93.859	West Virginia University	12-303-MURC-2	891,331	-
COVID-19; National Institutes of Health - Biomedical Research		I	93.859	West Virginia University	12-303H-MURC	101,632	-
			Subtotal 93.859			6,297,295	2,278,035
National Institutes of Health - Aging Research		I	93.866	Research Foundation for SUNY - University of Buffalo	R1274904	27,358	-
Total Department of Health and Human Services						11,326,824	2,465,745
Subtotal Research and Development Cluster						13,524,506	2,707,398
<b>OTHER PROGRAMS:</b>							
<b>Department of Agriculture:</b>							
Food and Nutrition Service		I	10.561	West Virginia University	14-895-MURC-5	(7,407)	-
Food and Nutrition Service		I	10.561	West Virginia University	14-895-MURC-7	145,648	-
Food and Nutrition Service		I	10.561	West Virginia University		318,830	-
			Subtotal 10.561			457,071	-
Total Department of Agriculture						457,071	-
<b>Department of Commerce</b>							
Economic Development Administration		D	11.303			133,550	-
Economic Development Administration		D	11.307			620,260	-
COVID-19; Economic Development Administration		D	11.307			43,490	-
Economic Development Administration		I	11.307	Advantage Valley Inc	EDA #01-79-1512	53,234	-
Economic Development Administration		I	11.307	WV Department of Economic Development	21ARPS-F03	7,400	-
Economic Development Administration		I	11.307	Generation West Virginia Inc	01-79-152941	24,444	-
Economic Development Administration		I	11.307	West Virginia Community Development Hub Inc	01-79-15290	21,453	-
Economic Development Administration		I	11.307	Coalfield Development Corporation	01-79-152941; HH11NQ1B5MPV3	6,981	-
			Subtotal 11.307			777,262	-
Total Department of Commerce						910,812	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

<b>OTHER PROGRAMS (CONTINUED):</b>		Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Defense</b>								
Department of the Army - Basic Scientific Research			I	12.431	Academy of Applied Science	N/A	\$ 424	\$ -
Office of Economic Adjustment - Community Investment			I	12.600	Catalyst Connection	CATALYST-21-018	239,462	-
Office of Economic Adjustment - Community Investment			I	12.600	University of Tennessee	A22-0469-S003	41,247	-
				Subtotal 12.600			280,709	-
Office of the Secretary - Basic, Applied and Advanced Research			I	12.630	Technology Student Association	N/A	40,426	-
Office of the Secretary - Basic, Applied and Advanced Research			I	12.630	Technology Student Association	202-2021 UNITE	(1,562)	-
				Subtotal 12.630			38,864	-
National Security Agency - GenCyber Grants			D	12.903			88,929	-
Total Department of Defense							408,926	-
<b>Department of Housing and Urban Development</b>			I	14.228	WV Department of Economic Development	AMA DEV23000000003	73,010	-
Community Planning and Development							73,010	-
Total Department of Housing and Urban Development								-
<b>Department of Interior</b>			D	15.904			10,560	-
National Park Service - Historic Preservation Fund							10,560	-
Total Department of Interior								-
<b>Department of Justice</b>			I	16.540	WV Division of Administrative Services	21-JJP-03	21,470	-
Office of Justice Programs - Juvenile Justice			I	16.540	WV Division of Administrative Services	22-JJP-04	22,856	-
Office of Justice Programs - Juvenile Justice				Subtotal 16.540			44,326	-
Office of Justice Programs - National Institute of Justice Research			I	16.560	WV Division of Criminal Justice Services	20-SAKI-001	33,915	-
Office of Justice Programs - Crime Victim Assistance			D	16.582			14,667	-
Office of Justice Programs			D	16.753			32,840	-
Office of Justice Programs - Second Chance Act			I	16.812	Lifehouse WV	2019-CY-BX-001	8,156	-
Office of Justice Programs - Second Chance Act			I	16.812	Lifehouse WV	2019-RC-BX-003	57,718	-
				Subtotal 16.812			65,874	-
Office of Justice Programs - Comprehensive Opioid Abuse Program			I	16.838	Missouri Highway Patrol Crime Laboratory	2019-RURAL-044 MURC	115,570	-
Office of Justice Programs - Comprehensive Opioid Abuse Program			I	16.838	WV Department of Health and Human Resources	G211004	29,030	-
Office of Justice Programs - Comprehensive Opioid Abuse Program			I	16.838	WV Department of Health and Human Resources	G230897	74,114	-
				Subtotal 16.838			218,714	-
Office of Justice Programs - STOP School Violence			I	16.839	WV Department of Education	GRTAWD04021900005949	80,804	-
COVID-19; Office of Justice Programs - STOP School Violence			I	16.839	WV Department of Education	GRTAWD04022100006007	35,940	-
				Subtotal 16.839			116,744	-
Office of Justice Programs - Opioid Affected Youth Initiative			D	16.842			192,137	-
Total Department of Justice							719,217	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

