



Hutchinson and Willmar, MN

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

*Creating Opportunities,
Changing Lives.*



Ridgewater College
ANNUAL FINANCIAL REPORT
For the year ended June 30, 2014

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This document is an internally prepared Annual Financial Report. It is meant to generally replicate an official GASB Annual Financial Report, but has not been reviewed by an independent auditor. This document is not required by MnSCU for Ridgewater College.

Administration

| | |
|--------------------|---|
| Dr. Douglas Allen | President |
| Dr. Betty Strehlow | Vice President of Academic Affairs and Student Services |
| Dan Holtz | Vice President of Finance and Operations |
| Dr. Ron Pribble | Dean of Instruction |
| Mike Boehme | Dean of Instruction |
| Mike Kutzke | Dean of Instruction |
| Heidi Olson | Dean of Student Services |
| Sam Bowen | Dean of Customized and Continuing Education |
| Jim Molenaar | Regional Dean of Management Programs |
| Lynn Johnson | Director of Nursing |
| Denise Carpenter | Chief Human Resources Officer |
| Kelly Magnuson | Ridgewater College Foundation Executive Director |

Officials Issuing Document

| | |
|--------------------|---|
| Dr. Douglas Allen | President |
| Dr. Betty Strehlow | Vice President of Academic Affairs and Student Services |
| Dan Holtz | Vice President of Finance and Operations |

Ridgewater College
Management's Discussion and Analysis Report
Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Ridgewater College, a member of the Minnesota State Colleges and Universities system for the years ended June 30 2014, 2013 and 2012. This discussion has been prepared by management and should be read in conjunction with the unaudited financial statements which follow this section.

Ridgewater College is one of 31 colleges and universities comprising Minnesota State Colleges and Universities. The Minnesota State Colleges and Universities system is governed by a 15 member Board of Trustees appointed by the governor. Twelve trustees serve six-year terms, eight representing each of Minnesota's congressional districts and four serving at-large. Three student trustees, one from a state university, one from a community college, and one from a technical college, serve two-year terms. The Board of Trustees selects the Chancellor and has broad policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and policies and procedures.

The College is a comprehensive public institution of high learning offering education designed for transfer to a university as well as technical programs intended for direct entry into the workforce. Ridgewater's 5,229 students attend classes on campuses in Hutchinson and Willmar. Approximately 448 faculty and staff members are employed by the College. Additionally, the College has over 60,000 alumni.

As one of greater Minnesota's largest public colleges the College offers associates degrees, diplomas, certificates, participates in the Minnesota Transfer Curriculum and is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The largest programs based on enrollment are liberal arts, healthcare, agriculture, manufacturing & technology and computer technology.

FINANCIAL HIGHLIGHTS

The College's overall financial position improved in fiscal year 2014 with total net position increasing by 16.75 percent or \$6.01 million based on total revenues of \$37.68 million. This follows a \$1.23 million, or 3.5 percent increase in total net position during fiscal year 2013 on total revenues of \$38.42 million. The College's unrestricted net position increased by \$270K, or 1.9 percent in fiscal year 2014 compared to a \$540K increase, or 3.9 percent, in fiscal year 2013.

- Income (loss) before other revenues, expenses, gains or losses, described further below as the College's net operating revenue, experienced a loss of \$1.07 million in fiscal year 2014. This compares to a loss of \$708K in fiscal year 2013 and a gain of \$1.18 million in fiscal year 2012.
- The state appropriation and tuition charged to students are the College's two largest revenue sources. The state appropriation increased by 7.9 percent in fiscal year 2014 after decreasing by 1.5 percent in fiscal year 2013 and decreasing by 10.8 percent in fiscal year 2012. Net tuition revenue decreased by \$931K or 5.9 percent in fiscal year 2014. This is compared to the increase of \$290K or 1.9 percent fiscal year 2013 and the decrease of \$135K or .9 percent in fiscal year 2012. Tuition rates were not increased in fiscal year 2014 and remained at the fiscal year 2013 rate of \$161.30 per credit. In fiscal years 2013 and 2012, tuition rate increased by 4 percent and 3 percent respectively.

