

Old Dominion University
Financial Statements

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Statement of Revenues, Expenses and Changes in Net Position

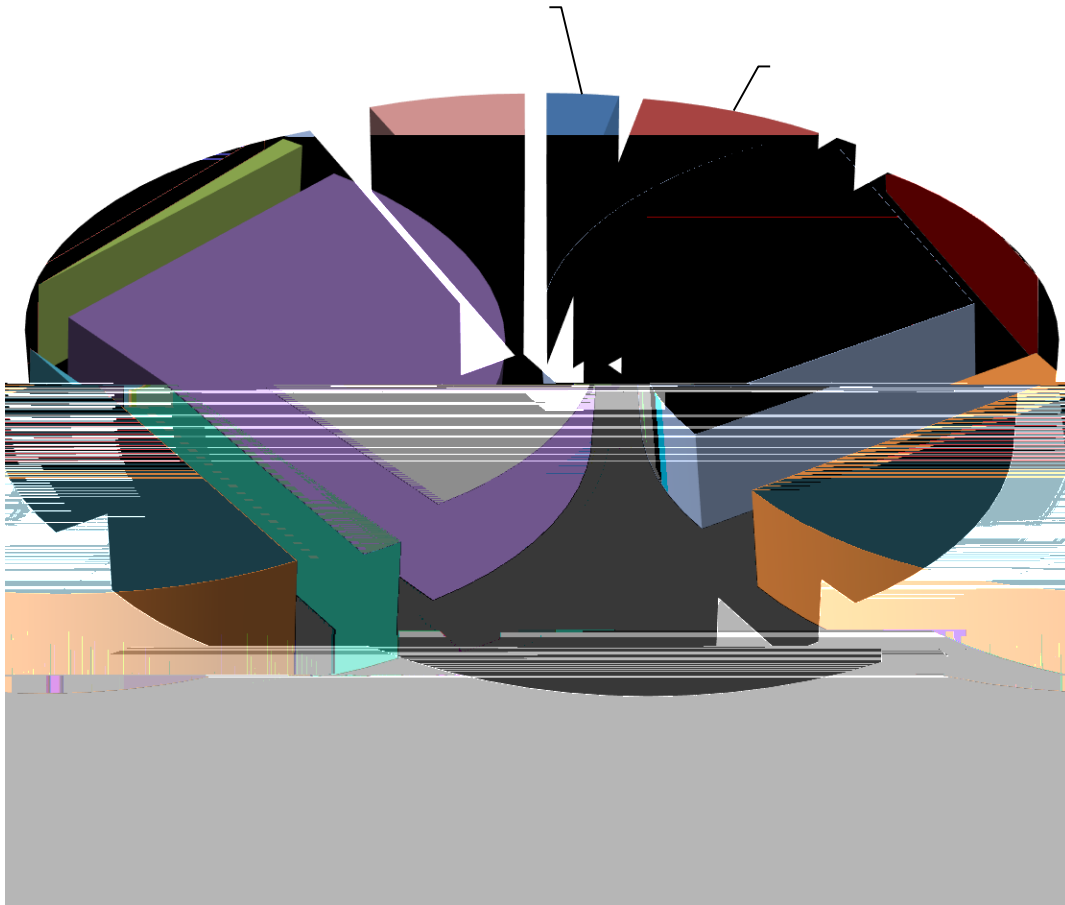
Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and 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 fringe benefits for faculty and staff are the largest type of operating expense.

Nonoperating revenues are revenues received for which goods and services are not provided. For without the legislature directly receiving commensurate goods and services for those revenues.

Condensed Summary of Revenues, Expenses and Changes in Net Position (amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>	<u>Change</u>
<u>Operating revenues:</u>				
Student tuition and fees	\$ 130,358	\$ 120,047	\$ 10,311	8.6 %
Federal grants and contracts	5,039	4,808	231	4.8 %
State, local & nongovernmental grants	1,711	2,528	(817)	(32.3)%
Auxiliary enterprises	103,690	95,981	7,709	8.0 %
Other operating revenues	4,312	4,581	(269)	(5.9)%
Total operating revenues	<u>245,110</u>	<u>227,945</u>	<u>17,165</u>	<u>7.5 %</u>
<u>Operating expenses:</u>				
Instruction	144,895	135,599	9,296	6.9 %
Research	9,561	7,773	1,788	23.0 %
Public service	663	444	219	49.3 %
Academic support	43,745	42,130	1,615	3.8 %
Student services	15,614	14,351	1,263	8.8 %
Institutional support	28,176	28,346	(170)	(0.6)%
Operation and maintenance	26,985	26,202	783	3.0 %
Depreciation	23,008	22,577	431	1.9 %
Scholarships and fellowships	19,077	17,711	1,366	7.7 %
Auxiliary activities	88,834	80,774	8,060	10.0 %
Total operating expenses	<u>400,558</u>	<u>375,907</u>	<u>24,651</u>	<u>6.6 %</u>
Operating loss	<u>(155,448)</u>	<u>(147,962)</u>	<u>7,486</u>	<u>5.1 %</u>
Net nonoperating revenues and expenses	<u>161,205</u>	<u>147,708</u>	<u>13,497</u>	<u>9.1 %</u>
Income before other revenues/ (expenses)/gains/(losses)	<u>5,757</u>	<u>(254)</u>	<u>6,011</u>	<u>2366.5%</u>
Net other revenues and expenses	<u>34,356</u>	<u>22,358</u>	<u>11,998</u>	<u>53.7 %</u>
Increase in net position	<u>40,113</u>	<u>22,104</u>	<u>18,009</u>	<u>81.5 %</u>
Net position - beginning of year	<u>388,332</u>	<u>366,228</u>	<u>22,104</u>	<u>6.0 %</u>
Net effect of change (Note 2)	<u>(849)</u>	<u>-</u>	<u>(849)</u>	<u>100.0 %</u>
Net position - beginning of year as restated	<u>387,483</u>	<u>366,228</u>	<u>21,255</u>	<u>5.8 %</u>
Net position - end of year	<u>\$ 427,596</u>	<u>\$ 388,332</u>	<u>\$ 39,264</u>	<u>10.1 %</u>