Federal Agency/Program			Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
OTHER PROGRAMS (CONTINUED):								
Department of Labor:								
Employment and Training Administration - WIOA Dislocated Worker	D	17.280					\$ 385,956	\$ 181,469
Employment and Training Administration	D	17.289					514,161	13,641
Mine Safety and Health Administration	D	17.603					14,350	-
Total Department of Labor							914,467	195,110
Department of Transportation:								
Federal Motor Carrier Safety Administration	D	20.237					140,902	-
Total Department of Transportation							140,902	-
Department of the Treasury								
COVID-19; Department of the Treasury	I	21.019			WV Higher Education Policy Commission	2022-BHWFED-16	100,000	-
Total Department of the Treasury							100,000	-
Appalachian Regional Commission:								
Appalachian Regional Development	D	23.001					135,230	12,000
Appalachian Regional Development	I	23.001			Cabell Huntington Hospital Foundation	IS-20789-22	9,340	-
Appalachian Regional Development	I	23.001			Region 2 Planning and Development Council	PW-20076-IM-20	341,459	-
		Subtotal 23.001					486,029	12,000
Appalachian Area Development								
Appalachian Area Development	D	23.002					185,234	45,950
Appalachian Area Development	I	23.002			Shawnee State University	SSU006	492	-
Appalachian Area Development	I	23.002			The EdVenture Group Inc	ARC-SWEEP-1901	58,867	-
Appalachian Area Development	I	23.002			WV Regional Technology Park Corp	PWR-MURC	246,917	-
		Subtotal 23.002					491,510	45,950
							977,539	57,950
Total Appalachian Regional Commission								
National Endowment for the Humanities:								
Promotion of the Humanities	I	45.129			WV Humanities Council	Various	43,386	-
Total National Endowment for the Humanities							43,386	-
Small Business Administration								
Small Business Administration	D	59.059					61,438	-
Total Small Business Administration							61,438	-
Department of Energy:								
State Energy Program	I	81.041			WV Office of Energy	22*3402	10,238	-
Total Department of Energy							10,238	-
Department of Education:								
Office of Special Education and Rehabilitation - Special Education Grants - IDEA Cluster	I	84.027			WV Department of Education	Various	318,281	-
Office of Special Education and Rehabilitation - Special Education Grants - IDEA Cluster	I	84.027A			WV Department of Education	Various	522,044	-
		IDEA Cluster Subtotal					840,325	-
Office of Postsecondary Education - TRIO Cluster								
Office of Postsecondary Education - TRIO Cluster	D	84.042A					339,670	-
Office of Postsecondary Education - TRIO Cluster	D	84.044A					613,882	-
Office of Postsecondary Education - TRIO Cluster	D	84.047A					394,476	-
Office of Postsecondary Education - TRIO Cluster	D	84.066A					271,317	-
		TRIO Cluster Subtotal					1,619,345	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

OTHER PROGRAMS (CONTINUED):		Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Education (Continued):</b>								
	Office of Special Education and Rehabilitative Services - Special Education Preschool		I	84.173	WV Department of Education	GRTAWD04022200002096	\$ 118,041	\$ -
	Office of Special Education and Rehabilitative Services - Special Education Preschool		I	84.173A	WV Department of Education	GRTAWD04022300002163	190,976	-
	Office of Elementary and Secondary Education		D	84.184			13,306	-
	Office of Special Education and Rehabilitative Services - Special Education - Personnel		D	84.325			248,093	-
	Office of Postsecondary Education		I	84.344S	WV Higher Education Policy Communication	2019-NEWGU	13,329	-
	Office of Postsecondary Education		I	84.344S	WV Higher Education Policy Communication	FY23-GU-WU 1	18,986	-
				Subtotal 84.344S			32,315	-
	COVID - 19, Education Stabilization Fund		I	84.425U	WV Department of Education	GRTAWD04022200003224	76,000	-
	COVID - 19, Education Stabilization Fund		I	84.425U	WV Department of Education	GRTAWD04022200005961	124,950	-
	Total Department of Education			Subtotal 84.425U			200,950	-
							3,263,351	-
<b>Department of Health and Human Services</b>								
	Administration for Children and Families - Enhance Safety of Children		I	93.087	Prestra Center for Mental Health Services		46,643	-
	Office of Assistant Secretary for Health		I	93.088	The Hektoen Institute for Medical Research	1332-324-MARSHALL	15,794	-
	Centers for Disease Control and Prevention		I	93.136	WV Department of Health and Human Resources	G220884	225,614	-
	Centers for Disease Control and Prevention		I	93.136	WV Department of Health and Human Resources	G221173	84,393	-
	Centers for Disease Control and Prevention		I	93.136	WV Department of Health and Human Resources	G231032	736,244	605,625
				Subtotal 93.136			1,046,251	605,625
	Health Resources and Services Administration		D	93.155			228,268	-
	Health Resources and Services Administration		D	93.191			90,729	-
	Substance Abuse and Mental Health Services Administration - Substance Abuse		D	93.243			1,072,588	24,988
	Substance Abuse and Mental Health Services Administration - Substance Abuse		I	93.243	City of Huntington	MURC-1	80,484	-
	Substance Abuse and Mental Health Services Administration - Substance Abuse		I	93.243	Prestra Center for Mental Health Services	Various	77,569	-
	Substance Abuse and Mental Health Services Administration - Substance Abuse		I	93.243	The Danya Institute	ATTCC02	21,016	-
	Substance Abuse and Mental Health Services Administration - Substance Abuse		I	93.243	WV Department of Education	Various	490,402	125,885
	Substance Abuse and Mental Health Services Administration - Substance Abuse		I	93.243	WV Department of Health and Human Resources	Various	329,259	-
				Subtotal 93.243			2,071,318	150,873
	Centers for Disease Control and Prevention		I	93.268	WV Department of Health and Human Resources	G221090	38,876	-
	Centers for Disease Control and Prevention - Epidemiology and Lab Capacity		I	93.323	WV Department of Health and Human Resources	G210837	130,014	-
	COVID-19; Centers for Disease Control and Prevention - Epidemiology and Lab Capacity		I	93.323	WV Department of Health and Human Resources	G221069	95,993	-
				Subtotal 93.323			226,007	-
	Centers for Disease Control and Prevention		I	93.391	WV Department of Health and Human Resources	G220909	128,064	-
	Centers for Disease Control and Prevention		I	93.391	WV Department of Health and Human Resources	G221086	204,924	54,000
				Subtotal 93.391			332,988	54,000

