

RICHARD BLAND COLLEGE COMMITTEE
November 29, 2012
9:30 a.m. – 12:30 p.m.
Richard Bland College – James B. McNeer Hall Room 104

Dennis H. Liberson, Chair
Ann Green Baise, Vice Chair

- I. Optional Campus tours
 - A. Tour of McNeer Hall
 - B. Tour of Residence Halls
 - C. Driving tour of RBC campus
- II. Introductory Remarks – Mr. Liberson
- III. Strategic Planning Forum
 - A. Current state – strengths, weaknesses, opportunities and threats
 - B. Exploration of alternative futures
 - C. Discussion
- IV. Approval of Minutes – September 20, 2012
- V. General Reports
 - A. Report from President Debbie L. Sydow
 - B. Report from Faculty Representative – Barbara Morgan
 - C. Report from Student Representative – Jessica Salazar
- VI. Action Material
 - A. 2012-2018 Six-Year Plan (Update) **Resolution 1**
 - B. Resolution to Approve the Establishment of the Richard Bland College Faculty Senate and Bylaws of the Organization **Resolution 2**
 - C. Retirement of Dr. Russell E. Whitaker, Jr. Vice President of Administration and Finance **Resolution 3**
 - D. Retirement of Frances S. Scarbrough Human Resources Director **Resolution 4**

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- E. Receipt of the Consolidated Financial Report of
The College of William and Mary in Virginia and
Richard Bland College for the Fiscal Year Ended
June 30, 2012 (*joint with William and Mary*). **Resolution 14**

- VII. Informational Material
 - A. Shared Governance at Richard Bland College:
College Council Enclosure A
 - B. 2012-2013 Operating Budget Update Enclosure B
 - C. Capital Outlay Progress Report Enclosure C
 - D. 2012-2013 Enrollment Update Enclosure D
 - E. Student Representative Report Enclosure E

- VIII. Closed Session

- IX. Open Session – Certification of Closed Session **Resolution**

- X. Discussion

- XI. Adjourn

RICHARD BLAND COLLEGE COMMITTEE

MINUTES - SEPTEMBER 20, 2012

MINUTES
Richard Bland College Committee
September 20, 2012
Board Conference Room – Blow Memorial Hall

Attendees: Dennis H. Liberson, Chair; Ann Green Baise, Vice Chair; Kendrick F. Ashton, Jr.; John E. Littel. Others in attendance: faculty representative Barbara M. Morgan, student representative Jessica C. Salazar; President Debbie L. Sydow, Assistant Attorney General Deborah A. Love; Mr. Scott Davis, Mr. Tyler Hart and Ms. Beverly Morris.

Chair Dennis Liberson called the Richard Bland College Committee to order at 9:30 a.m. and welcomed the new committee members. Recognizing that a quorum was present, Mr. Liberson asked for a motion to approve the minutes of the meeting of April 26, 2012. Motion was made by Mr. Littel, seconded by Mr. Ashton, and approved by voice vote of the Committee.

President Debbie Sydow advised that while the report from faculty representative Barbara Morgan was contained in a hand out, the report from student representative Jessica Salazar was contained in the agenda book. Professor Morgan advised that the faculty is working to finalize the Faculty Senate bylaws and will present them to the Board for approval at the November meeting. Ms. Salazar reported on the importance of faculty and student relationships.

President Sydow introduced J. Tyler Hart, Interim Director of Academic and Institutional Effectiveness, who reported on the development of the Certificate in Liberal Arts Program, as detailed in Enclosure C. A brief discussion ensued.

President Sydow delivered a PowerPoint presentation that focused on lessons learned over the past five decades of Richard Bland College's history, and presented the outline of a plan to re-focus, re-invest and re-invent the College so as to align its mission and goals with the educational and economic development of the Commonwealth. Challenges and opportunities to build upon primary strengths and assets were discussed and a general discussion ensued.

Mr. Liberson advised the Committee that he would like to schedule a separate committee meeting in the spring to focus specifically on strategic planning and the mission and goals for Richard Bland.

Following President Sydow's presentation, Mr. Liberson asked for a motion to approve **Resolution 1**, Resolution to Approve President's 2012-2013 Goals for Richard Bland College. Motion was made by Mr. Littel, seconded by Mr. Ashton and approved by voice vote of the Committee.

Mr. Liberson asked for a motion to approve **Resolution 2**, Appointment to Fill a Vacancy in the Instructional Faculty. Motion was made by Ms. Baise, seconded by Mr. Ashton and approved by voice vote of the Committee.

Richard Bland College Committee
MINUTES
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Mr. Liberson asked for a motion to approve **Resolution 3**, Appointment to Fill a Vacancy in the Professional Faculty. Motion was made by Mr. Littel, seconded by Mr. Ashton and approved by voice vote of the Committee.

Mr. Liberson asked for a motion to approve **Resolution 4**, Retirement of Patricia A. Harvey, Director of Institutional Effectiveness, and **Resolution 5**, Retirement of Michael M. Shriver, Director of Facilities. Motion was made by Ms. Baise. Mr. Ashton offered an amendment to Resolution 4 to correct a typographical error. Motion was seconded by Mr. Littel and approved as amended by voice vote of the Committee. (**Resolution 4(R)** is appended.)

Mr. Liberson reviewed the background then asked for a motion to approve handout **Resolution 21**, Resolution Regarding Repairs to President's Residence. Motion was made by Mr. Littel, seconded by Mr. Ashton and approved by voice vote of the Committee. (**Resolution 21** is appended.)

Mr. Liberson moved that the Committee convene in Executive Session for the purpose of discussing personnel matters pertaining to specific personnel, as provided for in Section 2.2-3711.A. 1., of the Code of Virginia. Motion was seconded by Mr. Ashton and approved by voice vote of the Committee. Observers were asked to leave the room and the Committee went into closed session at 10:26 a.m.

The Committee reconvened in open session at 10:38 a.m. Mr. Liberson reviewed the topic discussed in the closed session and asked for a motion to adopt the **Resolution** certifying the closed session was held in accordance with the Freedom of Information Act. Motion was made by Ms. Baise, seconded by Mr. Littel and approved by roll call vote conducted by Mr. Liberson (**Certification Resolution** is appended.)

There being no further business, the Committee adjourned at 10:38 a.m.

**RICHARD BLAND COLLEGE
RETIREMENT OF PATRICIA A. HARVEY
DIRECTOR OF INSTITUTIONAL EFFECTIVENESS**

Patricia A. Harvey joined the administration of Richard Bland College in 1997. During her tenure, she has served as Director of Institutional Effectiveness and Director of Institutional Research. Ms. Harvey retired June 30, 2012 after 15 years of service.

Ms. Harvey received her A.A. in Liberal Arts from the University of Maryland (Europe) in 1979, her A.S. in Computer Science from Monterey Peninsula College in 1981, her B.A. in Mathematics from Hampton University in 1985, and M.B.A. from The College of William and Mary in 1988.

Ms. Harvey has been actively involved in the development of reporting procedures to SCHEV, and other state agencies. She has been instrumental in establishing institutional assessment processes and procedures, helped establish the College's first six year financial plan for submission to the General Assembly, and has worked with business and finance staff in implementing requirements for ARMICS. In recent years, Ms. Harvey has advised students and taught part time in the business and mathematics department.

She has also been active in community organizations, serving on the boards of the Kiwanis Club, Swift Creek Mill Playhouse, and Sycamore Rouge among others. She is also active in the art community in Petersburg. Her commitment to the students and the College will be greatly missed.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Patricia A. Harvey and expresses its appreciation to her for the many contributions she has made to Richard Bland College, and with deep gratitude for her fifteen years of devoted service to the College, approves a change in status from Director of Institutional Effectiveness to Director of Institutional Effectiveness, Emerita.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and a copy of the same be delivered to Ms. Patricia A. Harvey with best wishes for continuing and creative work in the years ahead.

RICHARD BLAND COLLEGE
RESOLUTION REGARDING REPAIRS TO PRESIDENT'S RESIDENCE

WHEREAS, the Richard Bland College President's Residence was originally built in the early 1920's as a wood frame farm house, and underwent substantial repairs and renovation in 1976, followed by more modest repairs in 1996; and

WHEREAS, upon the former president's departure from the Residence in June 2012, it was apparent that substantial repairs were necessary to render the Residence safe and suitable for occupancy by incoming President Debbie Sydow; and

WHEREAS, such work was initiated in June 2012, and thereafter it became apparent that the contract documentation failed to demonstrate compliance with the requirements of the Commonwealth of Virginia relating to public procurement; and

WHEREAS, in order to evaluate the work already performed and to ensure the proper completion of the project, the Rector directed that appropriate personnel from the College of William and Mary assume supervision of the renovation until its completion; and

WHEREAS, it appears that the work performed was necessary and appropriate, and it is anticipated that the project will be completed within the limits of available funds;

BE IT THEREFORE RESOLVED, that the Board of Visitors of The College of William and Mary in Virginia is satisfied that this matter has been resolved appropriately; and

BE IT FURTHER RESOLVED, that the Board thanks the staff of the College of William and Mary for its assistance to Richard Bland College, and thanks President Sydow for her patience as the Residence is readied.

September 20, 2012

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Richard Bland College Committee has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, '2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Richard Bland College Committee, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Richard Bland College Committee.

VOTE

AYES: 4

NAYS: 0

ABSENT DURING CLOSED SESSION:



Dennis H. Liberson
Chair
Richard Bland College Committee

RICHARD BLAND COLLEGE

2012-2018 SIX YEAR PLAN (UPDATE)

WHEREAS, Richard Bland College provides a general education transfer curriculum to the citizens of the Commonwealth and the nation; and

WHEREAS, consistent with the requirement of the Higher Education Opportunity Act (the Act), the College developed its initial 2012-2018 Institutional Six-Year Plan rooted in the goals set forth in the objectives of the Act; and

WHEREAS, the Commonwealth's planning process requires an update to the six-year plan on an annual basis, incorporating funding actions by the Commonwealth as reflected in the final FY 2013 budget approved by each institution's Board of Visitors; and

WHEREAS, the new president and administration has set forth additional goals and strategies to advance the organizational efficiency and effectiveness of the College, including administrative reorganization to reduce operating costs; reinvestment of recovered funds in the College's core academic mission; expanded public-private partnerships with Army Logistics University, Southside Regional Medical Center, et al; and an evaluation and expansion of the College's academic portfolio and course delivery to include online options for certificate and degree completion; and

WHEREAS, the College continues to evaluate opportunities to improve efficiency and effectiveness of its academic programs and administration;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of The College of William and Mary in Virginia, approves the College's 2012-2018 Institutional Six-Year Plan update to reflect FY 2013 expenditures and tuition and fee charges consistent with the College's FY 2013 operating budgets as approved by the Board; and

BE IT FURTHER RESOLVED, That the Board defers setting tuition rates for FY 2014 pending consideration of tuition options that more fully address the Higher Education Commission's goal of improved affordability for lower and middle-income families consistent with Higher Education Advisory Committee income guidelines, while providing the resources necessary to implement the College's 2012-2018 Institutional Six-Year Plan.

RICHARD BLAND COLLEGE
2012-2018 SIX YEAR PLAN (UPDATE)

Incremental Expense by Priority

<u>PRIORITY</u>	<u>FY 2014</u>
1. Distance Learning Platform	\$ 125,000
2. Army Logistics University Program Development	\$ 138,000
3. Academic Program Evaluation and Expansion	\$ 403,500
4. Nursing 2+2 Program	\$ 74,700
5. Associate to BSN 2+2 Program	\$ 265,000
6. Orientation Program	\$ 31,000
7. Dual Enrollment Expansion	\$ 163,700
8. Financial Aid	\$ 10,000
	<hr/>
	\$ 1,210,900

**RESOLUTION TO APPROVE THE ESTABLISHMENT OF THE RICHARD BLAND
COLLEGE FACULTY SENATE AND BYLAWS OF THE ORGANIZATION**

The Richard Bland College Faculty seeks to establish a Faculty Senate that will contribute to the shared governance model newly established at Richard Bland College. The Bylaws of the Faculty Senate are consistent with the Bylaws of the Board of Visitors.

RESOLVED, That upon recommendation of the President, the Board of Visitors of The College of William and Mary in Virginia approves the establishment of the Richard Bland College Faculty Senate; and

BE IT FURTHER RESOLVED, That upon recommendation of the President, the Board of Visitors approves the Bylaws of the Faculty Senate as follows, effective immediately.

RICHARD BLAND COLLEGE FACULTY SENATE BYLAWS

Article I

Name

The name of this organization shall be the Faculty Senate of Richard Bland College, hereinafter referred to as the Senate.

Article II.

Purpose and Scope

Section 1 The purpose of the Senate shall be to advise the President on matters affecting the welfare of the College and to ensure effective faculty participation in the governance of the College as a whole.

Section 2 The Senate will seek to achieve this purpose by facilitating communication and collaboration between faculty and administration and promoting the welfare of students, faculty and the College in general.

(a) This includes but is not limited to: studying issues and recommending policies to the administration and participating in the development of the educational, curricular, research and service components of the College.

(b) The Senate shall have timely access to the agendas of the Board of Visitors that pertain to Richard Bland College, strategic planning for Richard Bland College, reports of all college-wide committees, and preliminary drafts of the college budget.

Article III

Membership

Section 1 The membership of the Senate shall consist of the regular, or voting members, and the associate, or non-voting members.

Section 2 The regular members shall be all tenured and tenure track teaching faculty, and the associate members shall be all other teaching faculty.

Article IV

Officers

Section 1 The officers of the Senate shall be the Chair, the Vice-Chair, and Secretary.

Section 2 The Chair, Vice-Chair, and Secretary will be elected from the voting members in April by secret ballot. Nominations may be sent to the Secretary in advance of the Senate meeting or may be made at the Senate meeting. No one may be nominated without his or her consent. Self-nominations are acceptable. The Secretary will disseminate the names of the nominees to the faculty.

Section 3 The term of office is 24 months or until successors are elected and shall begin on July 1.

Section 4 Division chairs are not eligible to serve on the Executive Committee. The Chair and Vice-Chair cannot serve more than two consecutive terms. The Secretary cannot serve more than three consecutive terms.

Article V

Responsibilities of the Officers

Section 1 The Chair shall preside over the meetings of the Senate and the Executive Committee. S/he shall have regular meetings with the administration to discuss matters that affect or are of concern to the teaching faculty and shall report to the teaching faculty any administrative actions affecting them.

Section 2 The Vice-Chair shall serve as acting Chair during the absence of the Chair, assist the Chair in meetings with the Senate and with the administration, and assume the position of Chair if the Chair resigns, takes a leave of absence or is not attending meetings.

Section 3 The Secretary shall record the minutes of the Senate and Executive Committee meetings. S/he shall distribute a copy to all members of the faculty and administration no later than one week after a meeting. S/he shall archive a copy of the minutes in both print and electronic formats. S/he shall receive items for the agendas of Senate and Executive Committee meetings and send the agendas out to faculty.

Section 4 A parliamentarian shall be nominated and elected at the first Senate meeting of the fall semester by the members of the Senate. S/he shall serve for a term of one year or until a successor is elected.

Section 5 A vote of no-confidence by two-thirds of the Senate will remove an officer. Any voting member of the Senate may call for a vote of no-confidence to be taken in either a regular meeting of the Senate or a special meeting. The members of the Senate must be notified and given a reason for the no confidence vote at least one week in advance.

Section 6 The Officers may request a stipend and/or a reduction in workload commensurate with their duties.

Article VI

Meetings

- Section 1 The Senate shall meet once a month on a regularly scheduled day and time to be decided by the Senate prior to each semester unless the Executive Committee deems a meeting unnecessary. Regular meetings shall be open to any interested party of the Richard Bland College community. The agenda for all meetings of the Senate shall be set by the Officers at least five business days in advance and sent to the faculty.
- Section 2 Special meetings may be called by the Executive Committee or a committee chair. They shall generally be open to any interested party of the Richard Bland College community. The agenda shall be assembled by the person(s) calling the special meeting. Faculty members will be notified at least 5 business days before a meeting.
- Section 3 A quorum for voting will be defined as a majority of the regular members of the Senate, including the officers. At the request of any one member of the Senate, a secret ballot shall be taken on any motion brought to vote.
- Section 4 The non-voting representative to the Board of Visitors will give a report to the Senate in a timely manner.

Article VII

Executive Committee

- Section 1 The Executive Committee shall be composed of the Chair, Vice-Chair, Secretary, and two Executive Senators.
- Section 2 Executive Senators (one from each division) will be elected at their respective division meetings within two weeks of the election of officers. Nominations may be sent to the Division Chair or may be made at the meetings. The length of a term is 24 months, and they cannot serve more than three consecutive terms.
- Section 3 The members of the Executive Committee shall attend all Senate and Executive Committee meetings. They shall be reasonably accessible to those they represent, gather information from them and present it to the Executive Committee and/or Senate for discussion, make recommendations to the Senate, and make formal recommendations of the Senate to the Chief Academic Officer and/or College Council. They shall appoint any special committees of the Senate that may be needed.
- Section 4 The Executive Committee shall meet once a month on a regularly scheduled day and time to be decided by the Committee prior to each semester. The agenda for all regular

Executive Committee meetings will be e-mailed to all faculty at least 5 business days in advance by the Secretary.

Section 5 Special meetings may be called by the Chair. Officers will be notified at least 5 business days before such a meeting.

Section 6 Any faculty member, staff member, or administrator may be placed on the agenda to address the Executive Committee. S/he must contact the Chair or Vice-Chair at least 5 business days in advance of the meeting to be placed on the agenda.

Section 7 The Chair-elect will be invited to all Executive committee meetings before taking office.

Section 8 Executive Senators shall report the activities and decisions of the Executive Committee back to their division. At their request, senators will be given a slot on the agenda of division meetings to facilitate these responsibilities.

Section 9 The Vice-Chair and the Executive Senators will be recommended to the President for consideration as the nominee for the non-voting representative to the Board of Visitors.

Section 10 All vacancies shall be promptly filled.

(a) If an Executive Senator must resign, take a leave of absence or is not attending meetings, the division will hold another election in the same manner as described above.

(b) If the Chair must resign, take a leave of absence or is not attending meetings, the Vice-Chair will assume the role of Chair.

(c) If the Vice-Chair or Secretary must resign, take a leave of absence or is not attending meetings, the Senate will hold another election in the same manner as described above.

(d) If an officer serves for more than one calendar year, it will be considered as a full term.

