



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

**VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
FINANCE AND UNIVERSITY RESOURCES COMMITTEE**

September 15, 2023

10:30 a.m.¹

VCU School of Business

301 West Main Street – Room B3187

Richmond, VA

AGENDA

1. **CALL TO ORDER** **Mr. Anthony Bedell, Chair**
1 minute (10:30 – 10:31 a.m.)

2. **ACTION ITEMS** **Mr. Anthony Bedell, Chair**
5 minutes (10:31 – 10:36 a.m.)
 - a. Approval of Minutes from May 12, 2023
 - b. Approval of the committee charter & meeting planner
 - c. AIAB Resolution

3. **GOVERNMENT RELATIONS UPDATE** **Mr. Matthew Conrad, Vice President for Government and External Relations for VCU and VCU Health**
10 minutes (10:36 – 10:46 a.m.)

Ms. Karah Gunther, Vice President for External Affairs and Health Policy

4. **DEVELOPMENT AND ALUMNI RELATIONS UPDATE** **Mr. Jay Davenport, Vice President for Development and Alumni Relations**
30 minutes (10:46 – 11:16 a.m.)

5. **CLOSED SESSION – Freedom of Information Act Sections 2.2-3711 (A) (9)** **Mr. Anthony Bedell, Chair**
1 minute (11:16 – 11:17 a.m.)

¹ The start time for the Board of Visitors meeting is approximate only. The meeting may begin either before or after the listed approximate start time as Board members are ready to proceed.

- i. Named Fund and Spaces Report
- ii. Approved Named Funds Under \$50,000
5 minutes (11:17 – 11:22 a.m.)

Mr. Jay Davenport, *Vice President for Development and Alumni Relations*

6. RETURN TO OPEN SESSION AND CERTIFICATION

1 minute (11:22 – 11:23 a.m.)

- i. **Action Item:**
Approval of items discussed in closed session

Mr. Anthony Bedell, *Chair*

7. FINANCE AND BUDGET UPDATE

15 minutes (11:23 – 11:38 a.m.)

- a. Update on enrollment and tuition projections
- b. Debt management

Ms. Karol Kain Gray, *Senior Vice President and CFO*

8. MISCELLANEOUS REPORTS:

2 minutes (11:38 – 11:40 a.m.)

For Informational Purposes Only:

- a. Treasurer's Report
- b. Agency Risk Management and Internal Controls Standards (ARMICS)
- c. Board of Visitors Fund Annual Report
- d. Dashboard update
- e. VCU Health System and Financial Operations
- f. VCU Intercollegiate Athletics Programs for the year ended June 30, 2022

Mr. Anthony Bedell, *Chair*

9. OTHER BUSINESS

Mr. Anthony Bedell, *Chair*

10. ADJOURNMENT

Mr. Anthony Bedell, *Chair*

In accordance with the Board's operating procedures and in compliance with the Virginia Freedom of Information Act, there will be no opportunity for public comment at this meeting.

**VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS**

FINANCE AND UNIVERSITY RESOURCES COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Finance and University Resources Committee (“Committee”) is to assist the Board of Visitors (BOV) in fulfilling its objectives and fiduciary responsibilities related to oversight of University financial, investment, and debt management policies, as well as activities related to generating resources and stakeholder support of the Virginia Commonwealth University’s (the University) strategic goals, particularly in the areas of government relations, fundraising, and alumni relations.

The Committee is responsible for reviewing financial investments and statements, budgets, debt, cash management, six-year financial operating plans, and making corresponding recommendations to the BOV for the purpose of maintaining a sound financial standing. In addition to financial standing, the Committee is responsible for annually reviewing the University’s tuition and fee charges. **The Committee reviews contracts, including construction contracts, that exceed \$5M. Contracts related to sponsored research activity are excluded from this review.** The Committee reviews the investment of the cash management pool and endowments, and further reviews the financial activities of organizations established to benefit the University, including foundations, partnerships, and other affiliated entities.

In addition, the Committee is responsible for reviewing and making recommendations to the BOV regarding the naming of University facilities, funds, and programs in recognition of private philanthropy, as outlined in the BOV’s “Policy Guidelines on Recognition of Donors and Friends.”

When appropriate, debt financing for Major Capital Projects is also considered by this Committee for recommendation of approval by the BOV.

University senior leadership is responsible for day-to-day operation of the University, under the governance of the BOV and consistent with the authority delegated by the BOV.

II. COMPOSITION AND INDEPENDENCE

The Committee will be comprised of three or more Visitors. In addition to complying with the Commonwealth of Virginia’s Conflict of Interest laws and any University policies, each member must be free from any financial, family or other material personal relationship that, in the opinion of the Board or the Committee members, would impair their independence from management and the University. Committee members should also refrain from activities that a reasonable person would view as unethical or contrary to the institutional mission.

III. RESPONSIBILITIES

In performing its oversight responsibilities, the Committee shall:

A. General:

- a. Review the Committee charter annually and recommend updates to the BOV.
- b. Maintain minutes of all meetings.
- c. Report Committee actions and recommendations to the BOV.
- d. Meet in closed session with the external auditors and/or the Senior Vice President and Chief Financial Officer (with or without members of senior management present), as permissible by state law and deemed appropriate by the Committee, to discuss confidential matters.
- e. Become well acquainted with the information and pertinent facts under the purview of the Committee.
- f. Recommend best practices across the institution for financial management.
- g. Make such recommendations to the BOV that will ensure the institution is operating efficiently, effectively, and appropriately with regard to the use of public and other funds to support the University's stated mission.

B. Financial Policy and Investments:

- a. Review and recommend approval of the University's financial policies.
- b. Review financial assumptions upon which budgets are based.
- c. Review and recommend approval of the six-year financial plan and operating budget.
- d. Periodically review and compare financial operating results with appropriate budgets and benchmarks.
- e. Review and recommend approval of major design changes to the VCU Optional Retirement Plan.
- f. Review and report on annual financial statements and supporting schedules.
- g. Review and recommend approval of the University Investment Policy.
- h. Review and report on investment results.
- i. Review annually the BOV Fund.
- j. Review quarterly the University Efficiencies.
- k. Review quarterly the Committee Dashboard.

C. Debt Management:

- a. Review and recommend to the Board all debt issuance and debt management policies.

D. Government Relations:

- a. Review reports on local, state, and federal government relations activities related to supporting the University's strategic plan.
- b. Review and forward for BOV approval such Administration recommendations related to local, state and federal government relations and as the Committee deems.

E. Development and Alumni Relations:

- a. Review philanthropic goals and activities that benefit the University.
- b. Review and make recommendations regarding policies governing the solicitation and acceptance of gifts.
- c. Review and make recommendations regarding the recognition of philanthropic gifts through the naming of facilities, programs, and endowed funds.
- d. Review reports of major gifts, fundraising metrics, and alumni engagement activities.

F. Committee Administration:

- a. Review and approve the annual Committee meeting planner and any significant changes to the plan.
- b. Review the qualifications of the Committee members and staff, and the level of staffing by the institution as needed.
- c. Review annually the Deficit Disclosure.
- d. Review annually any modifications necessary to the Investment Policy Statements, **as needed.**
- e. Review annually Agency Risk Management and Internal Control Standards (ARMICS)

G. Tuition and Fees:

1. Review and recommend tuition and fee charges to the BOV.

IV. MEETINGS

The Committee will meet at least four times annually. Additional meetings may be called as circumstances warrant. The Committee Chair will communicate with the Senior Vice President and Chief Financial Officer prior to each Committee meeting to finalize the meeting agenda and review the matters to be discussed.

**Virginia Commonwealth University
Board of Visitors**

Finance and University Resources Committee Meeting Planner

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing				
	Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
					Sept	Dec	March	May
A. General								
1. Adopt a formal written charter that specifies the Committee’s scope of responsibility. The charter should be reviewed and updated as necessary.	X		X	X				
2. Maintain minutes of all meetings.		X		X	X	X	X	X
3. Report Committee actions and recommendations to the Board of Visitors.		X		X	X	X	X	X
4. Meet in closed session with the external auditors and/or the Senior Vice President and Chief Financial Officer (with or without members of senior management present), as permissible by state law and deemed appropriate by the Committee, to discuss confidential matters.	X		X					X
5. Become well acquainted with all of the information and pertinent facts under the purview of the Committee.			X					
6. Recommend best practices across the institution for financial management and for external stakeholder relations.			X					
7. Make such recommendations to the BOV that will ensure the institution is operating efficiently, effectively, and appropriately with regard to the use of public and other funds to support the University’s stated mission.			X					
B. Financial Policy and Investments								
1. Review and recommend approval of the University’s financial policies.			X					
2. Review financial assumptions upon which budgets are based.	X		X					X

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing				
	Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sept	Dec	March	May	
3. Review and recommend approval of the six-year financial plan and operating budget.	X		X	X				
4. Periodically review and compare financial operating results with appropriate budgets and benchmarks.		X		X	X	X	X	X
5. Approve major design changes to the VCU Optional Retirement Plan	X		X					
6. Review annual financial statements and supporting schedules and report to the Board the results of that review.	X		X		X			
7. Review and recommend approval of the University Investment Policy.			X					
8. Review the BOV Fund	X		X	X				
9. Review the Committee Dashboard		X			X			X
C. Debt Management								
1. Review and recommend to the Board all debt issuance and debt management policies.			X					
2. Review debt management activities of the University.	X			X				
3. Review and recommend necessary changes to debt policies.			X					
4. Review contracts, including construction contracts, that exceed \$5M. Contracts related to sponsored research activity are excluded from this review.			X					

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)				Sept	Dec	March	May
D. Committee Administration							
1. Review and approve the Committee meeting planner and any significant changes to the plan.	X		X	X			
2. Review the qualifications of the Committee members, staff and the level of staffing by the institution.	X		X				
3. Review the Deficit Disclosure annually.	X				X		
4. Review the Agency Risk Management and Internal Control Standards (ARMICS)	X			X			

A=Annually; Q=Quarterly; AN=As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sept	Dec	Feb	May
E. Tuition and Fees							
1. Review and recommend tuition and fee charges.	1						X
F. Government Relations							
1. Receive and review reports on local, state, and federal government relations activities related to supporting the university’s strategic plan.		X		X	X	X	X
2. Review and approve policies governing the solicitation and acceptance of gifts and make appropriate recommendations to the Board of Visitors.			X				
3. Provide quarterly reports to the Board of Visitors on local, state, and federal government relations activities.		X		X	X	X	X
G. Development and Alumni Relations							
1. Review philanthropic goals and activities that benefit the programs of Virginia Commonwealth University and its units.			X				
2. Review and approve policies governing the solicitation and acceptance of gifts and make appropriate recommendations to the Board of Visitors.			X				
3. Review and approve the recognition of philanthropic gifts through the naming of physical and non-physical entities, and make			X				

appropriate recommendations to the Board of Visitors for approval.							
4. Receive and review reports of major gifts, fundraising metrics, and alumni engagement activities.		X		X	X	X	X

5. Provide quarterly reports to the Board of Visitors on major gifts, fundraising metrics, and alumni engagement activities.		X		X	X	X	X
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¹ Annually in April a Special Meeting of the BOV may be held to discuss the Budget Plan and Proposed Tuition and Fees.

Resolution to Authorize the Execution of a Contract for Construction Services

Arts and Innovation Building

Background

VCU seeks approval to execute a contract for construction services at a “not-to-exceed” (NTE) amount of \$192M for the proposed 212,652 square foot Arts and Innovation Academic Building, which will be located on the southeast corner of Broad and Belvidere Streets, consolidating our nationally prominent arts and innovation programs into a single location. It will be home to new hybrid classroom-laboratories, interdisciplinary performance and makerspaces, and creative incubators for rapidly growing partnerships across arts, business, medicine and engineering.

The VCU Board of Visitors initially approved this project in May 2019 as part of the 2020-2026 Six-Year Capital Plan. Hourigan Construction Corporation was selected following a competitive RFP process per VCU’s management agreement. In May 2023, the BOV approved a Six-Year Capital Plan amendment for a revised cost estimate of \$253M as well as design/project plans for the facility.

Considerations

Authorization for VCU to negotiate and execute a contract for construction services at a NTE amount, including any early release agreements necessary (to expedite ground breaking/early construction activities, such as site clearing and utility relocation, which benefit timeline and budget), also requires BOV approval.

Cost and funding

The total cost for the AIAB is \$253M, which includes both planning and construction services. \$232.4M will be funded by the state. The remainder will be funded by private donations.

Recommendation

Approve the request to execute a construction services contract with Hourigan not to exceed \$192M, which includes contingency funding estimated at \$4.9M and an early release agreement estimated at \$9.8M.

**RESOLUTION OF THE BOARD OF VISITORS
VIRGINIA COMMONWEALTH UNIVERSITY**

**AUTHORIZATION TO EXECUTE A CONSTRUCTION SERVICES CONTRACT FOR
THE ARTS AND INNOVATION BUILDING IN A NOT TO EXCEED AMOUNT OF \$192M**

WHEREAS, Chapter 6.1, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code") establishes a public corporation under the name and style of Virginia Commonwealth University (the "University") which is governed by a Board of Visitors (the "Board") vested with the supervision, management and control of the University; and

WHEREAS, Title 23 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia; and

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code, the University entered into that certain "Management Agreement By and Between the Commonwealth of Virginia and The Rector and Visitors of Virginia Commonwealth University" (the "Management Agreement") which was enacted as Chapter 594 of the Acts of Assembly of 2008 which, as amended, classifies the University as a public institution of higher education and empowers the University with the authority to undertake and implement capital projects, which include the acquisition of any interest in land, improvements on acquired land, capital leases, new construction, and building improvements and renovations; and

WHEREAS, the Management Agreement requires the Board of Visitors to authorize the initiation of each Major Capital Project (as defined in the Management Agreement) by approving its size, scope, budget, and funding; and

WHEREAS, the Board has been presented with plans for a Major Capital Project titled/consisting of the Arts and Innovation Building; and

WHEREAS, the cost of the Project is expected to be approximately \$253M (the "Project Cost"); and

WHEREAS, the Board has determined it is desirable to authorize the execution of the construction contract.

**NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY:**

1. The Board hereby authorizes and approves the execution of a construction contract in a not to exceed amount of \$192M, as described in the materials presented to the Board;

2. The Board hereby authorizes the President of the University, or his designee, on behalf of the University to execute any and all documents required to implement the Major Capital Project described above; and
3. This resolution shall take effect immediately upon its adoption.