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**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

OTHER PROGRAMS (CONTINUED):		Federal Agency/Program	Source	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Health and Human Services (Continued):</b>								
Centers for Disease Control and Prevention - Strengthening Public Health Systems	I	93.421	National Association of Chronic Disease Directors	Various			\$ 119,062	\$ -
Centers for Disease Control and Prevention - Improving Health of Americans	I	93.426	WV Dept of Health and Human Resources	G230354			152,848	-
Substance Abuse and Mental Health Services Administration	D	93.493					1,200,958	337,409
Administration for Children and Families	D	93.647					404,494	49,182
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	G220053			4,266	-
Administration for Children and Families - Foster Care Title IV-E	I	93.658	WV Dept of Health and Human Resources	G230174			123,645	-
		Subtotal 93.658					127,911	-
Health Resources and Services Administration - Mental and Behavioral Health	D	93.732					141,945	-
Substance Abuse and Mental Health Services Administration - Opioid STR	I	93.788	WV Dept of Health and Human Resources	Various			2,300,189	506,962
Health Resources and Services Administration - Primary Care Training	D	93.884					191,936	-
Health Resources and Services Administration - Rural Health Care Services	I	93.912	Prestera Center for Mental Health	N/A			158,395	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.958	WV Department of Health and Human Resources	Various			955,695	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	Prestera Center for Mental Health	N/A			58,981	-
Substance Abuse and Mental Health Services Administration - Block Grants	I	93.959	WV Department of Health and Human Resources	Various			398,628	-
		Subtotal 93.959					457,609	-
Health Resources and Services Administration	I	93.994	WV Department of Health and Human Resources	G220841			35,060	-
Health Resources and Services Administration	I	93.994	WV Department of Health and Human Resources	G230324			75,803	-
		Subtotal 93.994					110,863	-
Total Department of Health and Human Services							10,418,779	1,704,051
<b>Department of Homeland Security:</b>								
Disaster Grants - Public Assistance	I	97.036	WV Army National Guard	N/A			720	-
Total Department of Homeland Security							720	-
Subtotal Other Programs							18,510,416	1,957,111
Total Federal Expenditures							\$ 32,034,922	\$ 4,664,509

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**NOTE 1 BASIS OF ACCOUNTING**

The purpose of the Schedule of Expenditures of Federal Awards (the Schedule) is to present a summary of the expenditures of Marshall University Research Corporation (A Blended Component Unit of Marshall University) (the Corporation) for the year ended June 30, 2023, which have been financed by the federal government. For purposes of the Schedule, federal awards have been classified into two types: direct federal funds (D) and indirect federal funds (I) received from nonfederal organizations made under federally sponsored programs conducted by those organizations. The Schedule is prepared on the accrual basis of accounting.

Federal Assistance Listing (FAL) numbers are presented for those programs for which such numbers are available. When FAL numbers are not available, then the three-digit program extension is identified as a U followed by a two digit number (e.g. U01, U02, etc.) Indirect agency award numbers are presented for those programs for which such numbers are available. If an indirect agency award number is not available, it is presented as N/A.

**NOTE 2 INDIRECT COST RATE**

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), requires submission of a Certificate of Facilities and Administrative (F&A) Costs (the Certificate) to an institution's cognizant agency. The Certificate is prepared by the Corporation and is used in negotiations with its cognizant agency, the Department of Health and Human Services (DHHS), in determining a rate at which the Corporation will be reimbursed for the F&A costs associated with the completion of sponsored research.

The Corporation receives reimbursement of F&A costs as part of the granting agreement at the rate negotiated either with DHHS or at special rates negotiated with the granting agency. The Corporation has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

In February 2018, DHHS approved F&A cost recovery rates effective from July 1, 2017, through June 30, 2019, of 47% for on-campus and 26% for off-campus research, and cost recovery effective July 1, 2019, through June 30, 2021, of 48% for on-campus and 26% for off-campus research. In July 2020, DHHS approved an extension of the F&A cost recovery rates through June 30, 2023.