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.

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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. 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 University Research Foundation (the Foundations) are included as component units of the University. These foundations are legally separate and tax-exempt organizations formed to promote the achievements and further the aims and purposes of the University.

The Educational and Real Estate Foundations receive, administer, and distribute gifts for the furtherance of educational activities and objectives of the University. The Athletic Foundation receives, administers, and distributes gifts for the f

Basis of Accounting

Net Position

GASB Statements 34 and 63 require that the Statement of Net Position report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is the difference between all other elements in a statement of net position and should be displayed in three components. Accordingly, the position is classified as follows:

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 generally accepted governmental auditing standards.

NOTE 2: RESTATEMENT OF NET POSITION

Beginning net position was adjusted to reflect the implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*.

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

as of June 30, 2014. The following risk disclosures are required by GASB Statement 40, *Deposit and Investment Risk Disclosures*:

Custodial Credit Risk (Category 3 deposits and investments) - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University is not exposed to custodial credit risk at June 30, 2014.

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfil

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*.

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Credit & Concentration of Credit Risks

Type of Investment	Percentage of Investments	Fair Value	Standard & Poor's Credit Quality Rating
<u>CASH EQUIVALENTS:</u> Mutual/Money Market Funds			

Interest Rate Risk: Maturities

Type	0-3	4-12	1-5	6-10
Cash Equivalents				
Mutual/Money Market				
BB&T		\$ 3	\$ -	
SNAP		179		
Securities Lending		2,350		
Total Cash Equivalents		16,612		
Investments:				
Mutual/Money Market				
Intermediate Term			6,382	
U. S. Treasury & Agency				
U. S. Treasury Bonds		123,656		
U. S. Treasury Notes			109	
U. S. Treasury Notes				8
Corporate Bonds				
AFLAC Inc DTD				
AT&T Inc DTD				
ACE INA HLDG				
Bear Stearns Com				
Berkshire Hathaw			25	
Caterpillar Financ			24	
Chevron Corp DT				58
Duke Energy Caro			28	
General Electric C DTD				28
IBM Corporation				

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
Oklahoma St Capital Impt Auth Build America Bonds - Taxable				28,354
Stratford CT Ref Taxable Pension Oblig A GO DTD			47,223	
Agency Mortgage Backed				
Federal National Mortgage Association DTD			187,990	
Federal Home Loan Mortgage Corporation DTD			100,650	
Foreign Bonds/Notes				
BHP Finance USA Ltd DTD			24,069	
BP Capital Markets PLC DTD			26,105	
BNP Paribas DTD			25,032	
Bank of Nova Scotia DTD			20,794	
Deutsche Bank AG London DTD			25,127	
HSBC Holdings PLC DTD				28,407
Lloyds Bank PLC DTD			25,383	
Manulife Finl Corp DTD				22,078
Rio Tinto Fin USA DTD			26,221	
Toronto Dominion Bank DTD			25,136	
Total	<u>\$ 4,616,612</u>	<u>\$ 123,656</u>	<u>\$ 7,441,890</u>	<u>\$ 512,948</u>

NOTE 4: DONOR RESTRICTED ENDOWMENT

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

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NOTE 6: CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2014 is presented as follows:

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2014:

Employee salaries, wages, and fringe benefits payable	\$ 17,215,566
Retainage payable	714,107
Interest payable	2,000,582
Vendors and suppliers accounts payable	17,297,626
Current liabilities - accounts payable and accrued expenses	<u>\$ 37,227,881</u>