Board of Visitors

Jay Davenport, Vice President, Development and Alumni Relations
September 15, 2023



VCU

Overview

1

FY23 Fundraising Results and Campaign Update

2

Inclusive Engagement and Philanthropy

3

University Endowments

\$271,053,061

Biggest fundraising year in the history of the university and its health system

23,069

Donors

7,716

First-time donors

\$125.8M

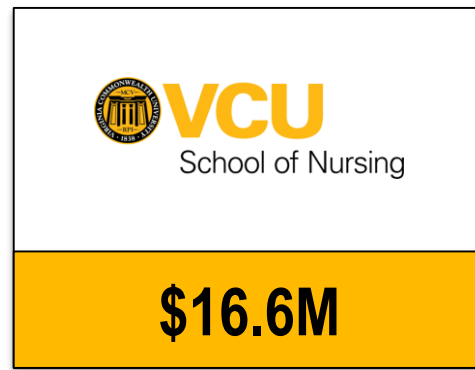
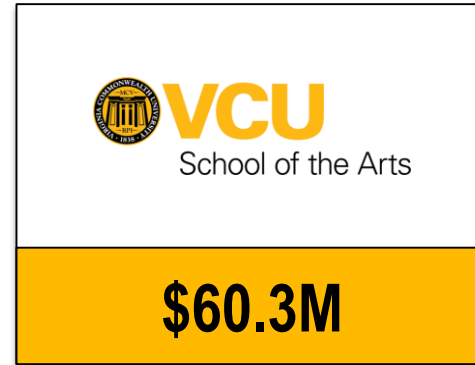
Research support

\$117.3M

Student and
program support

FY23 Highlights

Five VCU colleges, schools and units set annual fundraising records



FY23 Highlights



\$70.2M from the Bristol-Myers Squibb Foundation to establish the Robert A. Winn Diversity in Clinical Trials Award Program

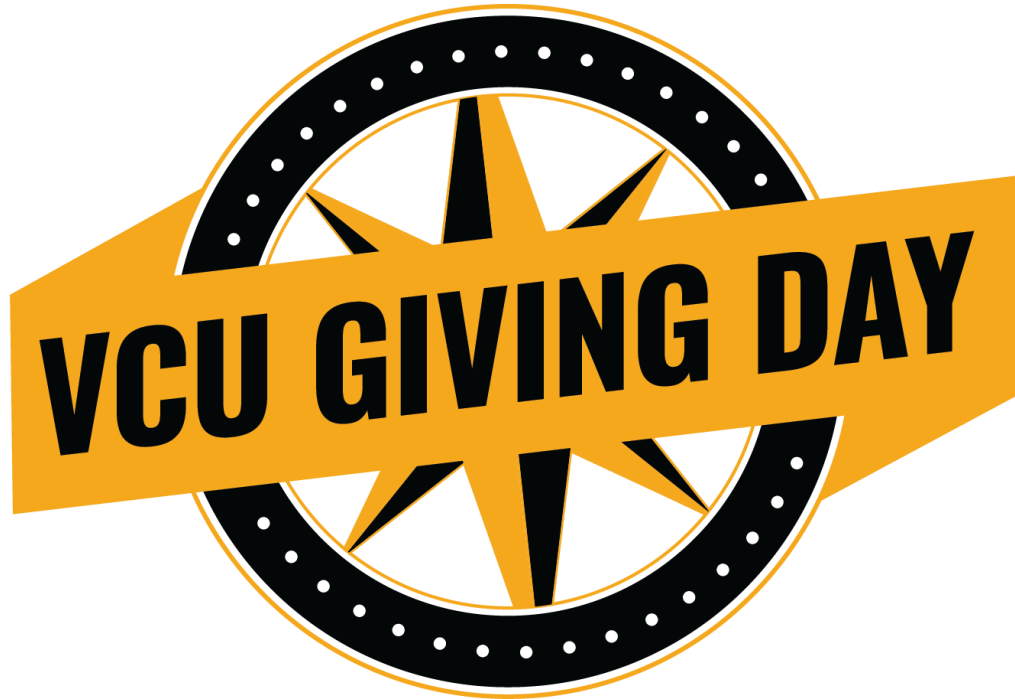


\$18M from the CoStar Group for the construction of the CoStar Center for Arts and Innovation



\$13M from Joanne and Bill Conway to provide need-based scholarships for undergraduate and doctoral nursing students

FY23 Highlights



- VCU's second annual Giving Day set new records, raising \$7.8 million from more than 5,100 donors
- The day saw a 190% increase in dollars raised and an 18% increase in the number of donors, with more than 1,200 donors making their first gift to VCU

FY23 Highlights



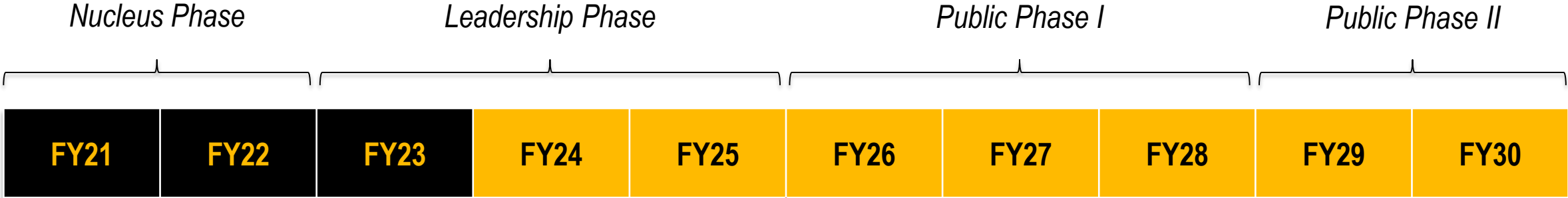
- DAR Communications launched the university's flagship publication, VCU Magazine, and its companion website in November, mailing to 80,000 households, with a second issue mailed to 90,000 households in May
- University Development held 12 presidential salon dinners and receptions across the country, engaging 426 prospects

FY23 Highlights



- Alumni Relations saw a record turnout (a combined 1,700 alumni) at the African American Alumni Council and MCV Campus reunion weekends
- The VCU Alumni Council reached its goal of 50 members and welcomed new leadership among its six committees
- The DAR Signature Events team produced Homecoming in collaboration with the Alumni Relations team, Student Commons and VCU Athletics. The weeklong series of events resulted in a 35% increase in alumni registrations

General Campaign Timeline



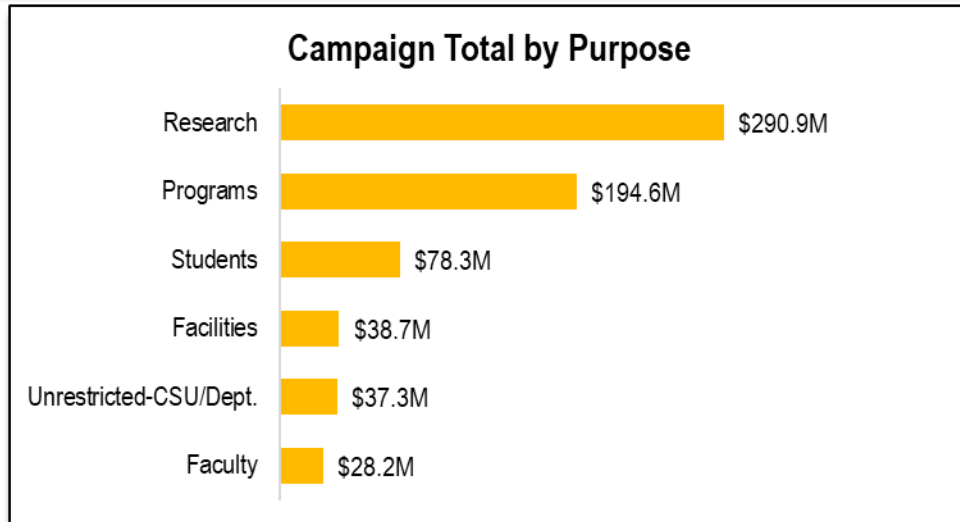
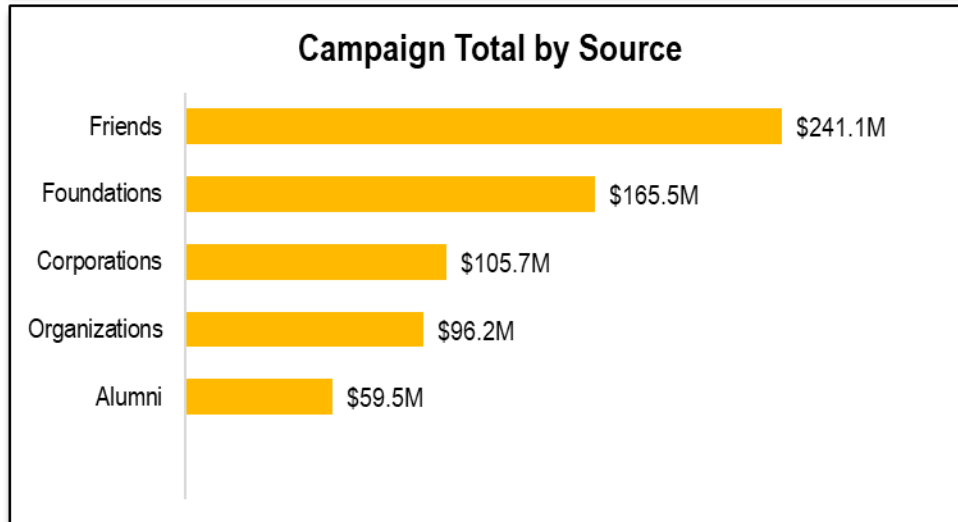
Preliminary Campaign Launch Target = Fall 2025



VCU

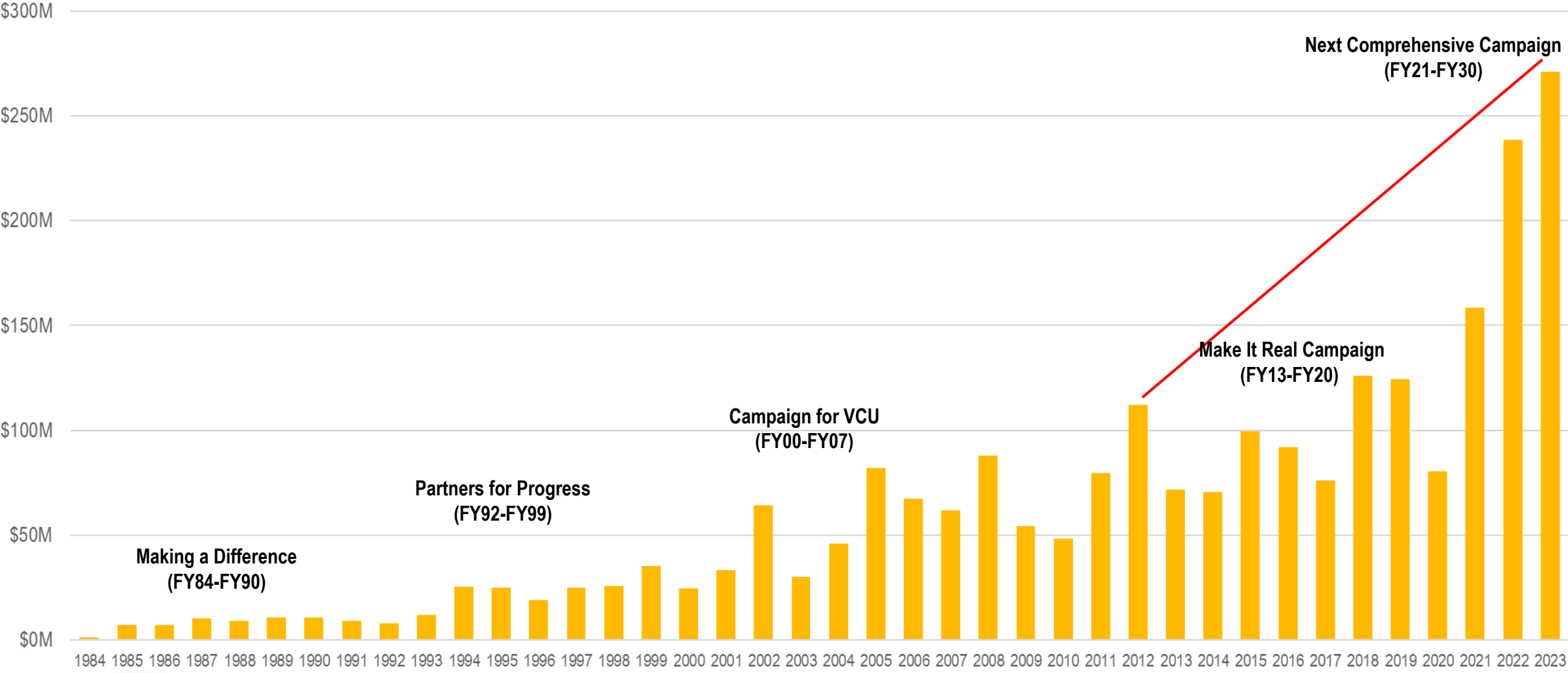
\$668,019,210

FY21	FY22	FY23
\$158,438,042	\$238,528,106	\$271,053,061
<i>3-year average (FY21-FY23) = \$222,673,070</i>		



Please note: Campaign total by purpose is subject to change pending campaign pillar audit

Previous Campaigns Build a Foundation for the Future



1 Introductions



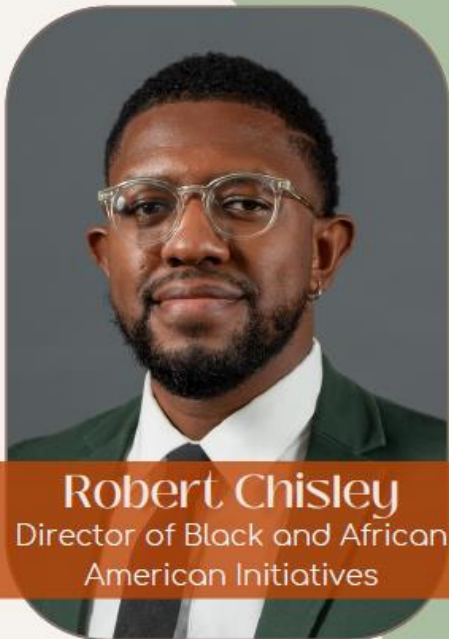
Dr. Amy Gray Beck
Executive Director &
Women's Initiatives



Bri Bouldin
Program
Specialist



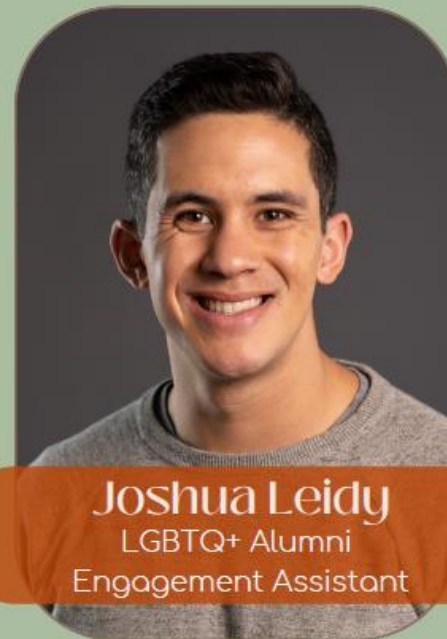
Larry Powell
Director of
Alumni Affinity Programs



Robert Chisley
Director of Black and African
American Initiatives



Diane Stout-Brown
Golden Alumni
Engagement Specialist



Joshua Leidy
LGBTQ+ Alumni
Engagement Assistant



Anthony Muscatello
Director of
Parent and Family Initiatives

MISSION



Inclusive Engagement and Philanthropy at VCU creates **deep and meaningful engagement** and volunteer opportunities to foster belonging among VCU communities, while connecting them with **individual and collective philanthropic opportunities to transform lives**. This effort drives inclusive philanthropy practices throughout Development and Alumni Relations and spotlights all **diversity, equity, inclusion and belonging funding opportunities** at VCU.



Women's wealth
is rising



Women are more
likely to give



Women give
differently

Women's Philanthropy

Parent's Philanthropy

Parents...

