GLENVILLE STATE COLLEGE

Glenville, West Virginia

Combined Financial Statements and
Additional Information for the Years
Ended June 30, 2009 and 2008 and
Independent Auditors' Reports

GLENVILLE STATE COLLEGE

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55+ Years of Excellence

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Glenville State College
Glenville, West Virginia

We have audited the accompanying combined financial statements of the business-type activities and discretely presented component unit of Glenville State College ("the College"), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the College's basic financial statements as listed in the table of contents. These combined financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these combined financial statements based on our audits. We did not audit the financial statements of Glenville State College Foundation, Inc., which represents the only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the 2009 and 2008 amounts included for Glenville State College Foundation, Inc. is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Glenville State College Foundation, Inc.'s financial statements, which were audited by other auditors, were not audited in accordance with Governmental Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2009 and 2008, and the respective changes in net assets and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, during the year ended June 30, 2008, the College adoptee Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009, on our consideration of the College'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hayflich & Steimle, CPA's, PLLC

November 9, 2009

GLENVILLE STATE COLLEGE
200 High Street
Glenville, WV 26351

Management's Discussion and Analysis
Fiscal Years 2009, 2008, and 2007

About Glenville State College

Glenville State College, West Virginia's only centrally located public college, was founded in 1872 to provide instruction and practice for common school teachers in the science of education and the art of teachers. In the early years, Glenville Normal was obliged to devote resources almost exclusively to secondary studies because of the absence of high schools in the area. Later, as high schools became more numerous, secondary offerings were gradually reduced and more college courses were developed. On May 1, 1930, the State Board of Education authorized the school to award the Bachelor of Arts in Education Degree, and on March 4, 1931, the Legislature changed the school's name to Glenville State Teachers College. Often referred to as the Lighthouse on the Hill, the name of the school was changed to Glenville State College in 1943.

Glenville State College has surpassed its original mission as a teacher's college, and currently prepares students for careers in teaching, business, land resources, music, the liberal arts, the sciences, criminal justice, and human services. With an enrollment of approximately 1,400 students, the College has a student to faculty ratio of 19 to 1. The College's enrollment is made up of many first generation students with approximately 90% of the students coming from West Virginia counties.

Glenville State College is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. The College holds unit accreditation from the National Council for Accreditation of Teacher Education and recognition from the Society of American Foresters. Glenville State College is in the West Virginia Higher Education System and is governed by a local twelve member Board of Governors.

Overview of the Combined Financial Statements and Financial Analysis

Glenville State College (the "College") is pleased to present its combined financial statements for the fiscal years 2009 and 2008. The following management discussion and analysis provides an overview of the financial position and activities of the College for the years ended June 30, 2009, 2008, and 2007.

There are three financial statements presented: the Combined Statements of Net Assets; the Combined Statements of Revenues, Expenses, and Changes in Net Assets; and the Combined Statements of Cash Flows. These statements provide both long-term and short-term financial information on the College.

Financial Highlights

Current assets increased while non-current assets have declined, net capital and total assets both increased. Operating, net operating and total revenues each increased. Current liabilities increased primarily due to an increase in accrued payroll and amounts due to other state agencies. Non-current liabilities increased as a result of a $635,000 loan for the purchase of the Conrad Motel. The College continued to receive funding from four major operational and research grants. The College received $237,048 from the third year of the TRIO grant, while the third year of the Department of Justice and NASA grants brought in $219,678 and $897,286 respectively. In the second year of a second Department of Justice grant $ 84,251 was received.

Combined Statement of Net Assets

The Combined Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The purpose of the Combined Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the College. The Combined Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities). The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the combined financial statements.

The Combined Statement of Net Assets provides a way to measure the financial position of the College. It provides a picture of the net assets and their availability for expenditure by the College. From the data presented, readers of the Combined Statement of Net Assets are able to determine the assets available to continue the operations of the College. They are also able to determine how much is owed to employees, vendors and lending institutions.

Net assets are divided into three major categories. The first category, invested in capital assets, accounts for equity in the property, plant and equipment owned by the College. Title to all property was transferred to the Glenville State College Board of Governors by the Higher Education Policy Commission (HEPC). The next asset category is restricted net assets, net of related debt, which is divided into two categories: nonexpendable (permanently restricted) and expendable. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Included in restricted expendable net assets are balances that have been designated for specific purposes in West Virginia State Code. This category includes auxiliary enterprise balances as well as certain student fee funds that are designated within state code for specific general purposes such as housing operations or library operations. The final category is unrestricted net assets, which are available for expenditure for any lawful purpose of the College.

Combined Statements of Net Assets
For the Years Ended June 30, 2009, 2008 and 2007

Assets:	**2009**	**2008**	**2007**	**% Change**
Current assets	$ 5,585,294	$ 4,880,255	$ 5,039,991	14.45%
Non-current assets	1,678,541	2,259,990	2,631,825	(25.73%)
Capital assets, net	34,477,094	33,585,919	30,258,476	2.65%
Total Assets	$ 41,740,929	$40,726,164	$ 37,930,292	2.49%
Liabilities				
Current Liabilities	$ 2,805,855	$ 2,402,605	$ 2,812,057	16.78%
Non-current Liabilities	12,017,658	11,815,108	9,326,189	1.71%
Total Liabilities	$ 14,823,513	**$** 14,217,713	$ 12,138,246	4.26%

Net Assets (Deficit)				
Invested in capital assets, net of related debt	$ 22,163,043	$ 21,327,637	$ 21,437,199	3.92%
Restricted – expendable	2,248,406	2,465,019	2,823,457	(8.79%)
Unrestricted	2,505,967	2,715,795	1,531,390	(7.73%)
Total Net Assets	$ 26,917,416	$ 26,508,451	$ 25,792,046	1.54%
Total Liabilities and Net Assets	$ 41,740,929	$40,726,164	$ 37,930,292	2.49%

An indicator of short-term financial condition is the ratio of current assets to current liabilities, or current ratio. The current ratio was 2.0, 2.0, and 1.8 as of June 30, 2009, 2008 and 2007, respectively. These indicate that the College has sufficient available resources to meet its current obligations.

Significant Changes in Net Assets

At June 30, 2009, the College's total net assets increased from the previous year by $408,965. Current cash and cash equivalents increased by $335,605.

Non-current assets, consisting of non-current cash and cash equivalents, and deferred financing costs, decreased by $ 581,449. This was largely a result of the expenditure of funds for the completion of capital projects underway at the beginning of the fiscal year.

Net capital assets increased approximately $ 891,175 due primarily to the purchase of the Conrad Motel property and the construction of an elevator for the Physical Education building. Principal on the Pioneer Village bonds, Mollohan Campus Community Center bonds, Science Building bonds, capital loan from the HEPC, and system-wide debt assigned by the HEPC were reduced $95,000, $51,791, $66,077, $75,000, and $177,481 respectively.

Combined Statements of Revenues, Expenses, and Changes in Net Assets

Changes in total net assets, as presented on the Combined Statements of Net Assets, are based on the activities presented in the Combined Statements of Revenues, Expenses, and Changes in Net Assets ("SRECNA"). The purpose of the SRECNA is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains and losses of the College.

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of the College. 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 mission of the College. Revenues for which goods and services are not provided are reported as nonoperating revenues. State appropriations are nonoperating revenues because they are provided by the West Virginia Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues. Likewise, Pell grants are reported as nonoperating, because of specific guidance in the AICPA industry audit guide. This presentation is a change in reporting from the prior year when the grants were included in operating as part of Federal grants and contracts.

