

MEMORANDUM

TO:

Memorandum for the Board of Directors (and the Finance Committee) re: N M, >>BDV)-8()N cJ 0 Tes)-9



*Old Dominion University
Financial Statements*

June 30, 2014

(Unaudited)





TABLE OF CONTENTS

Management's Discussion & Analysis	3
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows.....	12
Notes to Financial Statements	15
Independent Auditor's Report	41
University Officials	45

Page Left Intentionally Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

Old Dominion University is a comprehensive, multicultural, and student-centered doctoral research university whose central mission is to provide students with the best education possible. The University's seven colleges--Arts and Letters, Business, Continuing Education and Professional Development, Education, Engineering and Technology, Health Sciences and Sciences--offer 70 baccalaureate programs, 54 master's programs, two education specialist programs, 42 doctoral programs and an award-winning distance learning program. The University provides a world-class education to more than 24,800 undergraduate and graduate students.

Old Dominion

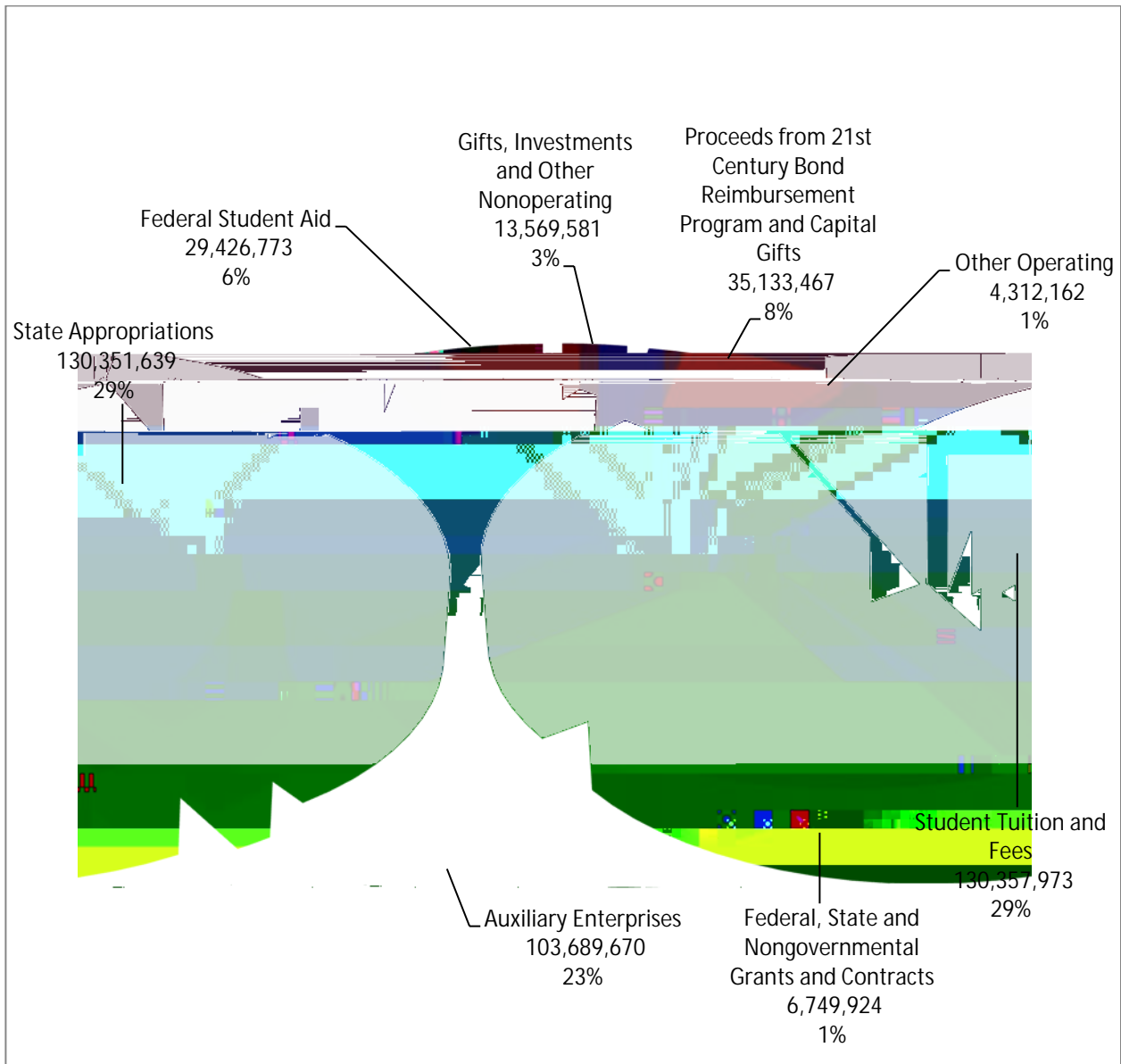
Statement of Net Position

The Statement of Net Position presents the University's assets, deferred outflows, liabilities, deferred inflows and net position as of the end of the fiscal year. The purpose of this statement is to present to the financial statement readers a snapshot of the University's financial position at year-end. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the University's operations. They are also able to determine how much the University owes vendors and creditors.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University.

Generally, operating revenues are received for providing goods and services to students and other constituencies of the institution. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the University's mission. Salaries and fringe benefits for faculty and staff are the largest type of operating expense.



The largest components of total operating revenue are primarily student tuition and fees which increased \$10.3 million or 8.6% and auxiliary enterprise revenue which increased by \$7.7 million or 8.0% from the prior fiscal year. The growth in revenue was due to the rise in both in-state and out-of-state tuition rates and increases in auxiliary enterprise charges. The overall increase in nonoperating revenue of \$12.6 million or 7.9% was a result of increased funding from the Commonwealth through appropriations for base operating support, an increase in Pell grant revenue, gifts and investment income. Finally, other revenues increased \$11.9 million or 52.6% as a result of additional funding from the 21st Century Bond Program and capital gifts for ongoing campus construction.

Statement of Cash Flows

The Statement of Cash Flows provides relevant information that aids in the assessment of the University's ability to generate cash to meet present and future obligations and detailed information reflecting the University's sources and uses of cash during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and reflects the sources and uses to support the essential mission of the University. The primary sources are tuition and fees (\$142.3 million) and auxiliary enterprises (\$117.2 million). The primary uses are payments to employees including salaries, wages, and fringe benefits (\$228.3 million) and payments to vendors (\$96.9 million).

The second section reflects the cash flows from non-capital financing activities and reflects nonoperating sources and uses of cash primarily to support operations. The primary sources are state appropriations (\$130.0 million) and gifts and grants (\$40.6 million).