- Typically gift more than the average new grad
- Are highly engaged with VCU, even before classes start
- Have much quicker giving cycles (2 years)
- Respond well to heavy engagement and early asks
- Have multiple priorities:



MOST
GENEROUS
RACIAL
DEMOGRAPHIC

MORE LIKELY
TO SUPPORT
HIGHER ED

DONATE
FROM A PLACE OF
EQUITY
AND
RESILIENCY

FULFILLED
BY THEIR
CHARITABLE
GIVING

BLACK
WOMEN GIVE
10% OF THEIR
INCOME

TRUST IS
PARAMOUNT

HIGH
CAPACITY

Black/African American Philanthropy

LGBTQ+ Philanthropy

LGBTQ+ FOLKS UNCONSCIOUSLY GIVE TO LGBTQ RELATED FUNDS

GIVE TO HIGHER ED FROM A PLACE OF SUPPORT AND AFFIRMATION FOR OTHER LGBTQ+ STUDENTS AND ALUMNI

LGBTQ+ FOLKS HAVE MORE DISCRETIONARY FUNDS, DESPITE MORE BARRIERS WHEN IT COMES TO INHERITANCE

REQUIRE TRUST BUILDING AND ATONEMENT BEFORE ASKS

WOMEN

120 Women

Currently giving over \$50k,
compared to 152 Men

\$50

Average Woman's gift
amount, compared to \$100
from Men despite wealth and
wage gap

LGBTQ+

Due to lack of data about self-
identification, there is little known
about LGBTQ+ giving to higher
education -- a gap in the field and at
VCU

\$217 Million

Current Female Alumni & Non-
Alumni support capacity

\$1 Million

\$ Current Female Alumni &
Non-Alumni giving

0.4%

Giving to capacity ratio

PARENTS

Capacity

BLACK/ AFRICAN AMERICAN

\$319 Million

Current Black Alumni & Non-
Alumni support capacity

\$2.4 Million

\$ Current Black Alumni & Non-
Alumni giving

0.7%

Giving to capacity ratio

WOMEN

More women alumni than men

More VCU alumnae give to VCU, and gave to the last campaign "Invest in Me"

Excited and invested

- 75+ attended a Women's Brunch w/ a healthy waitlist

PARENTS

Have a dedicated office w/ seasoned liaison

Well-established family council w/ 50 volunteers who are primed and dedicated to a giving initiative

Highly engaged by VCU and want to support student needs

BLACK/ AFRICAN AMERICAN

Highly engaged population of Black alums

- 789 Registrations for AAAC Reunion!

Strong NPHC Greek Community

18 Black/African-American student orgs

Philanthropically inclined

- AAAC Merit Scholarship (1999)
- AAAC Rodney A. Harry Leadership (2002)
- 50th anniversary bench dedications

LGBTQ+

VCU x Richmond have a strong LGBTQ+ history

- Stephen Lenton, Assistant Dean of Student Life
- Gay Alliance of Students v. Matthews, 544 F.2d 162 (1976)

Strong Inclination

- Dorothy Fillmore Scholarship
- McCann Scholarship at \$2.5 million for Medicine students advancing the LGBTQ+ community

University Endowments

Collection of donated funds and items that are accumulated over time

Three Types of Endowment Funds	
<i>Permanently endowed funds</i>	Gifts received from a donor to support a specific project or priority with written restrictions on the use of the endowment payment each year
<i>Term endowments</i>	Gifts from a donor that stipulates that the principal can be expended after a stated period of time or upon the occurrence of a certain event for a specific project or priority
<i>Quasi-endowment funds</i> <i>(funds functioning like an endowment)</i>	Internal accounts that have been established by the board to function like a permanent endowment or term endowment but that can be altered at any time at the discretion of the board

Institutionally Related Foundations (IRF)

MCV Foundation
VCU Health™

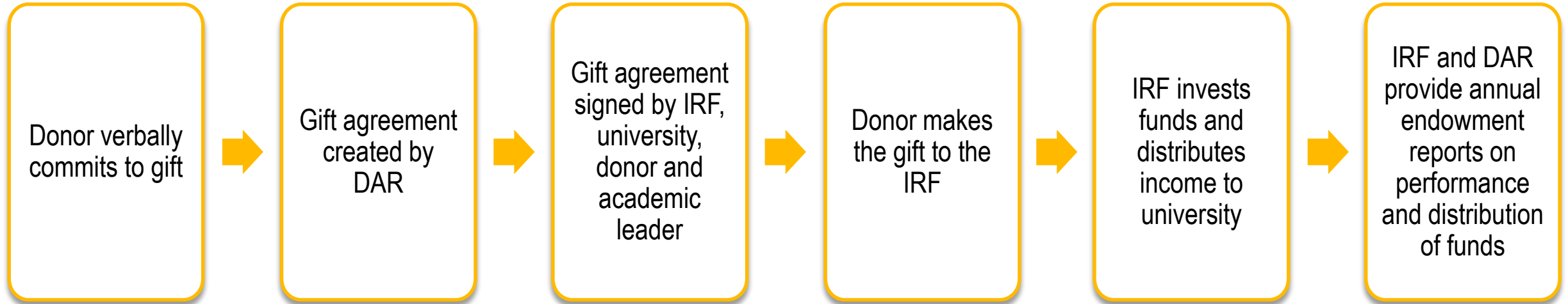
 **VCU**
VCU Foundation

 **VCU**
College of Engineering

 **VCU**
VIRGINIA COMMONWEALTH UNIVERSITY
School of Business Foundation

- College and university foundations are typically incorporated as public charities under section 501(c)(3) of the Internal Revenue Code
- The primary purpose of VCU's foundations is to hold and manage contributed assets
- The foundations were established to receive and steward private gifts, help segregate private and public funds, manage endowments, and facilitate financial transactions or entrepreneurial ventures that could not be undertaken effectively by state entities

VCU Endowment Process



Gift Restrictions



Students

Faculty

Research

Programs

Facilities

*Dean/Director
Priorities*

- Gifts designated for a specific purpose must be used in accordance with donor intent
- Endowment payouts are set annually by the IRF
- There are no truly unrestricted endowed funds at VCU



VCU Board of Visitors

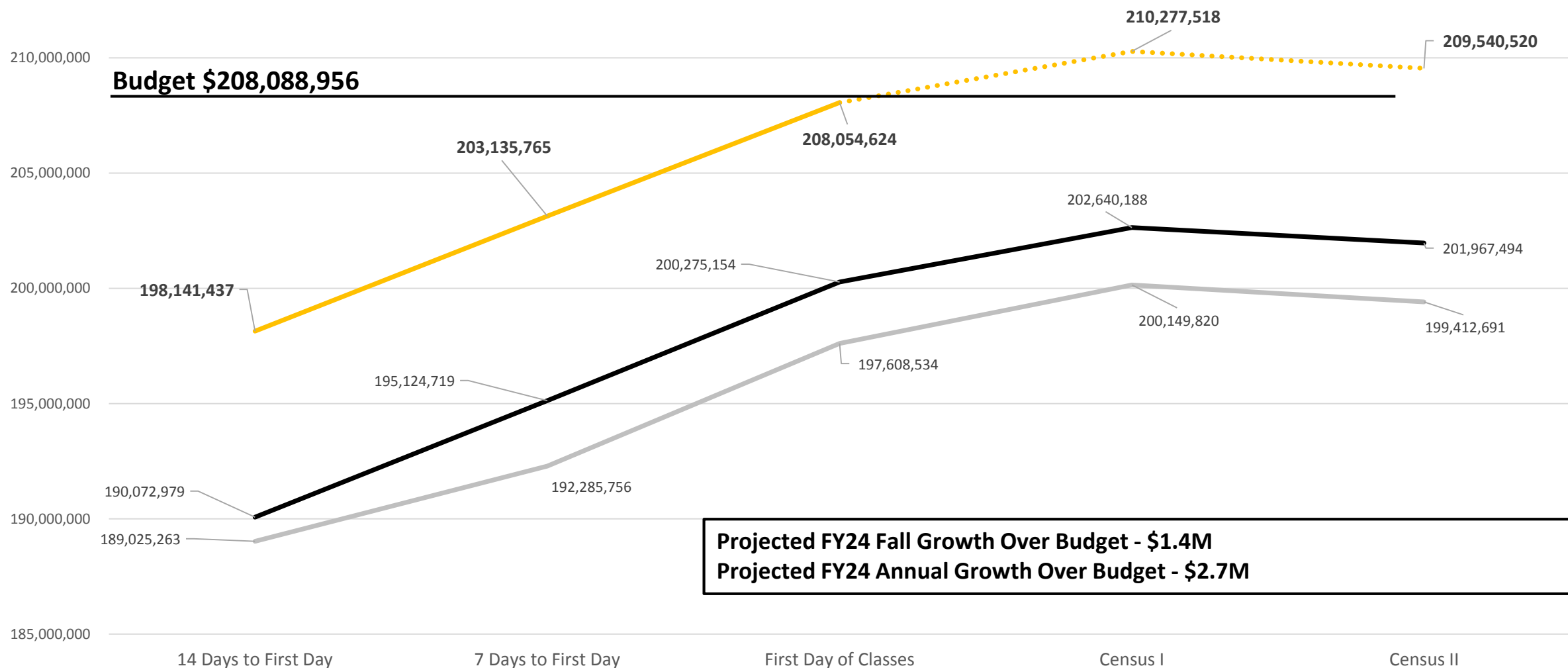
Finance & University Resources Committee

KAROL KAIN GRAY

Senior Vice President & CFO

September 15, 2023

Fall 2024 Enrollment Update



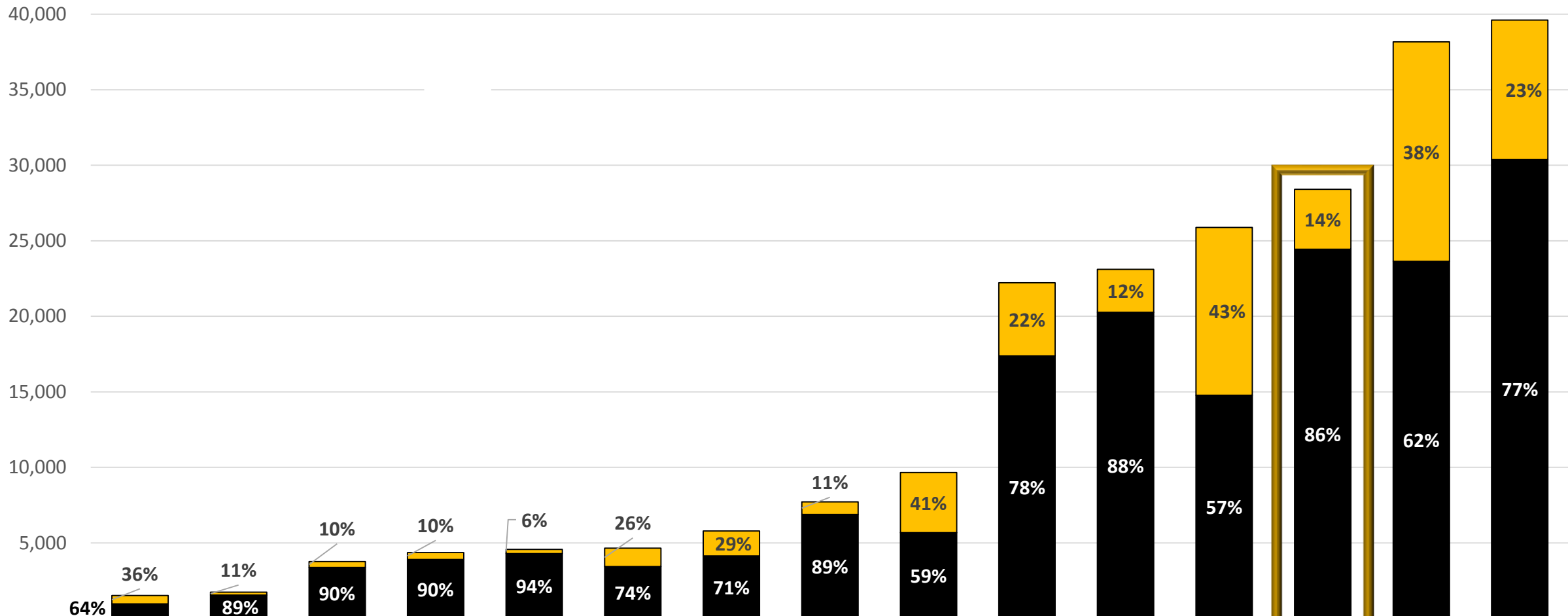
Updated 2024 Budget

	Adopted	Proposed
Tuition Increase	3%	3%
	5% Salary Plan	7% Salary Plan (Dec. 10)
New Tuition & Fees	\$ 12,285	\$ 12,285
State 49% Salary Match	13,383	16,059
Tuition and Salary Revenue Growth	25,668	28,344
New Expense Needs	(50,216)	(58,422)*
Net Position Before New State Funds	(24,548)	(30,078)
	↓	↓
New Operational State Funding	-	10,394
	↓	↓
Budget Reallocations	(24,548)	(19,684)

Other State Funding
 \$5.8M for Need-Based Financial Aid
 \$2.5M for Massey
 \$510k for Nursing Clinical Faculty
 Funds for VDH Nurse Preceptor Program

**Includes extra 2% salary cost of \$5.4M & custodial contract of \$2.8M*

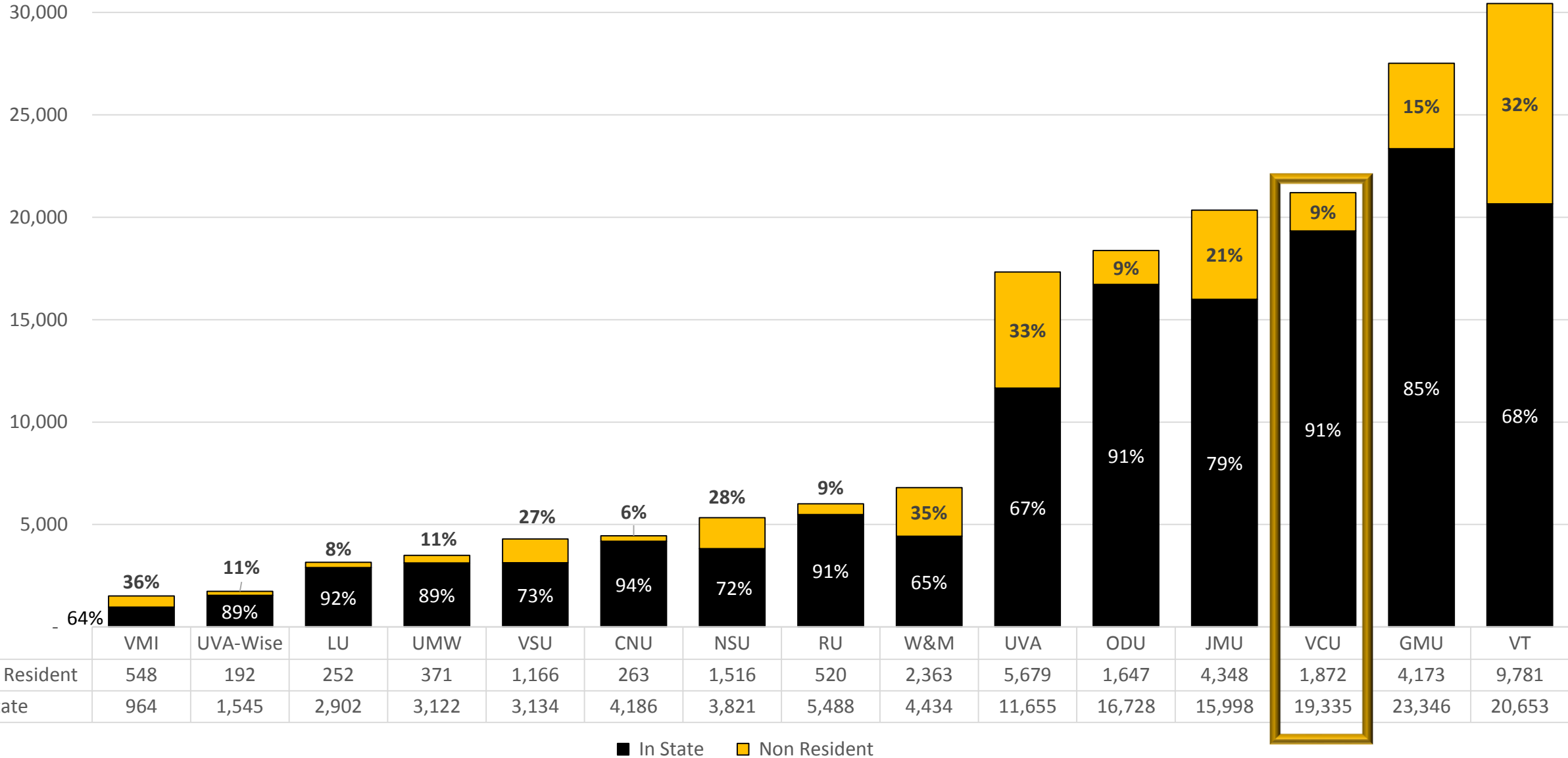
Fall 2022 Student FTE's by Residency *(all levels)*