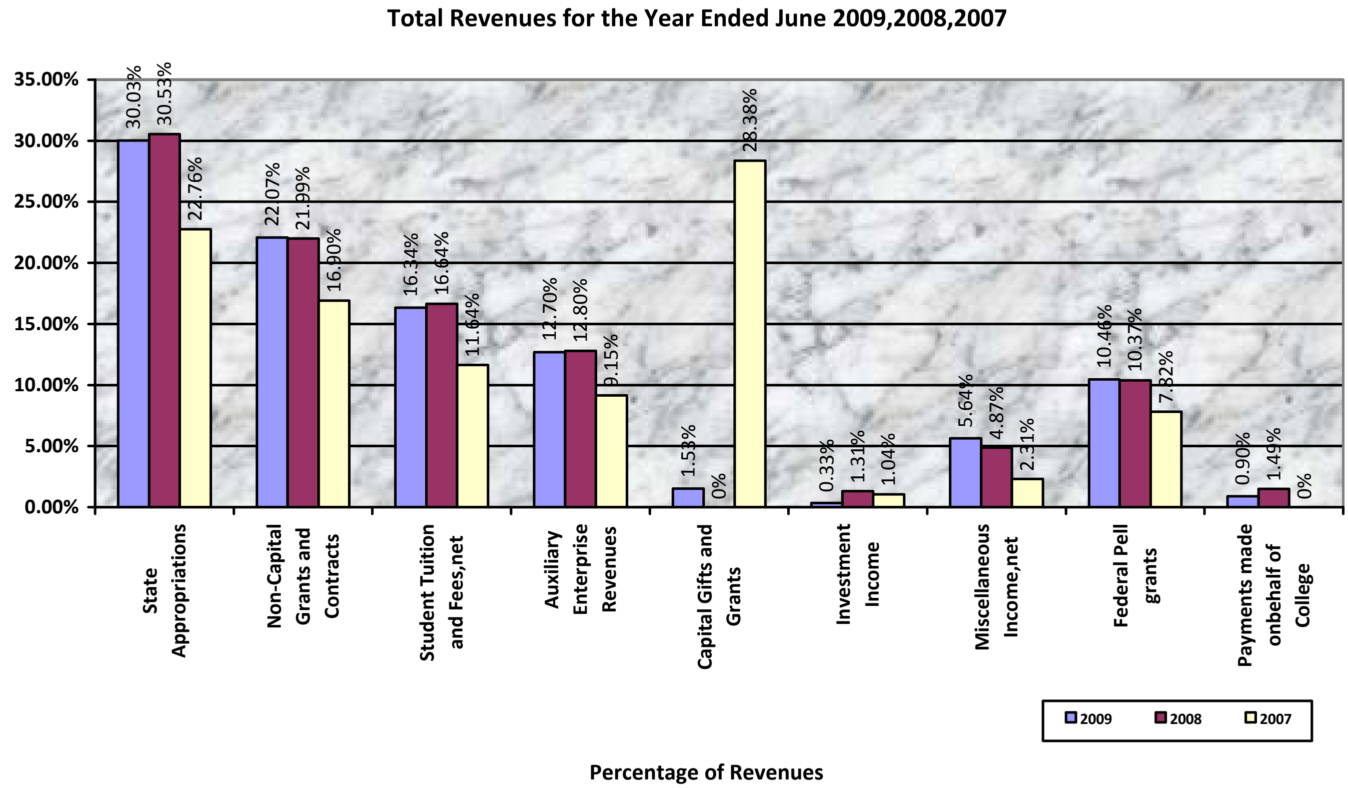
Combined Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009, 2008, and 2007

	2009	2008	2007	% Change
Operating revenues	$ 12,734,211	$11,240,963	$ 9,621,101	13.28%
Operating expenses	21,372,651	19,741,806	16,570,618	8.26 %
Operating loss	(8,638,440)	(8,500,843)	(6,949,517)	1.62%
Non-operating Revenues	9,362,760	8,722,265	7,605,484	7.34%
Non-operating Expenses	660,069	565,350	447,391	16.75%
Net Non-operating revenues	8,702,691	8,156,915	7,158,093	6.69%
Income (loss) before other revenues, expenses, gains or losses	64,251	(343,928)	208,576	118.68 %
Capital Projects Proceeds	344,714		6,867,656	100.00%
Transfer from Commission			(40,376)	
Net Effect of Change In Accounting Principal		1,060,333		(100.00%)
Increase in net assets	408,965	716,405	7,035,856	(42.91%)
Net assets, beginning of year	26,508,451	25,792,046	18,756,190	2.78%
Net assets, end of year	$26,917,416	$26,508,451	$ 25,792,046	1.54 %

An analysis of the individual revenue and expense categories that contributed to the overall increase in net assets reveals the following:

Revenues:

	2009	2008	2007	% Change
Program revenues (by major source)				
Tuition & fees before allowances	$ 5,964,828	$ 5,257,743	$ 4,541,550	13.45 %
Less: scholarship discounts & allowances	(2,297,790)	(1,935,524)	(1,740,621)	(18.72)%
Research grants & contracts	4,952,272	4,390,535	4,065,667	12.79%
Auxiliary enterprise sales & services, net	2,850,181	2,556,188	2,200,357	11.50 %
Miscellaneous	1,264,720	972,021	554,148	30.11 %
General revenues (by major source)				
State appropriations	6,739,617	6,095,707	5,475,753	10.56%
Federal Pell grants	2,347,617	2,069,440	1,880,912	13.44%
Payments on behalf of College	201,132	296,816		(32.24%)
Investment income	74,394	260,302	248,819	(71.42%)
Capital grants and gifts	344,714		6,827,280	100.00%
Total Revenues	$ 22,441,685	$ 19,963,228	$ 24,053,865	10.69%



The major sources of revenue for the College include student tuition and fees, interest on loans receivable, state appropriations, capital grants and gifts, government grants, contracts, and student aid, auxiliary enterprise revenues, investment income, and miscellaneous income.

- Student tuition and fees (net of scholarship allowance) made up 28.80% of the College's operating revenues and 16.34% of total revenues. Tuition and fee revenues increased over the previous year as a result of resident and non-resident tuition and fee increases of 7.47% and 7.49%, respectively.

- Other revenues such as contracts and grants, auxiliary enterprise revenue, interest on loans receivable, and miscellaneous revenues comprised 52.40%, 50.03%, and 64.56% of the College's total revenues in FY 2009, FY 2008 and FY 2007, respectively. FY 2009 grant awards included receipts of $237,048 from the US Department of Education for the third year of the TRIO grant program, $897,286 from NASA for the third year of a $3,700,000 program grant to promote the STEM initiatives, $219,678 from the US Department of Justice as part of a $716,661 Criminal Justice program grant, and $ 84,251 from the Department of Justice as part of a $ 178,870 Criminal Justice Recidivism Grant, and $ 1,676,864 in West Virginia Higher Education scholarship programs. Federal Revenues, non-operating, consisted of $2,347,617 in PELL Grants received and distributed for student financial aid and made up 10.46% of the College's total revenues.

- State appropriated general revenue funds in the amount of $6,489,617 and a Special State Appropriation of $250,000, which will be re-appropriated for use in FY2010, accounted for 30.03% of total revenues in FY 2009 compared to 30.53% in FY2008 and 22.76% in FY 2007.

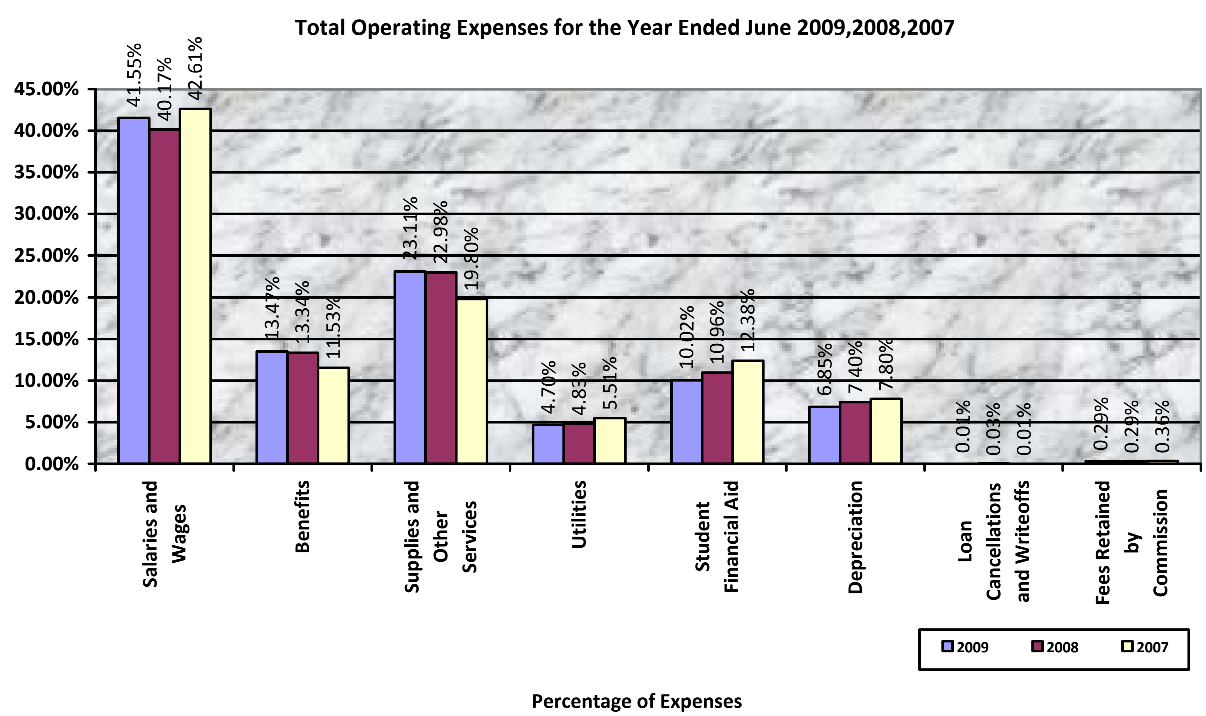
These appropriations are used to pay salaries and benefits in support of the operations of the College.

- Investment income decreased by $185,908 or 71.42 % from FY2008 to FY2009. This revenue source made up 0.33%of total revenues in FY 2009 compared to 1.31% in FY2008 and 1.04% in FY 2007. The College participates in the investment pool managed by the State.

Operating and Non-operating Expenses:

The operating expenses of the College by natural classification are as follows:

	2009	2008	2007	% Change
Salaries and wages	$ 8,879,530	$ 7,930,727	$ 7,059,474	11.96%
Benefits	2,879,452	2,633,473	1,910,702	9.34%
Supplies and other services	4,940,212	4,537,140	3,281,796	8.88%
Utilities	1,004,430	953,763	913,480	5.31 %
Student financial aid, scholarships and fellowships	2,141,967	2,163,152	2,051,297	(.98 %)
Depreciation	1,464,231	1,461,702	1,292,509	0.17 %
Loan cancellations and write-offs	1,704	4,764	1,176	(64.23 %)
Fees retained by Commission for operations	61,125	57,085	60,184	7.08%
Total Operating Expenses	$ 21,372,651	$19,741,806	$16,570,618	8.26%



- Salaries and wages, and employee benefits made up approximately 55.02**%** of the operating expenses of the College in FY 2009 compared to 53.51% in FY2008, and 54.14% in FY 2007.