The third section represents cash flows from capital financing activities and details the activities related to the acquisition and construction of capital assets including related debt payments. The primary source of funds is proceeds from reimbursements from the Commonwealth (\$28.4 million) and capital gifts (\$6.4 million). The primary uses are purchases of capital assets (\$37.3 million) and principal and interest paid on capital debt (\$25.2 million).

The fourth section deals with cash flows from investing activities and includes interest on investments and sale of investments. The primary source was interest on investments and cash management (\$1.0 million). The last section, which is not included below, reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Summary Statement of Cash Flows

(amounts in thousands)

Increase /

Uncompleted construction and other related contractual commitments decreased from \$8.8 million at June 30, 2013 to \$4.9 million at June 30, 2014, as reflected in Note 13. These obligations are for future efforts and therefore have not been accrued as expenses or liabilities on the University's financial statements. The decrease is primarily the result of ongoing projects for System Research and Academic building and Consolidated Arts Complex.

Economic Outlook

The passage of the Virginia Higher Education Opportunity Act by the 2011 Session of the General Assembly speaks to the importance of policy goals of increasing accessibility and enrollments in high-demand disciplines such as Science, Technology, Engineering, and Mathematics (STEM) and the number of restructuring initiatives to enhance progress in promoting higher education opportunities. Old Dominion ranks third in the production of STEM programs. To further assess institutional performance, Chapter 2, 2014 Virginia Acts of Assembly, Special Session I included a requirement in the General Provisions to assess and certify institutional performance annually on several financial and administrative standards. The State Council of Higher Education (SCHEV) recently certified that Old Dominion University passed all the standards. Financial benefits provided to each institution will be evaluated in light of the institution's performance. While all Virginia universities are faced with the challenge of containing costs through business process improvements and efficiencies, they must also provide a quality education to students with limited state general fund support at affordable tuition prices. Old Dominion University's tuition and fees are the lowest of all the Virginia doctoral institutions.

Budget actions taken by the Governor and General Assembly to address a projected revenue shortfall of \$1.5 billion removed all new general funds from higher education institutions and state agencies for the 2014-2016 biennium and the funding levels reverted to the 2012-2014 biennial appropriation. Subsequently, the Commonwealth's anticipated shortfall increased to \$2.4 billion and additional budget reductions of \$881 million were necessary. Consequently, all state agencies and higher education institutions were required to submit budget reduction plans totaling 5 and 7 percent for fiscal years 2015 and 2016 respectively. Recently, the General Assembly acknowledged the funding differences among the higher education institutions and introduced House Bill 5010, which prorated the annual reduction target for Old Dominion University to \$2.2 million or 2.1% for the 2014-2016 biennium.

With the uncertainty of the state budget process, the University's budget and planning process was impacted. The 2014-2015 Budget and Plan presented to the Board in June 2014 included the addition of \$15.3 million of new general and central funds and \$7 million in tuition and fee revenue with the understanding that an amended budget would be presented at the September 2014 Board meeting. The amended budget which included the net loss of \$12.9 million in general and central funds addressed the mandatory health and retirement benefit costs for faculty and staff, faculty promotions, operations and maintenance of new facilities as well as mandated increases in utilities, contracts and lease costs, leaving limited uncommitted resources available for investments in new initiatives.

Those investments, totaling approximately \$2 million, were allocated on a one-time basis and were grouped into the following major success critical categories:

OLD DOMINION UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2014

	Old Dominion University	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 87,453,870	\$ 34,918,586
	13,826,753	17,966,554
	-	6,098,788
Due from the Commonwealth (Note 5)	5,429,928	-
Appropriations available	979,246	-
Travel advances	-	53,643
Prepaid expenses	1,443,916	734,404
Inventory	732,202	-
	1,399,095	-
Other assets	-	193,852
Total current assets	111,265,010	59,965,827
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	15,295,105	-
Endowment investments (Note 4)	9,439,904	-
Investments (Notes 3 and 12)	15,586,337	203,237,290
Accounts receivable	-	48,067,655
Contributions receivable (Net of allowance for doubtful collections \$34,019) (Note 12)	-	17,790,417
Notes receivable (Net of allowance for doubtful accounts \$57,252)	1,757,436	3,405,000
Nondepreciable capital assets (Notes 6 a578(5)7 43w 0.038 Tw 10.84 -0.038 Tc 79 0 Td [(1)1(,2 7.2367 0 85w 10.84- -0.03)]TJ64462 0 Td [(5)1(9,-)19(9		

OLD DOMINION UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

RECONCILIATION OF STATEMENT OF CASH FLOWS TO STATEMENT OF
NET POSITION:

Statement of Net Position

Cash and cash equivalents	\$	102,748,975
Less: Securities lending - Treasurer of Virginia		<u>(4,532,350)</u>

Net cash and cash equivalents \$ 98,216,625

RECONCILIATION OF NET OPERATING (LOSS) TO NET CASH USED BY
OPERATING ACTIVITIES:

Operating (loss) \$ (156,565,859)

Adjustments to reconcile net income/(loss) to net cash used by operating activities:

Depreciation expense		23,008,283
Changes in assets and liabilities:		
Receivables, net		357,261
Prepaid expenses		(719,198)
Inventory		(37,556)
Accounts payable and accrued expenses		(1,309,067)
Deposits		28,354
Unearned revenue		<u>(1,461,085)</u>

Net cash used by operating activities \$ (136,698,867)

Non-cash investing, capital and financing activities:

Securities lending	\$	4,532,350
Capitalization of interest expense	\$	31,500
Amortization of bond premium	\$	612,516
Change in receivables related to nonoperating income	\$	147,027

The accompanying Notes to Financial Statements are an integral part of this statement.

Page Left Intentionally Blank

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Old Dominion University (the University) is a comprehensive university that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth which includes all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

The University includes all entities over which the University exercises or has the ability to exercise oversight authority for financial reporting purposes. Under Governmental Accounting Standards Board (GASB) Statement 61 standards, the Old Dominion University Educational and Real Estate Foundations, the Old Dominion Athletic Foundation, and the Old Dominion

Basis of Accounting

For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, its statements have been presented using the economic resource measurement focus and the accrual basis of accounting; whereby, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with the GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

The University accounts for its investments that are purchased at fair value. Investments received by gift are carried at fair value at date of acquisition in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement 59. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprises' sales and services. Receivables also include amounts due from the federal, state, and local governments or private sources in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. Receivables are recorded net of estimated uncollectible amounts.

Prepaid Expenses

The University's prepaid expenses include memberships, subscriptions, maintenance and support, lease payments, and insurance payments for fiscal year 2015 that were paid in advance as of June 30, 2014.

Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market, and consist primarily of expendable supplies held for consumption.