	VMI	UVA-Wise	UMW	LU	CNU	VSU	NSU	RU	W&M	JMU	ODU	UVA	VCU	VT	GMU
Total	1,512	1,737	3,757	4,358	4,559	4,648	5,783	7,718	9,654	22,224	23,107	25,879	28,408	38,169	39,607
Non Resident	548	192	387	454	273	1,224	1,651	834	3,984	4,841	2,849	11,106	3,970	14,540	9,226
In State	964	1,545	3,370	3,904	4,286	3,424	4,132	6,884	5,670	17,383	20,258	14,773	24,438	23,629	30,381

In State
 Non Resident
 Total

Fall 2022 Undergraduate Fall FTE by Residency



Inflationary Impact Compared to Tuition and Mandatory Fees

Fiscal Year	Higher Education Price Index (HEPI)	Consumer Price Index (CPI)	\$ Tuition and Mandatory Fees	% Tuition and Mandatory Fees
2018-19	3.0%	1.8%	14,490	6.4%
2019-20	1.9%	1.2%	14,596	0.7%
2020-21	2.7%	4.7%	14,710	0.8%
2021-22	5.2%	8.0%	15,028*	2.2%
2022-23	5.2%	5.8%	15,642	3.5%
Average Increase	3.6%	4.3%		2.7%
Total over 9 yrs	18.0%	21.5%		13.6%

*Fee increase related to the combination of the online fee with the technology fee











University Debt Management Report As of June 30, 2023

Finance, Budget and Investments Committee
Karol Kain Gray
September 15, 2023

How is Our Debt Managed?

The Board last approved updates to the Debt Management Policy on May 6, 2021.

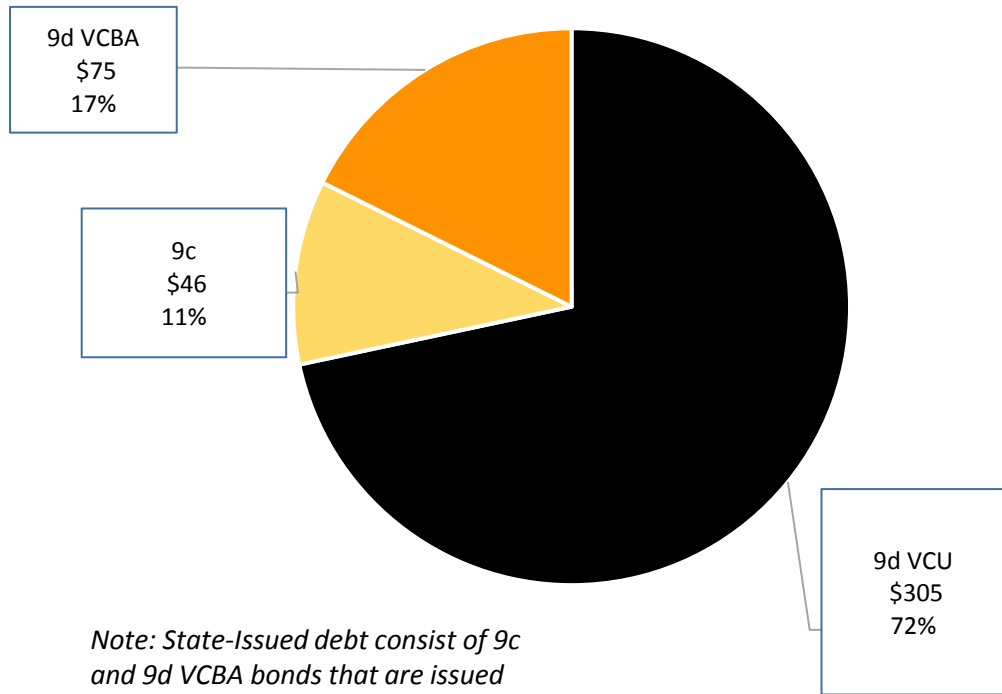
The following dashboard provides key status indicators:

	Status
Outstanding Debt and Commercial Paper (page 3)	
Outstanding Bond Principal Amortization (page 4)	
Planned Debt Issuance Calendar 2024 (page 5)	
Future Debt Capacity Constraints (page 6)	
Tax-Exempt Debt Compliance (page 7)	
Rating Agency highlights (page 8)	
Peer Comparisons FY 2022 (page 10)	
Relationship Exposure (page 11)	

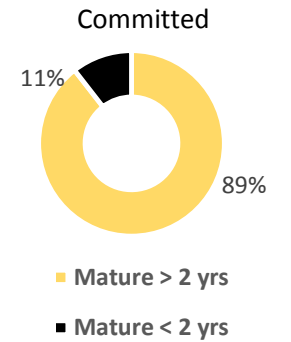
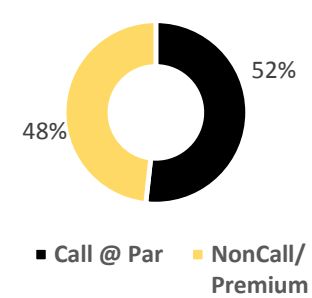
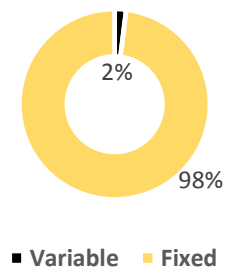
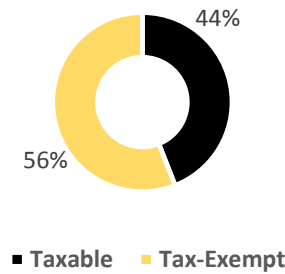
 No issue  Watching  Concern

By the Numbers (June 30, 2023)

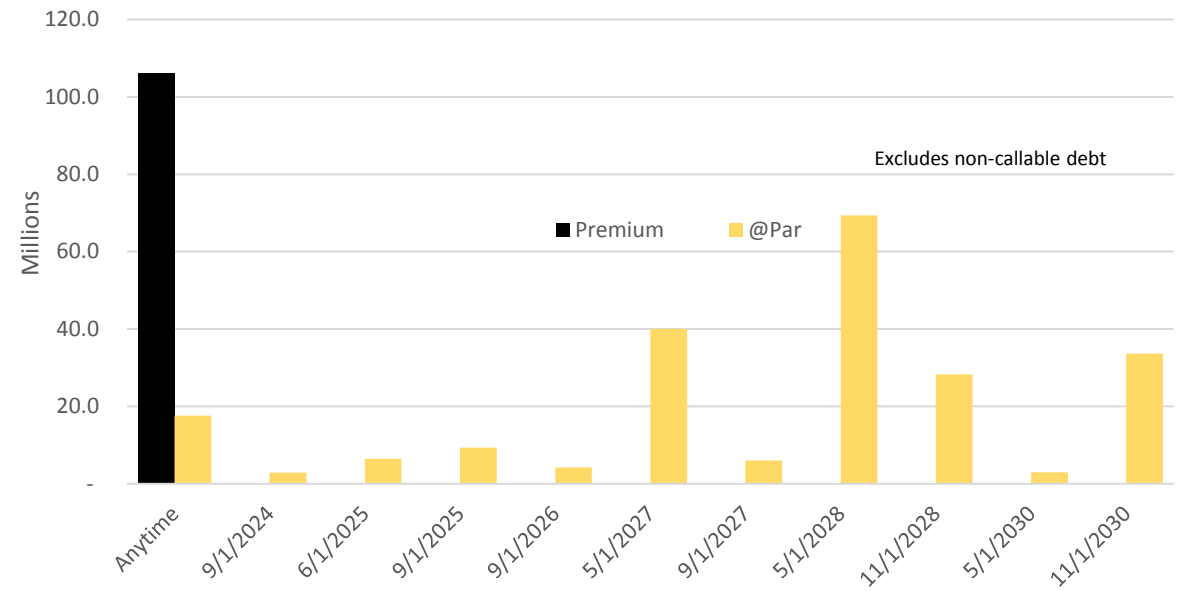
Total Long-Term Debt \$425.9 million *Excludes \$8.5M CP*



Note: State-Issued debt consist of 9c and 9d VCBA bonds that are issued by the Commonwealth on behalf of VCU but debt service and debt liability borne by VCU directly



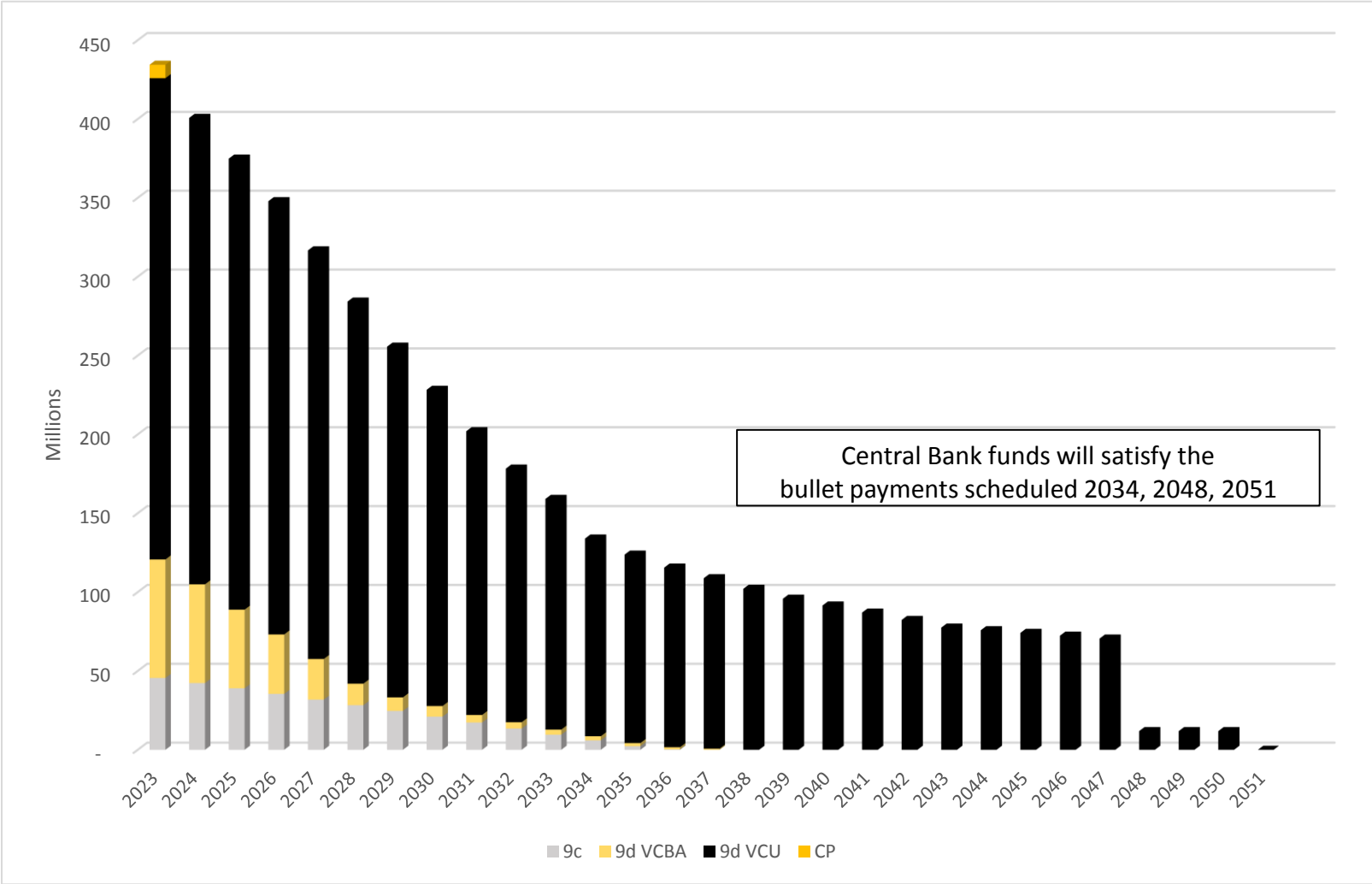
Call Schedule



Excludes leases

Bond and Commercial Paper Principal Amortization

Repayment of Outstanding Principal
As of June 30, 2023



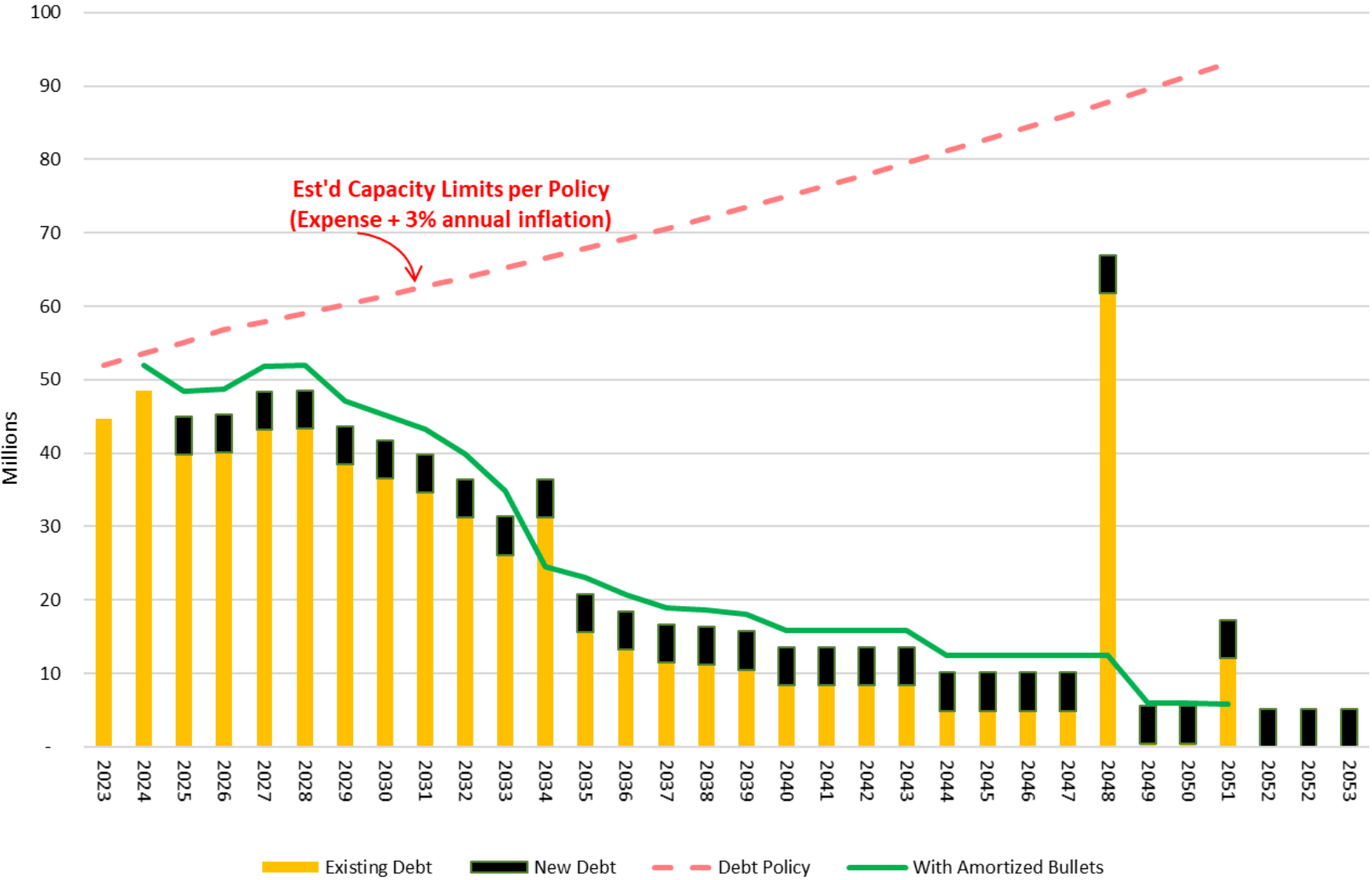
- Amortization of bond principal over time, assuming no additional debt is issued
- Approximately \$28 million per year of bond principal retired for the next 10 years
- During the next 5 years, over \$152 million of outstanding debt will be retired (35%)
- During the next 10 years, over \$277 million will be retired (64%)

Planned Debt Issuance Calendar 2024

Anticipated Structure	Project	Issuance Amount	Term
Taxable Borrowing	Athletic Village – Tennis	\$15M	30 years
Tax-Exempt Bond	Housing Renovation (Johnson Hall)*	\$65M	30 years

Considering P3 alternative

Future Debt Capacity Constrained by Annual Debt Service Capacity at Debt Policy Ratio



Excludes (a) estimated impact from leases under GASB 87 (FY2023 and beyond) and (b) estimates of Rating Agencies related to public private partnerships.