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- Federal grants decreased by 5.6 percent, or \$439K in fiscal year 2014 compared to fiscal year 2013, following a decrease of \$485K or 5.8 percent in fiscal year 2013 compared to fiscal year 2012. The decrease in fiscal year 2014 is primarily due to the decrease in enrollment and related federal financial aid.
- Total debt supporting the College's capital asset investment programs increased in fiscal year 2014 by \$3.2 million to a total of \$7.03 million, a 75.2 percent increase. This increase was mainly due to the issuance of bonds to finance the Technical Instruction renovation and addition project on the Willmar Campus during fiscal year 2014.
- Salaries and benefits, the largest cost category at Ridgewater College, increased by \$467K, or 1.8 percent in fiscal year 2014 and increased \$1.55 million, or 6.4 percent in fiscal year 2013. This cost constitutes 68.4 percent of the College's fiscal year 2014 total operating expenses, compared to 66.5 percent in fiscal year 2013.
- The number of students is the primary factor driving both tuition revenue and operating expenses. The number of full year equivalent (FYE) for credit students in fiscal years 2014, 2013 and 2012 totaled, 3,077, 3,288 and 3,381 respectively. Enrollment in 2014 decreased 6.42 percent from 2013 and 9.0 percent over 2012.
- Total net position increased by \$6.01 million to \$41.9 million in fiscal year 2014 due mainly to an investment in capital assets funded by capital appropriations. Unrestricted net position increased by 1.9 percent or \$270K in fiscal year 2014 compared to fiscal year 2013.

USING THE FINANCIAL STATEMENTS

The College's financial report includes three financial statements: the statements of net position, the statements of revenues, expenses and changes in net position, and the reconciliation of net position to budgetary fund balance report. These three financial statements are prepared by the MnSCU System Office in accordance with applicable generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) through authoritative pronouncements.

FINANCIAL PERFORMANCE

The Composite Financial Index (CFI) calculation uses four financial ratios and assigns a specific weighting to each factor in computing a measure of relative financial health. The CFI methodology used to compute the weighted values in the table below is taken from the Strategic Financial Analysis for Higher Education (7th Edition), jointly developed and sponsored by the firms of Prager, Sealy & Co. LLC, KPMG LLP and Attain LLC. This CFI calculation methodology is also used by the Higher Learning Commission and has been used internally by the system for a number of years. Without detailing the actual calculation methodology, financial ratio values are converted into strength factors which in turn are weighted to allow summing of the four components into a single, composite value.

The table below displays financial ratios as converted into weighted strength factor values, and sums these weighted values into a single composite score. Institutions may have differing values across the four factors but still have equivalent overall financial health as indicated by similar composite scores. This approach allows easy comparisons of relative financial health across different institutions. Looking at the CFI scores, Strategic Financial Analysis for Higher Education suggests a composite value of 1.0 is equivalent to very little financial health; in the for-profit world it could perhaps be viewed as a "going-concern" threshold value. A composite value of 3.0 is considered to signify relatively strong financial health, an organization with moderate capacity to deal with adversity or invest in innovation and opportunity. CFI scores greater than 3.0 represent increasingly stronger financial health.

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The comparison in the table below uses four underlying financial ratio values and a CFI calculation methodology for the past three years for the College including all funds. In comparison to other public colleges and universities data, as compiled by Moody's the College's composite values are in the above average ranges respectively for all three years.

| Financial Performance Measure | | | | |
|-------------------------------|--------|--------|------|------------------|
| Composite Financial Index | | | | |
| Financial Ratios: | 2014 | 2013 | 2012 | NACUBO Threshold |
| Return on Net Position | 1.67 | 0.35 | 0.55 | 0.60 |
| Net Operating Revenue | (0.22) | (0.14) | 0.24 | 0.30 |
| Primary Reserve | 1.02 | 0.98 | 1.00 | 1.05 |
| Viability | 1.79 | 3.05 | 3.29 | 1.05 |
| CFI | 4.27 | 4.24 | 5.08 | 3.00 |

The two current operating measures, **return on net position** ratio and **net operating revenue** ratio, demonstrate the level of return on net position and the extent to which operating revenues do or do not cover operating expenses, respectively. The return on net position increased substantially in fiscal year 2014 due to a significant investment in capital assets. Our 3-year average is 8.6 percent which when reduced by the 3-year average inflation rate of 1.7 percent gives Ridgewater College a real rate of return during this period of 6.9 percent. The real rate of return on net position for fiscal year 2014, after inflation, is 15.0 percent. Net operating revenue declined again in fiscal year 2014 and marked the second year in a row with negative operating results. Major reasons for the decline point towards the reduction in revenue resulting from a decline in enrollment and a tuition freeze, and an increase in operating expenses due to bargaining unit negotiated salary increases.