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2023**

**NOTE 2 INDIRECT COST RATE (CONTINUED)**

The F&A cost structure is as follows:

Rate Type	Effective Period		Negotiated Rate
	From	To	
Organized Research - On-Campus	July 1, 2019	June 30, 2023	48.00%
Organized Research - Off-Campus	July 1, 2017	June 30, 2023	26.00
Instruction - On-Campus	July 1, 2017	June 30, 2023	48.80
Instruction - Off Campus	July 1, 2017	June 30, 2023	26.00
Other Sponsored Activities - On-Campus	July 1, 2017	June 30, 2023	30.00
Other Sponsored Activities - Off-Campus	July 1, 2017	June 30, 2023	22.90

**NOTE 3 SUBRECIPIENT EXPENDITURES**

Subrecipient expenditures in the Schedule at June 30, 2023 include:

Federal Agency	Subrecipient	Federal ALN	Subrecipient Expenditures
Research and Development:			
Department of Defense	Auburn University	12.630	\$ 22,590
Department of Defense	FDH Infrastructure Services	12.630	131,745
Department of Defense	Mississippi State Univ	12.630	12,074
Department of Defense	Tennessee Tech University	12.630	28,648
Department of Defense	Univ of Kentucky Research Foundation	12.630	37,664
Department of Transportation	West Virginia University Research Corporation	20.933	8,932
Department of Health and Human Services	Texas Tech University Health Sciences Center	93.279	163,545
Department of Health and Human Services	Univ of Kentucky Research Foundation	93.279	24,165
Department of Health and Human Services	Applied Research Foundation of West Virginia	93.859	86,207
Department of Health and Human Services	Bluefield State College	93.859	9,470
Department of Health and Human Services	Texas A and M AgriLife Research	93.859	22,869
Department of Health and Human Services	The University of Charleston	93.859	36,935
Department of Health and Human Services	The University of Texas at	93.859	40,004
Department of Health and Human Services	Univ of Charleston	93.859	91,063
Department of Health and Human Services	Univ of Kentucky Research Foundation	93.859	9,013
Department of Health and Human Services	West Liberty State University	93.859	216,715
Department of Health and Human Services	West Virginia University Research Corporation	93.859	(268,065)
Department of Health and Human Services	West Virginia University Research Corporation	93.859	1,886,988
Department of Health and Human Services	WV School of Osteopathic Medicine	93.859	127,078
Department of Health and Human Services	WV Wesleyan College	93.859	19,758
Subtotal Research and Development			2,707,398



**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2023**

**NOTE 3 SUBRECIPIENT EXPENDITURES (CONTINUED)**

Federal Agency	Subrecipient	Federal ALN	Subrecipient Expenditures
Other Programs:			
Department of Labor	Hope Nation Inc	17.280	\$ 88,042
Department of Labor	Mountwest Community and Tec	17.280	93,427
Department of Labor	West Virginia Women Work In	17.289	13,641
Appalachian Regional Commission	Holzer Clinic LLC	23.001	12,000
Appalachian Regional Commission	Circles Campaign of the Ohio	23.002	6,090
Appalachian Regional Commission	Unlimited Future Inc	23.002	18,279
Appalachian Regional Commission	West Virginia University Research Corporation	23.002	20,352
Appalachian Regional Commission	WV Perinatal Partnerships Inc	23.002	1,229
Department of Health and Human Services	The Mosaic Group Inc	93.136	605,625
Department of Health and Human Services	West Virginia University Research Corporation	93.243	128,611
Department of Health and Human Services	WV School of Osteopathic Medicine	93.243	22,262
Department of Health and Human Services	Ebenezer Medical Outreach	93.391	27,000
Department of Health and Human Services	Milan Puskar Health Right	93.391	27,000
Department of Health and Human Services	Community Connections Inc	93.493	337,409
Department of Health and Human Services	Cabell Huntington Co	93.647	49,182
Department of Health and Human Services	Boone Memorial Hospital Inc	93.788	101,403
Department of Health and Human Services	BridgeValley Community and Technical College	93.788	23,850
Department of Health and Human Services	Community Connections Inc	93.788	40,991
Department of Health and Human Services	FMRS Health Systems Inc	93.788	47,775
Department of Health and Human Services	Pretera Center for Mental	93.788	95,908
Department of Health and Human Services	Quality Insights Inc	93.788	126,270
Department of Health and Human Services	Southern Highlands Community Mental Health Center	93.788	43,662
Department of Health and Human Services	WV School of Osteopathic Medicine	93.788	27,103
Subtotal Other Programs			1,957,111
Total All Subrecipient			<u>\$ 4,664,509</u>

**NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS**

The following table details all pass-through agency award numbers denoted as "various" in the Schedule:

Federal ALN	Pass-Through Agency	Pass-Thrgough Agency Award Number	Federal Expenditures
45.129	WV Humanities Council	20.1.7842	\$ 92
45.129	WV Humanities Council	22.1.8157;SO-268683-20	10,640
45.129	WV Humanities Council	22.2.8235	1,500
45.129	WV Humanities Council	SO-253174-17;19.1.7697	2,635
45.129	WV Humanities Council	SO-253174-17;20.1.7838	14,960
45.129	WV Humanities Council	SO-268683-20; 21.5.8106	13,559
	Subtotal		43,386
84.027	WV Department of Education	GRTAWD04022200001820	47,529
84.027	WV Department of Education	GRTAWD040222000003589	(2,725)
84.027	WV Department of Education	GRTAWD04022100002202	135
84.027	WV Department of Education	GRTAWD040222000002097	80,967
84.027	WV Department of Education	GRTAWD040222000002098	30,898
84.027	WV Department of Education	GRTAWD040222000005442	161,477
	Subtotal		318,281
84.027A	WV Department of Education	GRTAWD040222000003014	43,658
84.027A	WV Department of Education	GRTAWD040222000003913	6,250
84.027A	WV Department of Education	GRTAWD040223000002159	78,956
84.027A	WV Department of Education	GRTAWD040223000002160	238,547
84.027A	WV Department of Education	GRTAWD040223000002161	24,639
84.027A	WV Department of Education	GRTAWD040223000002162	129,994
	Subtotal		522,044
93.243	Pretera Center for Mental Health Services	1H79T1083422-03;HH1NQ1B5MPV3	51,822
93.243	Pretera Center for Mental Health Services	HH1NQ1B5MPV3	25,747
	Subtotal		77,569