Tax-Exempt Debt Compliance

- **There are no compliance issues that require the attention of the Board of Visitors.**
- The Tax-Exempt Debt Compliance Policy was adopted by the Board of Visitors on December 10, 2021.
- The policy provides a framework for complying with laws and regulations relating to the issuance and post-issuance monitoring of tax-exempt bonds, addressing the following compliance areas:
 - Expenditure and allocation of bond proceeds
 - Spending requirements and arbitrage rebates
 - Private Business Use
 - Continuing disclosure and other filings
 - Record retention
 - Training
- To monitor Private Business Use (unrelated third-party use), the policy requires the following:
 - Annual distribution of a Private Use Questionnaire to responsible departments to determine whether Private Business Use above allowable thresholds exists. To date, annual analysis indicate compliance within allowable limits.
 - Active monitoring of Private Business Use by a Bond Compliance Community consisting of representatives from Treasury Services, Facilities Management Division, Controller's Office, Procurement Services, Capital Assets and Real Estate, Office of the General Counsel and Office of Research (ongoing)

Rating Agency Highlights

- Rating in Aa category is critical to be awarded Tier III status
 - S&P AA- (4/1/2022), outlook Stable
 - Outlook for Higher Ed is “Stable, but Bifurcated” (1/18/2023)
 - S&P credit review is in process
 - Moody’s Aa3 (3/29/2023), outlook Stable
 - Outlook is “Negative” for Higher Ed (12/8/2022)
 - Previous reports highlight need to improve Operating Cash Flow Margin
 - Recent Supreme Court cases on admission strategies, student debt relief are expected to impact credit modestly
- New GASB 87 rules on leases (effective FY22) and rating agency outlook on public/private partnerships result in “adjustments to debt”; those impacts to debt capacity is still undetermined

Peer Selection – Criteria and Schools

Selection Criteria

- Moody's rated Aa3
- Non-community college, non-system schools
- Schools with undergraduate enrollment +/- 3 from VCU in Moody's Means Comparison 2021

And

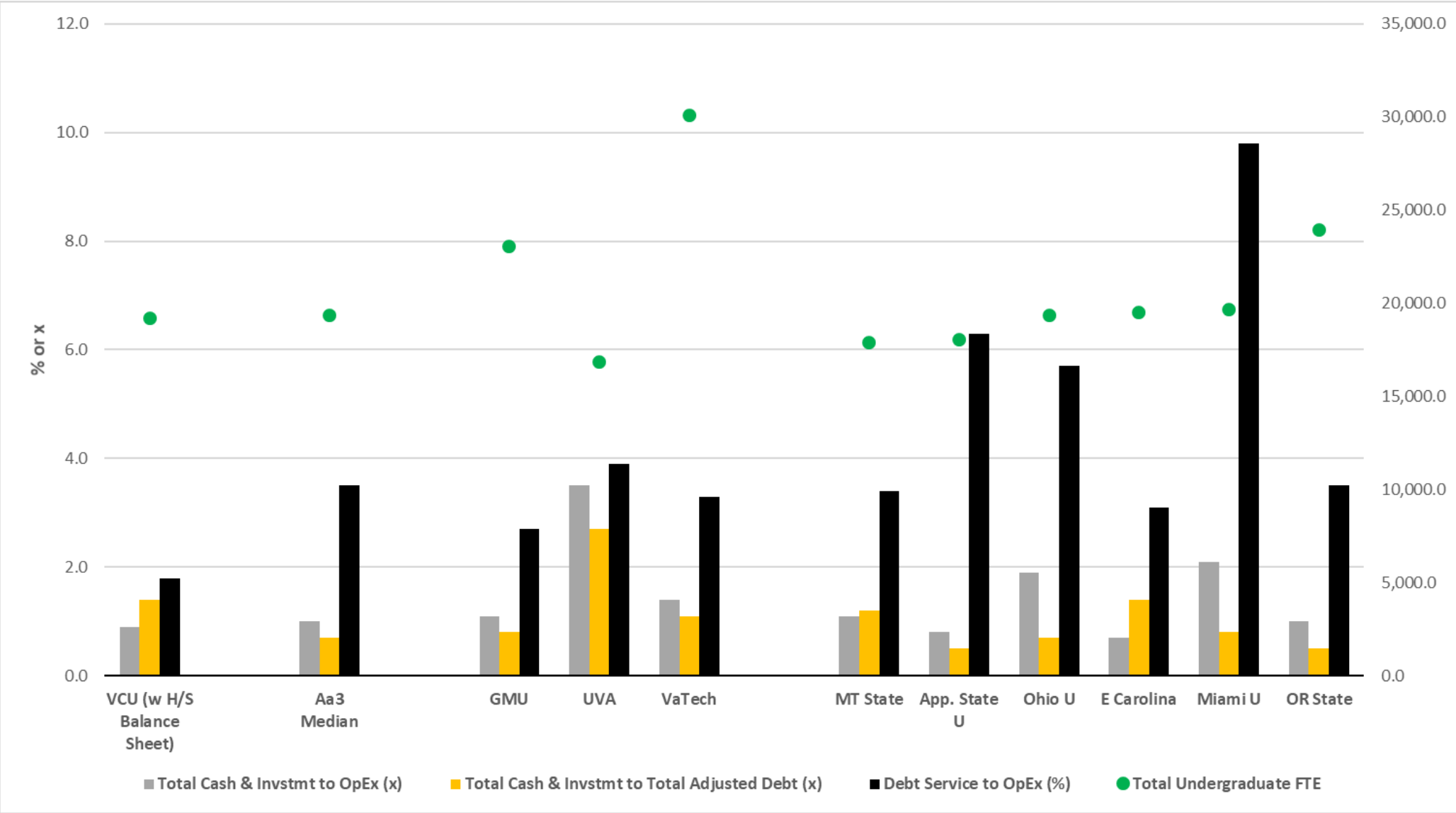
- Virginia Tier III peers with a Moody's rating

Peer Listing*

- Montana State University, MT
- Appalachian State University, NC (2021)
- Miami University, OH
- East Carolina University, NC
- Ohio University, OH (2022)
- Oregon State University, OR
- University of Virginia
- Virginia Tech
- George Mason University

* Replaced Oklahoma State, OK (2021) and Florida Atlantic University, FL (2022) due to downgrades

Peer Comparisons* FY 2022



(x) reflects "times" and is indicated by left-hand axis

* As reported by Moody's which includes Health System cash but not expense

Relationship Exposure

As of June 30, 2023

The University has diversified its concentration risk across financial institutions providing credit services, investments, custody services and banking.

	South State	TD Bank/ TD Securities	Capital One	JP Morgan	VCIMCO	Payden & Rygel	Merganser	Northern Trust	US Bank	Rockefeller Capital Management	Bank of America
Private Placement Debt	202A&B & 2023A: \$67.7M	2015A&B: \$20.2M	2021A: \$9.1M								
Commercial Paper Dealer				Tax-Exempt \$4.2M/ Taxable 4.3M							
Commercial Paper Line of Credit				\$0 outstanding/ \$75M available							
Investment Advisory					\$222.9M Long-Term Tier and Central Bank; \$234.1M under advisement						
Investment Manager						\$80.2M AUM	\$234.1M AUM			\$28.6M for Liver Institute	
Custodian								\$222.9M in Long-Term Tier and Central Bank	\$314.3M in Operating Pool		
General Banking											\$42M in average daily balance

Questions?



Treasurer's Report

As of June 30, 2023

Finance and University Resources Committee

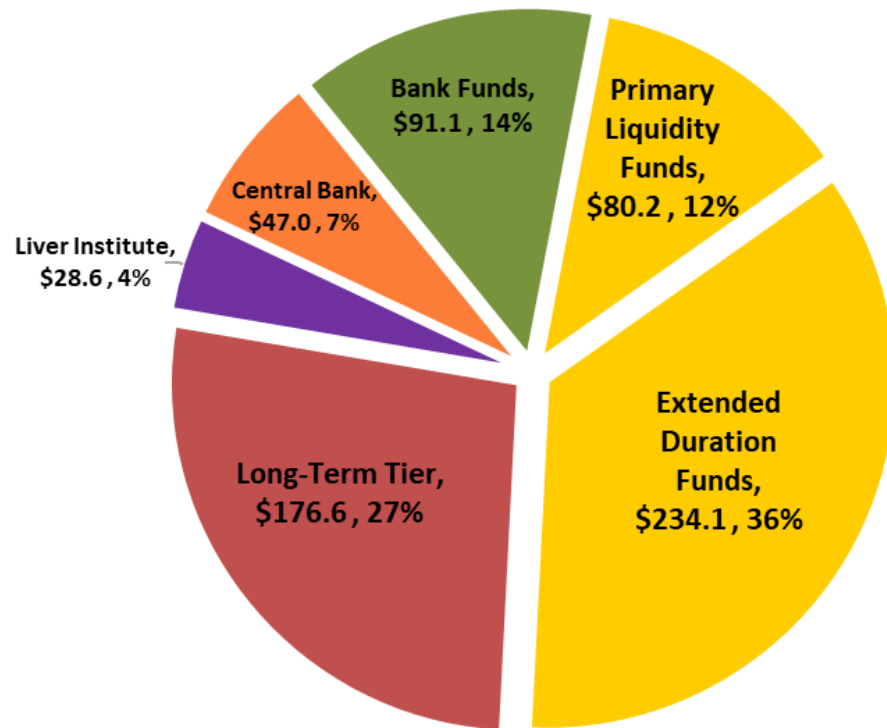
Karol Kain Gray

September 15, 2023



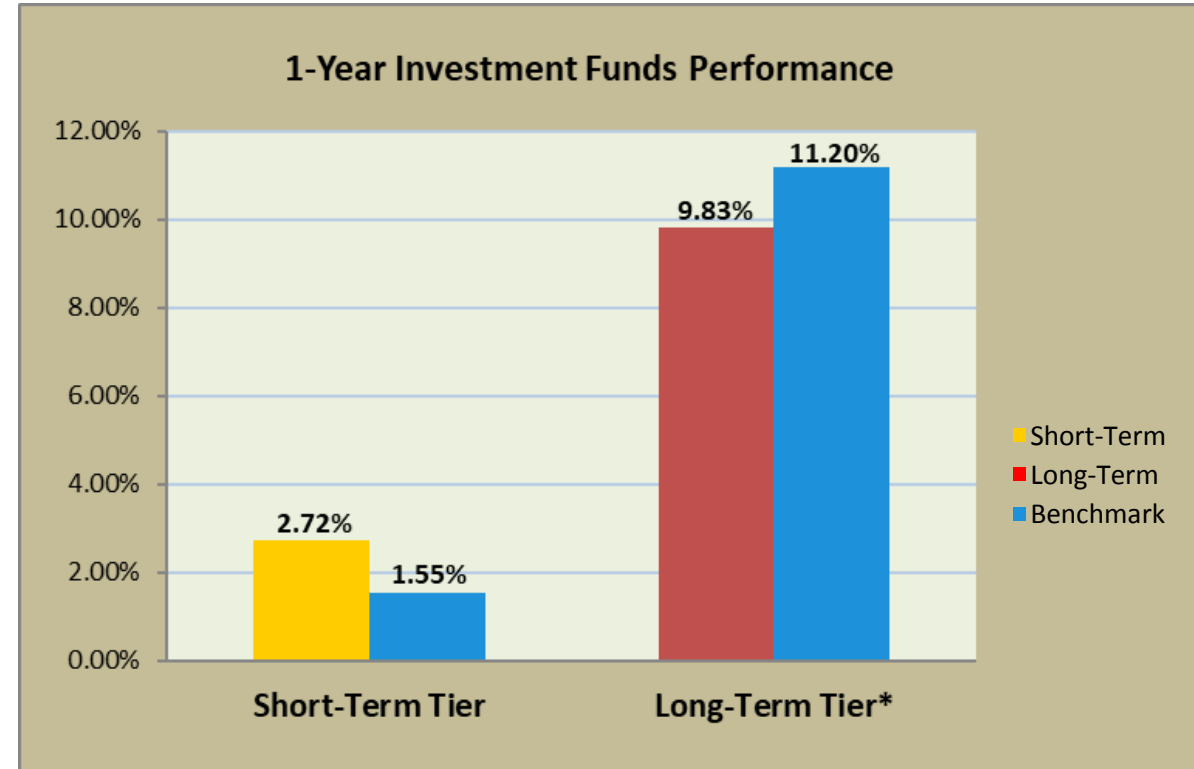
Total University Funds Overview for the Period Ending June 30, 2023

University Funds
Market Value (Millions)



**Total University Funds
\$657.6M**

1-Year Investment Funds Performance



* Long-Term Tier benchmark applies only to VCIMCO; VCIMCO manages 99.7% of the LT MV at 6/30/2023.

