Concord University

Combined Financial Statements
Years Ended June 30, 2008 and 2007
and
Independent Auditors' Reports

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Suttle & Stalnaker
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Governing Board
Concord University
Athens, West Virginia

We have audited the accompanying combined financial statements of the business-type activities and discretely presented component unit of Concord University (the "University"), as of June 30, 2008 and 2007, and for the years then ended, which collectively comprise the University's basic financial statements as listed in the table of contents. These combined financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the respective financial statements based on our audits. We did not audit the discretely presented financial statements of The Concord University Foundation, Inc. (a component unit of the University). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of The Concord University Foundation, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Concord University Foundation, Inc., which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2008 and 2007, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis on pages 5 through 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2008, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 18, 2008

Concord University

Management's Discussion & Analysis

Years Ended June 30, 2008 and 2007

Introduction

Concord University, (the University") is pleased to present its combined financial statements for the years ended June 30, 2008 and 2007. The University's financial statements are presented in a combined format as required by the Governmental Accounting Standards Board (GASB). This format requires that all restricted funds, unrestricted funds, operating funds, dedicated funds, loan funds, plant funds and endowment funds be combined into a single set of accrual based statements. Depreciation of capital assets is included as an expense, and State appropriations are shown as non-operating revenue.

During the fiscal year 2003, the University adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.* As a result, the financial statements of The Concord University Foundation, Inc. (the "Foundation") are discretely presented following the University's financial statements. The Foundation is a private nonprofit organization. No modifications have been made to the Foundation's audited financial information as it is presented herein. The Concord University Research and Development Corporation, Inc. is presented as a combined component entity of the University.

Financial Highlights

In Fiscal year 2008 the University recorded an increase in combined net assets of 4.35%. Investment in Capital Assets increased 13.47%, which was offset by an unrestricted net assets decrease of 35.14%. Fall enrollment declined by 3.23% to 2,549 full-time equivalents students; total revenue decreases amounted to 4.10% with State appropriations increasing by 3.71%. The decline in enrollment is the primary component contributing to the decreased operational revenue.

Financial Statements

The three statements reporting the financial results of the University are the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. Each of these statements is discussed below.

Statement of Net Assets

The Statement of Net Assets presents the Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities) of the University as of the end of the fiscal year. Assets denote the resources available to continue the operations of the University. Liabilities indicate how much the University owes vendors, employees and lenders. Net Assets provide a way to measure the financial position of the University.

The Statement of Net Assets is similar to a balance sheet in format. It presents information about the resources available to the University and claims against those resources. Both resources and claims are classified in a format that segregates assets that are not, or are not intended to be available within the next year for operations, and liabilities, which are not expected to be due within the next year.

Net Assets are displayed in three major categories:

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

2) *Restricted Net Assets*. This category includes net assets whose use is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components - expendable and nonexpendable. **Expendable restricted net assets** include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. **Nonexpendable restricted net assets** include endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

3) *Unrestricted Net Assets*. This category represents the resources derived primarily from tuition and fees, state appropriations and sales and services of educational activities that are not restricted. These resources are used for transactions related to educational and general operations of the University.

Net Assets
For the Years Ended June 30:

	2008	2007	2006	Change FY 08 - FY 07
Assets				
Current assets	$ 9,893,078	$ 12,007,016	$ 13,785,056	-17.61%
Non-current assets	42,191,748	38,893,111	34,548,800	8.48%
Total Assets	52,084,826	50,900,127	48,333,856	2.33%
Liabilities				
Current liabilities	4,769,942	4,427,294	5,268,327	7.74%
Non-current liabilities	3,104,431	4,107,265	4,383,780	-24.42%
Total Liabilities	7,874,373	8,534,559	9,653,107	-7.74%
Net Assets				
Invested in capital assets, Net of related debt	38,086,452	33,564,816	29,144,619	13.47%
Restricted				
Expendable	2,039,494	2,633,213	2,554,373	-22.55%
Non-expendable	239,580	239,580	239,580	0.00%
Unrestricted	3,844,927	5,927,959	6,743,177	-35.14%
Total Net Assets	$ 44,210,453	$ 42,365,568	$ 38,681,749	4.35%

An indicator of the short-term financial health of the University is the ratio of current assets to current liabilities (current ratio). The current ratio was 2.07 to 1.00 and 2.71 to 1.00, as of June 30, 2008 and 2007, respectively. These indicate that the University has sufficient available resources to meet its obligations.

As of June 30, 2008, the total assets of the University had increased by 2.33% while total liabilities decreased by 7.74% from the balances as of June 30, 2007. The decrease in total liabilities in FY 2008 is was due to the reduction in other postretirement employee benefit costs from the June 30, 2007 balance. The net assets increased 4.35% during the same time period with the increase in investment for capital assets of 13.47%.

The University's total liabilities were approximately $7.9 million as of June 30, 2008. This represents a decrease of approximately $.7 million over June 30, 2007. Non-current liabilities were approximately $3.1 and $4.1 million as of June 30, 2008 and 2007 respectively. The non-current liabilities consist of advances from federal sponsors, compensated absences and debt obligations.

Unrestricted net assets comprised 8.69% and 13.99% of the total net assets of the University as of June 30, 2008 and 2007, respectively. The University's Board of Governors has designated $1.6 million in unrestricted net assets to be used for the construction the University Point Chapel and Alumni facility. Expendable restricted net assets of approximately $1.5 million are restricted for the future use in the repair and replacement of certain auxiliary property. The unrestricted and nondesignated net assets amounted to approximately $3.8 million and $5.9 million as of June 30, 2008 and 2007.

Depreciation expense has been recorded for the years ended June 30, 2008 and 2007 in the amount of approximately $1.6 million and $1.2 million respectively.

The Debt Obligation Due Commission was the result of the assignment of long-term system debt by the Commission during the year ended June 30, 2002. The total net assets of the University were reduced and no new assets received in exchange. This Debt Obligation Due Commission is debt for bonds issued previously by the Commission. The University recorded a liability of $.8 million for Concord's share of this debt. This debt was recorded as a transfer, which resulted in a decrease in net invested in capital assets as of June 30, 2002. The principal payment for this debt for the fiscal years ended June 30, 2008 and 2007, amounted to $76,623 and $75,989, respectively, as determined by the Commission. The principal payment due during the fiscal year ended June 30, 2009 will be $79,479.

During the year ended June 30, 2003, the University borrowed $350,000 from the Commission to aid in financing a mold remediation project in the Science Building. The loan is payable in semi-annual payments over a five-year term. The loan increased the debt obligation due the commission during fiscal year 2006. Principal payments of $70,000 were made during the fiscal year 2008 and 2007. The final principal payment on this debt was paid during the fiscal year ended June 30, 2008 in the amount of $70,000.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents revenues of the University (operating and non-operating), the expenses of the University (operating and non-operating), and any other revenues, expenses, gains and losses of the University for the years ended June 30, 2008 and 2007. State Appropriations, while budgeted for operations, must be reported as non-operating revenues as required by GASB. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

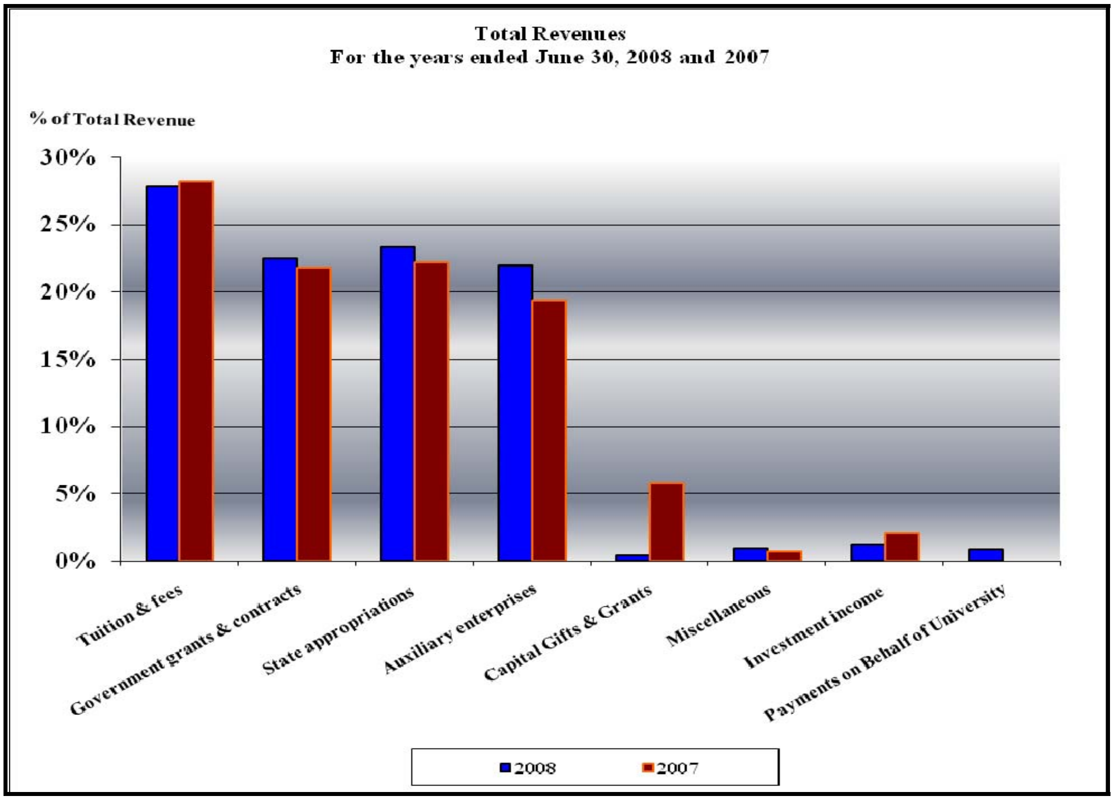
Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30:

	2008	2007	2006	Change FY 08 - 07
Operating Revenues	$ 23,336,883	$ 22,827,064	$ 24,416,913	2.23%
Operating Expenses	33,577,337	31,539,476	31,695,895	6.46%
Operating Loss	(10,240,454)	(8,712,412)	(7,278,982)	-17.54%
Non-operating Revenues	10,549,961	10,228,677	9,136,580	3.14%
Non-operating Expenses	276,982	269,393	260,212	2.82%
Net Non-operating Revenues	10,272,979	9,959,284	8,876,368	3.15%
Income before other Revenues, Expenses, Gains or Loses	32,525	1,246,872	1,597,386	-97.39%
Other Revenues, Expenses, Gains or Losses	151,000	2,436,947	6,163,252	-93.80%
Increase in Net Assets	183,525	3,683,819	7,760,638	-95.02%
Net Assets at Beginning of Year	42,365,568	38,681,749	30,921,111	9.52%
Cumulative effect of adoption of accounting principle	1,661,360	-	-	100.00%
Net Assets at End of Year	$ 44,210,453	$ 42,365,568	$ 38,681,749	4.35%

Major sources of revenue for the University are program and general revenues. The following is a list of the sources of the total revenue reported for the years ended June 30:

	2008	2007	2006	Change FY 08-07
Program revenues (by major source)				
Tuition & fees before allowances	$ 11,597,936	$ 11,900,661	$ 12,561,552	-2.54%
Less:				
Institutional scholarship discounts & allowances				
State & Federal Student Aid	(7,206,710)	(6,763,558)	(6,194,474)	-6.55%
Tuition & fees, net	4,391,226	5,137,103	6,367,078	-14.52%
Government grants, contracts & student aid	9,389,597	9,207,358	9,845,671	1.98%
Auxiliary enterprise sales & services	9,163,693	8,177,361	7,895,331	12.06%
Miscellaneous	392,367	305,242	308,833	28.54%
General revenues (by major source)				
State appropriations	9,720,063	9,372,786	8,688,623	3.71%
Investment income	493,745	855,891	447,957	-42.31%
Payments on Behalf of University	336,153	-	-	100.00%
Private capital grants and gifts	151,000	-	-	100.00%
Transfer from the Commission and Capital grants and gifts	-	2,436,947	6,163,252	-100.00%
Total revenues	$ 34,037,844	$ 35,492,688	$ 39,716,745	-4.10%

The following is a graphic illustration of revenues by source and the percentage distribution of these revenues for the years ended June 30, 2008 and 2007:



The major sources of revenue include tuition and fees, government grants & contracts, state appropriations, and auxiliary revenues. State appropriations comprised 28.56% and 26.41% of the total revenue during the years ended June 30, 2008 and June 30, 2007, respectively. Tuition and fees accounted for 34.07% and 33.53% for the years ended June 30, 2008 and 2007, respectively, before scholarship discounts and allowances.

The total revenue including grants and transfers decreased during the year ended June 30, 2008 by $1.4 million or 4.10% from the year ended June 30, 2007 primarily due to the bond proceeds coming from the Lottery and a decline in enrollment.

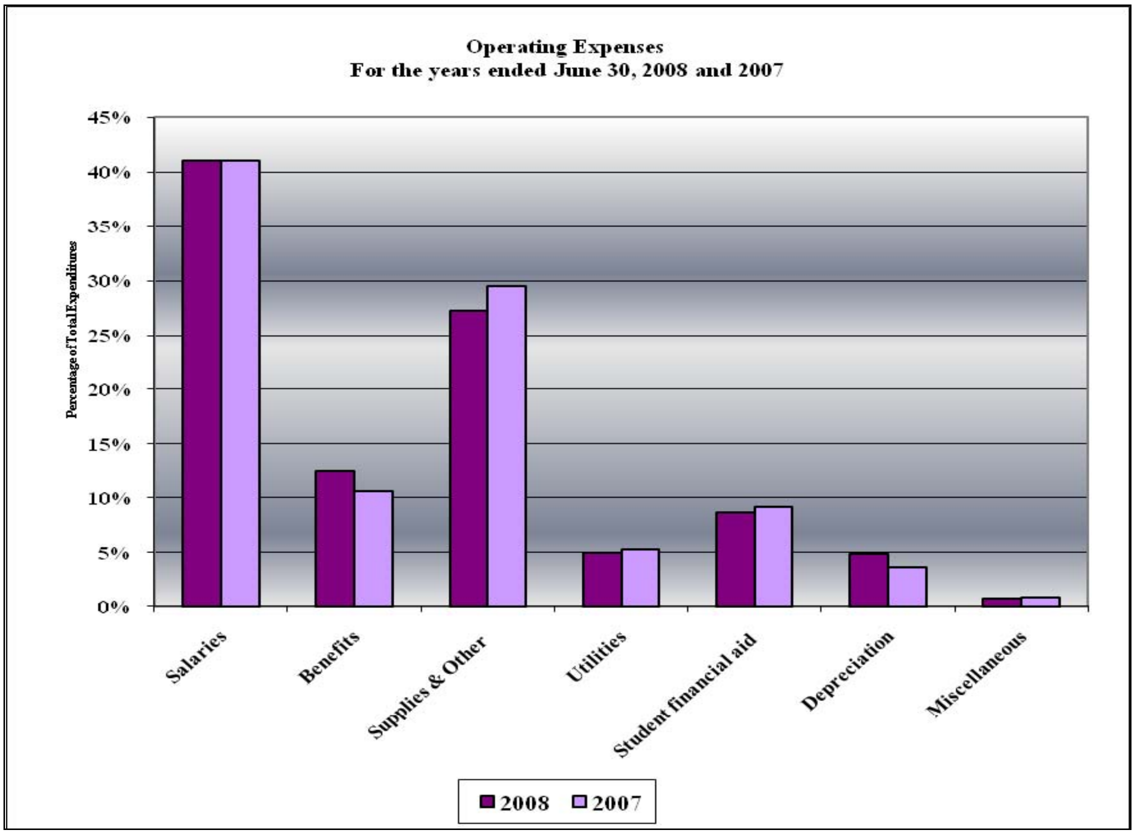
The Income Before Other Revenues, Expenses, Gains or Losses for the years ended June 30, 2008 and 2007 was $32 thousand and $1.2 million, respectively.

For the year ended June 30, 2008 fall enrollment of full-time-equivalent students declined by 3.23% as compared to the same period in the previous year.

Operating Expenses:

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

	2008	2007	2006	Change FY 08 - FY 07
Salaries	$ 13,781,433	$ 12,934,911	$ 12,691,516	6.54%
Benefits	4,186,739	3,335,504	3,598,931	25.52%
Supplies & other	9,134,437	9,289,572	9,194,419	-1.67%
Utilities	1,662,742	1,671,882	1,730,949	-.55%
Student financial aid	2,917,456	2,893,846	3,121,235	.82%
Depreciation	1,651,437	1,164,408	1,111,655	41.83%
Fees to Commission & Miscellaneous	243,093	249,353	247,190	-2.51%
Total Operating Expenses	$ 33,577,337	$ 31,539,476	$ 31,695,895	6.46%



Salary and benefit costs together comprised 53.5% and 51.6% of the total operating expenses of the University for the years ended June 30, 2008 and 2007, respectively. The increase in the salary and benefit expense is due primarily to the adoption of an accounting principle during the year 2008. Student financial aid expense increased by $23,610 over that of FY 2007. Depreciation expense increased in FY 2008 by a total of $.5 million due to the addition of the Rahall Technology Center Building. All other operating expenses remained at or near the 2007 spending level.

