BOARD OF VISITORS
December 2014

T A B L E O F C O N T E N T S

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Overview Message from the President

copy follows in this tab, as distributed November 21, 2014

From: Reveley IV, Taylor
Sent: Friday, November 21, 2014 1:45 PM
To: Reveley IV, Taylor
Subject: Longwood --- December BOV Meeting

Friends,

It will be festive when we gather after Thanksgiving for the December meeting. I hope that many of you will be able to stay for the Holiday Dinner on that Friday evening, one of Longwood's great traditions --- the Grand Dining Room is always packed, and the music by our students always joyous. And on the Wednesday night before the meeting begins that Thursday, Men's Basketball will be hosting Dartmouth.

Our meetings will take place on Thursday and Friday, 12/4 and 12/5. Thursday we will dedicate to customary business, and Friday we will focus ahead on strategic priorities, giving particular attention to faculty work in motion concerning renewing General Education, and giving attention as well to understanding how tracking the "Composite Financial Index" can be useful for Longwood. We will also begin working in task force groups aligned with our strategic priorities.

One BOV action item contemplated for the Thursday business session of the December meeting is to set housing, dining, and specialized course fee rates for the upcoming year, which the BOV took action on last December as well --- earlier that in prior years, in order to allow students advanced planning time as they begin to make housing and other related decisions in the spring. Ken Copeland and team have worked hard late this week to have this matter in good order for your consideration. Relevant information is included in your briefing binders.

On that Thursday, we will also welcome Farmville Mayor David Whitus '83 and Town Manager Gerry Spates, who will join us that afternoon during the meeting to offer perspectives and insight from the Town. David and Gerry also joined us on campus last night for the annual "Thanksgiving before Thanksgiving" dinner we hold for students, faculty, and staff. (Alumni . . . the Baked Alaska was very good; more will be forthcoming at the Holiday Dinner.)

As you review your binders, please give special focus to the one-page "dashboard" of principal metrics for the Strategic Plan. It is the fruit of a great deal of careful work and thought, but what is most important is that it be useful for the BOV's deliberations on the path ahead for the University. Virginia's third oldest public university is on the brisk advance.

Thanks, as always,
Taylor

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LONGWOOD UNIVERSITY
BOARD OF VISITORS
September 11-13, 2014
Minutes

****** **DRAFT** ******

Thursday, September 11, 2014

On Thursday afternoon September 11, members of the Board of Visitors met with President Reveley and the University vice presidents in the Stallard Board Room at 1 p.m. for an orientation session for new Board members. Present were Katherine Busser, David Hallock, Eileen Anderson, Colleen Margiloff, and Bob Wertz.

Board members heard brief presentations from all vice presidents regarding their backgrounds and general overviews of their division. The meeting adjourned just before 3 p.m. and members of the Board assembled for Convocation. The Board convened briefly to approve by acclamation a resolution honoring Dr. James Jordan as Board of Visitors Distinguished Professor (A copy of the resolution is included as Appendix 1).

Friday, September 12, 2014

Call to Order

The Longwood University Board of Visitors met on Friday, September 12, 2014 in the Stallard Board Room in Lancaster Hall. The meeting was called to order at 9:05 a.m. by Rector Colleen Margiloff.

Members present:

Mrs. Eileen Anderson
Mrs. Katherine Busser
Mr. David Hallock
Mr. Eric Hansen
Mr. Thomas Johnson
Mrs. Colleen McCrink Margiloff
Mr. Stephen Mobley
Mrs. Marianne M. Radcliff
Mr. Brad Schwartz
Ms. Pia Trigiani
Mrs. Shelby Jones Walker
Mr. Lacy Ward, Jr.
Hon. Robert S. Wertz, Jr.

Also present:

President W. Taylor Reveley IV
Mr. Kenneth Copeland, Vice President for Administration and Finance
Dr. Kenneth Perkins, Provost and Vice President for Academic Affairs
Ms. Victoria Kindon, Vice President for Strategic Operations
Dr. Tim Pierson, Vice President for Student Affairs
Mr. Troy Austin, Director of Athletics
Ms. Brenda Atkins, Vice President for Commonwealth Relations
Mr. Richard Bratcher, Vice President for Facilities Management and Real Property
Mr. Justin Pope, Chief of Staff
Ms. Ella Maokhamphiou, Internal Auditor
Mr. Cameron O'Brion, Office of the Attorney General
Dr. Audrey Church, Faculty Representative
Mr. Joseph Gills, Student Government Association
Mr. Bart Mitchell, Longwood Foundation
Ms. Kathleen Early, Alumni Board
Ms. Kelly Rhoades, Staff Advisory Committee

Rector's Welcome

Mrs. Margiloff asked all members of the Board to introduce themselves, and formally thanked Mrs. Radcliff for her service as rector.

Approval of Minutes and Consent Agenda

Mrs. Margiloff presented to the Board for its approval a motion to approve the minutes of the previous meetings and the consent agenda, including standard edits, updates and amendments to University policy, procedure and planning, specifically regarding: ratification of the updated sexual misconduct policy; ratification of the update to the Six-Year Plan submitted to SCHEV pursuant to state law; approval of faculty candidates for emeritus status; approval of an update to the current campus master plan and approval acquire property; approval to a new articulation agreement with the Longwood University Alumni Association; and note of proposed amendments to the bylaws of the Longwood University Foundation. Mr. Schwartz moved to approve, Mrs. Radcliff seconded, and the motion was approved unanimously. (A copy of the consent agenda items is included as Appendix 2, attached hereto).

President's Report and Discussion

President Reveley reported a strong start to the year, and a strong spirit on campus and in relations with the town. He credited the university's modest 2.1 percent cost increase for the current year with helping generate good will in Richmond, record applications and the largest-ever enrollment.

Reminding the Board of the central importance of increasing compensation, President Reveley announced, based on the strength of progress on retention, that Longwood would move forward

with a new round of salary increases for faculty and staff. The increase will bring Longwood to 80-percent fulfillment of the goals set as a result of the compensation study done two years ago. The increase will be targeted, merit-based, and focused on those who have not received recent increases.

The president recognized Ken Perkins, beginning his final academic year as provost, who briefly reviewed highlights of his division report. He described the latest recruiting class of faculty and the increasingly national pool of graduate programs from which Longwood faculty are drawn. He also updated the Board on the Longwood Center for the Visual Arts becoming home to the Folk Art Society, which he said will lift the profile of both the LCVA and the University. Mr. Mobley and Ms. Atkins both spoke of the potential for the partnership to spread Longwood's name and reach a new community of potential supporters.

Mr. Perkins provided an update on final stages of the re-affirmation of accreditation process, which should be finalized in December. He expressed praise and gratitude to Virginia Kinman and other colleagues for their hard work, and announced her new title as assistant vice president for accreditation and compliance.

Ken Copeland provided an update on transitions in university accounting systems, the new environmental education center, and other matters. He also provided an update on plans for the construction of new residence halls. He informed the Board of his wish to move forward more quickly than previously planned with a resolution authorizing the Real Estate Foundation to build and manage the properties, in order to push bonds to market before the end of the year. He circulated a resolution providing that authorization.

President Reveley, Mrs. Margiloff and Mr. Pierson also noted the central importance of a strong residential community on central campus. Mrs. Busser asked for clarification of the decision to build multiple units of approximately 100 beds rather than a single larger unit. President Reveley, Mr. Copeland and Mr. Bratcher addressed some of the architectural, siting, community-building, financial, planning and sequencing considerations that had entered into that decision. Mr. Hansen asked if there was any anticipated change to the housing policy. President Reveley said the change made a year ago was working well.

Mr. Copeland addressed some details of the proposed resolution. Mrs. Margiloff presented the Board a motion to approve, Mrs. Busser moved to adopt, Mrs. Radcliff seconded, and it passed unanimously. (A copy of the resolution is included as Appendix 3)

Mr. Austin discussed recent developments regarding the NCAA. President Reveley summarized that there is a great deal of flux, but the flux is not likely in the near-term to have a significant effect on Longwood. Mr. Austin said the fall season is off to a strong start, and the teams seem to be the deepest in his tenure here.

Strategic Plan

After a short break, President Reveley addressed the strategic plan, reviewing the process of its inception and development, and summarizing its core focus on a classic liberal arts experience, with retention and graduation the fundamental mechanism for achieving institutional progress. He discussed the process of developing metrics and how progress will be measured. Among the comments during a wide-ranging and enthusiastic discussion of the plan:

-Mrs. Busser asked about the place of affordability in the strategic plan, and President Reveley responded that it is central to the retention priority.

-Mr. Schwartz recommended the use of a dashboard of metrics going forward, and also reiterated his view of the importance of how tuition is charged, and the potential for reform away from a charge-per-credit hour system.

-Ms. Trigiani suggested job skills development and placement are critically important. She noted the importance of developing job skills, and the potential of short-term programs, potentially incorporated with general education, to benefit students.

- Mr. Hansen emphasized the importance of tracking outcomes, and asked a series of questions about Longwood's capacity to research its graduates. Ms. Kindon responded that it is a difficult challenge requiring both technical infrastructure and a culture of data collection, but said Longwood is making progress.

- Mrs. Anderson expressed her appreciation for the work that went into narrowing to a single page and the development of metrics.

Mrs. Margiloff requested a motion to approve the strategic plan. Mrs. Anderson moved, Mrs. Busser seconded, and the plan was unanimously approved (A copy of the Plan is enclosed as Appendix 4).

Reports of Representatives to the Board

Joe Gills, representative from the SGA, updated the Board on matters including growing participation by students in town-related activities. He expressed concerns regarding issues of diversity and asked if the students could return to the December meeting with a proposed diversity mission statement to adopt. He updated on the My Student Body education program on sexual misconduct and assault, which he said has been successful overall. He reported some student concern with the scope and pace of construction and whether it will take away from the quality of life for students.

Audrey Church, speaking for the faculty, echoed that the opening of the year has been smooth, and presented updates on graduate studies, general education reform, with courses to be piloted in 2016-17 and full implementation the following year. She also shared findings of a survey on how faculty spent their summers.

Bart Mitchell on behalf of the University Foundation, gave an overview of the university's endowment manager, Spider Management, and expressed his high degree of confidence with the firm.

Kathleen Early of the Alumni Association updated the Board on recent activities and plans for the coming year. Kelly Rhoades provided an update on the activities and plans of the staff advisory committee.

The Board adjourned for lunch at 12 noon and reconvened at 1:15.

President Reveley introduced and recognized Ann and Boo Oppenhimer on the occasion of the signing of the agreement between the LCVA and the Folk Art Society, and announced a gift from them for $100,000. Mrs. Oppenhimer briefly addressed the Board and expressed her excitement about the partnership ahead. She expressed her particular gratitude for the work of Johnson Bowles over 10 years on the project. President Reveley expressed his own personal gratitude to Johnson Bowles on the occasion of her final day at Longwood, and called for a round of applause.

Campus Master Plan; Cooper, Robertson & Partners

Mr. Bratcher introduced John Kirk, partner at Cooper Robertson & Partners, and the two led a discussion of the campus master planning process now underway. Mr. Kirk introduced the team, philosophy and general principles informing the plan, including the commitment to cooperation with the town and understanding the historical context of the campus, and the framework of new urbanism. He and Mr. Bratcher's joint presentation highlighted priorities including residential character, pedestrian accessibility, environmental responsibility, Longwood as a destination, and new urbanism.

There was a discussion of assorted issues related to housing and the residential character of campus, including the importance of maintaining some upper-class students on the central campus. Mr. Hallock asked several questions about the timeframe the plan would cover and Mr. Kirk described the importance of flexibility while "taking the longest view we can."

Mr. Mobley asked about the high rises, Frazier and Curry, and Mr. Bratcher said their future would indeed be a matter for consideration in the master plan.

Title IX

Cameron O'Brion gave a brief national overview of Title IX and said he believes Longwood has a strong culture of commitment to Title IX issues.

Tim Pierson introduced Jenn Fraley, the new Title IX coordinator, who gave a more detailed presentation on practices and policies in place and an overview of her work in this area. Dr. Pierson described in some detail Longwood's implementation over the summer of plans to begin educating every student and employee. He also addressed some concerns that have arisen with

the new programming, including the time it is taking some students to complete. Dr. Pierson and Ms. Fraley took Board members through a hypothetical case to illustrate the series of steps that would be taken. There was a detailed description of the investigative and hearing process, a substantial discussion regarding such issues as rights to counsel, makeup of the boards that hear Title IX cases, and standards of proof (Copies of the handouts used in their presentation are included as Appendix 5).

Mr. Hallock asked for some clarification regarding the interaction between the criminal justice system and the campus justice system, and Mr. Pierson and Ms. Fraley explained the process for referring to law enforcement.

Mrs. Radcliff asked a question concerning the requirement in some circumstances to move students on short notice, and Dr. Pierson described practices to accommodate all students with as little academic disruption as possible while meeting the requirements of the law. Mrs. Radcliff noted the importance of individuals who may have been victimized encountering a helpful and sympathetic individual when they first make a report. Ms. Fraley said faculty have used cards distributed out of her office advising them on how to respond when they have such conversations with students.

In response to questions from Mr. Wertz and Mrs. Busser, Ms. Fraley explained several possible scenarios involving the formal and informal processes that are available, and how policies on confidentiality might come into play. Mrs. Busser expressed her belief that instilling a culture of students looking out for one another is the most failsafe system.

Dr. Pierson expressed high praise for Ms. Fraley and her work in this area. Mrs. Margiloff expressed her belief in the importance that Longwood continue to address Title IX concerns seriously, and how central the issue is to the mission of developing citizen leaders.

Report of the Internal Auditor

Mrs. Margiloff introduced the new internal auditor, Ella Maokhamphiou, who addressed the Board and gave a brief overview of her first weeks on the job. She asked for preferences from Board members regarding the manner and format for receiving reports. At President Reveley's request, she gave an overview of the role of a public university auditor, with its emphasis on internal operations, as distinct from the more traditional financial accounting role played by the Auditor of Public Accounts. She explained the process of university-wide risk assessment she has taken to develop her proposed audit plan for the coming years.

Mr. Schwartz asked a series of questions about the plan, and Ms. Maokhamphiou emphasized her willingness to modify the current plan if so desired by the Board. She informed the Board of her recent hiring of an internal IT auditor.

Mr. Schwartz raised concerns broadly about the importance of network security audits for large organizations. There was discussion of the resources required and Ms. Maokhamphiou's desire for such an audit to help educate her new IT auditor, in order to be able to provide more continuous assessment going forward. Ms. Maokamphiou suggested the Board could ask her to

work to train the new IT auditor by June 30th and provide funding to hire an outside auditor by June 30th if necessary. She suggested an outside auditor could be asked to include training of the internal auditor as part of the RFP.

Mrs. Busser requested that information relating to all calls to the Internal Audit hotline be forwarded onto the Board.

Ms. Kindon noted her Strategic Operations division was also exploring an outside firm to conduct a vulnerability assessment for IT. She said she would not want to duplicate those efforts and would work with the auditor's office to that effect. Mrs. Margiloff put forward a motion to update the internal audit schedule to include Advancement and Network Security in the current fiscal year schedule, and to instruct Strategic Operations and the auditor's office to collaborate on the audit, using an outside auditor if necessary per Ms. Maokhampiou's earlier suggestion. Mr. Hansen moved and Mrs. Busser seconded, and the motion was unanimously approved (A copy of the revised audit schedule is included as Appendix 6).

The Board adjourned for the day at 3:55 p.m. before joining Longwood University coaches and student athletes for dinner in the dining hall.

Saturday, September 13, 2014

The Board reconvened at 9:00 a.m. on Saturday morning in French Hall. All members were present except Ms. Busser and Mr. Hansen, whose schedules did not permit them to attend. Vice Presidents Perkins, Pierson and Bratcher were also present.

Mr. Wertz moved to go into closed session under Sections 2.2-3711.A.1, 3, and 8 of the Code of Virginia for discussion of personnel matters, real property considerations, and philanthropic matters. The motion was seconded by Mrs. Radcliff and approved by the Board.

In compliance with the provisions of the Freedom of Information Act, the Board returned to open session. Mr. Wertz moved and Mr. Schwartz, seconded the motion, to certify that the discussion in closed session was in accordance with the Code of Virginia. All members present voted to affirm: Ms Anderson, Mr. Hallock, Mr. Johnson, Mrs. Margiloff, Mr. Mobley, Mrs. Radcliff, Mr. Schwartz, Ms. Trigiani, Mrs. Walker, Mr. Ward and Mr. Wertz.

In open session, Mrs. Radcliff moved and Mr. Wertz seconded a motion to adopt a resolution expressing regret over the institution's actions during the civil rights era, and establishing a new "Moton Legacy" scholarship program to support equality in educational opportunity, and the Board approved unanimously. (A copy of the resolution is included as Appendix 7).

There being no further business the meeting was adjourned at approximately 11:00 a.m.

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Edits, Updates, and Amendments Regarding Policy, Procedure and Planning

The items that follow concern standard edits, updates, and amendments to University policy, procedure and planning, specifically regarding: acquisition of property; financing of student housing through the Real Estate Foundation, including the new residence halls approved for ARC Quad; ARMICs internal control; SWaM procurement; internal audit; the policy regarding operation of golf carts; and the clarification in definitions in the policy on weapons on campus.

BOARD OF VISITORS
ADMINISTRATION, FINANCE, FACILITIES AND TECHNOLOGY

ACTION ITEM

Motion to approve the acquisition of property from the Longwood University Real Estate Foundation

ACTION REQUESTED: On behalf of the President, I move the Board of Visitors approve the acquisition of the property located at 603 and 605 High Street, Farmville, in Prince Edward County Virginia from the Longwood University Real Estate Foundation.

BACKGROUND: The Longwood Real Estate Foundation has acquired the above properties. The Foundation's mission is to assist the University in meeting their strategic objectives for future campus growth. In turn, the University purchases acquired properties from the Real Estate Foundation. The previously mentioned properties are located at the corner of High and Griffin Boulevard which is a high volume traffic intersection and the main northwest approach to the University. The properties are contiguous to University owned property and Foundation owned properties leased by the University. These parcels have completed the acquisition of the town block bounded by High Street, Griffin Boulevard, Chambers Street and Watkins Street. Acquisitions of these prominent parcels clearly aid in meeting the campus needs and supporting future growth of the University.

RESOLUTION OF
THE BOARD OF VISITORS OF LONGWOOD UNIVERSITY REGARDING AUTHORIZATION AND APPROVAL OF AMENDED AND RESTATED SUPPORT AGREEMENTS, AMENDED AND RESTATED MANAGEMENT AGREEMENTS, ASSIGNMENTS OF SUCH AGREEMENTS, AND CERTAIN REAL ESTATE INSTRUMENTS NECESSARY FOR FINANCING AND REFINANCING OF LONGWOOD UNIVERSITY STUDENT HOUSING PROJECTS

WHEREAS, the Board of Visitors of Longwood University (the "Board") is supportive of and committed to the development and success of needed student housing for the students of Longwood University (the "University") by Longwood University Real Estate Foundation (the "Foundation"), a Virginia nonstock corporation, and/or its affiliates, in and around the student housing facilities known as "Longwood Village," "Lancer Park," and "Longwood Landings" (collectively, the "Legacy Projects"), "North Campus," and "ARC Quad" (as more specifically defined below, the "ARC Quad Project" and, together with the Legacy Projects, the "Projects"), all in accordance with the Master Plan of the University (the "Master Plan"); and

WHEREAS, the General Assembly has authorized the University to enter into an agreement supporting the student housing activities of the Foundation with respect to the Legacy Projects , pursuant to 2005 Virginia Acts of Assembly, Chapter 951, Item C-38.07; and

WHEREAS, the General Assembly further authorized the University to enter into an agreement supporting the student housing activities of the Foundation with respect to the Legacy Projects, pursuant to Chapter 3 of the 2012 Virginia Acts of Assembly (2012 Spec. Session I), Part 2-0.J.2; and

WHEREAS, the General Assembly has authorized the University to enter into a Deed conveying fee simple title to the ARC Quad Property (as hereinafter defined) to the Foundation, and to enter into the ARC Quad Documents (as hereinafter defined) supporting the ARC Quad Project, pursuant to Chapter 2 of the 2014 Virginia Acts of Assembly (2014 Spec. Session I), Part 2-0.J.2; and

WHEREAS, the Foundation has previously refinanced the Legacy Projects through the issuance by the Industrial Development Authority of the Town of Farmville, Virginia (the "Issuer") of those certain $40,400,000 Educational Facilities Revenue Refunding Bonds (Longwood Student Housing Projects), Series 2012B (the "Series 2012B Bonds"); and

WHEREAS, the Foundation has determined to refinance the indebtedness evidenced by the Series 2012B Bonds through the issuance by the Issuer of a new series of Educational Facilities Revenue Refunding Bonds (the "Refunding Bonds") by the Issuer; and

WHEREAS, the Foundation has further determined to finance or refinance, as the case may be, the ARC Quad Project through the issuance by the Issuer of a separate series of Educational Facilities Revenue Bonds (the "New Money Bonds" and, collectively with the Refunding Bonds, the "Bonds"); and

WHEREAS, the University has previously agreed to provide limited support and management services in connection with Legacy Projects pursuant to an Amended and Restated Support Agreement dated as of August 1, 2012 (the "2012 Support Agreement") and an amended and Restated Management Agreement dated as of August 1, 2012 (the "2012 Management Agreement", and together with the 2012 Support Agreement, the "2012 Legacy Support Documents"); and

WHEREAS, the University desires to continue to provide its limited support and management services for Legacy Projects, all pursuant to an Amended and Restated Support Agreement (the "Support Agreement") and an amended and Restated Management Agreement (the "Management Agreement" and together with the Support Agreement, the "Legacy Support Documents"), between the University, the Foundation and Longwood Housing Foundation, LLC (the "Legacy Borrower"), by the terms of which the University will agree, among other things, to support the Foundation's efforts to acquire, construct and equip, and to manage, as applicable, the Legacy Projects, which efforts by the Foundation shall include the refunding of the Series 2012B Bonds with the proceeds of the Refunding Bonds; and

WHEREAS, to facilitate the financing or refinancing of the ARC Quad Project, the University now desires to convey title to the ARC Quad Property and to execute the ARC Quad Documents, which include (1) a deed of conveyance from the University to the Foundation, (2) a right of entry agreement between the University and the Foundation, (3) an escrow agreement among the University, the Foundation and the escrow agent named therein (collectively, the documents described in clauses (1), (2) and (3) are referred to as the "ARC Quad Real Estate Documents"), (4) an Amended and Restated Support Agreement among the University, the Foundation and Longwood North Campus Housing Foundation, LLC (the "ARC Quad Borrower"), and (5) an Amended and Restated Management Agreement, among the University, the Foundation and the ARC Quad Borrower (collectively, the documents described in clauses (4) and (5) are referred to as the "ARC Quad Support Documents" and, together with the ARC Quad Real Estate Documents, the "ARC Quad Documents"), each of which is necessary to induce Bank of America, N.A. (the "Bank") to acquire the New Money Bonds, pursuant to the terms of a Bond Purchase and Loan Agreement (the "Agreement") between the Issuer, the ARC Quad Borrower, and the Bank, as Purchaser (the "Purchaser"); and

WHEREAS, the proceeds of the Refunding Bonds will be used by the Legacy Borrower, the sole member of which is the Foundation, to finance (A) the costs of currently refunding the Series 2012B Bonds, and (B) financing or refinancing all or a portion of the costs of issuance of the Refunding Bonds, (C) funding certain reserves for the Refunding Bonds, and (D) financing or refinancing the costs associated with the current refunding of the Series 2012B Bonds, including termination or similar fees with respect to an interest rate swap relating to the Series 2012B Bonds; and

WHEREAS, the proceeds of the New Money Bonds will be used by the ARC Quad Borrower, the sole member of which is the Foundation, to (1) finance and/or refinance all or a portion of the costs of acquiring, planning, designing, constructing and equipping of (a) a student housing facility to be known as the "ARC Quad" consisting of two four-story residential

buildings containing a total of approximately 52,000 improved square feet, approximately 220 student beds, and related facilities including without limitation student gathering areas and common laundry and kitchen areas on each floor of each residential building, and (b) water and sewer infrastructure, utility and related site development improvements related to the foregoing and associated facilities, (the "ARC Quad Project"), all of which will be owned by the ARC Quad Borrower, operated by the University, and constructed on the parcel or parcels of approximately 1.7 acres of land located on the campus of Longwood University (the "ARC Quad Property"), such land being owned by the University but subject to conveyance to the Borrower upon completion of the Project; (2) fund any required reserve funds for debt service on the New Money Bonds; (3) fund capitalized interest on the New Money Bonds during construction of the ARC Quad Project and for a period not to exceed one year after the date on which construction of the ARC Quad Project is completed; and (4) pay all or a portion of the costs of issuance of the New Money Bonds; and

WHEREAS, the Refunding Bonds and the New Money Bonds will be fixed rate bonds, maturing in not to exceed 30 years in the case of the Refunding Bonds, and in 5 years in the case of the New Money Bonds; and

WHEREAS, the Borrower and the Foundation have advised that the issuance of the Refunding Bonds will achieve substantial debt service savings with respect to the refinancing of the Legacy Projects, and that the issuance of the New Money Bonds will provide for the financing of the ARC Quad Project at an attractive fixed rate of interest; and

WHEREAS, the Board desires to enter into the Legacy Support Documents to support the Legacy Projects and to facilitate the issuance of the Refunding Bonds, and the ARC Quad Documents to support the ARC Quad Project, and to facilitate the issuance of the New Money Bonds and the purchase of the New Money Bonds by the Purchaser; and

WHEREAS, the Board desires to authorize and approve the Legacy Support Documents and the ARC Quad Documents, and to delegate to certain officers of the University the authority to approve the final terms and conditions of the Legacy Support Documents and the ARC Quad Documents, and the plans of finance or refinance for the Legacy Projects and the ARC Quad Project as described herein; and

WHEREAS, the Legacy Support Documents and the ARC Quad Support Documents shall be in form and substance similar in all material respects to the 2012 Legacy Support Documents currently in effect as to the Series 2012B Bonds; and

WHEREAS, the ARC Quad Real Estate Documents shall be in form and substance similar in all material respects to the forms submitted to this meeting;

THEREFORE, BE IT RESOLVED as follows:

1. The Board confirms and reaffirms its approval and support of the Projects. Each of the Legacy Support Documents, the ARC Quad Support Documents, and the ARC Quad Real Estae Documents are hereby approved, provided, in the case of the Legacy Support Documents

and the ARC Quad Support Documents, the same shall be in substantially the forms of the 2012 Legacy Support Documents previously submitted to the Board, and in the case of the ARC Quad Real Estate Documents, the same shall be in substantially the forms presented to this meeting, in each case with such changes, insertions, or deletions (including, without limitation changes to the dated dates of such documents) as may be approved by W. Taylor Reveley, IV or P. Kenneth Copeland, Jr. (the "Authorized Representatives"), either of whom may act, and authorizes such Authorized Representatives to approve the final terms and conditions of the Legacy Support Documents and the ARC Quad Documents and any other certificates or documents necessary to implement the Foundation's, the Legacy Borrower's and the ARC Quad Borrower's plans of finance and refinance for the Legacy Projects and the ARC Quad Project, respectively. Such Authorized Representatives, or either of them, are hereby authorized and directed to execute and deliver the Legacy Support Documents and the ARC Quad Documents and such other certificates, documents, agreements and other instruments, including without limitation Assignments of the Legacy Support Documents or the ARC Quad Documents, as may be necessary and requested by the Foundation, the Legacy Borrower, the ARC Quad Borrower, or either of them.

2. The Authorized Representatives, either of whom may act, are hereby authorized to take all such actions as may be necessary or convenient and requested by the Legacy Borrower or the Foundation in connection with the issuance of the Refunding Bonds and the refunding of the Series 2012B Bonds, or by the ARC Quad Borrower or the Foundation in connection with the issuance of the New Money Bonds. The appropriate officers of the University are hereby authorized and directed to approve, execute and deliver all certificates, documents, agreements and other instruments, at the request of the Legacy Borrower, the ARC Quad Borrower or the Foundation, as may be necessary or desirable in connection with issuance of the Refunding Bonds and the refunding of the Series 2012B Bonds, and the issuance of the New Money Bonds and the financing or refinancing of the ARC Quad Project.

3. All other acts of the officers of the University that are in conformity with the purposes and intent of this resolution and in furtherance of the plans of finance or refinance for the Projects described herein are hereby approved, ratified and confirmed.