The **primary reserve** ratio and **viability** ratio measure our liquid net position that is available directly, or through debt service, to cover emergency expenditures or invest in innovation. Representing available liquidity or borrowing capacity, these measures are not dependent on current operating results in the short-term. These measures are good indicators of financial health, and combined, are weighted 70 percent in the CFI calculation. In fiscal year 2014 the primary reserve ratio increased slightly and the viability ratio had a significant decrease compared to fiscal year 2013. They remain at high enough levels though, to help keep the total CFI at above 1.5 levels, demonstrating the college's preparedness to deal with the current year's operational challenges. However, multiple future years with similar operational results can erode those two ratios further, pushing the CFI below 1.5. Strategic long-term planning continues to be a critical process at all institutions to avoid such a result.

STATEMENT OF NET POSITION

The Statement of Net Position present the financial position of Ridgewater College at the end of the fiscal year, includes all assets and liabilities of the College, as measured using the accrual basis of accounting. Net position, the result of total assets minus total liabilities, is one indicator of the current financial condition of the College. Assets and liabilities are generally

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measured using current values. One notable exception is capital assets which are stated at historical cost, less an allowance for depreciation.

A summary of the College's statement of net position for fiscal years 2014, 2013 and 2012 follow (in thousands):

| Assets, Liabilities and Net Position | | | |
|---|-------------|-------------|-------------|
| (In Thousands) | | | |
| | 2014 | 2013 | 2012 |
| Assets | | | |
| Current assets | \$ 23,117 | \$ 23,053 | \$ 21,127 |
| Current restricted assets | 1,123 | 5 | 236 |
| Noncurrent student loans, net | 64 | 59 | 60 |
| Noncurrent Capital assets, net | 33,924 | 25,352 | 24,232 |
| Total Assets | 58,228 | 48,469 | 45,655 |
| | | | |
| Liabilities | | | |
| Current Liabilities | 6,023 | 5,150 | 4,308 |
| Noncurrent Liabilities | 10,294 | 7,421 | 6,675 |
| Total Liabilities | 16,317 | 12,571 | 10,983 |
| | | | |
| Net Position | | | |
| Net investment in capital assets | 26,895 | 21,341 | 20,663 |
| Restricted | 583 | 394 | 383 |
| Unrestricted | 14,433 | 14,163 | 13,626 |
| Total Net Position | \$ 41,911 | \$ 35,898 | \$ 34,672 |

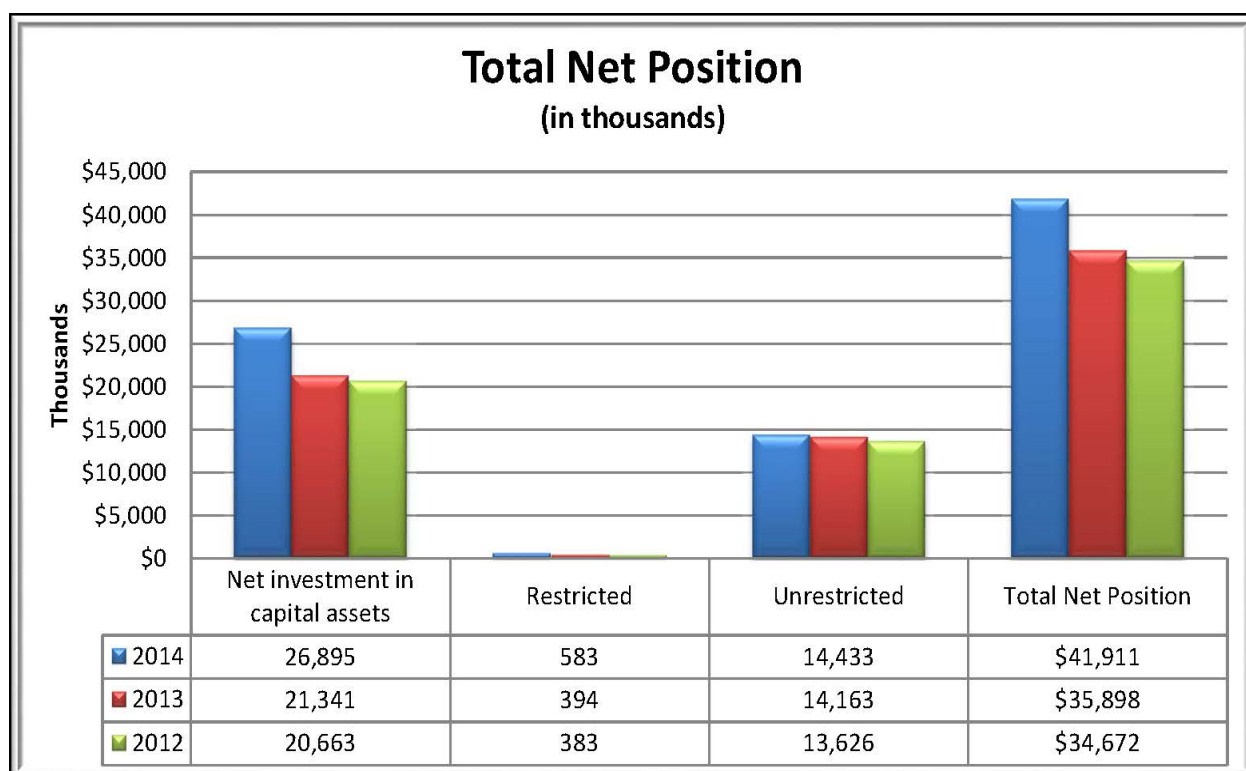
The primary component of current assets is cash and cash equivalents (unrestricted), which increased by \$718K to a total of \$21.0 million at June 30, 2014. This \$21.0 million of cash and cash equivalents represent 6.5 months of fiscal year 2014 operating expenses (excluding depreciation), no change from fiscal year 2013. This is a measure of liquid asset availability to cover operating expenses in the event of a temporary interruption to or decrease in the College's revenues.