Statement of Cash Flows:

The Statement of Cash Flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing capital and non-capital activities of the University during the year. This statement helps users assess the University's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The Statement of Cash Flows is divided into five parts:

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

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

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

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

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

Cash Flows
For the Years Ended June 30:

	2008	2007	2006	Change FY 08 - FY 07
Cash Provided (Used) By:				
Operating Activities	$ (10,076,790)	$ (7,249,176)	$ (5,686,549)	-39.01%
Non-capital Financing Activities	11,381,423	9,372,786	8,703,273	21.43%
Capital and Financing Related Activities	(4,648,913)	(3,367,763)	(1,874,334)	-39.77%
Investing Activities	493,746	819,707	447,957	-38.04%
Increase (decrease) in Cash	(2,850,534)	(424,446)	1,590,347	-571.59%
Cash, Beginning of Year	10,860,529	11,284,975	9,694,628	-3.76%
Cash, End of Year	$ 8,009,995	$ 10,860,529	$ 11,284,975	-26.25%

The University decreased cash for the years ended June 30, 2008 and 2007 of $2,850,534 and $424,446. The decline during the fiscal year ended June 30, 2008 was due to the decline in tuition & fee revenue and the use of unrestricted funding for capital projects. The State appropriations are reported as non-capital financing activities. The balance reported in the Statements of Cash Flows, accounts for current cash and cash equivalents.

Capital Asset and Long Term Debt Activity

The University's capital asset additions for the fiscal years ended June 30, 2008 and 2007 totaled $6.0 million and $7.0 million, respectively. During the year ended June 30, 2008 plant improvements were made in several areas including ADA upgrades and construction began for the University Point Interfaith Chapel and Alumni project.

The Rahall Technology Center construction project was completed during the year ended June 30, 2008. The University began the renovation of White Hall in the fiscal year ended June 30, 2004, which has transformed the structure into the new Rahall Technology Center. The $12 million project was funded with federal and state grants, higher education revenue bonds of the Commission and University operating and capital funds.

The University has no bond issues outstanding nor has it liquidated any bond issues during the fiscal year ended June 30, 2008. During August of 2006, the Higher Education Policy Commission issued 30-year revenue bonds in the amount of $167 million to fund capital projects at various institutions in the State. The University has received $4.6 million of these funds to complete the financing of the Academic Technology Center. State lottery funds will be used to repay the debt, although University revenues are pledged if lottery funds prove insufficient.

The long-term debt reported on the Statement of Net Assets includes Debt Obligations transferred from the Commission during the year ended June 30, 2002. The 2008 payment for the University that was applied to its portion of the capital debt is $93,314, including interest of $16,691. The 2007 payment for the University that was applied to its portion of the capital debt was $94,483, including interest of $18,494. In addition, the University paid $247,070 and $249,510 for the years ended June 30, 2008 and 2007, respectively, to the Commission to finance debt of other state institutions.

During the year ended June 30, 2003, the University borrowed $350,000 from the Commission to aid in financing the cost of a mold remediation project in the Science Building. The loan was payable in semi-annual payments over a five-year period. The West Virginia Higher Education Policy Commission ("Commission") charged no interest for this loan. The University retired this debt to the Commission during the year 2008.

There have been no significant changes in the credit rating or the availability of credit for the University during the fiscal years ended June 30, 2008 and 2007.

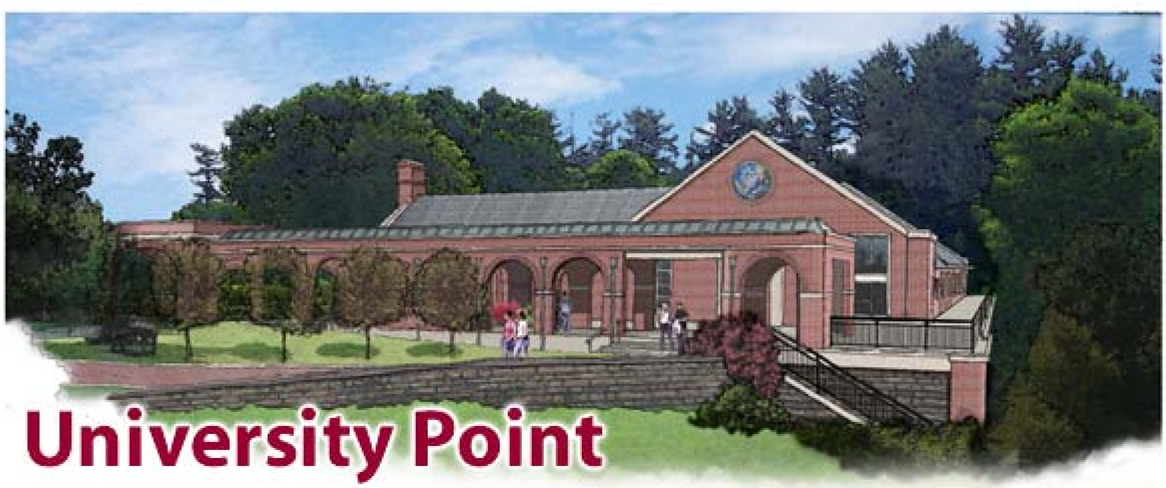
Economic Outlook

Concord University's financial position is closely tied to that of the State of West Virginia and is therefore subject to the ups and downs of the State's economy. State appropriations contributed approximately 28.56% of all revenues before scholarship discounts and allowances for fiscal year 2008. State funding for FY 2008 increased by 3.71% from fiscal year ended 2007. Financial aid to students is at the highest level in history for both state and federal programs. A growing movement to hold the increases at or below the rate of inflation fails to recognize the labor intensive nature of higher education.

In fiscal year 2004 the University was accredited by the North Central Association of Universities and Schools to offer graduate degrees. The new Masters Degree program in education is enabling Concord University to serve new markets with courses that are delivered both on line and in the classroom. Tuition remains below the range of peer averages, and Concord University continues to offer an exceptional educational value in the marketplace. The University is also considering a masters degree program in social science and business.

The Rahall Technology Center

The Rahall Technology Center is a $12 million building completed during the year ended June 30, 2008. The 47,000 SF facility houses the academic division for Business, the Institutional Computer Center Operations, the Academic Technology Center and the Economic Development Enhancement project.



University Point Interfaith Chapel

University Point will feature the Wilkes Family Interfaith Chapel, the Wilkes Museum, and the Erickson Alumni Center. The construction of the facility expected to be complete by December, 2009.

Concord University Welcomes New President

Gregory F. Aloia became Concord's 10th president July 2008.

Biography

Before coming to Concord, Gregory F. Aloia, Ph.D., was the Dean of the College of Education and Professor of Special Education at Florida Atlantic University. His prior educational administrative experience consisted of being the Associate Vice President for Research and Dean of Graduate Studies, at Illinois State University in Normal, Illinois, and Chair of the Department of Special Education at the State University College in Geneseo, New York. He has also been a college football coach and served as the head wrestling coach at the University of California at Riverside.

Dr. Aloia has a B.A. degree in History from St. Mary's College in California and a Ph.D. in Special Education from the University of California at Riverside. He has worked for the U.S. Office of Education in Washington, D.C., and has been a faculty member at the University of Arizona, Arkansas State University, and the State University of New York at Geneseo.

Throughout his career he has been honored for his teaching, research, and service as the Outstanding Faculty Member by Arkansas State University, the Educator of the Year by the Arizona Association of Retarded Citizens, and the Educator of the Year by the Student Education Association at Illinois State University. He has received awards for excellence in mentoring underrepresented students, and was inducted into his alma mater's Athletic Hall of Fame.

He has been involved in international programs for more than 20 years. He has lectured in Brazil, Korea, Thailand, and Hong Kong and was named Honorary Dean of the College of Education at Taegu University, South Korea.

As graduate Dean, he oversaw graduate and exchange programs in Mexico, Thailand, Korea, and China. Currently, the College of Education at FAU has made a strong effort to increase its involvement in international education.

It hosted the International Congress for School Effectiveness and Improvement in 2006 and has been active in South America, Malaysia, India, Russia, and the Netherlands.

Dr. Aloia has also served as a consultant to several state educational agencies and the federal government. Throughout his career he has been an active researcher and writer. He has over 65 publications, including a children's book entitled The Legend of the Golden Straw. He has presented more than 60 papers at international and national professional conferences and has been awarded multiple federal, state, and foundation grants during his career. He has also been an active fundraiser for his institutions generating several million dollars in pledges, matches, and donations.

He and his wife, Mary, a Montessori teacher, have been married for 33 years and have seven children.

Requests for Information

The financial report is designed to provide an overview of the finances of the University for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Concord University at Post Office Box 1000, Athens, West Virginia 24712.