4. The President or the Vice President for Administration and Finance shall report to the Board at its next meeting any material changes to the Legacy Support Documents or the ARC Quad Documents, or the plans of finance or refinance for the Projects.

LONGWOOD UNIVERSITY
LANCERS

MEMORANDUM

To: Ken Copeland
Vice President for Administration and Finance

From: Tracy Nelson
Assistant Vice President for Financial Operations

Date: November 17, 2014

Subject: ARMICS Internal Control Evaluation

An effective system of internal control provides accountability for meeting program objectives, promotes operational efficiency, improves the reliability of financial statements, strengthens compliance with laws and regulations, and reduces the risk of financial losses due to fraud, waste or abuse.

The Commonwealth's Agency Risk Management and Internal Control Standards (ARMICS) require all state agencies to demonstrate that internal control standards have been implemented and annually assess internal control systems to ensure fiscal accountability and the safeguarding of assets. These standards require agencies to (1) develop, implement and maintain adequate internal control over the recording of financial transactions, compliance with the Commonwealth's financial reporting requirements, compliance with laws and regulations, and stewardship over the Commonwealth's assets; (2) periodically assess the adequacy of internal control and identify needed improvements; (3) take corresponding preventative and corrective actions; (4) report annually on internal control to the Office of the State Comptroller; and (5) take action to remediate any deficiency noted by the Department of Accounts or Auditor of Public Accounts.

Longwood's management is responsible for the integrity of its financial transactions and establishing and maintaining an effective system of internal control. The following measures were taken to assess the University's internal controls over fiscal activities for the fiscal year ended June 30, 2014.

Payment Card Industry (PCI) Compliance:

- The University's PCI Compliance Team monitors credit card activities of the institution. Longwood contracted with CampusGuard for consulting to assist us in meeting PCI compliance requirements. A CampusGuard security advisor visited campus on December 9-11, 2013, and again November 4-5, 2014. Longwood's compliance status was much improved from last year. At this time all but one merchant (Athletic ticketing) has obtained compliance, and we anticipate having this issue resolved by Thanksgiving. The University will submit its first ever institutional Self-Assessment Questionnaire and Attestation of Compliance before the end of the calendar year.

Fixed Assets and Equipment Trust Fund (ETF):

- The fixed assets accountant ensured that the University adhered to guidelines relative to ETF purchases.

- No restatement of beginning fixed asset balances was required in FY 2013 or FY 2014. This is attributable to internal controls over fixed assets and related processes.

- The annual inventory was performed, and samples were taken from each departmental inventory to verify accuracy. The fixed assets database was updated appropriately. CARS and Banner reports were reviewed monthly to ensure the appropriate items were captured in the fixed assets database. Training was provided to departmental inventory custodians to ensure their familiarity with processes and forms and to emphasize the importance of prudent management of University assets.

Banner Entries:

- A random sample of FY 2014 Banner entries was reviewed to verify that documents (1) were properly signed and approved, (2) were properly completed with appropriate supporting documentation, and (3) corresponded to Banner postings. Samples were as follows: 5% of invoices, 10% of journal entries, 10% of ATVs, and 10% of CARS-only entries. No internal control weaknesses were identified in these reviews.

Banner Security Access:

- The University received a recommendation from APA to strengthen its Banner security access review process during its FY 2012 audit. During FY 2013, several improvements were made to our Banner security access review process. All data owners have confirmed their review of Banner INB access.

Accounting Process Reviews:

- FY 2014 internal telecom billings through May 2014 were reviewed. The review revealed no significant weaknesses in the monthly process.

- Athletic camp/clinic accounts were reviewed. During FY 2014 accounting for these activities was changed from agency to local accounts, allowing for improved reporting of revenues and expenses.

Revenue:

- A random cash count of each of the cash collection areas was performed as part of the FY 2014 ARMICS test work. Reconciliations of deposits made by each cash collection site to Banner were reviewed.

Reconciliations:

- Monthly cash, revenue and expense reconciliations were performed, and certifications were submitted to the Department of Accounts as required. Banner financial data was reconciled to CARS data. Testing revealed appropriate supporting documentation was present and that variances were identified, adequately explained and corrected.

- Fall and Spring room and board charges in Banner were reconciled to the RMS Housing system and the C-Bord meal plan system. A new process was implemented in FY 2013 whereby data is received directly from each system, as opposed to being transmitted by the respective department.

- Contract income was monitored to ensure that revenues were received in accordance with contract terms. Contract income includes Barnes & Noble bookstore commissions, washer/dryer commissions, vending commissions, ARAMARK catering commissions and Dell computer repair reimbursements.

Financial Statements:

- Longwood University turned in all FY 2014 attachments and supplemental information to the Department of Accounts timely and accurately. The University received no findings relative to its FY 2013 audit.

It is concluded that Longwood's internal control systems are functioning appropriately. No significant weaknesses were identified in internal control processes that were reviewed and tested during FY 2014. The Financial Operations division is very much aware of the importance of appropriate internal controls, and is governed by Administrative Policy 1000 – University Code of Ethics. We continue to improve upon our testing plan, incorporating recommendations of the Department of Accounts, the Auditor of Public Accounts, and the University's Internal Audit Department. An agency-level internal control risk assessment survey was conducted, yielding 283 responses from faculty and staff. Review plans will be modified, as needed, to include institution program and regulatory changes, as well as additional testing deemed necessary as a result of ARMICS review findings.

cc: Ella Maokhamphiou, Internal Audit Director

COMMONWEALTH of VIRGINIA

Longwood University

201 High Street
Farmville, VA 23909

FY2015 Annual SWaM Procurement Plan

Date of Submission: Tue Sep 16 17:19:37 UTC 2014

1. Agency/Institution Official Name: Longwood University

   Address: 201 High Street, Farmville, VA 23909

2. Agency Code: 214

   Sub-Agency Code(s):

3. Agency Head: W. Taylor Reveley IV

   Phone Number: (434) 395-2001

   Email Address: reveleywt@longwood.edu

4. Secretariat: Education

II. SWAM Goals

5. List your FY2015 SWaM expenditure goals for Small, Women- and Minority-Owned businesses as a percentage of your projected discretionary expenditures. Goals should include your projected sub-contracting expenditures if applicable. FY2014 goals were pre-filled from your FY2014 SWaM plan. FY2014 SWaM expenditures were system-generated from the SWaM Dashboard.

	MBE	WBE	SBE
FY2014 Agency SWaM Goals	4.00 %	9 %	26 %
FY2014 Agency Actual Expenditures	3.34 %	8.69 %	38.31 %
Total FY2015 Projected SWaM Spend Goals	3 %	8 %	31 %

(Percentage based on Discretionary Budget)

*Please note that the new micro category for buisinesses with no more than 25 employees and no more than 3 million dollars in revenue will be tracked and reported in FY2015

6.If you did not meet your SWaM goals in the prior year,What step will you take this year to meet them?

Longwood University exceeded its overall goal by over 11%.

7.Do you keep track of your SWaM spend in the following three major categories:Goods and Non Professional Services,Professional Services,and Constructions? No

If Yes,please provide the dollar amount spend in these categories

Dollar Spend in FY2014	SB	WB	MB
Goods and Non-Professional Services			
Professional Services			
Constructions			

III. Designation of SWaM Equity Champion(s)

A. Purchases and Supply Division

Name: Cathryn B. Mobley

Title: Director of Materiel Management

Mailing Address: 201 High Street, Farmville, VA 23909

Telephone/Fax: (434) 395-2759

E-mail Address: mobleycb@longwood.edu

B. Building and/or Construction Division (if applicable)

Name: Cathryn B. Mobley

Title: Director of Materiel Management

Mailing Address: 201 High Street, Farmville, VA 23909

Telephone/Fax: (434) 395-2759

E-mail Address: mobleycb@longwood.edu

IV. Policies and Procedures

1. Please specify the number of procurement personnel you have on staff:

Goods and Services: 3

Construction: 1

2. Do you have major construction projects or purchases planned for FY2015? Yes

If so, identify the project or purchase:

1: Name of the project/purchase: Student Success Center

Type: Construction - Building

Anticipated Posting Date: June 2015

2: Name of the project/purchase: Coyner HVAC Replacement

Type: Renovation - Building

Anticipated Posting Date: Early 2015

3: Name of the project/purchase:

Type:

Anticipated Posting Date:

4: Name of the project/purchase:

Type:

Anticipated Posting Date:

3. Do you have any professional services purchases planned for FY2015? No

If so, identify the project or purchase:

1: Name of the project/purchase:

Type:

Anticipated Posting Date:

2: Name of the project/purchase:

Type:

Anticipated Posting Date:

3: Name of the project/purchase:

Type:

Anticipated Posting Date:

4: Name of the project/purchase:

Type:

Anticipated Posting Date:

4. Does your Agency set aside the following solicitations for DSBSD certified businesses?

Solicitations under $10,000: No

Solicitations between $10,000 and $50,000: No

Solicitations between $50,000 and $100,000: No

If you answered, "NO" to any category, please state why those solicitations are not set-aside: All Longwood departments have some level of decentralized delegation for low level procurements. Solicitations are re-directed to SWaM vendors when the particular solicitation SWaM vendor base is sufficient to ensure adequate responses. For solicitations under $50,000 where a contract is not available, a SWaM vendor is solicitated when available. This practice of re-directing solicitations has proven to be both effective and efficient for Longwood and is validated in our SWaM spend. Set asides are used infrequently due to concerns over limiting competition by using an insufficient

existing pool of certified suppliers.

5. Approximately how many solicitations did you have in FY2014 in the following categories:

Solicitations under $10,000: 14,500

Solicitations between $10,000 and $50,000: 300

Solicitations between $50,000 and $100,000: 25

6. For solicitations in excess of 100,000, who is responsible for review of the Small Business Subcontracting Plans and proof of payment to the subcontractors?

Name: Cathryn B. Mobley

Title: Director of Materiel Management

Contact Information: mobleycb@longwood.edu

7. What method is used to track the payments to subcontractors by prime contractors? GCPay is used for the majority of construction contracts. For others, the information is provided via Excel spreadsheets.

8. Are proposals from prime contractors evaluated with weighted value assigned based upon the Small Business subcontracting plan submitted by the prime? Yes

9. who monitors,reviews,audits and enforces your SWaM program goals and complaince? Director of Materiel Management is responsible for SWaM program goals and compliance.

10. Are meetings held with prime contractors during the project to specifically monitor the small business subcontracting plan? Yes

If yes, how often during the project? Scheduled as needed.

11. Does the agency collect the subcontracting payment information electronically from prime contractors? Yes

If yes, how often? Quarterly

Do you use DSBSD's format to record the payments? Yes

Method used? Dashboard

12.What steps are taken to enforce prime contractor's non-compliance with subcontracting plans?

Who is responsible for the enforcement ?

Contractor's are encouraged to comply with their subcontracting plans as required by the contract terms and conditions by the Director of Materiel Management.

13. Does your agency document prime contractor failure to comply with the subcontracting plan? Yes

Explain: Documented as needed.

14. Does your agency SWaM plan include measures to withhold the final payment for failure to meet the subcontracting plan? Yes

Explain: This is included in capital construction contracts.

15.List measures taken in last 3 years to address prime contractor's non compliance with sub contracting plans ?

Contractor's have been compliant with their sub contracting plans.

V. Diversity Training Events

Does the Agency SWaM Champions or Procurement staff:

1. Hold open house events for small businesses? Yes

   If yes, how many in FY2014? 1 - SBDC Small Business Community Showcase

2. Meet with small businesses one-on-one at your facility to discuss policies and procedures and potential business opportunities? Yes

   If yes, how many in FY2014? At least 12

3. Conduct training events on SWaM and diversity training? Yes

   If yes, how many in FY2014? 10 training events - SWaM is covered in both eVA training and SPCC training.

4. Attend small business outreach events? Yes

   If yes, how many of the following in FY2014?

   DSBSD hosted event (Summit) N/A

   DGS Forum 2 attended the 2013 DGS Forum

   Minority Supplier Diversity Council Conferences N/A

   DBA hosted events N/A

   Other, please name 3 (2 attended the SBDC Showcase and 1 attended the UVA SWaM event)

VI. Assessment

1. In FY2014, what has been the most time consuming part of administration of the Small Business initiative from your perspective? Initial certifications and re-certification when the vendors certification has expired has been difficult.The Virginia small business certification process is cumbersome and results in vendors either not choosing to renew or simply not enrolling in the program.

2. In FY2014, what have been the top three reasons small businesses have not received some awards you believed they were qualified for but were not selected? Unreasonable price, not able to meet specifications and unable to meet delivery time are the top three reasons small businesses have not received awards.

3. In FY2014, what has your Agency done to improve expenditure opportunities for each of the categories represented in the small business program?

   Small Business: Encouraged enrollment in the Virginia small business certification program and eVA.

   Women-owned: Encouraged enrollment in the Virginia small business certification program and eVA

   Minorities: Encouraged enrollment in the Virginia small business certification program and eVA.

4. In FY2014, did you contact the Department of Minority Business Enterprise for assistance with:

Initial certification: Yes If yes, how often? Multiple times for various vendors as needed.

Renewal for a firm: Yes If yes, how often? Multiple times for various vendors as needed.

Searches for businesses: Yes If yes, how often? Via Website multiple times.

To distribute your solicitation notices No If yes, how often? N/A

5. In FY2014, what was one of your Agency's accomplishments in the Small Business program you feel best demonstrates your agency's efforts? Achieving 50% spend with certified SWaM vendors.

6. Your comments or suggestions on ways we can improve the Small Business program: The DSBSD website should be updated to reflect the combined agencies and not just a link to the former website. Communication with vendors regarding the expiration of their certification needs to be improved, many times vendors complain that they were not notified by DSBSD. Improvement is need in the certification process to streamline it and reduce the burdensome requirements. And DSBSD staff should be available to attend supplier diversity programs sponsored by agencies.

7. Additional Information: N/A

Completed by: Cathryn B. Mobley Signature: Cathy B. Mobley Date: 9/16/2014

Reviewed by: W Taylor Rabb Signature: Date: 9/16/14

Agency/Institution Head

(The Plan must be reviewed, approved and signed by Agency/Institution Head)

Internal Audit

Ella Maokhamphiou, Audit Director

Update on Internal Audit Activity

Audits and Reviews	Status	Percent Complete
Carry Over from Previous Audit Plan		
Contract Management	On Hold	15%
University Center	Complete	100%
Fraternity and Sorority Life	Complete	100%
Citizen Leadership and Social Justice Education – Leadership & Service Learning	Testwork	75%
Citizen Leadership and Social Justice Education – Diversity & Inclusion	Not Started	
Current Audits		
Risk Based		
Banner Finance	Not Started	0%
Information Technology – General Controls	Not Started	0%
Information Technology – Lancer Card	Reporting	80%
Environmental Health & Safety	Reporting	80%
Student Government Association	Reporting	80%
Facilities – Motor Pool	Not Started	0%
Post Office	Not Started	0%
Advancement	Not Started	0%
~~Network Vulnerability Assessment~~	~~Pending Approval of Funding~~	0%
Annual Audits		
Risk Assessment	Complete	100%
NCAA Compliance	Reporting	80%

Audits and Reviews	Status	Percent Complete
Quarterly Audits		
Follow-Ups	September – Completed December – Planning	25%
Special Projects		
Hotline Calls	1 Active Case	

PROPOSED CHANGES SEPTEMBER 2014

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Operation of Institutional Golf Carts, Utility Vehicles and Farm Tractors

I. Purpose

The purpose of this policy is to establish the rules for operating ~~institutional~~ approved golf carts, utility vehicles and vehicles classified as farm tractors in support of Longwood sponsored activities.

II. Definition

1. Golf Cart: a self propelled vehicle that is designated to transport persons playing golf and their equipment on a golf course. Carts that have been modified for multi-passenger use will be included in this definition.
2. Utility Vehicle: a motor vehicle that is (i) designed for off road use; ~~(ii) powered by an engine of no more than 25 horsepower,~~ and (iii) used for general maintenance, security, agricultural or horticultural purposes.
3. Farm Tractor: every motor vehicle designed and used as a farm, agricultural, or horticultural implement for drawing plows, mowing machines, and other farm, agricultural or horticultural machinery and implements including self-propelled mowers designed and used for mowing lawns.

III. Policy

1. Vehicle Requirements
    1. All golf carts, utility vehicles or farm tractors operated between sunset and sunrise must be equipped with headlamps and taillights. These lights must be utilized while the vehicle is in motion in times of darkness.
    2. All golf carts, utility vehicles or farm tractors operated on campus or town streets must have a slow moving vehicle placard visibly affixed to their rear.
    3. All carts will be registered with Public Safety and inspected yearly by facilities management. Carts will display the assigned registration designation on the front and back of carts.
2. Driver Requirements
    1. Golf Cart or Utility Vehicle drivers must hold a valid driver's license if they are operated on campus or Town streets.
    2. Farm Tractor drivers are not required to hold a driver's license.
    3. All drivers must adhere to the Eligibility Guidelines for Operation of an Institutional Vehicle.
    4. Drivers of golf carts and utility vehicles must complete a minimal training session ~~conducted by a designated fleet management designee~~ covering the following topics:
        1. Permissible areas of operation.
        2. Requirements effect by hours of operation.
        3. Authorized predetermined routes on and off campus (if authorized)
        4. Parking Restrictions
        5. Passenger Limits

6. How to handle accidents
7. Basic Cart Operations

1. Individual training records must be turned in to Campus Police prior to use.

3. Golf Cart and Utility Vehicle Operation
   4. Carts and Utility Vehicles may be operated only on roadways and sidewalks as designated on the approved Utility Cart Route Map (pdf).
   5. Carts and Utility Vehicles may not leave the main campus, unless specifically allowed by town ordinance. The main campus for this policy is defined as the area bounded by Griffin Boulevard, High Street and South Main Street.
   6. Carts and Utility Vehicles must always yield to pedestrians.
   7. Carts and Utility Vehicles may not operate on grassy areas of campus unless yielding the right of way or following a temporary, approved cart path.
   8. Carts and Utility Vehicles may only be operated on Brock Commons in compliance with Longwood University Policy, "Motorized Vehicular Access to Brock Commons."
   9. Operators will observe all Commonwealth traffic laws, such as lane travel, stop signs, etc.
   10. Passengers are limited to those that fit within the manufacturer's installed seating area. Tilt beds and flat beds are not intended for passenger use.
   11. All occupants shall keep hands, arms, legs and feet within the confines of the golf cart and utility vehicle at all times when the cart is in motion.
   12. Parking is only permitted in specific areas, as designated on the approved Utility Cart Route Map (pdf).
   13. When the cart or utility vehicle is not in use, the operator will engage the parking brake and remove the key.
   14. Speed Limits:
      1. Operators must not exceed speed limits for motorized vehicles.
      2. Operators must reduce speed on walkways and in pedestrian areas. In crowded pedestrian areas, operators must park or proceed at a slow walking pace.

4. Penalties for violations of this policy
   1. Violations should be reported to the supervisor of the office to whom the golf cart, utility vehicle or farm tractor is assigned.
   2. Violations may also be reported to Campus Police.
   3. Campus Police Officers have the authority to suspend the driver's privilege to operate any such vehicle on campus.
   4. The Longwood University Chief of Police, or his designee, will review any such suspension as soon as practical. The privilege to operate the vehicle may be denied, reinstated, or reinstated contingent on disciplinary actions that may include remedial training.
   5. Drivers who violate State Law may be criminally charged.

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Approved by the Board of Visitors April 1, 2005.
Revised and approved by the Board of Visitors, December 7, 2012.

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Student Handbook Change: Weapons on Campus

Action Requested:

Addition of the following words to the definition segment of the Weapons on Campus section of the Student Handbook: fireworks, paintball guns, military memorabilia.

Background Information:

The current definition of weapons in the Weapons on Campus section of the 2014-2015 Student Handbook is as follows:

Weapons: Including but not limited to: firearms, tasers, explosives, air guns, slingshots, knives (except non-spring pocket knives), martial arts weapons, and bows and arrows.

The current definition of weapons in the Weapons and Explosives section of the Longwood University Managed Properties Policies and Regulations in the Student Handbook is as follows:

Weapons, including but not limited to: firearms, fireworks, explosives, air guns, paintball guns, slingshots, knives (except non-spring pocket knives), martial arts weapons, military memorabilia, and bows and arrows.

Rationale:

The addition of three items to the definition segment of the Weapons on Campus section will eliminate the inconsistencies between the Weapons on Campus section and the Weapons and Explosives in Longwood University Managed Properties Policies and Regulations section of the Student Handbook.

5

Academic Affairs
Ken Perkins, Vice President & Provost

Highlights

- The position of Director of Office of Student Research has been accepted by Elon faculty member
- The Bachelor of Fine Arts degree in Graphic and Animation Design approved by the SCHEV
- The first-time pass rate for last year's nursing students on the National Council Licensure Examination was 89% , a notable improvement from previous year
- RN to BSN proposal approved by SACSCOC

As we anticipated in the September report, the semester has proceeded smoothly.

Several academic affairs staff will be traveling to Nashville for the annual SACSCOC conference at which time Longwood's accreditation is scheduled to be reaffirmed.

One goal in academic affairs was to fill the position of Director of Student Research. This post was created as a result of our Quality Enhancement Plan (part of the reaffirmation process). Dr. Crystal Anderson has accepted the position of Director of Student Research. She has a PhD in American Studies from the College of William and Mary and is currently an Associate Professor of English at Elon University.

Cormier Honors College

In early November, 12 Honors students, two faculty members, and two Honors staff members traveled to the National Collegiate Honors Council's national meeting in Denver. Four students presented their scholarly work in history, literature, chemistry, and biology. The other eight students, most of whom are just sophomores, participated in the conference as a personal and professional growth opportunity.

Just before the Thanksgiving holiday, more than 20 students traveled to Hull Springs Farm for the Eddie Carey, Jr. Memorial Day of Service, the signature event of the Cormier Honors College which takes place once each semester. In honor of Mr. Carey's decades-long service to Hull Springs, the students worked with local organizations and citizens on a range of projects such as the butterfly garden at the Montross Middle School and yard work for several senior citizens.

The College also welcomed two new staff members. Leighan Worden '14 transitioned into graduate school and the part-time position of Coordinator for Student Programming and

Outreach. Jessica Board Znosko joined the Honors staff in October as the part-time Coordinator for Student Support and Advising.

Cook-Cole College of Arts and Sciences

The Bachelor of Fine Arts degree in Graphic and Animation Design was approved by SCHEV. First enrollment in new program set for Fall 2015.

The first-time pass rate for last year's nursing students on the National Council Licensure Examination was 89%, a notable improvement from previous year. The expectation of the Virginia Board of Nursing is an 80% passing rate the on the first time students take the mandatory test for licensure.

The "Registered Nurse to Bachelor of Science in Nursing" (RN to BSN) proposal was approved by SACSCOC. This will be a significant outreach effort to our local area hospitals and other institutions that employ nurses. The nursing profession is moving toward having more nurses who have completed bachelor's degrees.

The Department of History, along with Appomattox Court House National Historical Park, will host its annual Civil War Symposium from March 13-15, 2015. It will be a larger conference than normal, commemorating the 150th Anniversary of the Civil War's close.

Chemistry, Physics, and Biology/Environmental Science programs hosted the "Prince Edward Middle School Science Day". In November, Longwood hosted 160 eighth grade students from Prince Edward Middle School for a "Hands-On Science Day". This outreach opportunity focused on helping to improve scores on the Science SOL taken at the end of the 8th grade year.

Dr. Kathy Gee of the Biological & Environmental Science department has teamed with Dr. Robert Marmorstein to develop a "smart" rainwater harvesting system. The team will develop a non-proprietary real-time control device that uses weather forecasts from the National Weather Service (NWS) to trigger the release of stored water that then allows the system to capture the forecasted amount of rainfall. A rainwater harvesting system that incorporates this device will be implemented at the new Lancer Park Environmental Education Center in Spring 2015.

The new Longwood String Ensemble, also known as the Heartland Strings, and supported by funding from gifts by Drs. Waverly Cole and John Cooke, will give its first concert, on Wednesday November 19. The group is led by Jeannette Jang, a violinist with the Richmond Symphony, and it features LU's Sabrina Brown as Concert Mistress (first violin). It also features two LU students conducting, Spencer Smith, a senior music major from Chesapeake, and Micheal Norwood, a junior music major from Prince George.

College of Education and Human Services

Reading, Literacy, and Learning and School Librarianship faculty are teaching cohorts across the Commonwealth, including Chesterfield, Powhatan, Fairfax, Prince William, Emporia, Hanover, Spotsylvania, Loudoun, Lunenburg, and Charlottesville.

The Exercise Science program is currently developing collaborations with various organizations in the Piedmont Health District, including the YMCA, Piedmont Health Coalition, CENTRA, and the Town of Farmville. The overarching goal of these collaborations is to improve the health and wellness of the community by specifically targeting the substantial health disparity between African Americans and Caucasians and emphasizing childhood obesity and inactivity. This would be an opportunity for Longwood students to become actively involved with ongoing research, gain important job skills, and grow as citizen leaders.

The Social Work Program is in the latter stages of the development of an off-site undergraduate program. The program, in conjunction with The New College Institute in Martinsville and Graduate and Professional Studies is awaiting final approval from the Council on Social Work Education (CSWE).

College of Business and Economics

Growth in the Cyber Security program is expected this next academic year, as inquiries and applications, particularly from out-of-state students, are double what they were at this time last year. Longwood maintains its position as a leading state institution in this field.

The Hybrid-Online Personal Finance Dual Enrollment program expects about 200 high school students from around the state participating in the program and on campus for the residency portion of the program this coming summer, 2015. The program is an attractive way to introduce our campus to high GPA high school students.

Over 300 of Longwood's approximately 800 employees (faculty and staff) have completed the 7 Habits of Highly Effective People Signature program. The SNVC Institute for Leadership and Innovation, housed in the business school hosts this training and sponsors monthly 7 Habits refreshers for all employees who have completed the training. These refreshers include time to share best practices that cement in the 7 Habits techniques for individual and team productivity. The Institute will continue to offer 7 Habits sessions each semester.

College of Graduate and Professional Studies

In November, the first Graduate Research Symposium was held featuring a day of research and inquiry with papers and presentations by Longwood graduate students.

There has been a record level of instructional technology support provided this fall to faculty, staff and students and most exciting, an increased number of student support calls suggesting students are now aware of Digital Education Collaborative (DEC) services and know where to go for support and questions. The week of October 27 the DEC hosted Digital Citizenship Week at Longwood promoting responsible behavior in online environments.

Professional Studies is preparing guidelines and a process for eliciting and reviewing faculty and staff proposals with the goal of offering credit and/or non-credit opportunities in summer 2016. These may include non-credit continuing education trainings, workshops or institutes, specialty courses, or other options identified to fill a need in the region and proven to adhere to the university mission. Professional studies goals include generating revenue and establishing a

revenue sharing model, sharing university expertise with others, and extending Longwood's outreach into the region.

Office of Assessment and Institutional Research

In January 2012, OAIR announced the establishment of the Longwood Assessment Mini-grant Program (LAMP) for the first time in the school's history. LAMP grants seek to develop the scholarship of assessment as well as explore Longwood's best practice models in conducting assessment. The goal of LAMP is to encourage campus-wide participation in research on and practice in assessment.

From 2012 to 2014, LAMP has awarded 26 assessment grants to faculty and staff ($500/per proposal). All the grant recipients presented their research findings in the Longwood Annual Assessment Conference. The success of LAMP is a result of a campus wide collective effort funded by various vice-presidential divisions.

International Affairs

English as a Second Language students increased from 11 to 19 students this fall. The ESL teachers were the organizers of the VA TESOL conference in October, attended by 115 ESL teachers from all over the state.

Recruitment efforts are well underway in in Latin America, Asia and Europe.

Regarding study abroad opportunities, there are six programs to choose from this spring and summer.

Greenwood Library

The Library hosted the annual Banned Book Reading in conjunction with the English Department as part of the American Library Association's efforts to celebrate the freedom to read. Undergraduate and graduate students, librarians, faculty – and even some faculty children – participated by reading from their favorite banned books.

In an effort to make the Library a fun, conversational, and welcoming spot on campus, the Library held its traditional "Game Night" activity, offering students a change of pace with an assortment of board games.

On October 10-11, the Library played a key role in Longwood's hosting of the inaugural Virginia Children's Book Festival (VCBF). This event brings together prominent children's authors and illustrators and the general public in an annual event aimed at fostering the enjoyment of children's literature.