Current liabilities primarily consist of salaries and benefits payable and accounts payable. Salaries and benefits payable at June 30, 2014 increased from the prior year by \$221K or 9.8 percent to a total of \$2.47 million. The majority of the increase is due to the retroactive pay adjustments processed after June 30 for employment contract settlements approved in fiscal year 2014. Consistent with prior years, the salaries and benefits payable accrual includes approximately two months of earned salary for faculty who have elected to receive salaries over twelve months on a September 1 – August 31 year. Accounts payable, including payables from restricted assets, increased \$419K or 32.2 percent due to the ongoing liabilities associated with the Technical Instruction Renovation and Addition project which started in fiscal year 2013.

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Noncurrent liabilities increased by \$2.9 million or 38.7 percent in fiscal year 2014 compared to fiscal year 2013. This was due to an increase in the long-term debt obligation from the Technical Instruction Renovation and Addition project.

Net position represents the College's residual interest in total assets after liabilities are deducted. Net investment in capital assets, represents by far the largest portion of net position. Capital assets are carried at historical cost, not replacement cost. Restricted net position have constraints placed on their use by external creditors, grantors, contributors, laws or regulations and consist primarily of those assets restricted for debt service of \$583K for fiscal year 2014.



The complete Statement of Net Assets prepared by MnSCU is available in the Financial Statement section following this Management's Discussion and Analysis Report.

CAPITAL AND DEBT ACTIVITIES

One of the critical factors in continuing the quality of Ridgewater College's academic and student life programs is the development and renewal of its capital assets. Ridgewater continues to implement its long-range plan to modernize its older facilities while planning for new construction.

Capital assets, net of accumulated depreciation, totaled \$33.92 million for fiscal year 2014 which included \$9.7 million of new construction in progress, compared to fiscal year 2013 capital assets which totaled \$25.4 million, including \$2.71 million of new construction in progress.

In May 2012 Governor Dayton signed the 2012 bonding bill which totaled \$496 million. This bill included \$13.851 million in funding for Phase 2 of the College's Technical Instruction Renovation and Addition project which is the most significant project on the Willmar Campus in many years. Construction began in March 2013 and will conclude in July 2014.

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the College's results of operations and the overall increase in net position for the fiscal year. It is the difference between the year's revenue and expense activities that results in an overall increase or decrease to net position. When reviewing the full statements, users should note that GASB Statement No. 34 requires classification of state appropriations and federal and state grants as non-operating revenue.

A summary of the statements of revenues, expenses and changes in net position for fiscal years 2014, 2013 and 2012 follows (in thousands):