CONCORD UNIVERSITY
COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	$ 7,255,805	$ 10,092,912
Cash and cash equivalents -Research & Development Corporation	754,190	767,616
	8,009,995	10,860,528
Due from Commission	12,844	36,184
Accounts receivable-net	712,725	213,673
Loans to students-current portion	372,625	364,412
Prepaid expenses	65,496	13,169
Inventories	719,393	519,050
Total current assets	9,893,078	12,007,016
NONCURRENT ASSETS:		
Cash and cash equivalents	1,738,295	3,040,720
Loans to students, net of allowance of $100,438 and $102,616 in 2008 and 2007, respectively	2,080,653	1,854,605
Capital assets-net	38,372,800	33,997,786
Total noncurrent assets	42,191,748	38,893,111
TOTAL ASSETS	52,084,826	50,900,127
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	1,402,312	897,830
Accrued liabilities	1,479,079	1,140,410
Due to the Commission	203	1,338
Deferred revenue	1,408,706	1,439,400
Compensated absences-current portion	331,797	739,797
Deposits	68,366	61,896
Debt obligations due Commission-current portion	79,479	146,623
Total current liabilities	4,769,942	4,427,294
NONCURRENT LIABILITIES:		
Advances from federal sponsors	2,282,723	2,271,157
Compensated absences-noncurrent portion	327,987	1,549,761
Other post employment benefit liability	286,853	-
Debt obligations due Commission	206,868	286,347
Total noncurrent liabilities	3,104,431	4,107,265
Total liabilities	7,874,373	8,534,559
NET ASSETS		
INVESTED IN CAPITAL ASSETS-net of related debt	38,086,452	33,564,816
RESTRICTED FOR:		
Nonexpendable-scholarships and fellowships	239,580	239,580
Expendable:		
Loans	540,779	540,779
Auxiliary capital projects	1,498,715	2,092,434
Total expendable	2,039,494	2,633,213
UNRESTRICTED	3,844,927	5,927,959
Total net assets	$ 44,210,453	$ 42,365,568

CONCORD UNIVERSITY
THE CONCORD UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF CONCORD UNIVERSITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS	2008	2007
Cash and cash equivalents	$ 2,686,572	$ 1,381,397
Contributions receivable, net of allowance for doubtful accounts of $1,257 in 2008 and $3,938 in 2007	1,314,625	1,273,339
Dividends and interest receivable	77,999	70,430
Student loans receivable	12,157	23,392
Prepaid expenses	4,756	4,756
Property and equipment, net	16,785	13,202
Investments	21,711,576	24,320,979
Total assets	$ 25,824,470	$ 27,087,495
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ -	$ 9,834
Amounts held on behalf of others	895,111	896,506
Obligations under annuity agreements	200,025	281,492
Total liabilities	1,095,136	1,187,832
Net assets:		
Unrestricted	517,388	623,301
Temporarily restricted	7,492,522	8,326,562
Permanently restricted	16,719,424	16,949,800
Total net assets	24,729,334	25,899,663
Total liabilities and net assets	$ 25,824,470	$ 27,087,495

CONCORD UNIVERSITY
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
OPERATING REVENUES:		
Student tuition and fees, net of scholarship allowance of $7,206,710 and $6,763,558 in 2008 and 2007, respectively	$ 4,391,226	$ 5,137,103
Contract and grants:		
Federal	4,933,415	5,096,165
State	4,215,238	3,862,953
Private	240,944	248,240
Interest on student loans receivable	23,693	39,010
Sales and services of education activities	6,045	2,608
Auxiliary enterprise revenue, net of scholarship allowance of $0 and $0	9,163,693	8,177,361
Miscellaneous-net	362,629	263,624
Total operating revenues	23,336,883	22,827,064
OPERATING EXPENSES:		
Salaries and wages	13,781,433	12,934,911
Benefits	4,186,739	3,335,504
Supplies	9,134,437	9,289,572
Utilities	1,662,742	1,671,882
Student financial aid-scholarships and fellowships	2,917,456	2,893,846
Depreciation	1,651,437	1,164,408
Loan cancellations and write-offs	95,995	99,580
Fees assessed by Commission for operations	147,098	149,773
Total operating expenses	33,577,337	31,539,476
OPERATING LOSS	(10,240,454)	(8,712,412)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	9,720,063	9,372,786
Payments on behalf of University	336,153	-
Investment income	493,745	855,891
Fees assessed by the Commission for debt service	(263,761)	(268,005)
Other nonoperating expenses-net	(13,221)	(1,388)
Net nonoperating revenues	10,272,979	9,959,284
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	32,525	1,246,872
CAPITAL PROJECTS FROM COMMISSION	-	2,036,947
CAPITAL GRANTS AND GIFTS	151,000	400,000
INCREASE IN NET ASSETS	183,525	3,683,819
NET ASSETS-Beginning of year	42,365,568	38,681,749
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE	1,661,360	-
NET ASSETS-Beginning of year as adjusted	44,026,928	38,681,749
NET ASSETS-End of year	$ 44,210,453	$ 42,365,568

CONCORD UNIVERSITY
THE CONCORD UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF CONCORD UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:				
Gifts and grants	$ 320,501	$ 688,161	$ 293,688	$ 1,302,350
Interest and dividends, net of related expenses	53,919	521,469	258,830	834,218
Net realized and unrealized gains (losses)	4,624	(1,325,091)	(612,625)	(1,933,092)
Change in value of split-interest agreements	-	-	39,172	39,172
Net assets released from restrictions	928,020	(718,579)	(209,441)	-
Total revenues and support	1,307,064	(834,040)	(230,376)	242,648
EXPENSES AND SUPPORT:				
College support:				
Student support	478,286	-	-	478,286
Faculty and staff development	30,312	-	-	30,312
Compensation for services	61,232	-	-	61,232
Other expenses	433,355	-	-	433,355
Management and general	243,600	-	-	243,600
Fundraising	166,192	-	-	166,192
Total expenses and losses	1,412,977	-	-	1,412,977
CHANGE IN NET ASSETS	(105,913)	(834,040)	(230,376)	(1,170,329)
NET ASSETS-Beginning of year	623,301	8,326,562	16,949,800	25,899,663
NET ASSETS-End of year	$ 517,388	$ 7,492,522	$ 16,719,424	$ 24,729,334

CONCORD UNIVERSITY
THE CONCORD UNIVERSITY FOUNDATION, INC.
A COMPONENT UNIT OF CONCORD UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT:				
Gifts and grants	$ 272,716	$ 727,496	$ 452,935	$ 1,453,147
Interest and dividends, net of related expenses	48,709	459,117	228,671	736,497
Net realized and unrealized gains (losses)	10,401	1,429,909	995,588	2,435,898
Net assets released from restrictions	1,196,503	(931,380)	(265,123)	-
Total revenues and support	1,528,329	1,685,142	1,412,071	4,625,542
EXPENSES AND SUPPORT:				
College support:				
Student support	427,148	-	-	427,148
Faculty and staff development	25,346	-	-	25,346
Compensation for services	78,661	-	-	78,661
Other expenses	678,037	-	-	678,037
Management and general	246,781	-	-	246,781
Fundraising	178,337	-	-	178,337
Change in value of split-interest agreements	-	-	42,325	42,325
Total expenses and losses	1,634,310	-	42,325	1,676,635
CHANGE IN NET ASSETS	(105,981)	1,685,142	1,369,746	2,948,907
NET ASSETS-Beginning of year	729,282	6,641,420	15,580,054	22,950,756
NET ASSETS-End of year	$ 623,301	$ 8,326,562	$ 16,949,800	$ 25,899,663