**MARSHALL UNIVERSITY RESEARCH CORPORATION**  
**(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**NOTE 4 PASS-THROUGH AGENCY AWARD NUMBERS (CONTINUED)**

Federal ALN	Pass-Through Agency	Pass-Through Agency Award Number	Federal Expenditures
93.243	WV Department of Education	GRTAWD04022300002590	\$ 128,590
93.243	WV Department of Education	GRTAWD04022300002594	56,497
93.243	WV Department of Education	GRTAWD04022100003043	11,208
93.243	WV Department of Education	GRTAWD04022200002752	122,965
93.243	WV Department of Education	GRTAWD04022200002762	18,345
93.243	WV Department of Education	GRTAWD04022200002764	14,936
93.243	WV Department of Education	GRTAWD04022200002765	29,399
93.243	WV Department of Education	GRTAWD04022300002591	34,320
93.243	WV Department of Education	GRTAWD04022300002593	74,142
	Subtotal		<u>490,402</u>
93.243	WV Department of Health and Human Resources	G200582	1,239
93.243	WV Department of Health and Human Resources	G210809	28,730
93.243	WV Department of Health and Human Resources	G220677	71,035
93.243	WV Department of Health and Human Resources	G221048	78,854
93.243	WV Department of Health and Human Resources	G230611	8,170
93.243	WV Department of Health and Human Resources	G230611	62,037
93.243	WV Department of Health and Human Resources	G230622	79,194
	Subtotal		<u>329,259</u>
93.421	National Association of Chronic Disease Directors	1952021	8,972
93.421	National Association of Chronic Disease Directors	220236	51,028
93.421	National Association of Chronic Disease Directors	2230003	59,062
	Subtotal		<u>119,062</u>
93.788	WV Department of Health and Human Resources	G220501	112,589
93.788	WV Department of Health and Human Resources	G220529	22,045
93.788	WV Department of Health and Human Resources	G220551	287,203
93.788	WV Department of Health and Human Resources	G220584	435,011
93.788	WV Department of Health and Human Resources	G220872	223,620
93.788	WV Department of Health and Human Resources	G221024	14,052
93.788	WV Department of Health and Human Resources	G230706	406,686
93.788	WV Department of Health and Human Resources	G230728	106,600
93.788	WV Department of Health and Human Resources	G230756	157,363
93.788	WV Department of Health and Human Resources	G230757	385,686
93.788	WV Department of Health and Human Resources	G230769	136,336
	Subtotal		<u>2,287,191</u>
93.958	WV Dept. of Health and Human Resources	G220703	182,418
93.958	WV Dept. of Health and Human Resources	G220732	677,849
93.958	WV Dept. of Health and Human Resources	G230581	61,332
93.958	WV Dept. of Health and Human Resources	G230919	34,096
	Subtotal		<u>955,695</u>
93.959	WV Dept. of Health and Human Resources	G220869	45,291
93.959	WV Dept. of Health and Human Resources	G220875	172,898
93.959	WV Dept. of Health and Human Resources	G221058	18,403
93.959	WV Dept. of Health and Human Resources	G230901	96,017
93.959	WV Dept. of Health and Human Resources	G231046	66,019
	Subtotal		<u>398,628</u>
	Total		<u><u>\$ 5,541,517</u></u>



**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 Directors  
Marshall University Research Corporation  
(A Blended Component Unit of Marshall University)  
Huntington, 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 of Marshall University Research Corporation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marshall University Research Corporation's basic financial statements, and have issued our report thereon dated October 11, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marshall University Research Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Marshall University Research Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall University Research Corporation'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 or significant deficiencies may exist that were not identified.


Board of Directors  
Marshall University Research Corporation  
(A Blended Component Unit of Marshall University)

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marshall University Research Corporation'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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 11, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Marshall University Research Corporation  
(A Blended Component Unit of Marshall University)  
Huntington, West Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Marshall University Research Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Marshall University Research Corporation's major federal programs for the year ended June 30, 2023. Marshall University Research Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Marshall University Research Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Marshall University Research Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Marshall University Research Corporation's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Marshall University Research Corporation's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Marshall University Research Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Marshall University Research Corporation's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Marshall University Research Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Marshall University Research Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Marshall University Research Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

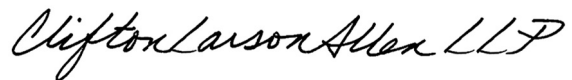
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of Marshall University Research Corporation as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Marshall University Research Corporation's basic financial statements. We have issued our report thereon, dated October 11, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Board of Directors  
Marshall University Research Corporation  
(A Blended Component Unit of Marshall University)

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The script is cursive and fluid, with the letters connected.

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
January 18, 2024



**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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***Section I – Summary of Auditors' Results***

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***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

**Federal Assistance Listing Number(s)**  
Various

**Name of Federal Program or Cluster**  
Research and Development Cluster

93.493

Congressional Directives

93.136

Injury Prevention and Control Research and State and Community Based Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$   961,048  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**MARSHALL UNIVERSITY RESEARCH CORPORATION  
(A BLENDED COMPONENT UNIT OF MARSHALL UNIVERSITY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with the Uniform Guidance (as defined in Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*).