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, reserve funds, or purchase or construct capital and other noncurrent assets, are classified as noncurrent assets in the Statement of Net Position.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, Perkins Loans, Stafford Loans, Parent Loans for Undergraduate Students (PLUS), and Teacher Education Assistance for College and Higher Education grants (TEACH). Federal programs are audited in accordance with

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia who is responsible for the collection, disbursement, custody, and investment of state funds. Cash deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia. Cash and cash equivalents represent cash with the treasurer, cash on hand, certificates of deposit and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC). Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

Deposits

At June 30, 2014, the carrying value of the University's deposit with banks was \$47,560,328 and the bank balance was \$47,862,837. The carrying value of deposits differs from the bank balance because of reconciling items such as deposits in transit and outstanding checks. Deposits with banks are covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% excess deposits to a collateral pool in the name of the State Treasury Board. At June 30, 2014, the University's deposits were not exposed to custodial credit risk.

Investments

The investment policy of the University is established by the Board of Visitors and monitored by the Board's Administration and Finance Committee. Authorized investments are set forth in the Investment of Public Funds Act, Section 2.2-4500 through 2.2-4516, et seq., Code of Virginia. Authorized investments include: U.S. Treasury and agency securities, municipal securities, coa7(ount)-5(s) 111(n)25ig (d)13ebnt8c cig (d)13ebno cul se72is o

Credit & Concentration of Credit Risks

Type of Investment	Percentage of Investments	Fair Value	Standard & Poor's Credit Quality Rating
CASH EQUIVALENTS:			
Mutual/Money Market Funds			
BB&T	0.24%	\$ 70,083	
SNAP	0.05%	14,179	AAAm
Securities Lending	15.28%	4,532,350	
Total Cash Equivalents		4,616,612	
INVESTMENTS:			
Mutual/Money Market			
Intermediate Term Fund	21.53%	6,382,233	AA
U. S. Treasury & Agency Securities*			
U.S. Treasury Bond DTD	0.41%	123,656	NR
U.S. Treasury Note DTD	0.73%	216,750	NR
Corporate Bonds			
AFLAC Inc DTD	0.09%	25,788	A
AT&T Inc DTD	0.10%	29,088	A-
ACE INA HLDG Inc DTD	0.09%	27,916	A+
Bear Stearns Company Inc DTD	0.08%	23,802	A
Berkshire Hathaway Fin Inc	0.09%	25,393	AA
Caterpillar Financial SE DTD	0.08%	24,622	A
Chevron Corp DTD	0.09%	25,368	AA
Duke Energy Carolinas DTD	0.10%	28,172	A
General Electric Capital Corporation DTD	0.10%	28,428	AA
IBM Corporation DTD	0.08%	24,728	AA-
Occidental Petroleum Corp DTD	0.09%	25,463	A
Oracle Corp DTD	0.08%	22,808	A+
PNC Funding Corp DTD	0.09%	25,961	A-
Pepsico Inc DTD	0.09%	25,376	A-
Phillip Morris International Incorporated DTD	0.10%	28,701	A
Charles Schwab Corp Note DTD	0.09%	27,895	A
Simon Property Group LP DTD	0.10%	29,207	A
Target Corp DTD	0.08%	22,382	A
US Bancorp DTD	0.09%	25,382	A+
Virginia Elec & Power Co DTD	0.09%	25,277	A-
Wachovia Corporation DTD	0.10%	28,270	A+
Municipal Securities			
Dallas Cnty Tex Hosp Dist Build America Bonds Ser B GO DTD	0.13%	39,513	AA+
Illinois St Txbl-Ser B DTD	0.09%	26,555	A-

Type of Investment	Percentage of Investments	Fair Value	Standard & Poor's Credit Quality Rating
Agency Mortgage Backed			
Federal National Mortgage Association DTD	0.63%	187,990	AA+
Federal Home Loan Mortgage Corporation DTD	0.34%	100,650	AA+
Foreign Bonds/Notes			
BHP Finance USA Ltd DTD	0.08%	24,069	A
BP Capital Markets PLC DTD	0.09%	26,105	A+
BNP Paribas DTD	0.08%	25,032	A
Bank of Nova Scotia DTD	0.07%	20,794	A-
Deutsche Bank AG London DTD	0.08%	25,127	A
HSBC Holdings PLC DTD	0.10%	28,407	A+
Lloyds Bank PLC DTD	0.09%	25,383	A
Manulife Finl Corp DTD	0.07%	22,078	A
Rio Tinto Fin USA DTD	0.09%	26,221	A-
Toronto Dominion Bank DTD	0.08%	25,136	AA-
Mutual Funds Equity**			
Cohen & Steers Realty Shares Institutional	0.31%	92,545	

Interest Rate Risk: Maturities

Type of Investment	0-3 Months	4-12 Months	1-5 Years	6-10 Years
Cash Equivalents:				
Mutual/Money Market Funds				
BB&T	\$ 70,083	\$ -	\$ -	\$ -
SNAP	14,179			
Securities Lending held with Treasurer	4,532,350			
Total Cash Equivalents	4,616,612			
Investments:				
Mutual/Money Market				
Intermediate Term Fund			6,382,233	
U. S. Treasury & Agency Securities				
U. S. Treasury Bond DTD		123,656		
U. S. Treasury Note DTD			109,992	
U. S. Treasury Note DTD				106,758
Corporate Bonds				
AFLAC Inc DTD			25,788	
AT&T Inc DTD			29,088	
ACE INA HLDG Inc DTD			27,916	
Bear Stearns Company Inc DTD			23,802	
Berkshire Hathaway Fin DTD			25,393	

Type of Investment	0-3 Months	4-12 Months	1-5 Years	6-10 Years
Municipal Securities				
Dallas Cnty Tex Hosp Dist Build America Bonds Ser B GO DTD				39,513
Illinois St Txbl-Ser B DTD				26,555
New York NY Build America Bonds GO DTD			50,267	
New York St Dorm Auth St Income Tax Rev Taxable Gen Purp Ser B DTD				32,183
N Texas St Muni Wtr Dist Wtr Sys Rev Build America Bonds Direct Payment Ser D DTD				44,741

NOTE 4: DONOR RESTRICTED ENDOWMENT

Investments of the University's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations.

The Uniform Prudent Management of Institutional Funds Act, Code of Virginia Section 55-268.1 et. seq., permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long-term and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying a predetermined rate to the twelve-quarter moving average of the market value of each endowment for the period ending on the previous September 30. For fiscal year 2014, the payout percentage was 4.3 percent. The payout percentage is reviewed and adjusted annually as deemed prudent.

At June 30, 2014, net appreciation of \$616,842 is available to be spent, which is reported in the Statement of Net Position as Restricted for Expendable Scholarships and Fellowships.