Article VIII

Academic Divisions of the Faculty

Section 1 The Senate shall be organized into two academic divisions: the Division of Humanities and Social Sciences and the Division of Science and Quantitative Methods:

(a) The Division of Humanities and Social Sciences shall be composed of the following academic disciplines: Art, Business, Economics, English, French, Geography, Government, History, International Studies, Music, Philosophy, Psychology, Religion, Sociology, Spanish, Speech, and Theatre.

(b) The Division of Science and Quantitative Methods shall be composed of the following academic disciplines: Accounting, Biology, Chemistry, Computer Science, Health, Mathematics, Physical Education, and Physics.

Section 2 A Division Chair will be elected by each academic division subject to the recommendation of the Chief Academic Officer to the President for final approval. Division Chairs shall hold office for a term of three years, subject to annual review by the President, or until they are re-elected or their successors elected. A Division Chair shall not serve more than two consecutive terms.

Section 3 The method of election for Division Chair will be by written nomination submitted to the Parliamentarian along with nominations from the floor and by secret ballot.

Section 4 The responsibilities of the Division Chairs to the Chief Academic Officer and to the faculty of the Division shall include:

- (a) providing leadership to an academic division;
- (b) distributing to faculty members the mission, goals, and policies of the College;
- (c) coordinating the instructional and professional responsibilities of the Division;
- (d) providing the faculty of the Division with appropriate opportunities for professional involvement;
- (e) reviewing periodically the curriculum of the Division and recommending revision;
- (f) ensuring that course outlines, course syllabi, and textbook selections follow College policies and procedures;
- (g) recommending the composition of faculty search committees within the Division in consultation with appropriate faculty members;
- (h) reviewing the qualifications of adjunct applicants in consultation with appropriate faculty members;
- (i) orienting new faculty, adjunct faculty, and substitute instructors to the Division;
- (j) participating in the evaluation of faculty members;
- (k) recommending each semester's course offerings, class schedule, and instructional assignments;
- (l) arranging for substitute instructors in case of the extended absence of regular instructors;
- (m) developing the preliminary budget and supervising administration of the approved Division budget;
- (n) giving leadership in the planning and purchasing of instructional supplies and equipment;
- (o) scheduling meetings of the Division as necessary and distributing accurate minutes to the College community.

Section 5 A Division Chair may be removed by a vote of no-confidence from two-thirds of the division. Any member of the division may call for a vote of no-confidence to be taken in either a division meeting or a special meeting. The members of the division must be notified and the reason given at least 5 business days in advance.

Article IX

Committees of the Senate

Section 1 The Elected Committees of the Senate shall be:

- (a) the Academic Standards Committee,
- (b) the Instructional Programs Committee,
- (c) the Faculty Affairs Committee,
- (d) the Student Affairs Committee, and
- (e) other committees elected by the voting Faculty.

Section 2 Each committee will have a total of six full-time faculty members, three from each division. Members will be elected by their division for a two-year term or until their successors are elected. Members may serve no more than two consecutive terms on the same committee. Membership of less than one year shall be considered a partial term and will not restrict the serving of an additional two consecutive terms. Membership of one year or more shall be considered a full term. The method of election for each standing committee will be by written nomination submitted to the Division Chair along with nominations from the floor and by secret ballot. The Chair is an ex officio, non-voting member of all committees of the Senate.

Section 3 All committees shall announce their meetings at least 5 business days in advance, distribute their minutes to all faculty and administrative staff, and generally seek the widest possible input from the faculty. Ten days after distribution of the minutes, any action or policy recommendation from the committee will automatically be recommended to the Senate for its consideration and recommendation to the Chief Academic Officer and/or College Council.

- (a) The Chief Academic Officer and/or College Council shall then communicate with the Senate within 30 days of the disposition of the recommendation.
- (b) If the Chief Academic Officer and/or College Council supports the recommendation, then s/he is responsible for submitting the recommendation to the President for action, as well as keeping the Senate informed of progress.
- (c) If minor changes are needed to the recommendation, then the Executive Committee and Chief Academic Officer and/or College Council will meet in an effort to come to a consensus. The Executive Committee shall decide whether the changes are acceptable or must be returned to the Senate for another vote.
- (d) If the Chief Academic Officer and/or College Council denies the recommendation, the denial with reasoning shall be provided in writing to the Senate. The Senate may appeal the denial to the President.

Section 4 There shall be student representation on all committees not involving student records, faculty affairs, or other confidential matters. The Coordinator of Student Activities

shall be responsible for these appointments of students, cooperating with the Student Assembly.

Section 5 The following sub-sections describe the composition and responsibilities of the elected committees:

A. The Academic Standards Committee

1. The responsibilities of this committee shall include:

- (a) developing admission standards and policies consistent with the stated goals of the College and its primary responsibility;
- (b) developing academic standards and policies conducive to quality education;
- (c) reviewing and determining academic status of students in cases not clearly delineated by established standards;
- (d) hearing and deciding, subject to any further right of appeal, individual exceptions and/or appeals in areas such as admissions, academic status, adjustment of academic records, and waiver of degree requirements in exceptional cases; and
- (e) certifying degree candidates to the Registrar.

2. Composition of the Committee shall be in accordance with Article IX, Section 2.

3. In addition, the Chief Academic Officer and/or designees and the Registrar will be ex officio non-voting members.

B. The Instructional Programs Committee

1. The responsibilities of this committee shall include:

- (a) reviewing, proposing, and considering modifications of policies, procedures, and programs of the Library;
- (b) keeping informed of the degree requirements of area colleges and of national curriculum trends;
- (c) reviewing, proposing, and considering modifications of, additions to, or deletions from the degree requirements and curricula;
- (d) seeking the advice of the representatives of the academic discipline involved before making changes in policy or programs that will be presented to the Chief Academic Officer and to the President of the College for approval and inclusion in the College catalogue; and
- (e) reviewing and recommending modifications of, additions to, or deletions from policies, programs, course descriptions, and syllabi to the Chief Academic Officer and to the President of the College for approval.

2. Composition of the Committee shall be in accordance with Article IX, Section 2.

3. In addition, the Chief Academic Officer and/or designees, the Registrar, the Division Chairs, the Director of the Library, and the faculty representative to the Board of Visitors will be ex officio non-voting members. There will also be two voting student members.

C. Faculty Affairs Committee

1. The responsibilities of this committee shall include:
 - (a) studying the concerns of the faculty with regard to faculty welfare in such areas as salaries, fringe benefits, and working conditions;
 - (b) proposing various programs and policies for faculty development in such areas as in-service activities, continuing education, promotions and tenure; and
 - (c) oversee the activities of the Faculty Development Coordinator; and
 - (d) reviewing, proposing, and considering modifications of, additions to, or deletions from the By-laws of the Faculty Senate on an annual basis.
2. Composition of the Committee shall be in accordance with Article IX, Section 2.
3. In addition, the Chief Academic Officer and/or designees and the faculty representative to the Board of Visitors will be ex officio non-voting members.

D. The Student Affairs Committee

1. The responsibilities of this committee shall include:
 - (a) overseeing the activities of the student organizations;
 - (b) overseeing the athletic and intramural programs;
 - (c) overseeing the disposition of funds available for all student activities;
 - (d) developing guidelines for physical conditions, parking, safety and traffic on the campus grounds;
 - (e) approving or disallowing petitions on parking tickets; and
 - (f) developing recommendations relating to the process of student advising and financial aid.
2. Composition of the Committee shall be in accordance with Article IX, Section 2.
3. In addition, the Chief Academic Officer and/or designees will be ex officio non-voting members. There will also be four voting student members.

Article X

Parliamentary Authority

The meetings and the recording of minutes of the Senate shall abide by Robert's Rules of Order Newly Revised in all of it proceedings and committee meetings.

Article XI

Amendments

Section I These by-laws may be amended at any scheduled meeting by a two-thirds vote of the Senate of the regular members present provided that the amendment has been submitted to the Senate in writing at least ten days prior to the next meeting of the Senate and distributed to the faculty by the Secretary.

Section 2 The By-laws become effective upon approval by the President of Richard Bland College and the Board of Visitors of The College of William and Mary in Virginia.

Section 3 These By-laws recognize the provision in the By-laws of the Board of Visitors with regard to inconsistencies, as follows: "All By-laws of the faculties and other organizations of the College and its branch colleges must be consistent with the By-laws of the Board.

Provisos for Transition to a Faculty Senate

Section 1 The Chair of the Faculty Affairs Committee will call for nominations for the positions of Chair, Vice-Chair, and Secretary within ten days of approval of the By-Laws by the Board of Visitors.

(a) Nominations will be submitted to the Chair who will then distribute a list of the nominees for each position to all regular members of the faculty. S/he will call a special faculty meeting for the purpose of electing the officers of the Senate for one week hence.

(b) If the Chair is seeking election for a position, a member of the Faculty Affairs Committee who is not running will assume the position of temporary chair.

(c) The members of the Faculty Affairs Committee who are not seeking election will count the ballots.

Section 2 Election of Executive Senators will take place in division meetings as outlined in the By-Laws.

Section 3 The Chair (or temporary chair) of the Faculty Affairs Committee will send out results of elections.

Section 4 A partial term counts as a full term.

**RICHARD BLAND COLLEGE
RETIREMENT OF DR. RUSSELL E. WHITAKER, JR.
VICE PRESIDENT OF ADMINISTRATION AND FINANCE**

Russell E. Whitaker, Jr. joined the administration of Richard Bland College in 1974. During his tenure, he has served as Director of Continuing Education, Chief Fiscal Officer, Dean of Financial and Administrative Services, Dean of Administration and Finance, and Vice President of Administration and Finance. Dr. Whitaker retired on November 1, 2012 after 38 years of service.

Dr. Whitaker received his A.A. Degree from Richard Bland College in 1967, his B.S. in History and Social Science from Virginia Commonwealth University in 1969, his M.Ed. in Industrial Education from Virginia State College in 1972 and his Ed.D. from the College of William and Mary in Higher Education Administration in 1986.

Dr. Whitaker served in the U.S. Army Reserve and was a public school teacher and Adult Education Coordinator. He has served actively in his community on the Dinwiddie Ruritan Club, on the Board of Directors of the Prince George Rescue Squad, with Crater Community Hospice, and various other organizations. He has been actively involved in the Richard Bland College Foundation, serving as Treasurer and Member of the Board of Directors.

Dr. Whitaker was instrumental in the expansion of Richard Bland College. He was a member of the administrative team and coordinated efforts and brought to fruition the addition of the Student Residential Village and most recently the construction of a new LEED Gold certified science and technology facility, James B. McNeer Hall, which is the first new academic building in forty years.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Dr. Russell E. Whitaker, Jr. and expresses its appreciation for the many contributions he has made to Richard Bland College and, with deep gratitude for his 38 years of devoted service to the College, approves a change in status from Vice President of Administration and Finance to Vice President of Administration and Finance Emeritus.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and a copy of the same be delivered to Dr. Russell E. Whitaker, Jr. with best wishes for continuing and creative work in the years ahead.

**RICHARD BLAND COLLEGE
RETIREMENT OF FRANCES S. SCARBROUGH
HUMAN RESOURCES DIRECTOR**

Frances S. Scarbrough was hired by Richard Bland College in December, 1968. Mrs. Scarbrough received an Associate in Science in Business Degree from Richard Bland College in 1982 and attended Saint Leo College after graduating from Richard Bland College.

During her employment, Mrs. Scarbrough held several positions, including Secretary to the Registrar, College Accountant, Assistant Human Resource Director and most recently Human Resources Director. She will retire on January 1, 2013, after a total of forty-four years of service. During her tenure, Mrs. Scarbrough worked with all four Presidents of Richard Bland.

Mrs. Scarbrough was actively involved with different HR Organizations, including College and University Personnel Association (CUPA) and the International Personnel Management Association (IMPA), where she served on the board for several years. In 2001, she was appointed by the Virginia Retirement System to serve as a charter member on the Commonwealth's Optional Retirement Plan for Higher Education Advisory Committee. Mrs. Scarbrough served on this committee through December, 2007. The College was asked by the State Department of Accounts, under Mrs. Scarbrough's direction, to be the first agency to go live in implementing the state's first electronic payroll system (CIPPS).

Mrs. Scarbrough was very active in the Tri-Cities P. Buckley Moss Chapter. She was president of the Chapter for two years and became very interested not only in the Moss artwork but in the fact that the artist believes in helping children with disabilities since Ms. Moss was diagnosed at an early age as dyslexic. While Chapter President, Mrs. Scarbrough was involved with helping children with disabilities. In her spare time, she enjoys shopping, reading, bike riding and her six grandchildren.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Frances S. Scarbrough and expresses its appreciation to her for the many contributions she has made to Richard Bland College, with deep gratitude for her forty-four years of devoted service to the College.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and a copy of the same be delivered to Frances S. Scarbrough with best wishes for continuing and creative work in the years ahead.

Board of Visitors

Resolution 14

November 28-30, 2012

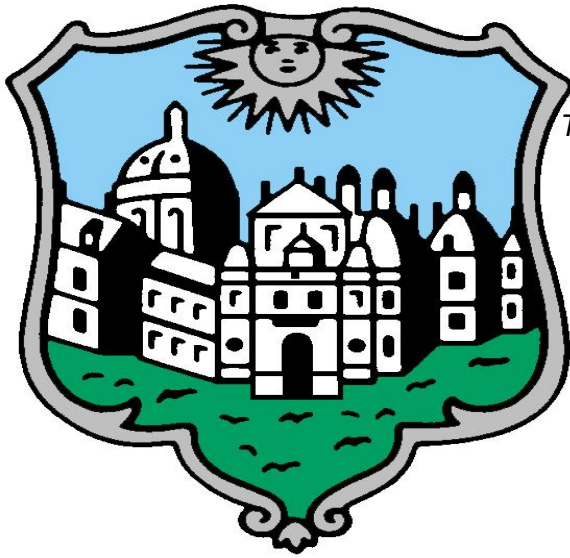
Page 1 of 1

**COLLEGE OF WILLIAM AND MARY
RECEIPT OF THE CONSOLIDATED FINANCIAL REPORT OF
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA AND
RICHARD BLAND COLLEGE FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The Consolidated Financial Report of The College of William and Mary in Virginia and Richard Bland College for the fiscal year ended June 30, 2012, has been presented by the Vice President for Finance and the Vice President of Administration and Finance to the Presidents of the Colleges, who have approved it for presentation to the Rector and the Board of Visitors.

The statements included in this consolidated Financial Report provide a concise analysis of the College's financial affairs for fiscal year 2011-2012. The report is subject, of course, to a detailed audit to be directed by the Auditor of Public Accounts.

RESOLVED, That the Unaudited Consolidated Financial Report for the Year Ended June 30, 2012 (*see separate booklet*) for The College of William and Mary in Virginia and Richard Bland College is hereby received by the Board of Visitors.



The College of _____

**WILLIAM
& MARY**

IN VIRGINIA

VIRGINIA INSTITUTE of MARINE SCIENCE



Richard Bland College
OF THE COLLEGE OF WILLIAM AND MARY

**UNAUDITED
CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2012**

2011-2012 CONSOLIDATED FINANCIAL REPORT
FOR
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
AND
RICHARD BLAND COLLEGE

November 9, 2012

To the Board of Visitors of The College of William and Mary and Richard Bland College:

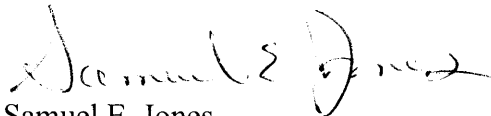
We are pleased to submit the following consolidated annual financial report for The College of William and Mary and Richard Bland College for the fiscal year ended June 30, 2012. Financial management has prepared and is responsible for the consolidated financial statements and all information in the financial report. The financial statements have been prepared in conformity with generally accepted accounting principles consistently applied.

The statements contained in this report are intended to provide a picture of the flow of financial resources during the fiscal year 2011-12 and the balances available for the future.

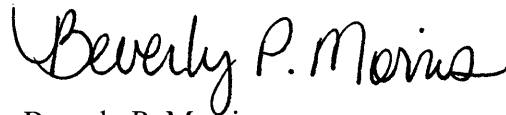
Management believes that the current internal control systems provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These statements are augmented by written policies and organizational structure providing division of responsibilities, careful selection and training of the financial staff, and a program of internal audits.

The financial statements remain subject to audit by the State Auditor of Public Accounts.

Respectfully submitted,



Samuel E. Jones
Vice President for Finance
The College of William and Mary



Beverly P. Morris
Interim Director of Financial Management
Richard Bland College

**The College of William and Mary in Virginia
Richard Bland College**

June 30, 2012

The Board of Visitors

Jeffrey B. Trammell - Rector
Charles A. Banks III - Vice Rector
Dennis H. Liberson - Secretary

Janet M. Brashear
Colin G. Campbell
Timothy P. Dunn
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Robert E. Scott
Peter A. Snyder
Todd A. Stottlemeyer
Michael Tang
John C. Thomas

Student Representatives

Kaveh Sadeghian - College of William and Mary
Emily R. Michalek - Richard Bland College

Faculty Representatives

Alan J. Meese - College of William and Mary
Stephen E. Martin - Richard Bland College

OFFICERS OF ADMINISTRATION

The College of William and Mary in Virginia

W. Taylor Reveley III, President
Michael R. Halleran, Provost
Virginia M. Ambler, Vice President for Student Affairs
James R. Golden, Vice President for Strategic Initiatives
Samuel E. Jones, Vice President for Finance
Anna B. Martin, Vice President for Administration
Sean M. Pieri, Vice President for Development

Richard Bland College

James B. McNeer, President
LeAnn Binger, Provost and Dean of Faculty
Russell E. Whitaker, Jr., Vice President of Administration and Finance

**THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
RICHARD BLAND COLLEGE**

ANNUAL FINANCIAL REPORT 2011 - 2012

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The College of William and Mary in Virginia and Richard Bland College

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is a supplement to the College's financial statement designed to assist readers in understanding the financial statement information presented. The following information includes a comparative analysis between the current fiscal year ending June 30, 2012 and the prior year ending June 30, 2011. Significant changes between the two fiscal years and important management decisions are highlighted. The summarized information presented in the MD&A should be reviewed in conjunction with both the financial statements and associated footnotes in order for the reader to have a comprehensive understanding of the College's financial status and results of operations for fiscal year 2012. College management has prepared the MD&A, along with the financial statements and footnotes, and is responsible for all of the information presented.

The College's financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement Numbers 37 and 38. Accordingly, the three financial statements required are the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

The financial statements of the College of William and Mary are consolidated statements that include the College, the Virginia Institute of Marine Science (VIMS) and Richard Bland College (RBC). All three entities are agencies of the Commonwealth of Virginia reporting to the Board of Visitors of the College of William and Mary and are referred to collectively as the "Colleges" within the MD&A as well as in the financial statements under the columns titled "College", unless otherwise indicated.