- Utility costs in FY 2009 were $1,004,430, an increase of 5.31%from FY 2008 and an increase of 9.96% from FY 2007. These costs represented 4.70% of the FY2009 operating expenses compared to 4.83% in FY2008 and 5.51% in FY 2007.

- Scholarship and fellowship expenses decreased $21,185 or 0.98% from FY 2008, but an increase of 4.42% from FY2007. They represented 10.02%, 10.96% and 12.38% of the total operating expenses in FY 2009, FY 2008, and FY 2007, respectively.

Non-operating expenses consisted primarily of interest on indebtedness $644,506, fees assessed by the HEPC for system-wide debt service $10,977, $1,519 in bond discount expense and $3,067 in bank financing costs.

Combined Statements of Cash Flows

The Combined Statements of Cash Flows presents detailed information about the cash activities of the College during the year. These statements assist the users in analyzing the College's ability to generate net cash flows, meet obligations as they come due, and determining its need for external financing.

The Statement of Cash Flows is divided into five parts:

1) *Cash flows from operating activities*. This section shows the net cash used by the operating activities of the College.

2) *Cash flows from non-capital financing activities*. This section reflects the cash received and paid for non-operating, non-investing, and non-capital financing purposes.

3) *Cash flows from capital and related financing activities*. This section includes cash used for the acquisition and construction of capital and related items.

4) *Cash flows from investing activities*. This section shows the purchases, proceeds, and interest received from investing activities.

5) Reconciliation of net operating loss to net cash used in operating activities. This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities to the operating loss reflected in the SRECNA.

Combined Statements of Cash Flows
For the Years Ended June 30, 2009, 2008, and 2007

	2009	2008	2007	% Change
Cash provided by (used in):				
Operating activities	$ (6,368,895)	$ (6,693,348)	$ (5,033,779)	4.85%
Non capital financing activities	8,828,367	8,165,147	7,934,484	8.23 %
Capital financing activities	(2,208,100)	(1,538,336)	(2,295,039)	(43.56 %)
Investing activities	84,233	266,865	246,184	(68.44 %)
Increase (decrease) in cash and cash equivalents	335,605	200,328	851,850	71.81 %
Cash and cash equivalents, beginning of year	4,493,529	4,293,201	3,441,351	4.67 %
Cash and cash equivalents, end of year	$ 4,829,134	$ 4,493,529	$ 4,293,201	7.66 %

Capital Asset and Debt Administration

The College had capital asset additions of $2,355,405, $4,789,145, and $10,466,461 for the years ended June 30, 2009, 2008, and 2007, respectively. The FY2007 additions were funded by federal grants, capital project proceeds from the Higher Education Policy Commission, and capital financing proceeds.

- In FY2009, the College constructed an elevator in the Physical Education Building and the Glenville State College Housing Corporation secured a $635,000 bank loan to purchase the Conrad Motel.
- In FY2008, the College completed the renovation of the Science Hall. The College was allocated $5,000,000 from State Lottery Bond revenues for this project.
- In December 2007, the College issued Student Fee Revenue Bonds in the amount of $4,125,000 through United Bank for the additional funding needed to complete the project. The total cost of the renovation project was $9,107,979.

Economic Outlook

The Glenville State College fiscal outlook is decidedly favorable; student enrollment is climbing, revenues are increasing, and capital asset growth continues.

The College began to experience the results of expanded recruiting and retention efforts with increased numbers in out-of-state students and total student enrollment for the Fall 2009 semester. These increases can be attributed to the Hidden Promise program, the Metro Fee attracting out-of-state students in neighboring counties, and proactive recruitment. The College is working diligently with the Hidden Promise Consortium to increase dual credit offerings and develop degree completion programs for non-traditional students. In addition, the College has entered into an articulation agreement with the West Virginia Department of Military Affairs and Public Safety to provide staff degree completion options using non-traditional delivery methods.

The College and the Hidden Promise Consortium have hired math and language arts coordinators to work with K-12 faculty to align curriculum and develop suitable diagnostic instruments for 5^{th} grade evaluations. The College hosts summer camps for each of grades 8-12. Public engagement activities are planned for each of the 17 Consortium counties. There are currently 45 Hidden Promise scholars enrolled at Glenville State College.

An articulation agreement has been entered into between the College and the West Virginia Department of Military Affairs and Public Safety. Glenville State College is now the training site for the Regional Jail Authority, Division of Juvenile Services, and Division of Corrections. In conjunction with these entities, Glenville State students in the corrections track of the criminal justice program will have the opportunity to complete corrections training generally available only to practitioners. Through a special appropriation from the State, the College will build upon the existing articulation agreement to provide degree completion opportunities.
Funding from three major operational and research grants (TRIO, Department of Justice, and NASA) will continue in FY2010. The College has been awarded two new grants from the Department of Justice for expanding the Criminal Justice program and the development and delivery of degree completion programs at FCI-Gilmer. In addition, the College will facilitate a $500,000 JASON Project, a joint initiative of National Geographic, NASA, and NOAA.

Rivers View, a new residential housing sub-division near Glenville, increases the local housing stock and promotes economic development. The infrastructure has been completed and there have been five homes and properties sold.

The College continues to have discussions with health care providers to maintain a multifunctional facility operational twenty-four hours per day and seven days per week. This initiative will not only address the immediate need for enhanced health care but also will support the College's nursing program and identify and support the development of related programs to prepare students for work in the growing health care industry. The objective of this initiative is to improve the overall health and wellness of the local community, central West Virginia, and the State as a whole.

The Transforming Lives NOW! capital campaign has been jump started in the initial silent phase with pledges exceeding $8,000,000. The official kick-off date on November 15, 2008 established a goal of $12,000,000.

In conclusion, the Glenville State College Board of Governors, the College's administration, and the extended college community are optimistic about the financial outlook of the College.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,829,134	$ 4,493,529
Accounts receivable—net	669,291	299,281
Deferred financing costs, current portion - net	1,067	1,067
Loans to students—current portion	5,858	1,027
Inventories	79,944	85,351
Total current assets	5,585,294	4,880,255
NONCURRENT ASSETS:		
Cash and cash equivalents	1,649,741	2,230,123
Deferred Financing Costs - net	28,800	29,867
Capital assets—net	34,477,094	33,585,919
Total noncurrent assets	36,155,635	35,845,909
TOTAL ASSETS	$ 41,740,929	$ 40,726,164

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES:		
Accounts payable	$ 889,534	$ 464,217
Accrued liabilities	853,772	848,948
Due to the Commission	2,227	3,386
Compensated absences—current portion	306,645	268,416
Deferred revenue	134,683	89,779
Note payable—current portion	98,999	147,962
Capital lease obligations—current portion	114,741	191,324
Bonds payable—current portion	221,460	211,092
Higher Education Policy Commission debt payable—current portion	183,794	177,481
Total current liabilities	2,805,855	2,402,605
NONCURRENT LIABILITIES (Note 6)	12,017,658	11,815,108
Total liabilities	14,823,513	14,217,713
NET ASSETS:		
Invested in capital assets—net of related debt	22,163,043	21,327,637
Restricted for:		
Loans	57,313	56,756
Capital projects	1,025,128	1,169,580
Debt service	731,897	805,982
Other	434,068	432,701
Unrestricted	2,505,967	2,715,795
Total net assets	26,917,416	26,508,451
TOTAL LIABILITIES AND NET ASSETS	$ 41,740,929	$ 40,726,164

See notes to combined financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

ASSETS	**2009**	**2008**
ASSETS:		
Cash	$ 65,925	$ 68,430
Investments	9,170,451	6,717,191
Unconditional promises to give—net of allowance for uncollectible promises of $0 and $0	713,231	710,374
Other current assets	13,898	83,090
Investment in capital assets	143,666	37,108
Land and other assets held for investment	703,914	703,914
TOTAL ASSETS	$ 10,811,085	$ 8,320,107
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	$ 25,295	$ 14,187
Notes Payable - current portion	7,567	7,130
Total current liabilities	32,862	21,317
NONCURRENT LIABILITIES	17,330	24,859
Total liabilities	50,192	46,176
NET ASSETS:		
Unrestricted	848,054	861,523
Temporarily restricted	(805,673)	174,739
Permanently restricted	10,718,512	7,237,669
Total net assets	10,760,893	8,273,931
TOTAL LIABILITIES AND NET ASSETS	$ 10,811,085	$ 8,320,107