NOTE 5: ACCOUNTS RECEIVABLE

A. Accounts receivable consisted of the following at June 30, 2014:

Student tuition and fees	\$ 8,793,826
Auxiliary enterprises	2,726,730
Federal, state, and nongovernmental grants and contracts	2,522,190
Other activities	1,134,461
Gross receivables	<u>15,177,207</u>
Less allowance for doubtful accounts	(1,350,454)
Net accounts receivable	<u>\$ 13,826,753</u>

B. Due from the Commonwealth consisted of the following at June 30, 2014:

Equipment trust fund reimbursement	\$ 1,445,851
Virginia College Building Authority 21 st Century Bonds	<u>3,984,077</u>
Total due from Commonwealth of Virginia	<u>\$ 5,429,928</u>

Description

Interest Rates

Maturity

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>2014</u>
Installment purchases	1.56% - 4.26%	2022	1,610,662
Capital leases	Various	2015-34	<u>64,589,896</u>
Total bonds, notes, installment purchases, and leases			<u>234,556,581</u>
Amortized bond premium, general obligation bonds			3,915,835
Amortized bond premium, revenue bonds			<u>7,926,207</u>
Total bonds, notes, installment purchases, leases, and bond premiums			<u>\$ 246,398,623</u>

Long-term debt matures as follows:

	15, Td Q	
	Principal	Interest
2015	\$ 14,275,715	\$ 10,147,245
2016	14,793,199	9,689,734
2017	15,443,987	8,990,417
2018	16,252,744	8,231,254
2019		

NOTE 10: EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses and Changes in Net Position and by natural classification which is the basis for amounts shown in the Statement of Cash Flows.

	Salaries, Wages, and Fringe Benefits	Non-Personal Services/ Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation	Total
Instruction	\$ 129,781,535	\$ 11,050,250	\$ -	\$ 4,062,868	\$ -	\$ 144,894,653
Research	6,335,968	2,756,938	-	467,694	-	9,560,600
Public service	216,948	438,702	-	6,981	-	662,631
Academic support	27,254,982	11,998,102	-	4,905,987	-	44,159,071
Student services	12,217,818	3,347,884	-	48,707	-	15,614,409
Institutional support	23,546,123	3,782,058	-	848,251	-	28,176,432
Operation and maintenance of plant	11,454,427	13,999,660	-	2,234,050	-	27,688,137
Depreciation expense	-	-	-	-	23,008,283	23,008,283
Scholarship and related expenses	-	-	19,077,377	-	-	19,077,377
Auxiliary activities	27,200,063	49,700,328	8,602,016	3,331,588	-	88,833,995
Total	\$ 238,007,864	\$ 97,073,922	\$ 27,679,393	\$ 15,906,126	\$ 23,008,283	\$ 401,675,588

NOTE 11: STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

The following is a summary of state appropriations received by the University, including all supplemental appropriations and reversions:

Original legislative appropriation per Chapter 806:	
Educational and general programs	\$ 103,809,827

NOTE 12: COMPONENT UNIT FINANCIAL INFORMATION

The University’s component units are presented in the aggregate on the face of the financial statements. Below is a condensed summary of each foundation and the corresponding footnotes. The University has three component units - Old Dominion Athletic Foundation, Old Dominion University Educational and Real Estate Foundations, and the Old Dominion University Research Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements.

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
<u>Statement of Net Position</u>	-			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,463,675	\$ 4,590,158	\$ 15,864,753	\$ 34,918,586
Accounts receivable	117,844	5,459,897	12,388,813	17,966,554
Contributions receivable, net	1,527,292	4,571,496	-	6,098,788
Travel advances	-	-	53,643	53,643
Prepaid expenses	-	43,796	690,608	734,404
Other assets	126,881	10,713,900	1,008,045	16,848,736

Investments

The Foundations record investments at market except for real estate held for investment, which is recorded at the lower of cost or fair market value.

Summary Schedule of Investments

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
U.S. treasury and agency securities	\$ 211,464	\$ 1,647,239	\$ 3,487,731	\$ 5,346,434
Common & preferred stocks	710,303	5,998,334	946	6,709,583
Mutual and money market funds	11,147,550	92,264,535	625,581	104,037,666
Partnerships	8,561,910	66,689,184	-	75,251,094
Managed investments	-	11,892,513	-	11,892,513
Total	<u>\$ 20,631,227</u>	<u>\$ 178,491,805</u>	<u>\$ 4,114,258</u>	<u>\$ 203,237,290</u>

Capital Assets

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	Old Dominion University Research Foundation	TOTAL
Nondepreciable capital assets:				
Land	\$ -	\$ 4,869,985	\$ 54,802	\$ 4,924,787
Construction in progress	-	20,926,277	-	20,926,277
Total capital assets not being depreciated	<u>-</u>	<u>25,796,262</u>	<u>54,802</u>	<u>25,851,064</u>
Depreciable capital assets:				
Buildings	-	5,106,718	1,037,290	6,144,008
Equipment	409,424	59,734	20,851,517	21,320,675
Total capital assets being depreciated	<u>409,424</u>	<u>5,166,452</u>	<u>21,888,807</u>	<u>27,464,683</u>
Less accumulated depreciation for:				
Buildings	-	2,183,118	893,641	3,076,759
Equipment	257,319	36,967	16,233,031	16,527,317
Total accumulated depreciation	<u>257,319</u>	<u>2,220,085</u>	<u>17,126,672</u>	<u>19,604,076</u>
Total depreciable capital assets, net	<u>152,105</u>	<u>2,946,367</u>	<u>4,762,135</u>	<u>7,860,607</u>
Total capital assets, net	<u>\$ 152,105</u>	<u>\$ 28,742,629</u>	<u>\$ 4,816,937</u>	<u>\$ 33,711,671</u>

Long-Term Liabilities

Long-

Court reaffirmed the Circuit Court's ruling. Two property owners appealed the validity of the redevelopment plan with the Supreme Court of Virginia. Another property owner missed the deadline to appeal but indicated a desire to do so. In September 2013, the court ruled in favor of one of the property owners. Based on this decision, negotiations with all three property owners began for the return of the property and/or for reimbursement to them for related costs. One settlement finalized in February 2014, and the remaining two settled in May 2014. Amounts for these settlement costs were accrued as of December 31, 2013. Due to the nature of the negotiations, those amounts are not disclosed. The capitalized acquisition costs for all three properties have been written off as of December 31, 2013.

The University's Athletic Development Office has and continues to solicit donations for the purpose of

NOTE 15: POST-EMPLOYMENT BENEFITS

The Commonwealth participates in the VRS administered statewide group life insurance program which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of State service and participate in the State's health plan. Information related to these plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

NOTE 16: CONTINGENCIES

Grants and Contracts

The University has received grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University.