**STATE OF WEST VIRGINIA  
HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS**

**COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS**

**YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

West Virginia Higher Education Policy Commission  
Charleston, West Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying combined special-purpose financial statements – modified cash basis of the West Virginia Higher Education Policy Commission State University System Bonds, an agency of the state of West Virginia, which comprise the combined special-purpose statements of assets, liabilities, and fund balance (deficit) – modified cash basis as of June 30, 2023 and 2022, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) – modified cash basis for the years then ended, and the related notes to the combined special-purpose financial statements.

In our opinion, the combined special-purpose financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the West Virginia Higher Education Policy Commission State University System Bonds as of June 30, 2023 and 2022, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the West Virginia Higher Education Policy Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis of Accounting***

We draw attention to Note 1 of the combined special-purpose financial statements, which describes the basis of accounting. As described in Note 1 of the combined special-purpose financial statements, these combined special-purpose financial statements were prepared for the purpose of complying with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances, revenues, and expenses and costs paid of the West Virginia Higher Education Policy Commission required to be presented under these agreements. The combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the combined special-purpose financial statements – modified cash basis of the West Virginia Higher Education Policy Commission State University System Bonds, an agency of the state of West Virginia are intended to present the assets, liabilities, fund balance, revenues collected, expenses and costs paid and changes in fund balance of only that portion of activities that are attributable to the transactions of the agency. They do not purport to, and do not present fairly the financial information of the West Virginia Higher Education Policy Commission, an agency of the state of West Virginia as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined special-purpose financial statements in accordance with the modified cash basis of accounting described in Note 1 to the combined special-purpose financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined special-purpose 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 opinion. 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 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 combined special-purpose financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined special-purpose 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 combined special-purpose 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 State of West Virginia Higher Education Policy Commission'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 combined special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of West Virginia Higher Education Policy Commission'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.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
October 31, 2023

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION**  
**STATE UNIVERSITY SYSTEM BONDS**  
**COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES,**  
**AND FUND BALANCE (DEFICIT) – MODIFIED CASH BASIS**  
**JUNE 30, 2023 AND 2022**

	2023			2022				
	Revenue Fund	Construction Fund	Bond Fund	Combined	Revenue Fund	Construction Fund	Bond Fund	Combined
ASSETS								
Deposits with the State Treasurer in Accounts of the Policy Commission	\$ 881,728	\$ -	\$ -	\$ 881,728	\$ 837,665	\$ -	\$ -	\$ 837,665
Deposits with the State Treasurer in Accounts of the Municipal Bond Commission	-	-	635,377	\$ 635,377	-	-	616,622	616,622
Deposits with Trustee Bank	-	-	261,535	261,535	-	-	143,420	143,420
Total Assets	<u>\$ 881,728</u>	<u>\$ -</u>	<u>\$ 896,912</u>	<u>\$ 1,778,640</u>	<u>\$ 837,665</u>	<u>\$ -</u>	<u>\$ 760,042</u>	<u>\$ 1,597,707</u>
LIABILITIES AND FUND BALANCE (DEFICIT)								
LIABILITIES								
Bond Indebtedness	\$ 26,670,724	\$ -	\$ -	\$ 26,670,724	\$ 31,167,668	\$ -	\$ -	\$ 31,167,668
Amount Due to West Virginia Higher Education Policy Commission State College System Bonds	-	-	1,541	1,541	-	-	1,541	1,541
Amount Due to West Virginia Higher Education Policy Commission Revenue Refunding Bonds Higher Education Facilities 2007 Series A	-	-	7	7	-	-	7	7
Total Liabilities	26,670,724	-	1,548	26,672,272	31,167,668	-	1,548	31,169,216
FUND (DEFICIT) BALANCE	<u>(25,788,996)</u>	<u>-</u>	<u>895,364</u>	<u>(24,893,632)</u>	<u>(30,330,003)</u>	<u>-</u>	<u>758,494</u>	<u>(29,571,509)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 881,728</u>	<u>\$ -</u>	<u>\$ 896,912</u>	<u>\$ 1,778,640</u>	<u>\$ 837,665</u>	<u>\$ -</u>	<u>\$ 760,042</u>	<u>\$ 1,597,707</u>