The College's affiliated foundations are also included in these statements consistent with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* – an amendment of GASB Statement No. 14. The College has a total of nine foundations, of which the financial information for eight of the foundations is presented in the statements under the column titled "Component Units". The ninth foundation, Intellectual Properties, was established in fiscal year 2008 and did not have significant financial activity during the year. While affiliated foundations are not under the direct control of the College's Board of Visitors, this presentation provides a more holistic view of resources available to support the College and its mission. Additional information and detail related to the foundations can be found in the Component Unit Financial Information footnote.

Financial Summary

Statement of Net Assets

The Statement of Net Assets provides a snapshot of the College's financial position, specifically the assets, liabilities and resulting net assets as of June 30, 2012. The information allows the reader to determine the College's assets available for future operations, amounts owed by the College and the categorization of net assets as follows:

- (1) Invested in Capital Assets – reflects the College's capital assets net of accumulated depreciation and any debt attributable to their acquisition, construction or improvements.
- (2) Restricted – reflects the College's endowment and similar funds whereby the donor has stipulated that the gift or the income from the principal, where the principal is to be preserved, is to be used to support specific programs of the College. Donor restricted funds are grouped into generally descriptive categories of scholarships, research, departmental uses, etc.

- (3) Unrestricted – reflects a broad range of assets available to the College that may be used at the discretion of the Board of Visitors for any lawful purpose in support of the College’s primary mission of education, research and public service. These assets are derived from student tuition and fees, state appropriations, indirect cost recoveries from grants and contracts, auxiliary services sales and gifts.

Summary Statement of Net Assets

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Assets:</u>				
Current	\$ 70,873,133	\$ 58,698,066	\$12,175,067	20.74%
Capital, net of accumulated depreciation	699,630,341	701,308,876	(1,678,535)	-0.24%
Other non-current	<u>120,267,473</u>	<u>110,252,618</u>	<u>10,014,855</u>	<u>9.08%</u>
Total assets	<u><u>890,770,947</u></u>	<u><u>870,259,560</u></u>	<u><u>20,511,387</u></u>	<u><u>2.36%</u></u>
<u>Liabilities:</u>				
Current	75,172,877	72,306,301	2,866,576	3.96%
Non-current	<u>221,944,706</u>	<u>222,179,900</u>	<u>(235,194)</u>	<u>-0.11%</u>
Total liabilities	<u><u>297,117,583</u></u>	<u><u>294,486,201</u></u>	<u><u>2,631,382</u></u>	<u><u>0.89%</u></u>
<u>Net Assets:</u>				
Invested in capital assets, net of related debt	483,765,246	485,065,444	(1,300,198)	-0.27%
Restricted	79,651,407	70,630,862	9,020,545	12.77%
Unrestricted	<u>30,236,711</u>	<u>20,077,053</u>	<u>10,159,658</u>	<u>50.60%</u>
Total net assets	<u><u>\$593,653,364</u></u>	<u><u>\$575,773,359</u></u>	<u><u>\$17,880,005</u></u>	<u><u>3.11%</u></u>

The overall result of the College’s fiscal year 2012 operations was an increase in net assets of approximately \$17.9 million or 3.1 percent to \$593.7 million. The increase in net assets occurred in the categories of restricted (\$9.0 million) and unrestricted (\$10.2 million) net assets. In addition to the College’s net assets as shown above, net assets for the College’s affiliated foundations totaled \$634.4 million.

The \$1.3million decrease in capital net assets, net of related debt, reflects the College and VIMS’ change in capitalization threshold for capital assets from \$2,000 to \$5,000. The specifics of the College’s capital construction and renovation activity are detailed in the Capital Asset and Debt Administration section of the MD&A.

Current Assets increased by \$12.2 million primarily as a result of an overall increase in cash and cash equivalents offset by a decrease in investments and amounts due from the Commonwealth of Virginia. The amounts due from the Commonwealth reflect routine and recurring requests for bond proceeds for capital construction. The increase in Other Non-Current Assets reflects the net increase in cash, cash equivalents and restricted investments.

Total liabilities increased slightly driven by increases in deferred revenue, deposits held in custody for others and the current portion of long-term liabilities. See footnote 7 for the details of the accounts payable and accrued expenses and footnote 10 for the long-term debt details.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the results from College operations for the fiscal year. Revenues for the daily operation of the College are presented in two categories: operating and non-operating. Operating revenues include the significant categories of tuition and fees, grants and contracts and the sales of auxiliary enterprises representing exchange transactions. Non-operating revenues include the significant categories of state appropriations, gifts and investment income representing non-exchange transactions. Net other revenues include capital appropriations, grants and contributions.

Summary Statement of Revenues, Expenses and Changes in Net Assets

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 270,401,471	\$ 242,417,920	\$27,983,551	11.54%
Operating expenses	<u>356,429,081</u>	<u>337,426,850</u>	<u>19,002,231</u>	5.63%
Operating gain/(loss)	(86,027,610)	(95,008,930)	8,981,320	9.45%
Net Non-operating revenues	<u>86,811,719</u>	<u>101,912,686</u>	<u>(15,100,967)</u>	-14.82%
Income/(Loss) before other revenues	784,109	6,903,756	(6,119,647)	88.64%
Net other revenues	<u>20,555,531</u>	<u>42,231,642</u>	<u>(21,676,111)</u>	-51.33%
Increase in net assets	<u>\$21,339,640</u>	<u>\$49,135,398</u>	<u>(\$27,795,758)</u>	-56.57%

Overall, the result from operations was an increase in net assets of \$21.3 million. This increase was attributable to increases in Operating Revenues offset by an increase in operating expenses and a decrease in Non-Operating and Net Other Revenues.

The increase in operating revenues was driven by primarily by an increase in tuition and fees, grant and contract as well as auxiliary enterprise. See the following section of Summary of Revenues for further details.

Operating expenses increased notably in the four programs of Student Aid, Instruction, Academic Support and Student Services. See the following section of Summary of Expenses for further details.

With the inclusion of state appropriations for the College in the non-operating category, the College will typically display an operating loss for the year.

The following table provides additional details of the operating, non-operating and other revenues of the College.

Summary of Revenues

	<u>FY2012</u>	<u>FY2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues:				
Student Tuition and Fees, net of scholarship allowances	\$ 139,365,551	\$ 122,740,797	\$ 16,624,754	13.54%
Federal, State, Local and Non-governmental grants and contracts	45,702,027	44,115,237	1,586,790	3.60%
Auxiliary Enterprise, net of scholarship allowances	79,401,760	71,794,030	7,607,730	10.60%
Other	5,932,133	3,767,856	2,164,277	57.44%
Total Operating Revenues	<u>270,401,471</u>	<u>242,417,920</u>	<u>27,983,551</u>	<u>11.54%</u>
Non-Operating:				
State Appropriations	61,101,776	67,058,280	(5,956,504)	-8.88%
Gifts, Investment Income and other income and expenses	25,709,943	34,854,406	(9,144,463)	-26.24%
Total Non-Operating	<u>86,811,719</u>	<u>101,912,686</u>	<u>(15,100,967)</u>	<u>-14.82%</u>
Capital Revenues, Gains and (Losses):				
Capital Appropriations	9,902,380	29,139,531	(19,237,151)	-66.02%
Capital Grants and Gifts	10,653,151	13,092,111	(2,438,960)	-18.63%
Total Capital Revenues, Gains and (Losses)	<u>20,555,531</u>	<u>42,231,642</u>	<u>(21,676,111)</u>	<u>-51.33%</u>
Total Revenues	<u>\$ 377,768,721</u>	<u>\$ 386,562,248</u>	<u>\$ (8,793,527)</u>	<u>-2.27%</u>

Within the operating revenue category, student tuition and fees increased \$13.2 million, net of scholarship allowances, reflecting the increase approved by the Board of Visitors in the Spring of 2011. An increase in Federal, State and Local grants was offset by a reduction in non-governmental funding for research for a slight overall increase in revenues. The increase in Auxiliary Enterprise revenues is attributable to the Board approved fee increases and increased sales.

The Capital Revenues decrease reflects a decrease in capital appropriations given the completion of the capital construction projects.

Additional details of the operating expenses of the College are summarized below:

Summary of Operating Expenses

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Expenses:				
Instruction	\$97,989,332	\$94,581,663	\$3,407,669	3.60%
Research	48,221,990	47,796,508	425,482	0.89%
Public Service	68,442	52,740	15,702	29.77%
Academic Support	29,626,975	27,596,836	2,030,139	7.36%
Student Services	13,994,086	11,017,209	2,976,877	27.02%
Institutional Support	27,166,785	26,503,476	663,309	2.50%
Operation and Maintenance of Plant	23,472,575	27,551,256	-4,078,681	-14.80%
Student Aid	33,246,613	14,875,398	18,371,215	123.50%
Auxiliary Enterprise	57,826,571	63,901,228	-6,074,657	-9.51%
Depreciation	23,761,878	22,951,758	810,120	3.53%
Other Operating Expenses	1,053,834	598,778	455,056	76.00%
Total Operating Expenses	<u>\$356,429,081</u>	<u>\$337,426,850</u>	<u>\$19,002,231</u>	<u>5.63%</u>

For fiscal year 2011, operating expenses increased notably in the four programs; Student Aid, Instruction, Academic Support and Student Services.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the College's sources and uses of cash during the fiscal year. Cash flow information is presented in four distinct categories: Operating, Non-capital Financing, Capital Financing and Investing Activities. This statement aids in the assessment of the College's ability to generate cash to meet current and future obligations.

Summary Statement of Cash Flows

	<u>FY2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Cash Flows from:</u>				
Operating Activities	\$ (59,927,275)	\$ (72,253,252)	\$12,325,977	17.06%
Non-capital Financing	96,759,485.00	99,232,682	(2,473,197)	-2.49%
Capital Financing	(11,021,124.00)	(15,332,663)	4,311,539	28.12%
Investing Activities	6,265,688.00	10,492,973	(4,227,285)	40.29%
Net Increase in Cash	<u>\$ 32,076,774</u>	<u>\$ 22,139,740</u>	<u>\$ 9,937,034</u>	<u>-44.88%</u>

Cash flow from operations and non-capital financing reflects the sources and uses of cash to support the core mission of the College. The primary sources of cash supporting the core mission of the College in fiscal year 2012 were tuition and fees - \$133.7 million, auxiliary enterprise revenues \$78.9 million, state appropriations - \$61.1 million, and research grants and contracts - \$45.4 million.

The primary uses of operating cash in fiscal year 2012 were payments to employees - \$194.3 million representing salaries, wages and fringe benefits and payments to suppliers of goods and services - \$96.9 million.

Cash flow from capital financing activities reflects the activities associated with the acquisition and construction of capital assets including related debt payments. The primary sources of cash in fiscal year 2012 were proceeds from capital appropriations - \$11.3 million, bond sales - \$25.6 million and capital grants and gifts - \$9.8 million. The primary uses of cash were for debt payments - \$29.3 million and capital expenditures - \$29.2 million.

Capital Asset and Debt Administration

The College of William & Mary

General –The impact of the national recession continues to ripple down to College level as the total volume of work has declined significantly. FY 2012 marks the low point of College construction placement and project delivery since the 2001 bond issue ignited higher education construction in the Commonwealth. Support for construction of primary academic facilities (education and general) has dropped to the point that only one of five projects delivered in the last two years has included state funds – a ratio which is a direct reflection of the continuing fiscal climate.

Completed Projects – Twenty-three projects listed as “placed into service” were completed prior to FY 2012, and residual funds in each budget have been used to restore items deleted from project scopes during design to reduce estimated costs prior to contract bid/negotiation and/or to purchase equipment required to optimize facility functionality. These projects will be closed as rapidly as possible.

Projects in Progress - Fourteen projects are currently in design (3) and construction (11)

Design – Three projects have elements in design. Two are the final phases of utility infrastructure projects, Emergency Generators and Power Plant Utilities Improvements, which will design an emergency power automatic transfer switch for the campus museum and offices for Power Plant maintenance staff within the renovated plant, respectively. The third is design of additional kitchen space within the Commons Dining Facility.

Construction - Eleven projects are in construction. Five are for residence hall construction and improvement, four renovate academic/academic administration facilities, one supports intercollegiate athletic facility repairs and a final project renews/augments critical infrastructure.

Residence Life - The residence life projects consist of construction of a new 187 bed fraternity complex and four dormitory repair umbrella projects focused on envelope repairs, structural improvements, HVAC upgrades and fire safety. The fraternity complex consists of 11 two story, 17 bed houses and a community building. The complex provides additional beds to accommodate an expanding undergraduate population and places the Greek community in the heart of student residential housing.

Academic/Academic Administration – The four academic/academic administration projects provide final adjustments to the addition and renovation of the Physics building, final adjustments to the renovation of the Art and Art History building, renovation of the 1909 home of the English department, and an upgrade for building systems within the historic Brafferton. Small Hall, the home to Physics, provides vibration free, “heavy” labs with sufficient power and associated cooling to support graduate level research featuring cutting edge laser technology in partnership with private industry. Final steps in the renovation include installation of lab entry security for laser labs, laser curtain installation, incorporation of radiation security features and lecture hall seating modifications. The second project is a basic building systems renewal of Andrews Hall, home to Art and Art History which repairs structural masonry defects and brings mechanical, electrical, fire sprinkler and associated controls into compliance with current building codes to ensure systems operability and occupant safety. A major fire alarm and fire sprinkler installation in the previously unprotected foundry area has been added per the direction of the Building Code Official to ensure fire safety during foundry pours. The English Department project will renovate the 1909 era Tucker Hall. The project will re-program interior space to house the current staff, reconfigure instructional space to support seminar size classes and equip all instructional space with state of the art audio/visual equipment and data connectivity to support modern pedagogy. The building

systems in this century old hall will be simultaneously replaced to meet current code standards and to ensure full accessibility, LEED Silver sustainability and state of the art life safety provisions. Design was paused in 2010 but is now complete. Project costs have been submitted to the Bureau of Capital Outlay Management for review and approval of construction funds. The final project is renovation of the Brafferton, a former 18th century Indian School, which now houses the offices of the President, the Provost and their staffs. The proposed scope will upgrade building systems with minimal disruption to existing programming and virtually no destruction of historic fabric.

Intercollegiate Athletics - An intercollegiate umbrella will address long standing deficiencies at existing facilities by reroofing the campus arena, providing new lighting for an athletic field complex and replacing deteriorating windows in Zable Stadium.

Utilities/Infrastructure - The final infrastructure project provides a cooling addition to the existing steam plant and constructs the first phase of chilled water/steam distribution to ten of twenty seven supported buildings. The creation of a district plant significantly increases energy efficiency as it simultaneously replaces sixty year plant and piping with geometrically increasing failure/repair rates.

A new Six Year Plan for the 2014-2020 period will be submitted in May, 2013. The plan will mark a significant transition functionally and fiscally. New construction will include a shift in focus to support the arts, technology and renovation of older academic facilities and dormitories. Funding support will continue to rely heavily on College and donor support during this period of fiscal recession and recovery.

Virginia Institute of Marine Science

The Marine Research Building Complex is comprised of two buildings, a seawater laboratory and a scientific building. Construction started in August 2005; a final certificate of use and occupancy was issued for the Seawater Research Laboratory on April 2, 2007 and for Andrews Hall on July 17, 2009. Installation of a second seawater line was completed in July 2012 and the project is now closed.

The Property Acquisitions have four appropriations for property at the Gloucester Point and Wachapreague campuses, the Virginia Estuarine & Coastal Research Reserve and the Chesapeake Bay National Estuarine Research Reserve in Virginia programs. The appropriation for "Acquisition: Master Plan Properties" involves the purchase of properties contiguous to the Gloucester Point campus. VIMS is currently in the process to acquire property which should be complete by Fall 2012. VIMS purchased two properties for its Wachapreague campus in May and June 2011, respectively. The "Acquisition: Wachapreague Property" appropriation remains open in the event other property becomes available. Two parcels of land were purchased for the Virginia Estuarine & Coastal Research Reserve program in 2002-03 and that appropriation remains open in the event other property becomes available. As of August 2006, an authorization to purchase additional property was granted under capital project entitled "Acquire Additional Property for the CBNERRVA Program". VIMS purchased the Catlett Islands from Timberneck, L.L.C. for the Chesapeake Bay National Estuarine Research Reserve in Virginia Program in May 2012 and the appropriation remains open for future properties to become available.

The Improvement Project of Electrical Upgrades involves upgrading the electrical distribution system in Chesapeake Bay Hall. The building's present electrical system does not provide the type of clean power needed by some of the sensitive electronic lab equipment and instrumentation used in modern research. The project will install transient voltage surge suppression and other improvements to the grounding system and a second emergency generator. The project is substantially complete. VIMS will purchase and install UPS systems in various laboratories with the remaining funds.

The Maury Hall Renovation project will be supported by the raising of private funds to renovate a 50-year old 6,400 square foot outdated laboratory into functional meeting and conference space for the campus. The project is on hold.

The Research Storage Facility project involves the construction of a 4,900 square foot facility that is needed to secure research equipment and instruments that are currently stored outdoors. The project was completed in December 2011.

Eastern Shore Seawater Laboratory Replacement project involves construction of a new laboratory building with running seawater for research on coastal marine ecology and aquaculture in a high salinity environment. The research had been conducted in former oyster shucking houses from the late 1800's. Substantial completion was on February 3, 2012. VIMS has moved into the new facility and the contractor is completing the punch list items.

Richard Bland College

Major Projects in Progress at June 30, 2012:

	Expenditures to Date
Student Center Renovation	\$ 1,035,652
Total	<u>\$ 1,035,652</u>

The Student Center Renovation construction is on-going. The anticipated date of completion is during FY 2013.

Debt Activity

The College's long-term debt is comprised of bonds payable, notes payable and installment purchases. The bonds payable are Section 9(c) bonds which are general obligation bonds issued and backed by the Commonwealth of Virginia on behalf of the College. These bonds are used to finance capital projects which will produce revenue to repay the debt. The College's notes payable consists of Section 9(d) bonds, which are issued by the Virginia College Building Authority's (VCBA) Pooled Bond Program. These bonds are backed by pledges against the College's general revenues. As of June 30, 2011 the College has outstanding balances for Section 9(c) bonds and Section 9(d) bonds of \$53.7 million and \$150.8 million respectively.