CONCORD UNIVERSITY
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 11,170,397	$ 10,370,102
Contracts and grants	9,207,495	11,276,676
Payments to and on behalf of employees	(18,972,424)	(16,267,240)
Payments to suppliers	(8,841,497)	(10,679,965)
Payments to utilities	(1,705,005)	(1,629,598)
Payments for scholarships and fellowships	(9,201,818)	(8,506,536)
Loans issued to students	(558,019)	(611,823)
Collection of loans to students	251,456	501,326
Sales and service of educational activities	6,045	2,608
Auxiliary enterprise charges	8,351,049	8,181,423
Fees assessed by Commission	(147,098)	(149,773)
Other receipts-net	362,629	263,624
Net cash used in operating activities	(10,076,790)	(7,249,176)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	9,720,063	9,372,786
Other-net	1,661,360	-
Net cash provided by noncapital financing activities	11,381,423	9,372,786
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital grants and gifts received	151,000	400,000
Capital projects proceeds from the Commission	-	2,036,947
Payments on Behalf of the University	336,154	-
Purchases of capital assets	(6,028,108)	(5,443,250)
Increase in noncurrent cash and cash equivalents	1,302,425	32,422
Principal payments on debt obligations due Commission	(146,623)	(146,623)
Fees assessed by Commission	(263,761)	(247,259)
Net cash used in capital financing activities	(4,648,913)	(3,367,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	493,746	819,707
Net cash provided by investing activities	493,746	819,707
DECREASE IN CASH AND CASH EQUIVALENTS	(2,850,534)	(424,446)
CASH AND CASH EQUIVALENT-Beginning of yea	10,860,529	11,284,975
CASH AND CASH EQUIVALENTS-End of year	$ 8,009,995	$ 10,860,529
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (10,240,454)	$ (8,712,412)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation expense	1,651,437	1,164,408
Expenses paid on behalf on Concord	336,153	-
Changes in assets and liabilities:		
Accounts receivables-net	(499,052)	726,933
Loans to students-net	(234,261)	(49,929)
Prepaid expenses	(52,327)	33,115
Inventories	(200,343)	(106,811)
Due from Commission	23,340	683,944
Accounts payable	504,482	(1,271,980)
Accrued liabilities	338,668	135,426
Compensated absences	(1,965,927)	(132,250)
Noncurrent accrued liabilities	286,853	-
Due to Commission	(1,135)	(2,434)
Deferred revenue	(30,694)	278,751
Deposits held in custody for others	6,470	4,063
NET CASH USED IN OPERATING ACTIVITIES	$ (10,076,790)	$ (7,249,176)
Noncash capital financing activities		
Purchase of capital assets on account	$ 930,231	$ 554,060
Cumulative effect of adoption of accounting principle	$ 1,661,360	$ -
Payments on behalf of Concord	$ 336,153	$ -

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NOTE 1. ORGANIZATION

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

These powers and duties of the Board include, but are not limited to, the power to determine, control, supervise and manage the financial, business and educational policies and affairs of the institutions under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accompanying combined financial statements present all funds under the authority of the University, including its blended component unit, Concord University Research and Development Corporation (the "Research Corporation"), which was formed on July 28, 1999 as a non-profit, non-stock corporation. The Research Corporation is included on the Blended Method as defined by GASB Statement No. 14. The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of related entities. A related Foundation and Alumni Association of the University are not part of the University reporting entity and are not included in the accompanying combined financial statements as the University, has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the Foundation and Alumni Association under GASB Statement No. 14, *The Financial Reporting Entity*.

As of July 1, 2003, the University adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment to GASB Statement No. 14. As a result, the audited financial statements of The Concord University Foundation, Inc. (the "Foundation") are presented here as a discrete component unit with the University's financial statements for the fiscal years ended June 30, 2008 and 2007. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organization*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented herein as required by GASB No. 39.

Financial Statement Presentation - GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* as amended by GASB Statements No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures* establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the University as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's net assets are classified as follows:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Restricted net assets, nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets **-** Unrestricted net assets represent resources derived from student tuition and fees, State appropriations and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the Board of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Noncurrent Cash and Cash Equivalents **-** Cash, that is (1) externally restricted to make debt service payments, long-term loans to students or to maintain sinking or reserve funds, and (2) to purchase capital or other noncurrent assets, and (3) permanently restricted net assets are classified as a noncurrent asset in the statements of net assets.

Capital Assets **-** Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 20 years for land improvements and library books, and 3 to 10 years for furniture and equipment. The University's capitalization threshold is $5,000.

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

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

Effective July 1, 2007, the University adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This statement provided standards for the measurement, recognition, and display of other postemployment benefit ("OPEB") expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, the University was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund sponsored by the State of West Virginia. The Plan provides the following retiree group insurance coverage to participants: medical and prescription drug coverage through a self-insured preferred provider benefit (PPB) plan and through external managed care organizations (MCOs), basic group life, accidental death, and prescription drug coverage for retired employees of the State and various related State and non-State agencies and their dependents. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency ("PEIA"), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston WV 25305-0710 or http://www.wvpeia.com.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3⅓ years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage.

For the year ended June 30, 2007, the estimate of the liability for the extended health or life insurance benefit has been calculated using the vesting method in accordance with the provisions of GASB Statement No. 16. Under that method, the University identified the accrued sick leave benefit earned to date by each employee, determined the cost of that benefit by reference to the benefit provisions and the current cost experienced by the University for such coverage, and estimated the probability of the payment of that benefit to employees upon retirement.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies can begin to offer coverage to private-sector employers beginning July 1, 2008 and to government employers July 1, 2012. Nearly every employer in the State, who has a payroll, must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

Classification of Revenues - The University has classified its revenues according to the following criteria:

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

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

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

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

Federal Financial Assistance Programs - The University, through financial institutions, makes loans to students under the Federal Stafford Loan Program. The activity of this program is not recorded in the accompanying combined financial statements. The University made awards of approximately \$3.2 million and \$3.3 million in 2008 and 2007, respectively, under the Federal Stafford Loan Program of the U.S. Department of Education.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The University also distributes other student financial assistance funds on behalf of the federal government to students under the federal Pell Grant, Supplemental Educational Opportunity Grant and College Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2008 and 2007, the University received and disbursed approximately $3.4 million and $3.3 million, respectively, under these federal student aid programs.

Scholarship Allowances **-** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses and changes in net assets. Scholarship 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 student's behalf.

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

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

Income Taxes - The University is exempt from income taxes, except for unrelated business income, as a governmental instrumentality under federal income tax laws and regulations of the Internal Revenue Service as described in Section 115 of the Internal Revenue Code.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***Recent Statements Issued By GASB* -** The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for fiscal years beginning after December 15, 2008. This statement addresses the obligations of existing pollution events. It provides guidance on whether any components of a remediation should be recognized as a liability. The University has not yet determined the effect that the adoption of GASB Statement No. 49 may have on the financial statements.

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

The GASB has issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective for fiscal years beginning after June 15, 2008. This statement requires endowments to report their land and other real estate investments at fair value. It also requires changes in fair value to be reported as investment income, disclosure of the methods and significant assumptions employed to determine fair value, and disclosure of other information that is currently presented for other investments reported at fair value. The University has not yet determined the effect that the adoption of GASB Statement No. 52 may have on its financial statements.

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

NOTE 3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents were as follows at June 30:

	2008		
	Current	**Noncurrent**	**Total**
Cash on deposit with the State Treasurer/BTI	$ 6,148,478	$ 145,000	$ 6,293,478
Municipal Bond Commission for the University	-	1,498,715	1,498,715
Cash in bank	1,861,517	94,580	1,956,097
	$ 8,009,995	$ 1,738,295	$ 9,748,290

	2007		
	Current	**Noncurrent**	**Total**
Cash on deposit with the State Treasurer/BTI	$ 9,426,292	$ 262,828	$ 9,689,120
Municipal Bond Commission for the University	-	2,092,435	2,092,435
Cash in bank	1,434,236	685,457	2,119,693
	$10,860,528	$ 3,040,720	$13,901,248

Cash shown above as held by the Municipal Bond Commission represents auxiliary capital project reserve funds. Other cash held by the State Treasurer includes $1,878,076 and $1,711,790 at June 30, 2008 and 2007, respectively, of restricted cash for future use for grants, loans and capital assets.

The combined carrying amounts of cash in bank at June 30, 2008 and 2007 were $1,956,097 and $2,119,693, respectively, as compared with the combined bank balance of $2,021,655 and $2,508,961, respectively. The difference is primarily caused by deposits in transit and outstanding checks. The bank balances were covered by federal depository insurance or were collateralized by securities held by the State's agent.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2008 and 2007, are comprised of the following investment pools which are subject to the following BTI policies and limits.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

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

WV Money Market (Formerly Cash Liquidity Pool)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2008, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated in the current year, specific information on the credit ratings of the underlying investments of the pool have not been provided for the year ended June 30, 2008, although the underlying investments are similar securities with similar ratings as 2007. For the year ended June 30, 2007, this pool was not rated for credit risk by any organization.

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

At June 30, 2008, the WV Money Market Pool investments had a total carrying value of $2,358,470,000, of which the University's ownership represents 0.32%.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands) at June 30, 2007:

	Credit Rating *		2007	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent of Pool Assets**
Investments:				
Commercial paper	P1	A-1	$ 1,015,926	48.89%
Corporate bonds and notes	Aaa	AAA	98,999	4.76
	Aa3	AA	20,001	0.96
	Aa3	A	23,002	1.11
	Aa2	AA	15,000	0.72
	Aa2	A	27,000	1.30
	Aa1	AA	77,023	3.71
			261,025	12.56
U.S. agency bonds	Aaa	AAA	46,994	2.26
U.S. Treasury bills	Aaa	AAA	358,725	17.27
Negotiable certificates of deposit	P1	A-1	76,500	3.68
U.S. agency discount notes	P1	A-1	21,655	1.04
Money market funds	Aaa	AAA	185	0.01
Repurchase agreements (underlying securities):				
U.S. agency notes	Aaa	AAA	246,821	11.88
Deposits —				
nonnegotiable certificates			50,000	2.41
of deposit	NR	NR		
			$ 2,077,831	100.00%

* NR = Not Rated. See "Deposits" note at the conclusion of this footnote.