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES:		
Student tuition and fees (net of scholarship allowance of $2,297,790 and $1,935,524)	$ 3,667,038	$ 3,322,219
Contracts and grants:		
Federal	1,755,688	1,563,371
State	1,891,225	1,874,860
Private	1,305,359	952,304
Interest on student loans receivable	695	
Sales and services of educational activities	924,789	829,023
Auxiliary enterprise revenue (net of scholarship allowance of $1,423,720 and $1,152,573)	2,850,181	2,556,188
Miscellaneous—net	339,236	142,998
Total operating revenues	12,734,211	11,240,963
OPERATING EXPENSES:		
Salaries and wages	8,879,530	7,930,727
Benefits	2,879,452	2,633,473
Supplies and other services	4,940,212	4,537,140
Utilities	1,004,430	953,763
Student financial aid—scholarships and fellowships	2,141,967	2,163,152
Depreciation	1,464,231	1,461,702
Loan cancellations and write-offs	1,704	4,764
Fees assessed by the Commission for operations	61,125	57,085
Total operating expenses	21,372,651	19,741,806
OPERATING LOSS	(8,638,440)	(8,500,843)

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
NONOPERATING REVENUES (EXPENSES):		
State appropriations	$ 6,739,617	$ 6,095,707
Federal Pell grants	2,347,617	2,069,440
Payment on behalf of Glenville State College	201,132	296,816
Investment income	74,394	260,302
Interest on indebtedness	(644,506)	(550,089)
Fees assessed by the Commission for debt service	(10,977)	(10,676)
Other non-operating expenses	(4,586)	(4,585)
Net nonoperating revenues	8,702,691	8,156,915
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	64,251	(343,928)
CAPITAL PROJECTS PROCEEDS FROM THE COMMISSION	344,714	
INCREASE (DECREASE) IN NET ASSETS BEFORE CUMULATIVE EFFECT (NOTE 2)	408,965	(343,928)
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE		1,060,333
INCREASE (DECREASE) IN NET ASSETS	408,965	716,405
NET ASSETS—Beginning of year	26,508,451	25,792,046
NET ASSETS—End of year	$ 26,917,416	$ 26,508,451

See notes to combined financial statements.

(Concluded)

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$ 253,388	$ 621,965	$ 3,541,621	$ 4,416,974
Administration fee	278,076			278,076
Investment income	82,804	(520,157)	(60,671)	(498,024)
Total revenues, gain and other support	614,268	101,808	3,480,950	4,197,026
EXPENSES:				
Program services	384,198	804,251		1,188,449
Management and general	193,029	277,969	107	471,105
Fundraising	9,470			9,470
Professional fees	29,050			29,050
Depreciation	11,990			11,990
Total expenses	627,737	1,082,220	107	1,710,064
CHANGE IN NET ASSETS	(13,469)	(980,412)	3,480,843	2,486,962
NET ASSETS—Beginning of year	861,523	174,739	7,237,669	8,273,931
NET ASSETS—End of year	$ 848,054	$ (805,673)	$ 10,718,512	$ 10,760,893

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

THE GLENVILLE STATE COLLEGE FOUNDATION, INC.
A COMPONENT UNIT OF GLENVILLE STATE COLLEGE
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Grants and donations	$ 581,122	$ 496,428	$ 2,640,897	$ 3,718,447
Administration fee	151,414			151,414
Investment income	16,405	(416,976)	(545)	(401,116)
Total revenues, gain and other support	748,941	79,452	2,640,352	3,468,745
EXPENSES:				
Program services	76,503	864,165		940,668
Management and general	148,793	151,185	229	300,207
Fundraising	11,166			11,166
Professional fees	19,505			19,505
Depreciation	9,938			9,938
Total expenses	265,905	1,015,350	229	1,281,484
CHANGE IN NET ASSETS	483,036	(935,898)	2,640,123	2,187,261
NET ASSETS—Beginning of year	378,487	1,110,637	4,597,546	6,086,670
NET ASSETS—End of year	$ 861,523	$ 174,739	$ 7,237,669	$ 8,273,931

See notes to combined financial statements.

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 3,394,664	$ 3,299,607
Contracts and grants	4,885,528	4,264,852
Payments to and on behalf of employees	(11,215,530)	(9,966,572)
Payments to suppliers	(4,707,553)	(4,556,968)
Payments to utilities	(999,041)	(953,639)
Payments for scholarships and fellowships	(1,721,896)	(2,153,819)
Loans issued to students	(27,846)	(54,457)
Collection of loans to students	23,545	58,307
Sales and service of educational activities	1,060,867	905,121
Auxiliary enterprise charges	2,735,879	2,521,305
Fees assessed by the Commission for operations	(61,125)	(57,085)
Other receipts and payments—net	263,613	
Net cash used in operating activities	(6,368,895)	(6,693,348)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,480,750	6,095,707
Federal Pell grants	2,347,617	2,069,440
William D. Ford direct lending receipts	5,992,877	4,585,230
William D. Ford direct lending payments	(5,992,877)	(4,585,230)
Net cash provided by noncapital financing activities	8,828,367	8,165,147
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(2,367,044)	(4,895,913)
Debt service paid to Commission	(251,532)	(252,882)
Non-operating fees retained by the Commission	(10,977)	(10,676)
Principal paid on notes, bonds and leases	(564,983)	(531,212)
Interest paid on notes, bonds and leases	(571,660)	(632,697)
Withdrawals from (deposits to) noncurrent cash and cash equivalents	580,382	401,702
Loan proceeds	635,000	4,040,549
Bond Adminstration Fees	(2,000)	
Capital projects proceeds from the Commission	344,714	342,793
Net cash used in capital financing activities	(2,208,100)	(1,538,336)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	84,233	266,865
Net cash provided by investing activities	84,233	266,865
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	335,605	200,328
CASH AND CASH EQUIVALENTS—Beginning of year	4,493,529	4,293,201
CASH AND CASH EQUIVALENTS—End of year	$ 4,829,134	$ 4,493,529

(Continued)

GLENVILLE STATE COLLEGE

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (8,638,440)	$ (8,500,843)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,464,231	1,461,702
Payments made on behalf of College	201,132	296,816
Changes in assets and liabilities:		
Accounts receivable—net	(109,658)	9,114
Loans to students—net	(4,831)	8,675
Prepaid expenses		7,001
Inventories	5,407	(31,886)
Accounts payable	101,875	(60,958)
Accrued liabilities and due to the Commission	327,106	97,750
Due to federal		(143,078)
Compensated absences	239,379	175,253
Deferred revenue	44,904	(12,894)
NET CASH USED IN OPERATING ACTIVITIES	$ (6,368,895)	$ (6,693,348)
NONCASH TRANSACTIONS:		
Cumulative effect of adoption of accounting principle	$	$ 1,060,333
Accretion of bond discount into bonds payable	$ 1,519	$ 1,519
Deferred Financing Costs	$ 1,067	$ 1,067

See notes to combined financial statements.

(Concluded)

1. ORGANIZATION

Glenville State College (the "College") is governed by the Glenville State College Board of Governors (the "Board"). The Board was established by Senate Bill 653 ("S.B. 653").

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institution(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.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the "Commission"), which is responsible for developing, gaining consensus around and overseeing the implementation and development of a higher education public policy agenda.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the College have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis – for Public Colleges and Universities (an Amendment of GASB Statement No. 34)*. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

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

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

The accompanying combined financial statements present all funds under the authority of the College, including its blended component units, Glenville State College Research Corporation (the "Corporation"), which was formed on December 10, 1990 as a nonprofit, nonstock corporation and Glenville State College Housing Corporation (the "Housing Corporation"), which received tax-exempt status on June 11, 1973 as a nonprofit corporation. The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the College's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Foundation and Alumni Association of the College are not part of the College reporting entity and are not included in the accompanying combined financial statements as the College has no ability to designate management, cannot significantly influence operations of these entities and is not accountable for the fiscal matters of the Foundation and Alumni Association under GASB Statement No. 14, *The Financial Reporting Entity*.

As of July 1, 2003, the College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as an amendment to GASB Statement No. 14. As a result, the audited financial statements of The Glenville State College Foundation, Inc. (the "Foundation") are presented here with the College's financial statements for the fiscal years ended June 30, 2009 and 2008. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein (see also Note 17).

Financial Statement Presentation—GASB Statement No. 35and No. 38, establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a combined basis to focus on the College as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt*—This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

- *Restricted net assets, expendable*—This includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

- *Restricted net assets, nonexpendable*—This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College did not have any restricted nonexpendable net assets at June 30, 2009 and 2008, respectively.

- *Unrestricted net assets*—Unrestricted net assets represent 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 College, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities, that provide services for students, faculty and staff.

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

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

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments for External Investment Pools*. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool (formerly Enhanced Yield Pool) and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts (seven in 2008), three of which the Commission may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

***Appropriations Due from Primary Government*—**For financial reporting purposes, appropriations due from the State are presented separate from cash and cash equivalents, as amounts are not specific deposits with the State Treasurer but are obligations of the State. These revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Appropriations which remain undrawn at the end of the year may be drawn through the thirty–first day of July after the end of the year for which the appropriation is made.

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

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

Noncurrent Cash and Cash Equivalents—Cash that is (1) externally restricted to make debt service payments, long-term loans to students or to maintain sinking or reserve funds, and (2) to purchase capital or other noncurrent assets, is classified as a noncurrent asset in the statements of net assets.

Capital Assets—Capital assets include property, plant and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. No interest was capitalized as part of the cost of assets for the year ended June 30, 2009. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 10 years for equipment, 7 years for library books, and 3 years for furniture. The College's capitalization threshold is $1,000. The accompanying combined financial statements reflect all adjustments required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

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

Compensated Absences and Other Post Employment Benefits—The College accounts for compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*.