The outstanding balance of 9(c) bonds can be summarized in four major categories as follows: (1) Renovation of Dormitories - \$19.4 million, (2) Commons Dining Hall - \$7.6 million, (3) Other housing / residence - \$5.7 million, (4) New Dormitory - \$16.3 million, and (5) University Center -\$1.6 million. The majority of the 9(d) balance at June 30, 2011 is related to the new school of business building, Miller Hall, - \$39.7 million, the Barksdale dormitories - \$21.2 million, Cooling Plant - \$21.8 million, Integrated Science Center - \$16.9 million and the Parking Deck -\$9.5 million.

Economic Outlook

The College's economic health reflects our ability to recruit students, our status as a public institution within the Commonwealth of Virginia's higher education system, our ability to raise revenue through tuition and fees, grants and contracts and private funds, and our ability to reallocate funds in support of higher priorities.

Our ability to recruit, admit and retain top-caliber students remains excellent even as we compete against the most selective public and private institutions in the country. Freshman applications to the College reached a new high of 13,660 for Fall 2012. The credentials of our admitted students remain strong, reflecting the highly selective nature of the College. These statistics, coupled with the College's academic reputation, suggest a strong continuing student demand for the future.

The rebound in endowment value that began in FY 2010 continued through FY 2012. By June 30, 2012, the consolidated value of endowments held by all of the various entities supporting the College and its programs totaled \$644.2 million, an increase of 30.2% since FY 2008, and a record high for the College. While investment performance reflected the challenge of investing in sometimes turbulent national and global markets, strong gift flow and significant growth in assets held in external trusts more than compensated. The Board of Visitors' endowment and the William and Mary Investment Trust, the largest of the College's investment portfolios, remain highly diversified across asset classes.

With the opening of the School of Education and the Sherman and Gloria Cohen Career Center, the facilities focus shifts to planning for the final phase of the Integrated Science Center and the renovation of both Tucker and Tyler Halls. Since the ISC 3 and Tucker Hall projects had been previously authorized by the State, the College requested and received permission to move forward with Tyler Hall planning. On the non-academic side, the William and Mary Real Estate Foundation opened Tribe Square for Fall, 2011. Located just across Richmond Road from campus, Tribe Square provided 56 apartment-style beds as well as four commercial spaces. On-campus, construction of the new fraternity houses is underway. When complete in Summer, 2013, these houses will not only dramatically improve fraternity housing, but add an additional 187 beds to our on-campus inventory, reaffirming once again the College's residential commitment.

In the short-term, fiscal year 2013 budgets continue our progress. Within available resources the budgets reflect priorities included in the College's Strategic Plan and the Six-Year Plan approved by the Board of Visitors in response to the recently passed Higher Education Opportunity Act. This Act reaffirmed "the Commonwealth's commitment...to having a distinctive 'public ivy' at William and Mary".

Long-term, the Board of Visitors and the administration are focused on how best to attract and retain the very best students, faculty and staff while enhancing quality, affordability, and access. Well into its strategic planning process, the College will this year assess progress to date and identify more intentional investments to move the College forward. Under the general theme of "Breaking Boundaries", possible initiatives include enhancing the "360 degree" nature of a William and Mary education, leadership development, expanding technology-based instructional methods, interdisciplinary opportunities, applied learning, and global education and awareness. These investments will occur even as the College continues to address the six original "grand challenges" that have driven recent funding decisions.

All of the College's constituencies will need to contribute to this effort. While we do not expect the state to restore those funds lost since 2008, the Commonwealth will continue to play an important role in the College's future, providing both operating and facilities support. We can expect state resources to be targeted to support the various initiatives highlighted in the Higher Education Opportunity Act. Internally, the deans and vice presidents remain focused on ways to improve the efficiency and effectiveness of program delivery, allowing for the reallocation of funds to higher priority needs. Tuition and fees remain a part of the funding solution, recognizing that any action increasing the cost to students must address access and affordability issues. Finally, private fund raising, both annual giving and endowment, remains crucial to both the short- and long-term financial health of the institution. The Board of Visitors, in partnership with the College of William and Mary Foundation, the William and Mary Alumni Association, and the various other foundations and boards supporting the College, continues to invest those resources necessary to grow the College's giving profile and endowment.

As noted above, recent state funding action has cleared a variety of capital needs. As a result, the College is able to shift its facility focus to the programmatic and spaces needs of its various arts programs. Prior studies have more than adequately documented the condition and space needs in theatre, speech, dance, music, art and art history, and the Muscarelle Museum of Art. To be funded with both state and private funds, planning is underway for an "Arts Quarter" that will provide quality instructional, performance, and exhibition space for our students, faculty, and visitors.

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Consolidated Financial Statements

**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Net Assets
As of June 30, 2012**

ASSETS	Colleges	Component Units
Current assets:		
Cash and cash equivalents (Note 3)	\$ 49,896,351	\$ 21,967,908
Investments (Note 3)	2,459,080	955,692
Appropriation available	281,686	-
Receivables, net of allowance for doubtful accounts (Note 5)	13,827,647	1,906,293
Notes receivable (Note 5)	20,941	-
Due from commonwealth	2,068,744	-
Inventories	807,924	40,319
Pledges receivable	-	7,948,925
Prepaid expenses	1,427,924	615,819
Other assets	82,836	14,915
Total current assets	70,873,133	33,449,871
Non-current assets:		
Restricted cash and cash equivalents (Note 3)	43,549,934	19,715,256
Restricted investments (Note 3)	64,537,738	435,044,383
Investments (Note 3)	9,091,673	11,995,721
Receivables	-	23,673,342
Notes receivable, net of allowance for doubtful accounts (Note 5)	3,088,128	-
Pledges receivable	-	12,750,259
Capital assets, nondepreciable (Note 6)	133,307,189	11,849,287
Capital assets, depreciable net of accumulated depreciation of \$335,526,543 (Note 6)	566,323,152	15,143,635
Other assets	-	1,506,592
Other restricted assets	-	136,883,891
Total non-current assets	819,897,814	668,562,366
Total assets	890,770,947	702,012,237
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	34,263,442	1,795,345
Deferred revenue	13,684,090	1,691,693
Deposits held in custody for others	3,078,155	19,655
Obligations under securities lending program	139,525	-
Long-term liabilities-current portion (Note 9)	23,664,491	1,884,316
Short term debt	-	2,635,000
Other liabilities	343,174	33,043
Total current liabilities	75,172,877	8,059,052
Long-term liabilities-non-current portion (Note 9)	221,944,706	59,536,120
Total liabilities	297,117,583	67,595,172
NET ASSETS		
Invested in capital assets, net of related debt	483,765,246	11,601,830
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	14,437,880	90,124,469
Research	-	5,861,795
Loans	-	24,230
Departmental uses	27,195,681	124,633,047
Other	-	182,488,048
Expendable:		
Scholarships and fellowships	7,693,609	62,936,460
Research	-	2,318,540
Debt service	599,510	-
Capital projects	3,422,586	7,076,090
Loans	721,043	49,945
Departmental uses	25,581,098	101,268,589
Other	-	13,945,100
Unrestricted	30,236,711	32,088,922
Total net assets	\$ 593,653,364	\$ 634,417,065

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

**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012**

	Colleges	Component Units
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$24,602,458	\$ 139,365,551	\$ -
Gifts and contributions	-	15,988,737
Federal grants and contracts	39,125,012	-
State grants and contracts	2,203,945	-
Local grants and contracts	401,159	-
Nongovernmental grants and contracts	3,971,911	-
Auxiliary enterprises, net of scholarship allowances of \$10,876,628	79,401,760	-
Other	5,932,133	11,604,268
	<u>270,401,471</u>	<u>27,593,005</u>
Operating expenses: (Note 11)		
Instruction	97,989,332	3,958,874
Research	48,221,990	526,022
Public service	68,442	948,439
Academic support	29,626,975	5,365,409
Student services	13,994,086	1,286,177
Institutional support	27,166,785	12,686,923
Operation and maintenance of plant	23,472,575	1,094,897
Student aid	33,246,613	6,143,259
Auxiliary enterprises	57,826,571	831,101
Depreciation	23,761,878	819,088
Other	1,053,834	6,916,956
	<u>356,429,081</u>	<u>40,577,145</u>
Operating loss	<u>(86,027,610)</u>	<u>(12,984,140)</u>
Non-operating revenues/(expenses):		
State appropriations (Note 12)	61,101,776	-
Gifts	17,177,812	-
Net investment revenue	(1,926,708)	(5,546,231)
Pell grant revenue	5,183,669	-
ARRA State Fiscal Stabilization Funds	940,873	-
Interest on capital asset related debt	(7,631,176)	(147,454)
Other non-operating revenue	12,392,152	19,722,074
Other non-operating expense	(426,679)	(5,318,495)
	<u>86,811,719</u>	<u>8,709,894</u>
Income/(loss) before other revenues, expenses, gains or losses	<u>784,109</u>	<u>(4,274,246)</u>
Capital appropriations	9,902,380	-
Capital grants and contributions	10,653,151	184,212
Additions to permanent endowments	-	18,322,449
	<u>20,555,531</u>	<u>18,506,661</u>
Net other revenues, expenses, gains or losses	<u>20,555,531</u>	<u>18,506,661</u>
Increase in net assets	<u>21,339,640</u>	<u>14,232,415</u>
Net assets - beginning of year, restated (Note 2)	<u>572,313,724</u>	<u>620,184,650</u>
Net assets - end of year	<u>\$ 593,653,364</u>	<u>\$ 634,417,065</u>

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

**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2012**

Cash flows from operating activities:	
Tuition and fees	\$ 133,696,948
Scholarships	(21,356,891)
Research grants and contracts	45,383,644
Auxiliary enterprise charges	78,942,364
Payments to suppliers	(96,912,996)
Payments to employees	(194,299,574)
Payments for operation and maintenance of facilities	(12,559,399)
Loans issued to students and employees	(392,299)
Collection of loans to students and employees	467,829
Other receipts	7,627,775
Other payments	(524,676)
	<hr/>
Net cash used by operating activities	(59,927,275)
Cash flows from noncapital financing activities:	
State appropriations	61,101,776
Gifts	17,177,812
Agency receipts	5,874,486
Agency payments	(5,190,190)
Direct Loan receipts	47,405,825
Direct Loan disbursements	(47,405,825)
Other non-operating receipts	18,222,280
Other non-operating disbursements	(426,679)
	<hr/>
Net cash provided by noncapital financing activities	96,759,485
Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	25,640,084
Capital appropriations	11,293,309
Capital grants and contributions	9,774,795
Insurance payments	680,113
Capital expenditures	(29,214,049)
Principal paid on capital-related debt	(20,612,944)
Interest paid on capital-related debt	(8,648,289)
Proceeds from sale of capital assets	65,857
	<hr/>
Net cash used by capital and related financing activities	(11,021,124)
Cash flows from investing activities:	
Investment income	(1,871,737)
Investments	8,137,425
	<hr/>
Net cash provided by investing activities	6,265,688
Net increase/(decrease) in cash	32,076,774
Cash-beginning of year*	<hr/>
	61,234,170
Cash-end of year	<hr/> <hr/>
	\$ 93,310,944

**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2012**

Reconciliation of Cash-end of year-Cash Flow Statement, to Cash and Cash Equivalents-Statement of Net Assets :

Statement of Net Assets

Cash and cash equivalents	\$ 49,896,351
Restricted cash and cash equivalents	43,549,934
Less: Securities lending -Treasurer of Virginia	<u>(135,341)</u>

Net cash and cash equivalents	<u>\$ 93,310,944</u>
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Reconciliation of net operating expenses to net cash used by operating activities:

Net operating loss	\$ (86,027,610)
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Adjustments to reconcile net operating expenses to cash used by operating activities:

Depreciation expense	23,761,878
Changes in assets and liabilities:	
Receivables-net	864,788
Inventories	(330,087)
Prepaid expense	(152,549)
Accounts payable	2,140,612
Deferred revenue	469,360
Deposit held for others	(223,064)
Compensated absences	94,073
Other liability	<u>(524,676)</u>

Net cash used in operating activities	<u>\$ (59,927,275)</u>
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**NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL
AND RELATED FINANCING TRANSACTIONS**

Amortization of a deferred loss	\$ 1,326,362
Donated capital assets	\$ 878,356
Reduction/amortization of bond premium and debt issuance costs	\$ 309,249

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

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**Notes to
Financial Statements
Year Ended June 30, 2012**

The College of William and Mary in Virginia and Richard Bland College - Consolidated Report

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The College of William and Mary, which includes the Williamsburg campus and the York River campus (Virginia Institute of Marine Science), and Richard Bland College are a part of the Commonwealth of Virginia's statewide system of public higher education. The College's Board of Visitors is appointed by the Governor and is responsible for overseeing governance of the College. The College is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

The accompanying financial statements present all funds for which the College's Board of Visitors is financially accountable. Related foundations and similar non-profit corporations for which the College is not financially accountable are also a part of the accompanying financial statements under Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These entities are separately incorporated and the College exercises no control over them. These component units are described in Note 13.

The College has nine component units as defined by GASB Statement 39 – the College of William and Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the Athletic Educational Foundation, the School of Business Foundation, the Virginia Institute of Marine Science Foundation, the Richard Bland College Foundation, the Real Estate Foundation and the Intellectual Property Foundation. These organizations are separately incorporated tax-exempt entities and have been formed to promote the achievements and further the aims and purposes of the College.

Although the University does not control the timing or amount of receipts from the Foundations, the majority of resources or income which the Foundations hold and invest are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundations can only be used by or for the benefit of the College, the Foundations are considered component units of the College and are discretely presented in the financial statements.

The College of William and Mary Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia to “aid, strengthen, and expand in every proper and useful way” the work of the College of William and Mary. For additional information on the College of William and Mary Foundation, contact their office at Post Office Box 8795, Williamsburg, Virginia 23187.

The Marshall-Wythe School of Law Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia, established for the purpose of soliciting and receiving gifts to support the College of William and Mary School of Law. The Foundation supports the Law School through the funding of scholarships and fellowships, instruction and research activities, and academic support. For additional information on the Marshall-Wythe School of Law Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia 23187.

The William and Mary Alumni Association is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides aid to the College of William and Mary in Virginia in its work, and promotes and strengthens the bonds of interest between and among the College of William and Mary in Virginia and its alumni. For additional information on the Alumni Association, contact the Alumni Association Office at Post Office Box 2100, Williamsburg, Virginia 23187-2100.

The William and Mary Athletic Educational Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to promote, foster, encourage and further education, in all enterprises of all kinds at the College of William and Mary Virginia, but it principally supports the Athletic

Department of the College. For additional information on the Athletic Educational Foundation, contact the Foundation Office at 751 Ukrop Drive, Williamsburg, Virginia 23187.

The William and Mary Business School Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Business School Foundation is to solicit and receive gifts to endow the College of William and Mary School of Business Administration and to support the School through the operations of the Foundation. For additional information on the William and Mary Business School Foundation, contact the Foundation Office at Post Office Box 3023, Williamsburg, Virginia, 23187.

The Virginia Institute of Marine Science Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to support the College of William and Mary's Virginia Institute of Marine Science primarily through contributions from the public. For additional information on the Virginia Institute of Marine Science Foundation, contact the Foundation Office at Post Office Box 1346, Gloucester Point, Virginia, 23062.

The Richard Bland College Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides scholarships, financial aid, and books to the College's students, along with support for faculty development and cultural activities. For additional information on the Richard Bland College Foundation, contact the Foundation Office at 11301 Johnson Road, Petersburg, Virginia 23805-7100.

The William and Mary Real Estate Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2006. Its purpose is to acquire, hold, manage, sell, lease and participate in the development of real properties in support of the educational goals of the College of William and Mary in Virginia. For additional information on the William and Mary Real Estate Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Intellectual Property Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2007. Its purpose is to handle all aspects of the intellectual property of the College of William and Mary in Virginia in support of the educational goals of the College. The Foundation had no significant financial activity to report; therefore, it is not included in the component unit financial information reported in the financial statements. For additional information on the William and Mary Intellectual Property Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Omohundro Institute of Early American History and Culture (OIEAHC), sponsored by the College of William and Mary and The Colonial Williamsburg Foundation, is organized exclusively for educational purposes. Its Executive Board, subject to its sponsors, determines matters of policy and has responsibility for financial and general management as well as resource development. The Executive Board consists of six members: the chief education officer of the Colonial Williamsburg Foundation, the chief academic officer of the College of William and Mary, the chairperson of the Institute Council and three who are elected by OIEAHC's Executive Board. Prior to the beginning of each fiscal year, the sponsors determine the nature and extent of their responsibility for the financial support of the OIEAHC in the upcoming year.

For financial reporting purposes, assets of the OIEAHC are not included in the accompanying financial statements. The following summarizes the unaudited financial position of the OIEAHC at June 30, 2012:

Assets	<u>\$ 616,655</u>
Liabilities	139,602
Net Assets	<u>477,053</u>
Liabilities and Net Assets	<u>\$ 616,655</u>

The total unaudited receipts and disbursements of the OIEAHC were \$1,896,364 and \$1,936,994 respectively, for the year ended June 30, 2012. Separate financial statements for the OIEAHC may be obtained by writing the Treasurer, Omohundro Institute of Early American History and Culture, P.O. Box 8781, Williamsburg, Virginia 23187-8781.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. It is the College's policy not to follow FASB standards issued after that date.

Pursuant to the provisions of GASB 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*, effective for the years ending on or after June 30, 2002, the full scope of the College's activities is considered to be a single business-type activity (BTA) and accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting, including depreciation expense related to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Bond premiums and discounts are deferred and amortized over the life of the debt. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

Investments are recorded at cost or fair market value, if purchased, or fair market value at the date of receipt, if received as a gift, and reported in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. (See Note 3.)

Realized and unrealized gains and losses are reported in investment income as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Assets.

Receivables

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

Inventories

Inventories at the Williamsburg and York River (Virginia Institute of Marine Science) campuses are reported using the consumption method, and valued at average cost.

Prepaid Expenses

As of June 30, 2012, the Colleges' prepaid expenses included items such as insurance premiums, membership dues, conference registrations for fiscal year 2013 that were paid in advance, and publications subscriptions which include

initial and renewal annual subscriptions for technical and professional publications.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. All three campuses capitalize all items with a unit price greater than or equal to \$5,000. Library materials for the academic or research libraries are capitalized as a collection and are valued at cost. GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets for financial statement periods beginning after June 15, 2009. The Williamsburg and York River campuses capitalize intangible assets with a cost greater than or equal to \$50,000 except for internally generated computer software which is capitalized at a cost of \$100,000 or greater. Richard Bland College capitalizes intangible assets with a cost greater than or equal to \$20,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years
Intangible Assets – computer software	3-20 years

Collections of works of art and historical treasures are capitalized at cost or fair value at the date of donation. These collections, which include rare books, are considered inexhaustible and therefore are not depreciated.