Dan Roberts, chair of the Liberal Arts Program at the University of Richmond and executive producer and host of the award-winning radio series, *A Moment in Time*, spoke to a full house at Wygal Auditorium on election night, November 4. Professor Roberts' appearance was made possible by a Civil War 150 Grant from the Gilder Lehrman Institute, the Friends of the Greenwood Library, and the Office of the President.

Hull Springs Farm

Hull Springs Farm has hired a new Educational Programming and Facilities Manager, Travis R. Hurt. Mr. Hurt is a 2007 graduate of Appalachian State University, Boone, North Carolina, with a Bachelor of Science in Building Construction and a minor in Sustainable Development. He previously was employed as a Transportation and Facilities Manager at the National Outdoor Leadership School in Arizona, Idaho and Wyoming.

Planning is ongoing for establishing boat-in, boat-out campsites on the southeastern shore as part of the Farm's inclusion on the Capt. John Smith National Historic Water Trail.

Office of Sponsored Programs and Research

During the period between January 1, 2013 and November 6, 2014 Longwood University faculty and staff submitted 38 grant applications to federal, state, and private organizations requesting $6,464,365 in external funding. In this same period, 19 new grant awards were made to the University on behalf of faculty and staff totaling more than $1.2 million.

The proposal success rate, based on the number of funded proposals as a percentage of proposals submitted, was 53%. The fund rate, based on dollars awarded as a percentage of dollars requested, was 19%. It is important to note that most of the applications (71%) submitted were comprised of requests of $100,000 or less. The smallest request was for $500; the largest was for more than $2 million. Based on these trends, OSPR is focused on increasing the educational and training opportunities for faculty and staff to improve their grant writing and proposal development skills.

The Center for Faculty Enrichment (Café)

Café started a series of Scholarship of Teaching and Learning (SoTL) programs to encourage and support faculty research focusing on teaching. The SoTL @ LU program will emphasize the importance of using research to improve pedagogy. The first phase of the program is to introduce faculty to this area of scholarship and to help faculty design and implement research projects. Next year, we will begin a SoTL fellows program with a small cohort of faculty. The Fellows program will help to support research.

Longwood Center for the Visual Arts

In November, the LCVA opened an exhibition called "Old School: Historical Methods in Contemporary Practice-*Camera Obscura*". Contemporary art works were created using tools inspired by this "dark chamber" device, including the pinhole camera.

For the seventh consecutive year, LCVA partnered with Crossroads Community Services during its annual summer camp, called Camp Unity, for adults with developmental disabilities. This resulted in an exhibition of works created by over 90 artists from Camp Unity that will be on display from November through this coming January.

"Electric Sheep" is an exhibition running from this February through March. This exhibit is a digital art work based on the theory of natural selection. "Electric Sheep" now involves over half a million computers (and their users) and has been reproducing and evolving since 1999.

6

Administration & Finance

Ken Copeland, Vice President

Highlights

- Proposed Housing, Dining and Specialized Course Fees
- Successful PCI Compliance
- Conversion to CARDINAL from CARS
- Compensation Analysis Completed for AP & Classified Employees
- Bond Issuance for New Residence Halls to Take Place in December

The attached document sets forth proposed housing and dining fees, along with fees for special courses, for the coming academic year. These rates are presented for Board of Visitors action. Historically these rates have been set at a later date but last year we began setting housing and dining rates at the December meetings so students could be aware of the charges when considering options ahead of signing up for housing. Rates for tuition and fees will be brought to the Board in March as usual.

Also attached is a Statement of Revenues and Expenditures, which depicts E&G and Auxiliary budget and actual data as of October 31, 2014, and an Auxiliary Reserve Analysis as of October 31.

The Office of the Virginia Auditor of Public Accounts (APA) is currently engaged in the audit of Longwood's FY 2013-14 financial statements, which it will complete in the new calendar year. The unaudited FY 2013-14 financial statements are attached for your review.

Credit Card Data Security – PCI Compliance

Obtaining and maintaining compliance with Payment Card Industry Data Security Standards (PCI DSS) requires ongoing collaboration between Finance and Information Technology. The University's PCI Compliance Team monitors credit card activities of the institution. Longwood contracted with CampusGuard for consulting to assist us in meeting PCI compliance requirements. A CampusGuard security advisor visited campus on December 9-11, 2013, and again November 4-5, 2014. Longwood's compliance status was much improved from last year

and the University plans to submit its first-ever institutional Self-Assessment Questionnaire and Attestation of Compliance before the end of the calendar year.

Both Finance and Information Technology will be heavily involved in the conversion from CARS to CARDINAL. The Commonwealth is converting from a 1970's accounting and reporting system to a PeopleSoft system, which requires us to transition our existing interfaces and to learn how entries are to be directly posted into the new system. The CARDINAL go-live date is February 1, 2016. Finance staff have attended numerous meetings conducted by the Department of Accounts, and have already begun to complete required tasks to assure our compliance with the go-live date.

Human Resources

Our HR staff has had a busy fall. In addition to completing a compensation review and adjustments for employees, HR has:

- Hosted two VRS retirement seminars.
- Conducted a very successful Benefits Fair in September with more vendors attending than in previous years.
- Offered several flu shot clinics.
- Offered multiple sessions of the mandatory Title IX and Clery Training to all employees this summer and fall. Sessions are now being offered on-line for those who could not attend an on-campus session.

The Office of the VP of Administration and Finance is working closely with HR staff in planning for our Faculty/Staff Service Awards banquet, to be held on February 13, 2015. A total of 93 staff members and retirees will be recognized. Our office also was instrumental in planning a Farmville Area Chamber of Commerce Business After Hours in the newly renovated French Hall. President Reveley shared an update on the Campus Master Plan and attendees were able to tour the building. Approximately 60 business leaders from the Farmville area were in attendance.

Finally, in an organization move to make better use of limited space and to align departments which work more closely together, the Payroll department moved to HR in October.

Real Estate Foundation

The Longwood University Real Estate Foundation (LUREF) is working diligently with general contractor WM Jordan, the Architecture team of Little and Franck & Lohsen, and LU staff to develop the new residence halls adjacent to ARC. The plan is to construct two 25,000 square foot buildings with four floors each. The facilities will provide approximately 220 beds for main campus. The project is anticipated to break ground immediately after graduation in May 2015 and is on schedule to be completed by summer of 2016. Financing will be provided with bond proceeds through Bank of America and issued by the Industrial Development Authority (IDA) of

the Town of Farmville. The IDA also recently passed a resolution to refund and refinance the bonds on the existing LUREF housing complexes, thereby enabling us to take advantage of a very favorable bond market.

Environmental Education Center – The Environmental Education Center is complete and is ready to use for classes in the spring. It is adjacent to the Lancer Park recreation fields and overlooks the convergence of Buffalo Creek and the Appomattox River.

Property Acquisitions – LUREF closed on 603 High Street and 106 Venable Street at the end of October. Both acquisitions are critical for the future planning of the institution. 603 High Street is the last property not controlled by Longwood within the block where the Wheeler parking lot is located. 106 Venable Street is the Doyne Burger Davis Funeral Home across from French Hall.

Economic Development

The Office of Community and Economic Development (OCED) and our Small Business Development Center continue to work closely with many different local and regional groups to promote and enhance the economic vitality of Southside Virginia. The Virginia Department of Housing and Community Development funded several Longwood outreach programs, noted below, for 2015-2016. The activities are targeted for the Virginia's Growth Alliance Region, consisting of 11 localities in Southside Virginia.

Biz Venture Youth Entrepreneurship Program

Longwood Graduate and Professional Studies and Longwood University Extended (LUx) are partnering with Longwood SBDC to pilot a high school youth entrepreneurship program utilizing an on-line curriculum, teacher training, and online mentoring (Longwood Business Students, Faculty, and Resident Entrepreneur). Pilot sites include Mecklenburg and Greensville Counties.

UpStart Business Bootcamp

Longwood SBDC teamed with Graduate and Professional Studies to develop a six-week hybrid online course for new business owners. The course involves four in-person meetings, consultation with area experts, mentoring by SBDC, and several online sessions structured to enable students to pitch their business idea and plan by week 6. The curriculum is built upon the Business Model Canvas, a proven method for testing and modeling new business ideas. This course is currently underway in the "Digital Den" at Longwood with 13 students.

Applying Lean Startup Principles to Existing Businesses

While partnering with Graduate and Professional Studies, a class will be developed for *existing* businesses (Late Stage One though Stage Two -- five or more employees) in the region that have an emphasis on adapting and innovating with new ideas and business models to reach new

customers, expand into more markets and generate capital while honoring the values of the existing business and business plan. The course will be "High Touch" online to include five online class sessions plus business concierge "coaching" and research through Longwood University.

LONGWOOD UNIVERSITY

PROPOSED HOUSING & DINING FEES 2015-16

	2014-2015	2015-2016
Housing		
Main Campus-Double	$ 6,148	$ 6,394
Main Campus-Triple	$ 5,898	$ 6,134
Main Campus-Single	$ 7,148	$ 7,394
Lancer Park-Quads	$ 7,150	$ 7,436
Lancer Park-Doubles	$ 8,084	$ 8,408
New Lancer Park-Quads	$ 7,974	$ 8,292
New Lancer Park-Doubles	$ 8,084	$ 8,408
New Lancer Park-Singles	$ 8,698	$ 9,046
Longwood Village	$ 7,406	$ 7,702
LU Landings-Quads	$ 7,974	$ 8,292
LU Landings-Singles	$ 8,698	$ 9,046
Dining		
14 + $250	$ 3,108	$ 3,164
19 + $150	$ 3,800	$ 3,878
Block 160 + $300	$ 3,082	$ 3,080
10 + $350	$ 3,132	$ 3,192
Block 80 + $300	$ 1,860	$ 1,890

PROPOSED COURSE FEES 2015-16

	2014-2015	2015-2016
Leadership Development through Wilderness Pursuits (REC375)	$55	$65
Program Planning (REC371)	$0	$25
Meteorology Lab Fee (GEOG 261)	$0	$30
Ecosystem Ecology Lab Fee (BIOL434)	$0	$30
Animal Behavior Lab Fee (BIOL475)	$0	$30

Honors Research in Environmental Science (ENSC498)	$0	$125
Directed or Independent Study (ENSC490)	$0	$125
Graphic Design and Production II (DSAM 322)	$0	$60
Special Topics Material Fee (DSAM295)	$0	$60
Special Topics Material Fee (DSAM395)	$0	$60
Special Topics Material Fee (DSAM495)	$0	$60

LONGWOOD UNIVERSITY
Statement of Revenues and Expenditures
For Period Ending October 31, 2014

	BOARD APPROVED ORIGINAL BUDGET	YEAR TO DATE ADJUSTMENT	REVISED BUDGET FORECAST 2014-2015		ACTUAL TO DATE 2014-2015	ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR COMPARATIVE ACTUAL TO DATE	PRIOR YEAR COMPARATIVE ACTUAL AS PERCENT OF BUDGET
EDUCATIONAL AND GENERAL								
REVENUES:								
Tuition	34,670,138	530,180	35,200,318		15,241,111	43.30%	14,340,055	44.21%
Fees	1,296,876	(30,000)	1,266,876	1	1,111,000	87.70%	1,114,336	58.32%
State General Fund Appropriation	26,479,817	(913,949)	25,565,868		9,684,049	37.88%	8,906,874	36.59%
Other Sources	290,500	20,008	310,508	2	220,473	71.00%	112,795	46.61%
Federal Work Study	50,000	-	50,000		-	0.00%		0.00%
TOTAL REVENUES	62,787,331	(393,761)	62,393,570		26,256,633	42.08%	24,474,060	41.49%
EXPENDITURES:								
Instruction	31,000,671	(435,573)	30,565,098		11,033,386	36.10%	10,128,259	35.35%
Public Service	548,574	15,958	564,531		177,176	31.38%	144,329	27.13%
Academic Support	10,539,028	190,078	10,729,105		3,346,210	31.19%	3,417,884	32.73%
Student Services	4,491,285	(9,847)	4,481,438		1,582,146	35.30%	1,454,532	34.10%
Institutional Support	10,033,635	(122,503)	9,911,132		3,558,346	35.90%	3,193,316	33.92%
Operation and Maintenance of Plant	6,574,139	(572,189)	6,001,950		2,038,969	33.97%	2,141,070	35.81%
Salary Savings	(400,000)	-	(400,000)		(365,911)	91.48%	(216,409)	54.10%
TOTAL EXPENDITURES	62,787,331	(934,076)	61,853,255	3	21,370,321	34.55%	20,262,981	34.41%
Revenues Over/(Under) Expenditures	-		540,315		4,886,312		4,211,079	
AUXILIARY ENTERPRISE								
REVENUES:								
Housing Fee and Sales	19,535,244	85,000	19,620,244		10,495,191	53.49%	10,086,879	52.53%
Dining Fee and Sales	9,321,757		9,321,757		4,760,150	51.06%	4,456,851	51.72%
Comprehensive Fee/Other	21,333,784	342,973	21,676,757		10,232,662	47.21%	10,675,710	50.84%
Federal Work Study	154,300	-	154,300		-	0.00%		0.00%
TOTAL REVENUES	50,345,085	427,973	50,773,058		25,488,003	50.20%	25,219,440	51.50%
EXPENDITURES:								
Housing Services	19,026,153	470,468	19,496,621		6,145,124	31.52%	5,568,006	30.02%
Dining Services	8,746,702	-	8,746,702		3,699,018	42.29%	2,796,227	35.55%
Athletics	8,463,002	693,521	9,156,523		3,915,196	42.76%	4,067,037	46.39%
Other Services	11,103,636	154,982	11,258,618		5,641,216	50.11%	5,420,949	52.54%
Salary Savings	-	-	-		(78,683)	0.00%	-	0.00%
TOTAL EXPENDITURES	47,339,493	1,318,971	48,658,464	4	19,321,871	39.71%	17,850,219	39.24%
Revenues Over/(Under) Expenditures	3,005,592		2,114,594		6,166,132		7,369,221	

[1] Includes application fees, course fees, internship fees, ESL program fees, and out-of-state capital fees
[2] Includes facility rentals, library fines, payment plan fees, post office income, administrative fees and indirect cost recoveries
[3] YTD adjustments reflect reductions, transfers between programs and insurance pre-payment
[4] YTD adjustments reflect additions or transfers between programs

One-time surplus available for reallocation
Anticipated addition to reserves

Longwood University
Auxiliary Reserve Analysis
As of October 31, 2014

	Cash Balance 6/30/2014	FY15 Planned Transfers	FY15 Planned Additions	FY15 Planned Expenditures	Projected FY15 Ending Cash Balance	Calculated Required Reserve	Performance Indicator
General Auxiliary	21,171,001	187,877	1,717,641	(7,246,072)	15,830,447	4,895,192	✓
Food Services	5,413,811		645,055	(704,918)	5,353,948	3,103,571	✓
Residence Halls	13,448,386	(187,877)	581,391	(3,047,071)	10,794,829	7,140,412	✓
Parking	1,023,863				1,023,863	295,733	✓
Conferences	563,741		40,980		604,721	187,017	✓
Golf Course	76,766				76,766	115,973	✓
Athletics	2,534,348			(375,408)	2,158,940	2,821,312	✗
Recreation & Intramurals	534,416				534,416	634,404	✗
Speech, Hearing & Learning Services	255,503				255,503	N/A	
Capital Service Center	13,865				13,865	N/A	
Bus Transportation	(20,525)		20,525		0	N/A	
	45,015,174	0	3,005,592	(11,373,469)	36,647,297	19,193,614	

Planned Expenditures After FY15: 8,176,632

Planned Reimbursements from Bond Proceeds or Donations:

Stevens Renovation	350,000
Baseball Field Backstop	175,408
Student Success Center	730,000
New Admissions Building	240,000
New Academic Building	320,000
	1,815,408

LONGWOOD UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INSTITUTIONAL PROFILE

Longwood, located in Farmville, was founded in 1839 and is one of the oldest colleges in Virginia. It was the first Virginia public institution of higher education for women. In 2002, it officially became Longwood University. As the only four-year public institution in south central Virginia, Longwood serves as a catalyst for regional prosperity and advancement.

Historically, Longwood has been a leader in the education of future teachers. It continues that leadership today while also offering strong programs in liberal arts and sciences, business and in professional and pre-professional programs. Longwood University is a coeducational, comprehensive institution offering more than 100 majors, minors and concentrations to over 4,900 students. Longwood University educates Virginians, with over 95 percent of the student body coming from the Commonwealth, and is a residential campus with over 70 percent of its undergraduate students living in University managed housing.

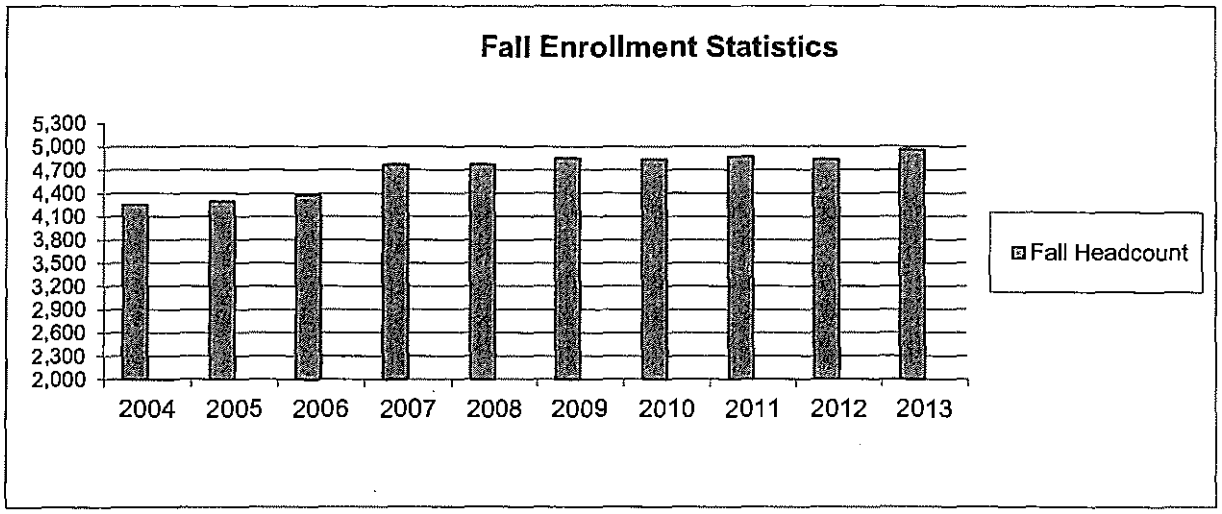
Building upon its strong foundation in the liberal arts and sciences, the University provides an environment in which exceptional teaching fosters student learning, scholarship and achievement. Longwood is dedicated to the development of citizen leaders who are prepared to make positive contributions to the common good of society. The University requires all students, in order to graduate, to participate in an internship related to their major or conduct a significant research project working with a faculty member on a major-related topic. The University prides itself on being a public institution with a "private" feel, its student/faculty ratio of 18 to 1, and the vast educational and social opportunities afforded its students.

Longwood University is for the 16th straight year ranked among the best colleges in the annual *U.S. News & World Report* survey. This year's "Best Colleges" report ranks Longwood No. 11 in the Top Public Schools category for Regional Universities in the South. Among all Regional Universities in the South, including private institutions, Longwood is ranked in the top tier at No. 33. Additionally, *The Princeton Review,* an education services company, selected Longwood as one of 135 institutions it recommends in its "Best in the Southeast" section of its *2013 Best Colleges: Region by Region* survey.

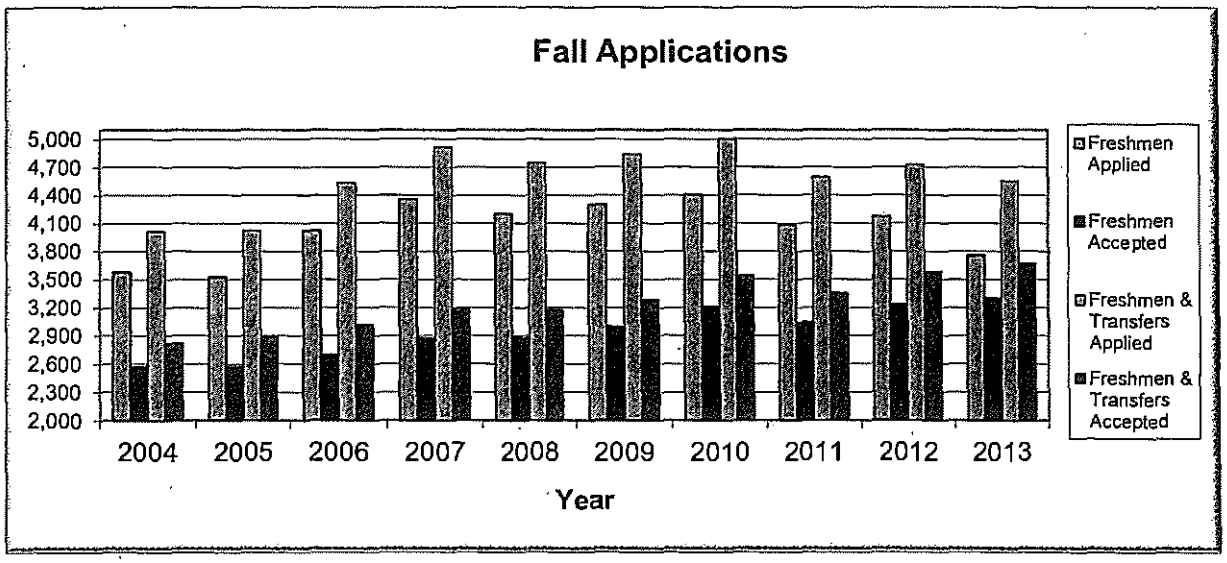
Longwood is an agency of the Commonwealth of Virginia and is, therefore, included as a component unit in the State's Comprehensive Annual Financial Report (CAFR). The thirteen members of Longwood's Board of Visitors govern University operations. Members of the Board are appointed by the Governor of Virginia.

ENROLLMENT AND ADMISSIONS

A significant factor in the University's economic position relates to its ability to recruit and retain high quality students. Headcount enrollment has increased from 4,252 in fall 2004 to 4,960 in fall 2013.



The fall 2013 entering freshmen class remained academically competitive with a grade-point average of 3.37, an average SAT score of 920 - 1090, and an average ACT score of 19 - 23. Total freshman applications decreased from 4,167 in fall 2012 to 3,755 in fall 2013.



FINANCIAL OVERVIEW

Management's Discussion and Analysis (MD&A) is a supplement to the University's financial statement designed to assist readers in understanding the financial information presented. This MD&A provides an analysis of the institution's financial position and performance during the fiscal year ended June 30, 2014, with comparative information presented for the fiscal year ended June 30, 2013, where applicable. While maintaining financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research and public service. Net position accumulates only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs.

This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the accompanying financial statements and notes that follow. The financial statements, notes and this discussion are the responsibility of management. The financial statements were prepared in accordance with applicable pronouncements and statements of the Governmental Accounting Standards Board (GASB). GASB principles establish standards for external reporting for public colleges and universities. The University's financial report is comprised of three basic financial statements and related notes. Those statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

The University's affiliated foundations are also included in these statements consistent with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14, and GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*, an amendment of GASB Statements No. 14 and No. 39. The University has two foundations whose financial information is presented in the statements under the columns titled "Component Unit" and one foundation that is designated as a blended component unit. While affiliated foundations are not under the direct control of the University's Board of Visitors, this presentation provides a more holistic view of resources available to support the University and its mission. The foundations are not part of this MD&A; however, additional detail regarding their financial activities can be found in the **Notes to Financial Statements**. Transactions between the University and these component units have not been eliminated in the financial statements.

Summary of the Change in Net Position

	Year Ended June 30,		Increase/(Decrease)	
	2014	2013	Amount	Percent
Total operating revenues	$85,560,302	$78,530,590	$7,029,712	8.95%
Total operating expenses	118,326,714	112,245,629	6,081,085	5.42%
Operating (loss)	(32,766,412)	(33,715,039)	948,627	-2.81%
Net nonoperating revenues	32,006,808	30,579,614	1,427,194	4.67%
Other revenue	13,008,706	12,406,407	602,299	4.85%
Total increase	$12,249,102	$9,270,982	$2,978,120	32.12%

On a summary basis, operating revenues increased by $7.0 million or 9.0% from fiscal year 2013 to fiscal year 2014. Operating expenses increased $6.1 million or approximately 5.4% from fiscal year 2013 to fiscal year 2014.

The operating loss was offset by $32.0 million in net non-operating revenues and expenses and $13.0 million in other revenues. Net non-operating revenues and expenses consisted of $29.1 million state appropriations, $4.6 million in Pell revenue, and $0.3 in investment revenue offset by interest on capital asset related debt of $2.0 million and losses on disposal of capital assets of $37,289.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the institution. The difference between total assets and total liabilities is net position, which is an indicator of the current financial condition of the University. The purpose of this statement is to present to the financial statement readers a fiscal snapshot as of June 30, 2014. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the University's operations. They are also able to determine how much the University owes vendors and creditors.

Net position is divided into three major categories. The first category, "Net investment in capital assets," depicts the University's equity in property, plant, and equipment, net of accumulated depreciation and outstanding debt obligations related to those capital assets. The second "Restricted" category is divided into two sub-categories, expendable and nonexpendable. Expendable restricted resources are available for expenditure by the University, but must be spent for purposes as determined by donors and/or other entities that have placed restrictions on the use of the assets. The corpus of nonexpendable restricted resources is available only for investment purposes. The third, "Unrestricted" category represents resources available to the University for any lawful purpose of the institution.

Summary of the Statement of Net Position

	Year Ended June 30,		Increase/(Decrease)	
	2014	2013	Amount	Percent
Assets	$57,490,756	$58,269,509	($778,753)	-1.34%
Current assets				
Noncurrent assets:				
Restricted cash and cash equivalents	4,881,698	6,770,479	(1,888,781)	-27.90%
State appropriations	42,139	335,184	(293,045)	-87.43%
Capital assets, net	224,053,976	211,307,763	12,746,213	6.03%
Other	1,106,448	964,879	141,569	14.67%
Total noncurrent assets	230,084,261	219,378,305	10,705,956	4.88%
Total assets	287,575,017	277,647,814	9,927,203	3.58%
Liabilities				
Current liabilities	21,960,939	19,896,541	2,064,398	10.38%
Noncurrent liabilities	52,360,295	54,264,214	(1,903,919)	-3.51%
Total liabilities	74,321,234	74,160,755	160,479	0.22%
Net position				
Net investment in capital assets	173,056,475	157,213,346	15,843,129	10.08%
Restricted expendable	1,196,775	1,362,214	(165,439)	-12.14%
Unrestricted	41,482,911	44,911,499	(3,428,588)	-7.63%
Total net position	$215,736,161	$203,487,059	$12,249,102	6.02%

Evaluation of Statement of Net Position for Fiscal Years 2013 and 2014

The University's total assets increased by $10.7 million between fiscal years 2013 and 2014. Current assets decreased $0.8 million primarily due to a decrease in cash and cash equivalents of $0.4 million, and a decrease in due from Commonwealth of $0.4. Noncurrent assets increased by $10.7 million primarily due to an increase in capital assets of $12.7 million offset by a decrease in restricted cash and cash equivalents of $1.9 million due to bond reimbursements from SNAP accounts. Construction in progress increased by $18.7 million, primarily due to the following capital projects: Stubbs Hall Renovation $7.1 million, Construct Technology Center $7 million, Replace Willett Hall HVAC $1.1 million, and Blackwell/Bookstore $0.7 million. Depreciable capital assets decreased $6.0 million due primarily to depreciation offset by current year additions. Current liabilities increased $2.0 million primarily due to a $1.6 million increase in accounts payable and $0.3 million increase

in deposits payable. Noncurrent liabilities decreased approximately $2.0 million primarily due to debt service payments made during the fiscal year of $3.8 million partially offset by the reclassification of deferral on debt defeasance loss of $2.5 million.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents the operating results as well as the non-operating revenues and expenses of the University. State appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

In general, operating revenues are received for providing goods and services to students and other constituencies of the University. Operating expenses are incurred in the acquisition or production of those goods and services. Non-operating revenues are comprised of items such as investment earnings and state appropriations. They do not require the production of goods or services. For example, the University's state appropriations are non-operating because they are provided by the General Assembly without the Commonwealth directly receiving commensurate goods and services for those revenues.