Effective July 1, 2007, the College adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, Glenville State was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency ("PEIA"), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or http://www.wvpeia.com.

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

The College's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001 or later will no longer receive sick leave credit toward insurance premiums when they retire. The liability is now provided for under the multiple employer cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009 will no longer receive years of service credit toward insurance premiums when they retire.

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

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

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

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

Classification of Revenues—The College has classified its revenues according to the following criteria:

- *Operating Revenues*—Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

- *Nonoperating Revenues*—Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting* and GASB Statement No. 34, such as state appropriations and investment income.

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

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

Federal Financial Assistance Programs—The College makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through institutions such as the College. Direct student loan receivables are not included in the College's balance sheets as the loans are repayable directly to the U.S. Department of Education. In 2009 and 2008, the College received and disbursed $5,992,877 and $4,585,230, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the statements of revenues, expenses and changes in net assets.

The College also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Academic Competitiveness Grant, National Science and Mathematics Access to Retain Talent "SMART" Grant, and Teacher Education Assistance for College and Higher Education "TEACH" Grant, Supplemental Educational Opportunity Grant and College, and Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2009 and 2008, the College received and disbursed approximately $2,644,811 and $2,181,642, respectively, under these federal student aid programs.

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

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

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

Income Taxes—The College is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

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

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

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

Reclassifications — Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 classifications. Revenues from Pell grants in the amount of $2,069,440 were transferred from operating revenues to nonoperating revenues.

Newly Adopted Statements Issued by the GASB — During 2009, the College adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, as required. The adoption of this statement had no impact on the financial statements.

During 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement identifies the sources of accounting principles and provides the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles. The College adopted GASB Statement No. 55 upon issuance.

During 2009, the GASB also issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The College adopted GASB Statement No. 56 upon issuance.

Recent Statements Issued by the GASB — The GASB has issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for fiscal years beginning after June 15, 2009. This statement provides guidance regarding whether and when intangible assets should be considered capital assets for financial reporting purposes. The College has not yet determined the effect that the adoption of GASB Statement No. 51 may have on the accompanying combined financial statements.

The GASB has issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal years beginning after June 15, 2009. This statement requires governmental entities to measure most derivative instruments at fair value as assets or liabilities. It also improves disclosure requirements surrounding the entity’s derivative instrument activity, its objectives for entering into the derivative instrument, and the instrument’s significant terms and risks. The College has not yet determined the effect that the adoption of GASB Statement No. 53 may have on the accompanying combined financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2009 and 2008, was held as follows:

	2009		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 4,411,760	$ 1,036,904	$ 5,448,664
Municipal Bond Commission	295,942		295,942
Trustee		612,837	612,837
Banks	121,432		121,432
	$ 4,829,134	$ 1,649,741	$ 6,478,875

	2008		
	Current	**Noncurrent**	**Total**
State Treasurer	$ 3,779,673	$ 1,622,582	$ 5,402,255
Municipal Bond Commission	292,419		292,419
Trustee		607,541	607,541
Banks	421,437		421,437
	$ 4,493,529	$ 2,230,123	$ 6,723,652

Amounts held by the State Treasurer includes $1,399,330 and $1,974,936 of restricted cash for grant programs, capital improvements, debt service, and student financial aid among others as of June 30, 2009 and 2008, respectively.

Amounts held by the Municipal Bond Commission or Trustee represent funds reserved for various project revenue, debt service, other repair and replacement reserve funds required to be escrowed by various bond trust indentures, and proceeds from the 2007 Science Building Series A Bonds (see Note 6) that is restricted for construction of capital assets.

The combined carrying amounts of cash in the bank at June 30, 2009 and 2008 were $121,432 and $421,437, respectively, as compared with the combined bank balance of $244,172 and $584,159. The difference is primarily caused by items in transit.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2009 and 2008, are comprised of the following investment pools:

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

WV Money Market

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended June 30, 2009 and 2008, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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

At June 30, 2009 and 2008, the WV Money Market Pool investments had a total carrying value of $2,570,261,000 and $2,358,470,000 respectively, of which the College's ownership represents 0.20% and 0.24%, respectively.

WV Government Money Market Pool

Credit Risk — For the years ended June 30, 2009 and 2008, the WV Government Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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

At June 30, 2009 and 2008, the WV Government Money Market Pool investments had a total carrying value of $283,826,000 and $187,064,000, of which the College's ownership represents 0.02% and 0.03% respectively.

WV Short Term Bond Pool

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

Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset backed securities						
	Aaa	AAA	$ 16,402	5.21 %	$ 48,663	13.75 %
	Aaa	NR	5,136	1.63	2,179	0.62
	Aa3	AAA	223	0.07		
	Aa2	AAA	461	0.15		
	A3	AAA	273	0.09		
	Baa2	AAA	831	0.26		
	Baa1	BBB**	332	0.10		
	Baa2	BBB**	1,376	0.44		
	Ba3	AAA	645	0.20		
	B1	AAA	779	0.25		
	B2	B**	493	0.16		
	B2	CCC**	539	0.17		
	B3	AAA	949	0.30		
	Caal	BB**	254	0.08		
	NR	AAA	679	0.22	1,135	0.32
	AA3	AA			192	0.06
			29,372	9.33	52,169	14.75
Commercial paper	P1	A-1			7,971	2.25
Corporate bonds and notes	Aaa	AAA	47,204	14.99	13,146	3.72
	Aa1	AA	4,445	1.41	12,613	3.56
	Aa1	A	2,052	0.65		
	Aa2	AAA	3,040	0.96		
	Aa2	AA	9,066	2.88	20,860	5.89
	Aa2	A			1,061	0.30
	Aa3	AA			11,488	3.25
	Aa3	A	7,831	2.49	4,548	1.28
	A1	AA	4,813	1.53	4,305	1.22
	A1	A	5,522	1.75	8,361	2.36
	A2	AA			847	0.24
	A2	A	32,040	10.17	26,585	7.51
	A3	A	7,024	2.23	10,917	3.08
	Baa1	AA-			593	0.17
	Baa1	A-			2,028	0.57
	Baa3	A	2,067	0.66		
	Baa3	BB+			645	0.18
			125,104	39.72	117,997	33.33
U.S. agency bonds	Aaa	AAA	60,250	19.13	71,840	20.29
U.S. Treasury notes***	Aaa	AAA	88,805	28.20	81,875	23.13
U.S. agency mortgage backed securities****	Aaa	AAA	4,975	1.58	5,345	1.51
Money Market Funds	Aaa	AAA	6,426	2.04		
Repurchase agreements (underlying securities):						
U.S. agency notes	Aaa	AAA			16,782	4.74
			$ 314,932	100%	$ 353,979	100%

* NR = Not Rated

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

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

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

At June 30, 2009 and 2008, the College's ownership represents 0.17% and 0.14%, respectively, of these amounts held by the BTI.

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

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

	2009		2008	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 212,010	1	$ 371,163	1
U.S. Treasury bills	483,714	69	406,426	31
Commercial paper	592,479	32	658,879	29
Certificates of deposit	128,402	56	147,001	95
U.S. agency discount notes	635,602	57	212,924	84
Corporate bonds and notes	73,812	38	158,000	21
U.S. agency bonds/notes	294,019	70	254,019	111
Money market funds	150,223	1	150,058	1
	$ 2,570,261	47	$ 2,358,470	40

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

Security Type	2009 Carrying Value (In thousands)	2009 WAM (Days)	2008 Carrying Value (In thousands)	2008 WAM (Days)
Repurchase agreements	$ 53,000	1	$ 53,400	1
U.S. Treasury bills	74,424	94	29,929	58
U.S. agency discount notes	87,662	55	43,249	77
U.S. agency bonds/notes	68,608	37	60,420	84
Money market funds	132	1	66	1
	$ 283,826	51	$ 187,064	54

The overall effective duration (overall weighted average maturity in 2008) of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool at June 30, 2009:

Security Type	Carrying Value (in Thousands)	Effective Duration (Days)
U. S. Treasury bonds/notes	$ 88,805	917
Corporate notes	125,104	559
Corporate asset backed securities	29,372	622
U.S. agency bonds/notes	60,250	752
U.S. agency mortgage backed securities	4,975	540
Money market funds	6,426	1
	$ 314,932	691

The following table provides information on the weighted average maturities for the various asset types in the WV Short Term Bond Pool at June 30, 2008:

	2008	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 16,782	1
U.S. Treasury bonds/notes	81,875	744
Corporate notes	117,997	675
Corporate asset backed securities	52,169	341
U.S. agency bonds/notes	71,840	1,231
U.S. agency mortgage backed securities	5,345	570
Commercial paper	7,971	50
	$ 353,979	707

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

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

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

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

Deposits — Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the College's bank balance of $244,172 was exposed to custodial credit risk.