Deferred Revenue

Deferred revenue represents revenue collected but not earned as of June 30, 2012. This is primarily comprised of revenue for student tuition paid in advance of the semester, amounts received from grant and contract sponsors that have not yet been earned and advance ticket sales for athletic events.

Compensated Absences

Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets. The applicable share of employer related taxes payable on the eventual termination payments is also included.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, notes payable, and installment purchase agreements with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year.

Net Assets

GASB Statement No. 34 requires that the Statement of Net Assets report the difference between assets and liabilities as net assets rather than fund balance. Accordingly, the College's net assets are classified as follows:

Invested in Capital Assets, net of related debt – consist of total investment in capital assets, net of accumulated depreciation and outstanding debt obligations.

Restricted Net Assets – Nonexpendable – include endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Assets – Expendable – represent funds that have been received for specific purposes and the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Assets – represent resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments and auxiliary enterprises. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College’s policy is to first apply the expense toward restricted resources, and then toward unrestricted.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to 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 actual charge for goods and services provided by the College and the amount that is paid by students and/or third parties on the students’ 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). The alternative method is a simple calculation that computes scholarship discounts and allowances on a college-wide 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. Student financial assistance grants and other Federal, State or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance.

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work Study, Perkins Loans, and Direct Loans, which includes Stafford Loans, Parent Loans for Undergraduate Students (PLUS) and Graduate PLUS Loans. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

Classification of Revenues and Expenses

The College presents its revenues and expenses as operating or non-operating based on the following criteria:

Operating revenues - include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and Local grants and contracts and (4) interest on student loans.

Non-operating revenues - include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, and GASB Statement No. 34, such as State appropriations and investment income.

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

2. RESTATEMENT OF NET ASSETS

Certain net assets originally reported in the College's financial statements as of June 30, 2011 have been restated to reflect further evaluation of assets and liabilities.

Net assets as previously reported June 30, 2011	\$ 575,773,359
Reduction in assets due to increase in capital asset capitalization threshold	(5,291,475)
Adjustment to fund balance for grant transactions	<u>1,831,840</u>
Net asset balance at July 1, 2011	<u><u>\$ 572,313,724</u></u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et. seq., Code of Virginia, all state funds of the College are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody and investment of State funds. Cash held by the College is maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et. seq. Code of Virginia. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the College.

Investments

The investment policy of the College is established by the Board of Visitors and monitored by the Board's Financial Affairs Committee. In accordance with the Board of Visitors' Resolution 6(R), November 16, 2001, Resolution 12(R) November 21-22, 2002, and as updated by the Board in April 2012 investments can be made in the following instruments: cash, U.S. Treasury and Federal agency obligations, commercial bank certificates of deposit, commercial paper, bankers' acceptances, corporate notes and debentures, money market funds, mutual funds, convertible securities and equities.

Concentration of Credit Risk

Concentration of credit risk requires the disclosure by amount and issuer of any investments in any one issuer that represents five percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. The College's investment policy does not limit the amount invested in U.S. Government or Agency Securities. As of June 30, 2012, none of the investments in stocks or bonds represents five percent or more of the total investments; therefore, the College does not have concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. All investments are registered and held in the name of the College and therefore, the College does not have this risk.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College limits its exposure to interest rate risk by limiting its maximum maturity lengths of investments and structuring its portfolio to maintain adequate liquidity to ensure the College's ability to meet its operating requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The College had no investments in foreign currency but had foreign deposits in the amount of \$280,499 as of June 30, 2012.

Security Lending Transactions

Securities lending transactions represent Richard Bland College's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Loaned securities, for which the collateral is reported on the Statement of Net Assets, are non-categorized as to credit risk. Details of the General Account securities lending program are included in the Commonwealth's Comprehensive Annual Financial Report.

Interest Rate Risk: Maturities

Type of Investment	Fair Value	Less than 1 year	1-5 years	6-10 years	Greater than 10 years
Agency unsecured bonds and notes:					
Federal Home Loan Bank	\$ 2,000,360	\$ 2,000,360	\$ -	\$ -	\$ -
Federal Farm Credit Bank	998,804	998,804	-	-	-
Ridgeworth Fund - U.S. Government Sec	9,091,673	-	9,091,673	-	-
Mutual and money market funds:					
Money market	61,659,339	61,659,339	-	-	-
Mutual funds - Investment Funds	6,097,658	-	-	3,021,772	3,075,886
Mutual funds - PIMCO Funds	9,988,437	-	-	9,988,437	-
Mutual funds - PIONEER Strategic Income	9,725,688	-	-	-	9,725,688
Mutual funds - Calvert Social Investment Fund	44,467	-	-	44,467	-
Mutual funds - Wells Fargo	169,973	169,973	-	-	-
State non-arbitrage program	24,082,548	24,082,548	-	-	-
Securities lending	135,341	135,341	-	-	-
	<u>\$ 123,994,288</u>	<u>\$ 89,046,365</u>	<u>\$ 9,091,673</u>	<u>\$ 13,054,676</u>	<u>\$ 12,801,574</u>

Credit & Concentration of Credit Risks

	Fair Value	S&P Credit Quality Rating AA+	Unrated
<u>Cash Equivalents</u>			
Certificate of deposit	\$ 170,000	\$ -	\$ 170,000
Money market	61,659,339	-	61,659,339
State non-arbitrage program	24,082,548	-	24,082,548
Securities lending	135,341	-	135,341
Total cash equivalents	<u>86,047,228</u>	<u>-</u>	<u>86,047,228</u>
<u>Investments</u>			
Agency unsecured bonds and notes:			
Federal Home Loan Bank	\$ 2,000,360	\$ 2,000,360	\$ -
Federal Farm Credit Bank	998,804	-	998,804
Ridgeworth Fund - U.S. Government Securities	9,091,673	-	9,091,673
Mutual funds:			
Investment Funds	6,097,658	-	6,097,658
PIMCO Funds	9,988,437	-	9,988,437
PIONEER Strategic Income Fund	9,725,688	-	9,725,688
Calvert Social Investment Fund	44,467	-	44,467
Wells Fargo	169,973	-	169,973
Total investments	<u>38,117,060</u>	<u>\$ 2,000,360</u>	<u>\$ 36,116,700</u>
<u>Other Investments</u>			
Other	37,521,366		
Securities lending	4,184		
Rare coins	280		
Property held as investment for endowments	<u>445,600</u>		
Total other investments	<u>37,971,430</u>		
Total cash equivalents and investments	<u>\$ 162,135,718</u>		

4. DONOR RESTRICTED ENDOWMENTS

Investments of the College's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations. The Uniform Management of Institutional Funds Act, Code of Virginia Title 55, Chapter 15 sections 268.1-268.10, permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long- and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying the payout percentage to the average market value of the investment portfolio for the three previous calendar year-ends. The payout percentage is reviewed and adjusted annually as deemed prudent.

The College, during fiscal year 2012, had a net appreciation of \$8,633,049 which is available to be spent and is reported in the Statement of Net Assets in the following categories: Restricted for Expendable Scholarships and Fellowships - \$4,100,878, Restricted for Expendable Research - \$21,073, Restricted for Expendable Capital Projects - \$147,232, Restricted for Expendable Departmental Uses - \$3,368,186 and Unrestricted - \$995,680. The amount for Research was reclassified to unrestricted because the total net assets Restricted Expendable Research was negative.

5. ACCOUNTS AND NOTES RECEIVABLES

Receivables include transactions related to accounts and notes receivable and are shown net of allowance for doubtful accounts for the year ending June 30, 2012 as follows:

Accounts receivable consisted of the following at June 30, 2012:

Student Tuition and Fees	\$	3,644,535
Auxiliary Enterprises		1,274,706
Federal, State and Non-Governmental Grants & Contracts		6,272,627
Other Activities		<u>2,683,571</u>
Gross Receivables		13,875,439
Less: allowance for doubtful accounts		<u>(47,792)</u>
Net Receivables	\$	<u><u>13,827,647</u></u>

Notes receivable consisted of the following at June 30, 2012:

Current portion:		
Federal student loans and promissory notes	\$	<u>20,941</u>
Non-current portion:		
Federal student loans and promissory notes	\$	3,157,944
Less: allowance for doubtful accounts		<u>(69,816)</u>
Net non-current notes receivable	\$	<u><u>3,088,128</u></u>

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2012 consists of the following:

	Beginning Balance	Beginning Balance Adjustments	Additions	Reductions	Ending Balance
Non-depreciable capital assets:					
Land	\$ 14,257,770	\$ (7,055)	\$ 807,703	\$ -	\$ 15,058,418
Inexhaustible artwork and Historical treasures	72,478,892	-	902,373	(12,310)	73,368,955
Construction in Progress	44,755,691	-	19,563,636	(19,439,511)	44,879,816
Total non-depreciable capital assets	131,492,353	(7,055)	21,273,712	(19,451,821)	133,307,189
Depreciable capital assets:					
Buildings	667,691,019	(42,700)	16,186,031	(974,241)	682,860,109
Equipment	85,796,508	(13,989,610)	4,942,303	(1,730,066)	75,019,135
Infrastructure	42,532,130	(17,459)	235,768	-	42,750,439
Other improvements	5,895,056	(4,004)	2,863,443	-	8,754,495
Library Materials	85,811,533	-	1,455,783	(227,871)	87,039,445
Computer software	5,121,258	-	304,814	-	5,426,072
Total depreciable capital assets	892,847,504	(14,053,773)	25,988,142	(2,932,178)	901,849,695
Less accumulated depreciation for:					
Buildings	156,934,862	(35,865)	15,295,011	(820,951)	171,373,057
Equipment	54,248,498	(8,718,182)	5,026,013	(1,448,713)	49,107,616
Infrastructure	25,494,132	(11,302)	1,378,542	-	26,861,372
Other improvements	3,879,253	(4,004)	432,866	-	4,308,115
Library Materials	77,877,634	-	1,535,181	(227,871)	79,184,944
Computer software	4,596,602	-	94,837	-	4,691,439
Total accumulated depreciation	323,030,981	(8,769,353)	23,762,450	(2,497,535)	335,526,543
Depreciable capital assets, net	569,816,523	(5,284,420)	2,225,692	(434,643)	566,323,152
Total capital assets, net	\$ 701,308,876	\$ (5,291,475)	\$ 23,499,404	\$ (19,886,464)	\$ 699,630,341

Capitalization of Library Books

The methods employed to value the general collections of the Earl Gregg Swem Library and the Marshall-Wythe Law Library, York River Library, and Richard Bland College Library are based on average cost determined by each library. The average cost of the Swem Library for purchases of books was \$33.99 for fiscal year 2012. The average cost of the Law Library purchases of books was \$105.43 for fiscal year 2012. Special collections maintained by each library

are valued at historical cost or acquisition value. The average cost of library books purchased for the Virginia Institute of Marine Science was \$79.30 for fiscal year 2012. The average cost of library books purchased for Richard Bland College was \$14.68 for fiscal year 2012. The changes reflected in the valuation are due to the recognition of depreciation in accordance with GASB Statements No. 34 and 35, as well as purchases, donations and disposals.

Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, was issued effective for the fiscal year ended June 30, 2006. Statement No. 42 requires an evaluation of prominent events or changes in circumstances to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. There was a fire on November 18, 2010 at the VIMS Wachapreague campus which completely destroyed a laboratory and its contents. The impairment loss was recognized in the FY11 financial statements. During FY12, \$500,000 of insurance recoveries for this loss was received by the Institute. VIMS does plan to rebuild the facility.

Proceeds from other insurance recoveries attributable to capital assets are reported as a capital related financing activity in the Statement of Cash Flows. Accordingly, \$180,113 of proceeds from insurance recoveries are classified as a capital related financing activity.

GASB 42 also requires the disclosure of idle assets at the close of each fiscal year. As of June 30, 2012 there were several vacant or unused buildings on the main William and Mary campus and at the Dillard Complex. The carrying value of these unused buildings at year-end was \$1,895,515.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2012:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$ 18,801,024
Vendors and supplies accounts payable	8,468,962
Capital projects accounts and retainage payable	<u>6,993,456</u>
Total current liabilities-accounts payable and accrued liabilities	<u>\$ 34,263,442</u>

8. COMMITMENTS

At June 30, 2012, outstanding construction commitments totaled approximately \$44,929,652.

Commitments also exist under various operating leases for buildings, equipment and computer software. In general, the leases are for one to three year terms with renewal options on the buildings, equipment and certain computer software for additional one-year terms. In most cases, these leases will be replaced by similar leases. The College of William and Mary has also entered into one twenty-year lease for space in the Applied Science Research Center Building at the Jefferson Center for Research and Technology in Newport News, Virginia. Rental expense for the fiscal year ending June 30, 2012, was \$4,672,628.

As of June 30, 2012, the following total future minimum rental payments are due under the above leases:

<u>Year Ending June 30, 2012</u>	<u>Amount</u>
2013	\$ 4,280,354
2014	1,501,335
2015	1,418,966
2016	1,154,853
2017	<u>650,232</u>
Total	<u>\$ 9,005,740</u>

9. LONG-TERM LIABILITIES

The College's long-term liabilities consist of long-term debt (further described in Note 10), and other long-term liabilities. A summary of changes in long-term liabilities for the year ending June 30, 2012 is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases	\$ 5,979,315	\$ 26,797	\$ (522,519)	\$ 5,483,593	\$ 561,072
Capital Lease Payable	24,593,595	-	(449,359)	24,144,236	470,894
Notes Payable	159,955,401	35,469,723	(44,661,650)	150,763,474	10,345,000
Bonds Payable	<u>41,437,379</u>	<u>20,214,630</u>	<u>(7,938,265)</u>	<u>53,713,744</u>	<u>4,126,146</u>
Total long-term debt	231,965,690	55,711,150	(53,571,793)	234,105,047	15,503,112
Perkins Loan Fund Balance	2,498,565	-	-	2,498,565	-
Accrued compensated absences	<u>8,911,512</u>	<u>9,022,898</u>	<u>(8,928,825)</u>	<u>9,005,585</u>	<u>8,161,379</u>
Total long-term liabilities	<u>\$243,375,767</u>	<u>\$ 64,734,048</u>	<u>\$ (62,500,618)</u>	<u>\$245,609,197</u>	<u>\$ 23,664,491</u>

10. LONG-TERM DEBT

Bonds Payable

The College of William and Mary's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the College and are backed by the full faith, credit and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Listed below are the bonds outstanding at year-end:

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2012</u>
Section 9(c) bonds payable:			
Dormitory, Series 2004B2	3.000 - 5.000	2017	256,943
Dormitory, Series 2004B3	3.000 - 5.000	2017	1,144,123
Dormitory, Series 2004B4	3.000 - 5.000	2018	2,443,250
Dormitory, Series 2004B5	3.000 - 5.000	2020	2,323,816
Dormitory, Series 2005A1	3.500 - 5.000	2026	1,870,000
Dormitory, Series 2006A1	4.000 - 5.000	2014	40,000
Dormitory, Series 2006A2	4.000 - 5.000	2015	760,000
Dormitory, Series 2008B	3.000 - 5.000	2013	106,203
Dormitory, Series 2009C	3.000 - 4.000	2021	383,984
Dormitory, Series 2009C	3.000 - 4.000	2022	2,582,213
Dormitory, Series 2009D	2.500 - 5.000	2022	1,940,000
Renovate Residence Halls, Series 2010A2	2.000 - 5.000	2030	4,160,000
Dormitory, Series 2012A	3.000 - 5.000	2013	21,031
Dormitory, Series 2012A	3.000 - 5.000	2016	429,179
Dormitory, Series 2012A	3.000 - 5.000	2013	136,598
Dormitory, Series 2012A	3.000 - 5.000	2024	779,720
Renovation of Dormitories			19,377,060
Graduate Housing, Series 2006B	4.000 - 5.000	2026	2,240,000
Graduate Housing, Series 2008B	3.000 - 5.000	2028	2,145,000
Graduate Housing, Series 2009D	2.500 - 5.000	2022	1,270,000
Graduate Housing			5,655,000
Construct New Dormitory, Series 2010A2	2.000 - 5.000	2030	1,885,000
Construct New Dormitory, Series 2011A	3.000 - 5.000	2031	14,400,000
Construct New Dormitory			16,285,000
University Center, Series 2008B	3.000 - 5.000	2013	806,998
University Center, Series 2012A	3.000 - 5.000	2013	7,010
University Center			814,008
Underground Utility, Series 2004B1	3.000 - 5.000	2017	669,021
Underground Utility, Series 2012A	3.000 - 5.000	2016	388,481
Underground Utility			1,057,502
Renovate Commons Dining Hall, Series 2005A2	3.500 - 5.000	2026	3,075,000
Renovate Commons Dining Hall, Series 2009D	2.500 - 5.000	2022	3,200,000
Renovate Commons Dining Hall, Series 2012A	3.000 - 5.000	2024	1,289,537
Commons Dining Hall			7,564,537
Total bonds payable			50,753,107
Deferred Gain/(Loss) on Advance Refundings			(917,613)
Unamortized premiums (discounts)			3,878,250
Net bonds payable			<u>\$ 53,713,744</u>

Notes Payable

Section 9(d) bonds, issued through the Virginia College Building Authority's Pooled Bond Program, are backed by pledges against the general revenues of the College and are issued to finance other capital projects. The principal and interest on bonds and notes are payable only from net income and specific auxiliary activities or from designated fee allocations. The following are notes outstanding at year-end:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2012</u>
Section 9(d) Bonds:			
Barksdale Dormitory, Series 2003A	2.000 - 5.000	2024	\$ 175,000
Barksdale Dormitory, Series 2004A	3.000 - 5.000	2025	1,470,000
Barksdale Dormitory, Series 2005A	3.500 - 5.000	2026	3,995,000
Barksdale Dormitory, Series 2006A	3.000 - 5.000	2027	1,620,000
Barksdale Dormitory, Series 2010B	2.000 - 5.000	2021	450,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2024	640,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	6,495,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	6,330,000
William and Mary Hall, Series 2004B	3.000 - 5.000	2016	685,000
William and Mary Hall, Series 2007B	4.000- 4.250	2018	165,000
Parking Deck, Series 2003A	2.000 - 5.000	2024	370,000
Parking Deck, Series 2004A	3.000 - 5.000	2025	315,000
Parking Deck, Series 2005A	3.500 - 5.000	2026	1,975,000
Parking Deck, Series 2010B	2.000 - 5.000	2021	950,000
Parking Deck, Series 2012A	3.000 - 5.000	2024	1,355,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	1,385,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	3,140,000
Recreation Sports Center, Series 2003A	2.000 - 5.000	2024	90,000
Recreation Sports Center, Series 2004A	3.500 - 5.000	2025	1,040,000
Recreation Sports Center, Series 2005A	3.500 - 5.000	2026	770,000
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	315,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	4,585,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	1,225,000
Improve Athletics Facilities, Series 2005A	3.500 - 5.000	2026	1,065,000
Improve Athletics Facilities, Series 2006A	3.000 - 5.000	2027	650,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	1,655,000
Marshall-Wythe Library, Series 2004B	3.000 - 5.000	2019	1,010,000
Law School Library, Series 2003A	2.000 - 5.000	2024	105,000
Law School Library, Series 2007A	4.500 - 5.000	2027	3,185,000
Law School Library, Series 2010B	2.000 - 5.000	2021	260,000
Law School Library, Series 2012A	3.000 - 5.000	2024	385,000
Magnet Facility, Series 2003A	2.000 - 5.000	2024	225,000
Magnet Facility, Series 2010B	2.000 - 5.000	2021	570,000
Magnet Facility, Series 2012A	3.000 - 5.000	2024	805,000
Williamsburg Hospital/School of Education, 2006A	3.000 - 5.000	2027	2,030,000
J. Laycock Football Facility, Series 2006A	3.000 - 5.000	2027	4,675,000

Residence Hall Fire Safety Systems, Series 2006A	3.000 - 5.000	2027	1,640,000
School of Business, Series 2007A	4.500 - 5.000	2027	20,585,000
School of Business, Series 2009A	2.750 - 4.000	2016	19,070,000
Integrated Science Center, Series 2007A	4.500 - 5.000	2027	10,795,000
Integrated Science Center, Series 2009A	2.750 - 5.000	2029	6,060,000
Power Plant Renovations, Series 2007A	4.500 - 5.000	2027	4,225,000
Busch Field AstroTurf Replacement, Series 2009B	2.000 - 5.000	2029	1,335,000
Cooling Plant & Utilities, Series 2009B	2.000 - 5.000	2029	11,000,000
Cooling Plant & Utilities, Series 2010A1&A2	2.000 - 5.500	2031	10,765,000
AshLawn Barn, Series 2010A1&A2	2.000 - 5.500	2031	<u>750,000</u>
Total 9 (d) bonds			142,605,000
Deferred Gain/(Loss) on Advance Refundings			(3,082,644)
Unamortized premiums (discounts)			<u>11,241,118</u>
Net notes payable			<u>\$150,763,474</u>

Installment Purchases

At June 30, 2012, installment purchases consist of the current and long-term portions of obligations resulting from various contracts used to finance energy performance contracts and the acquisition of equipment. The lengths of purchase agreements range from two to fifteen years, and the interest rate charges are from 1.3 to 4.7 percent. The outstanding balance of installment purchases as of June 30, 2012 is \$5,483,593.