| Revenues, Expenses and Net Position | | | |
|--|-------------|-------------|-------------|
| (In Thousands) | | | |
| | 2014 | 2013 | 2012 |
| Operating Revenues | | | |
| Tuition, auxiliary, and sales, net | \$ 13,214 | \$ 13,943 | \$ 13,816 |
| Other Income | 520 | 483 | 364 |
| Total operating revenues | 13,734 | 14,426 | 14,180 |
| Nonoperating and Other Revenues | | | |
| Appropriations | 14,328 | 13,747 | 13,571 |
| Grants | 9,519 | 10,164 | 10,252 |
| Capital appropriations | 6,681 | 1,787 | 499 |
| Other | 493 | 206 | 166 |
| Total nonoperating and other revenues | 31,021 | 25,904 | 24,488 |
| Total Revenues | 44,755 | 40,330 | 38,668 |
| Operating Expenses | | | |
| Salaries and benefits | 26,378 | 25,911 | 24,359 |
| Other operating expenses | 12,172 | 13,064 | 12,359 |
| Total operating expenses | 38,550 | 38,975 | 36,718 |
| Interest and other nonoperating expenses | 192 | 129 | 156 |
| Total Expenses | 38,742 | 39,104 | 36,874 |
| Change in net position | 6,013 | 1,226 | 1,794 |
| Net position, beginning of year | 35,898 | 34,672 | 32,878 |
| Net position, end of year | \$ 41,911 | \$ 35,898 | \$ 34,672 |

Fiscal year 2014 total revenues decreased by 4.8 percent due primarily to the decrease in tuition and fee revenue as a result of declining enrollment.

Compensation is the College's largest expense component. Salaries and benefits increased \$467K, or 1.8 percent in fiscal year 2014 and represented 68.4 percent of total operating expense. The fiscal year 2013 increase of \$1.55 million or 6.4 percent represented 66.5 percent of total operating expense. Total compensation expense which includes fringe benefit costs was \$26.4 million, \$25.9 million and \$24.4 million in fiscal years 2014, 2013 and 2012, respectively. The increase in compensation costs in fiscal year 2014 is due primarily to collective bargaining settlements along with an increase to the employer portion of insurance premiums.

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All other operating expenses for fiscal year 2014 decreased by 6.8 percent compared to an increase of 5.7 percent in 2013. The most significant change by percentage from fiscal year 2013 to fiscal year 2014 was a 42.3 percent or \$578K decrease to repairs and maintenance. This decrease is due to a lower amount allocated to R & R funding and a decrease in capital/HEAPR project funds expensed as repairs and maintenance.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Ridgewater College maintained a solid financial standing in fiscal year 2014. State appropriations along with tuition and fees are the two primary sources of operating support for the College, allow the College to maintain ongoing operations, implement new programs tailored to meet the state's workforce needs, and implement innovative strategies for managing the challenges and opportunities faced by higher education. During the 2013-2014 legislative session, the state legislature approved an increase in state appropriation for the MnSCU system to fund a system-wide tuition freeze for both years of the 2014-2015 biennium.

Consistent with national trends, enrollment at Ridgewater College is experiencing a decline in enrollment fueled largely by the economic recovery as well as demographic changes affecting the traditional student market. As the number of high school graduates within the College's primary service area continues to decline we will need to look at strategic ways to manage enrollment and increase retention. The College's enrollment is projected to decrease by nearly 9% in fiscal year 2015 and remain flat in fiscal years 2016 and 2017.

The state legislature froze undergraduate tuition rates for fiscal years 2014 and 2015. The state of Minnesota's improved financial condition allowed the legislature to allocate an increase in state appropriation which allowed for no tuition rate increases in fiscal year 2014. Having no rate increase and a declining or flat enrollment base will continue to put short-term pressure on Minnesota State Colleges and Universities revenue streams. As student tuition becomes a bigger piece of Minnesota State Colleges and Universities overall revenue totals, fluctuation in enrollment plays a bigger and more immediate impact; it will be critical to manage expenses at a rate that is less than the growth of revenue from state appropriations and tuition.

Other factors that will impact results for the next several years include collective bargaining agreements which for fiscal years 2016-2017 have just begun. An increase in State settled agreements and the tuition freeze will place increased pressure on our operating budget.

In summary, these factors, along with projected increasing costs for purchased services and supplies, may result in a significant financial challenge for the College in fiscal years 2015, 2016, and 2017.

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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ridgewater College's financial position. Questions concerning information provided in this report or requests for additional financial information should be addressed to:

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Ridgewater College
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Willmar, MN 56201
daniel.holtz@ridgewater.edu
320-222-5205

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Financial Statements
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FUND TYPES

Activities included in the fund types are as follows:

GENERAL FUND

General operations
Customized training
State grants
Capital projects
Imprest cash

ENTERPRISE

Bookstore
Computer store
Food service
Parking

REVENUE

Residence halls
Student union

SPECIAL REVENUE

Student activities
Health services
Intercollegiate activities
Child care
Federal grants
Federal financial aid
State financial aid
Private gifts and grants
Miscellaneous special revenues
Private scholarships
Endowments