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30, 2009 and 2008:

	2009	**2008**
Student tuition and fees, net of allowance for doubtful accounts of $882,144 and $815,868, respectively	$ 165,869	$ 161,855
Due from Primary Government	258,868	
Due from other State agencies	18,033	6,259
Due from Federal Government	98,461	78,243
Other accounts receivable	128,060	52,924
	$ 669,291	$ 299,281

5. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2009 and 2008:

	2009				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 583,973	$ 192,892	$ -	$ -	$ 776,865
Construction In Progress		510,215			510,215
Total capital assets not being depreciated	$ 583,973	$ 703,107	$ -	$ -	$ 1,287,080
Other capital assets:					
Land improvements	$ 2,389,609	$ -	$ -	$ -	$ 2,389,609
Infrastructure	1,433,778				1,433,778
Buildings	46,097,554	996,538			47,094,092
Equipment	6,548,570	622,694	(66,373)		7,104,891
Library books	1,637,802	33,066	(46,375)		1,624,493
Total other capital assets	58,107,313	1,652,298	(112,748)		59,646,863
Less accumulated depreciation for:					
Land improvements	960,994	94,620			1,055,614
Infrastructure	1,267,967	85,301			1,353,268
Buildings	16,725,241	737,393			17,462,634
Equipment	4,633,023	507,406	(66,373)		5,074,056
Library books	1,518,142	39,510	(46,375)		1,511,277
Total accumulated depreciation	25,105,367	1,464,230	(112,748)		26,456,849
Other capital assets—net	$ 33,001,946	$ 188,068	$ -	$ -	$ 33,190,014
Capital asset summary:					
Capital assets not being depreciated	$ 583,973	$ 703,107	$ -	$ -	$ 1,287,080
Other capital assets	58,107,313	1,652,298	(112,748)		59,646,863
Total cost of capital assets	58,691,286	2,355,405	(112,748)		60,933,943
Less accumulated depreciation	25,105,367	1,464,230	(112,748)		26,456,849
Capital assets—net	$ 33,585,919	$ 891,175	$ -	$ -	$ 34,477,094

	2008				
	Beginning Balance	Additions	Reductions	Transfer	Ending Balance
Capital assets not being depreciated:					
Land	$ 462,913	$ 70,031	$ -	$ 51,029	$ 583,973
Construction In Progress	4,884,446			(4,884,446)	
Total capital assets not being depreciated	$ 5,347,359	$ 70,031	$ -	$ (4,833,417)	$ 583,973
Other capital assets:					
Land improvements	$ 2,389,609	$ -	$ -	$ -	$ 2,389,609
Infrastructure	1,433,778				1,433,778
Buildings	36,903,930	4,417,127		4,776,497	46,097,554
Equipment	6,301,918	275,179	(85,447)	56,920	6,548,570
Library books	1,612,335	26,808	(1,341)		1,637,802
Total other capital assets	48,641,570	4,719,114	(86,788)	4,833,417	58,107,313
Less accumulated depreciation for:					
Land improvements	866,374	94,620			960,994
Infrastructure	1,172,382	95,585			1,267,967
Buildings	16,073,963	708,198		(56,920)	16,725,241
Equipment	4,151,192	510,358	(85,447)	56,920	4,633,023
Library books	1,466,542	52,941	(1,341)		1,518,142
Total accumulated depreciation	23,730,453	1,461,702	(86,788)		25,105,367
Other capital assets—net	$ 24,911,117	$ 3,257,412	$ -	$ 4,833,417	$ 33,001,946
Capital asset summary:					
Capital assets not being depreciated	$ 5,347,359	$ 70,031	$ -	$ (4,833,417)	$ 583,973
Other capital assets	48,641,570	4,719,114	(86,788)	4,833,417	58,107,313
Total cost of capital assets	53,988,929	4,789,145	(86,788)		58,691,286
Less accumulated depreciation	23,730,453	1,461,702	(86,788)		25,105,367
Capital assets—net	$ 30,258,476	$ 3,327,443	$ -	$ -	$ 33,585,919

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

6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the College for the years ended June 30, 2009 and 2008:

	2009				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable net of discount, including unexpended funds of $202,338 at June 30, 2009	$ 4,471,198	$ -	$ 93,481	$ 4,377,717	$ 98,481
Campus Community Center bonds	1,426,330		51,791	1,374,539	54,042
Science Building Bonds	4,051,611		66,077	3,985,534	68,937
Capital lease obligations	389,809		191,324	198,485	114,741
Notes payable	240,462	635,000	162,310	713,152	98,999
Commission debt payable	1,709,806		177,481	1,532,325	183,794
Total bonds, capital leases, and note payable	12,289,216	635,000	742,464	12,181,752	618,994
Other liabilities:					
Accrued compensated absences	392,226	324,994	268,416	448,804	306,645
Other post employment benefits liability	129,941	182,800		312,741	
Total noncurrent liabilities	$ 12,811,383	$ 1,142,794	$ 1,010,880	$ 12,943,297	$ 925,639

	2008				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Student Housing bonds payable net of discount, including unexpended funds of $199,928 at June 30, 2008	$ 4,559,679	$ -	$ 88,481	$ 4,471,198	$ 93,481
Campus Community Center bonds	1,475,964		49,634	1,426,330	51,791
Science Building Bonds		4,125,000	73,389	4,051,611	65,820
Capital lease obligations	611,065		221,256	389,809	191,324
Notes payable	292,071	26,250	77,859	240,462	147,962
Commission debt payable	1,882,498		172,692	1,709,806	177,481
Total bonds, capital leases, and note payable	8,821,277	4,151,250	683,311	12,289,216	727,859
Other liabilities:					
Accrued compensated absences	1,407,247	212,704	1,227,725	392,226	268,416
Other post employment benefits liability		129,941		129,941	
Total noncurrent liabilities	$ 10,228,524	$ 4,493,895	$ 1,911,036	$ 12,811,383	$ 996,275

7. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2009 and 2008:

	Interest Rate	Annual Principal Installment Due	2009 Principal Amount Outstanding	2008 Principal Amount Outstanding
Student Housing Bonds:				
Series 2000 A, mature various dates through October 1, 2030	5.3% to 6.2%	Various	$ 4,410,000	$ 4,505,000
Less: Discount			32,283	33,802
Total Series 2000 A bonds			4,377,717	4,471,198
Campus Community Center Bonds:				
Series 2006, interest rate reset at November 1, 2016	4.30%	Various	1,374,539	1,426,330
Science Building Bonds				
Series 2007, interest rate reset at October 1, 2017	4.68%	Various	3,985,534	4,051,611
Total bonds payable			$ 9,737,790	$ 9,949,139

Future debt service requirements to maturity for the revenue bonds at June 30, 2009, are as follows:

Year Ending June 30	Principal	Interest	Total
2010	$ 222,979	$ 510,426	$ 733,405
2011	238,591	499,063	737,654
2012	249,461	486,718	736,179
2013	260,599	473,531	734,130
2014	272,016	459,762	731,778
2015 - 2019	1,602,119	2,064,042	3,666,161
2020 - 2024	2,072,814	1,585,082	3,657,896
2025 - 2029	2,402,540	966,626	3,369,166
2030 - 2034	1,635,752	360,399	1,996,151
2035 - 2038	813,202	77,900	891,102
Total	$ 9,770,073	$ 7,483,549	$ 17,253,622

Costs relating to obtaining the revenue bonds are capitalized and amortized over the term of the related debt using the straight-line method, which approximates the effective interest rate method. Accumulated amortization at June 30, 2009 was $2,134. Amortization of deferred financing costs charged to nonoperating expense was $1,067. When a bond is paid in full, any unamortized financing costs are removed from the related accounts and charged to nonoperating expense.

8. CAPITAL LEASE OBLIGATIONS

The College leases various equipment. These obligations are accounted for as capital leases. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2009:

Year Ending June 30	Principal	Interest	Total
2010	$ 114,741	$ 5,797	$ 120,538
2011	59,579	2,523	62,102
2012	24,165	586	24,751
			207,391
Less interest			8,906
			$ 198,485

The net book value of leased assets was $542,022 as of June 30, 2009.

9. NOTE PAYABLE

Notes payable consisted of the following at June 30, 2009 and 2008:

	Interest Rate	Annual Principal Installment Due	2009 Principal Amount Outstanding	2008 Principal Amount Outstanding
Real Estate Purchase:				
$79,000 promissory note collateralized by 1st lien on purchased house and lot, Gilmer County, West Virginia	6.0%	$569 monthly through 7/2012 plus balloon	$ -	$ 64,212
$375,000 unsecured promissory note to the Commission	0.0%	$37,500 semi-annually through 6/2010	75,000	150,000
$26,250 promissory note collateralized by 1st lien on purchased house and lot, Gilmer County, West Virginia	6.0%	$8,750 annually through 1/2011	17,500	26,250
$635,000 promissory note collateralized by 1st lien on various parcels of real estate and motel building Gilmer County, West Virginia	6.56%	$15,249 annually through 5/2030	620,652	
Total Note Payable			$ 713,152	$ 240,462

The following is a schedule by year of future annual minimum payments required under the notes existing at June 30, 2009:

Year Ending June 30	Principal	Interest	Total
2010	$ 98,999	$ 38,524	$ 137,523
2011	24,956	37,042	61,998
2012	17,224	35,500	52,724
2013	18,305	34,419	52,724
2014	19,454	33,270	52,724
2015 - 2019	117,190	146,426	263,616
2020 - 2024	158,884	104,732	263,616
2025 - 2029	215,412	48,204	263,616
2030	42,728	1,222	43,950
Total			1,192,491
Less portion representing interest			479,339
			$ 713,152

10. OTHER POST EMPLOYMENT BENEFITS

With the adoption of GASB Statement No. 45 for the year ended June 30, 2008, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2009 and 2008, the noncurrent liability related to OPEB costs was $312,741 and $129,941, respectively. For the year ended June 30, 2008, the University recorded a cumulative effect of the adoption of this accounting principle of $1,060,333 an amount equal to the June 30, 2007, liability for the extended health or life insurance benefit previously recorded in accordance with GASB Statement No. 16. The total of OPEB expense incurred and the amount of OPEB expense that relates to retirees was $750,022 and $366,090, respectively, during 2009 and $831,291 and $404,534, respectively, during 2008. As of the year ended June 30, 2009, there were 24 retirees receiving these benefits.

11. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2009 and 2008, the College paid $262,509 and $263,558, respectively, to the Commission, which consisted of $177,481 and $172,692 in principal, and $85,028 and $90,866 in interest and other related charges, respectively. The amount due to Commission at June 30, 2009 and 2008 was $1,532,325 and $1,709,806 respectively.

12. UNRESTRICTED NET ASSETS

The College's unrestricted net assets include certain designated net assets as follows:

	2009	2008
Designated for auxiliaries	$ 540,791	$ 416,042
Designated for affiliated organizations	103,175	273,150
Undesignated	1,862,001	2,026,603
Total unrestricted net assets	$ 2,505,967	$ 2,715,795

13. RETIREMENT PLANS

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

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan. New hires have the choice of either plan. As of June 30, 2009, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

The STRS is a cost sharing, defined benefit public employee retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The College accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for the year ended June 30, 2009 and 2008, respectively. Required employee contributions were at the rate of 6% of total annual salary for the years ended June 30, 2009 and 2008, respectively. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest 5 years' salaries out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2009, 2008 and 2007, were $380,634, $376,583 and $380,161, respectively, which consisted of $271,881, $268,988, and $271,544 from the College in 2009, 2008, and 2007 respectively, and $108,753, $107,595, and $108,617from the covered employees in 2009, 2008, and 2007 respectively.

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

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

Total contributions to the TIAA-CREF for the years ended June 30, 2009, 2008 and 2007, were $711,790, $622,450, and $544,008, respectively, which consisted of equal contributions from the College and covered employees in 2009, 2008 and 2007 of $355,895, $311,225 and $272,004, respectively.

The College's total payroll for the years ended June 30, 2009 and 2008 was $8,879,530 and $7,930,727; total covered employees' salaries in the STRS and TIAA-CREF were $1,812,544 and $5,913,082 in 2009, respectively, $1,793,252 and $5,169,751 in 2008, respectively.

14. CONTINGENCIES

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

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

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2009 or 2008.

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

15. SEGMENT INFORMATION (UNAUDITED)

The College issued revenue bonds to finance certain of its auxiliary enterprise and facilities improvements activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

Descriptive information for each of Glenville State College's segments is shown below:

a. *The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds (Glenville State College Housing Corporation Project (the "Corporation")), Series 2000A.*

In September 2001, the Corporation sold $4,990,000 of Revenue Bonds, 2000 Housing Facilities Series A Bonds (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of September 27, 2001, by and between the Interim Governing Board and United National Bank, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to pay all or part of the cost of constructing ten two-story apartment buildings, each containing four four-bedroom units to be used as student housing and (2) paying a portion of the cost of issuing the bonds.

b. *Board of Governors of Glenville State College, Facilities Improvements Revenue Bonds, Series 2006.*

In November 2006, the College sold $1,500,000 of Revenue Bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006 (the "Bonds"). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the "Indenture") dated as of November 30, 2006, by and between the Glenville State College Board of Governors and Branch Banking & Trust, Charleston, WV (the "Trustee"). The bonds are secured by and payable from the revenues of the College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

c. *Board of Governors of Glenville State College, Student Fee Revenue Bonds, (Glenville State College Science Building Project), Series 2007.*

In December 2007, the College sold $4,125,000 of Revenue Bonds, 2007 Student Fee Revenue Bonds, Series 2007 (the “Bonds”). The Bonds were issued under the authority contained in Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and the Bonds will be secured pursuant to a Trust Indenture (the “Indenture”) dated as of November 30, 2006, by and between the Glenville State College Board of Governors and United Bank, Inc., Charleston, WV (the “Trustee”). The bonds are secured by and payable from the revenues of the College’s education and general capital fees and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

Condensed financial information for the College’s segments is as follows:

Condensed Statement of Net Assets (Unaudited)	Housing Facilities Revenue Bonds Series 2000A		Facilities Improvement Revenue Bonds Series 2006		Student Fees Revenue Bonds Series 2007	
	June 30 2009	June 30 2008	June 30 2009	June 30 2008	June 30 2009	June 30 2008
Assets:						
Current assets	$ 34,862	$ 415,809	$ 672,569	$ 708,585	$ 499,818	$ 217,095
Noncurrent and capital assets	6,854,845	5,724,747	9,399,570	9,327,743	9,832,870	9,806,609
Total assets	$6,889,707	$6,140,556	$ 10,072,139	$ 10,036,328	$ 10,332,688	$10,023,704
Liabilities:						
Current liabilities	$ 506,804	$ 327,045	$ 57,106	$ 64,704	$ 68,937	$ 65,820
Long-term liabilities	4,908,638	4,395,217	1,320,497	1,374,539	3,916,597	3,985,791
Total liabilities	5,415,442	4,722,262	1,377,603	1,439,243	3,985,534	4,051,611
Net Assets:						
Invested in capital assets—net of related debt	1,636,638	1,013,087	8,025,031	8,201,412	5,436,838	5,754,998
Restricted:						
Debt service	202,338	199,928			410,498	
Unrestricted	(364,711)	205,279	669,505	695,673	499,818	217,095
Total net assets and liabilities	$6,889,707	$6,140,556	$ 10,072,139	$ 10,336,328	$ 10,332,688	$10,023,704

Condensed Statement of Revenues, Expenses and Changes in Net Assets (Unaudited)	Housing Facilities Revenue Bonds Series 2000A		Facilities Improvement Revenue Bonds Series 2006		Student Fee Revenue Bonds Series 2007	
	As of June 30 2009	As of June 30 2008	As of June 30 2009	As of June 30 2008	As of June 30 2009	As of June 30 2008
Operating:						
Operating revenues	$ 706,204	$ 545,017	$ 385,739	$ 351,542	$ 415,900	$ 344,432
Operating expenses	(337,325)	(174,874)	(528,296)	(118,361)	(199,830)	
Net operating income	368,879	370,143	(142,557)	233,181	216,070	344,432
Nonoperating:						
Nonoperating revenues	2,020	8,879	789	119,225	347,589	350,343
Nonoperating expenses	(314,928)	(283,903)	(60,781)	(62,939)	(188,598)	(53,948)
Changes in net assets	55,971	95,119	(202,549)	289,467	375,061	640,827
Net assets—beginning of year	1,418,294	1,323,175	8,897,085	8,607,618	5,972,093	5,331,266
Net assets—end of year	$ 1,474,265	$ 1,418,294	$ 8,694,536	$ 8,897,085	$ 6,347,154	$ 5,972,093

Condensed Statement of Cash Flows (Unaudited)	Housing Facilities Revenue Bonds Series 2000A		Facilities Improvement Revenue Bonds Series 2006		Student Fee Revenue Bonds Series 2007	
	As of June 30 2009	As of June 30 2008	As of June 30 2009	As of June 30 2008	As of June 30 2009	As of June 30 2008
Net cash provided by operating activities	$ 514,790	$ 488,305	$ 84,675	$ 233,637	$ 415,900	$ 344,432
Net cash used in capital and related activities	(695,548)	(429,728)	(121,561)	74,926	(133,177)	(127,337)
Net increase in cash	(180,758)	58,577	(36,886)	308,563	282,723	217,095
Cash and cash equivalents - beginning of year	411,660	353,083	582,885	274,322	217,095	
Cash and cash equivalents - end of year	$ 230,902	$ 411,660	$ 545,999	$ 582,885	$ 499,818	$ 217,095

16. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the year ended June 30, 2009 and 2008, the following table represents operating expenses within both natural and functional classifications:

2009

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 4,387,349	$ 1,161,278	$ 838,315	$ 3,670	$ -	$ -	$ -	$ -	$ 6,390,612
Academic support	576,609	191,160	222,896	14					990,679
Student services	973,308	382,485	322,825	244					1,678,862
General institutional support	1,167,984	495,734	666,039	4,024					2,333,781
Operations and maintenance of plant	732,128	320,544	574,505	591,370					2,218,547
Student financial aid					2,141,967		1,704		2,143,671
Auxiliary enterprises	1,042,152	328,251	2,315,632	405,108					4,091,143
Depreciation						1,464,231			1,464,231
Fees assessed by the Commission for operations								61,125	61,125
Total	$ 8,879,530	$ 2,879,452	$ 4,940,212	$ 1,004,430	$ 2,141,967	$ 1,464,231	$ 1,704	$ 61,125	$ 21,372,651