Capital Lease

Richard Bland College (RBC) has entered into a thirty year capital lease with Richard Bland College Foundation (RBCF) for the provision of a student housing complex with two dormitories on the RBC campus. RBC has accounted for the acquisition of the complex and its furniture and equipment as a capital lease, and therefore has recorded the facility and furnishings as depreciable capital assets and has also recorded a corresponding lease liability in long-term debt on the Statement of Net Assets. The outstanding balance as of June 30, 2012 is \$24,144,236.

Long-term debt matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>BAB Interest Subsidy</u>	<u>Net Interest</u>
2013	\$ 15,503,112	\$ 9,929,376	\$ 204,644	\$ 9,724,732
2014	15,146,995	9,352,038	204,644	9,147,394
2015	15,974,671	8,667,395	204,644	8,462,751
2016	16,333,480	7,944,467	204,644	7,739,823
2017	11,599,122	7,295,362	202,439	7,092,923
2018-2022	59,539,029	28,070,907	931,946	27,138,961
2023-2027	58,988,959	13,582,930	617,628	12,965,302
2028-2032	20,989,147	4,095,790	159,631	3,936,159
2033-2037	6,608,060	1,436,270	-	1,436,270
2038-2042	2,303,361	109,938	-	109,938
Refunding gains/(losses)	(4,000,257)	-	-	-
Unamortized premiums	<u>15,119,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 234,105,047</u>	<u>\$ 90,484,473</u>	<u>\$ 2,730,220</u>	<u>\$ 87,754,253</u>

Defeasance of Debt

In March 2012, the Treasury Board and VCBA issued Educational Facilities Revenue Refunding Bonds, Series 2012A with a true interest cost (TIC) of 1.5829 percent. The sale of these bonds enabled the College to advance refund certain 9(c) and 9(d) bonds issued from 2002 through 2005 with interest rates ranging from 4.0 percent to 5.0 percent. The original bonds were used to finance the construction of a dormitory, parking deck and nuclear magnet facility, and renovation of the student recreation center and law library and various dormitories. The net proceeds from the sale of the Refunding Bonds were deposited into irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, these bonds are considered defeased and the College's portion of the liability has been removed from the financial statements.

The amount and percentage of debt defeased relating to the College is as follows:

<u>Series</u>	<u>Type</u>	<u>Debt Outstanding</u>	<u>Amount Defeased</u>	<u>Percentage Defeased</u>
2002	9C	\$ 1,233,849	\$ 1,233,849	100%
2005	9C	7,610,000	2,070,000	27%
		<u>\$ 8,843,849</u>	<u>\$ 3,303,849</u>	37%
2003	9D	\$ 4,845,000	\$ 3,880,000	80%
2004	9D	15,790,000	12,965,000	82%
2005	9D	20,615,000	12,810,000	62%
		<u>\$ 41,250,000</u>	<u>\$ 29,655,000</u>	72%

The College's portion of the accounting loss recognized in the financial statements was \$3,529,302. The net economic gain attributable to the College was \$2,472,817 and will result in a decreased cash flow requirement of \$2,813,420 over the remaining life of the debt.

Prior Year Defeasance of Debt

The Commonwealth of Virginia, on behalf of the College, issued bonds in previous and current fiscal years for which the proceeds were deposited into irrevocable trusts with escrow agents to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not included in the College's financial statements. At June 30, 2012, \$41,933,849 of the defeased bonds was outstanding.

11. EXPENSES BY NATURAL CLASSIFICATIONS

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

	Salaries, Wages and Fringe Benefits	Services and Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation	Total
Instruction	\$ 89,049,629	\$ 7,102,690	\$ 1,312,961	\$ 524,052	\$ -	\$ 97,989,332
Research	32,066,175	12,234,996	1,335,762	2,585,057	-	48,221,990
Public service	17,371	51,060	-	11	-	68,442
Academic support	21,282,778	3,291,632	153,601	4,898,964	-	29,626,975
Student services	9,012,830	4,747,388	68,228	165,640	-	13,994,086
Institutional support	21,702,436	5,168,617	196,724	99,008	-	27,166,785
Operation and maintenance of plant	6,961,725	15,960,573	9,062	541,215	-	23,472,575
Depreciation	-	-	-	-	23,761,878	23,761,878
Scholarships and related expenses	1,552,662	3,698,084	27,988,771	7,096	-	33,246,613
Auxiliary enterprises	18,901,507	44,901,855	(9,683,157)	3,706,366	-	57,826,571
Other	17,552	1,036,282	-	-	-	1,053,834
Total	\$ 200,564,665	\$ 98,193,177	\$ 21,381,952	\$ 12,527,409	\$ 23,761,878	\$ 356,429,081

12. STATE APPROPRIATIONS

The following is a summary of state appropriations received by the College of William and Mary and Richard Bland College, including all supplemental appropriations and reversions from the General Fund of the Commonwealth.

Chapter 890 - 2011 Acts of Assembly (Educational and General Programs)		\$ 56,750,947
Student financial assistance		4,167,642
Supplemental appropriations:		
Prior year reappropriations	177,533	
VIVA libraries	32,811	
Salary, benefit, and other changes per Chapter 890	883,384	
Marine research graduate assistantships	238,527	
Commonwealth Technology Research award	80,000	
Interest earnings and credit card rebates	(98)	
Eminent Scholars/Biomedical research	<u>435,865</u>	1,848,022
Appropriation reductions:		
Appropriation Act Part 3 transfers	16,950	
School efficiency review	1,350	
HEETF debt payments	261,334	
Out of state building fee	<u>1,289,070</u>	(1,568,704)
Reversions to the General Fund of the Commonwealth		<u>(96,131)</u>
Appropriations as adjusted		<u>\$ 61,101,776</u>

13. COMPONENT UNIT FINANCIAL INFORMATION

The College has nine component units – The College of William & Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the William and Mary Athletic Educational Foundation, the William & Mary School of Business Foundation, the Virginia Institute of Marine Science Foundation, the William and Mary Real Estate Foundation, the Richard Bland College Foundation and the Intellectual Property Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements. Summary financial statements and related disclosures follow for eight of the component units. As stated in Note 1, the activity of the Intellectual Property Foundation was not material to the College in fiscal year 2012; therefore, it is not included in the presentation of component unit financial information.

Summary of Statement of Net Assets - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,016,900	\$ 3,975,797	\$ 2,833,444	\$ 622,598
Investments	955,692	-	-	-
Pledges receivable, net - current portion	2,203,754	829,277	3,889,807	-
Receivables, net	596,034	82,711	149,189	71,556
Inventories	-	-	-	40,319
Prepays	383,354	53,355	132,345	39,233
Due from the College	383	-	-	-
Other assets	-	-	-	-
Total Current Assets	7,156,117	4,941,140	7,004,785	773,706
Non-current Assets				
Restricted cash and cash equivalents	3,667,778	2,484,854	12,723,040	-
Restricted investments	378,953,670	24,122,943	21,058,569	-
Restricted other assets	136,062,700	342,277	308,702	-
Investments	671,770	3,537,330	(747,888)	5,430,527
Pledges receivable, net	5,050,807	775,685	5,374,657	-
Capital assets, nondepreciable	9,193,722	321,627	-	31,800
Capital assets, net of accumulated depreciation	8,268,213	27,971	13,376	195,565
Due from the College	-	-	-	-
Other assets	907,244	-	-	-
Total non-current assets	542,775,904	31,612,687	38,730,456	5,657,892
Total Assets	549,932,021	36,553,827	45,735,241	6,431,598
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	495,470	100,829	277,241	346,416
Deferred revenue	50,280	260,523	34,701	1,346,189
Deposits held in custody for others	-	-	19,655	-
Long-term liabilities - current portion	1,201,111	-	-	-
Due to the College	-	-	-	-
Short-term debt	2,145,000	-	-	-
Other liabilities	-	-	-	-
Total Current Liabilities	3,891,861	361,352	331,597	1,692,605
Non-current Liabilities				
Other long-term liabilities	179,632	394,750	-	-
Long-term liabilities	29,722,512	-	-	-
Total Liabilities	33,794,005	756,102	331,597	1,692,605
NET ASSETS				
Restricted for:				
Nonexpendable:				
Scholarships and Fellowships	79,939,205	5,386,737	437,684	-
Research	4,646,550	-	-	-
Loans	-	-	24,230	-
Departmental Uses	80,935,281	7,251,602	36,396,164	-
Other	178,988,556	-	148,698	-
Expendable:				
Scholarships and Fellowships	56,489,448	4,984,643	527,559	-
Research	1,967,179	-	11,007	-
Capital Projects	2,633,497	2,023,547	2,419,046	-
Loans	-	-	49,945	-
Departmental Uses	80,577,838	8,328,287	3,863,432	1,101,660
Other	11,753,519	622,069	47,344	-
Invested in Capital Assets, net of related debt	7,297,105	349,598	13,376	227,365
Unrestricted	10,909,838	6,851,242	1,465,159	3,409,968
Total Net Assets	\$ 516,138,016	\$ 35,797,725	\$ 45,403,644	\$ 4,738,993

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 4,791,218	\$ 270,004	\$ 281,674	\$ 6,176,273	\$ 21,967,908
-	-	-	-	955,692
729,250	276,908	19,929	-	7,948,925
8,481	-	455,495	71,550	1,435,016
-	-	-	-	40,319
-	-	-	7,532	615,819
-	-	470,894	-	471,277
-	-	14,915	-	14,915
<u>5,528,949</u>	<u>546,912</u>	<u>1,242,907</u>	<u>6,255,355</u>	<u>33,449,871</u>
-	250,410	589,174	-	19,715,256
-	7,615,739	3,293,462	-	435,044,383
-	-	29,686	140,526	136,883,891
2,537,243	566,739	-	-	11,995,721
1,092,673	451,290	5,147	-	12,750,259
-	-	-	2,302,138	11,849,287
66,069	-	-	6,572,441	15,143,635
-	-	23,673,342	-	23,673,342
-	-	-	599,348	1,506,592
<u>3,695,985</u>	<u>8,884,178</u>	<u>27,590,811</u>	<u>9,614,453</u>	<u>668,562,366</u>
<u>9,224,934</u>	<u>9,431,090</u>	<u>28,833,718</u>	<u>15,869,808</u>	<u>702,012,237</u>
-	33,712	433,981	107,696	1,795,345
-	-	-	-	1,691,693
-	-	-	-	19,655
-	-	557,411	125,794	1,884,316
-	-	-	3,357	3,357
-	-	-	490,000	2,635,000
-	-	29,686	-	29,686
<u>-</u>	<u>33,712</u>	<u>1,021,078</u>	<u>726,847</u>	<u>8,059,052</u>
-	-	-	18,860	593,242
-	-	24,437,300	4,783,066	58,942,878
<u>-</u>	<u>33,712</u>	<u>25,458,378</u>	<u>5,528,773</u>	<u>67,595,172</u>
-	1,445,720	2,915,123	-	90,124,469
-	1,215,245	-	-	5,861,795
-	-	-	-	24,230
-	50,000	-	-	124,633,047
-	3,350,794	-	-	182,488,048
609,249	325,561	-	-	62,936,460
-	340,354	-	-	2,318,540
-	-	-	-	7,076,090
-	-	-	-	49,945
5,940,401	1,456,971	-	-	101,268,589
-	395,584	986,058	140,526	13,945,100
66,069	-	-	3,648,317	11,601,830
<u>2,609,215</u>	<u>817,149</u>	<u>(525,841)</u>	<u>6,552,192</u>	<u>32,088,922</u>
<u>\$ 9,224,934</u>	<u>\$ 9,397,378</u>	<u>\$ 3,375,340</u>	<u>\$ 10,341,035</u>	<u>\$ 634,417,065</u>

Summary of Statement of Revenues, Expenses, and Changes in Net Assets - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
Operating revenues:				
Gifts and contributions	\$ 2,912,434	\$ 2,089,530	\$ 3,520,113	\$ 2,378,562
Other	2,405,563	961,976	4,720,066	1,123,680
Total operating revenues	<u>5,317,997</u>	<u>3,051,506</u>	<u>8,240,179</u>	<u>3,502,242</u>
Operating expenses:				
Instruction	3,245,416	395,117	229,699	-
Research	170,319	-	59,952	-
Public service	78,268	89,909	779,262	-
Academic support	1,234,662	1,364,168	2,756,259	-
Student services	93,160	18,855	1,174,162	-
Institutional support	5,290,817	647,107	1,225,310	768,218
Operation and maintenance of plant	806,614	282,150	-	-
Scholarships & fellowships	5,816,450	34,125	26,462	-
Auxiliary enterprises	620,288	-	45,082	-
Depreciation	540,059	23,356	6,423	57,859
Independent operations	-	-	-	-
Other	2,618,781	-	-	2,915,182
Total operating expenses	<u>20,514,834</u>	<u>2,854,787</u>	<u>6,302,611</u>	<u>3,741,259</u>
Operating gain/(loss)	<u>(15,196,837)</u>	<u>196,719</u>	<u>1,937,568</u>	<u>(239,017)</u>
Non-operating revenues and expenses:				
Net investment revenue (expense)	(4,535,571)	(391,170)	(260,125)	(172,231)
Interest on capital asset related debt	(147,454)	-	-	-
Other non-operating revenue	19,722,074	-	-	-
Other non-operating expense	-	-	(5,318,495)	-
Net non-operating revenues	<u>15,039,049</u>	<u>(391,170)</u>	<u>(5,578,620)</u>	<u>(172,231)</u>
Income before other revenues	(157,788)	(194,451)	(3,641,052)	(411,248)
Other revenues:				
Capital grants and contributions	1,087,530	-	(1,028,318)	-
Additions to permanent endowments	13,569,475	421,075	3,008,353	-
Net other revenues	<u>14,657,005</u>	<u>421,075</u>	<u>1,980,035</u>	<u>-</u>
Change in net assets, before transfers	<u>14,499,217</u>	<u>226,624</u>	<u>(1,661,017)</u>	<u>(411,248)</u>
Contribution between Foundations	<u>28,033</u>	<u>-</u>	<u>-</u>	<u>124,646</u>
Transfers	<u>28,033</u>	<u>-</u>	<u>-</u>	<u>124,646</u>
Change in net assets	<u>14,527,250</u>	<u>226,624</u>	<u>(1,661,017)</u>	<u>(286,602)</u>
Net assets - beginning of year	<u>501,610,766</u>	<u>35,571,101</u>	<u>47,064,661</u>	<u>5,025,595</u>
Net assets - end of year	<u>\$ 516,138,016</u>	<u>\$ 35,797,725</u>	<u>\$ 45,403,644</u>	<u>\$ 4,738,993</u>

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 4,593,659	\$ 260,612	\$ 92,088	\$ 141,739	\$ 15,988,737
685,929	-	1,114,032	593,022	11,604,268
5,279,588	260,612	1,206,120	734,761	27,593,005
-	88,642	-	-	3,958,874
-	295,751	-	-	526,022
-	1,000	-	-	948,439
-	10,320	-	-	5,365,409
-	-	-	-	1,286,177
4,283,030	169,144	52,620	250,677	12,686,923
-	6,133	-	-	1,094,897
-	52,422	213,800	-	6,143,259
-	-	-	165,731	831,101
20,257	-	-	171,134	819,088
-	-	-	139,391	139,391
-	22,623	1,220,979	-	6,777,565
4,303,287	646,035	1,487,399	726,933	40,577,145
976,301	(385,423)	(281,279)	7,828	(12,984,140)
18,868	(83,424)	(131,150)	8,572	(5,546,231)
-	-	-	-	(147,454)
-	-	-	-	19,722,074
-	-	-	-	(5,318,495)
18,868	(83,424)	(131,150)	8,572	8,709,894
995,169	(468,847)	(412,429)	16,400	(4,274,246)
-	-	-	125,000	184,212
-	1,243,308	80,238	-	18,322,449
-	1,243,308	80,238	125,000	18,506,661
995,169	774,461	(332,191)	141,400	14,232,415
(277,679)	-	-	125,000	-
(277,679)	-	-	125,000	-
717,490	774,461	(332,191)	266,400	14,232,415
8,507,444	8,622,917	3,707,531	10,074,635	620,184,650
\$ 9,224,934	\$ 9,397,378	\$ 3,375,340	\$ 10,341,035	\$ 634,417,065

Investments

Each component unit holds various investments based on the investment policies established by the governing board of the individual foundation. The following table shows the various investment types held by each component unit.