In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. As of June 30, 2014, the University estimates that no material liabilities will result from such audits or questions.

Litigation

The University is a party to various litigations. While the final outcome cannot be determined at this time, management is of the opinion that any ultimate liability to which the University may be exposed, if any, for these legal actions will not have a material effect on the University's financial position.

NOTE 17: RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The University is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth's *Comprehensive Annual Financial Report*.

Page Left Intentionally Blank

OLD DOMINION UNIVERSITY
Norfolk, Virginia

BOARD OF VISITORS

Fred J. Whyte, Rector

Jeffrey W. Ainslie
David L. Bernd
John F. Biagas
Dr. Richard T. Cheng
Capt. J. William Cofer
Jodi S. Gidley
Dee D. Gilmore
Luke M. Hillier

Marc Jacobson
Andrea M. Kilmer
Barry M. Kornblau
Dr. Mary E. Maniscalco-Theberge
Frank Reidy
Ronald C. Ripley
Judith O. Swystun
Robert M. Tata

OFFICIALS

John R. Broderick, President

David F. Harnage, Chief Operating Officer

Carol Simpson, Provost and Vice President for Academic Affairs

Robert L. Fenning, Vice President for Administration and Finance

Alonzo C. Brandon, Vice President for University Advancement

H. Rodger Harvey, Interim Vice President for Research

Ellen J. Neufeldt, Vice President for Student Engagement and Enrollment Services

September C. Sanderlin

PROGRESS REPORT ON CAPITAL OUTLAY PROJECTS
(As of December 4th, 2014)

PROJECTS UNDER DESIGN

RESIDENTIAL DINING FACILITY

General Project Information: The New Dining Facility project will construct a new 43,733 gsf state-of-the-art dining building, providing food production, servery and seating capacity for 580 patrons. The building will be located near Webb University Center, between the Diehn Fine and Performing Arts Center and Dominion House. It will replace the food service facility within Webb University Center in order to permit demolition of the existing facilities. It will function as the primary dining area for the central campus during the Webb University Center demolition and construction.

Project Design: Moseley Architects with Tipton Associates

Funding Source: VCBA 9D Bonds

Project Budget:	a) Construction:	\$19,462,500
	b) Architect/Engineer Fee:	\$2,541,125
	c) Project Inspection:	\$189,188
	d) Equipment:	\$778,000
	e) Construction Contingency:	\$779,000
	f) Other:	\$0
	Total Project Budget:	\$24,766,000

Status: The University released a Request for Proposals (RFP) for architectural services in July, 2013 and selected Moseley Architects and Tipton Associates to design the facility. The design team received BCOM approval of preliminary design (35%) documents in late summer and submitted working (100%) drawings on October 31st. We anticipate receipt of BCOM comments on these drawings by the first week of December with final BCOM approval by early January.

The University selected Hourigan Construction as the project Construction Manager-at-Risk (CM-at-Risk) and awarded the pre-construction contract in July. The contractor's second round of pricing at the completion of preliminary design was in budget; value management review of the working drawings should be complete by the first week of December with a goal of reaching a final

BASKETBALL PRACTICE FACILITY

General Project Information: This project is for a 24,000 gsf basketball practice facility for the University's Men's and Women's Basketball programs containing, a practice gym, associated locker shower rooms, team offices and players' spaces. The project is to be built on the vacant lot at the north side of 43rd Street and Monarch Way, immediately adjacent to the Ted Constant Convocation Center. The project site is bounded to the north by the plaza immediately west of the Ted Constant Convocation Center and to east and south by the rights of way for 43rd Street and Monarch Way.

Project Design: Clark-Nexsen Architecture & Engineering

Funding Source: Private Funds

Project Budget:	a) Construction:	\$5,926,500
	b) Architect/Engineer Fee:	\$773,996
	c) Project Inspection:	\$59,633
	d) Equipment:	\$237,060
	e) Construction Contingency:	\$237,060
	f) Other:	\$1,165,751
	Total Project Budget:	\$8,400,000

Status: The University selected the team of Clark-Nexsen and Ellerbe Becket (AECOM) last April to design the building. Programming work began in June and the project schematic design (15%) package was submitted to BCOM on November 5th with comments expected back by the second week in December. We anticipate submitting preliminary drawings in early January and working drawings in late March with a goal of bidding the project in the spring.

L.R. HILL SPORT CENTER EXPANSION

General Project Information: This project will enlarge the facility and relocate the 6,000 gsf weight training facility which currently exists in the LR Hill Sports Center using the remaining debt funding available in the Powhatan Sports Complex umbrella proje2(f)b

PROJECTS UNDER CONSTRUCTION

These projects have received funding for design and construction from various tax-exempt bond financing programs, General Funds and private donations. Contracts have been awarded to general contractors and their progress is monitored daily by the University's project managers and construction inspectors.

CONSOLIDATED ARTS COMPLEX

General Project Information: In August 2012, the Department of Planning and Budget (DPB) approved restructuring this project into three sub-projects: construction of the New Art Building to include the Jean Outland Chrysler and Hofheimer Libraries; demolition of the existing Art Studio Building and construction of a New Art Studio Building along with selected renovation of the existing Visual Arts Building. Project budget remains the same while project square footage now totals 84,000 gsf, with 39,000 gsf for the New Art Building (now the Barry Arts Building), 26,000 gsf for the New Art Studio Building (now the James A. Hixson Art Studio Building and Annex) and 19,000 gsf for selected renovation of the Visual Arts Building. Selective renovation of the Visual Arts Building, meanwhile, will provide needed faculty office and classroom space. The University contracted with the firm of Tymoff + Moss to design the project. The Commonwealth released \$12,318,606 for construction of the New Arts Building.

Project Design:	Tymoff + Moss Architects (Norfolk, VA)
Funding Source:	0813 - VCBA Bonds
Project Budget:	a) Construction: \$15,862,095
	b) Architect/Engineer Fee: \$1,640,295
	c) Project Inspection: \$436,699
	d) Equipment: \$0
	e) Construction Contingency: \$700,000
	f) Other: \$816,627
	Total Project Budget: \$19,445,716

Status: A portion of the University's Art Department moved into the first Consolidated Arts' sub-project, the Barry Arts Building, in May of this year and the Chrysler Museum Library moved into its portion of the building in November. This sub-project is complete and is being closed out.

BCOM approved the University's revised working drawings for the second sub-project, construction of the James A. Hixson Art Studio Building in late May. At the same time, the University negotiated an acceptable GMP with the project's CM-at-Risk, S.B. Ballard Construction Company and awarded a construction contract at that time. The building's precast walls have been erected and the interior structural walls are being installed with dry-in anticipated by late January of the coming year. The project will be substantially complete in late spring of 2015.