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION**  
**STATE UNIVERSITY SYSTEM BONDS**  
**COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED,**  
**EXPENSES AND COSTS PAID, AND CHANGES IN FUND BALANCE (DEFICIT) – MODIFIED CASH BASIS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022				
	Revenue Fund	Construction Fund	Bond Fund	Combined	Revenue Fund	Construction Fund	Bond Fund	Combined
<b>REVENUES COLLECTED</b>								
Student Fees, Net	\$ 10,795,854	\$ -	\$ -	\$ 10,795,854	\$ 10,790,105	\$ -	\$ -	\$ 10,790,105
Income from Investments	21,039	-	136,870	157,909	34	-	1,450	1,484
Total Revenues Collected	<u>10,816,893</u>	<u>-</u>	<u>136,870</u>	<u>10,953,763</u>	<u>10,790,139</u>	<u>-</u>	<u>1,450</u>	<u>10,791,589</u>
<b>EXPENSES AND COSTS PAID</b>								
Service Fees	153,781	-	-	153,781	169,176	-	-	169,176
Interest (Including Defeased Bonds Redemption Premium)	-	-	6,122,106	6,122,106	-	-	6,152,121	6,152,121
Total Expenses and Costs Paid	<u>153,781</u>	<u>-</u>	<u>6,122,106</u>	<u>6,275,887</u>	<u>169,176</u>	<u>-</u>	<u>6,152,121</u>	<u>6,321,297</u>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID</b>	10,663,113	-	(5,985,236)	4,677,876	10,620,963	-	(6,150,671)	4,470,292
<b>RETIREMENT OF BONDS</b>	4,496,944	-	(4,496,944)	-	4,467,104	-	(4,467,104)	-
<b>TRANSFERS (FROM) TO – For Payment of Current Debt Service Requirement</b>	(10,619,050)	-	10,619,050	-	(10,619,225)	-	10,619,225	-
<b>FUND (DEFICIT) BALANCE – Beginning of Year</b>	<u>(30,330,003)</u>	<u>-</u>	<u>758,494</u>	<u>(29,571,509)</u>	<u>(34,798,845)</u>	<u>-</u>	<u>757,044</u>	<u>(34,041,801)</u>
<b>FUND (DEFICIT) BALANCE – End of Year</b>	<u>\$ (25,788,996)</u>	<u>\$ -</u>	<u>\$ 895,364</u>	<u>\$ (24,893,633)</u>	<u>\$ (30,330,003)</u>	<u>\$ -</u>	<u>\$ 758,494</u>	<u>\$ (29,571,509)</u>

See accompanying Notes to Combined Special-Purpose Financial Statements – Modified Cash Basis.



**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The West Virginia Higher Education Policy Commission State University System Bonds (the Bonds) are obligations of the West Virginia Higher Education Policy Commission (the Commission), an agency of the state of West Virginia (the State). Senate Bill 653 (S.B. 653) was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia. S.B. 653 created the Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is charged with oversight of public higher education institutions to ensure they are accomplishing their missions and implementing the provisions set by the state statute.

S.B. 653 abolished the board of trustees of the University System of West Virginia effective June 30, 2000, and created a one-year Interim Governing Board. Effective July 1, 2001, certain powers were transferred to newly created Governing Boards at each of the institutions of higher education. These powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) 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.

The Board of Trustees State University System Bonds were issued between 1996 and 2000 to construct, renovate, and maintain various academic and other facilities of the State's universities. These obligations were assumed by and are administered by the Commission, as successor to various former governing boards of the West Virginia public higher education system by virtue of S.B. 653. The Commission issued University Bonds in 2003, and together with the 1996–2000 Bonds, collectively comprise the State University System Bonds per the State University General Resolution (the General Resolution).

The Commission has the authority to assess each public institution of higher education for payment of debt service on these 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 an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Such pledged collections not remitted were in excess of \$27.5 million and \$27.8 million for the years ended June 30, 2023 and 2022, respectively. The Bonds remain an obligation of the Commission.

**Basis of Presentation**

The General Resolution requires that the Commission is to maintain certain accounts and funds related to the Bonds. The Commission prepares annual combined special-purpose financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the Commission is required to maintain and to present in the form of combined special-purpose financial statements:

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

*Revenue Fund* - The revenue fund accounts for pledged revenues and expenses and costs paid related thereto, and outstanding bonds.

*Construction Fund* - The construction fund accounts for the proceeds of revenue bonds and subsequent disbursement thereof for their intended purpose.

*Bond Fund* - The bond fund accounts for the transfers from the revenue fund and subsequent disbursement thereof for their intended purpose and the payment of bond principal and interest.

Included in these combined special-purpose financial statements are the funds and accounts of the University System Revenue Bonds, 1998 Series A, the State University System Revenue Bonds, 2000 Series A, and State University System Refunding Bonds, 2003 Series A.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net position, revenues, and expenses of the Commission, but present only the funds the Commission is required to present in the combined special-purpose financial statements pursuant to the provisions of the General Resolution.

In accordance with requirements of the General Resolution as amended, accounting records for the Bonds are maintained on the cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses and costs are recognized when paid rather than when the obligation is incurred. These combined special-purpose financial statements are prepared on the modified-cash basis of accounting, which is an other comprehensive basis of accounting as required by the General Resolution. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the General Resolution, a Management Discussion and Analysis is not included in the combined special-purpose financial statements.

Deposits with the State Treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balance of these deposits at the end of the month in which the income was earned.

Deposits with the Trustee Bank (the Trustee) as of June 30, 2023 and 2022 include \$261,535 and \$143,420, respectively, of cash invested in a money market fund sponsored by an investment company, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities. The U.S. government agency securities are held in safekeeping with the Trustee.

Fixed assets are not included in these combined special-purpose financial statements since they do not represent financial resources available for expenditure but are items for which financial resources have been used. Fixed assets are capitalized in the financial statements of the respective institutions.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Certain ongoing costs associated with the planning and administration of capital improvements at university system institutions are paid from these funds on a regular basis.

**NOTE 2 STATE UNIVERSITY SYSTEM BONDS**

In May 1998, the 1998 Series A Bonds were issued with an original accreted value of \$55,025,000 with varying rates up to 5.5% and mature serially commencing April 2014 through April 2020 with term bonds, which have mandatory sinking fund redemptions due April 2022 through April 2028. The 1998 Series A Bonds were issued for the purpose to finance a portion of the costs of design, acquisition, construction, and equipping a new Life Sciences Building and improvements to several existing facilities on the campus of West Virginia University, and to pay costs relating to the issuance of the 1998 Series A Bonds. At June 30, 2023, the outstanding bonds have interest rates ranging from 5.25% to 5.50%.