Summary of the Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30,		Increase/(Decrease)	
	2014	2013	Amount	Percent
Operating revenues	$85,560,302	$78,530,590	$7,029,712	8.95%
Operating expenses	118,326,714	112,245,629	6,081,085	5.42%
Operating (loss)	(32,766,412)	(33,715,039)	948,627	-2.81%
Nonoperating revenues/(expenses)				
State appropriations	29,147,075	28,117,798	1,029,277	3.66%
Pell grant revenue	4,579,553	4,152,728	426,825	10.28%
Other nonoperating revenues and expenses	(1,719,820)	(1,690,912)	(28,908)	1.71%
Net nonoperating revenues and expenses	32,006,808	30,579,614	1,427,194	4.67%
Income/(loss) before other revenues and reductions	(759,604)	(3,135,425)	2,375,821	-75.77%
Capital appropriations	12,270,435	12,359,093	(88,658)	-0.72%
Other gifts	738,271	47,314	690,957	1460.36%
Total other revenues	13,008,706	12,406,407	602,299	4.85%
Total increase in net position	12,249,102	9,270,982	2,978,120	32.12%
Net position, beginning of year	203,487,059	194,216,077	9,270,982	4.77%
Net position, end of year	$215,736,161	$203,487,059	$12,249,102	6.02%

Evaluation of Statement of Revenues, Expenses, and Changes in Net Position for Fiscal Years 2013 and 2014

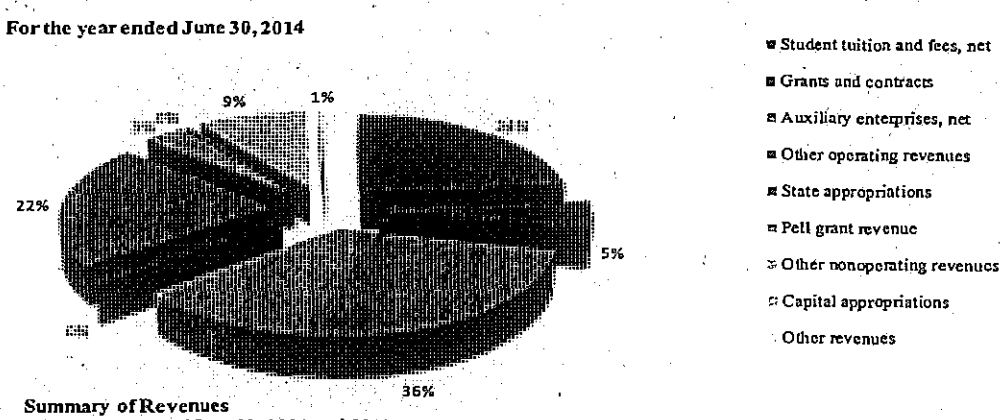
Summary of Revenues

Operating revenues primarily include tuition and fees and auxiliary enterprises. There was an increase of 8.0% totaling $2.3 million from fiscal year 2013 to fiscal year 2014 due to an increase in student tuition and fee charges and enrollment as is evidenced in the previous **Enrollment and Admissions** section.

Net non-operating revenues increased approximately $1.4 million due to an increase in state appropriations of approximately $1.0 million and an increase in Pell of $0.4 million. Other revenues increased by $0.6 million primarily due to an increase in other gifts.

Summary of Revenues

For the year ended June 30, 2014



Summary of Revenues
For the years ended June 30, 2014 and 2013

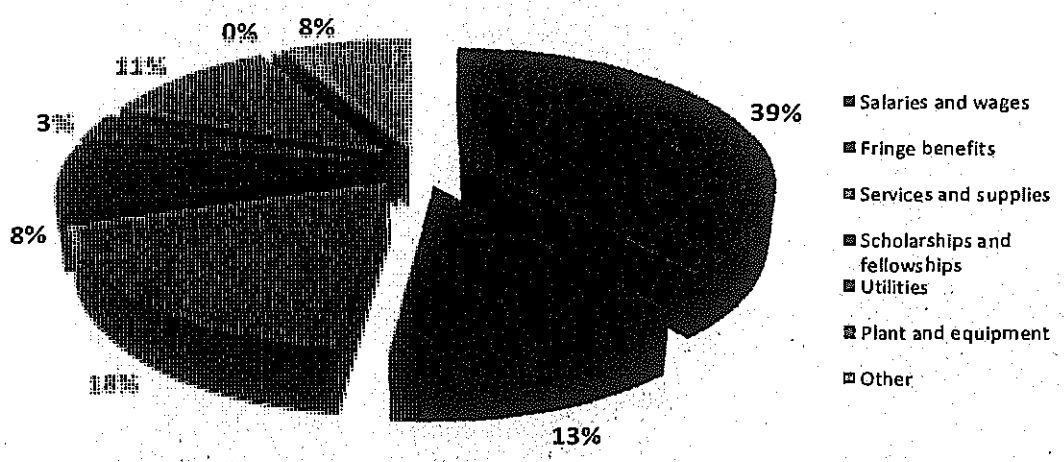
	2014	2013	Increase/(Decrease) Amount	Percent
Operating revenues:				
Student tuition and fees, net	$31,406,179	$29,082,884	$ 2,323,295	7.99%
Grants and contracts	6,446,454	5,954,952	491,502	8.25%
Auxiliary enterprises, net	47,333,604	43,110,498	4,223,106	9.80%
Other operating revenues	374,065	382,256	(8,191)	-2.14%
Total operating revenues	85,560,302	78,530,590	7,029,712	8.95%
Nonoperating revenues:				
State appropriations	29,147,075	28,117,798	1,029,277	3.66%
Pell grant revenue	4,579,553	4,152,728	426,825	10.28%
Other nonoperating revenues	322,289	1,220,235	(897,946)	-73.59%
Total nonoperating revenues	34,048,917	33,490,761	558,156	1.67%
Other revenues				
Capital appropriations	12,270,435	12,359,093	(88,658)	-0.72%
Other revenues	738,271	47,314	690,957	1460.36%
Total other revenues	13,008,706	12,406,407	602,299	4.85%
Total revenues	$132,617,925	$124,427,758	$ 8,190,167	6.58%

Summary of Expenses

A summary of the University's operating expenses for the years ended June 30, 2014 and 2013 is shown below. Overall, total operating expenses increased approximately $6.1 million in fiscal year 2014 compared to the previous fiscal year. This represents a 5.4% increase.

Summary of Operating Expenses by Natural Classification

For the year ended June 30, 2014



Operating Expenses by Natural Classification
For the years ended June 30, 2014 and 2013

	2014	2013	Increase/(Decrease) Amount	Percent
Salaries and wages	$45,980,739	$44,152,252	$ 1,828,487	4.1%
Fringe benefits	15,467,483	13,939,265	1,528,218	11.0%
Services and supplies	21,653,406	20,273,889	1,379,517	6.8%
Scholarships and fellowships	9,103,516	8,948,873	154,643	1.7%
Utilities	3,809,813	3,796,992	12,821	0.3%
Plant and equipment	12,979,469	10,930,256	2,049,213	18.7%
Other	31,730	18,273	13,457	73.6%
Depreciation/amortization	9,300,558	10,185,829	(885,271)	-8.7%
Total operating expenses	$ 118,326,714	$ 112,245,629	$ 6,081,085	5.4%

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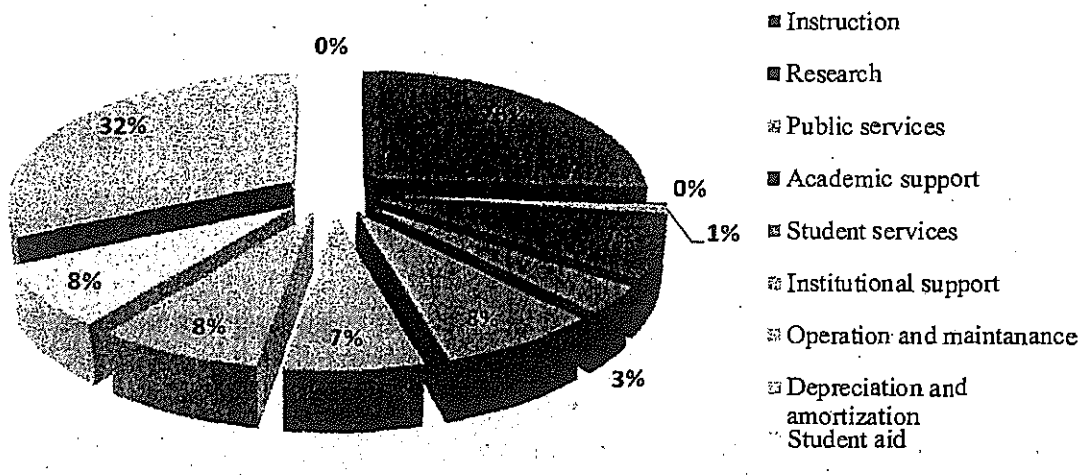
Summary of Operating Expenses by Function

For the year ended June 30, 2014



Operating Expenses by Function
For the years ended June 30, 2014 and 2013

	2014	2013	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Operating expenses:				
Instruction	$30,985,884	$29,677,596	$ 1,308,288	4.4%
Research	66,266	244,567	(178,301)	-72.9%
Public services	1,276,062	1,492,107	(216,045)	-14.5%
Academic support	8,506,420	6,796,136	1,710,284	25.2%
Student services	4,035,502	4,143,338	(107,836)	-2.6%
Institutional support	9,287,167	8,706,400	580,767	6.7%
Operation and maintanance	7,929,442	8,003,087	(73,645)	-0.9%
Depreciation and amortization	9,300,558	10,185,829	(885,271)	-8.7%
Student aid	9,103,516	8,948,873	154,643	1.7%
Auxiliary activities	37,804,167	34,029,423	3,774,744	11.1%
Other operating expenses	31,730	18,273	13,457	73.6%
Total operating expenses	$ 118,326,714	$ 112,245,629	$ 6,081,085	5.4%

Statement of Cash Flows

The final statement presented by the University is the Statement of Cash Flows. This statement presents detailed information about the University's cash activity during the year. The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis and includes non-cash items such as depreciation expense, while the Statement of Cash Flows strictly represents cash inflows and outflows. The Statement of Cash Flows enables readers to assess the ability of the institution to generate future cash flows necessary to meet obligations and to evaluate the need for additional financing.

The Statement of Cash Flows is divided into five sections. The first section, cash flows from operating activities, details the net cash used by operating activities. The second section reflects the cash flows from non-capital financing activities, and includes state appropriations and Pell grant revenues for the University's educational and general programs and financial aid. The third section, cash flows from capital financing activities, details the cash used for the acquisition and construction of capital and related items. The fourth section is cash flows from investing activities which includes interest earned on investments. The last section reconciles the net operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position to the cash used by operating activities.

Condensed Statement of Cash Flows

	2014	2013	Increase/ (Decrease)
Cash Provided (used) by:			
Operating activities	($23,625,279)	($24,014,773)	$389,494
Noncapital financing activities	34,774,799	32,498,877	2,275,922
Capital financing activities	(14,068,003)	(6,730,277)	(7,337,726)
Investing activities	322,289	578,429	(256,140)
Net increase/(decrease) in cash	(2,596,194)	2,332,256	(4,928,450)
Cash - Beginning of year	54,665,231	52,332,975	2,332,256
Cash - End of year	$52,069,037	$54,665,231	($2,596,194)

Evaluation of Statement of Cash Flows for Fiscal Years 2013 and 2014

For fiscal year 2014, significant sources of operating cash include student tuition and fees of $31.2 million, auxiliary enterprise receipts of $47.2 million, and grants and contracts of $6.4 million. Major operating uses of cash include payments for salaries, wages, and fringe benefits of $61.0 million and payments to suppliers and utilities of $25.5 million. Longwood received state appropriations for the University's educational and general programs and financial aid of $29.3 million.

Capital and Debt Activities

Renewal and replacement of facilities on campus remains an integral part of the University's Strategic Plan. The University continues to implement strategies to support its commitment to creating state-of-the-art learning environments that contribute to the overall development of students. Additional investments are planned to improve student residential lifestyles and the quality of student life.

Note 6 of the **Notes to Financial Statements** describes the University's significant investment in capital assets. During fiscal year 2014 total capital assets increased by $12,746,213 due to various ongoing capital projects such as the Stubbs Hall Renovation, Construct Technology Center, Replace Willett Hall HVAC, and Blackwell/Bookstore.

Long-term debt decreased from $55,807,909 in 2013, to $54,164,758 in 2014 as a result of debt payments made during the fiscal year. The University utilizes the SCHEV formula (debt service to unrestricted expenditures and mandatory transfers) to calculate its debt ratio. This ratio was 5.5 percent at the end of fiscal year 2013 and 5.4 percent at the end of fiscal year 2014. Per Board-approved policy, the University will maintain a debt burden ratio of 9 percent or less.

ECONOMIC OUTLOOK

Longwood University celebrated its 175th anniversary. It is one of the 100 oldest colleges and universities in the nation, and the third-oldest public university in Virginia, following the College of William & Mary and the University of Virginia. Founded in 1839, Longwood is dedicated to the development of citizen leaders who are prepared to make positive contributions to the common good of society.

As one of Virginia's public higher education institutions, Longwood is dependent upon ongoing financial and political support from the Commonwealth. The University's economic outlook is tied to various factors, including our ability to recruit and retain students, our State funding (in the form of both operating and capital construction appropriations), and our ability to raise revenue through tuition and fees, grants and contracts, and private funds. A review of the economic factors significant to the State of Virginia may be found in the Commonwealth's Comprehensive Annual Financial Report (CAFR).

The *Virginia Higher Education Opportunity Act* passed in 2011 bears witness to Virginia's commitment to higher education. However, demands on the State budget and constrained revenues continue to put pressure on State general fund support. Consequently, the original FY 2015 budget provided level funding for public higher education. *Virginia Higher Education Opportunity Act* legislation evidences the importance of State goals specific to accessibility and increased enrollments, as well as restructuring initiatives. Longwood will continue to examine the impacts of recommendations made by the Higher Education Advisory Committee. Programs and strategies specific to objectives outlined in the Act are documented within the University's Six-Year Plan.

In his address to the Joint Money Committees of the General Assembly on August 15, 2014, Governor McAuliffe announced a $346 million budget shortfall in FY 2015. Virginia's FY 2014 general fund revenue collections were down from FY 2013, and fell behind the State's revenue forecast.

This marks the first time that Virginia revenues have declined outside of a national recession. As a result, state agencies, including higher education institutions, were required to submit plans for cutting 5 percent in the first year of the budget and 7 percent in the second year of the budget. Fortunately for Longwood, our required reduction for FY 2015 was approximately 2.2 percent, which will be addressed with savings resulting from position vacancies. The University's required reduction for FY 2016 is not known at this time.

The need to recruit and retain quality students during this period of rising costs and difficult economic conditions is a concern. While the Commonwealth affords Boards of Visitors the authority to establish tuition and fee rates, significant emphasis has been placed on slowing the rate of tuition increases for Virginia undergraduate students. Longwood continues to be sensitive to the issue of affordability and accessibility. In-state undergraduate tuition and mandatory fees for the coming academic year were increased by just 2.1 percent. The University has placed significant focus on both increasing enrollment and student retention. Longwood's enrollment has been steady, and nongeneral fund revenues have increased as a result of tuition and fee rate increases, as well as our enrollment and retention efforts. Additionally, gifts and commitments made to the Longwood University Foundation continue to be strong, affording increases in student scholarship awards and support for various academic programming.

Longwood University is committed to delivering its students exceptional educational and social opportunities, and will continue to employ business process improvements and efficiencies in an effort to contain costs, to enhance or develop alternative revenue streams, to examine opportunities to reallocate funding, and to invest in strategic initiatives. Long-term planning is critical to ensuring that the University not only protects its core academic programs, but also invests strategically in the future. The new planning and budgeting process that was piloted in FY 2013 continues to be utilized by the University.

Management believes that Longwood has and will maintain a solid financial foundation. Increases in the University's net assets are indicative of the sound and prudent use of financial resources. The University is responsive to the rapidly changing higher education environment. It will continue to closely monitor its resources to ensure its ability to react to both internal and external factors that impact the institution's financial position, and to embrace innovation and flexibility in its pursuit of institutional goals.

FINANCIAL STATEMENTS

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Longwood University
STATEMENT OF NET POSITION
As of June 30, 2014

Assets	Longwood University	Component Unit Longwood University Foundation, Inc.	Component Unit Longwood University Real Estate Foundation
Current assets:			
Cash and cash equivalents (Note 3)	$ 47,145,200	$ 6,356,002	$ 539,405
Securities Lending - Cash and cash equivalents (Note 3)	4,279,781	-	-
Short-term investments (Note 3)	138,565	23,637,082	-
Accounts receivable, net of allowance for doubtful accounts of $142,217 (Note 4)	1,595,870	-	343,494
Notes receivable	144,506	1,019,062	145,368
Contributions receivable, net (Note 4)	-	2,983,373	-
Due from Foundation	122,414		
Due from the Commonwealth (Note 5)	1,456,794	-	-
Inventory	404,864	-	-
Prepaid expenses	2,302,762	-	41,312
Total current assets	$ 57,590,756	$ 33,995,519	$ 1,069,579
Noncurrent assets:			
Restricted cash and cash equivalents (Note 3)	4,881,698	213,482	-
Restricted Appropriations Available/Due From Commonwealth	42,139	-	-
Restricted Investments	-	35,564,106	4,504,611
Other non-current assets	-	108,184	945,852
Notes receivable, net of allowance for doubtful accounts of $96,631	1,106,448	-	-
Non-depreciable capital assets, net (Note 6)	39,911,987	5,407,851	9,001,473
Depreciable capital assets, net (Note 6)	184,141,989	1,164,367	78,098,269
Total noncurrent assets	230,084,261	42,457,990	92,550,205
Total assets	$ 287,675,017	$ 76,453,509	$ 93,619,784
Deferred Outflow of Resources			
Deferral on Debt Defeasance - loss	2,396,878	-	-
Total Deferred Outflows of Resources	$ 2,396,878	$ -	$ -
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses (Note 7)	9,963,180	224,422	819,728
Line of Credit	-	-	3,230,679
Deferred revenue	1,808,591	-	-
Obligations under securities lending	4,418,346	-	-
Deposits held in custody for others	890,688	-	-
Long-term liabilities - current portion (Note 7)	4,880,134	53,051	1,639,743
Total current liabilities	21,960,939	277,473	5,690,150
Noncurrent liabilities (Note 8)	52,360,295	1,128,834	99,779,633
Total liabilities	$ 74,321,234	$ 1,406,307	$ 105,469,783
Deferred Inflow of Resources			
Deferral on Debt Defeasance - gain	14,500	-	-
Total Deferred Inflows of Resources	$ 14,500	$ -	$ -
Net Position			
Net Investment in capital assets, net of related debt	173,056,475	6,572,218	(6,728,733)
Restricted:	-	-	-
Nonexpendable:	-	-	-
Permanently restricted	-	35,358,715	-
Expendable:	-	-	-
Loans	258,305	-	-
Temporarily restricted	-	24,759,535	-
Other	938,470	-	-
Unrestricted	41,482,911	8,356,735	(5,121,266)
Total net position	$ 215,736,161	$ 75,047,203	$ (11,849,999)

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Longwood University
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2014

	Longwood University	Longwood University Foundation	Longwood University Real Estate Foundation
Operating revenues:			
Student tuition and fees, Net of scholarship allowances of $3,262,675	$ 31,406,179	$ -	$ -
Gifts and contributions	-	557,199	-
Federal grants and contracts	2,540,873	-	-
State grants and contracts	585,114	-	-
Nongovernmental grants and contracts	3,320,467	-	-
Auxiliary enterprises, net of scholarship allowances of $4,440,193 (Note 10)	47,333,604	-	-
Other operating revenues	374,065	1,340,347	7,751,911
Total operating revenues	85,560,302	1,897,546	7,751,911
Operating expenses (Note 13)			
Instruction	30,985,884	-	-
Research	66,266	-	-
Public service	1,276,062	-	-
Academic support	8,506,420	-	-
Student services	4,035,502	-	-
Institutional support	9,287,167	-	923,984
Operation and maintenance - Plant	7,929,442	-	2,147,524
Depreciation	9,162,108	-	2,427,954
Amortization	138,450	-	71,840
Student aid	9,103,516	-	-
Auxiliary activities	37,804,167	-	-
Other expenditures	31,730		63,827
Total operating expenses	118,326,714	4,502,113	5,635,129
Operating gain (loss)	(32,766,412)	(2,604,567)	2,116,782
Nonoperating revenues (expenses):			
State appropriations (Note 12)	29,147,075	-	-
Pell Grant Revenue	4,579,553	-	-
Investment revenue (loss)	322,289	606,675	-
Interest on Capital Asset-Related Debt	(2,004,820)	-	(2,992,063)
Unrealized gain on swap	-	-	4,797,961
Increase in split interest agreements		81,499	
Realized gain on investments		5,462,519	
Unrealized loss on investments		1,418,745	
Loss on disposal/sale of plant assets	(37,289)	-	(26,369)
Net nonoperating revenues	32,006,808	7,569,438	1,779,529
Income before other revenues, expenses, gains o	(759,604)	4,964,871	3,896,311
Contributions to permanent endowments	-	2,199,336	-
Capital appropriations	12,270,435	-	-
Other Gifts	738,271	-	-
Net other revenues	13,008,706	2,199,336	-
Increase (decrease) in net position	12,249,102	7,164,207	3,896,311
Net position - Beginning of year (Note 18)	203,487,059	67,882,996	(15,746,310)
Net position - End of year	$ 215,736,161	$ 75,047,203	$ (11,849,999)

The accompanying notes to financial statements are an integral part of this statement.

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Longwood University
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

Cash flows from operating activities:	
Student tuition and fees	$ 31,217,602
Grants and contracts	6,368,688
Auxiliary enterprises	47,188,681
Payments to employees	(61,019,570)
Payments to suppliers and utilities	(25,548,839)
Payments for operation and maintenance of facilities	(12,945,137)
Payments for scholarships and fellowships	(9,103,516)
Collection of loans to students	(126,007)
Other operating receipts	374,549
Payments for other expenses	(31,730)
Net cash provided (used) by operating activities	(23,625,279)
Cash flows from noncapital financing activities:	
State appropriations	29,288,020
Other non-operating	4,579,553
Change in agency balances	311,629
Net cash provided (used) by noncapital financing activities	34,179,202
Cash flows from capital and related financing activities:	
Capital appropriations	12,523,207
Acquisition and construction of capital assets	(20,377,857)
Capital grants and contracts	595,597
Principal paid on capital-related debt, leases, and installments	(3,772,290)
Interest paid on capital-related debt, leases, and installments	(2,441,063)
Net cash provided (used) by capital and related financing activities	(13,472,406)
Cash flows from investing activities:	
Investment/interest revenue	322,289
Net cash provided (used) by investing activities	322,289
Net increase in cash	(2,596,194)
Cash and cash equivalents - Beginning of the year	54,665,231
Cash and cash equivalents - End of the year	$ 52,069,037

The accompanying notes to financial statements are an integral part of this statement.

Longwood University
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating (loss)	$ (32,766,412)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	9,300,558
Changes in assets and liabilities:	
Receivables, net	(375,490)
Inventory	9,483
Prepaid expenses	170,240
Notes receivable, net	(126,007)
Accounts payable and accrued expenses	138,010
Deferred revenue	(29,585)
Accrued compensated absences	53,924
Net cash provided (used) by operating activities	$ (23,625,279)

The accompanying notes to financial statements are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

Longwood University
Financial Statement Footnotes
For the Year Ended June 30, 2014

1. REPORTING ENTITY

Longwood University is a state-assisted, coeducational, and comprehensive University offering programs leading to bachelor's and master's degrees. Longwood offers courses both on the main campus and at educational sites in other locations as well as online courses. The University is oriented to liberal arts and to professional and pre-professional programs.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

The University has three component units as defined by the Governmental Accounting Standards Board (GASB) Statement 39, *Determining Whether Certain Organizations are Component Units*, an amendment to Statement 14, *The Financial Reporting Entity*. These organizations are described in Note 19.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The University's accounting policies conform with generally accepted accounting principles as prescribed by GASB. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* GASB Statement 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities* GASB Statement 39, *Determining Whether Certain Organizations Are Component Units.*

Basis of Accounting

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement 59, purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Prepaid Expenses

Prepaid expenses of the University include such items as insurance premiums, membership dues, and registrations for next fiscal year that were paid in advance, as well as publications, subscriptions, and contracts which include initial and renewal annual subscriptions that continue into the next fiscal year.

Inventories

Inventories are reported using the consumption method, and valued using the first-in, first out (FIFO) method.

Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure, and intangible assets are stated at cost or fair market value at date of donation. Library materials are valued at actual cost and average cost at time of donation. Construction in progress, equipment and intangibles in process are capitalized at actual cost as expenses are incurred. Equipment costing $5,000 or more with a useful life greater than one year is capitalized. Software related intangibles costing $25,000 or more and other intangibles costing $100,000 or more are capitalized. Renovation costs are capitalized when expenses total greater than $100,000. Normal repairs and maintenance are expensed in the year in which the expense is incurred.

Depreciation and amortization is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The general range of estimated useful lives is 5 to 50 years for buildings and fixtures and 3 to 20 years for equipment. The estimated useful life of Library materials is 10 years. The general range of estimated useful lives for infrastructure is 5 to 30 years. The estimated useful life of software is 5 years; all other intangibles vary based on type and expected useful life.

Non-current Cash and Investments

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

Deferred Revenue

Deferred revenue primarily includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the period after June 30, 2014.

	2014
Student tuition and related fees	$ 1,732,572
Auxiliary enterprise fees	76,019
Total	$ 1,808,591

Accrued Compensated Absences

The amount of leave earned but not taken by classified salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, all unused vacation leave, overtime leave, compensatory leave, and the amount payable upon termination under the Commonwealth of Virginia's leave pay-out policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included.

Federal Financial Assistance Programs

The University participates in federally-funded financial assistance programs including Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, Perkins Loans, and Direct Lending. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Compliance Supplement.

Under the Federal Direct Lending Program, the University receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loans and disburses these funds to eligible students. The Direct Lending programs are treated as student payments with the University acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position.*

Net Position

The University's net position is classified as follows:

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

- **Restricted net position, expendable** – Expendable restricted net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The University's restricted net position is expendable.

- **Restricted net position, nonexpendable** – Nonexpendable restricted net position is comprised of endowment and similar types where donors or other external 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 to be expended or added to the principal.

- **Unrestricted net position** – Unrestricted net position represents resources derived primarily from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises are self-supporting activities that provide services for students, faculty, and staff. These unrestricted resources are used for transactions relating to the educational and general operations of the University and at the discretion of the governing board to meet current expenses.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is first to apply the expense toward restricted resources, and then toward unrestricted. Restricted funds remain classified as such until restrictions have been satisfied.

Income Taxes

The University, as a political subdivision of the Commonwealth of Virginia, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Revenue and Expense Classifications

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 allowances; and (3) federal, state, and nongovernmental grants and contracts.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, and other revenue sources that are defined as non-operating revenues

by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, such as state appropriations and investment and interest income.

Non-operating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenue, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Long-term Liabilities

Bond premiums, are deferred and amortized over the life of the bond. Bonds payable are reported including unamortized bond premium. The amortizations of bond premiums are reported as debt service expenditures. The debt as shown in the Statement of Net Position is divided between current and non-current liabilities (see Note 8). The Statement of Revenues, Expenses, and Changes in Net Position shows the interest expense which is recognized as a non-operating expense when paid.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of State funds. Certain deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia, or covered by depository insurance. Under this Act, banks holding public deposits in excess of amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury board. Savings institutions are required to collateralize 100 percent of deposits in excess of FSLIC limits. In accordance with GASB Statement 9 definition of cash and cash equivalents, cash represents cash with the Treasurer, cash on hand, and cash deposits including certificates of deposits, and temporary investments with original maturities of three months or less.

At June 30, 2014, the carrying amount of cash with the Treasurer of Virginia was $46,381,098. The carrying amount of cash not held by the Treasurer of Virginia is $2,268,629. The carrying amount not held by the Treasurer consists of bank balances reported at June 30, 2014, in the amount of $2,317,729 adjusted for reconciling items such as: outstanding checks and deposits in transit. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the University.

Appropriations Available

Appropriations available are no longer included in cash amounts. They are listed separately on the line item "Restricted Appropriations Available/Due from Commonwealth". At June 30, 2014, the amount of appropriations available was $42,139.

Investments

The majority of University funds is held by the Treasurer of Virginia and, therefore, is not invested by the University. Local funds held by the University are available for investment, per the Board of Visitors approved investment policy. In fiscal year 2014, local funds were not invested. Rather, they were held in a governmental checking account.