NEW ED

BASEBALL BATTING CAGE

General Project Information: The Bud Metheny Stadium was built in 1982 as a venue for the University's Men's Baseball team. It houses home and away team locker rooms and coaching staff offices, with seating for 7500 fans. With the exception of ADA upgrades made in 1990, no significant improvements have been made to the Stadium since its construction. The overall project grants the University authority to use up to \$3,000,000 in private donations to design and construct improvements to the existing Bud Metheny Baseball Stadium. This sub-project will construct an in-door batting cage on the site of the existing open air batting cage.

Project Design: Moseley Architects (Norfolk, VA)

Funding Source: 0302 - Private Funds

Project Budget: a) Construction: \$442,170

b) Architect/Engineer Fee: \$73,210

c) Project Construction: \$442,170

PENDING PROJECTS

These projects are authorized and funded for study, design or design and construction from University funding, tax-exempt bond financing program or reimbursement from General Funds. Projects are either in the process of Request for Proposal Development (RFP) development or evaluation of RFP responses prior to contract award.

FOOTBALL STADIUM STUDY

General Project Information: The project will produce a fully comprehensive investigative study of a new competition venue for the Agency's NCAA Division I FBS Series Football program. The study will identify and examine all considerations relevant to the design, construction and operating plan for a new stadium and will include:

- Football demand analysis
- Site analysis
- Integration of the stadium with campus Master Plan,
- Fan experience and amenities
- Operations analysis
- Media requirements
- Traffic management
- Parking requirements
- Practices for neighborhood relationships
- Security requirements
- Program analysis

WEBB CENTER DESIGN PROJECT (NEW STUDENT UNION)

General Project Information: This project will demolish the existing Webb University Center building and replace it with a multi-story structure of up to 247,614 gsf. The project design will be initiated with determination of the exact building program based on wide and comprehensive stake holder input and is anticipated to include space for such things as student government and associations, flexible program and activity spaces, event space, residential and retail dining space, staff support and office spaces. The University has authorized sale of \$3 million dollars in bonds as part of the Commonwealth's annual bond sale currently underway to fund initial project design work.

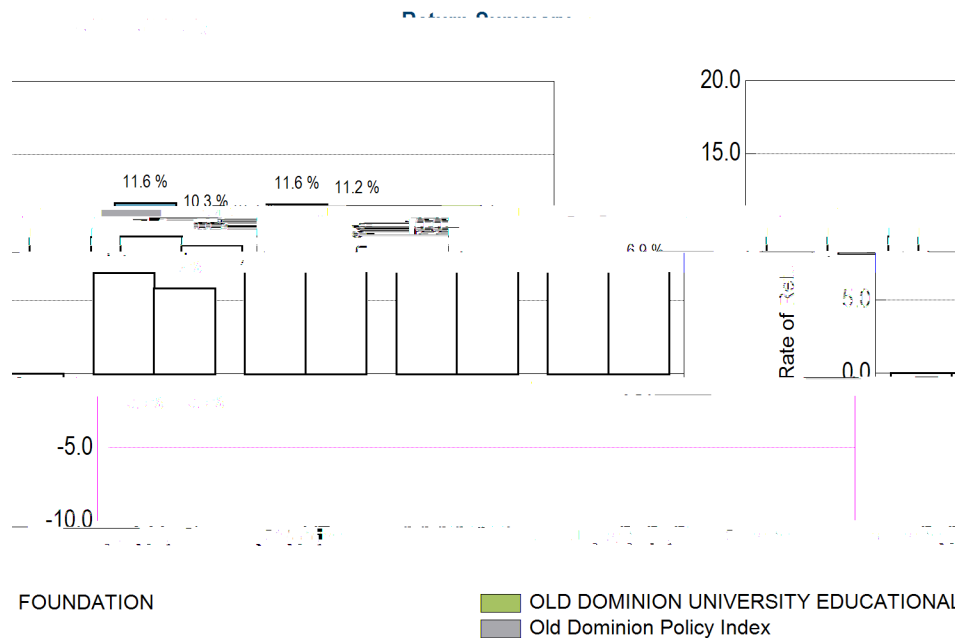
Project Design: A/E to Be Determined

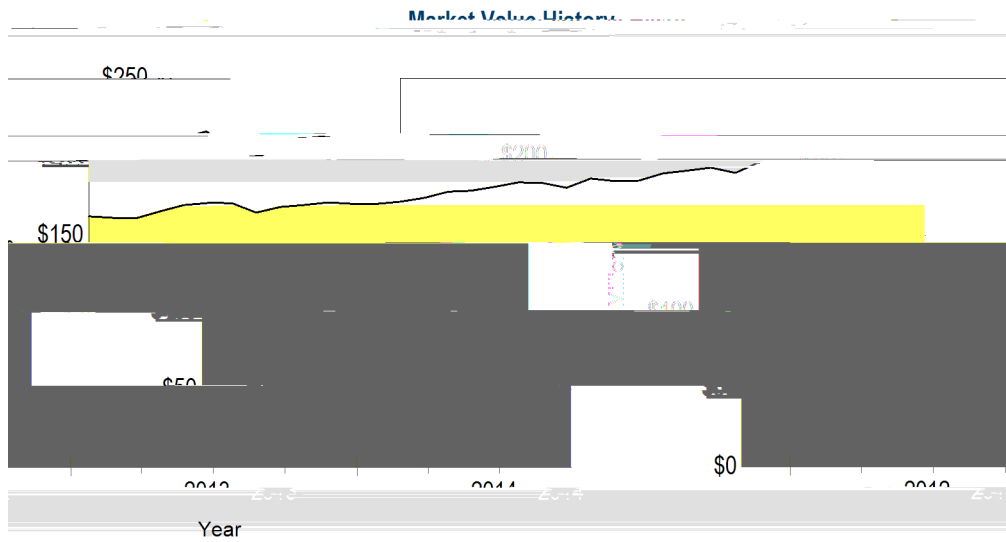
Funding Source: VCBA 9D Bonds

Project Budget:

OBJECTIVE: The goal for the portfolio is to achieve 7.5% per year over the long term. The target policy has a long term expected return of 8.3%. Over a ten year time horizon, the portfolio is expected to return 7.6%. The standard deviation of this portfolio is plus/minus 13.7% over any one year, with the lowest one year likely return being -23.4%.