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Mutual and money market funds	\$ 4,978,259	\$ 511,558	\$ -	\$ 4,361,702	\$ 5,649	\$ -	\$ 2,630,619	\$ 12,487,787
U.S. treasury and agency securities	7,795,200	-	-	-	-	-	-	7,795,200
Common and preferred stocks	187,550	-	658,894	1,068,825	-	-	662,843	2,578,112
Notes receivable	1,432,860	-	-	-	-	-	-	1,432,860
Pooled investments	364,498,655	27,148,715	19,572,249	-	-	8,182,478	-	419,402,097
Real estate	1,202,424	-	-	-	106,000	-	-	1,308,424
Other	486,184	-	79,538	-	2,425,594	-	-	2,991,316
Total								
Investments	<u>\$ 380,581,132</u>	<u>\$ 27,660,273</u>	<u>\$ 20,310,681</u>	<u>\$ 5,430,527</u>	<u>\$ 2,537,243</u>	<u>\$ 8,182,478</u>	<u>\$ 3,293,462</u>	<u>\$ 447,995,796</u>

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned net asset categories in accordance with donor imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at net present value of their estimated future cash flows. The discounts on these amounts are computed using risk free interest rates applicable to the years in which the payments will be received. The foundations record an allowance against pledges receivable for estimated uncollectible amounts. The William and Mary Alumni Association and the William & Mary Real Estate Foundation did not have any pledges receivable at year end.

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Total pledges receivable	\$ 8,087,933	\$ 1,866,941	\$ 10,939,790	\$ 2,265,150	\$ 735,225	\$ 28,428	\$ 23,923,467
Less:							
Allowance for uncollectibles	(654,637)	(207,517)	(819,459)	(328,220)	-	(776)	(2,010,609)
Discounting to present value	(178,735)	(54,462)	(855,867)	(115,007)	(7,027)	(2,576)	(1,213,674)
Net pledges receivable	7,254,561	1,604,962	9,264,464	1,821,923	728,198	25,076	20,699,184
Less:							
Current pledges receivable	(2,203,754)	(829,277)	(3,889,807)	(729,250)	(276,908)	(19,929)	(7,948,925)
Total non-current pledges receivable	<u>\$ 5,050,807</u>	<u>\$ 775,685</u>	<u>\$ 5,374,657</u>	<u>\$ 1,092,673</u>	<u>\$ 451,290</u>	<u>\$ 5,147</u>	<u>\$ 12,750,259</u>

Capital Assets

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Nondepreciable:								
Land	\$ 3,365,927	\$ 262,916	\$ -	\$ -	\$ -	\$ -	\$ 2,302,138	\$ 5,930,981
Historical treasures and inexhaustible works of art	5,827,795	58,711	-	31,800	-	-	-	5,918,306
Total nondepreciable capital assets	<u>\$ 9,193,722</u>	<u>\$ 321,627</u>	<u>\$ -</u>	<u>\$ 31,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,302,138</u>	<u>\$ 11,849,287</u>
Depreciable:								
Building	\$ 7,553,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,597,322	\$ 14,150,655
Equipment, vehicles and furniture	7,355,979	142,811	93,752	494,661	102,996	2,995	170,126	8,363,320
Improvements, other than building	338,138	-	-	388,658	-	-	-	726,796
	15,247,450	142,811	93,752	883,319	102,996	2,995	6,767,448	23,240,771
Less accumulated depreciation	(6,979,237)	(114,840)	(80,376)	(687,754)	(36,927)	(2,995)	(195,007)	(8,097,136)
Total depreciable capital assets	<u>\$ 8,268,213</u>	<u>\$ 27,971</u>	<u>\$ 13,376</u>	<u>\$ 195,565</u>	<u>\$ 66,069</u>	<u>\$ -</u>	<u>\$ 6,572,441</u>	<u>\$ 15,143,635</u>

Long-term Liabilities

	The College of William & Mary Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Compensated absences	\$ 124,615	\$ -	\$ -	\$ 124,615
Notes payable	4,222,623	-	-	4,222,623
Bonds payable	8,090,000	24,994,711	4,908,860	37,993,571
Other liabilities	18,486,385	-	-	18,486,385
Total long-term liabilities	30,923,623	24,994,711	4,908,860	60,827,194
Less current portion	(1,201,111)	(557,411)	(125,794)	(1,884,316)
Total long-term liabilities	<u>\$ 29,722,512</u>	<u>\$ 24,437,300</u>	<u>\$ 4,783,066</u>	<u>\$ 58,942,878</u>

THE COLLEGE OF WILLIAM AND MARY FOUNDATION

Long-term Liabilities

On June 25, 2001, Reliance Holdings, LLC entered into a revolving line of credit agreement with First Union National Bank (now Wells Fargo Bank, NA) in the amount of \$2,000,000, which the Foundation guaranteed. The purpose of the line of credit was to fund the initial purchase of the real estate sold to New Town Associates, and to provide working capital to Reliance. As such, most of the loan proceeds have in turn been advanced to the REF, and the majority of the interest on the note is reflected as expenses of the Real Estate Foundation. This line of credit has been increased to \$3,000,000 with all principal and accrued interest due and payable on June 29, 2013. Interest only, which accrues daily at the LIBOR market index rate plus 1.35% is payable monthly. The amount outstanding was \$2,145,000 at June 30, 2012 and 2011. Interest paid during the years ended June 30, 2012 and 2011, was \$34,623 and \$34,846, respectively.

During the fiscal year ended June 30, 2009, the Foundation entered into a borrowing arrangement with SunTrust Bank in the amount of \$2,636,140 for renovation of the College's Admissions Office. The terms of the loan were revised during the fiscal year ended June 30, 2011. Under the original terms, interest was payable monthly at a fixed rate of 4.43% and principal was payable in two equal annual installments on February 28, 2011 and 2012. Under the revised terms, interest accrues at a rate of 4.99% and is payable monthly. Principal is payable annually over a ten year term, with the final amount due on February 1, 2021. SunTrust is granted a security interest in all deposits and investments maintained with SunTrust and any affiliates. The balance outstanding on the loan at June 30, 2012 and 2011 was \$2,426,419 and \$2,636,098, respectively. Interest paid during the fiscal years ending June 30, 2012 and 2011, on the loans was \$130,217 and \$113,628, respectively.

During the year ended June 30, 2011 the Foundation and CEI entered into a joint borrowing arrangement with SunTrust Bank to fund expansion of the telecommunications system. The agreement provided for loan draws up to the amount of \$1,450,000 through August 7, 2011. The terms of the note require the Foundation to maintain at all times unrestricted and temporarily restricted net assets in excess of 200% of the Foundation's total funded debt. Interest at a rate of 3.97% is payable monthly. Principal is payable annually over a five year term, with the final amount due January 15, 2016. SunTrust is granted a security interest in all deposits and investments maintained with SunTrust and any affiliates. The amount outstanding at June 30, 2012 and 2011 was \$1,182,000 and \$1,000,000, respectively. Interest paid during the fiscal years ended June 30, 2012 and 2011, on the loans was \$52,196 and \$6,948, respectively.

In December 2011, the Foundation and CWMF Ventures entered into a joint borrowing arrangement with SunTrust Bank to fund certain costs of unwinding the interest rate swap and various costs associated with refinancing the variable rate bonds. Interest accrues at a rate of 3.73%. Payments of interest and principal are due quarterly, with the final payment due December 23, 2021. SunTrust is granted a security interest in all deposits and investments maintained with SunTrust and any affiliates. The balance outstanding at June 30, 2012 was \$614,205. Interest paid during the fiscal year ended June 30, 2012 was \$12,025.

Bonds Payable

In December 2006, the Economic Development Authority of James City County, Virginia issued variable rate revenue bonds in the amount of \$9,070,000 ("Series 2006 Bonds") and loaned the proceeds from the sale of the Series 2006 Bonds to the Foundation and CWMF Ventures. The Series 2006 Bonds financed the cost of property acquisition, construction and equipping of a three-story building in New Town in James City County, Virginia, for use by the Foundation, CWMF Ventures or the College. Interest on the Series 2006 Bonds was calculated weekly at a rate equal to the interest rate per annum that, in the sole judgment of the remarketing agent, SunTrust Capital Markets, Inc., taking into account prevailing financial market conditions, was the minimum interest rate required to sell the Series 2006 Bonds at a price of par on the applicable date. During the term of the bonds, the Foundation and CWMF Ventures had the option to direct a change in the type of interest period by delivering written notice to the trustee and remarketing agent.

The Series 2006 Bonds bore a stated maturity date, subject to prior redemption or purchase, of December 1, 2036. The Foundation and CWMF Ventures redeemed in full the Series 2006 Bonds on January 16, 2012 with the proceeds from a revenue refunding bond as described below. The remaining unamortized discount on the original sale of the Series 2006 Bonds in the amount of \$34,350 was expensed. The recorded amount of the Series 2006 Bonds outstanding at June 30, 2012 and 2011, was \$0 and \$8,055,650, respectively, based on the original purchase price to the underwriter of the Series 2006 Bonds. The face value of Series 2006 Bonds outstanding at June 30, 2012 and 2011, was \$0 and \$8,090,000, respectively. As the Series 2006 Bonds bore interest at a floating rate which was reset weekly, fair value of the Series

2006 Bonds was approximately their face value. Interest paid to bondholders for the years ended June 30, 2012 and 2011, was \$22,253 and \$57,561, respectively.

The Series 2006 Bonds were also secured by an irrevocable direct pay letter of credit issued by SunTrust Bank. The initial expiration date of the letter of credit was December 31, 2009, unless extended, renewed or otherwise terminated under the applicable letter of credit documents among SunTrust bank, the Foundation and CWMF Ventures. The terms of the letter of credit provided for automatic one-year extensions through December 31, 2036, unless SunTrust provided at least two years notice of its intent to terminate. SunTrust provided such notice that the letter of credit would expire December 31, 2011. The expiration date was subsequently extended to April 1, 2012. The terms of the letter of credit also required the Foundation at all times to maintain unrestricted and temporarily restricted net assets equal to at least 200% of the Foundation's total indebtedness, or such lesser amount as may be agreed by SunTrust Bank. Draws on the letter of credit for the purpose of purchasing any of the Series 2006 Bonds were secured by the pledge of all right, title and interest in those Series 2006 Bonds. Unreimbursed draws under the letter of credit bore interest at the rate of LIBOR plus 1.50% per annum. During the years ended June 30, 2012 and 2011, draws were made, in the normal course, on the letter of credit per the bond and letter of credit documents in order to pay interest to Series 2006 Bondholders. The letter of credit and related documents were terminated in January 2012 in connection with the redemption of the Series 2006 Bonds. The total interest paid on the letter of credit during the fiscal years ended June 30, 2012 and 2011, was \$0. As of June 30, 2012 and 2011, there was no amount outstanding under the letter of credit. The total available under the letter of credit was based on the amount of Bonds outstanding, plus 40 days interest at 10%. The total amount of the letter credit was \$0 and \$8,179,889 as of June 30, 2012 and 2011, respectively, and the entire amount was available to draw.

In December 2011, the Authority issued a revenue refunding bond in the amount of \$8,090,000 ("Series 2011 Bond"), and loaned the proceeds to the Foundation and CWMF Ventures ("Obligors"). The Series 2011 Bond was acquired by SunTrust Bank, as Series 2011 Bondholder. Proceeds from sale of the Series 2011 Bond were used to redeem the Series 2006 Bonds. The Series 2011 Bond bears interest at a fixed rate of 2.96% per annum, subject to the put rights of the Series 2011 Bondholder as described below, and interest payments are due quarterly on each January 1, April 1, July 1 and October 1. The Series 2011 Bondholder has the option to tender the Series 2011 Bond for payment on December 1, 2021, the first optional put date, unless extended under the terms of the loan agreement to not earlier than December 1, 2026. An additional extension may be made to not earlier than December 1, 2031. The Obligors are required to maintain assets so that on each June 30, unrestricted and temporarily restricted net assets shall exceed 200% of the total funded debt.

During the fiscal year ended June 30, 2009, the Foundation executed an interest rate swap on a \$7,000,000 notional amount. The Foundation used this interest-rate derivative instrument to manage its interest rate exposure on a portion of the Series 2006 Bonds. The Foundation does not enter into derivative instruments for any purpose other than to mitigate the impact of changes in interest rates on its cash flows. The Foundation made monthly payments at a fixed annual rate of 2.05%, and received monthly payments at a floating rate based on 67% of the one month LIBOR. The interest rate swap was terminated in December 2011 at a cost of \$534,580. The fair value of the interest rate swap was \$0 and \$671,976 at June 30, 2012 and 2011, respectively.

Commitments and Contingencies

On August 21, 2002, New Town Associates entered into a borrowing agreement with SunTrust Bank with a limit of \$5,000,000. The facility was revised in September 2004, December 2006, and October 2009 and was replaced in November 2011. The amount available under the agreement could be used for loans and for letters of credit. Interest rate on the facility was of the 30-day LIBOR plus 2.50%, with a minimum of 3%. The Foundation guaranteed up to \$2,500,000, and members of the C.C. Casey Limited Company (the "Casey Group") guaranteed up to \$2,500,000. Outstanding loan balances of \$0 and \$2,300,000 existed as of June 30, 2012 and 2011, respectively. Letters of credit outstanding under this facility at June 30, 2012 and 2011, were \$0 and \$1,623,750, respectively. The letters of credit were issued to guarantee the completion of site improvements as required by James City County. Upon completion of those improvements, these letters of credit were terminated, with no residual liability. No draws had been made on the letters of credit as of June 30, 2012 and 2011.

During the fiscal year ended June 30, 2012 New Town Associates entered into two financing arrangements, with Chesapeake Bank and SunTrust Bank, to replace its borrowing agreement with SunTrust. The Chesapeake Bank agreement is a \$3,000,000 line of credit available for the issuance of loans and letters of credit, and is secured by a lien on New Town Associates' commercial land and improvements, as well as the assignment of rents, profits and leases. This facility bears an interest rate of 5.5%, and matures November 22, 2015. The Foundation guarantees 50% of the balance of the Chesapeake facility, not to exceed \$1,500,000. As of June 30, 2012 the principal amount outstanding under this

note was \$2,192,526. Letters of credit outstanding under this facility totaled \$606,000 at June 30, 2012. The SunTrust Bank agreement is a \$2,000,000 unsecured line of credit available for the issuance of loans and letters of credit. The SunTrust facility bears an interest rate equal to the three-month LIBOR Rate plus 2.50% with a minimum of 3%, and matures on October 31, 2013. Each of the Foundation and the Casey Group guarantees the full amount outstanding under the facility. However, a separate mutual indemnity agreement has been executed between the guarantors whereby each of the Foundation and the Casey Group will reimburse the other should the amount paid by a guarantor group in connection with the guaranty exceed 50%. As a result the Foundation's ultimate liability under the guaranty is limited to 50%. As of June 30, 2012 the principal amount of loans outstanding under the SunTrust agreement was \$129,911. Letters of credit outstanding under this agreement totaled \$1,398,950 at June 30, 2012.

WILLIAM AND MARY BUSINESS SCHOOL FOUNDATION

Commitments and Contingencies

On January 31, 2007, the Foundation entered into a Development Agreement and a Reimbursement Agreement (Agreements) with the College of William and Mary (College), in connection with the construction and equipping of a new academic building, Alan B. Miller Hall, for the College's Mason School of Business (Project). The total cost of the Project was approximately \$75 million. In order to finance the cost of construction and equipping the building, two bond series were issued by the College – 2008 Series A bonds for \$23,6050,000, and 2009 Series A bonds for \$23,650,000.

By the terms of the Reimbursement Agreement, the Foundation must reimburse the College for all debt service due on the 2009 Series A bonds and all periodic fees due and payable with respect to the 2009 Series A bonds after their issuance, including fees and expenses of the bond trustee, fees of the remarketing agent and fees of any financial institution providing credit support. In addition, the Foundation has pledged as security for the payments all of its assets that are not subject to donor or other legal restrictions, as defined in the Reimbursement Agreement.

By the terms of the bond issue, the Foundation has no direct obligation for payment of the 2008 Series A bonds.

The 2009 Series A bonds have a seven-year term, with principal payments due annually beginning in 2012 and interest payments due biannually. The Foundation paid to the College \$864,608 in interest payments and \$4,280,000 in principal during 2012.

RICHARD BLAND COLLEGE FOUNDATION, INC.

Bonds Payable

During December 2006, the Foundation entered into loan agreements with the Industrial Development Authorities of Dinwiddie County, Virginia, Isle of Wight, Virginia, Prince George, Virginia and Sussex County, Virginia to borrow the proceeds of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities). The loan agreement provides for rates of interest of 4.23% with adjustments beginning in 2016 and every 5 years thereafter at 70% of the 5-year U.S. Treasury Note, and 60 equal semi-annual principal and interest payments commencing on February 5, 2009. The bonds are due August 5, 2038. The primary purpose of this loan is to refund and redeem in full the outstanding principal amount of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities), the proceeds of which were used to finance the costs of construction and equipping of a student housing facility located in Dinwiddie, Virginia.

WILLIAM & MARY REAL ESTATE FOUNDATION

Tribe Square

During 2010, the Foundation began development of properties held and referred to as Tribe Square. The development consists of two properties already held by the foundation, and three properties that were transferred to the Foundation

from the College on July 16, 2010. This transfer is included in the statement of activities as transfers from the College of William & Mary in the amount of \$245,000.

The properties are being developed into a mixed use property known as Tribe Square, which consists of one floor retail space and two floors student housing. Construction was completed during 2012 and the building was put into service. The Foundation entered into a commercial management agreement dated December 6, 2010 with an agent to manage the property on behalf of the Foundation. The agreement is for one-year term beginning on August 1, 2011 and ending on July 31, 2012, and continuing on an annual basis unless and until terminated by either party. The services to be provided by the agent include the operation and maintenance of the property, as well as financial duties as defined in the agreement. The management fee paid to the agent will be \$ 20,940 per annum. At year-end, the Foundation has executed four lease agreements for tenants in the first floor retail area. The student housing space is being leased to the College.