Concentration of Credit Risk

Concentration of credit risk requires the disclosures by amount and issuer of any investments in any one issuer that represent 5 percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. As of June 30, 2014, the University did not have any investments other than money market funds held by the Treasurer of Virginia; therefore, the University does not have a concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. Due to the lack of investments outside of those held by the Treasurer of Virginia, this risk does not apply to the University.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not invest in funds outside of investing bond proceeds in the State Non-Arbitrage Program (SNAP) and the Local Government Investment Pool (LGIP). These proceeds held by the Treasurer of Virginia are invested in money market funds and do not need to be categorized as to risk. At June 30, 2014, the carrying amount of the

cash equivalents held in the SNAP program with the Bank of New York was $2,317,333 and with the Treasurer of Virginia was $1,059,838.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Longwood University does not have investments in foreign currency.

Securities Lending Transactions

Securities lending transactions represent the University's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Loaned securities, for which the collateral is reported on the Statement of Net Position, are non-categorized as to credit risk. Details of the General Account securities lending program are included in the Commonwealth's Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains and losses are realized, the actual gains and losses are recorded by the affected agencies.

Securities Lending Balances as of June 30, 2014:

Unrestricted cash equivalents	$4,279,781
Short term investment	138,565
Total Securities Lending	$4,418,346

4. ACCOUNTS AND NOTES RECEIVABLE

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

Student tuition and fees	$ 1,151,653
Library	951
Auxiliary enterprises	360,509
Federal, state, and nongovernmental grants and contracts	224,974
Total	$ 1,738,087
Less: Allowance for doubtful accounts	(142,217)
Net accounts receivable	$ 1,595,870

Notes Receivable consisted of the following at June 30, 2014:

Current portion:	144,506
Federal student loans	144,506
Non-current portion:	
Federal student loans	1,203,079
Less allowance for doubtful accounts	(96,631)
Net non-current notes receivable	$ 1,106,448

5. DUE FROM FOUNDATIONS

Due from foundations consisted of the following at June 30, 2014:

Longwood University Foundation	$22,414
Longwood University Trust	100,000
	$122,414

6. COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2014, funding has been provided to the University from three programs: State Central Capital Planning Fund (0965), 21st Century bond program, and equipment trust fund program (ETF). Both the 21st century bond and equipment trust fund programs are managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the university and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The *Statement of Revenues, Expenses, and Changes in Net Position* includes amounts listed below for the year ended June 30, 2014, in the "Capital Appropriations" line item for equipment and facilities obtained with funding under these two programs.

Capital Appropriations

VCBA 21st Century Program	$11,671,172
VCBA ETF Program	599,263
	$12,270,435

The line item, "Due from the Commonwealth," on the *Statement of Net Position* for the year ended June 30, 2014, represents pending reimbursements from the follow programs:

21st Century Bonds	$1,456,794
Total Due from Commonwealth of Virginia	$1,456,794

7. CAPITAL ASSETS

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

	Beginning Balance 6/30/2013	Additions	Reductions	Ending Balance 6/30/2014
Non-Depreciable Capital Assets				
Land	$5,072,801	$52,763		$5,125,564
CIP	$16,119,521	$21,652,664	($2,985,762)	$34,786,423
Total Non-Depreciable Capital Assets	$21,192,322	$21,705,427	($2,985,762)	$39,911,987
Depreciable Capital Assets				
Buildings	$229,000,450	$1,299,129	($241,216)	$230,058,363
Equipment	$17,941,474	$1,318,031	($198,822)	$19,060,683
Infrastructure	$43,571,467	$466,270	($31,014)	$44,006,723
Library Materials	$13,416,646	$375,061	($2,775,967)	$11,015,740
Intangible Assets	$1,140,926	$209,017	-	$1,349,943
Software Projects	$5,089,904	-	-	$5,089,904
Total Depreciable Capital Assets, Cost	$310,160,867	$3,667,508	($3,247,019)	$310,581,356
Accumulated Depreciation				
Buildings	$66,360,543	$6,139,493	($241,216)	$72,258,820
Equipment	$10,472,891	$1,630,986	($182,034)	$11,921,843
Infrastructure	$26,431,781	$1,214,843	($6,668)	$27,639,956
Library Materials	$10,844,064	$476,054	($2,775,967)	$8,544,151
Intangible Assets	$846,243	$138,450	-	$984,693
Software Projects	$5,089,904	-	-	$5,089,904
Total Accumulated Depreciation	$120,045,426	$9,599,826	($3,205,885)	$126,439,367
Depreciable Capital Assets, Net	$190,115,441	($5,932,318)	($41,134)	$184,141,989
All Capital Assets, Net	$211,307,763	$15,773,109	($3,026,896)	$224,053,976

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

Employee salaries, wages, and fringe benefits payable	$3,842,177
Vendors and suppliers accounts payable	4,530,420
Retainage payable	1,117,382
Interest payable	473,201
Total accounts payable and accrued liabilities	$9,963,180

9. NONCURRENT LIABILITIES

The University's non-current liabilities consist of long-term debt (further described in Note 9), and other non-current liabilities. A summary of changes in non-current liabilities for the year ending June 30, 2014, is presented as follows:

Category	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long Term Debt:					
9 (c) General Obligation Bonds	$ 19,187,304	$ 1,814,466	$ 3,584,179	$17,417,591	$1,542,991
Unamortized Premium	1,923,781	228,379	206,153	1,946,007	243,592
	21,111,085	2,042,845	3,790,332	19,363,598	1,786,584
VCBA Pooled Bonds	33,940,000	-	2,130,000	31,810,000	2,220,000
Unamortized Premium	3,046,751	-	293,653	2,753,098	293,650
	36,986,751	-	2,423,653	34,563,098	2,513,650
Installment Purchases	275,186	-	37,124	238,062	45,098
Total Long Term Debt	58,373,023	2,042,845	6,251,109	54,164,758	4,345,332
Accrued Compensated Absences	1,637,803	946,855	892,931	1,691,727	534,802
Federal Loan Program Contribution	1,383,944			1,383,944	
Total Long Term Liabilities	$ 61,394,770	2,989,700	7,144,040	57,240,429	4,880,134

10. LONG-TERM INDEBTEDNESS

9(c) General Obligation Bonds Payable

Longwood University bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. The following bonds of the University are Section 9(c) bonds. These bonds are backed by the full faith, credit, and taxing power of the Commonwealth, and are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

General Obligation Bonds payable at June 30, 2014, consist of the following:

	Interest Rates	Maturity	Amount
Residence hall:			
Renovate housing facilities, 2005-A 1	3.50 - 5.00%	2025	$180,000
Renovate housing facilities, 2006-B 1	4.00 - 5.00%	2026	530,000
Renovate housing facilities, 2007-B 1	4.00 - 5.00%	2027	2,025,000
Renovate housing facilities, 2008-B 1	4.00 - 5.00%	2028	3,665,000
2005 Refunded Portion Fac. Renovations, 2009, D 1	4.00 - 5.00%	2022	1,340,000
2006 Refunded Portion Fac. Renovations, 2009, D 2	4.00 - 5.00%	2022	1,655,000
2012 Housing Facilities Ren - 2005 Ref Portion, 2012, A 2	4.00 - 5.00%	2024	544,804
2013 Housing Facilities Ren - 2005A Ref Portion, 2013, B 1	3.00 - 5.00%	2025	471,682
2013 Housing Facilities Ren - 2006B Ref Portion, 2013, B 2	4.00 - 5.00%	2026	1,851,882
2013 Ren Cox Hall - 2007B Ref Portion, 2013, B 3	4.00 - 5.00%	2025	2,460,584
2014 B 1 99 Ref of Residence hall improvements, 2004-B Ref	2.50 - 5.50%	2019	880,094
Dining hall:			
2014 B 2 99 Ref of Dining Hall - 2004B Ref Portion	4.00 - 5.00%	2019	934,371
Dining hall, series 2012-A 1	4.00 - 5.00%	2016	879,177
Total bonds payable			$17,417,594

A summary of future principal requirements of long-term debt for General Obligation bonds payable as of June 30, 2014, follows:

Year ending June 30	Principal	Interest
2015	$ 1,542,991	$ 820,323
2016	1,753,417	746,920
2017	1,360,515	663,694
2018	1,431,169	595,668
2019	1,490,567	527,161
2020-2024	6,143,168	1,691,222
2025-2029	3,695,767	344,576
Total	$ 17,417,594	$ 5,389,564
Add: Unamortized Premium	1,946,007	
Total	$ 19,363,601	
Less: Deferred Loss	(1,001,425)	
Add: Gain on Refunding	14,500	
Total	$ 18,376,676	

VCBA Pooled Bonds Payable

The University received Virginia College Building Authority loans to cover construction expenses. These notes are due as shown below:

Virginia College Building Authority:

Notes payable:

	Interest Rates	Maturity	Amount
Lacrosse/field hockey complex and phase II heating plant 2004A	3.00 - 5.00%	9/2025	$255,000
Soccer fields, Lancer gym, and Blackwell, Fitness center 2005-A	3.00 - 5.00%	9/2026	2,590,000
Fitness center, Blackwell, and heating plant III, Baseball/softball 2006-A	3.00 - 5.00%	9/2027	5,445,000
Lacrosse/field hockey complex, baseball/ softball, heating plant phase II & III 2007-A	3.00 - 5.00%	9/2028	5,700,000
Fitness center and parking garage 2007-B	3.00 - 5.00%	9/2023	1,845,000
Athletic offices, heating plant phase III Student union 2009-A	3.00 - 5.00%	9/2029	3,175,000
Fitness Center and parking garage 2010-B	3.00 - 5.00%	9/2023	2,265,000
Fitness Center, Lacrosse/field hockey, Soccer fields, Lancer gym, Blackwell and Heating Plant II 2012-A	3.00 - 5.00%	9/2028	10,535,000
			$31,810,000

A summary of future principal requirements of VCBA Pooled Bonds Payable as of June 30, 2014, follows:

Year ending June 30	Principal	Interest
2015	$2,220,000	$1,437,825
2016	2,310,000	1,331,219
2017	2,420,000	1,218,856
2018	2,520,000	1,101,663
2019	2,645,000	977,413
2020-2024	13,200,000	2,954,550
2025-2029	6,495,000	442,488
Total	$31,810,000	$9,464,013
Add: Unamortized Premium	2,753,098	
Total	$34,563,098	
Less: Deferred Loss	(1,395,453)	
Total	$33,167,645	

11. COMMITMENTS

Construction Contracts

As of June 30, 2014, outstanding commitments for capital outlay projects totaled approximately $13,826,771.

Operating Leases

The University is committed under various operating lease agreements primarily for buildings and equipment. In general, the agreements are for a period of one year, and typically have renewal options. In most cases, the University expects that in the normal course of business, these leases will be replaced by similar leases. Rental expense for the fiscal year ended June 30, 2014, was $1,040,062. The University has, as of June 30, 2014, the following total future minimum rental payments due under the above leases:

Fiscal Year	Operating Leases
2015	$1,124,930
2016	683,472
2017	613,984
2018	401,686
2019	106,759
2020 - 2024	1,400
Total	$2,932,231

Installment Purchase Agreements

The University has entered into an installment purchase contract to finance the acquisition of software and equipment. The remaining length of the purchase agreement is one year. Payment on this commitment is as follows:

Fiscal Year	Installment Purchase
2015	$45,096
2016	45,096
2017	45,096
2018	31,596
2019	31,596
2020 - 2024	39,582
Total	$238,062

Other Contractual Agreements

The University was committed to pay Longwood University Real Estate Foundation $9,869,231 pursuant to a support agreement related to student housing (Lancer Park, Longwood Landings, Longwood Village, and North Campus). The University was also contractually committed to payments totaling $181,652 relative to an energy performance contract. The University has, as of June 30, 2014, the following total future payments due under the above agreements:

Fiscal Year	Contracual Agreements
2015	$8,617,121
2016	1,277,958
2017	13,528
2018	13,948
2019	14,380
2020	14,827
2021	15,287
2022 - 2028	83,834
Total	$10,050,883

12. LONG-TERM DEBT DEFEASANCE

On April 16, 2014 the Commonwealth, on behalf of the University, issued $1,814,466 in General Obligation bonds, Series 2014-B with a true interest cost (TIC) of 2.600134% to advance refund $1,979,013 of an outstanding Series 2004-B. The bonds were issued to provide funds to provide debt service savings for the Commonwealth. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The debt defeasance resulted in an accounting loss of $58,562 for the University. The defeasance will reduce the University's total debt service payments for these bonds by $187,263 over the next thirteen years.

In addition to the 2004-B, 2005-A, 2006-B, 2007-B, certain 2002-A, 2003A, 2004-A, 2004-B, 2005-A, 2006-A, 2008-B, and 2009-A Higher Education Bonds were defeased by the University in prior years. As with the 2012-A Higher Education Bonds noted above, the net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on refunded bonds. As of June 30, 2014 $23,817,594 of the defeased bonds are outstanding.

13. STATE APPROPRIATIONS

During the year ended June 30, 2014, the following changes were made to the University's original operating appropriation, including supplemental appropriations received in accordance with the Virginia Acts of Assembly, Chapter 806.

Original Appropriation:	
Educational and General Programs	$23,618,254
Student Financial Assistance	4,182,842
Supplemental Adjustments:	
Central Fund Adjustments	1,359,997
Carryforward	20
VIVA	8,324
SVRTC	58,905
Military Survivors	22,275
2-Year Transfer Grant	62,500
HEETF Payment	(54,746)
Capital Out-of-State Fee	(111,276)
FY 2014 Reversion	(20)
Adjusted Appropriations	$ 29,147,075

14. EXPENSES BY NATURAL CLASSIFICATIONS

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

	Salaries and Wages	Fringe Benefits	Services and Supplies	Scholarships and Fellowships	Utilities	Plant and Equipment	Other	Depreciation/ Amortization	Total
Instruction	$ 21,031,774	$ 6,425,838	$ 2,476,865	$ -	$ 7,147	$ 1,044,260	$ -	$ -	$ 30,985,884
Research	7,552	10,042	45,072	-	-	3,600	-	-	66,266
Public service	913,932	257,128	93,881	-	2,591	8,530	-	-	1,276,062
Academic support	4,282,261	1,356,030	1,832,963	-	2,603	1,032,563	-	-	8,506,420
Student services	2,422,558	957,200	620,257	-	5,268	30,219	-	-	4,035,502
Student aid				9,103,516			-	-	9,103,516
Institutional Support	4,770,701	2,475,656	1,315,170	-	106,011	619,629	-	-	9,287,167
Operation & Maintenance of Plant	2,645,658	1,444,347	1,514,523	-	2,118,552	206,362		-	7,929,442
Depreciation								9,162,108	9,162,108
Amortization			-					138,450	138,450
Auxiliary activities	9,906,303	2,541,242	13,754,675	-	1,567,641	10,034,306		-	37,804,167
Other Expenses							31,730		31,730
Total	$ 45,980,739	$ 15,467,483	$ 21,653,406	$ 9,103,516	$ 3,809,813	$ 12,979,469	$ 31,730	$ 9,300,558	$ 118,326,714

15. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

Virginia Retirement System

Employees of the University are employees of the Commonwealth of Virginia. Substantially all full-time classified salaried employees of the University participate in a defined benefit retirement plan administered by the Virginia Retirement System (VRS). VRS is an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

The VRS does not measure assets and pension benefit obligations separately for individual state institutions. Therefore, all information relating to this plan is available at the statewide level only and can be found in the Commonwealth's Comprehensive Annual Financial Report (CAFR). The CAFR discloses the unfunded pension benefit obligation at June 30th, as well as the ten-year historical trend information showing VRS's progress in accumulating sufficient assets to pay benefits when due.

The University's expenses include the amount assessed by the Commonwealth for contributions to VRS, which totaled $2,156,735 for the year ended June 30, 2014. These contributions included the employee contribution assumed by the employer. For fiscal year 2014 the rate was 8.76 percent. Contributions to the VRS were calculated using a base salary amount of approximately $24,267,467 for the fiscal year ended June 30, 2014. The University's total payroll was approximately $45,980,739 for the year ended June 30, 2014.

Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in two optional retirement plans, which include: Teacher Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF) and Fidelity. These are defined contribution plans where retirement benefits received are based upon employer and employee contributions plus interest and dividends. Total contributions to employees who became members prior to July 1, 2010, were 10.4 percent (employer paid). Total contributions to employees who became members on or after July 1, 2010, were 13.5 percent (8.5 percent employer paid and 5 percent employee paid).

Individual contracts issued under the plan provide for full and immediate vesting of both the University and the participant's contributions. Total pension costs under these plans were approximately $1,609,908 for the year ended June 30, 2014. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $16,391,898.

Deferred Compensation

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately $205,435 for the fiscal year ended June 30, 2014.

16. POST-EMPLOYMENT BENEFITS

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

17. CONTINGENCIES

Longwood University receives assistance from non-State grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of Longwood University. As of June 30, 2014, Longwood University estimates that no material liabilities will result from such audits.

18. RISK MANAGEMENT

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

19. COMPONENT UNITS

The Financial reporting entity is defined by GASB Statement 14, *The Financial Reporting Entity*, and GASB Statement 39, *Determining Whether Certain Organizations are Component Units*. The reporting entity consists of the primary government organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion could cause the financial statements to be misleading or incomplete. These statements address the conditions under which institutions should include associated fund-raising foundations as component units in their basic financial statements and how such component units should be displayed in the basic financial statements.

The University has two component units as defined by GASB Statement 39. These organizations are separately incorporated tax-exempt entities and have been formed to promote the achievements and further the aims and purposes of the University. As a result, the University includes Longwood University Foundation, Inc. and Longwood Real Estate Foundation in the body of the financial statements as component units.

The Longwood University Foundation assists the University in raising, investing, and distributing funds to support various University operating and endowment programs. The thirty-two member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income from the resources, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefits of the University, the Foundation is considered a component unit and is discretely presented in the University's financial statements.

The Longwood University Foundation's financial statements include the accounts of the Foundation and its supporting organizations, the Duvahl Ridgeway Hull and Andrew W. Hull Charitable Foundation and the Hull Springs Farm Foundation. The Foundation receives 85% of the Hull Foundation's net income. The Hull Foundation includes two charitable remainder trusts and other investments. The Foundation's financial statements are audited by Cherry, Bekaert, & Holland, LLP. Complete financial statements can be obtained from the Longwood University Foundation at 201 High Street, Farmville, Virginia 23909.

The Longwood Real Estate Foundation is operated to receive, maintain, and administer assets in perpetuity exclusively for charitable and educational purposes and assists the University in real property acquisition, management, and maintenance. The Foundation's board of directors consists of nine members; six directors appointed by the Longwood University Board of Visitors and three ex-officio directors consisting of the University Vice President for Administration and Finance, the University's Real Property Manager, and the Vice President for Facilities Management. The University does not control the day-to-day activities of the Real Estate Foundation; however, the majority of Real Estate Foundation activity is for the benefit of the University.

The Longwood University Real Estate Foundation's financial statements include the accounts of the Real Estate Foundation and its wholly owned subsidiaries, Longwood Housing Foundation, LLC, Longwood Woodland Pond Housing Foundation, LLC, Longwood Woodland Pond Development Foundation, LLC, and Longwood North Campus Housing Foundation, LLC (collectively, the "Foundation"). The Real Estate Foundation's financial statements are audited by Dixon Hughes Goodman. Complete financial statements can be obtained from the Longwood University Real Estate Foundation at 315 Main Street, Farmville, VA 23909.

A. CAPITAL ASSETS

Longwood University Foundation

Land	$ 1,229,185
Longwood Center for Visual Arts Collection	4,132,321
Buildings	1,441,071
Property and Equipment	34,763
Vehicles	166,760
Total cost of capital assets	7,004,100
Less: accumulated depreciation	(415,939)
Total capital assets, net	$ 6,588,161

B. LONG-TERM INDEBTEDNESS

Longwood University Real Estate Foundation

Long-term debt is as follows at December 31, 2013:

Variable Rate Educational Facilities Revenue Refunding Bonds Series 2012B, total principal payments of $2,650,000 over a 4-year term with a balloon payment for the remaining principal due at maturity on 8/31/17. The interest rate is equal to 1.50% plus 70% of LIBOR (1.61% at December 31, 2013).	$	39,705,000
Fixed Rate Educational Facilities Revenue Bonds, Series 2012A, five (5) year term, maturing on 8/31/17, with a rate of 2.94%		45,000,000
Promissory note, 3.50%, due in monthly payments of principal and interest of $11,651, maturing 12/30/2016		1,864,013
Deed of trust note payable, 4.85%, due in monthly payments of principal and interest of $13,311, maturing 7/28/2028		1,661,124
Deed of trust note payable, 4.24%, due in monthly payments of principal and interest of $22,273, maturing 7/28/2033		3,552,005
Deed of trust note payable, 4.24%, due in monthly payments of principal and interest of $7,410, maturing 8/1/2018		375,022
Deed of trust note payable, 7.09%, due in monthly payments of principal and interest of $1,687, maturing 6/5/2014		9,937
Deed of trust note payable, 7.09 percent, due in monthly payments of principal and interest of $5,074, maturing 2/7/2032		571,139
Uncollateralized promissory note payable, 30-day LIBOR plus 2.00% (2.16% December 31, 2013), due in monthly principal payments of $10,717, with a balloon payment for the remaining principal due at maturity on 9/28/2018		1,264,624
		94,002,864
Less - current portion		(1,639,743)
	$	92,363,121

During 2012, the Longwood University Real Estate Foundation received financing through the issuance of Educational Facilities Variable and Fixed Rate Demand Revenue and Refunding Bonds Series 2012A and 2012B and through the Industrial Development Authority of the town of Farmville. The Series 2012A bonds were issued in the amount of $45,000,000 to finance the acquisition, construction, and equipping of student housing for the Longwood North Campus Student Housing Project. The Series 2012B bonds were issued in the amount of $40,400,000 to refund $41,855,000 in Educational Facilities Variable Rate Demand Revenue Bonds, Series 2007 and to finance the acquisition, construction, and equipping of student housing and a pedestrian bridge between the student housing and the Longwood University campus. The loan agreement is collateralized by a deed of trust which grants the credit institution a first priority lien on and a security interest in the property and equipment collateralized. The Series 2012A and 2012B bonds mature on August 31, 2017.

The Series 2012A and 2012B bonds are cross-collateralized under the debt agreement, thereby constituting both bonds to default if either of the bond obligations is defaulted against. Upon default of either bond, the Purchaser (the Bank) may at its option declare the entire principal balances and all accrued interest to be due and payable on demand.

At December 31, 2013, the total amount advanced under the Series 2012A bond was $45,000,000. The loan requires monthly, interest only payments until August 31, 2014, at which time principal payments of $1,180,000 are due over a three-year term with a balloon payment for the remaining principal due at maturity. The bond has a fixed interest rate of 2.94%.

The bond agreements require the establishment and maintenance of several reserve accounts for the collecting, holding and disbursement of funds related to the issuance of the bonds, payment of project costs, collection of project revenue, and repayment of principal and interest. The Foundation is required to deposit into the repair and replacement reserve account an amount equal to $150 per bed unit each year. By submitting a requisition to the Trustee, the Foundation may request withdrawals from this fund at any time, and there is no minimum balance requirement. These accounts are disclosed in Note 7 of the Longwood University Real Estate Foundation, LLC footnotes.

Under the bond agreement, the University will rent units in the projects only to students, faculty, and other persons under the same rental program it uses for its own student housing facilities. The agreement requires preferential treatments in that the University must assign all of its students in need of housing first to the Longwood Student Housing Projects, until 95% of the units in the Longwood Student Housing Projects have been filled.

The bond series is subject to a management agreement between the University and the Real Estate Foundation. The agreement appoints the University as manager of each housing project. As such, the University is charged with setting and collecting all rents (referred to as Project Revenue) and providing all personnel resident advisory and education staffing. The University will be responsible for all maintenance. The Real Estate Foundation will be required to furnish housekeeping, janitorial, utilities, and insurance.

The University will be charged with maintaining a Project Revenue account. Such funds are to be held by the University solely on behalf of the Real Estate Foundation and are not to be commingled with general University funds. These funds are to be used to pay the expenses of the University related to the projects as well as any principal or interest payments on the bonds as directed by the Real Estate Foundation.

The management agreements are effective for a five year period beginning at the settlement date of the bonds. Thereafter, they can be renewed for successive five year terms, unless terminated by either party.

Under the bonds, the Real Estate Foundation is required to meet certain debt coverage ratios. As of December 31, 2013, the Real Estate Foundation management was not aware of any violations of compliance with the requirements of the loan agreements.

Maturities under long-term debt are as follows:

2014	$1,639,743
2015	1,791,218
2016	3,646,645
2017	82,112,149
2018	343,284
Thereafter	4,469,825
Total	94,002,864
Less - Current Portion	(1,639,743)
	$92,363,121

The Real Estate Foundation executed a fixed-to-floating interest rate swap agreement in order to reduce its exposure to interest rate risk in connection with the variable rate bonds. The agreement requires fixed rate payments of 4.065% on a notional amount that approximates the outstanding principal of the bonds. The swap agreement expires September 1, 2036, covering the life of the bonds. The agreement is recorded at fair value which was $7,416,512 at December 31, 2013. The swap is revalued each year and the change in value is reported in the consolidated statements of activities as a change in net position. The Foundation is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Foundation does not anticipate nonperformance by the counterparties.

Longwood University Real Estate Foundation Line of Credit

The Real Estate Foundation has an uncollateralized revolving line of credit with a bank in the amount of $4,000,000. This line is used to acquire, develop, improve, and operate real estate assets located in and around the Town of Farmville, including real estate which has been identified by the University as land or land improvements that fall within its Master Plan. Interest is charged at the Wall Street Journal Prime Rate plus 0.50%, with a floor of 4.00% (4.00% at December 31, 2013). Interest only payments are due monthly and principal is due upon expiration of the line on July 19, 2019. The outstanding balance on this line was $3,230,679 as of December 31, 2013. The Foundation is required to meet certain debt coverage ratios under this line. As of December 31, 2013, the Foundation was not aware of any violations of compliance with the requirements of the loan agreement.

Restricted Deposits and Funded Reserves

In accordance with the bond agreements, the Real Estate Foundation has the following restricted deposits and funded reserves which are held by a Trustee:

Debt service reserve fund	$3,000,000
Repair and replacement account	962,735
General Fund	541,876
	$4,504,611

E. COMMITMENTS

Longwood University Real Estate Foundation - Longwood Landings

The Longwood University Real Estate Foundation owns property known as Longwood Landings at Mid-Town Square (Longwood Landings). The property combines student housing and commercial space in a series of four buildings together with associated parking and improvements. The Real Estate Foundation owns the student housing on the property together with the associated parking and improvements. The first floor commercial space is owned by the developer of the property. The ownership of the property is in the form of a commercial condominium, whereby the Real Estate Foundation owns the top three floors of each building while the developer retains ownership of the first floor of each building. The Real Estate Foundation is a member in the Midtown Square Condominium Association, Inc. As a unit holder in the Association, the Real Estate Foundation pays association dues that are used to pay common costs of the property. Dues of $34,860 were paid to the Association during 2013.

The Real Estate Foundation leases commercial space from the Association which is then subleased to the University for use as the University bookstore. The lease requires minimum guaranteed rental payments of $169,212 annually, payable in equal monthly installments. The minimum guaranteed rental shall be increased on the fourth anniversary of the commencement date and every year thereafter. The lease also requires additional rent defined as the tenant's proportionate share of operating costs, insurance, taxes, and other charges. The initial term of the lease is for six years, with two ten year optional renewal periods. The commencement date of the lease was August 1, 2011. The University had been paying this lease commitment directly to the Association. During 2012, the University began to pay the Real Estate Foundation and the Real Estate Foundation paid the Association. Total amount paid to the Real Estate Foundation for the University under the sublease was $195,427 during 2013.

The Real Estate Foundation also leases commercial space from the Association for use as a student commons area. The lease requires minimum guaranteed rental payments of $82,840 annually, payable in equal monthly installments. The minimum guaranteed rental shall be increased on the first anniversary of the commencement date and every year thereafter. The lease also requires additional rent defined as the tenant's proportionate share of operating costs, insurance, taxes, and other charges. The initial term of the lease is for ten years with two ten year renewal option terms.

The future minimum rental payments required under these leases are as follows:

2014	$272,673
2015	278,126
2016	283,688
2017	108,981
	$943,468

The Real Estate Foundation leases office space, storage and parking lots to tenants under non-cancelable operating leases with terms of one to ten years. The following is a schedule by year of future minimum rental payments to be received under the leases at December 31, 2013:

2014	$639,575
2015	606,234
2016	605,751
2017	524,297
2018	328,030
	$2,703,887

Future rentals of $2,693,765 are due from the University, with the remaining $10,122 due from the Longwood University Foundation.