Sources of Portfolio Growth	Last Three Months	One Year
Beginning Market Value	\$213,810,379	\$185,074,149
Net Additions/Withdrawals	-\$7,130,945	-\$1,720,598
Investment Earnings	-\$1,082,172	\$22,243,711
Ending Market Value	\$205,597,261	\$205,597,261





Asset Allocation on September 30, 2014

Asset Class	Value (\$M)	% of Total
Equity	~\$150	~75%
Fixed Income	~\$50	~25%



Account Name	AU FY	UJ FY	i c	Dc	Ending September 30, 2014						Inception	
					'Ac	M	%M	'Mig	) Mig	%Mig	FY	G
	fil	fil	fil	fil	fil	fil	fil	fil	fil	fil	fil	fil
DA 7C HctU FY	%z		E — U									

	AUF_YhJUi Y fil t	I 'cZ DcflZ]c	Dc]Mh	Ending September 30, 2014						Inception	
				' 'Ac fil t	MHB fil t	%Mf fil t	' 'Mig fil t	) Mig fil t	%Mig fil t	FYh fb fil t	G]bW
JGVUYgG' DB5 BUh fU FYgci fWg bXYI	&Z% &Z* +	%%		!\$%	("&	- "*"	%&\$	, "(	!!	, ")	A Unt\$)
G' DBcfl\ 5a Yf]Mub BUh fU FYgci fWgGYMtf bXYI	.	.		!\$%	("	%&	%&)	,"	!!	-\$	A Unt\$)
Cj Yf# bXYf	.	.		!\$%	!\$**	!\$+	!\$)	!\$(	.	!\$)	.
FG; 'cVU' BUh fU FYgci fWg	&Z% +Z\$ %	%%		!\$%	!&%	!("-	)"&	!!	!!	%\$	Bcj!\$
G' DBcfl\ 5a Yf]Mub BUh fU FYgci fWgGYMtf bXYI	.	.		!\$%	("	%&	%&)	!!	!!	*"(	Bcj!\$
Cj Yf# bXYf	.	.		!\$)	!*"-	!\$"&	!+"	.	.	!)"	.
DU]bg; D'<cX]b[gZ@D"	*Z% \$\$\$\$	' "\$		!("&	!!	!!	!!	!!	!!	%%	A Unt%
5Yf]MubA @ bXYI	.	.		&"+	!!	!!	!!	!!	!!	,"	A Unt%
Cj Yf# bXYf	.	.		!*"-	.	.	.	.	.	&"	.
TOTAL ILLIQUID REAL ASSETS	23,537,587	11.4	-	5.0	19.0	21.2	108	9.7	-	3.2	Sep-05
B7F9÷ Hck bgYbX'6 YbXYX' bXYI	.	.		&"-	- "+	% "	% "\$	- "&	!!	]"	Gvdl\$)
Cj Yf# bXYf	.	.		&%"	- "	+ "	.	.	.	.	.

Ending September 30, 2014

Inception

AUF_YhJUiY
fil t i'cz
DcfzZ]c Dc]Mh

'Ac MfB %Mf 'Mig)Mig %\$Mig
fil t fil t fil t fil t fil t fil t

FYhfb G]bW
fil t fil t

ICbY'cf'a cfY'UWfz blq\Uj YVYbYI W'XYZ'ca 'hY'Wta dcljY Zf'hY'di fdcgYg'cZdYfZ'fa UbW'WVW'U]cbg'UbX'a Uf_Yhj Ui Y"

!C'X'8ca]]cbDc]Mh'Xl'1)" i 'Gd]WX'HclU'GrcW\AUF_Yh#(i 'G/D)\$\$#&") i 'Fi'ggY`%\$\$\$; fck'h.#&") i '7FGD'@Uf[Y'7Ud'; fck'h.#(i '8j]XybX'5W]Y] Yfg'GY'Wm#%" i 'AG7=95: 9#*(i 'AG7=9a Yf[]b[AUF_Yhg#H '6UfVUhg]5[[fY[U'Y#)i '7]]K; 6=#% i '-%8Urh6]g#%&i '<: F=i bX'cZ: i bXg'7ca dcljY'Xl' #&'H 'G'DBcfl'5a Yf]Mb'BUhifU'FYgci fWg'GY'Wf'Xl' #'*i 'B7F9= 'Hck'bg'YbX'6'YbXY'X'Xl' #)i 'AYfWf'=]ei]X'BUhifU'FYgci fWg'Xl' #&i '7Ua V]X[Y; 'cVU'D9# YbhifY'9W]bca]Mj'5`D9'Gd]WX'Xl' !C'X'8ca]]cb'AUf_YhUY'GY'Wf]m'Dc]Mh'Xl'1+'%&i 'Gd]WX'HclU'GrcW\AUF_Yh#")(\$i 'G/D)\$\$#")(\$i '8j]XybX'5W]Y] Yfg'GY'Wm# " , i 'Fi'ggY`%\$\$\$; fck'h.# " , i '7FGD'@Uf[Y'7Ud'; fck'h.#&("+' AG7=95: 9# ,") i 'AG7=9a Yf[]b['AUf_Yhg#-"(*i '6UfVUhg]5[[fY[U'Y#"+*i '7]]K; 6=#%+*i '-%8Urh6]g#&'&H '<: F=i bX'cZ: i bXg'7ca dcljY'Xl' #'") i 'G'DBcfl'5a Yf]Mb'BUhifU'FYgci fWg