At June 30, 2007, the University's ownership .47% of these amounts held by the BTI.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

WV Government Money Market Pool (formerly Government Money Market Pool)

Credit Risk - For the year ended June 30, 2008, the WV Government Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated in the current year, specific information on the credit ratings of the underlying investments of the pool have not been provided for the year ended June 30, 2008, although the underlying investments are similar securities with similar ratings as 2007. For the year ended June 30, 2007, this pool was not rated for credit risk by any organization.

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

At June 30, 2008, the WV Government Money Market Pool investments had a total carrying value of $187,064,000, of which the Concord's ownership represents 0.04 %.

The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands) at June 30, 2007:

	Credit Rating		2007	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent of Pool Assets**
U.S. agency bonds	Aaa	AAA	$ 67,620	29.46%
U.S. Treasury bills	Aaa	AAA	36,379	15.85
U.S. agency discount notes	P1	A-1	74,143	32.30
Money market funds	Aaa	AAA	9	
Repurchase agreements (underlying securities):				
U.S. Treasury notes	Aaa	AAA	51,400	22.39
			51,400	22.39
			$ 229,551	100.00%

At June 30, 2007, the University's ownership 0.16% of these amounts held by the BTI.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

WV Short Term Bond Pool (formerly Enhanced Yield Pool)

Credit Risk - The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A (A- in 2007) by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P1 by Moody's.

The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

	Credit Rating*		2008		2007	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent of Pool Assets**	**Carrying Value**	**Percent of Pool Assets**
Corporate asset backed securities	P1	A-1	$ -	0.00%	$ 42,122	18.40%
	Aaa	AAA	48,663	13.75	-	0.00
	Aaa	NR	2,179	0.62	-	0.00
	NR	AAA	1,135	0.32	-	0.00
	AA3	AA	192	0.06	-	0.00
			52,169	14.75	42,122	18.40
Commercial Paper	P1	A-1	7,971	2.25	-	0.00
Corporate bonds and notes	Aaa	AAA	13,146	3.72	1,667	0.73
	Aa1	AA	12,613	3.56	6,431	2.81
	Aa2	AA	20,860	5.89	950	0.41
	Aa2	A	1,061	0.30	2,177	0.95
	Aa3	AA	11,488	3.25	7,857	3.43
	Aa3	A	4,548	1.28	3,905	1.70
	A1	AA	4,305	1.22	3,034	1.32
	A1	A	8,361	2.36	10,706	4.68
	A2	AA	847	0.24	747	0.33
	A2	A	26,585	7.51	8,188	3.58
	A3	A	10,917	3.08	6,958	3.04
	Baa1	AA-	593	0.17	-	0.00
	Baa1	A-	2,028	0.57	-	0.00
	Baa3	BB+	645	0.18	-	0.00
			117,997	33.33	52,620	22.98
U.S. agency bonds	Aaa	AAA	71,840	20.29	46,075	20.13
U.S. Treasury notes**	Aaa	AAA	81,875	23.13	55,877	24.41
U.S. agency mortgage backed securities***	Aaa	AAA	5,345	1.51	11,741	5.13
Repurchase agreements (underlying securities): U.S. agency notes	Aaa	AAA	16,782	4.74	20,485	8.95
			$ 353,979	100.00%	$ 228,920	100.00%

* NR = Not Rated

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

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

At June 30, 2008 and 2007, the University's ownership represents 0.18% and 0.24%, respectively, of these amounts held by the BTI.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

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

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

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 371,163	1	$ 246,821	2
U.S. Treasury bills	406,426	31	358,725	30
Commercial paper	658,879	29	1,015,926	52
Certificates of deposit	147,001	95	126,500	76
U.S. agency discount notes	212,924	84	21,655	113
Corporate notes	158,000	21	261,025	58
U.S. agency bonds/notes	254,019	111	46,994	156
Money market funds	150,058	1	185	1
	$ 2,358,470	40	$ 2,077,831	48

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

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 53,400	1	$ 51,400	2
U.S. Treasury bills	29,929	58	36,379	29
U.S. agency discount notes	43,249	77	74,143	106
U.S. agency bonds/notes	60,420	84	67,620	60
Money market funds	66	1	9	1
	$ 187,064	54	$ 229,551	49

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

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

	2008		2007	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 16,782	1	$ 20,485	2
U.S. Treasury bonds/notes	81,875	744	55,877	1,092
Corporate notes	117,997	675	52,620	557
Corporate asset backed securities	52,169	341	42,122	421
U.S. agency bonds/notes	71,840	1,231	46,075	927
U.S. agency mortgage backed securities	5,345	570	11,741	814
Commercial Paper	7,971	50	-	
	$ 353,979	707	$ 228,920	700

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

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

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

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

Deposits - Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	2008	2007
Student tuition and fees, net of allowance for doubtful accounts of $303,569 and $192,887, respectively	$ 517,630	$ 138,698
Grants and contracts receivable	154,684	15,898
Other accounts receivable	40,411	59,077
	$ 712,725	$ 213,673

NOTE 5. CAPITAL ASSETS

The following is a summary of capital asset transactions for the University for the years ended June 30:

	2008			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 194,303	$ -	$ -	$ 194,303
Construction in progress	11,899,261	3,958,435	(13,214,003)	2,643,693
Total capital assets not being depreciated	$ 12,093,564	$ 3,958,435	$ (13,214,003)	$ 2,837,996
Other capital assets:				
Land improvements	$ 1,543,474	$ 642,379	$ -	$ 2,185,853
Buildings	35,174,465	12,571,623	-	47,746,088
Equipment	4,429,207	1,924,993	(330,445)	6,023,755
Software	171,209	87,765	-	258,974
Library books	1,451,282	61,860	(12,253)	1,500,889
Total other capital assets	42,769,637	15,288,620	(342,698)	57,715,559
Less accumulated depreciation for:				
Land improvements	(146,666)	(134,956)	-	(281,622)
Buildings	(17,264,288)	(936,489)	-	(18,200,777)
Equipment	(3,064,765)	(537,495)	323,844	(3,278,416)
Software	(156,310)	(10,689)	-	(166,999)
Library books	(233,386)	(31,808)	12,253	(252,941)
Total accumulated depreciation	(20,865,415)	(1,651,437)	336,097	(22,180,755)
Other capital assets-net	$ 21,904,222	$13,637,183	$ (6,601)	$35,534,804
Capital asset summary:				
Capital assets not being depreciated	$ 12,093,564	$3,958,435	$ (13,214,003)	$ 2,837,996
Other capital assets	42,769,637	15,288,620	(342,698)	57,715,559
Total cost of capital assets	54,863,201	19,247,055	(13,556,701)	60,553,555
Less accumulated depreciation	(20,865,415)	(1,651,437)	336,097	(22,180,755)
Capital assets-net	$ 33,997,786	$17,595,618	$ (13,220,604)	$38,372,800

NOTE 5. CAPITAL ASSETS (Continued)

	2007			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 194,303	$ -	$ -	$ 194,303
Construction in progress	8,221,321	5,212,618	(1,534,678)	11,899,261
Total capital assets not being depreciated	$ 8,415,624	$ 5,212,618	$ (1,534,678)	$ 12,093,564
Other capital assets:				
Land improvements	$ 633,183	$ 937,900	$ (27,609)	$ 1,543,474
Buildings	34,577,686	596,779	-	35,174,465
Equipment	4,456,161	216,348	(243,302)	4,429,207
Software	165,202	6,007	-	171,209
Library books	1,427,445	32,640	(8,803)	1,451,282
Total other capital assets	41,259,677	1,789,674	(279,714)	42,769,637
Less accumulated depreciation for:				
Land improvements	(73,982)	(72,684)	-	(146,666)
Buildings	(16,592,423)	(671,865)	-	(17,264,288)
Equipment	(2,932,712)	(373,966)	241,913	(3,064,765)
Software	(141,606)	(14,704)	-	(156,310)
Library books	(211,000)	(31,189)	8,803	(233,386)
Total accumulated depreciation	(19,951,723)	(1,164,408)	250,716	(20,865,415)
Other capital assets-net	$ 21,307,954	$ 625,266	$ (28,998)	$ 21,904,222
Capital asset summary:				
Capital assets not being depreciated	$ 8,415,624	$ 5,212,618	$ (1,534,678)	$12,093,564
Other capital assets	41,259,677	1,789,674	(279,714)	42,769,637
Total cost of capital assets	49,675,301	7,002,292	(1,814,392)	54,863,201
Less accumulated depreciation	(19,951,723)	(1,164,408)	250,716	(20,865,415)
Capital assets-net	$ 29,723,578	$ 5,837,884	$ (1,563,676)	$ 33,997,786

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

Title for certain real property is with the Commission.