Short-Term Tier Performance Summary As of June 30, 2023

Performance Summary (Net of Fees)

	Market Value (M)	Current Allocation	1 Month	QTD	FYTD	1 Year	Annualized		
							3 Years	5 Years	Since 7/2009
Primary Liquidity Funds / Payden & Rygel	\$79.9	25.4%	0.27%	1.07%	3.90%	3.90%	1.23%	1.59%	0.79%
<i>iMoneyNet MM All Taxable</i>			<i>0.38%</i>	<i>1.13%</i>	<i>3.41%</i>	<i>3.41%</i>	<i>1.16%</i>	<i>1.31%</i>	<i>0.58%</i>
Extended Duration Funds / Merganser	\$234.1	74.6%	0.07%	0.58%	1.98%	1.98%	-0.43%	1.45%	1.37%
<i>BofA ML US Corp & Govt 1-3 Year Blended¹</i>			<i>-0.39%</i>	<i>-0.34%</i>	<i>0.52%</i>	<i>0.52%</i>	<i>-0.87%</i>	<i>1.14%</i>	<i>3.70%</i>
Total Operating Funds	\$314.1	100.0%	0.12%	0.73%	2.72%	2.72%	0.28%	1.72%	1.22%
<i>Short-Term Tier Composite²</i>			<i>-0.19%</i>	<i>0.09%</i>	<i>1.55%</i>	<i>1.55%</i>	<i>-0.06%</i>	<i>1.42%</i>	<i>1.33%</i>

¹ BofA ML US Corp & Govt 1-3 Year Blended Index = Citi 6-Month T-Bill 7/31/2009 to 2/28/2010; BofA ML US Corp & Govt 1-3 Year AAA-A 3/31/2010 to 4/30/2016;
BofA ML Treasury 1-5 Year 5/31/2016 to 3/31/2017, BofA ML US Corp & Govt 1-3 year 4/30/2017 to present

² Short-Term Tier Composite = Weighted Average of iMoneyNet MM All Taxable/BofA ML US Corp & Govt 1-3 Year Blended Index

Long-Term Tier Performance Summary Estimated as of June 30, 2023

VCU Long-Term Tier									
Estimated June 30, 2023	Mkt Value (M)	% Allocation	Since Inception						
			4/30/2016	5 Years	3 Years	1 Year	CYTD	FYTD	3 Mos
VCIMCO Funds	\$176.1	100.0%	6.83%	7.01%	9.91%	9.77%	7.71%	9.77%	3.81%
<i>Long-Term Policy Benchmark¹</i>			<i>6.97%</i>	<i>6.01%</i>	<i>6.76%</i>	<i>11.20%</i>	<i>10.30%</i>	<i>11.20%</i>	<i>4.06%</i>
Equity	\$108.6	61.7%	9.07%	8.07%	11.01%	11.97%	12.10%	11.97%	5.55%
<i>MSCI All Country World</i>			<i>9.62%</i>	<i>8.10%</i>	<i>10.99%</i>	<i>16.53%</i>	<i>13.93%</i>	<i>16.53%</i>	<i>6.18%</i>
Credit and Absolute Return	\$44.9	25.5%	6.16%	7.70%	11.72%	10.40%	5.03%	10.40%	2.28%
<i>Barclays US Corporate High Yield</i>			<i>4.19%</i>	<i>3.35%</i>	<i>3.13%</i>	<i>9.06%</i>	<i>5.38%</i>	<i>9.06%</i>	<i>1.75%</i>
Real Assets	\$13.3	7.5%	0.86%	0.46%	8.94%	11.62%	4.67%	11.62%	0.47%
<i>Long-Term Real Estate Benchmark²</i>			<i>1.72%</i>	<i>0.09%</i>	<i>0.65%</i>	<i>-7.59%</i>	<i>-0.40%</i>	<i>-7.59%</i>	<i>-0.89%</i>
Treasuries	\$0.0	0.0%	-0.04%	0.44%	-3.52%				
<i>Barclays US Treasury</i>			<i>1.73%</i>	<i>3.02%</i>	<i>-3.64%</i>				
Cash and Equivalents	\$9.4	5.3%							
VCU Long-Term Tier	\$176.6		6.70%	6.95%	9.85%	9.83%	7.68%	9.83%	3.79%

Total VCU Long-Term Tier includes residual investments held by JP Morgan.

JP Morgan valuation is based on manager reporting. Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of July 7, 2023.









Performance includes reporting by 51 of 52 underlying private investments, which, with cash, represent 99.7% of Ram Private Assets Fund's net asset value as of March 31, 2023.


¹ As of 7/1/2021, 70% MSCI All Country World, 30% Bloomberg US Aggregate; prior to 7/1/2021, 65% MSCI All Country World, 25% Bloomberg US Aggregate, 10% MSCI All Country World Real Estate

² As of 6/1/2023, MSCI ACWI IMI Core Real Estate Index; prior to 6/1/2023, MSCI All Country World Real Estate.

Investment Compliance Dashboard

As of June 30, 2023

	Short-Term Investments	Long-Term Investments
Compliance Certificate (pages 6-7)		
Investment Performance (pages 2 – 4)		
Asset Allocations (pages 8)		
Investment that requires management notification		

 No issue

 Watching

 Concern

Investment Manager Compliance Certification with the VCU Investment Policy June 30, 2023

- Payden & Rygel (Primary Liquidity Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy and the Investment of Public Funds Act.



This letter certifies that, as of June 30, 2023, all investments in the VCU Primary Liquidity Fund were in compliance with the VCU Investment Policy, which we understand to be in compliance with the Virginia Investment of Public Funds Act. Holdings were within the allowable universe of investments.

- Merganser (Extended Duration Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy and the Investment of Public Funds Act.



We have reviewed the investment portfolio for compliance with the investment guidelines provided by Virginia Commonwealth University for **June 2023**. All investments were in compliance with the following exceptions:

Guideline: No Non-US government related or sovereign securities.

<u>Security</u>	<u>Status</u>
ALTA 3.35% 11/1/23	Granted permission to hold.
ALTA 1.875% 11/13/24	Granted permission to hold.
EIBKOR 2.875% 1/21/25	Granted permission to hold.

These exceptions were approved by VCIMCO, the CFO and Treasurer

This letter certifies that all investments in the VCU Extended Duration Fund were in compliance with the VCU Investment Policy and the Virginia Investment of Public Funds Act as of June 30, 2023.

- VCIMCO (Long-Term Fund Manager) has provided a statement attesting to compliance with the VCU Investment Policy.



We have reviewed the investment portfolios for compliance with the investment guidelines provided by Virginia Commonwealth University for the year ending June 30, 2023.

This letter acknowledges that all investments for the VCU Long-Term Tier followed the VCU Investment Policy and the management of funds as described in the Virginia Uniform Prudent Management of Institutional Funds except as identified below:

As previously disclosed, the underlying exposure to cash of the Long-Term tier rose to approximately 25.3%, exceeding the maximum range of 25% as of December 31, 2022. VCIMCO took action to bring the cash exposure to be within the stated policy range.

Short-Term Portfolio

Authorized Investments, Diversification Restrictions and Duration/Credit Quality Constraints

June 30, 2023

Authorized Investments, Diversification Restrictions and Credit Quality Constraints
As of 6/30/23

Authorized Investments	Primary Liquidity Fund (Payden & Rygel)						Extended Duration Fund (Merganser)					
	Policy Max	Actual %	Minimum Rating	Actual Min Rating	Max Maturity	Actual Max Maturity	Policy Max	Actual %	Minimum Rating	Actual Min Rating	Max Maturity	Actual Max Maturity
Cash	100%	0%	n/a	n/a	n/a	n/a	100%	0%	n/a	n/a	n/a	n/a
U.S. Treasury and Agency Securities	100%	48%	n/a	n/a	n/a	1.8 years	100%	7%	n/a	AAA	n/a	2.7 years
Non-Negotiable Certificates of Deposit (CDs)	5%	0%	Fed insured and VSPDA collateralized	n/a	5 years	n/a	0%	0%	Fed insured and VSPDA collateralized		5 yrs	
Negotiable CDs and/or Negotiable Bank Deposit Notes	20%	7%	A-1, P-1 for 1yr or less/AA-, Aa3 for over 1yr	A-1/P-1/F-1	5 years	0.42 years	20%	0%	A-1, P-1 for 1yr or less/AA-, Aa3 for over 1yr		5 yrs	
Overnight/Open Treasury/Agency Repurchase Agreements	100%	0%	Treasury/Agency/GSE - collateralized	n/a	overnight	n/a	0%	0%	Treasury/Agency/GSE - collateralized		overnight	
Overnight/Open non-Treasury/Agency Repurchase Agreement	50%	0%	GSE collateralized	n/a	overnight	n/a	0%	0%	GSE collateralized		overnight	
Term Repurchase Agreements	20%	0%	>100% Treasury/Agency/GSE -	n/a	n/a	n/a	0%	0%	>100% Treasury/Agency/GSE -		n/a	
Banker's Acceptances	40%	0%	A-1, P-1	n/a	n/a	n/a	0%	0%	A-1, P-1		n/a	
Commercial Paper	35%	7%	A-1, P-1, F-1, D-1	A-1, P-1, F-1	< 270 days	0.4 years/131 days	0%	0%	A-1, P-1, F-1, D-1		< 270 days	
Combined 144A Securities of allowed investments		11%	0.11372	A-1, P-1, F-1	A-1, P-1, F-1	0.5 years/195 days	0%	0%	n/a	n/a	n/a	
Money Market Funds	35%	24%	AAA	n/a	n/a	n/a	10%	0%	AAA	AAA	n/a	
Corporate Notes/Bonds	25%	2%	A-, A3	A3	n/a	3 years	40%	32%	A-, A3	A	n/a	3.7 years
Municipal Securities	10%	0%	A-, A3	AA2	n/a	n/a	10%	0%	A-, A3		n/a	
Asset-Backed Securities	0%	0%	AAA	n/a	5 years	n/a	40%	33%	AAA	AAA	5 yrs	3.6 years
Combined Agency MBS, Agency/Private CMOs, CMBS, RMBS, PA	0%	0%	AAA	n/a	5 years	n/a	50%	25%	AAA	AAA	5 yrs	4.8 years
Agency Mortgage-Backed Securities (MBS)	0%	0%	AAA	n/a	5 years	n/a	50%	6%	AAA	AAA	5 yrs	4.3 years
Agency CMOs (including PACs)	0%	0%	AAA	n/a	5 years	n/a	10%	1%	AAA	AAA	5 yrs	4.8 years
Commercial Mortgage-Backed Securities (CMBS)	0%	0%	AAA	n/a	5 years	n/a	10%	18%	AAA	AAA	5 yrs	4.7 years
Private Label Residential Mortgages (including CMOs & PA	0%	0%	AAA	n/a	5 years	n/a	5%	0%	AAA		5 yrs	
International Development Bank Obligations	0%	0%	AAA	n/a	5 years	n/a	5%	0%	AAA		5 yrs	
Government Related*	0%	0%	n/a	n/a	n/a	n/a	5%	2%	n/a		5 yrs	1.6 years
		100%						100%				

*Non-US government related securities are not in compliance with VCU's Investment Policy. Granted permission to hold.

Funds	Duration Constraints		
	Policy Max	Actual Fund Duration	Allowable Duration Deviation
Primary Liquidity Fund (Payden & Rygel)	9 Months	0.2 months	+10%
Extended Duration Fund (Merganser)	ML 1-3 YR Govt/Corp (1.8 years)	1.37 years	+10%

Long-Term Portfolio

Strategic Asset Allocation Risk Control Targets and Ranges

June 30, 2023

VCU Long-Term Tier					
Asset Class	%	Target	Min	Max	In Compliance
Equity	60.1%	65.0%	40.0%	80.0%	Yes
Real Assets	4.5%	5.0%	0.0%	20.0%	Yes
Credit	15.3%	10.0%	5.0%	45.0%	Yes
Sovereign	0.0%	5.0%	0.0%	25.0%	Yes
Cash/Residual	20.1%	15.0%	0.0%	25.0%	Yes
Total VCIMCO Market Value	100.0%	100.0%			

Currency Region	Exposure	Range	In Compliance
Americas	73.8%	50.0% - 100.0%	Yes
EMEA	19.5%	0.0% - 30.0%	Yes
Asia	15.6%	0.0% - 30.0%	Yes
Rest of World	4.2%	0.0% - 20.0%	Yes
Gross Total	113.1%		

Geographical Region	Exposure	Range	In Compliance
Americas	47.1%	25.0% - 75.0%	Yes
EMEA	16.1%	0.0% - 50.0%	Yes
Asia	12.6%	0.0% - 40.0%	Yes
Rest of World	4.1%	0.0% - 20.0%	Yes
Net Total	79.9%		

Note: As of 06/30/2023. Totals may not sum due to rounding.

Monitoring Report as of September 8, 2023 (Preliminary)

**Monitoring Report
as of September 8, 2023 (Preliminary- continued)**

ARMICS

Virginia Commonwealth University

Finance and University Resources Committee

September 15, 2023



VCU

Agency Risk Management and Internal Control Standards (ARMICS)

- ARMICS is a directive of the State Comptroller that mandates the implementation and annual assessment of agency internal controls to provide a reasonable assurance of the integrity of all fiscal processes
- Annual certification is done in September by the SVP/ CFO and the President
 - Agency Level Internal Control Assessment
 - Process and Transaction Level Internal Control Assessment
 - Corrective Action Plan, if needed

ARMICS – Agency Level Assessment

VCU conducts the Agency Level Assessment through the Enterprise Risk Management (ERM) process

- Nineteen enterprise risks have been identified, evaluated and approved by the ERM Steering Committee
- Risks are monitored on an ongoing basis
- Recommendations for risk tolerance are made to Cabinet
- Following Cabinet review proposed changes are brought to the Audit, Integrity and Compliance Committee

ARMICS – Process and Transaction Level Assessment

- All departments and central units are required to sign a certification statement:
 - Risk assessments are accurate and current
 - Internal controls are operating effectively
 - Testing of controls has been documented
- VPs for each unit certify that their operations have met the process and transaction level requirements
- Controller’s Office consults with units to assist with risk assessments and monitoring controls

Summary

- VCU will have met ARMICS requirements for FY 2023 through the following:
 - Completion of the certifications by the departments to the Vice Presidents by June 30, 2023
 - Focused testing of internal controls by the Controller's office
 - Identification of agency level risks and current mitigation strategies
 - Final certification to the Department of Accounts on September 30, 2023
- ARMICS is an on-going process that is supplemented with the ERM program

**Virginia Commonwealth University
Board of Visitors Fund Annual Report**

The Board of Visitors established a donor-advised, restricted fund known as the Board of Visitors (BOV) Fund at the May 2012 meeting. Direct contributions from members of the BOV or friends provide the monies for the fund. The monies in this fund shall only be used for scholarships, faculty and staff recognitions, and other projects, undertaking or expense which the BOV deems to be in the best interests of VCU.