Bonds Payable

The Foundation closed a tax-exempt student housing facilities revenue bond, dated September 16, 2011. The bond was issued through the Economic Development Authority of the City of Williamsburg for a principal amount of \$5 million. The proceeds of this bond were used to finance the costs to acquire, construct, and equip the student apartment portion of Tribe Square, and pay certain expenses of issuing the bond. The bond is secured by the rents and revenues of Tribe Square, and the property itself.

The rate of interest on this bond is 3.75% per annum. The principal balance of this bond is being amortized over the twenty-five year term of the bond, with equal payments of principal and interest in the amount of \$25,855.44 due monthly, commencing on October 16, 2011. The outstanding principal balance is \$4,908,860 at June 30, 2012.

The bond, which is bank held, has an option for the bank to require the Foundation to repurchase the bond once the bond is 10 years past the issuance date. If this option is exercised the Foundation would pay the aggregate unpaid principal plus accrued interest through the date of such payment. The bank must give the Foundation 120 days' notice prior to the tender date if this option is exercised.

14. CONTRIBUTION TO PENSION PLAN

Virginia Retirement System

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

The College of William and Mary and Richard Bland College's payroll costs for employees covered by VRS were \$35,556,293 for the year ended June 30, 2012. Total payroll costs were \$131,779,152 for the year ended June 30, 2012.

Information regarding types of employees covered, benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions as well as employer and employee obligations to contribute are established can be found in the Commonwealth's Comprehensive Annual Financial Report.

The College of William and Mary and Richard Bland College's total VRS contributions were \$2,401,553 for the year ended June 30, 2012. These contributions represent approximately 6.75 percent of covered payroll for the period July 2011 to June 2012.

The VRS does not measure assets and pension benefit obligations separately for individual state institutions. The Comprehensive Annual Financial Report provides disclosure of the Commonwealth's unfunded pension benefit obligation at June 30, 2012. The same report contains historical trend information showing VRS progress in accumulating sufficient assets to pay benefits when due.

Optional Retirement Plan

Full-time faculty and certain administrative staff may participate in a retirement annuity program through various optional retirement plans other than the VRS. This is a fixed-contribution program where the retirement benefits received are based upon the employer's contributions of approximately 10.4 percent or 8.50 percent depending on whether the employee is in Plan 1 or Plan 2, plus interest and dividends. Plan 1 consists of employees who became a member prior to July 1, 2010. Plan 2 consists of employees who became a member on or after July 1, 2010.

Individual contracts issued under the plan provide for full and immediate vesting of contributions of the College of William and Mary and Richard Bland College and their employees. Total pension costs under this plan were \$7,302,997 for the year ended June 30, 2012. Contributions to the optional retirement plans were calculated using the base salary amount of \$71,310,597 for fiscal year 2012. The College of William and Mary and Richard Bland College's total payroll for fiscal year 2012 was \$131,779,152.

Deferred Compensation

Employees of the College are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$10 per pay period. The dollar amount of the match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$755,359 for fiscal year 2012.

15. POST-RETIREMENT BENEFITS

The Commonwealth participates in the VRS administered statewide group life insurance program which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of service and

participate in the State's health plan. Information related to these plans is available at the statewide level in the Comprehensive Annual Financial Report.

16. CONTINGENCIES

Grants and Contracts

The College of William and Mary and Richard Bland College receive assistance from non-state grantor agencies in the form of grants and contracts. Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for eligible purposes. Substantially all grants and contracts are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability. As of June 30, 2012, the College estimates that no material liabilities will result from such audits.

Litigation

The College is currently involved in litigation which could result in a judgment against the College. The final outcome of this lawsuit cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the College may be exposed will not have a material effect upon the College's financial position.

17. RISK MANAGEMENT

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

SHARED GOVERNANCE AT RICHARD BLAND COLLEGE COLLEGE COUNCIL

SHARED GOVERNANCE

At Richard Bland College, shared governance is a mutual commitment among faculty, Board of Visitors and the president's administration—each in accordance with their respective roles and responsibilities—to work collaboratively to achieve the mission and strategic goals of the college in an environment of transparency, trust and respect.

As Richard Bland College strives to reinvent itself to the extent necessary to respond to the higher education needs of the Commonwealth, a comprehensive, integrated system for shared governance is being introduced as a means of capitalizing on the collective intelligence and specific expertise of each stakeholder to advance the mission and strategic goals of the College. This system is inclusive of a Faculty Senate that will govern faculty input into institutional decision-making, College Council (described below) and college committees.

PURPOSE & RESPONSIBILITIES OF COLLEGE COUNCIL

The purpose of the College Council will be to:

1. Improve collaboration, transparency and institutional effectiveness by serving as a central body responsible for reviewing proposals of macro-level, college-wide significance that are submitted by one of the recognized College Committees or stakeholder bodies (e.g., Faculty Senate, Student Assembly).
2. Improve the College's capacity to achieve its goals and promote organizational excellence.
3. Foster an atmosphere that embraces diversity and encourages collegiality by facilitating consistent, effective campus-wide involvement in planning and institutional effectiveness.
4. Ensure continuous improvement of shared governance at Richard Bland College.
5. Formulate recommendations to the president for review and action.

B. The primary responsibilities of the College Council will include, but not be limited to:

1. Facilitate shared governance at Richard Bland College.
2. Serve in an advisory capacity to the president.

3. Review and recommend to the president actions on proposals for new programs, projects, or services with cross-institutional significance.
4. Review progress toward the mission, goals and outcomes established in the College's Strategic Plan; regularly communicate updates to the campus community regarding progress; and periodically recommend new or alternative actions to support achievement of established targets.
5. Review and monitor compliance with all external accrediting and licensing agencies, e.g., SACS.

MEMBERSHIP

- A. The membership of the College Council will be comprised of administrators, faculty, staff and student representatives. Inaugural membership will include:

Administrators (3) - Chief Academic Officer, Chief Student Services Officer, Chief Financial Officer, or as appointed by president

Faculty (3) - Faculty Senate Chair and Vice Chair, Faculty Representative to BOV. The Faculty Senate Chair will appoint a third representative to College Council in the event that the Vice Chair is selected by the president to serve as Faculty Representative to the Board of Visitors.

Staff (1) - appointed by president

Student (1) - Student Representative to the Board of Visitors

- B. The roles and responsibilities of the membership are to:

1. Represent the collective views of their respective constituencies.
2. Report to their respective constituencies on the work of the College Council.
3. Solicit input from their respective constituencies on matters that come before the College Council.
4. Review the agenda and all supplemental information prior to meetings.

CHAIR

College Council Chair membership will submit nominations, and the Chair will be appointed by the president.

MEETINGS

- A. The College Council will determine and establish its own meeting schedule, subject to the following provisions:
1. The College Council will meet monthly during the College's academic year, and at least once during the summer.
 - a. The summer meeting will serve as a retreat for setting the College Council's agenda and goals for the upcoming academic year.
 2. Special meetings of the College Council may be scheduled at the request of the College President or the chair.
- B. The agenda for all meetings will be established by the chair and will be distributed to the campus community one week prior to the meeting.
1. In the case of a special meeting, the chair will establish the agenda in consultation with the callers of said meeting.
 2. Meeting agendas will follow a standard format acceptable to the Council to include review and recommendations of proposals and recommendations from College Committees or stakeholder bodies, as well as standing items based on a calendar of critical topics to be reviewed and discussed throughout the year.
 3. The agenda for regular meetings, including proposals for consideration and all relevant documentation, will be distributed to the membership no later than one week prior to the meeting.
- C. The minutes of all meetings will note actions taken on proposals brought before the College Council and will be made publicly available to the College community within one week after the meeting.

CONDUCT OF BUSINESS

- A. Proposals, including supporting documentation (e.g., detailed information regarding why the proposal was developed and a description of the benefits to the College of adopting the

November 28-30, 2012

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proposal), will be submitted to the College Council not less than one week prior to the meeting at which they are to be considered.

- B. As a standard protocol, the College Council will provide a written response to all proposals within two weeks after the meeting at which they were considered.
- C. All formal recommendations to the College President will be submitted in writing using a standard format.
 - 1. All formal recommendations to the College President will include the supporting materials that were submitted by the committee/entity that developed the proposal.
 - 2. The College Council will strive for consensus opinion, but in the event that this is not possible, the Council may issue its recommendations in the form of majority-minority reports.
 - 3. All recommendations to the College President will be recorded in the minutes.
- D. Unless otherwise provided herein, the College Council will follow Robert's Rules of Order, Newly Revised Edition

COLLEGE COMMITTEES

- A. Officially recognized college committees will include"
 - 1. Academic and Institutional Effectiveness
 - 2. Financial and Asset Management
 - 3. Student Enrollment, Retention and Campus Life
- B. The College Council will be the reporting home for official College Committees and for Ad Hoc Committees.
- C. The College Council will have the authority to recommend to the President the creation or dissolution of College Committees.

November 28-30, 2012

**RICHARD BLAND COLLEGE
2012-13 OPERATING BUDGET UPDATE**

EDUCATIONAL & GENERAL

	Actual 2009-10	Actual 2010-11	Actual 2011-12	Approved 2012-13	To Date 10/31/12
REVENUE					
General Funds	\$ 6,062,200	\$ 5,234,621	\$ 4,908,736	\$ 5,245,000	\$ 5,238,116
Nongeneral	3,509,190	3,714,578	3,733,224	4,200,000	1,826,003
Central Appropriations	(148,222)	(133,352)	86,971	37,000	197,421
Prior Year Reappropriations	112	24,800	177,533	150,000	96,131
ARRA	155,539	200,000	520,569	-	-
General Fund Reversion	(819,326)	-	-	-	-
General Fund Carryover	-	-	(96,131)	-	-
TOTAL REVENUE	\$ 8,759,293	\$ 9,040,646	\$ 9,330,902	\$ 9,632,000	\$ 7,357,671
EXPENDITURES					
Instruction	\$ 3,082,695	\$ 2,890,044	\$ 2,180,586	\$ 3,637,000	\$ 1,288,741
Public Service	-	-	400	1,000	-
Academic Support	329,585	291,137	312,967	40,000	125,070
Student Services	984,503	988,523	1,072,911	1,160,000	431,788
Institutional Support	2,766,213	2,773,697	2,748,172	2,750,000	1,132,014
Operation of Plant	1,415,317	1,719,711	1,957,696	1,324,000	623,018
ARRA	155,539	200,000	520,579	-	-
Contingency	-	-	-	360,000	-
TOTAL EXPENDITURES	\$ 8,733,850	\$ 8,863,114	\$ 8,793,311	\$ 9,272,000	\$ 3,600,632

November 28-30, 2012

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**RICHARD BLAND COLLEGE
2012-13 OPERATING BUDGET UPDATE
SCHOLARSHIPS AND LOAN ASSISTANCE
FINANCIAL AID**

REVENUE	Actual 2009-10	Actual 2010-11	Actual 2011-12	Approved 2012-13	To Date 10/31/12
General Funds	\$ 313,819	\$ 331,255	\$ 398,528	\$ 381,736	\$ 232,657
Nongeneral Funds	40,000	50,000	60,000	60,000	24,832
TOTAL REVENUE	\$ 353,819	\$ 381,255	\$ 458,528	\$ 441,736	\$ 257,489
EXPENDITURES					
Scholarships	\$ 353,819	\$ 381,255	\$ 458,528	\$ 441,736	\$ 257,489

**FINANCIAL ASSISTANCE FOR E&G PROGRAMS
SPONSORED PROGRAMS**

REVENUE	- <th style="text-align: right;">- <th style="text-align: right;">- <th style="text-align: right;">- <th style="text-align: right;">- </th></th></th></th>	- <th style="text-align: right;">- <th style="text-align: right;">- <th style="text-align: right;">- </th></th></th>	- <th style="text-align: right;">- <th style="text-align: right;">- </th></th>	- <th style="text-align: right;">- </th>	-
General Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Nongeneral Funds	19,700	9,668	10,708	25,000	621
TOTAL REVENUE	\$ 19,700	\$ 9,668	\$ 10,708	\$ 25,000	\$ 621
EXPENDITURES					
Sponsored Programs	\$ 19,700	\$ 9,668	\$ 10,708	\$ -	\$ 621

**RICHARD BLAND COLLEGE
2012-13 OPERATING BUDGET UPDATE**

AUXILIARY ENTERPRISES

	Actual 2009-10	Actual 2010-11	Actual 2011-12	Approved 2012-13	To Date 10/31/12
REVENUE					
Fund Balance	\$ 1,704,628	\$ 1,655,677	\$ 1,659,215	\$ 1,006,000	\$ 1,722,961
Residences	1,832,350	2,073,819	2,125,838	2,250,000	1,076,445
Special Funds	9,480	9,840	5,100	30,000	-
General Auxiliary Income	159,304	164,692	172,976	150,000	90,864
Parking	147,640	144,915	133,603	140,000	62,780
Intramural Athletics	22,100	22,910	23,813	25,000	16,524
Health Services	151,503	148,635	141,975	150,000	75,600
Food Services	79,275	79,500	91,490	80,000	48,780
TOTAL REVENUE	\$ 4,106,280	\$ 4,299,988	\$ 4,354,010	\$ 3,831,000	\$ 3,093,954

EXPENDITURES					
Residences	\$ 1,981,918	\$ 1,957,555	\$ 2,185,759	\$ 2,300,000	\$ 1,029,475
General Operating	138,660	232,475	155,463	100,000	65,234
Parking	9,000	138,013	52,223	70,000	63,395
Intramural Athletics	12,640	18,805	25,103	25,000	1,211
Health Services	14,142	20,150	117,929	40,000	3,517
Food Services	98,726	87,778	94,592	75,000	36,014
Indirect Costs	194,317	186,000	-	175,000	-
Renewal/Replacement	-	-	-	525,000	-
TOTAL EXPENDITURES	\$ 2,449,403	\$ 2,640,772	\$ 2,631,049	\$ 3,310,000	\$ 1,198,846

PRIVATE FUNDS

REVENUE					
Private Funds	\$ 14,215	\$ 7,690	\$ 16,033	\$ 22,000	\$ 8,011
EXPENDITURES					
Scholarships	\$ 15,600	\$ 21,195	\$ 15,700	\$ 22,000	\$ 7,600

**RICHARD BLAND COLLEGE
CAPITAL OUTLAY PROGRESS REPORT**

Residential Village Reclassification

The student housing facility was leased to the College under the terms of an operating lease that was signed when the facility was originally constructed. In prior years, the Richard Bland College Foundation capitalized property and equipment related to the costs of constructing and furnishing the student housing facility on its financial statements. During the year ended June 30, 2012, the Auditor of Public Accounts determined that the property and equipment should be presented on the financial statements of the College instead of the RBC Foundation financial records. In addition, it was determined that the operating lease was a direct financing lease and the Foundation should have an investment in the direct financing lease representing amounts due from the College under the terms of the lease. As of result of this restatement, the College's financial statements will reflect an increase in capital assets and lease payable. Management for the College and the Foundation concur with this restatement.

Ernst Hall Renovation

Approved Capital Outlay-2 (CO-2) forms were received on Nov. 12, 2012 for two projects. Planning money was approved for the renovation of Ernst Hall. The approved amount is \$550,952, which represents \$275,476 in Pool Bond Funded money to be matched by RBC General Fund money. This represents approximately 60% of total architect/engineer (a/e) funds requested and will provide design to the working drawing stage.

Umbrella Maintenance Project

\$112,000 was approved to begin planning on an Umbrella Maintenance Project. This project includes a new chiller for Statesman Hall, converting key system in the Center for Student Affairs to an electronic card key system, installation of a generator and sprinkler/fire alarm system in the maintenance building and the construction of a maintenance storage facility.

**RICHARD BLAND COLLEGE
2012-2013 ENROLLMENT UPDATE**

	Actual FTE	Goal FTE	% Difference	# of FTE Over(Under) Goal
2011-2012 Expected Annualized FTE	1,160			
Summer 2012	<u>141</u>	<u>193</u>	-26.94%	(52)
Fall 2012	<u>1,122</u>	<u>1,167</u>	-3.86%	(45)
Spring 2013 (estimated)	1,012	1,012		
Pamplin Park	5			
Online Certification	7			
Flex Start	25			
Estimated Spring 2013 Total	<u>1,049</u>	<u>1,012</u>	3.66%	37
Summer 2013 (estimated)	141	141		
Pamplin Park	18			
Expanded Online Offerings (4 new courses)	15			
Summer HS Program (2 cohorts)	20			
Summer Developmental	51			
Estimated Summer 2013 Total	<u>245</u>	<u>141</u>	73.76%	104
2012-2013 Expected Annualized FTE	<u>1,208</u>	<u>1,160</u>	4.14%	48

**RICHARD BLAND COLLEGE
STUDENT REPRESENTATIVE REPORT**

During my last report, I discussed how Richard Bland College was developing relationships between and among our school community. This was done by initializing learning communities and also introducing The Brown Bag Lunch series by Dr. Love, a history professor. Over the last few months Richard Bland has benefited a great deal from both of these programs. A sense of strong community and communication has developed here on campus.

With this sense of community and our strong relationships emerging, we can now see a focus and theme of determination from the student body. This is due to a larger student body determined to graduate from Richard Bland as well as students having greater determination to participate and to have a more well-rounded experience from our college.

Graduation is an essential part of every student's career in their education. This semester our advisors are pushing the goal of graduation from Richard Bland College more than ever. All freshmen are required to take RBC 101 a class that shows students how to put together a portfolio and to make the decision of what kind of associates degree they would like to complete. They work with their advisors on choosing classes and as well as have discussions on what is the end goal of their education and what steps they need to take in order make their goal a reality.

Secondly, participation throughout campus has improved greatly from the beginning of the semester. You see more students getting involved in our sports teams and clubs. Having more participation gives students a feeling of pride when thinking or talking about Richard Bland.

Our new athletic director, Chuck Moore, is initiating many new activities at our gym. For recreational purposes, we will hopefully be seeing many new fitness programs such as Zumba or Kickboxing. However, even more exciting, Coach Moore is looking to spearhead the opportunity to participate in the National Junior College Athletic Association which will gateway into intercollegiate sports. By next year, he is hoping to have at least 4 intercollegiate teams. This opportunity will allow many students to become more involved on campus.

Students are also taking more responsibility on what goes on campus as well as throughout the outreaching community. Just recently, the Residence Halls made a program called the "Penny Wars." This allowed the residents to put their spare change, especially there pennies, into a jar to help donate to a can food drive. This was done over a seven day period and the students collected more than \$122.00 to give to charity. This was an awesome turn out and really gave the residents a sense of accomplishment.

This year more than ever has allowed students to give their opinion on who Richard Bland College is and what our vision of it is for the future.

Respectfully submitted,

Jessica Salazar
Richard Bland College Student Representative