At June 30, 2008 and 2007, the University had outstanding contractual commitments of approximately $5.0 million and $1.6 million, respectively, for property, plant, and equipment expenditures.

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the University for the years ended June 30:

	2008				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term liabilities:					
Advances from federal sponsors	$ 2,271,157	$ 11,566	$ -	$ 2,282,723	$ -
Accrued compensated absences	2,289,558	31,586	(1,661,360)	659,784	331,797
Noncurrent accrued liabilities (OPEB)	-	286,853	-	286,853	-
Debt obligation due Commission	432,970	-	(146,623)	286,347	79,479
Total long-term liabilities	$ 4,993,685	$ 330,005	$ (1,807,983)	$ 3,515,707	$ 411,276

	2007				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term liabilities:					
Advances from federal sponsors	$ 2,254,279	$ 16,878	$ -	$ 2,271,157	$ -
Accrued compensated absences	2,421,808	596,421	(728,671)	2,289,558	739,797
Debt obligation due Commission	578,959	-	(145,989)	432,970	146,623
Total long-term liabilities	$ 5,255,046	$ 613,299	$ (874,660)	$ 4,993,685	$ 886,420

NOTE 7. COMPENSATED ABSENCES LIABILITY AND OTHER POST EMPLOYMENT BENEFITS

The composition of the compensated absence liability was as follows at June 30:

	2008	2007
Health or life insurance benefits	$ -	$ 1,661,360
Accrued vacation leave	659,784	628,198
	$ 659,784	$ 2,289,558

For the year ended June 30, 2007, the cost of health and life insurance benefits paid by the University was based on a combination of years of service and age in accordance with GASB Statement No. 16. For the year ended June 30, 2007, the amount paid by the University for extended health or life insurance coverage retirement benefits totaled $110,238. As of the year ended June 30, 2007, there were 40 retirees receiving these benefits.

NOTE 7. COMPENSATED ABSENCES LIABILITY AND OTHER POST EMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2008, with the adoption of GASB Statement No. 45, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2008, the noncurrent liability related to OPEB costs was $286,853. For the year ended June 30, 2008, Concord recorded a cumulative effect of the adoption of this accounting principle of $1,661,360, an amount equal to the June 30, 2007, liability for the extended health or life insurance benefit previously recorded in accordance with GASB Statement No. 16. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was $1,250,395 and $627,388, respectively, during 2008. As of the year ended June 30, 2008, there were 41 retirees receiving these benefits.

NOTE 8. OPERATING LEASE OBLIGATIONS

The University leases various equipment, automobiles, and facilities under operating lease agreements. Aggregate payments under these agreements were $100,451 and $65,222 for the years ended June 30, 2008 and 2007, respectively. Future minimum rental commitments are as follows as of June 30, 2008:

2009	$ 97,634
2010	50,992
2011	42,013
2012	42,013
2013	41,011

NOTE 9. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

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

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

NOTE 9. STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (Continued)

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former State University System are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission. During 2008 and 2007, the University paid $76,623 and $75,989, respectively, to the Commission against this debt obligation. The amount due to Commission at June 30, 2008 is $286,346.

During the fiscal year ended June 30, 2003, the Commission loaned $350,000 to the University, which was non-interest bearing and was payable in five annual installments of $70,000 commencing on June 15, 2007. During both 2007 and 2008 the University paid $70,000 to the Commission against this debt obligation. There was no outstanding balance on the loan from the Commission as of June 30, 2008.

During the year ended June 30, 2005, the West Virginia Higher Education Policy Commission issued $167 million of 2004 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State of West Virginia. The University has been approved to receive $4.6 million of these funds to complete the financing of the Academic Technology Center. State lottery funds will be used to repay the debt, although University revenues are pledged if lottery funds prove insufficient As of June 30, 2007, the University had expended the total available bond funds in the amount of $4.6 million.

NOTE 10. UNRESTRICTED NET ASSETS

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

	2008	2007
Designated for repair and replacement of property	$ 887,400	$ 353,000
Designated for new projects	1,560,000	2,636,990
Undesignated	1,397,527	2,937,969
Total unrestricted net assets	$ 3,844,927	$ 5,927,959

NOTE 11. RETIREMENT PLANS

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

NOTE 11. RETIREMENT PLANS (Continued)

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) basic retirement plan (Educators Money). New hires have the choice of either plan. As of June 30, 2008, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

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

Total contributions to the STRS for the years ended June 30, 2008, 2007, and 2006 were $377,774, $379,058, and $409,446, respectively, which consisted of $269,839, $270,755, and $292,463from the University, and $107,936, $108,303, and $116,985from the covered employees in 2008, 2007, and 2006, respectively.

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

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

Total contributions to the TIAA-CREF for the years ended June 30, 2008, 2007, and 2006 were $1,204,798, $1,130,248, and $1,062,512, respectively, which consisted of contributions of $603,069, $565,124, and $531,256 from the University and $601,729, $565,124, and $531,256 from the covered employees in 2008, 2007 and 2006, respectively.

The University's total payroll for the years ended June 30, 2008, 2007 and 2006 was $13,781,433, $12,934,911, and $12,691,516, respectively. Total covered employees' salaries in the STRS and TIAA-CREF were $1,798,322 and $10,028,815 respectively in 2008; $1,805,809 and $9,418,734 in 2007 respectively; and $1,949,744 and $8,854,259 in 2006, respectively.

NOTE 12. FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the State and has as its purpose, ". . . to aid, strengthen and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations . . ." Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is 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 benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements in accordance with GASB Statement No. 39. Based on the Foundation's audited financial statements as of June 30, 2008 and 2007, the Foundation's net assets (including unrealized gains) totaled $24,729,334 and $25,899,663, respectively. Complete financial statements for the Foundation can be obtained from Loretta Young, Vice President for Development, Concord University Foundation, PO Box 1000, Athens, WV 24712.

During the years ended June 30, 2008 and 2007, the Foundation contributed approximately $478,000 and $427,000, respectively, to the University for scholarships and other student support.

NOTE 13. AFFILIATED ORGANIZATION (UNAUDITED)

The University has a separately incorporated affiliated organization, the Concord University Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the University. The financial statements of this organization are not included in the University's accompanying combined financial statements under GASB Statement No. 39 because they are not significant.

NOTE 14. CONTINGENCIES

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

NOTE 14. CONTINGENCIES (Continued)

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

The Internal Revenue Code of 1986 established rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the financial statements as of June 30, 2008 or 2007.

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

NOTE 15. COMPONENT UNIT DISCLOSURES

The following are the notes taken directly from the Foundation's financial statements starting on the following page:

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Concord University Foundation, Inc. (the Foundation) solicits and administers gifts on behalf of Concord University. The Foundation is a not-for-profit corporation organized under the laws of the State of West Virginia and exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2).

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits and money market funds.

Investments

Investments are stated at fair value. Fair value is based principally on quoted market prices.

Property and Equipment

Equipment is stated at cost at the date of purchase. Depreciation is calculated on a straight-line basis over the estimated useful lives of the equipment, which range from 3 to 7 years. Maintenance and repairs are charged to operations as incurred and major improvements greater than $1,000 are capitalized.

Split-Interest Agreements

The Foundation has beneficial interests in various donor-established charitable remainder trusts and charitable gift annuities. Assets received under such agreements are recorded at their fair values. Assets related to charitable gift annuities for the years ended June 30, 2008 and 2007, respectively, are included in investments and amounted to approximately $801,000 and $877,000. Contribution revenue is calculated based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved less the present value of payments expected to be made to other beneficiaries. During the terms of these agreements, activity relating to revaluations of expected future benefits to be received by the Foundation or expected future payments to other beneficiaries are recognized as “changes in the value of split-interest agreements.”

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements (Continued)

In addition, the Foundation is the beneficiary of a charitable remainder trust for which the Foundation has not recorded an interest since the annuity obligation exceeds the fair market value of the assets. Should the trust obtain investment returns above the discount rate or the lead beneficiaries die before their life expectancies, the Foundation may realize benefits from the trust.

Functional Reporting

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

- *College Support* **-** Funds expended primarily to provide support services for Concord University. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development.

- *Management and General* - Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.

- *Fundraising* **-** Expenses related to community and alumni relations, including development and fund raising.

Net Assets

The Foundation has classified its net assets based on the existence or absence of donor-imposed restrictions. Below is a summary of those classifications:

Unrestricted: Assets that are not restricted by donors or for which restrictions have expired are unrestricted.