Fund

Inception

Fund	Inception	Commitment	Capital Called	Remaining Commitment	Distributions	Capital Account Balance	Last Capital Account Statement	Capital Account Plus Distributions	Multiple of Invested Capital	Net IRR	1-year Net IRR
Metropolitan Real Estate III	2005	1,000,000	987,500	12,500	389,027	541,735	6/30/2014	930,762	0.94	-0.98%	8.88 %
RREEF America REIT III	2005	2,000,000	2,000,000	-	730,370	881,739	9/30/2014	1,612,109	0.81	-2.40%	25.49 %
HRJ Global Real Estate Fund III	2007	2,500,000	2,425,000	75,000	-	1,312,691	6/30/2014	1,312,691	0.54	-8.69%	3.74 %
Berkshire Multifamily Value Fund II	2007	2,500,000	2,500,000	-	1,013,339	2,761,075	6/30/2014	3,774,414	1.51	10.96%	14.22 %
Quinlan Private European Strategic Property Fund	2007	2,500,000	2,273,510	226,490	81,540	447,811	6/30/2014	529,351	0.23	-22.67%	1.45 %
Beacon Capital Strategic Partners VI	2008	2,750,000	1,925,000	825,000	1,062,228	1,420,443	6/30/2014	2,482,671	1.29	15.42%	24.79 %
Inland American Real Estate Trust, Inc	2011	63,761	63,761	-	-	66,508	9/30/2014	66,508	1.04	1.50%	6.32 %
Berkshire Multifamily Value Fund III	2013	2,500,000	1,658,619	841,381	-	1,843,581	6/30/2014	1,843,581	1.11	9.87%	9.43 %
HGI Opportunity Select Fund III	2014	1,000,000	800,000	200,000	-	800,000	NA	800,000	1.00	0.00%	NA
Mercer Private Investment Partners III - Real Estate	2014	1,000,000	200,000	800,000	-	199,606	6/30/2014	199,606	1.00	-13.56%	NA
Mercer Private Investment Partners III - Infrastructure Real Estate	2014	500,000	50,000	450,000	-	48,544	6/30/2014	48,544	0.97	-20.01%	NA
		18,313,761	14,883,390	3,430,371	3,276,504	10,323,733		13,600,237	0.91	-1.79%	13.07%
Mineral Acquisition Partners 2001	2001	250,000	250,000	-	598,158	734,008	6/30/2014	1,332,166	5.33	23.33%	55.18 %
Mineral Acquisition Partners 2003	2003	250,000	250,000	-	446,948	582,670	6/30/2014	1,029,618	4.12	22.07%	53.35 %
Mineral Acquisition Partners 2004	2004	500,000	500,000	-	293,586	665,431	6/30/2014	959,017	1.92	10.01%	17.45 %
Canaan Natural Gas IX	2005	1,986,302	1,738,288	248,014	639,707	1,535,793	12/31/2013	2,175,500	1.25	3.88%	44.47 %
Quantum Resources	2006	2,500,000	2,325,370	384,132	1,600,062	959,444	6/30/2014	2,559,506	1.10	2.75%	-5.24 %
Mineral Acquisition Partners 2006	2006	750,000	750,000	-	186,873	916,083	6/30/2014	1,102,956	1.47	7.60%	9.76 %
Commonfund Natural Resources VII	2006	2,500,000	2,266,250	233,750	1,231,100	2,075,223	6/30/2014	3,306,323	1.46	9.96%	19.95 %
EnCap Investment Fund VII	2007	1,500,000	1,526,759	156,569	1,960,953	334,875	6/30/2014	2,295,828	1.50	19.83%	35.88 %
Natural Gas Partners IX	2007	1,500,000	1,558,581	73,184	1,546,601	1,170,185	6/30/2014	2,716,786	1.74	18.14%	65.52 %
Canaan Natural Gas X	2008	2,750,000	1,024,375	1,725,625	181,504	792,912	12/31/2013	974,416	0.95	-1.24%	23.28 %
Commonfund Natural Resources VIII	2008	2,500,000	2,025,000	475,000	462,414	1,971,368	6/30/2014	2,433,782	1.20	8.43%	9.02 %
EnCap Investment Fund IX-C	2012	2,000,000	516,905	1,511,345	26,298	593,788	6/30/2014	620,086	1.20	29.39%	47.43 %
Commonfund Natural Resources IX	2012	2,500,000	562,500	1,937,500	-	535,934	6/30/2014	535,934	0.95	-6.48%	-2.13 %
Aether Real Assets III	2013	1,690,000	204,397	1,486,910	1,307	206,469	6/30/2014	207,776	1.02	4.58%	NA
EnCap Flatrock Midstream Fund III-C	2014	2,500,000	42,793	2,457,207	-	42,793	NA	42,793	1.00	0.00%	NA
Mercer Private Investment Partners III - Natural Resources Energy/Natural Resources(RA)	2014	1,000,000	100,000	900,000	-	96,878	6/30/2014	96,878	0.97	-52.83%	NA
		26,676,302	15,641,218	11,589,236	9,175,511	13,213,854		22,389,365	1.43	10.16%	24.59%
Total Real Assets		44,990,063	30,524,608	15,019,607	12,452,015	23,537,587		35,989,602	1.18	4.17%	19.18%
Total		99,590,063	69,002,278	31,976,423	32,939,122	55,829,957		88,769,079	1.29	6.92%	17.29%

Capital Account Balance reflects capital account balance from last capital account statement adjusted for interim capital calls and distributions.

Important Notices (continued)

Center for Research in Security Prices (CRSP): Derived based upon data from Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business

CITIGROUP GLOBAL MARKETS (formerly SALOMON SMITH BARNEY): Smith Barneysm and Citigroup Global Equity Indexsm are service marks of Citigroup Inc. "BECAUSE ACCURACY COUNTS®" is a registered service mark of Citigroup Inc. FloatWatch® is a trade mark of Citigroup Inc. Citigroup Global Equity Index Systemsm, Citigroup Broad Market Indexsm, Citigroup Primary Market Indexsm, Citigroup Extended Market Indexsm, Citigroup Cap-Range Indexsm, Citigroup Internet Index (NIX)sm, Citigroup Style Indices (Growth/Value)sm, Citigroup Property Indexsm are service marks of Citigroup Inc. ©2014 Citigroup Inc All rights reserved. Any unauthorized use, duplication or disclosure is prohibited by law and may result in prosecution. Citigroup, including its parent, subsidiaries and/or affiliates ("the Firm"), usually makes a market in the securities discussed or recommended in its report and may sell to or buy from customers, as principal, securities discussed or recommended in its report. The Firm or employees preparing its report may have a position in securities or options of any company discussed or recommended in its report. An employee of the Firm may be a director of a company discussed or recommended in its report. The Firm may perform or solicit investment banking or other services from any company discussed or recommended in its report. Securities recommended, offered, or sold by SSB: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources SSB believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute SSB's judgment as of the date of the report and are subject to change without notice. Its report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Its report does not take into account the investment objectives or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision.

CREDIT SUISSE FIRST BOSTON LLC. (CSFB): Copyright © 1996 – 2014 Credit Suisse First Boston LLC and/or its affiliate companies. All rights reserved.

DataStream : Source: ThomsonReuters Datastream

Dow Jones: The Dow Jones IndexesSM are proprietary to and distributed by Dow Jones & Company, Inc. and have been licensed for use. All content of Dow Jones IndexesSM © 2014 is proprietary to Dow Jones & Company, Inc.

"End User" FTSE™ : is a trade mark of the London Stock Exchange PLC and The Financial Times Limited and is used by FTSE International Limited under license. Russell Investment Group Europe Ltd is licensed by FTSE International Limited to distribute FTSE Advanced Service and other FTSE indices. FTSE shall not be responsible for any error or omission in FTSE data. All copyright and database rights in FTSE products belong to FTSE or its licensors. Redistribution of the data comprising the FTSE products is no

Important Notices (continued)

LIPPER: Performance data was supplied by Lipper, A Thomson Reuters Company, subject to the following: Copyright 2014 © Thomson Reuters. All rights reserved. Any copying,