NOTE 12: COMPONENT UNIT FINANCIAL INFORMATION

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 Revenues, Expenses and Changes in Net Position</u>				
Operating revenues:				
Gifts and contributions	\$ 6,084,751	\$ 6,697,129	\$ -	\$ 12,781,880
Indirect cost	-	-	8,541,959	8,541,959
Sponsored research	-	-	40,080,383	40,080,383
Other operating revenues	511,922	5,290,901	3,273,029	9,075,852
Total operating revenues	6,596,673	11,988,030	51,895,371	70,480,074
Operating expenses:				
Instruction	-	2,298,490	-	2,298,490
Research	-	-	46,703,289	46,703,289
Academic support	1,475,593	3,921,635	-	5,397,228
Institutional support	952,156	1,001,118	5,954,113	7,907,387
Operation and maintenance of plant	-	1,235,179	-	1,235,179
Depreciation	77,170	218,617	-	295,787
Student aid	1,086,276	1,535,954	-	2,622,230
Total operating expenses	3,591,195	10,210,993	52,657,402	66,459,590
Operating gain/(loss)	3,005,478	1,777,037	(76,031)	

Contributions Receivable

	Old Dominion Athletic Foundation	Old Dominion University Educational and Real Estate Foundations	TOTAL
<u>Current Receivable</u>			
Receivable due in less than one year	\$ 1,621,494	\$ 4,713,430	\$ 6,334,924
Less allowance for doubtful accounts	94,202	141,934	236,136
Net current accounts receivable	1,527,292	4,571,496	6,098,788
Receivable due in greater than 1 year, net of discount (\$2,385,227)	3,907,058	13,917,378	17,824,436
Less allowance for doubtful accounts	7,596	26,423	34,019
Net noncurrent contributions receivable	3,899,462	13,890,955	17,790,417
Total contributions receivable	\$ 5,426,754	\$ 18,462,451	\$ 23,889,205

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
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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	-	25,796,262	54,802	25,851,064
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	409,424	5,166,452	21,888,807	27,464,683
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	257,319	2,220,085	17,126,672	19,604,076
Total depreciable capital assets, net	152,105	2,946,367	4,762,135	7,860,607
Total capital assets, net	\$ 152,105	\$ 28,742,629	\$ 4,816,937	\$ 33,711,671

NOTE 13: COMMITMENTS

At June 30, 2014, the University was a party to construction and other contracts totaling approximately \$32,535,083 of which \$27,586,160 has been incurred.

The University is committed under various operating leases for equipment and space. In general, the equipment leases and the space leases are for varying terms with appropriate renewal options for each type of lease. In most cases, the University expects that in the normal course of business, similar leases will replace these leases. Rental expense was approximately \$7,920,618 for the year ended June 30, 2014.

The University has, as of June 30, 2014, the following future minimum rental payments due under the above leases:

<u>Year Ending June 30</u>	<u>Operating Lease Obligation</u>
2015	\$ 7,170,314
2016	6,080,485
2017	5,998,138
2018	5,985,867
2019	5,328,646
2020-2024	22,112,695
2025-2029	1,739,707
Total	<u>\$ 54,415,852</u>

NOTE 14: RETIREMENT PLANS

A. Virginia Retirement System

Employees of the University are employees of the Commonwealth of Virginia. Substantially, all full-

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

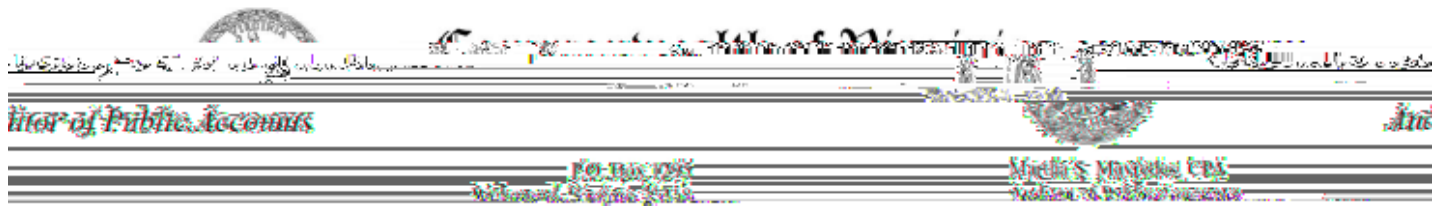
Comprehensive Annual Financial Report.

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



June 16, 2015

The Honorable Terence R. McAuliffe

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
and Review Commission

Old Dominion University

Board of Visitors
Old Dominion University

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and ...

Management's Responsibility for the Financial Statements

these financial statements. Management is responsible for the preparation and fair presentation of

Auditor's Responsibility

The University of Virginia's financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) of the United States of America. The University's financial statements are audited by the independent auditor, PricewaterhouseCoopers LLP, who has issued an unqualified audit opinion on the financial statements for the year ended June 30, 2014. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinion

In our opinion, based on the audit evidence we have obtained, the University's financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) of the United States of America. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America.

Emphasis of Matter

In the University of Virginia's financial statements, the University has classified certain assets as "Other Assets" and "Other Liabilities" in accordance with the generally accepted accounting principles (GAAP) of the United States of America. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America. The University's financial statements are prepared on a basis consistent with the GAAP of the United States of America.

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OLD DOMINION UNIVERSITY
Norfolk, Virginia

BOARD OF VISITORS

Fred J. Whyte