Temporarily Restricted: Assets resulting from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Foundation are considered temporarily restricted. Temporarily restricted net assets consist principally of donor-imposed stipulations related to student financial aid or capital projects.

Permanently Restricted: Assets resulting from contributions whose use is limited by donor stipulations that neither expire through the passage of time nor by actions of the Foundation are classified as permanently restricted. Such assets consist of endowments which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity; spending of the related investment income is limited to the lesser of actual income or a percentage of the market value of investment assets.

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services

Donated professional services contributed by Concord University are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of the gift. Total donated professional services for the years ended June 30, 2008 and 2007, were approximately $167,000 and $161,000, respectively. The value of donated volunteer services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Foundation’s fund-raising campaigns.

Donated Rent

Contributed use of the facilities contributed by Concord University are reflected as contributions in the accompanying financial statements at their estimated fair values in the period in which the contributions are received. Total donated rent for each of the years ended June 30, 2008 and 2007, was $18,700.

Amounts Held on Behalf of Others

Amounts held on behalf of others represent assets held by the Foundation as an agent for other organizations. These funds are custodial by nature and do not involve measurement of operations; therefore, they are reflected as investments (asset) and amounts held on behalf of others (liability) in the accompanying financial statements in the amount of $895,111 and $896,506 as of June 30, 2008 and 2007, respectively.

Recently Issued Accounting Standards

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which prescribes new guidelines for expenditures of a donor-restricted endowment fund and focuses on the entirety of such a fund, rather than focusing only on the prudent spending of the fund’s net appreciation. UPMIFA was enacted by the West Virginia Legislature on March 5, 2008, with an effective 90 days thereafter. The Financial Accounting Standards Board Staff

Position FAS 117-1 (the FSP) provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to enacted versions of UPMIFA, and requires enhanced disclosures for all endowment funds. The FSP is effective for fiscal years ending after December 15, 2008. As of June 30, 2008, the Foundation is evaluating implications of the FSP and its impact on the financial statements has not yet been determined.

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

A substantial portion of the Foundation's assets consist of investment securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investments reported in the statement of financial position, and the unrealized and realized losses in the statement of activities.

2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

		2008	2007
Unconditional promises to give		$ 1,398,440	$ 1,390,379
Less:	Allowance for uncollectible promises to give	4,257	3,938
Less:	Unamortized discount at 3.0%	-	500
	Unamortized discount at 4.0%	26,891	11,570
	Unamortized discount at 4.5%	8,612	42,832
	Unamortized discount at 5.0%	44,055	58,200
	Net unconditional promises to give	$ 1,314,625	$ 1,273,339
Amounts due in:			
Less than one year		$ 625,940	$ 549,333
One to five years		757,500	776,046
More than five years		15,000	65,000
		$ 1,398,440	$ 1,390,379

Included in contributions receivable are pledges for $500,000 that were originally conditioned on the completion of construction of an alumni center, which is currently under construction with a scheduled completion date. Since the possibility of this condition not being met is deemed to be remote, these amounts have been recognized as contributions receivable and revenue.

3 - LONG-TERM INVESTMENTS

Long-term investments consisted of the following at June 30, 2008 and 2007:

	2008	2007
Government obligations	$ 4,126,374	$ 4,687,501
Corporate obligations	1,469,635	2,739,594
Corporate equities	8,077,146	9,646,714
Mutual funds	7,698,616	6,907,366
Mineral rights	339,805	339,804
	$ 21,711,576	$ 24,320,979

Government obligations consist principally of obligations of the U.S. Treasury and agencies. Corporate obligations are concentrated in the financial services, utility, and communications sectors. Corporate equities are diversified, with no significant industry concentrations.

Realized and unrealized gains (losses) recognized during the years ended June 30, 2008 and 2007, consisted of the following:

	2008	2007
Realized	$ 550,839	$ 578,477
Unrealized	(2,483,931)	1,857,421
	$ (1,933,092)	$ 2,435,898

4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2008 and 2007:

	2008	2007
Equipment and software	$ 61,829	$ 51,377
Less accumulated depreciation	(45,044)	(38,175)
	$ 16,785	$ 13,202

Depreciation expense for the years ended June 30, 2008 and 2007, was $6,869 and $14,062, respectively.

5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	2008	2007
Business department	$ 465,489	$ 744,778
Faculty development	105,766	163,341
Stadium	418,763	528,025
University Point Alumni Center	2,483,567	1,995,628
Student support	4,018,937	4,894,790
	$ 7,492,522	$ 8,326,562

6 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for student support. Included in permanently restricted net assets is approximately $8,600,000 which is restricted to the Bonner Scholar's Program. According to the donor's stipulations, scholarships and other expenses are to be provided to a certain number of students. The permanent endowment amount for this program is to consist of the original endowment plus or minus investment earnings less the cost of scholarships and other expenses provided to the stipulated number of students.

7 - FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and investments.

The Foundation places its cash with several high-credit quality financial institutions. At times, the balances in such institutions may exceed the FDIC limit.

Investments consist of corporate stocks; federal, municipal, and corporate notes and bonds; bank certificates of deposit; and mutual funds. Most of the investments are held by the trust departments of financial institutions, and managed in accordance with the Foundation's investment policy.

Concentration of credit risk for investments is limited by the Foundation's investment policy. Management does not believe significant concentrations of credit risk existed at June 30, 2008.

NOTE 16. NATURAL CLASSIFICATIONS WITH FUNCTIONS CLASSIFICATIONS

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

2008

	Salaries and Wages	**Benefits**	**Supplies and Other Services**	**Utilities**	**Scholarships and Fellowships**	**Depreciation**	**Loan Cancellations and Write-offs**	**Fees Assessed by the Commission**	**Total**
Instruction	$ 6,707,536	$ 1,992,557	$ 1,146,556	$ 4,221	$ -	$ -	$ -	$ -	$ 9,850,870
Research	-	-	107,488	-	-	-	-	-	107,488
Public service	428,836	77,767	346,324	5,103	-	-	-	-	858,030
Academic support	889,982	266,600	571,896	22,437	-	-	-	-	1,750,915
Student services	1,181,337	419,829	780,289	9,150	-	-	-	-	2,390,605
General institutional support	2,043,886	594,421	929,882	34,399	-	-	-	-	3,602,588
Operations and maintenance of plant	350,453	164,141	508,739	613,820	-	-	-	-	1,637,153
Student financial aid	-	-	-	-	2,917,456	-	-	-	2,917,456
Auxiliary enterprises	2,179,403	671,424	4,743,263	973,612	-	-	-	-	8,567,702
Depreciation	-	-	-	-	-	1,651,437	-	-	1,651,437
Other	-	-	-	-	-	-	95,995	147,098	243,093
Total	$ 13,781,433	$ 4,186,739	$ 9,134,437	$ 1,662,742	$ 2,917,456	$ 1,651,437	$ 95,995	$ 147,098	$ 33,577,337

2007

	Salaries and Wages	**Benefits**	**Supplies and Other Services**	**Utilities**	**Scholarships and Fellowships**	**Depreciation**	**Loan Cancellations and Write-offs**	**Fees Assessed by the Commission**	**Total**
Instruction	$ 6,685,760	$ 1,629,852	$ 1,146,663	$ 3,315	$ -	$ -	$ -	$ -	$ 9,465,590
Public service	-	-	53,029	-	-	-	-	-	53,029
Academic support	493,246	55,430	445,766	1,751	-	-	-	-	996,193
Student services	654,401	281,202	660,715	10,138	-	-	-	-	1,606,456
General institutional support	907,494	348,060	723,777	4,188	-	-	-	-	1,983,519
Operations and maintenance of plant	1,866,754	486,345	487,533	143,986	-	-	-	-	2,984,618
Student financial aid	401,614	134,990	941,755	602,360	-	-	-	-	2,080,719
Auxiliary enterprises	-	-	-	-	2,893,846	-	-	-	2,893,846
Depreciation	1,925,642	399,625	4,830,334	906,144	-	-	-	-	8,061,745
Other	-	-	-	-	-	1,164,408	-	-	1,164,408
	-	-	-	-	-	-	99,580	149,773	249,353
Total									
	$ 12,934,911	$ 3,335,504	$ 9,289,572	$ 1,671,882	$ 2,893,846	$ 1,164,408	$ 99,580	$ 149,773	$ 31,539,476

Suttle & Stalnaker
CERTIFIED PUBLIC ACCOUNTANTS

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

Governing Board
Concord University
Athens, West Virginia

We have audited the financial statements of Concord University (the University) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 18, 2008, which states reliance on other auditors for the discretely presented component unit. As discussed in Note 2 to the financial statements, during the year ended June 30, 2008, the University adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Concord University Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Concord University Governing Board, management of the University, and West Virginia Higher Education Policy Commission, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 18, 2008