AGENCY

Custodial accounts
Temporary accounts

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Financial Statements
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| | | | |
|---|-------------|-------------|-------------|
| RIDGEWATER COLLEGE | | | |
| Statements of Net Position (Unaudited) | | | |
| As of June 30, 2014, 2013 and 2012 | | | |
| (In thousands) | | | |
| | 2014 | 2013 | 2012 |
| Assets | | | |
| Current Assets | | | |
| Cash & cash equivalents | \$ 21,043 | \$ 20,325 | \$ 19,088 |
| Grants receivable | 143 | 89 | 115 |
| Accounts receivable, net | 939 | 1,697 | 987 |
| Prepaid expense | 562 | 383 | 379 |
| Inventory | 421 | 531 | 540 |
| Student loans, net | 8 | 8 | 7 |
| Other assets | 1 | 20 | 11 |
| Total current assets | 23,117 | 23,053 | 21,127 |
| Total restricted assets | 1,123 | 5 | 236 |
| Noncurrent Assets | | | |
| Student loans, net | 64 | 59 | 60 |
| Capital assets, net | 33,924 | 25,352 | 24,232 |
| Total noncurrent assets | 33,988 | 25,411 | 24,292 |
| Total Assets | 58,228 | 48,469 | 45,655 |
| Liabilities | | | |
| Current Liabilities | | | |
| Salaries payable | 2,470 | 2,249 | 1,921 |
| Accounts payable | 598 | 642 | 469 |
| Unearned revenue | 621 | 626 | 727 |
| Payable from restricted assets | 1,123 | 660 | 235 |
| Funds held for others | 170 | 151 | 193 |
| Current portion of long-term debt | 463 | 310 | 273 |
| Other compensation benefits | 578 | 505 | 490 |
| Advances to other schools | - | 7 | - |
| Total current liabilities | 6,023 | 5,150 | 4,308 |
| Noncurrent Liabilities | | | |
| Noncurrent portion of long-term debt | 6,566 | 3,702 | 3,296 |
| Other compensation benefits | 3,617 | 3,610 | 3,264 |
| Capital contributions payable | 111 | 109 | 115 |
| Total noncurrent liabilities | 10,294 | 7,421 | 6,675 |
| Total Liabilities | 16,317 | 12,571 | 10,983 |
| Net Position | | | |
| Net investment in capital assets | 26,895 | 21,341 | 20,663 |
| Restricted expendable, other | 583 | 394 | 383 |
| Unrestricted | 14,433 | 14,163 | 13,626 |
| Total Net Position | \$ 41,911 | \$ 35,898 | \$ 34,672 |

Ridgewater College
Financial Statements
Year Ended June 30, 2014

| RIDGEWATER COLLEGE | | | | | |
|---|-------------|---------------|----------|-------------|-------------|
| Statements of Net Position (Unaudited) | | | | | |
| As of June 30, 2014, 2013 and 2012 | | | | | |
| (In thousands) | | | | | |
| | | Change | | | |
| | 2014 | \$ | % | 2013 | 2012 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash & cash equivalents | \$ 21,043 | \$ 718 | 3.5% | \$ 20,325 | \$ 19,088 |
| Grants receivable | 143 | 54 | 60.7% | 89 | 115 |
| Accounts receivable, net | 939 | (758) | -44.7% | 1,697 | 987 |
| Prepaid expense | 562 | 179 | 46.7% | 383 | 379 |
| Inventory | 421 | (110) | -20.7% | 531 | 540 |
| Student loans, net | 8 | - | 0.0% | 8 | 7 |
| Other assets | 1 | (19) | -95.0% | 20 | 11 |
| Total current assets | 23,117 | 64 | 0.3% | 23,053 | 21,127 |
| Total restricted assets | 1,123 | 1,118 | 22360.0% | 5 | 236 |
| Noncurrent Assets | | | | | |
| Student loans, net | 64 | 5 | 8.5% | 59 | 60 |
| Capital assets, net | 33,924 | 8,572 | 33.8% | 25,352 | 24,232 |
| Total noncurrent assets | 33,988 | 8,577 | 33.8% | 25,411 | 24,292 |
| Total Assets | 58,228 | 9,759 | 20.1% | 48,469 | 45,655 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Salaries payable | 2,470 | 221 | 9.8% | 2,249 | 1,921 |
| Accounts payable | 598 | (44) | -6.9% | 642 | 469 |
| Unearned revenue | 621 | (5) | -0.8% | 626 | 727 |
| Payable from restricted assets | 1,123 | 463 | 70.2% | 660 | 235 |
| Funds held for others | 170 | 19 | 12.6% | 151 | 193 |
| Current portion of long-term debt | 463 | 153 | 49.4% | 310 | 273 |
| Other compensation benefits | 578 | 73 | 14.5% | 505 | 490 |
| Advances to other schools | - | (7) | -100.0% | 7 | - |
| Total current liabilities | 6,023 | 873 | 17.0% | 5,150 | 4,308 |
| Noncurrent Liabilities | | | | | |
| Noncurrent portion of long-term debt | 6,566 | 2,864 | 77.4% | 3,702 | 3,296 |
| Other compensation benefits | 3,617 | 7 | 0.2% | 3,610 | 3,264 |
| Capital contributions payable | 111 | 2 | 1.8% | 109 | 115 |
| Total noncurrent liabilities | 10,294 | 2,873 | 38.7% | 7,421 | 6,675 |
| Total Liabilities | 16,317 | 3,746 | 29.8% | 12,571 | 10,983 |
| Net Position | | | | | |
| Net investment in capital assets | 26,895 | 5,554 | 26.0% | 21,341 | 20,663 |
| Restricted expendable, other | 583 | 189 | 48.0% | 394 | 383 |
| Unrestricted | 14,433 | 270 | 1.9% | 14,163 | 13,626 |
| Total Net Position | \$ 41,911 | \$ 6,013 | 16.8% | \$ 35,898 | \$ 34,672 |