In June 2000, the 2000 Series A Bonds were issued in the original principal amount of \$36,590,868 with rates of 6.09% to 6.26% and mature serially commencing April 1, 2014 through April 2031. The 2000 Series A Bonds were issued for the purpose of financing a portion of the costs of design, acquisition, construction, and equipping of, and certain renovations, upgrades, repairs, and improvements to several existing facilities on the campus of West Virginia University in Morgantown, West Virginia University at Parkersburg, and Potomac State College of West Virginia University, and to pay costs relating to the issuance of the 2000 Series A Bonds. At June 30, 2022, the outstanding bonds have interest rates ranging from 6.09% to 6.26%.

On April 17, 2007, \$6,970,000 of \$7,780,000 2000 Series A Bonds were refinanced with a transfer from the issuance of the 2007 Series A Bonds of the Commission. The transfer was used to acquire direct obligations of the United States, the State, or other obligations; the principal and interest of which are guaranteed by the United States. The principal and interest of the acquired obligations, when due, will provide monies sufficient to pay, when due, the remaining principal and interest on the outstanding bonds. These bonds were paid in full.

The 2003 Series A Bonds were issued in August 2003 in the original principal amount of \$60,380,000 under the provisions of the Code of West Virginia, 1931, as amended, particularly Chapters 13 and 18. The Bonds were issued simultaneously with a University Facilities bond issued by the Commission to provide monies which, together with other monies available to the respective boards, were used to (i) refund and defease all outstanding University System of West Virginia Board of Trustees, Series 1992 Bonds and (ii) to provide for the payment of costs of issuing the 2003 Series A Revenue Refunding Bonds. The 2003 Series A Bonds, with varying interest rates up to 5% per annum, matured serially through April 2007 with term bonds that had mandatory sinking fund redemptions due April 2008 through April 2012. At June 30, 2023, there were no outstanding bonds.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE UNIVERSITY SYSTEM BONDS (CONTINUED)**

The Bonds are revenue bonds payable solely from pledged University System Institutions' revenues, including tuition and registration fees, and earnings attributable to the investment of pledged revenues. The 2004 Series B Bonds, the 2007 Series A Bonds, the 2010 Series A, B, and C Bonds, the 2012 Series A and B Bonds, and the 2017 Series Bonds are on parity with the Bonds with respect to sources of, and security for, payment and in all other respects. No provision of the General Resolution is to be construed to authorize the Commission, at any time or in any manner, to pledge the credit or taxing power of the State nor is any obligation or debt created by the Commission or issued under the General Resolution deemed to be an obligation of the State. The remaining outstanding Bonds are fully insured as to principal and interest by the American Municipal Bond Assurance Corporation (AMBAC) and Financial Guaranty Insurance Company (FGIC).

Under the amended General Resolution, the Commission shall at all times fix and otherwise provide for the collection of revenues (as defined in the General Resolution), which includes tuition and registration fees, from University System institutions as defined in the General Resolution, in an amount not less than 1.0 times the principal and interest due in each fiscal year the Bonds are outstanding. On October 29, 1999, the board of trustees approved University System of West Virginia, Administrative Bulletin No. 37, which was retroactive to July 1, 1999. The purpose of the administrative bulletin was to provide a more efficient and manageable process for assignment of responsibility by institution for payment of capital fund obligations. In addition, it is to simplify the process used for retention of the tuition and registration fee revenue collections, remitting only the required amounts to the Commission as scheduled. During the years ended June 30, 2023 and 2022, the University System institutions remitted revenues approximating 1.02 and 1.02 times the principal and interest due, respectively.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION  
STATE UNIVERSITY SYSTEM BONDS  
NOTES TO COMBINED SPECIAL-PURPOSE FINANCIAL  
STATEMENTS – MODIFIED CASH BASIS  
JUNE 30, 2023 AND 2022**

**NOTE 2 STATE UNIVERSITY SYSTEM BONDS (CONTINUED)**

A summary of annual aggregate principal and interest payments for years subsequent to June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest (Due April 1 and October 1)</u>	<u>Principal Payments</u>	<u>Interest (Due April 1 and October 1)</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2024	\$ 2,955,000	\$ 861,525	\$ 1,583,176	\$ 5,216,824	\$ 4,538,176	\$ 6,078,349	\$ 10,616,525
2025	3,110,000	706,388	1,485,528	5,314,472	4,595,528	6,020,860	10,616,388
2026	3,275,000	543,113	1,397,128	5,402,872	4,672,128	5,945,985	10,618,113
2027	3,445,000	371,175	1,310,564	5,489,436	4,755,564	5,860,611	10,616,175
2028	3,625,000	190,313	1,229,168	5,570,832	4,854,168	5,761,145	10,615,313
2029	-	-	1,152,600	5,647,400	1,152,600	5,647,400	6,800,000
2030	-	-	1,083,648	5,716,352	1,083,648	5,716,352	6,800,000
2031	-	-	1,018,912	5,781,088	1,018,912	5,781,088	6,800,000
<b>Total</b>	<b>\$ 16,410,000</b>	<b>\$ 2,672,514</b>	<b>\$ 10,260,724</b>	<b>\$ 44,139,276</b>	<b>\$ 26,670,724</b>	<b>\$ 46,811,790</b>	<b>\$ 73,482,514</b>

**NOTE 3 OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other state agencies to the Commission.