Longwood University Real Estate Foundation – Lancer Park Athletic Fields

On May 22, 2008, the Longwood University Real Estate Foundation entered a ground lease with Longwood University Foundation, Inc. for land that is adjacent to the lancer park housing project for development and use as athletic fields, ancillary facilities, and recreation facilities for Longwood University. The ground lease is for a term of 50 years, with options for five additional five year terms. No rent was due during the construction phase which ended July 1, 2009. Thereafter, rent is $10 per year. All improvements to the property remain the property of the Longwood University Real Estate Foundation until termination of the lease, at which time all improvements shall become the property of Longwood University Foundation, Inc.

Under the lease, the Longwood University Real Estate Foundation agreed to develop the property and make the property available for the Longwood University pursuant to the terms of the management agreement that was executed on the same day. The management agreement between the Longwood University Real Estate Foundation and the Longwood University appoints the Longwood University as manager of the project. The term of the management agreement is 50 years, or termination of the ground lease.

Longwood University Real Estate Foundation – Woodland Pond Condominiums

The Longwood University Real Estate Foundation owns property known as Woodland Pond Condominiums which consists of units that are held as available for sale or lease to the faculty of the Longwood University and 10 acres of undeveloped land.

When units are sold to faculty, the sales agreements for these properties are structured as seller financed non-negotiable wrap-around purchase money notes. The notes bear interest at 6%, are amortized over a 30-year period, and are payable in monthly installments with a final balloon payment due at maturity three years after closing. At December 31, 2013, the Longwood University Real Estate Foundation held two of these notes and they are classified as notes receivable on the consolidated statements of financial position. The notes are collateralized by a wrap-around purchase money second deed of trust. The seller financing, interest, and second deed of trust are subordinate to the first deed of trust, lien, and security interests under the $2 million promissory note used to finance the Longwood University Real Estate Foundation's purchase of the property.

Under a special warranty deed, the Longwood University Real Estate Foundation has a first right of refusal to repurchase the units under bona fide arm's length terms and conditions. This deed also includes a reserved right to receive 50% of the net proceeds of any bona fide sale of the property to any third party for consideration in excess of the purchase price paid by the faculty member.

F. RELATED PARTY

Longwood University Real Estate Foundation

The Foundation receives rent from the University for use of various buildings and parking facilities. The total amount earned for 2013 from these rental arrangements was $8,031,222. Outstanding receivables at December 31, 2013 were $248,358.

The Foundation pays the University fees under management agreements related to facilities covered by tax-exempt bond issuances. These fees are based on costs to manage the specific properties. Total management fees paid for 2013 were $460,097. In addition, the Foundation reimburses the University for operational costs paid directly by the University related to the housing projects. At December 31, 2013, the Foundation had a payable to the University of $211,556, which is included in accounts payable and accrued expenses on the consolidated statement of financial position.

The Foundation has an agreement with the University to manage the Longwood University Bed & Breakfast, also known as the University Inn (formerly known as the Alumni House). The University is billed for all expenses and the Foundation receives no fees for its services. There were no outstanding receivables at December 31, 2013.

During 2009, the Foundation loaned $57,676 to the Longwood University Foundation to purchase a piece of property in Westmoreland County known as the Yeatman property. This amount is included in receivables at December 31, 2013.

During 2013, the Real Estate Foundation sold the property known as 507 Pine Street to the University at a total purchase price of $151,962. The date of settlement was February 8, 2013.

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LONGWOOD UNIVERSITY

Farmville, Virginia

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Commonwealth Relations

Courtney Hodges, Interim Vice President

Highlights

- Annual giving builds momentum
- Emily O'Brion joins Longwood as Director of Government Relations
- Negotiations underway to bring five additional summer conferences to campus

University Advancement

This fall has been a productive and busy time for Advancement, and the emphasis on Annual Giving is showing momentum. Year-to-date through November 18, intake was up 16 percent compared to this time a year ago. Total cash giving, which includes all gifts, is tracking closely to the average for the last decade. Annual giving is the bedrock of a successful advancement program as it serves as an incubator for our unrestricted revenue, as well as future major gift donors, volunteers, and board members.

Across higher education over the last decade, there have been a growing number of overall dollars raised, but the support has come from a shrinking number of donors. Advancement is committed to building a more sustainable approach and has partnered with Royall & Company (Richmond, VA) to assist in revitalizing our annual giving efforts. The fall campaign was our most responsive direct mail campaign to date. Online giving is also on the rise with the creation of a mobile-friendly web page. Our calendar year-end campaign has in the past mailed an audience of no more than 10,000 people; this year, with Royall's help, we will reach 21,000.

Advancement is also focused on donor retention and stewardship -- ensuring our donors have a positive giving experience and understand the significance of their gifts. Cocheyse Gilliam, our new Director of Stewardship, is leading this effort and developing a strategic stewardship plan to maximize donor retention across years and increase the lifetime engagement of each donor.

Government Relations

In late October, Longwood welcomed Emily O'Brion as our new Director of Government Relations. Emily spent the last six years at McGuireWoods Consulting in Richmond, where she served as an assistant vice president, advising clients on legislation, budget and policy matters related to higher education, healthcare and capital outlay. Emily served as a clerk for the Virginia Senate prior to joining McGuireWoods.

Emily also has federal government relations experience, having worked for the political affairs team of the American Hospital Association and the public policy and legislative practice group of Arnold & Porter in Washington, DC, before relocating to Richmond.

Emily earned her B.A. *magna cum laude* from Lafayette College in Easton, Pennsylvania.

Conference & Event Services

The office of Conference and Event Services has been busy this fall working with major events such as Convocation, Rock the Block, Family Weekend, Oktoberfest, Decade of the 2000's Reunion, and the Black Alumni Reunion. The event scheduling staff serves on these committees and helps plan these events annually. The two employees responsible for coordinating these events, Teresa Dodson and Peyton Perkins, along with our Audio Visual staff of William Lynn, John Hogg, Clint Wright and Ed Morris, work tirelessly behind the scenes to produce quality events.

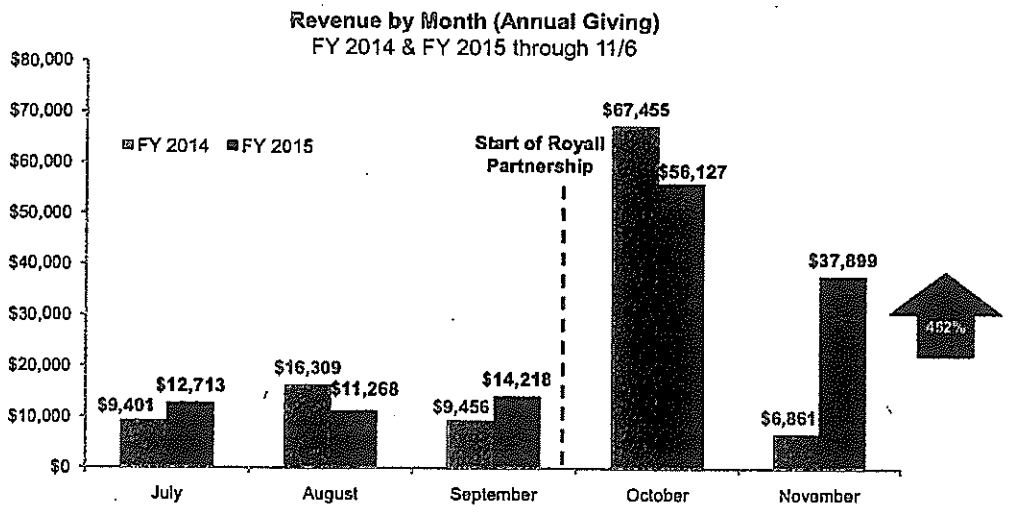
Meanwhile, the conference staff of Allison Allgood, Irina Stolyarchuk, and Freddie Adcock have been preparing invoices for summer conferences, meeting with returning conferences to plan for their 2015 programs, and recruiting new clients for 2015 and beyond. To date we have confirmed the return of 16 conferences from 2014. We are in negotiations with five potential new conferences that could increase our summer count of attendees by as much as 700.

We are working towards being able to provide registration services through on-line credit card payments for conference attendees. Freddie Adcock is managing this project and anticipates using this for two conferences in 2015. In our next report there will be an update on the progress of this activity with more details on its potential use to generate revenue.

Year-to-Date Comparison of Cash Giving through November 18

Fiscal Year YTD	Annual Giving/ Unrestricted	Restricted	Endowment/ Capital	Bequest	Non-Cash/ Gift-in-Kind	Total Cash Giving	Total Donors	Alumni Donors
2006 YTD	$206,224.85	$184,045.27	$336,093.03		$22,436.69	$748,799.84	2,912	2,133
2007 YTD	$180,930.98	$212,371.51	$171,048.88		$11,783.17	$576,134.54	1,974	1,357
2008 YTD	$248,498.58	$342,247.34	$944,890.93		$14,500.28	$1,550,137.13	2,180	1,597
2009 YTD	$198,862.72	$164,515.56	$458,713.03		$6,636.00	$828,727.31	1,819	1,309
2010 YTD	$217,328.87	$329,382.88	$291,987.63		$16,628.69	$855,328.07	2,378	1,665
2011 YTD	$244,727.26	$227,293.74	$307,206.22	$471,881.50	$37,835.42	$1,288,944.14	2,313	1,513
2012 YTD	$153,921.02	$329,325.94	$738,792.85	$109,843.56	$4,941.20	$1,336,824.57	1,852	1,452
2013 YTD	$156,890.73	$213,449.65	$267,315.77	$3,743.20	$155,669.49	$797,068.84	1,873	1,104
2014 YTD	$149,513.85	$278,649.12	$480,992.21	$1,115,474.67	$1,335.22	$2,025,965.07	1,667	1,101
2015 YTD	$172,712.57	$382,033.20	$219,413.84	$257,500.07	$10,109.43	$1,041,769.11	1,647	1,060

The early returns of the Fall campaign in October have helped fill the gap on cumulative returns



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Intercollegiate Athletics

Troy Austin, Director of Athletics

Highlights

- Success of the Longwood Athletics Benefit Celebration
- Men's and Women's Basketball Season Preview
- Gifts initiate baseball facility enhancements

The 95-60 men's basketball victory over Hampden-Sydney College on Saturday, November 8 closed a 15-day window during which Longwood Athletics held its three biggest events of the school year. The Longwood Athletics Benefit Celebration, Lancer Madness (a student led initiative which led to 1200 "Lancer Lunatics" cheering the start of basketball season), and the basketball game drew record crowds and generated positive sentiment for the Department. Below you will find a recap of the Benefit Celebration and previews for the start of basketball season. In addition there is an update of facility enhancements initiated by two generous donations.

Longwood Athletics Benefit Celebration

On Friday, October 24, over 350 alumni, friends, staff, and student-athletes gathered at the Omni Hotel in Richmond, Va., to generate support for Longwood Athletics. This surpassed the participation numbers from the 2012 event and generated enough excitement that the Department is considering producing the Benefit Celebration on an annual basis. Here are highlights:

- $36,000 was raised on the night of the Benefit Celebration through auction proceeds and donations;
- $62,000 was grossed for the Benefit Celebration when factoring in ticket sales and sponsorships;
- Nearly $12,000 was gifted for student-athlete scholarships at the event, more than doubling our scholarship funds raised in 2012;
- 150 items were donated for the silent auction and sold for over $13,000.

- 10 items were promoted during the live auction, and sold for over $8,000, including vacation getaways, golf outings, and the Longwood Vespa.

- $30,000 is the approximate amount in proceeds from the Benefit Celebration.

Men's and Women's Basketball Season Preview

Second year head men's basketball coach Jayson Gee promoted the start of 2014-15 season during a live radio broadcast on ESPN 950 AM radio show, *"Hardly Workin"* with Greg Burton. *Hardly Workin'* is a highly popular drive-time sports talk show broadcasting in the Richmond area from 3-6 pm. Assistant vice president for athletics communications, Chris Cook, organized the pairing of Coach Gee with show host Greg Burton at the Home Team Grill in Richmond, VA for the first of what will be a weekly segment throughout the college basketball season. The broadcast interview was also part of Lancers Basketball Season Tip-Off Party on Thursday, November 6. A handful of Lancer supporters were in attendance, and many more listened over the air.

On the court, Coach Gee enters the basketball season with a program full of newcomers. Two coaching changes were made and eight student-athletes were added to the team including highly touted freshmen guard, Kanayo Obi-Rapu, Jr. from Greensboro, NC. The Lancers followed up their 95-60 exhibition win over Hampden-Sydney with 79-53 victory over Averett in their season-opener.

Women's basketball junior guard Daeisha Brown will be counted upon as a team leader after being named to the 2014-15 Big South Women's Basketball Preseason All-Conference second team. She earned the honor after a solid sophomore year during which she averaged 15 points per game, fourth in the conference.

The Women's Basketball program looks to regain the magic from the inaugural season in the Big South when the team finished second in the Big South Tournament and head coach Bill Reinson was named the 2012-13 Richmond Times-Dispatch Women's Basketball Coach of the Year. Women's Basketball will face five teams from the powerhouse Atlantic Coast Conference and Southeastern Conference, including Wake Forest, Virginia Tech, and the University of Florida, during its first month of action.

Facility Enhancements

The baseball backstop at Charles 'Buddy' Bolding Stadium was chain-linked and worn, making for a poor viewing experience for fans and a disadvantage in recruiting. Prior to his full retirement from Longwood, former Head Baseball Coach Buddy Bolding and associate athletics director Scott Bacon solicited many former baseball players for gifts to improve the backstop. John Todd '83, one of Coach Bolding's former physical education students, made a lead pledge of $100,000 to initiate the replacement of the baseball backstop. The new backstop is on schedule to be in place for the start of the Lancers season in February.

Mr. Bacon's efforts also remedied a smaller facility issue at both the baseball and softball facilities. The LED scoreboards that were added to both stadiums in 2011 are great additions for spectators at both fields. However, the backside of each piece of equipment was not as pleasing to the eye of drivers traveling south and north on Main Street past the fields. Mr. Bacon secured a gift from ARMS Software Company that will allow the athletics department to design high-quality banners to improve the now barren sight line.

Both gifts are small examples of the increasing private support for Longwood Athletics.

2014-15 Longwood Men's Basketball Schedule

Date	Opponent	Location	Time/Result
10/29/2014	Lancer Madness	Farmville, Va.	8 p.m.
11/8/2014	Hampden-Sydney (Exhibition)	Farmville, Va.	W 95-60 Box Score
11/14/2014	Averett	Farmville, Va.	W 79-53 Box Score
11/19/2014	James Madison	Harrisonburg, VA	L 60-82 Box Score
11/21/2014	UNC Greensboro	Ypsilanti, Mich.	4:30 p.m.
11/22/2014	Youngstown State	Ypsilanti, Mich.	4:30 p.m.
11/23/2014	Eastern Michigan	Ypsilanti, Mich.	2:30 p.m.
11/26/2014	George Washington	Washington, D.C.	7 p.m.
11/29/2014	Iowa	Iowa City, Iowa	2 p.m.
12/3/2014	Dartmouth	Farmville, Va.	7 p.m.
12/6/2014	UT-Martin	Farmville, Va.	5 p.m.
12/14/2014	UMBC	Baltimore, Md.	2 p.m.
12/17/2014	Miami University (OH)	Oxford, Ohio	7 p.m.
12/20/2014	Penn State Beaver	Farmville, Va.	2 p.m.
12/28/2014	Ball State	Muncie, Ind.	2 p.m.
12/31/2014	Winthrop	Rock Hill, S.C.	1 p.m.
1/3/2015	Radford	Farmville, Va.	5 p.m.
1/8/2015	Coastal Carolina	Conway, S.C.	7:30 p.m.
1/10/2015	Charleston Southern	Charleston, SC	7 p.m.
1/14/2015	Presbyterian College	Farmville, Va.	7 p.m.
1/17/2015	Liberty	Farmville, Va.	5 p.m.
1/19/2015	High Point	High Point, N.C.	7 p.m.
1/22/2015	Gardner-Webb	Boiling Springs, N.C.	7 p.m.
1/28/2015	UNC Asheville	Farmville, Va.	7 p.m.
1/31/2015	Presbyterian College	Clinton, S.C.	7 p.m.
2/3/2015	Gardner-Webb	Farmville, Va.	7 p.m.
2/6/2015	UNC Asheville	Asheville, N.C.	7 p.m.
2/11/2015	Radford	Radford, Va.	5 p.m.
2/14/2015	Charleston Southern	Farmville, Va.	5 p.m.
2/17/2015	Liberty	Lynchburg, Va.	7 p.m.
2/21/2015	Winthrop	Farmville, Va.	5 p.m.
2/23/2015	Coastal Carolina	Farmville, Va.	7 p.m.
2/28/2015	Campbell	Farmville, Va.	2 p.m.

2014-15 Longwood Women's Basketball Schedule

11/15/2014	Wake Forest	Winston-Salem, N.C.	L 60-64	Box Score
11/17/2014	Florida	Gainesville, Fla.	L 46-91	Box Score
11/20/2014	Richmond	Richmond, Va.	7 p.m.	
11/24/2014	UNC Greensboro	Farmville, Va.	7 p.m.	
11/29/2014	William & Mary	Williamsburg, Va.	2 p.m.	
12/2/2014	*High Point	High Point, N.C.	7 p.m.	
12/6/2014	Virginia Tech	Blacksburg, Va.	2 p.m.	
12/14/2014	UNC Asheville	Farmville, Va.	2 p.m.	
12/16/2014	Virginia	Charlottesville, Va.	7 p.m.	
12/19/2014	Clemson	Clemson, S.C.	7 p.m.	
12/22/2014	George Mason	Farmville, Va.	7 p.m.	
12/28/2014	*Gardner-Webb	Farmville, Va.	2 p.m.	
12/30/2014	*Winthrop	Rock Hill, S.C.	7 p.m.	
1/3/2015	*Campbell	Farmville, Va.	2 p.m.	
1/5/2015	*Coastal Carolina	Farmville, Va.	7 p.m.	
1/10/2015	*Radford	Farmville, Va.	2 p.m.	
1/13/2015	*Liberty	Lynchburg, Va.	7 p.m.	
1/17/2015	*Presbyterian College	Clinton, S.C.	5 p.m.	
1/24/2015	*Charleston Southern	Farmville, Va.	2 p.m.	
1/27/2015	*Winthrop	Farmville, Va.	7 p.m.	
1/31/2015	*Campbell	Buies Creek, NC	1 p.m.	
2/2/2015	*High Point	Farmville, Va.	7 p.m.	
2/5/2015	*UNC Asheville	Asheville, N.C.	7 p.m.	
2/7/2015	*Gardner-Webb	Boiling Springs, N.C.	3 p.m.	
2/10/2015	*Radford	Radford, Va.	7 p.m.	
2/14/2015	*Coastal Carolina	Conway, S.C.	1 p.m.	
2/17/2015	*Liberty	Farmville, Va.	7 p.m.	
2/21/2015	*Presbyterian College	Farmville, Va.	2 p.m.	
2/28/2015	*Charleston Southern	Charleston, S.C.	TBA	

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Student Affairs

Tim Pierson, Vice President

Highlights

- Implementation of Title IX Compliance Expectation
- Increase demand for student support services
- Examination of the management and delivery of Student Health Services

Each academic year has countless challenges and opportunities. Fall semester 2014 across the Commonwealth and much of higher education embraced the task of educating our community on the recent changes and subsequent responsibilities for Title IX compliance. As expected, reports of notice in regard to sexual misconduct have increased by 77% this semester. This is almost certainly driven by greater awareness about reporting options, as well as a greater scope of behavior that is now covered under the sexual misconduct policy (for instance intimate partner violence).

A sharp increase in the demand for student support services has been reported across the campus. While there are a number of reasons for this increase, the trend is not atypical throughout the Commonwealth.

On another front, the visual impact of the demolition of the Cunninghams is no small matter to the student community. While we all know there are good things to come, the loss of "The Hams" is more than brick and mortar to the campus. To many it's the loss of a special campus landmark and a place filled with fond memories.

Departure of three staff members in the Health Center presented an opportunity to examine options of how to best deliver these essential services. An RFP committee is currently reviewing proposals to determine the direction for the future.

Conduct and Integrity, University Title IX

Student Conduct and Integrity disciplinary cases are currently on par as compared to the 2013-2014 academic year. An increase in Administrative Hearings has been seen due to the nature of the alleged conduct.

The newly created Assistant Director of Student Conduct and Integrity position has been filled as of January 10, 2015, and will assist with education efforts, as well as help to maintain an appropriate level of service and staffing for student disciplinary proceedings.

Forty-seven reports of notice have been documented in the Office for Title IX inquiries involving students affected by sexual assault, sexual harassment, sexual misconduct, intimate partner violence, stalking, and retaliation.

Mandatory training initiatives for Title IX have been implemented. In-person education for all new students has been completed, and the online education program for all students, both new and returning, has seen a completion rate of 85%. Training for faculty and staff as to their obligations as Responsible Employees began in late July and will be completed by the end of November.

Dean of Students Team

The Dean of Students office received and responded to over 1,600 incidents since August. The Care Team managed cases involving 360 current students, 10 nonstudents, and 5 students who withdrew after serious medical issues and wish to return.

The Dean oversaw the work of the Bystander Training Initiative Committee and the "I Won't Stand For" month in October. Over 1,390 individuals attended 10 programs, including presentations on Title IX, consent, bystander training initiatives, alcohol awareness, and the Red Flag Campaign. RAVE, a student organization advised by the DOS Office, organized the" I Won't Stand For" Campaign to get students to stand up and speak for victims who cannot speak for themselves. Staff at JMU and Alabama State have contacted the DOS Office and asked to copy the program.

While Southside Virginia Central Hospital is only two blocks from campus, students have often expressed concerns about walking back to campus during the evening. In order to address these concerns, arrangements have been made with two taxi companies to pick up students at the hospital if they are unable to find a friend to assist them.

Disability Resources partnered with Athletics to develop a "Return to Learn" protocol for academic accommodations for student-athletes who suffer concussive injuries. Longwood has seen an increase in the number of these types of mild traumatic brain injuries, and the end-goal is to be able to have a policy that could be easily transferrable to the general student population as well.

Since the last report, the number of students registering for services increased from 85 new students to 104 new students. Along with the 275 returning registered students, the roster of registered students is larger than past semesters. As expected, the concentrated spike in registration was during midterms.

In the Residential and Commuter Life area, 146 student staff members received training on a variety of residential issues at the Fall Training and Leadership Workshop. As a result, staff are

prepared to develop a sense of community through educational programming, and by responding to and addressing student concerns and policy violations. These efforts contribute to establishing the foundation towards the development of Citizen Leaders.

Occupancy Management worked with Longwood's IT Department and Residential Management System (RMS) rep to install and implement a new online housing software package called Mercury. This software offers the ability to further streamline all housing processes including continuing student housing registration, room change requests, new student application collection, register to stay, and off-campus intent.

Residential Operations, with the co-sponsorship of the RCL Advisory Board, Campus Police, and the Longwood Real Estate Foundation, led the 4th Annual Campus Safety Walk on November 11. Faculty, staff, and students were invited to participate in this after-dark event to help identify any unsafe conditions in areas where people live, travel or work. Past safety walks have prompted improvements such as sidewalk replacements, lighting upgrades/ installations, shrubbery pruning, and new blue emergency phones.

Consistent programming for Commuter students called "Commuter Connections" has been a highlight of the semester averaging 60 students per program. Highlights include the Flu Shots and Commuter Thanksgiving Luncheon.

The annual Community Breakfast was held on campus, and eight private landlord agencies were represented, as well as Town and Longwood officials. Topics of conversation included the off-campus notification process and highlights and concerns encountered during the first half of the fall semester.

Student Engagement Unit

University Center and Student Activities had huge success with Family Weekend and Rock the Block occurring on the same weekend for the second year in a row. Participation for Family Weekend increased by approximately 150 individuals. The success of these events continues to support how collaboration across campus yields greater results.

Lancer Productions had a diverse lineup of programs this semester ranging from entertainment to educational events. One of the more successful programs was Dustin Lance Black. His message was inspirational and moving and impacted over 225 participants.

Toward the goal of developing citizen leaders, our Citizen Leadership and Social Justice Education area continues to provide Awareness Month programming, service learning, and professional development for faculty and staff. A highlight was the Spirituality Cultural Immersion trip to Washington, DC in October. This event was co-sponsored by Residential and Commuter Life and was an experiential activity that provided an opportunity for students to learn and interact with members of various belief and faith groups by visiting various places of worship, attending faith services, and speaking with the religious leaders and/or members of faith and belief groups.

Fraternity and Sorority Life is working to develop citizen leaders through programing by using The Leadership Challenge by Kouzes and Posner. This program offers students the opportunity to explore leadership from the premise of the five exemplary practices. Currently eighteen men and women are participating in this pilot program.

In the area of expansion, the Alpha Chi Rho chapter has received approval from the Student Government Association and the Interfraternity Council to proceed with re-activation. Additionally, the Gamma Psi local fraternity has begun dialog with the Associate Director to become fully recognized by the University. Finally, several men have begun what is called an "organic" expansion in bringing interest for the Kappa Sigma fraternity to Longwood University.

Wellness Unit

The wellness unit, which includes Campus Recreation, Counseling Center, Student Health Center and Longwood Golf Course, continually strives to meet the holistic wellness needs of our campus. This fall has been packed with programming, outreach, appointments and events targeted at providing wellness based choices to our students, faculty, and staff.

A few selected activities from the semester highlight our role in providing wellness solutions to campus:

The University issued a "Request for Proposals" to solicit proposals for the management of the Student Health Center. Proposals were received in late October and the selection committee is working to determine the best solution for our campus health services. The goal is for the evaluation process to be completed by January 31, 2015 with the new management structure in place by July 1, 2015.

The annual partnership between SGA and the Student Health Center to provide flu shots to our students began in October. Over 600 students have received flu immunizations in the first month of the clinics.

The "My Student Body" program was implemented this fall to meet the federal requirement of providing training to all students in Title IX and sexual misconduct education. As of the 3rd of November, 4,354 of 5,146 total students have completed the web-based course (792 have not completed).

Campus Recreation worked with Residential and Commuter Life to increase recreational opportunities at the off-campus living communities. Group fitness classes have been scheduled at Lancer Park and Longwood Village. Campus Recreation, RCL, and the Real Estate Foundation have also partnered to upgrade the fitness space at Longwood Village. A new fitness floor, updated fitness equipment, and fresh paint will be in place by the beginning of the spring semester.

Police Department

The Longwood University Police Department continues its progress on obtaining State Accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC), with a target date of January 2015.

Each year the LUPD faces increasing calls for service and increasing response times to those calls. To help meet these increases, the LUPD is in the first step of overall department reorganization. This process, which will allow for a supervisor to be on each shift thus assuring adequate command and leadership during events or incidents that occur, will help to manage workload and response actions. The reorganization will also allow for an increase in the number of officers that make up the staff minimum staffing from two to three officers. A budget has been identified and defined and is awaiting approval.

Emergency Management continues to enhance the University's ability to respond to and recover from an emergency through developing plans and coordinating with the Town of Farmville, the County of Prince Edward, and the Commonwealth of Virginia. Significant topics addressed during this quarter include: a) preparing for and responding to individuals with symptoms that could be related to the Ebola virus; b) researching cell phone applications available for students, faculty, and staff to use in case of an emergency with the goal to procure a tool that provides two-way communications between the LU Communications Center and individuals; and c) planning outreach activities regarding the importance of being prepared for any type of emergency on or off campus.

Integrated Security Systems personnel completed 458,756 user transactions (programming changes) on the Lenel system. A total of 117 new readers have been added to the system, providing a total of 569 card readers controlling secure access into buildings throughout campus.

Cisco VSOM/IPVS and VicoNet Video Surveillance Systems upgrades have continued, giving the VSOM system a current total of 228 video cameras. There have been ten requested investigations utilizing video surveillance finalized between July and October.

Parking Services is working with Cashiering and Budget to determine if the sales function of the parking decal process should be turned over to that office. The current proposal being studied would have Cashiering working with Payroll to take over the payroll deduction employee permit sales and handling the automated student decal sales and the issuance of all permit types.

Report on Student Housing

CURRENT OCCUPANCY

As of November 10, 2014, 3113 students are assigned to main campus residence halls, Longwood Landings, Lancer Park, and Longwood Village.