2008

	Salaries and Wages	Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Cancellations and Write-offs	Fees Assessed by the Commission for Operations	Total
Instruction	$ 3,805,196	$ 1,056,912	$ 867,537	$ 9,424	$ -	$ -	$ -	$ -	$ 5,739,069
Academic support	486,393	180,599	103,876	300					771,168
Student services	934,444	364,936	257,075	36					1,556,491
General institutional support	1,077,588	395,364	463,245	5,262					1,941,459
Operations and maintenance of plant	650,060	316,415	625,249	556,328					2,148,052
Student financial aid					2,163,152		4,764		2,167,916
Auxiliary enterprises	977,046	319,247	2,220,158	382,413					3,898,864
Depreciation						1,461,702			1,461,702
Fees assessed by the Commission for operations								57,085	57,085
Total	$ 7,930,727	$ 2,633,473	$ 4,537,140	$ 953,763	$ 2,163,152	$ 1,461,702	$ 4,764	$ 57,085	$ 19,741,806

17. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state of West Virginia and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the College and its affiliated nonprofit organizations . . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the College. In carrying out its responsibilities, the Board of Directors of the Foundation employ management, form policy and maintain fiscal accountability over funds administered by the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is therefore discretely presented with the College's financial statements in accordance with GASB Statement No. 39. Based on the Foundation's audited financial statements as of June 30, 2009, 2008 and 2007, the Foundation's net assets (including unrealized gains) totaled $10,760,893, $8,273,931 and $6,086,670, respectively. Complete financial statements for the Foundation can be obtained from the Executive Director of the Glenville State College Foundation, Inc., 200 High Street, Glenville, WV 26351.

During the year ended June 30, 2009 and 2008, the Foundation contributed $546,275 and $541,791, respectively, to the College for scholarships.

The following notes on pages 49 – 53 are taken directly from the Foundation's audited financial statements.

NOTES TO FINANCIAL STATEMENTS
GLENVILLE STATE COLLEGE FOUNDATION, INC.
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Glenville State College Foundation, Inc. was incorporated in 1959 as a non-profit organization to receive and provide funds for scholarships, endowments, educational research and other general educational purposes for the benefit of Glenville State College and the students at Glenville State College.

Reporting Entity

The financial statements of the Foundation include all funds, functions, and activities to which the Board of Trustees has oversight responsibility. There are no additional entities required to be included in the reporting entity.

These financial statements are prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. Accordingly, fund transactions and balances are classified into three categories of net assets: 1) unrestricted net assets which have no donor-imposed restrictions; 2) temporarily-restricted net assets which have donor-imposed restrictions that will expire in the future; and 3) permanently-restricted net assets which have donor-imposed restrictions which do not expire.

The expiration of a donor-imposed restriction on a contribution or endowment income is recognized in the period in which the restriction expires, at which time the related resource is recognized as unrestricted net assets.

Cash

The Foundation maintains its cash at local financial institutions under normal financial arrangements. During the years ended June 30, 2009 and 2008, the Foundation cash balances periodically exceeded the FDIC insured deposit limit.

Bequests and Contributions Receivable

Bequests and contributions receivable consist of bequests and contributions to give stock, cash, and life insurance proceeds. Bequests and contributions to give cash and stock are recorded at fair value, bequests and contributions to give life insurance proceeds are recorded at net present value. All bequests and contributions at June 30, 2009 and 2008 are, in the opinion of Foundation management, fully collectible.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with respective gains and losses being included in the Statement of Activities and Changes in Net Assets.

Fixed Assets
Fixed assets are recorded at cost, if purchased, or estimated fair market value, if donated, and depreciated over their estimated useful lives. Depreciation is computed on the straight line method. Expenditures for major renewals and betterments that extend the useful lives of the equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates, such as the allowance for uncollectible pledges, are based upon known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change.

Tax Exempt Status
The Foundation is exempt from federal income taxes as a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code.

Cash Flows
For purposes of reporting cash flows, cash and cash equivalents include cash on hand and deposits in banks.

No income taxes were paid during the years ended June 30, 2009 and 2008. Interest expense of $1,763 and $2,021 was paid during the years ended June 30, 2009 and 2008, respectively.

NOTE 2. INVESTMENTS

Investments of the Foundation at June 30, 2009 consist of:

	Cost	Fair Value
American Century Mutual Funds	$ 39,382	$ 33,251
Lord Abbott Mutual Funds	78,322	52,625
Fidelity Investment Portfolio	5,600,729	3,992,368
Fidelity TLN Portfolio	4,832,985	4,881,515
Huntington Bancshares, Inc. Common Stock	37,500	4,180
United Bancshares, Inc. Common Stock	68,124	97,700
Exxon Mobil Corporation Common Stock	9,391	107,812
Other Investments	1,000	1,000
	$ 10,667,433	$ 9,170,451

The Fidelity Investment Portfolio consists of governmental agency notes and bonds (10%); corporate notes and bonds (25%); bond and stock mutual funds (64%); and short-term cash investments (1%).

The Fidelity TLN Portfolio consists of governmental agency notes and bonds (29%); corporate notes and bonds (62%); bond and stock mutual funds (8%); and short-term cash investments (1%).

Investments of the Foundation at June 30, 2008 consist of:

	Cost	Fair Value
American Century Mutual Funds	$ 38,770	$ 43,616
Lord Abbott Mutual Funds	77,346	71,549
Fidelity Investment Portfolio	7,087,722	6,343,024
Huntington Bancshares, Inc. Common Stock	37,500	5,770
United Bancshares, Inc. Common Stock	68,124	114,750
Exxon Mobil Corporation Common Stock	9,391	137,482
Other Investments	1,000	1,000
	$ 7,319,853	$ 6,717,191

The Fidelity Investment Portfolio consists of governmental agency notes and bonds (9%); corporate notes and bonds (15%); bond and stock mutual funds (44%); and short-term cash investments (32%).

NOTE 3. BEQUESTS AND CONTRIBUTIONS RECEIVABLE

Bequests and contributions receivable consist of the following at June 30:

	2009	2008
Cline, present value of life insurance policy	$ 120,576	$ 109,147
Kern, present value of life insurance policy	10,367	9,609
Rice, present value of life insurance policy	532,288	591,618
Contribution receivable	50,000	--
TOTAL	$ 713,231	$ 710,374

NOTE 4. NOTES RECEIVABLE

During the year ended June 30, 2003, the Foundation loaned Glenville State College $79,000, secured by a deed of trust on the property known as the Turner House. The note specified an interest rate of 6%, with monthly payments of $566 through June 2012, at which time a final
Balloon payment was to be due. The note was paid off in full in July of 2008. The
balance of
the note at June 30, 2009 and 2008 was $0 and $64,192, respectively.

During the year ended June 30, 2008, the Foundation advanced funds to Dr. Peter Barr, President of Glenville State College, for improvements to the president's house. Funds advanced totaled $23,898 with annual principal payments of $5,000 plus interest at 6%. The balance of the receivable at June 30, 2009 and 2008 was $13,898, and $18,898, respectively.

NOTE 5. FIXED ASSETS

Fixed assets at June 30, 2009 and 2008 consist of:	2009	2008
Land	$ 15,000	$ --
Building	86,000	--
Office equipment	48,001	40,154
Vehicles	49,700	40,000
	198,701	80,154
Less accumulated depreciation	(55,035)	(43,046)
TOTAL	$ 143,666	$ 37,108

NOTE 6. NOTES PAYABLE

During the year ended June 30, 2007, the Foundation acquired a note payable to Calhoun County Bank, to purchase a vehicle. The note has an original principal of $38,085, with 60 monthly payments of $738 through June 2012. The note bears interest at 6% and is secured by a vehicle with a net book value of $32,000 at June 30, 2008. The outstanding balances at June 30, 2009 and 2008 were $24,897 and $31,989, respectively.

Future maturities of notes payable at June 30, 2009 are as follows:

2010	**$ 7,567**
2011	**8,034**
2012	**9,296**
	$ 24,897

NOTE 7. PHALA WOODS LOAN TRUST FUND

The Foundation has approximately $80,000 held in trust by Fidelity Investments. The Foundation receives only income from the trust and uses the monies as loan funds as required by the trust agreement. The Foundation has no control over trust principal. The trust fund is, therefore, not included on the Foundation Statement of Financial Position as of June 30, 2009 or 2008.

NOTE 8. CONCENTRATIONS

The Foundation relies primarily upon bequests and contributions from donors who are primarily from the Glenville, West Virginia area and graduates of Glenville State College.

NOTE 9. ADMINISTRATIVE FEE ASSESSMENT

As provided by the West Virginia Code, the Foundation is entitled to charge an administrative fee for the management of the various assets held in trust. For the years ended 2009 and 2008, the Foundation charged an administrative fee in an amount sufficient to cover operating expenses, of $287,071 and $151,414, respectively.

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

To the Board of Governors
Glenville State College
Glenville, West Virginia

We have audited the accompanying combined financial statements of the business-type activities and discretely presented component unit of Glenville State College (the "College"), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 9, 2009 We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Glenville State College Foundation, Inc. (the "Foundation"), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatements of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement or the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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.

This report is intended solely for the information and use of the College Governing Board, management of the College, and the West Virginia Higher Education Policy Commission and is not intended to be and should not be used by anyone other than these specified parties.

Hayflich & Steinberg, CPA's, PLLC

November 9, 2009