BOV Fund at VCU
June 30, 2023

Beginning Balance	\$ 13,349
Pending transfer from VCUF	57,945
Expenses - Scholarships	32,294
Adjusted Ending Balance	<u>\$ 39,000</u>

After the pending transfer, VCUF will have a balance of \$25,492

Finance and University Resources Committee
Dashboard Metrics *as of September 2023*

Area	Target/Goal	Actual	Notes
FINANCE			
<i>Supply Chain Diversity</i>			
1. Percentage of discretionary spend with minority-owned businesses	5.50%	7.02%	Through 3rd Qtr FY '23
2. Percentage of discretionary spend with woman-owned businesses	5.50%	4.00%	Through 3rd Qtr FY '23
<i>Bond Ratings</i>			
Moody's		Aa3	<i>VCU is at the minimum rating required to achieve Tier III status</i>
S&P		AA-	<i>VCU is at the minimum rating required to achieve Tier III status</i>
<i>Debt Ratio</i>			
	Debt Policy sets 4% limit (annual debt service / Operating Exp)	3%	As of June 2022 Approx. debt capacity of \$103M
<i>Investment Performance</i>		<i>Benchmark</i>	<i>One year as of December 31, 2022</i>
Short-term tier	-1.85%	-1.53%	
Long-term tier	-16.59%	-11.59%	
<i>Budget to Actual Performance</i>			<i>As of March 31, 2023</i>
Revenues	*Q1 - 36%, Q2 - 66%, Q3 - 84% , Q4 - 100%	Q3 - \$1,199M (78% of budget)	Revenue received is slightly behind projected Q3 budget mainly due to lower tuition revenues from enrollment loss.
Expenses	*Q1 - 28%, Q2 - 48%, Q3 - 77% , Q4 - 100% (*based on 10-year averages)	Q2 - \$1,1601M (76% of budget)	Expenses are slightly behind projected Q3 budget due to lower sponsored research spending which follows the lower sponsored revenues.
DEVELOPMENT & ALUMNI RELATIONS			
<i>Increase Annual Giving & Alumni Engagement</i>			

Progress to Campaign Goal	Preliminary campaign goal - \$1,000,000,000	\$615,505,126 (61.6% progress towards goal)	Current FY dollars raised: \$218,476,852 Same Time Last Year: \$210,571,616 Percentage Change: 3.8%
Annual Giving (Gifts < \$50,000)		\$12,488,892	Same Time Last Year: \$12,597,808 Percentage Change: -0.9%
Alumni Giving		\$10,761,548	Same Time Last Year: \$13,053,603 Percentage Change: -17.6%
Alumni Donors		5,350	Same Time Last Year: 5,407 Percentage Change: -1.1%
Alumni Engagement		19,755 (FY23Q1-Q3)	24,627 (FY22Q1-Q3) Percentage Change: -19.8%
GOVERNMENT RELATIONS PRIORITIES			
<i>Increase Undergraduate financial aid</i>			
<i>Increase funding for faculty salaries</i>			
<i>Address structural underfunding of \$60M</i>			
<i>Make permanent \$25M/year of Massey Cancer Center</i>			
<i>Secure authorization for School of Dentistry planning</i>			

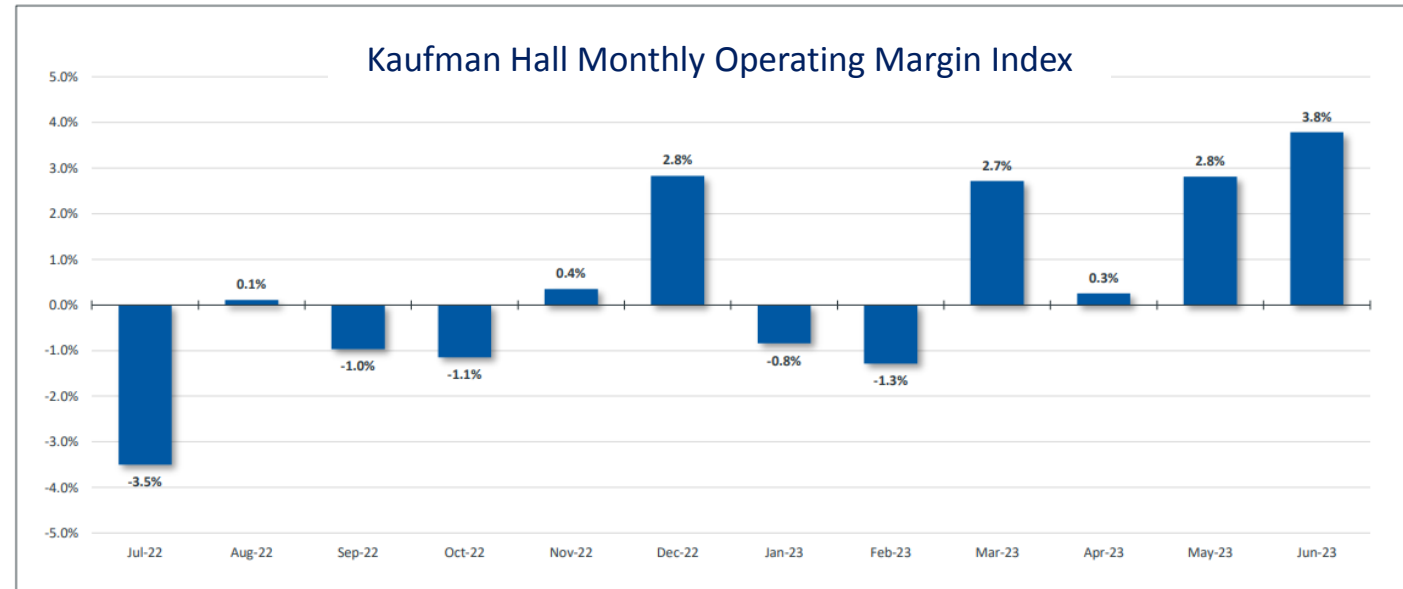
FY 2023 Financial Report for the
twelve months ending June 30, 2023

National Healthcare Optic

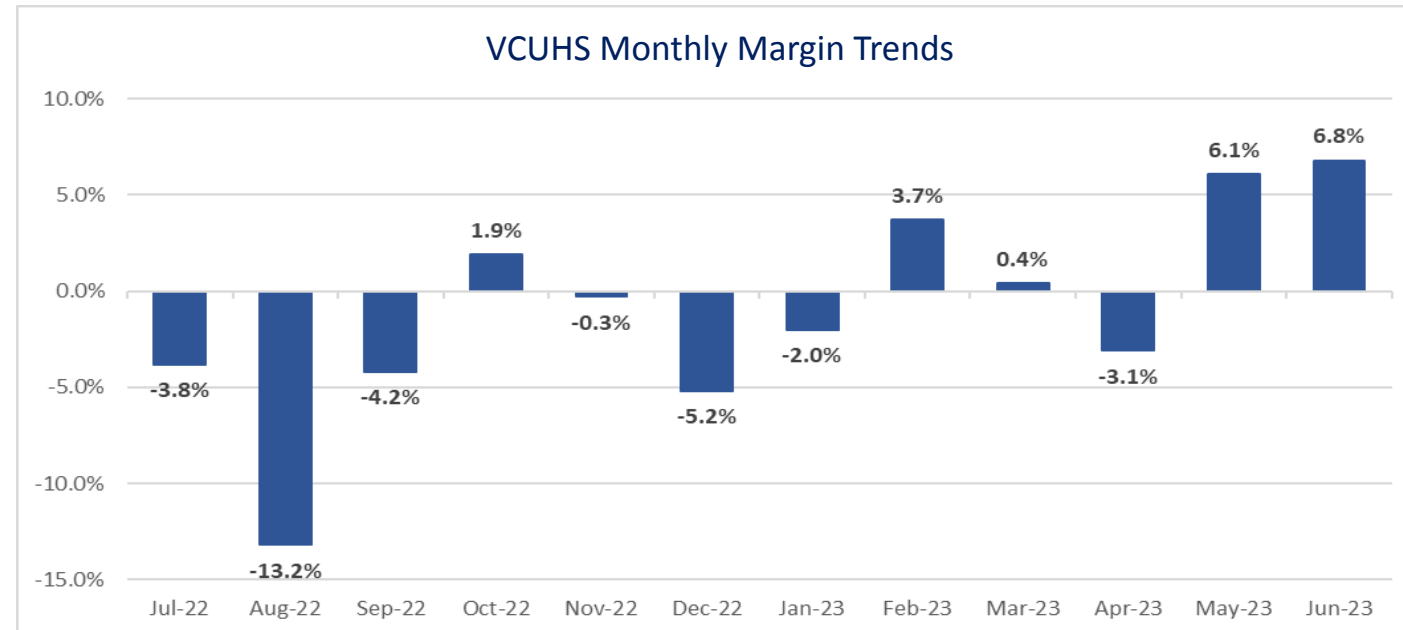
2023 Kaufman Hall Flash Report – July Report

Key Takeaways:

- **Hospital margins underperformed in June, compared to the previous month.** Despite an overall trend of continued improvement, most hospitals underperformed slightly compared to May. Fiscal year-end accounting adjustments may have also contributed to the performance bump in June.
- **Average lengths of stay continue to decrease, and emergency department visits are down.** Patient volumes continue to stabilize, and increases in outpatient revenue indicate people are continuing to shift away from inpatient settings.
- **Bad debt and charity care are increasing.** Hospitals are being affected as states step up efforts to redetermine Medicaid eligibility and more people are disenrolled.
- **Inflation continues to challenge hospitals' performance.** Supplies and purchased service expenses remain high. Decreases in labor expenses may indicate higher staff turnover and even reductions in workforce



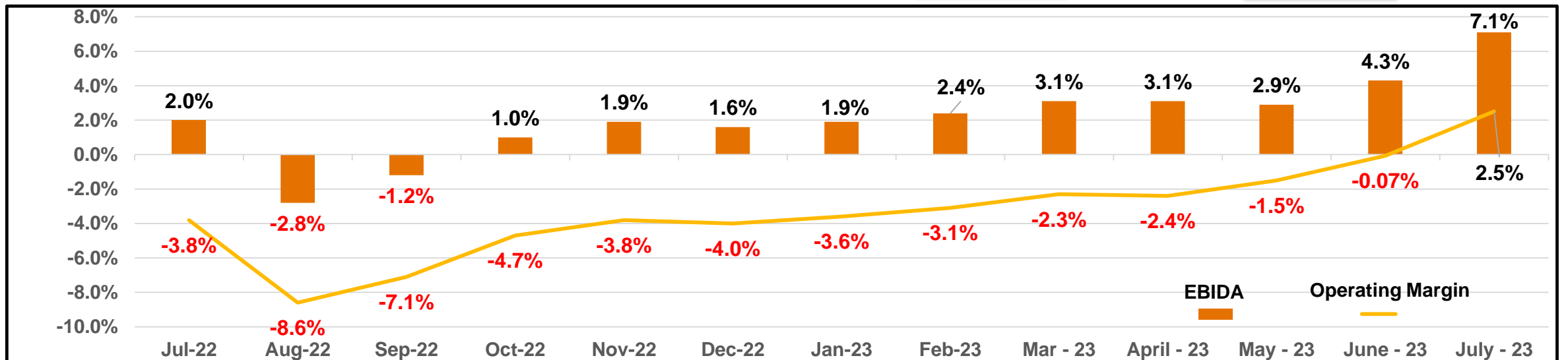
Kaufman Hall, National Hospital Flash Report (July 2023)



VCUHS – Consolidated Operating Margin & Liquidity

12-month Trending Performance

	Actual FY21	Actual FY22	Preliminary FY23	Budget FY24	July YTD FY24	2022 S&P AA-Medians
Total Operating Revenue (\$s in 000s)	\$ 2,553,422	\$ 2,870,972	\$ 3,055,317	\$ 3,314,401	\$ 269,075	N/A
Income for Operations(\$s in 000s)	\$ 46,774	\$ (53,321)	\$ (22,503)	\$ 44,735	\$ 6,765	N/A
Operating Margin %	1.8%	-1.9%	-0.7%	1.3%	2.5%	-0.9%
EBIDA %	6.3%	3.5%	4.3%	5.0%	7.1%	5.0%
Debt to Capitalization	18.6%	21.7%	20.6%	19.0%	20.1%	28.1%
Days Cash on Hand	338.7	234.0	224.0	258.0	224.0	233
Unrestricted Cash to Debt	337%	221%	238%	258%	242%	214%
Maximum Annual Debt Service Coverage	4.90	2.34	2.70	3.40	4.6	3.40



VCUHS - Consolidated Income Statement (\$ in thousands)

For the twelve months ending June 30, 2023 - Preliminary

	Percent	FYTD 2023 Actual	FYTD 2023 Budget	FYTD 2022 Actual	Variance Percent
OPERATING REVENUE					
Net patient service revenue	-0.1%	\$ 2,996,128	\$ 2,999,622	\$ 2,709,405	10.6%
Contract and Other revenue	125.9%	59,189	26,200	160,967	-63.2%
Total Operating Revenues	1.0%	\$ 3,055,317	\$ 3,025,822	\$ 2,870,372	6.4%
OPERATING EXPENSES					
Salaries, Wages and Benefits	-6.2%	\$ 1,697,677	\$ 1,598,455	\$ 1,506,168	-12.7%
Medical claims expense	54.3%	6,944	15,205	8,352	16.9%
Purchased services	-13.5%	334,836	294,908	405,917	17.5%
Supplies	5.6%	345,607	366,068	314,824	-9.8%
Drugs	-5.1%	345,882	329,059	295,186	-17.2%
Other expenses	10.1%	193,468	215,241	241,568	19.9%
	-3.7%	\$ 2,924,414	\$ 2,818,936	\$ 2,772,015	-5.5%
OPERATING EBIDA					
	-36.7%	\$ 130,903	\$ 206,886	\$ 98,357	33.1%
<i>EBIDA (%)</i>	4.3%		6.8%	3.4%	
Interest, Taxes, Depreciation and Amortization	12.7%	\$ 153,406	\$ 175,723	\$ 151,678	-1.1%
Total Operating Expenses	-2.8%	3,077,820	2,994,659	2,923,693	-5.3%
TOTAL OPERATING EXCESS/ (LOSS)					
		\$ (22,503)	\$ 31,163	\$ (53,321)	
<i>Operating Margin (%)</i>		-0.7%	1.0%	-1.9%	
NONOPERATING REVENUE AND EXPENSES					
Investment income	-175.6%	\$ 117,595	\$ (155,475)	\$ (196,635)	-159.8%
Other non-operating income(expense)	-88.2%	2,351	19,923	17,114	86.3%
		\$ 119,946	\$ (135,552)	\$ (179,521)	
EXCESS OF REV. OVER EXP. BEFORE TRANSFERS					
		\$ 97,443	\$ (104,389)	\$ (232,842)	
<i>Total Margin (%)</i>		3.1%	-3.6%	-8.7%	

Revenue Highlights:

- **Net patient service** is unfavorable to an aggressive plan by ~ \$3.5M or 0.1%, but up 10.6% over prior year. Unfavorable volumes and acuity have been offset by supplemental revenues.
- **Discharges** are favorable to plan by 0.9% and favorable to prior year by 7.8% reflecting improvements in thru-put.
- **Inpatient surgeries** are unfavorable to plan by 1.6% however vary from prior year by 1.5% favorably. **Outpatient surgeries** are off plan by 4.9% but favorable year over year by 7.2%. Both IP and OP surgical growth have been challenged by critical staffing issues leading to unstaffed OR suites throughout the year.
- **CMI** of 2.09 is above budget of 2.08 as well as prior year 2.08.
- **Ambulatory visits** are off plan by 4.3% but favorable to prior year by 7.2%. Month over month visit trends are improving against aggressive ramp up plans within the new AOP.
- **ED visits** are up 10.1% and 9.3% to prior year and budget, respectively.

Expenses Highlights:

- **Operating expenses**, compared to plan are slightly unfavorable by 2.8% and unfavorable to prior year by 5.3%. Performance continues to be challenged with high contract labor & broader market compensation adjustments, incentives and recruitment costs.
- Year over Year operating expense increases driven by strategic investments & associated operating costs (e. g. AOP, ASC, Children's, EPIC), specialty drugs and other inflationary factors.
- **Operation Rebound** success totaling over \$174M achieved in FY23 against a target of \$158M, driven by strong IP Capacity, OP Access and Expense control.