Category		±Continuing Students	New First Time Freshman	New Transfer Students	Readmitted Students	TOTAL RESIDENTS
Fall 2014 (11-10-14)	MC	571	1066	24	2	1663
	APTS	1321	0	110	19	1450
	TOTAL	1892	1066	134	21	3113
Fall 2013 (11-04-13)	MC	603	1072	54	12	1741
	APTS	1253	0	91	18	1362
	TOTAL	1856	1072	145	30	3103
Fall 2012 (11-02-12)	MC	987	1015	42	13	2057
	APTS	871	2	56	4	933
	TOTAL	1858	1017	98	17	2990

SUDENT DISTRIBUTION	Fall 2014	Fall 2013	Fall 2012
On-Campus Residents	1663	1741	2057
Longwood Landings	401	405	402
Lancer Park	694	687	255
Longwood Village	355	270	276
Total	**3113**	**3103**	**2990**

CLASS DISTRIBUTION:	Fall 2014	Fall 2013	Fall 2012
±Freshman	1100	1123	1045
Sophomore	930	892	854
Junior	604	590	569
Senior	479	498	522
Total	**3113**	**3103**	**2990**

GENDER DISTRIBUTION:	Fall 2014	Fall 2013	Fall 2012
Females	2065	2056	2014
% Female	66.3	66.3	67.4
Males	1048	1047	976
% Males	33.7	33.7	32.6
Total	**3113**	**3103**	**2990**

± Includes 5 international exchange students for fall 2014.

10

Facilities Management and Real Property

Richard Bratcher, Vice President

Highlights

- Upchurch University Center and Sophomore Residence Halls are progressing
- Demolition of Cunningham Residence Halls is underway
- Request to acquire property
- Work commences on University Master Plan

Longwood University's new academic year commenced with a well-coordinated student move-in, start of classes, and celebration of traditional fall events. Facilities Management and Real Property personnel contributed to all of these successful activities.

Capital Projects

Longwood's capital projects continue to move forward in an orderly fashion with high-quality results. Two major renovation projects, the Maugans Alumni Center and Willett Hall, are under construction. Several more projects are well into the design phase:

Cunningham Residence Halls and Upchurch University Center

Demolition of the Cunningham Residence Halls started on November 10th. This site preparation work for the Norman H. and Elsie Stossel Upchurch University Center is scheduled to be completed by the end of December 2014. The new Center is in the preliminary phase of design with a planned opening in 2017.

Sophomore Residence Halls

A significant element of Longwood's vision is to retain a strong residential campus. The closure of the Cunninghams and repurposing of French Hall to an administrative building has reduced the number of student beds within Longwood's main campus; this has been offset by maintaining approximately 80 triple-bed rooms offered with financial incentives to students. Two new residence halls with a capacity of 224 beds will be located on the hillside adjacent to the ARC residence hall. The plans are in the final approval phase; construction is to begin in spring 2015.

Admissions Building, New Academic Building, and Student Success Center

Schematic designs for each of these three projects have been completed and are awaiting legislative action for further funding before continuing to the next phase.

See more information on campus construction projects at: http://construction.longwood.edu/

Capital Project Schedules

Project	Project Start	Current Status	Completion
Maugans Alumni Center	March 2012	Construction Phase	Spring 2015
Willett HVAC	September 2012	Construction Phase	Fall 2015
Sophomore Residence Halls	September 2013	Design Phase	Summer 2016
Student Success Center	August 2012	Design Phase	Spring 2017
Additional Biomass Boiler	August 2013	Design Phase	Summer 2017
Upchurch University Center (Student Union)	August 2008	Design Phase	Fall 2017
New Academic Building	July 2013	Design Phase	Summer 2018
New Admissions Office	July 2013	Design Phase	Summer 2018

Campus Impact Report

Cunninghams Demolition: Security fencing has been installed and temporary sidewalks constructed to safely direct pedestrians around the construction site. Dust reduction measures are in place and work schedules are coordinated to avoid excessive noise during exam periods. Truck traffic on Madison Street is being marshalled.

Maugans Alumni Center: The construction site is appropriately contained, with re-directed pedestrian walkways working smoothly. A project-related shutdown of the chilled water system serving a number of buildings in the area was scheduled and completed over the Columbus Day weekend.

Dorrill Dining Hall: Over the past six weeks, re-roofing work has progressed. Work schedules were coordinated with weather conditions. Scaffolding for the work has been installed on the east side of the building and pedestrian protection measures are in place. This project will be completed within the next several weeks, thus returning this portion of the campus to normal access and activity.

The University Master Plan for 2025

The *Analysis and Discovery* phase of the University Master Plan began in September. A large amount of tabular and graphical data regarding Longwood's facilities and their utilization was collected for the planning team of Cooper, Robertson & Partners (CRP). Consultants in the areas of space analysis, transportation, mechanical and civil engineering, athletics, and digital modeling have visited campus to interview Longwood personnel and gather information. CRP has visited all of the University's Farmville facilities as well as Hull Springs Farm. A number of meetings with campus and community groups have been conducted:

Farmville Town Council
Neighborhood community forums
Farmville Downtown Main Street®
Farmville first responders (police/fire/health)
Farmville area Chamber of Commerce
Longwood Student Government Association
Longwood Faculty Senate
Longwood Real Estate Foundation
Longwood Center for the Visual Arts

Additional outreach activities will continue through early 2015. Following the *Analysis and Discovery* phase, in January 2015 Cooper Robertson will transition into the *Options Development* phase. The master plan project will be completed in fall 2015.

11

Strategic Operations

Victoria Kindon, Vice President

Highlights

- Admissions Applications Trending High
- Longwood Men's Basketball on Multiple Media Outlets
- October Alumni Weekend a Success

The Division of Strategic Operations advances Longwood's mission by building and strengthening connections with students at every stage of their relationship with the university – as prospective students, current students and active alumni. The division works to nurture lifelong relationships through personal interactions and connections, supplemented by the careful analysis and application of data and state-of-the-art information technology. The division comprises of the offices of University Marketing and Communications, Information Technology Services, Alumni Relations, and Enrollment Management and Student Success.

Admissions and Retention Updates

Admissions Update

While it is still very early in the applications process, the number of undergraduate applications year-over-year has increased over 17 percent. This increase is attributed to direct marketing, higher demand of the admittance to the nursing program and the efforts of Longwood's admissions counselors. There is also an 8 percent year-over-year increase in campus visits.

	For Fall 2014 (as of Nov. 7)	For Fall 2015 (as of Nov. 7)	YOY Comparison
Applications	1138	1330	+ 17%

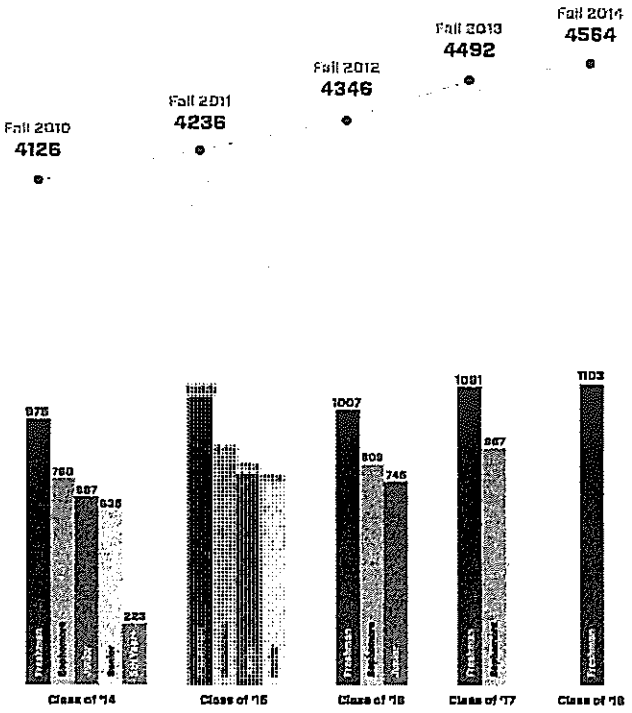
Retention Update

Freshmen to sophomore retention held relatively steady for the class of 2013.

	Freshmen Fall Enrollment	Freshmen Fall Enrollment (after exclusions)*	Freshmen Spring Enrollment	Freshmen Fall-to-Spring Retention Rate	Sophomore Fall Enrollment	Freshmen-to-Sophomore Retention Rate
2010 Cohort (Class of 2014)	975	967			761	78.70%
2011 Cohort (Class of 2015)	1055	1042			841	80.71%
2012 Cohort (Class of 2016)	1007	992	920	91.36%	809	81.55%
2013 Cohort (Class of 2017)	1091	1078	1009	92.48%	872	80.89%
2014 Cohort (Class of 2018)	1102					
* After IPEDS exclusions like military and medical leave						

Enrollment Update

Achieving our enrollment, retention and class progression goals requires strengthening our data analysis and reporting capabilities. We continue to work on developing clearer snapshots of the factors in student persistence and the decisions of students to leave.



Enrollment Management and Student Success

Webinar Series for Parents and Families

Today's college students are more connected to their parents and families than any previous generation. These family members are important partners in student success, retention and graduation—but they need the right information to provide that support. The new Parents and Families Webinar Series prepares families to answer questions and help keep their students on track. The live, online sessions will be recorded so that anyone unable to attend can view the content at a later time. Topics covered in the series include

- Preparing Your Student for Course Registration
- Myths and Realities of Fraternity and Sorority Life
- Housing Registration Process
- Supporting Academic Success
- Financial Aid Process

"1840 Experience" Has an Impact on Spring Registration for Sophomores

Improving graduation rates requires focusing on student persistence beyond the freshman-to-sophomore transition that often is the focus of attention. The new 1840 Experience is the first step in a support and outreach effort targeting sophomore students and the unique experiences they encounter in their second year. As a result of the program, this year more sophomores were registered for the spring semester after the first day they could register than last year (70 percent in 2013 vs. 81 percent in 2014).

Student Success and Faculty Present Together at Retention Conference

This year Longwood University joined the Consortium for Student Retention Data Exchange which is a consortium of two-year and four-year institutions dedicated to achieving the highest levels of student success through collaboratively sharing data, knowledge, and innovation. In addition to participating in the data exchange consortium, Dr. Jennifer Green, Associate Vice President of Enrollment Management and Student Success, and Dr. David Lehr, Associate Professor of Economics, presented together at the group's annual National Symposium on Student Retention conference this past October in Louisville. They presented their approach and findings on the topic of 'Using Data Mining Techniques to Improve Retention: A Comprehensive, Multi-Stage Approach.'

University Marketing and Communications

Unique Brand Strategy in Preparation for Website Redesign

In preparation of the redesign of Longwood's web presence, we needed to revisit our brand definition and strategy. It had been years since a brand strategy was explored and the website redesign provided us the perfect opportunity to refocus. Rather than partner with a brand strategy

firm that only specializes in higher education, we chose to work with Free Range Studios a Washington, D.C. firm with unique approach in story-based brand development. They believe that every good brand is driven by a single, coherent story that contains the moral of the brand and the website must reinforce that story. In November Free Range came to campus and led a multi-day workshop to help us identify our brand voice, the values that connect us to our audience and the moral that underpins all of our communications. The result is absorbing and will help set apart our web presence in the crowded Virginia higher education market. More about Free Range Studios: Named by FastCompany magazine as one of 50 companies saving the planet, their work has been showcased at the Sundance Film Festival and South by Southwest, was recently on exhibit at the Smithsonian Cooper-Hewitt's Why Design Now?

Nontraditional Media Initiatives Embraced

Our team recently explored nontraditional media initiatives to highlight academic expertise and gain national awareness. Dr. Amorette Barber and Dr. Adam Franssen, both assistant professors of biology, conducted live question-and-answer sessions (Ask Me Anything) on the site Reddit.com, one of the top 10 websites in the U.S. Both Q&A sessions were made highly visible on Reddit.com, and Franssen's discussion led to follow-up articles in popular media outlets such as nickjr.com (http://parents.nickjr.com.au/2014/07/15/pregnancy-makes-mums-smarter) and the popular blog Stuff Mom Never Told You (http://www.stuffmomnevertoldyou.com/blog/does-motherhood-improve-brainpower).

Making the Right Impression on Prospective Students

Recruitment publications are one of the first ways prospective students form perceptions of Longwood, making the quality of those publications an important priority. University Marketing and Communications recently conducted a survey of all publications going out to this critical audience from the area of Enrollment Management and Student Success. Publications are being prioritized, and work on the first round of revisions to ensure quality and consistency will begin in the new calendar year.

Longwood Basketball To Be Heard on Several Outlets

Exposure for the Longwood men's basketball program is dramatically increasing this season. Every Longwood game is broadcast live on WVHL Kickin' Country 92.9 FM in Farmville and on the station's website at www.wvhl.net. Additionally, every Longwood men's basketball Big South contest will air on WHAP 1340 AM in the Tri-Cities area, including the Richmond market. The Big South Network will continue to carry a significant number of men's and women's basketball games, providing free, high-quality live broadcasts of Longwood athletics events. Radio broadcasts of the games also are available on the TuneIn Radio app.

Fall 2014 Print and Web Advertising Campaigns

Marketing studies were conducted in the Fall of 2012 and Fall of 2014 to measure Longwood's brand awareness in Virginia. Each study reinforced the presumption that Longwood's name is relatively unknown in the Northern Virginia area. As a result, we decided to invest in advertising campaigns in the Northern Virginia area where the goal was to grow our name recognition, especially among parents and high school students.

Washington Post Express

In the Washington Post Express (daily newspaper distributed at all Metro locations in the Washington DC area and read by many commuters) we have been running a series of different ads that seek to reinforce our name, history and central Virginia location through compelling copy. For example:

We're old enough to know better.

With 175 years of experience, Longwood University knows how to prepare students for today's challenges. Every degree program includes an internship, research project or field work; every student has the opportunity to be a leader.

LONGWOOD
UNIVERSITY

IN THE HEART OF VIRGINIA
Visit WhyLongwood.com

How can we do something so private in public?

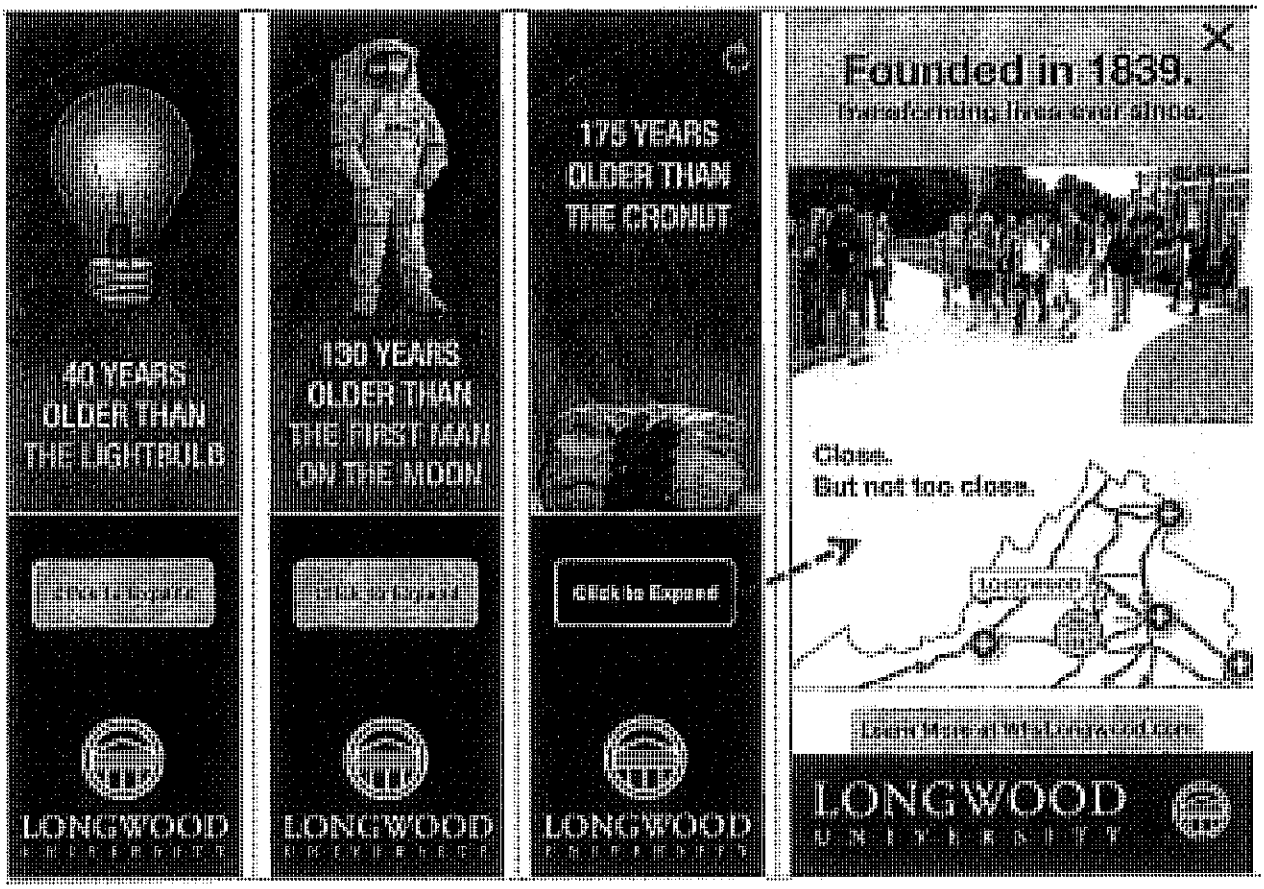
Finding a private university experience at a public university isn't something people just dream about. It's what they find at Longwood University.

LONGWOOD
UNIVERSITY

IN THE HEART OF VIRGINIA
Visit WhyLongwood.com

Online Advertisements

We are also running expandable online ads targeting students and parents with the same goals as the Washington Post Express ads - reinforce our name, history and central Virginia location through compelling copy. The industry average interaction rate for these types of ads is .95% - these ads are generating notable interaction rates of 2.6% for parents and 1.65% for students:



Alumni Relations

October 18 Alumni Weekend a Success

The weather was perfect for the Stubbs Open House, the Decade of the 2000s Reunion and the Black Alumni Weekend as approximately 550 alumni returned to campus. It was clear that the ties of friendship alumni had developed during their campus years were still strong. Local merchants including Red Front and Pairet's opened on Saturday to serve those attending the reunions, and both retailers sold did a brisk business in Longwood and Greek merchandise.

Maugans Alumni Center Update

Planning for the spring 2015 move to the Maugans Alumni Center has begun. Diplomas showing the history of Longwood have been secured and will be framed for display in the McGaughy Library. We have at least one diploma with the signature of each president from 1884 through 2013, one diploma showing the various names of the institution during this time period, and one of the first and the last diplomas with the Longwood College name. The alumni archive collection is being inventoried, and items will be selected to feature in the new display cases in the building. We are also working with art faculty member Angela Bubash and her sculpture

students on a project to create several sculptures using materials that were part of the Cunninghams. One of these sculptures will be on permanent display in the new Alumni Center, and all will be displayed there during the opening of the center.

Information Technology Services (ITS)

ITS PCI compliance efforts

Workstations involved in credit card processing activities have been appropriately configured and segmented on our network in accordance with the PCI DSS security standards. In addition, we have begun the final phase of our compliance efforts involving the ongoing monitoring and scanning of our cardholder data (CDE) environment.

12

Strategic Financial Analysis for Higher Education

SIXTH EDITION

KPMG

Prager, Sealy & Co., LLC

BearingPoint

10 THE COMPOSITE FINANCIAL INDEX (CFI)

CHAPTER SUMMARY

After looking at the relative strengths and weaknesses of each of the four core ratios, it is useful for an institution to be able to combine them into a single score. This combination, using a reasonable weighting plan, allows a weakness or strength in a specific ratio to be offset by another ratio result, thereby allowing a more holistic approach to understanding the total financial health of the institution.

COMPOSITE FINANCIAL INDEX—COMBINING THE CORE RATIOS INTO A SINGLE MEASURE

In Chapters 6–9, we represented four core higher-level ratios that can provide information on the overall financial health of the institution. These ratios are:

- Primary Reserve Ratio
- Viability Ratio
- Return on Net Assets Ratio
- Net Operating Revenues Ratio

For public institutions, this chapter introduces a methodology for creating one overall financial measurement of the public institution's health based on those four core ratios. This measure is called the Composite Financial Index, or CFI. The CFI is useful in helping governing boards and senior management understand the financial position that the institution enjoys in the marketplace. Moreover, this measurement will also prove valuable in assessing future prospects of the institution, functioning as an "affordability index" of a strategic plan. For private institutions, this chapter reiterates the conceptual framework and methodology for the CFI introduced in the fourth edition of *Ratio Analysis in Higher Education: Measuring Past Performance to Chart Future Directions*.

Since we introduced the concept and methodology of the CFI in the fourth edition in 1999, it has been adopted by many leading institutions and found great acceptance by senior management and governing boards. We are convinced that the CFI is a very valuable tool for senior managers and boards of trustees to help understand not only the state of an institution's financial situation at a point in time but also serve as a valuable tool, unavailable from other sources, that can provide insight into the trends of an institution's key financial indicators.

We believe this for several reasons. First, by blending the four key measures of financial health into a single number, a more balanced view of the state of the institution's finances is possible because a weakness in one measure may be offset by the strength of another measure. Second, by using the same criteria to determine the CFI over a period of time, the board and management are given the opportunity to measure the overall financial progress that it is making. Lastly, the measure is easily understood and remembered, so it can become part of institutional communications on where the institution is as well as how far the institution has come.

Our recommendation is that each institution develop the CFI that is tailored to the institutional needs and then apply it over an extended period of time—both historically and as a planning tool as the institution develops a prioritized

and priced strategic plan. By tailoring the CFI in this way, the institution will have insight into the financial impact of different activities.

As an example, if an institution has just completed a significant investment in new facilities with a significant debt component, the expectation that both the CFI and the Viability Ratio will be depressed is reasonable. Similarly, if the institution has recently completed a major capital campaign, the CFI may well have improved, and the governing board and senior management have the opportunity to consider whether the amount of the increase matched overall expectations.

As with any financial analysis, we believe a long period of time, at least five years, represents enough measurement points to effectively understand the financial direction of the institution. We also believe that once developed, the schema should be fixed, and if there is a compelling reason for a change, that all information be restated so that comparative data is consistent. However, the weighting should not be revised as a response to changes or deterioration in certain financial indicators but should only be done if the institution's financial or programmatic objectives have fundamentally changed over the long term.

We have also found, however, that applying the CFI as a peer group measure has some limitations. This is different from the comparison of an individual ratio, where senior managers of an institution believe they have the capability to understand the action to take if an individual ratio is different from another institution. This relates to the fact that there are a limited number of most likely reasons for movement in a selected ratio. However, when the ratios are combined, the underlying reasons for change may be indiscernible because of the number of possible variations.

Within this edition, we present the development of the CFI using specific weightings for each ratio that we believe represent an appropriate assessment of the relative importance of each ratio and a reasonable assessment of balance between an institution's short- and long-term needs. However, the weighting of the ratios becomes the key variable that would reflect differences in institutional philosophy and approach to financial planning. We have determined that the weighting and scoring systems developed for private institutions in the fourth edition are appropriate for public institutions. We have validated this assessment through calculations using public institutions' financial statements and information.

The four-step methodology is as follows:

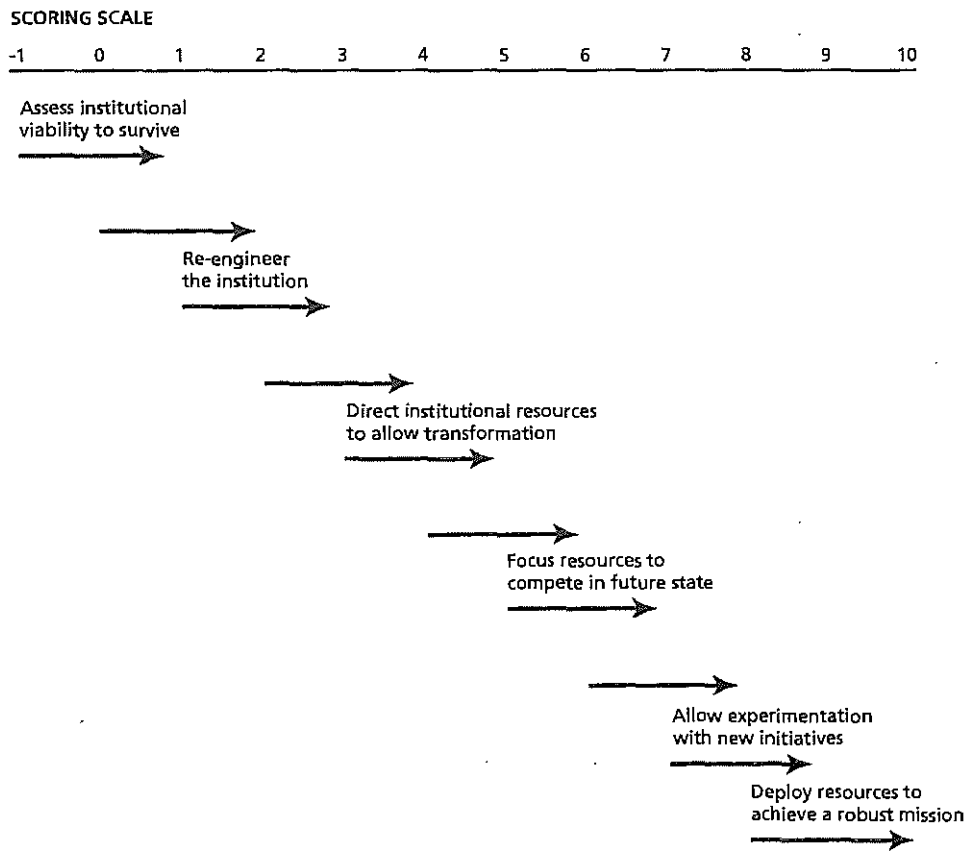
- Compute the values of the four core ratios;
- Convert these figures to strength factors along a common scale;
- Multiply the strength factors by specific weighting factors; and
- Total the resulting four numbers to reach the single CFI score.

The CFI only measures the financial component of an institution's well-being. It must be analyzed in context with other associated activities and plans to achieve an assessment of the overall health, not just financial health, of the institution. As an example, if two institutions have identical CFI scores but one requires substantial investments to meet its mission-critical issues and the other has already made those investments, the first institution is less healthy than the second. In fact, an institution's CFI can become too high as well as too low. When put in the context of achievement of mission, a very high CFI with little achievement of mission may indicate a failing institution.

IMPLICATIONS OF THE CFI

These scores do not have absolute precision. They are indicators of ranges of financial health that can be indicators of overall institutional well-being, when combined with nonfinancial indicators. This would be consistent with the fact that there are a large number of variables that can impact an institution and influence the results of these ratios. However, the ranges do have enough precision to be indicators of the institutional financial health, and the CFI as well as its trend line, over a period of time, can be the single most important measure of the financial health for the institution. Stated graphically in Figure 10.1, this scoring system may look like the following:

FIGURE 10.1: SCALE FOR CHARTING CFI PERFORMANCE



The overlapping arrows represent the ranges of measurement that an institution may find useful in assessing itself. There is little discernible difference between the financial position of an institution with a 3.3 or one with a 3.4 CFI. In this case, the nonfinancial indicators will be a stronger differentiator between the institutions. However, there are readily discernible financial differences between an institution scoring 3.4 and 5.5 on the CFI. An institution with a significantly low or declining CFI will be disadvantaged when competing with institutions with a higher or improving CFI.

CALCULATING THE CFI

To calculate the CFI, the model requires that the four ratios articulate to each other on a common scale. The "Scale for Converting the Core Ratios to Strength Factors" is shown in Table 10.1. By selecting points on the scale and determining a corresponding comparable strength for each ratio, the scoring system achieves a commonality along the range of the scale.

Table 10.1 presents the ratios at three selected points—1, 3 and 10—on a scale of 1 to 10. A score of 1 represents very little financial health; 3, the threshold value, represents a relatively stronger financial position; and 10, the top score within range for an institution. Some institutions will exceed the top score; however, for purposes of measuring financial health there is no reason for the scale to be extended beyond 10. By using the methodology to compute the CFI, an institution could fall below 1 and create negative amounts. These amounts should be computed and included in the determination of the CFI. Should an institution wish to continue the calculation beyond the score of 10, the proportionate analysis would continue to be effective. However, extending strength factors beyond the score of 10 will create a higher CFI and may unduly mask a weakness in another ratio.