Ridgewater College
Financial Statements
Year Ended June 30, 2014

| RIDGEWATER COLLEGE | | | |
|--|-------------|-------------|-------------|
| Statements of Revenues, Expenses, and Changes in Net Position (Unaudited) | | | |
| For the Years Ended June 30, 2014, 2013 and 2012 | | | |
| (In Thousands) | | | |
| | 2014 | 2013 | 2012 |
| Operating Revenues | | | |
| Tuition, net | \$ 9,027 | \$ 9,986 | \$ 9,873 |
| Fees, net | 1,843 | 1,669 | 1,563 |
| Sales and room and board, net | 2,344 | 2,288 | 2,380 |
| Other Income | 520 | 483 | 364 |
| Total operating revenues | 13,734 | 14,426 | 14,180 |
| Operating Expenses | | | |
| Salaries & benefits | 26,378 | 25,911 | 24,359 |
| Purchased supplies | 3,335 | 3,433 | 3,307 |
| Supplies | 4,120 | 4,170 | 4,143 |
| Repairs and maintenance | 788 | 1,366 | 806 |
| Depreciation | 1,678 | 1,672 | 1,917 |
| Financial aid, net | 580 | 796 | 637 |
| Other expense | 1,671 | 1,627 | 1,549 |
| Total operating expenses | 38,550 | 38,975 | 36,718 |
| Operating loss | (24,816) | (24,549) | (22,538) |
| Nonoperating Revenue (Expenses) | | | |
| Appropriations | 14,328 | 13,747 | 13,571 |
| Federal grants | 7,443 | 7,882 | 8,367 |
| State grants | 2,058 | 2,257 | 1,776 |
| Private grants | 18 | 25 | 109 |
| Interest income | 101 | 44 | 48 |
| Interest expense | (180) | (148) | (154) |
| Grants to other organizations | (21) | 34 | - |
| Total nonoperating revenues (expenses) | 23,747 | 23,841 | 23,717 |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | (1,069) | (708) | 1,179 |
| Capital appropriations | 6,681 | 1,787 | 499 |
| Donated assets and supplies | 392 | 162 | 118 |
| Transfers in | - | - | - |
| Gain (loss) on disposal of capital assets | 9 | (15) | (2) |
| Change in net position | 6,013 | 1,226 | 1,794 |
| Total Net Position, Beginning of Year | 35,898 | 34,672 | 32,878 |
| Total Net Position, End of Year | \$ 41,911 | \$ 35,898 | \$ 34,672 |