VCUHS - Consolidated Balance Sheet (\$ in thousands)

As of June 30, 2023 - Preliminary

	<u>Preliminary</u> <u>June 30, 2023</u>	<u>June 30, 2022</u>
ASSETS & DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 321,715	\$ 290,670
Patient accounts receivable, net	373,690	441,481
Other current assets	238,358	187,353
	<u>\$ 933,763</u>	<u>\$ 919,504</u>
ASSETS WHOSE USE IS LIMITED & LT INVESTMENTS		
CAPITAL ASSETS	1,533,130	1,435,505
OTHER ASSETS	1,814,802	1,763,154
DEFERRED OUTFLOWS	25,344	135,249
	22,946	26,575
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 4,329,985</u>	<u>\$ 4,279,987</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	\$ 35,223	\$ 23,199
Settlements due to Third Parties	184,924	112,095
Trade accounts payable	132,160	133,392
Accrued salaries, wages, and fringe benefits, leave	101,138	126,046
Other current liabilities	38,760	74,540
	<u>\$ 492,205</u>	<u>\$ 469,272</u>
OTHER LIABILITIES		
Long-term debt and capital leases, less current portion	\$ 740,767	\$ 784,353
Other liabilities	69,909	75,986
	<u>\$ 1,302,881</u>	<u>\$ 1,329,611</u>
DEFERRED INFLOWS	\$ 50,631	\$ 53,305
NET POSITION	<u>\$ 2,976,473</u>	<u>\$ 2,897,071</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	<u>\$ 4,329,985</u>	<u>\$ 4,279,987</u>

- Other current assets change due to decrease in Nonpatient receivables and Settlements from Third Parties.
- Capital spend FYTD \$171.4M offset by \$115.3M FYTD depreciation and \$5.0M asset impairment.
- Decrease in Other Assets due to sale of 20% share in Virginia Premier in Sep 2022.
- Other current liabilities - Medicare accelerated loan paid in full.



VIRGINIA COMMONWEALTH UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov
(804) 225-3350



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Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 23, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Michael Rao
President, Virginia Commonwealth University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Virginia Commonwealth University's** (University) Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2022. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to the Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the University's financial statements.
2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the University's intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2022, as prepared by the University, and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with

management and are satisfied that the adjustments are appropriate. While the Agreed-Upon-Procedures specify a deadline of January 15th for the completion of our work, delays in receiving the Schedule and associated supporting documentation, as well as subsequent questions regarding specific items presented in the Schedule, prevented the completion of these procedures by the required deadline.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Direct institutional support	The direct institutional support revenue increase of \$4.7 million and 2,143% is attributable to funding from the University to support academic support staff salaries/benefits, tutoring wages, technology, salary inequities, NCAA legislative support, Title IX increases and operational increases.
Coaching salaries, benefits, and bonuses paid by the University and related entities	The increase of \$798,000 or 12.37 percent is primarily attributable to merit raise increases with corresponding fringe benefit costs and contractual increases for certain coaches.
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	The increase of \$1.5 million or 13.51 percent is attributable to merit raises, off-cycle bonuses and new staff positions over the prior year resulting in an increase in employee compensation and fringe benefit costs.

Revenues

9. We compared ticket sales revenue by sport and the related number of tickets sold, complimentary tickets provided, and unsold tickets from the ticketing system to revenue recorded in the Schedule. Revenue in the Schedule was higher by \$439,996 due to secondary sales and other online ticket processing services.
10. We compared amounts reported in the Schedule for direct state or other governmental support to state appropriations, institutional authorizations and/or other corroborative supporting documentation, and noted them to be in agreement.

11. We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with differences attributed to the methodology used for projecting student fee revenue.
12. We compared amounts reported in the Schedule for direct institutional support to institutional budget transfer documentation and/or other corroborative supporting documentation. We determined that the University should remove \$1,472,942 in capital transactions from the Schedule in accordance with NCAA reporting requirements. After adjustment, we determined direct institutional support revenues to be properly stated in the Schedule.
13. We obtained the amount of indirect institutional support revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
14. We obtained the amount of guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
15. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Virginia Commonwealth University Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Commonwealth University Foundation, which exceeded ten percent of all contributions, and agreed them to supporting documentation.
16. We obtained the amount of media rights revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. We obtained the amounts of NCAA distribution and conference distribution (non-media and non-football bowl) revenue from the Schedule. These amounts were deemed to be immaterial for detailed testing.
18. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
19. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisement, and sponsorships. We inspected the terms of the agreements and agreed

selected amounts to proper posting in the accounting records and supporting documentation.

20. We obtained the amount of the athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
21. We obtained the amount of the other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

22. Intercollegiate Athletics Department management provided us with a listing of student aid recipients during the reporting period. Since the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected ten percent of individual student-athletes across all sports and obtained the students' account detail from the University's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System via Compliance Assistant. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. For one student, we identified a \$245 difference between the student accounting system and Compliance Assistant. We performed a check of selected students' information as reported in the NCAA's Compliance Assistant software to ensure proper calculation of revenue distribution equivalencies.
23. We obtained the amount of guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
24. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
25. We obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
26. We selected a sample of disbursements for team travel and direct overhead and administrative expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly

approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.

27. We obtained a listing of debt service payments, lease payments, and rental fees for athletics facilities for the reporting year. We selected a sample of facility payments included in the Schedule, including the two highest facility payments, and agreed them to supporting documentation.
28. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

29. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.
30. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements.
31. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University.
32. We agreed the fair value of athletics dedicated endowments to supporting documentation provided by the University.
33. We agreed the fair value of institutional endowments to the audited financial statements of the University.
34. We obtained a schedule of athletics-related capital expenditures made during the period. We tested all transactions to validate the existence and accuracy of recording and recalculated totals.

Additional Procedures

35. We compared the sports sponsored by the University, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the NCAA's Compliance Assistant software. We noted agreement of the sports reported.

36. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted no variations exceeding four percent when compared to prior year.
37. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
38. We compared the current number of sports sponsored to the prior year total reported in the University's NCAA Membership Financial Report submission and noted no variations when compared to prior year.
39. We obtained a listing of student-athletes receiving Pell grant awards from the University's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted a reconciling difference of \$10,179.
40. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by University management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Commonwealth University and its President and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JRQ/vks

VIRGINIA COMMONWEALTH UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2022

	Men's Basketball	Women's Basketball	Men's Baseball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 1,827,856	\$ 10,834	\$ 33,919	\$ 9,878	\$ 250,098	\$ 2,132,585
Direct State or Other Government Support	1,382,856	52,597	\$ -	341,445	226,501	2,003,399
Student fees	-	-	-	-	23,602,752	23,602,752
Direct institutional support	-	-	-	-	4,870,741	4,870,741
Indirect institutional support	-	-	-	-	288,961	288,961
Guarantees	25,000	-	10,000	26,500	-	61,500
Contributions	2,944,035	610	28,221	162,973	224,401	3,360,240
Media rights	-	-	-	-	235,059	235,059
NCAA distributions	10,500	-	33,750	6,241	726,037	776,528
Conference distributions (non-media or bowl)	10,750	14,023	26,727	32,086	1,232,234	1,315,820
Program, novelty, parking, and concession sales	-	-	-	-	123,560	123,560
Royalties, licensing, advertisement and sponsorships	1,456,715	5,000	-	-	802,967	2,264,682
Athletics restricted endowment and investments income	10,100	1,100	3,400	29,500	22,000	66,100
Other operating revenue	-	-	-	25,490	601,256	626,746
Total operating revenues	<u>7,667,812</u>	<u>84,164</u>	<u>136,017</u>	<u>634,113</u>	<u>33,206,567</u>	<u>41,728,673</u>
Operating expenses:						
Athletic student aid	1,093,846	1,006,097	577,111	5,247,835	172,938	8,097,827
Guarantees	427,000	30,000	18,109	4,853	-	479,962
Coaching salaries, benefits, and bonuses paid by the University and related entities	3,158,078	1,135,506	448,099	2,508,142	-	7,249,825
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	713,826	368,935	76,309	142,395	6,398,504	7,699,969
Recruiting	249,541	83,730	24,374	204,909	-	562,554
Team travel	788,728	784,477	318,125	1,466,151	-	3,357,481
Sports equipment, uniforms, and supplies	165,478	109,011	99,233	637,890	133,209	1,144,821
Game expenses	136,818	83,640	45,023	69,374	-	334,855
Fundraising, marketing and promotion	-	-	-	-	447,968	447,968
Spirit groups	-	-	-	-	165,601	165,601
Athletic facility leases and rental fees	-	-	131,000	115,543	60,315	306,858
Athletic facility debt service	-	-	-	-	3,444,801	3,444,801
Direct overhead and administrative expenses	187,405	98,526	27,345	96,553	4,355,851	4,765,680
Indirect cost paid to the institution by athletics	-	-	-	-	1,114,468	1,114,468
Indirect institutional support	-	-	-	-	288,961	288,961
Medical expenses and insurance	12,589	36,437	5,602	63,462	493,542	611,632
Memberships and dues	1,040	1,691	506	8,211	23,802	35,250
Student-Athlete Meals (non-travel)	197,565	149,044	42,397	178,015	-	567,021
Other operating expenses	82,617	114,387	48,163	130,942	836,196	1,212,305
Total operating expenses	<u>7,214,531</u>	<u>4,001,481</u>	<u>1,861,396</u>	<u>10,874,275</u>	<u>17,936,156</u>	<u>41,887,839</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 453,281</u>	<u>\$ (3,917,317)</u>	<u>\$ (1,725,379)</u>	<u>\$ (10,240,162)</u>	<u>\$ 15,270,411</u>	<u>\$ (159,166)</u>

Other Reporting Items:

Total athletics-related debt	\$ 29,669,004
Total institutional debt	\$ 543,751,987
Value of athletics-dedicated endowments	\$ 90,818
Value of institutional endowments	\$ 417,470,562
Total athletics-related capital expenditures	\$ 828,533

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

VIRGINIA COMMONWEALTH UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the University for the year ended June 30, 2022. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. ENDOWMENT

The Intercollegiate Athletics Department has one restricted endowment established for the benefit of the Department. The recorded value of the endowment totaled \$90,818 as of June 30, 2022. The University has entrusted most, including Athletics, endowment funds to the VCU Foundation, an affiliated foundation, for investment in the Foundation's investment pool. Funds transferred to the VCU Foundation are subject to the investment policies of the VCU Foundation. University and component unit endowments totaled \$417,470,562 as of June 30, 2022.

The Foundation offers no guarantees relating to loss of investment value or rate of return on investments. Further, amounts transferred to the Foundation must remain with the Foundation unless the University Board of Visitors approves the use of these invested funds for specific University purposes.

3. CAPITAL ASSETS

The Intercollegiate Athletics Department follows the same policies and procedures as the University for acquiring capital assets. Capital assets are stated at cost or, if donated, at acquisition value on the date of acquisition. Equipment costing \$5,000 or more with a useful life of two or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The University records depreciation on property, plant, and equipment, including long-term leases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is ten to 40 years for buildings and fixtures and five to 20 years for equipment. The general range of estimated useful lives is ten to 25 years for land improvements

and infrastructure. Expenditures for construction in progress are capitalized as incurred. Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

Athletics-related capital assets as of June 30, 2022, were as follows:

Non-depreciable assets:	
Construction in Progress	\$ 742,117
Land	3,107,764
Total non-depreciable capital assets	<u>3,849,881</u>
Depreciable assets:	
Land improvements	5,334,308
Buildings	65,252,993
Equipment	2,293,215
Total depreciable assets, at cost	<u>72,880,516</u>
Less accumulated depreciation:	
Land improvements	5,197,558
Buildings	31,841,320
Equipment	1,878,046
Total accumulated depreciation	<u>38,916,924</u>
Total depreciable capital assets net of accumulated depreciation	33,963,592
Total capital assets, net of accumulated depreciation	<u>\$ 37,813,473</u>

Total athletics related capital expenditures for the fiscal year ending June 30, 2022, were \$828,533.

4. DEBT REPAYMENT SCHEDULE

General Revenue Pledge Bonds were issued to fund the capital construction of a basketball training facility in June 2015, totaling \$10,384,615. The bonds carry an interest rate of 2.03 percent and are due May 1, 2030. In November 2018, additional general revenue pledge bonds were issued in the amount of \$6,695,000 also for the basketball training facility. These carry an interest rate of four percent and are due May 2048.

The debt maturity schedule and summary of future interest requirements is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 688,642	\$ 387,843
2024	701,923	373,868
2025	715,385	359,618
2026	730,769	345,096
2027	746,154	330,262
2028 - 2032	2,330,769	1,434,254
2033 - 2037	0	1,339,000
2038 - 2042	0	1,339,000
2043 - 2047	0	1,339,000
2048 - 2052	6,695,000	267,800
	<u>\$ 12,608,642</u>	<u>\$ 7,515,741</u>

General Revenue Pledge Bonds were issued to fund the capital construction of the athletics village location #1 in June 2020, totaling \$11,778,000. The bonds carry an interest rate of 3.12 percent and are due November 1, 2050. The University's debt repayment schedule calls for a lump sum principal payment in fiscal year 2051. Athletics entered into an internal loan agreement with the University to provide annual funding towards the bond obligation starting in March 2020. This loan is due May 1, 2050, and carries an interest rate of 4.039 percent.

The internal loan debt maturity schedule and summary of future interest requirements is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 225,833	\$ 458,519
2024	234,954	449,398
2025	244,444	439,908
2026	254,317	430,035
2027	264,589	419,763
2028 - 2032	1,492,143	1,929,616
2033 - 2037	1,818,827	1,602,932
2038 - 2042	2,217,034	1,204,726
2043 - 2047	2,702,422	719,338
2048 - 2052	1,897,734	155,322
	<u>\$ 11,352,397</u>	<u>\$ 7,809,557</u>

In fiscal year 2021, Athletics entered into an internal loan agreement with the University to provide financing for the capital construction of the athletics village location #2, totaling \$4,261,049. The debt maturity schedule and summary of future interest requirements is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 158,729	\$ 155,918
2024	165,142	149,505
2025	171,814	142,833
2026	178,755	135,892
2027	185,977	128,670
2028 - 2032	1,048,843	524,392
2033 - 2037	1,278,534	294,701
2038 - 2042	671,553	46,076
	<u>\$ 3,859,347</u>	<u>\$ 1,577,987</u>

An installment purchase contract was entered into to acquire capital equipment. The debt maturity schedule and summary of future interest requirements is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 196,089	\$ 8,827
2024	200,039	4,877
2025	135,594	1,017
	<u>\$ 531,722</u>	<u>\$ 14,721</u>

In fiscal year 2019, Athletics entered into a fixed rate internal loan agreement with the University to provide financing for the Siegel Center chiller replacement. The debt maturity schedule and summary of future interest requirements is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 645,551	\$ 53,201
2024	671,625	27,127
	<u>\$ 1,317,176</u>	<u>\$ 80,328</u>

Total University debt totaled \$543,751,987 as of June 30, 2022.

5. CONTRIBUTIONS

During the fiscal year ended June 30, 2022, the University received \$3,267,974 of Athletics-related contributions from the Virginia Commonwealth University Foundation to support operations. This constituted ten percent or more of total contributions. The majority of these contributions are included in revenue as “contributions” and additional amounts are included in various revenue and expense lines. Contributions received by the University from the Foundation for Athletics related capital projects are not included in this schedule.

6. OPERATING DEFICIT

Auxiliary Enterprise Programs are essentially run as businesses and expenses must remain within revenues and accumulated fund balances. The Commonwealth has established guidelines requiring units to set aside an amount from current year operations as a reserve to be used to fund revenue shortfalls and special needs (primarily equipment replacement), facility repairs and renovations. Budget administration policies for Auxiliary Enterprise Programs address the annual operating budget and the use of fund balances for both State and University Auxiliary funds. Within the scope of these policies, the operating deficit in the fiscal year ending June 30, 2022, was covered by these reserves.

VIRGINIA COMMONWEALTH UNIVERSITY

As of June 30, 2022

BOARD OF VISITORS

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UNIVERSITY OFFICIALS

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President

Karol Gray
Vice President and Chief Financial Officer

Edward McLaughlin
Director of Intercollegiate Athletics Programs