ESTABLISHING THE THRESHOLD VALUE

The scale represents an assessment based on industry experience. Using 6 percent as the threshold value for the Return on Net Assets Ratio is intended to establish a rate of return in excess of the growth in total expenses. The Primary Reserve Ratio threshold of moderate financial health is set at .4x. The Viability Ratio threshold is set at 1.25:1. The Net Operating Revenues Ratio is set at 2 percent for private institutions using an operating indicator, and 4 percent for both private institutions using the change in total unrestricted net assets and for public institutions. Even though public institutions have an operating indicator, that indicator excludes certain key elements of operating revenues, such as appropriations and gifts for operating purposes. Using the income before other revenues, expenses, gains and losses (operating income/loss and net nonoperating revenues) includes total investment income of the institution, resulting in an amount that is consistent with total changes in expendable net assets, unrestricted and restricted, and plant equity. For public institutions that use a spending rate that is obtainable from the accounting records, that amount may be used to calculate the Net Operating Revenues Ratio and the 2 percent threshold should be used.

TABLE 10.1: SCALE FOR CONVERTING THE CORE RATIOS TO STRENGTH FACTORS

SCORING SCALE	1	3	10
Primary Reserve Ratio	.133x	.4x	1.33x
Net Operating Revenues Ratio:			
Using an operating indicator	0.7%	2%	7.0%
Using change in unrestricted net assets	1.3%	4%	13.0%
Return on Net Assets Ratio	2.0%	6%	20.0%
Viability Ratio	.417x	1.25x	4.16x

CALCULATING STRENGTH FACTORS

To calculate the strength factor at a point other than those presented in Table 10.1, divide the ratio value by the relevant value for 1 given in the table. As an example, a Viability Ratio of 1.5x converts to a strength factor of 3.6 as follows:

$$\frac{1.5x}{.417x} = 3.597, \text{ or } 3.6$$

ANALYZING STRENGTH FACTORS

In analyzing the strength factor, a composite strength factor of 1 indicates an institution under financial stress. Reading down the table, the profile of an institution with a score of 1 on each of the individual ratios (and a CFI of 1) discloses a Primary Reserve Ratio of .133x, indicating that expendable resources are available to cover about 45 days of annualized expenses (13.3 percent of 365), and that while some net operating revenues and return on net assets exist, the amounts of .7 percent and 2 percent are too small to allow replenishment of reserve levels and may well not equal even modest growth in total expenses. Finally, a Viability Ratio of .417x indicates long-term debt exceeding expendable resources by 2.4 times (1 ÷ .417x).

A strength factor of 3 on each ratio indicates that an institution is relatively financially healthy in that approximately 140 days of annualized expenses are retained in expendable resources (40 percent of 365); the net operating revenues generated are sufficient to keep pace with, and will likely exceed the growth of, moderate expense levels; the return on net assets would appear reasonable for the overall investment activity of the institution; and expendable net assets exceed the institutional debt levels, although not by excessive amounts.

Institutions with this profile generally have enough wealth and access to capital resources to finance modest program improvements and address a modest financial challenge; however, a significant institutional transformation may be difficult to realize without additional resources. At a strength factor of 10 on each ratio, about 485 days of annualized expenses exist in expendable resources, net operating revenues indicate the margin from operating activities will exceed normal increases in expense levels, the return on net assets will provide marginal resources that may be used to support institutional initiatives, and the institution has substantial expendable resources in excess of debt.

WEIGHTING THE RATIOS

A key feature of the CFI is that a single score allows weaknesses in individual ratios to be quantitatively offset by strengths in other ratios. The result is the ability to look at overall financial health, not just individual components of financial health. For this process to be most useful, it is important to use the weighting factor consistently for each of the ratios. If substantial differences in scores result from year-to-year comparisons, the explanation will be related to economic events, not different weighting plans. Elimination of any of these ratios would be inappropriate for the application of the CFI. In certain cases, the Viability Ratio will not apply because some institutions carry no long-term obligations. If that is the case, then the weighting for the Viability Ratio is zero and the remaining three ratios will be allocated 100 percent of the weight, proportionate to one another.

In a "normalized" institution, the suggested weighting would be more heavily skewed toward measurement of retained wealth and less toward current operations. The principal reason for this is the belief that retained wealth and strategic use of debt are stronger indicators of long-term institutional financial health than measures depending on a

single year's performance. As previously stated, we believe that an institution will, at various points in its evolution, find need to invest in itself, and that may mean generating short-term, controlled deficits. These investments may well impact annual operating performance negatively but may be the most important strategic investments that the institution makes. That is not to say that the operating results are unimportant, as evidenced by the use of operating ratios in developing the CFI. With that as a concept, the weighting pattern is as follows in Table 10.2:

TABLE 10.2: CREATING THE WEIGHTING SCHEMA

RATIO	INSTITUTION WITH LONG-TERM DEBT	INSTITUTION WITH NO LONG-TERM DEBT
Primary Reserve	35%	55%
Net Operating Revenues	10%	15%
Return on Net Assets	20%	30%
Viability	35%	–

INTEGRATING THE CFI INTO THE STRATEGIC PLAN

The CFI is best used as a component of financial goals in the institution's strategic plan. Further, the institution is best served if the CFI is calculated over an established time period, for example, the past three years and the next five. This gives a more accurate picture of overall financial health and answers the questions (a) were returns earned on investments, and (b) were the right investments made. Routine financial statement modeling to determine the CFI gives the opportunity for constant assessment and continual awareness of institutional performance. Table 10.3 is an example of the calculation of the CFI using the information from Utopia University as discussed previously.

TABLE 10.3: UTOPIA UNIVERSITY—SUMMARY OF THE COMPOSITE FINANCIAL INDEX

RATIO	RATIO VALUE		STRENGTH FACTOR		WEIGHTING FACTOR		SCORE
Primary Reserve	.74x	=	5.56	x	35%	=	1.95
Net Operating Revenues	2.28%	=	3.26	x	10%	=	.33*
Return on Net Assets	4.78%	=	2.39	x	20%	=	.48
Viability	1.28x	=	3.07	x	35%	=	1.07
					Composite Financial Index		3.8**

* Calculated using an operating indicator for private institutions

** Number has been rounded to reflect appropriate level of precision as indicated by research

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Introduction to General Education Reform

In fall 2013, the Executive Committee of Faculty Senate formed the Academic Core Curriculum Committee (ACCC) to undertake the review and reform of Longwood's General Education curriculum. The thirteen members of the committee are below:

Sharon Emerson-Stonnell, Professor of Mathematics and Chair
Larissa Fergeson, Professor of History and Vice-Chair

Cheryl Adkins, Professor of Management
Lee Bidwell, Professor of Sociology
Sarai Blincoe, Assistant Professor of Psychology
Wade Edwards, Professor of French and Chair, Department of English & Modern Languages
David Lehr, Associate Professor of Economics and Chair, Faculty Senate
Heather Lettner-Rust, Assistant Professor of Rhetoric & Composition
David Locascio, Associate Professor of Education and Associate Dean, CEHS
Sharon Menegoni, Associate Professor of Athletic Training
Pam McDermott, Assistant Professor of Music
Melissa Rhoten, Professor of Chemistry and Chair, Department of Chemistry & Physics
David Shoenthal, Associate Professor of Mathematics and Chair, Department of Mathematics and Computer Science

During spring semester 2014, ACCC members conducted research about Longwood's current General Education program, employers' needs, and best practices in General Education reform and design. In May 2014, the committee discussed its findings and developed a tentative timeline for reform. The committee shared its findings in a 29-page white paper distributed to faculty in August. The tentative timeline of reform is included in this handout.

This semester, the ACCC held a series of faculty visioning sessions to discuss what competencies, knowledge, and habits of mind Longwood graduates should possess; what is distinctive about the Longwood academic experience; and what faculty would like to see in a new Core Curriculum program. The ACCC also has thoroughly discussed the strengths, weaknesses, and opportunities for improvement in our current General Education program and in the ways we assess the SCHEV core competencies.

The committee is currently working to develop a set of aspirations and principles that will guide the design and structure of the new Core Curriculum program. Sharon Emerson-Stonnell and Larissa Fergeson will share the ACCC's work with the Board of Visitors at the meeting.

Tentative Timetable for Reform of General Education Program

Semester	Action	People
Summer 2014	Write white paper summarizing research of ACCC Creation of faculty workshop for August	Sharon Emerson-Stonnell Larissa Fergeson
August 2014 – April 2015	Creation of Learning Goals and Outcomes	Academic Core Curriculum Committee
Fall 2014	August faculty feedback workshop Four lunches with faculty September Faculty Senate update December Faculty Senate update SACSCOC Annual Meeting	ACCC members ACCC members Sharon Emerson-Stonnell ACCC members Sharon Emerson-Stonnell David Locascio
Spring 2015	Four lunches with faculty to discuss goals & outcomes January AACU Annual Meeting February AACU General Education and Assessment meeting	ACCC members Larissa Fergeson Sharon Emerson-Stonnell Larissa Fergeson
March 2015	Presentation at General Faculty meeting	Academic Core Curriculum Committee
Summer 2015	Send team to AACU Institute on General Education and Assessment Designing program and assessment structure Faculty Development Institute	Sharon Emerson-Stonnell Larissa Fergeson Heather Lettner-Rust David Locascio Academic Core Curriculum Committee To be determined
August 2015 – April 2016	Course creation by faculty and reviewed by Academic Core Curriculum Committee Possible pilots in spring 2016	Faculty members Academic Core Curriculum Committee
Summer 2016	Course development	Faculty members
August 2016- April 2017	Courses piloted in fall 2016 Program and courses adopted in April 2016 by EPC	Faculty members Academic Core Curriculum Committee
2017-2018	General Education implemented	Faculty members

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LOOKING TO OUR THIRD CENTURY
Strategic Plan 2014-2018

Our Mission: *Longwood University is an institution of higher learning dedicoted to the development of citizen leaders who are prepared to make positive contributions to the common goad of society. Building upon its strong foundation in the liberal arts and sciences, the University pravides an environment in which exceptional teaching fosters student learning, schalarship, and achievement. As the only four-year public institution in south central Virginia, Longwood University serves as a catalyst for regianal prosperity and advancement.*

Our Opportunity:

A Madel for American Higher Education – few institutions in the country have Longwood's potential to make great progress; we have kinetic energy without the entrenched views prevalent at many institutions

Our Key Principles:

Academic Enterprise at the Heart – as one of the hundred oldest U.S. colleges and universities and Virginia's third oldest public university, we prize faculty engagement with students, our residential character, research and scholarship, and the role of a broader learning community beyond the classroom in the preparation of citizen leaders

Transfarming Lives – we are at our best when helping to transform lives, by helping our students to truly realize their potential and by helping keep higher education affordable

Camaraderie – we enjoy a distinctive camaraderie, enriched by our many traditions and attention to diversity; a camaraderie that gives us a distinctive advantage when working through challenges and challenging times

Our Priorities:

Retention & Graduation – it is a moral imperative, and likewise catalytic from the standpoint of revenue and the spirit of the University; academic rigor is fundamentally part of the solution, as is affordability

Renewing General Education – we can build a powerful curriculum, building on the liberal arts and sciences for citizen leaders, our unique assets such as Hull Springs, the LCVA, and nearby Moton, and our technology

Natianal Marketing – institution-wide endeavor and marketing collaboration will make one of the fifty oldest NCAA Division I schools as well-known as it should be

Foot Traffic by Alumni and Friends – philanthropy and public support for the University hinge on visits to campus and in-person engagement, since those who see our beautiful campus love Longwood

Prasperity of One of America's Oldest Two-College Communities – Farmville, Prince Edward, the surrounding region, H-SC, and Longwood stand together where the Civil War ended and Civil Rights began; we will thrive together

Strengthening the University Community – faculty and staff compensation must rise substantially; opportunities for professional development must increase; diversity must be fostered; all of which will enhance retention and hiring

Organization, Structuring, and Governance – we must give continually fresh attention to how Longwood is structured and to our policies, practices, data methodologies, and stewardship of resources

Measuring Progress:

Each part of the University will determine how best to assess progress against these priorities in its own area; here are metrics Longwood will measure and monitor as barometers that will reflect our institution-wide progress:

- Student Progress to Graduation
- Consensus on General Education, Implementation, and Assessment
- Alumni Annual Giving Rate
- Overall Attendance at University Events (Performances, Games, Exhibits, Conferences, Lectures, etc.)
- Total Population of the Local Community
- Compensation for Faculty and Staff
- Composite Financial Index (CFI)

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LOOKING TO OUR THIRD CENTURY
Strategic Plan 2014-2018

– Dashboard of Principal Metrics –
November 2014

Retention & Graduation -- It is a moral imperative, and likewise catalytic from the standpoint of revenue and the spirit of the University; academic rigor is fundamentally part of the solution, as is affordability

Principal Metric:
Student Progress to Graduation

Undergraduate	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014
Applications Prior Year	*4402*	*4075*	*4167*	*4290*	*4576*
Freshmen	975	1055	1007	1091	1102
Sophomores	781	760	840	809	854
Juniors	746	710	687	774	745
Seniors	654	704	668	635	734
5th year +	NA	214	224	259	223
Transfers and Part-time	957	744	885	891	907

National Marketing -- Institution-wide endeavor and marketing collaboration will make one of the fifty oldest NCAA Division I schools as well known as it should be.

Principal Metric:
Alumni Annual Giving Participation

	FY2010	FY2011	FY2012	FY2013	FY2014
Alumni of Record	28,829	30,360	30,024	30,868	31,700
Alumni Donors	3,948	3,465	3,293	3,133	2,841
% Rate	13.69%	11.41%	10.97%	10.15%	8.96%

Foot Traffic by Alumni and Friends -- Philanthropy and public support for the University hinge on visits to campus and in-person engagement, since those who see our beautiful campus love Longwood.

Principal Metric:
Overall Attendance at University Events (M&W Basketball, LCVA, Conferences, Events, B&B Nights)

FY2010	FY2011	FY2012	FY2013	FY2014
25,717	29,099	28,969	25,293	34,584

Prosperity of One of America's Oldest Two-College Communities -- Farmville, Prince Edward, the surrounding region, H-SC, and Longwood stand together where the Civil War ended and Civil Rights began; we will thrive together.

Principal Metric:
Total Population of Buckingham, Cumberland, and Prince Edward Counties (by registered voters)

July 2010	July 2011	July 2012	July 2013	July 2014
30,030	30,714	30,841	30,794	30,635

Strengthening the University Community – Faculty and staff compensation must rise substantially; opportunities for professional development must increase; diversity must be fostered; all of which will enhance retention and hiring.

Principal Metric:
Average Compensation for Faculty and Staff

	FY2010	FY2011	FY2012	FY2013	FY2014
Classified Staff	$37,130	$37,068	$38,975	$39,549	$40,969
AP Staff	$56,712	$57,577	$58,673	$60,458	$62,433
Professor	$74,300	$77,300	$77,300	$77,200	$80,000
Associate Professor	$63,100	$63,000	$61,400	$64,300	$65,800
Assistant Professor	$52,500	$53,800	$55,100	$57,100	$59,600
Instructor	$49,000	$56,400	$57,200	$60,000	$55,700
All Faculty	*$59,725*	*$62,625*	*$62,750*	*$64,650*	*$65,275*

Organization, Structuring, and Governance – We must give continually fresh attention to how Longwood is structured and to our policies, practices, data methodologies, and stewardship of resources.

Principal Metric:
Composite Financial Index (CFI)

2009	FY2010	FY2011	FY2012	FY2013	FY2014
2.01	4.10	4.19	-1.14	3.98	3.55

** The Strategic Priority of Renewing General Education will be gauged as a matter of process until the appropriate juncture of implementation.*

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Strategic Priorities

This tab includes further information regarding the University's Strategic Priorities. Flowing from deliberation in the process of developing the Strategic Plan, the Principal Metrics associated with the Strategic Priorities are intended to serve as strong (but not all-inclusive) barometers of progress. As efforts advance, various sub-metrics may become especially useful in gauging incremental progress as well.

Task forces aligned with the University's Strategic Priorities will serve to powerfully advance progress, a forward-looking governance approach different than having a traditional committee structure for the board along operational lines (such as facilities, athletics, etc.). The "task force" model will allow the BOV and University to focus on what most needs to improve and change moving forward, and will allow the BOV to continue to function as a "committee of the whole" with regards to standard operational matters, which has been working well for several years now.

Task force membership is set forth below, which is the result of careful consideration as discussed at the November Executive Committee meeting. Each grouping includes BOV members as well as University executives. It is contemplated that at each regular BOV meeting going forward time will be spent broken out into task force sessions, as well as all together in full session. Between regular BOV meetings, University executives will naturally continue their focus and work on strategic priorities and consult with BOV task force members. The task forces are intended to be deliberative bodies for perspective, ideas, and discussion (and in that regard they do not have chairpersons). Consequential decisions would still be made at the full BOV level.

This tab notes supporting activities contemplated for each Strategic Priority --- intended in chief to spur task force discussion. The intent of the Strategic Plan is for precise tactical supporting activities to be fluid and evolving based on what proves truly effective.

Strategic Priority Task Forces

Retention & Graduation
Hallock and Radcliff (with Kindon, Perkins, and Pierson)

*Renewing General Education** (see below)

National Marketing
Hansen and Ward (with Austin, Hodges, and Kindon)

Foot Traffic by Alumni and Friends
Anderson and Johnson (with Austin, Bratcher, and Hodges)

Prosperity of One of America's Oldest Two-College Communities
Busser and Trigiani (with Bratcher, Copeland, and Pierson)

Strengthening the University Community
Mobley and Walker (with Copeland, Perkins, and Pierson)

Organization, Structuring, and Governance
Schwartz and Wertz (with Copeland, Bratcher, and Austin)

*Regarding *Renewing General Education* (per above), since curriculum reform is a matter for the faculty to consider initially (in the standard system of shared governance in American higher education), this strategic priority will be addressed at a broad consultative level during the period ahead, in which the faculty continues to develop ideas and plans. At our December meeting, Faculty representatives will discuss with the full BOV the process and status of "general education" reform thus far.

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Retention & Graduation

It is a moral imperative, and likewise catalytic from the standpoint of revenue and the spirit of the University; academic rigor is fundamentally part of the solution, as is affordability

Task Force

Board of Visitors: David Hallock, Marianne Radcliff
Administration: Victoria Kindon, Ken Perkins, Tim Pierson

Principal Metric

Student Progress to Graduation

Undergraduate	Fall 2010	Fall 2011	Fall 2012	Fall of 2013	Fall of 2014
Applications	*4402*	*4075*	*4167*	*4290*	*4576*
Freshmen	975	1055	1007	1091	1102
Sophomores	781	760	840	809	854
Juniors	746	710	687	774	745
Seniors	654	704	668	635	734
5th year +	NA	214	224	259	223
Other students (transfers, part-time)	957	744	885	891	907
Key for each class:	Class of 2014	Class of 2015	Class of 2016	Class of 2017	Class of 2018
Total enrollment	4113	4187	4311	4459	4565

Supporting Activities

- Strengthening our tracking analysis and reporting capabilities, and utilizing the resultant data to impact our enrollment, retention, and class progression.
- Improving the personalized touch given to students to make the most of their residential experience and academic development.
- Enhancing the mentoring capacity offered to students to compliment classic academic advising.
- Removing bureaucratic obstacles and other barriers to timely degree completion.
- Engaging the most promising students with leadership opportunities and other enrichment activities so that their talents can remain at Longwood throughout their academic careers.
- Increasing the academic credentials of incoming students so that the lowest quartile of each admitted class matches the third quartile.
- Enhancing the University's graduate programs to offer ready opportunities for progression to our undergraduates and to further build the academic excellence of the institution.

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National Marketing

Institution-wide endeavor and marketing collaboration will make one of the fifty oldest NCAA Division I schools as well known as it should be.

Task Force

Board of Visitors: Eric Hansen, Lacy Ward
Administration: Troy Austin, Courtney Hodges, Victoria Kindon

Principal Metric

Alumni Annual Giving Participation

	FY2010	FY2011	FY2012	FY2013	FY2014
Alumni of Record	28,829	30,360	30,024	30,868	31,700
Alumni Donors	3,948	3,465	3,293	3,133	2,841
% Rate	13.69%	11.41%	10.97%	10.15%	8.96%

Alumni of Record - all alumni and alumni non-degree with accurate addresses to whom we mail
Alumni Donors - all alumni and alumni non-degree who have made a gift - including soft credit from a spouse/partner gift

Supporting Activities

- Offering opportunities for engagement to the entire alumni base to ensure that the University is in contact not just for development purposes but to foster lifetime engagement.
- Increasing University membership in higher education organizations to ensure that Longwood contributes a voice to the ongoing national dialogue.
- Increasing faculty participation in national conferences to expand the reach of their thought leadership within their respective fields.
- Redesigning Longwood.edu to be on the leading edge of university webpages -- one that aids faculty and staff in reaching key constituency groups.
- Expanding our capability and participation on social media platforms to keep up with innovations in how people consume information.
- Likewise, fortifying traditional public relations activities and seizing opportunities to spotlight Longwood activities in television, radio, print, and related media.
- Committing to advertising in key markets to expand Longwood's brand awareness.

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Foot Traffic by Alumni & Friends

Philanthropy and public support for the University hinge on visits to campus and in-person engagement, since those who see our beautiful campus love Longwood.

Task Force

Board of Visitors: Eileen Anderson, Thomas Johnson
Administration: Troy Austin, Dick Bratcher, Courtney Hodges

Principal Metric

Overall Attendance at University Events

	FY2010	FY2011	FY2012	FY2013	FY2014
M&W Basketball*	16,371	19,153	15,375	18,858	24,301
LCVA^	4,382	4,982	8,630	1,471	5,319
Conferences and Events~	3,916	3,916	3,916	3,916	3,916
B&B Nights Occupied<	1,048	1,048	1,048	1,048	1,048
TOTAL	**25,717**	**29,099**	**28,969**	**25,293**	**34,584**

* combined men's and women's home attendance
^ combined total daily visitors plus receptions and education programs
~Estimated attendance at events requiring AV (2013-14 figure used as estimate for previous years)
<Annual Room total nights occupied

NOTES:
LCVA figures for 2009-10 based on average of following 3 years
Figures for B&B occupancy and conferences and events estimate are for 13-14 but also used to provide estimates for prior years

Supporting Activities and Initiatives

- Continuing execution of Longwood's Campus Master Plan specifically with a focus on enhancing ease of visiting campus --- regarding parking, signage, accommodations, etc.
- Creating a user-friendly calendar of events, with increased usage among current and prospective students, faculty, staff, parents, alumni, community members, and other stakeholders.
- Conceiving and initiating a broader and richer sequence of events to amplify the work of our students and faculty, and the unique assets of the University.
- Focusing on Commonwealth transportation considerations to enhance accessibility of campus, such as increasing the number of road signs for the University and widening Route 307.

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Prosperity of One of America's Oldest Two-College Communities

Farmville, Prince Edward, the surrounding region, H-SC, and Longwood stand together where the Civil War ended and Civil Rights began; we will thrive together.

Task Force

Board of Visitors: Katherine Busser, Pia Trigiani
Administration: Dick Bratcher, Ken Copeland, Tim Pierson

Principal Metric

Total Population of the Local Community *(by registered voters)*

	Jul-10	Jul-11	Jul-12	Jul-13	Jul-14
Buckingham County	9,900	10,131	10,194	10,033	10,032
Cumberland County	6,749	6,765	6,789	6,845	6,788
Prince Edward County	13,381	13,818	13,858	13,916	13,815
Total	30,030	30,714	30,841	30,794	30,635

Supporting Activities

- Marketing Farmville as a vibrant college town to regional and national audiences.
- Encouraging alumni to participate in Farmville community life, including as retirees moving to the community or small business owners.
- Coordinating activities and events with Hampden-Sydney College to maximize community and student engagement.
- Collaborating with local businesses to allow Lancer Card dollars to be used broadly, which would serve to further connect the community and University, and increase revenues to local businesses.
- Connect campus pedestrians with Main Street by emphasizing this connection in the preparation and implementation of the University Campus Master Plan.

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Strengthening the University Community

Faculty and staff compensation must rise substantially; opportunities for professional development must increase; diversity must be fostered; all of which will enhance retention and hiring.

Task Force

Board of Visitors: Steve Mobley, Shelby Walker
Administration: Ken Copeland, Ken Perkins, Tim Pierson

Principal Metric

Compensation for Faculty and Staff

	FY2010	FY2011	FY2012	FY2013	FY2014
Classified Staff	$37,130	$37,068	$38,975	$39,549	$40,969
AP Staff	$56,712	$57,577	$58,673	$60,458	$62,433
Professor	$74,300	$77,300	$77,300	$77,200	$80,000
Associate Professor	$63,100	$63,000	$61,400	$64,300	$65,800
Assistant Professor	$52,500	$53,800	$55,100	$57,100	$59,600
Instructor	$49,000	$56,400	$57,200	$60,000	$55,700
All Faculty	*$59,725*	*$62,625*	*$62,750*	*$64,650*	*$65,275*

Supporting Activities

- Improving opportunities for professional development to build the University's human capital and increase the level of employee engagement and satisfaction.
- Increasing faculty and staff compensation as a means of attracting and retaining talent.
- Emphasizing the importance of diversity within the University and working to build a culture of diversity among students, faculty, and staff.
- Expanding day care options for students, faculty, and staff to maximize educational and employment opportunities for working families.

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Organization, Structuring & Governance

We must give continually fresh attention to how Longwood is structured and to our policies, practices, data methodologies, and stewardship of resources.

Task Force

Board of Visitors: Brad Schwartz, Bob Wertz

Administration: Dick Bratcher, Ken Copeland, Troy Austin

Principal Metric

Composite Financial Index (CFI) – Reflecting the University and University Foundation

		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Expendable Net Assets		38,170,796	45,970,637	56,359,577	45,250,424	48,250,916	62,608,032	83,152,500
Total Expenses		99,239,229	103,809,055	99,062,525	105,136,557	115,250,532	116,105,359	122,828,827
Total Long Term Debt		65,093,404	69,572,404	66,551,889	62,034,117	59,074,377	55,440,188	53,489,129
Change in Net Assets		2,349,315	-8,295,951	25,282,706	29,500,446	6,630,599	19,172,525	19,413,309
Total Net Assets (Beg Year)		208,627,384	212,544,354	191,207,165	216,066,485	245,566,931	252,197,530	271,370,055
Net Operating Income		-594,940	3,923,675	3,808,716	5,804,180	-10,528,804	6,451,432	2,938,204
Total Operating Revenues		90,561,691	98,033,951	94,818,692	102,681,616	104,721,728	113,268,027	116,604,923
Primary Reserve Ratio - Expendable net assets / total expenses		0.38	0.44	0.57	0.43	0.42	0.54	0.68
Viability Ratio – Expendable net assets / total long term debt		0.59	0.66	0.85	0.73	0.82	1.13	1.55
Return on Net Assets Ratio – Change in net assets / total net assets (BOY)		0.01	-0.04	0.13	0.14	0.03	0.08	0.07
Net Operating Revenues Ratio – Net Operating Income / Total Operating Revenues		-0.01	0.04	0.04	0.06	-0.10	0.06	0.03
	Factor							
PRR	0.133	2.89	3.33	4.28	3.24	3.15	4.05	5.09
VR	0.417	1.41	1.58	2.03	1.75	1.96	2.71	3.73
RONAR	0.02	0.56	-1.95	6.61	6.83	1.35	3.80	3.58
NORR	0.013	-0.51	3.08	3.09	4.35	-7.73	4.38	1.94
	Weight							
PRR	35%	1.01	1.17	1.50	1.13	1.10	1.42	1.78
VR	10%	0.14	0.16	0.20	0.17	0.20	0.27	0.37
RONAR	20%	0.11	-0.39	1.32	1.37	0.27	0.76	0.72
NORR	35%	-0.18	1.08	1.08	1.52	-2.71	1.53	0.68
CFI		**1.09**	**2.01**	**4.10**	**4.19**	**-1.14**	**3.98**	**3.55**

Supporting Activities

- Enhancing data gathering capabilities and tracking and analysis tools to aid in financial and strategic decision making.

- Enhance financial forecasting to keep the University on sound financial footing and encourage proper stewardship of all revenues.
- Utilizing new technologies to facilitate campus activities, including increased use of paperless forms.
- Coordinating the range of compliance work across the University to encourage efficiency and comprehensive attention.
- Reviewing and freshly organizing University policymaking by reviewing best practices and ensuring that policies continue to serve the best needs of the Longwood community.