Ridgewater College
Financial Statements
Year Ended June 30, 2014

| RIDGEWATER COLLEGE | | | | | |
|---|-----------|----------|---------|-----------|-----------|
| Statements of Revenues, Expenses, and Changes in Net Position (Unaudited) | | | | | |
| For the Years Ended June 30, 2014, 2013 and 2012 | | | | | |
| (In Thousands) | | | | | |
| | | Change | | | |
| | 2014 | \$ | % | 2013 | 2012 |
| Operating Revenues | | | | | |
| Tuition, net | \$ 9,027 | \$ (959) | -9.6% | \$ 9,986 | \$ 9,873 |
| Fees, net | 1,843 | 174 | 10.4% | 1,669 | 1,563 |
| Sales and room and board, net | 2,344 | 56 | 2.4% | 2,288 | 2,380 |
| Other income | 520 | 37 | 7.7% | 483 | 364 |
| Total operating revenues | 13,734 | (692) | -4.8% | 14,426 | 14,180 |
| Operating Expenses | | | | | |
| Salaries & benefits | 26,378 | 467 | 1.8% | 25,911 | 24,359 |
| Purchased supplies | 3,335 | (98) | -2.9% | 3,433 | 3,307 |
| Supplies | 4,120 | (50) | -1.2% | 4,170 | 4,143 |
| Repairs and maintenance | 788 | (578) | -42.3% | 1,366 | 806 |
| Depreciation | 1,678 | 6 | 0.4% | 1,672 | 1,917 |
| Financial aid, net | 580 | (216) | -27.1% | 796 | 637 |
| Other expense | 1,671 | 44 | 2.7% | 1,627 | 1,549 |
| Total operating expenses | 38,550 | (425) | -1.1% | 38,975 | 36,718 |
| Operating loss | (24,816) | (267) | 1.1% | (24,549) | (22,538) |
| Nonoperating Revenue (Expenses) | | | | | |
| Appropriations | 14,328 | 581 | 4.2% | 13,747 | 13,571 |
| Federal grants | 7,443 | (439) | -5.6% | 7,882 | 8,367 |
| State grants | 2,058 | (199) | -8.8% | 2,257 | 1,776 |
| Private grants | 18 | (7) | -28.0% | 25 | 109 |
| Interest income | 101 | 57 | 129.5% | 44 | 48 |
| Interest expense | (180) | (32) | 21.6% | (148) | (154) |
| Grants to other organizations | (21) | (55) | -161.8% | 34 | - |
| Total nonoperating revenues (expenses) | 23,747 | (94) | -0.4% | 23,841 | 23,717 |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | (1,069) | (361) | 51.0% | (708) | 1,179 |
| Capital appropriations | 6,681 | 4,894 | 273.9% | 1,787 | 499 |
| Donated assets and supplies | 392 | 230 | 142.0% | 162 | 118 |
| Transfers in | - | - | 0.0% | - | - |
| Gain (loss) on disposal of capital assets | 9 | 24 | -160.0% | (15) | (2) |
| Change in net position | 6,013 | 4,787 | 390.5% | 1,226 | 1,794 |
| Total Net Position, Beginning of Year | 35,898 | | | 34,672 | 32,878 |
| Total Net Position, End of Year | \$ 41,911 | \$ 6,013 | 16.8% | \$ 35,898 | \$ 34,672 |

Ridgewater College
Financial Statements
Year Ended June 30, 2014

| RIDGEWATER COLLEGE | | | |
|--|-------------|-------------|-------------|
| Reconciliation of Net Position to Budgetary Fund Balance - General Fund (Unaudited) | | | |
| As of June 30, 2014, 2013 and 2012 | | | |
| (In thousands) | | | |
| | | | |
| | 2014 | 2013 | 2012 |
| Total Net Position | \$ 41,911 | \$ 35,898 | \$ 34,672 |
| Less Restricted Net Position | | | |
| Net investment in capital assets | (26,895) | (21,341) | (20,663) |
| Restricted net position | (583) | (394) | (383) |
| Total unrestricted net position | 14,433 | 14,163 | 13,626 |
| Less Non-General Fund Unrestricted Net Position | | | |
| Enterprise Fund | (4,069) | (3,765) | (3,674) |
| Special Revenue Fund | (206) | (271) | (576) |
| General Fund - unrestricted net position | 10,158 | 10,127 | 9,376 |
| GAAP Accruals Not Recognized in Budget | | | |
| Other compensation benefits | 4,137 | 4,062 | 3,702 |
| Other accruals, net | (636) | (916) | (741) |
| General Fund - unrestricted budgetary fund balance | 13,659 | 13,273 | 12,337 |
| Less Budgetary Designations | | | |
| Faculty contract obligations | - | - | - |
| Prior year encumbrances | - | - | - |
| Board required reserve | (2,324) | (2,297) | (2,505) |
| Designated for programs | (10,585) | (9,976) | (8,582) |
| Planned for next budget | (500) | (500) | (500) |
| Planned for next budget out two years | (250) | (500) | (750) |
| Undesignated budgetary fund balance | \$ - | \$ - | \$ - |