Virginia Union University

Audit of Federal Awards Performed in Accordance with U.S. Office of Management and Budget Uniform Guidance

Year Ended June 30, 2018

BROWNEDWARDS
certified public accountants

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Virginia Union University
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Virginia Union University as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated November 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Virginia Union University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of Virginia Union University's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Union University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. However, material weaknesses may exit that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Virginia Union University in a separate letter dated November 14, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness if the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

Newport News, Virginia
November 14, 2018

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Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Board of Trustees
Virginia Union University
Richmond, Virginia

Report on Compliance for Each Major Federal Program
We have audited Virginia Union University's compliance with the types of compliance requirements described in the OMB *Compliance Suppl*ement that could have a direct and material effect on each of Virginia Union University's major federal programs for the year ended June 30, 2018. Virginia Union University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Virginia Union University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Virginia Union University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Virginia Union University's compliance.

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Opinion on Each Major Federal Program

In our opinion, Virginia Union University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2018-001 – 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

Virginia Union University's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs, and Corrective Action Plan. Virginia Union University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the Virginia Union University 's response.

Report on Internal Control over Compliance

Management of Virginia Union University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Virginia Union University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Virginia Union University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet enough to merit attention by those charges with governance. Findings 2018-001 - 2018-003 represent a significant deficiency in internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the statements of financial position of Virginia Union University as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and have issued our report thereon dated November 14, 2018. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Virginia Union University's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

Newport News, Virginia
November 14, 2018

Schedule of Expenditures of Federal Awards

Federal Grantor/Program Title	Federal CFDA Number/ Grant Number	Federal Expenditures
U.S. Department of Education:		
Student Financial Assistance Cluster:		
Federal Student Education Opportunity Grants	84.007	$ 420,250
Federal Work-Study	84.033	492,634
Federal Pell Grant Program	84.063	4,767,247
Federal Direct Loan Program	84.268	20,551,428
Total Student Financial Assistance Cluster		26,231,559
Other Programs:		
Higher Education Institutional Aid	84.031B	2,100,829
TRIO: Upward Bound	84.047A	402,085
TRIO: Talent Search	84.044A	272,972
Student Support Services	84.042A	236,621
Total Other Programs		3,012,507
Total U.S. Department of Education		29,244,507
R & D Cluster:		
National Science Foundation:		
Education and Human Resources	47.076	474,372
Total expenditures of federal awards		$ 29,718,438

Notes to Schedule of Expenditures of Federal Awards

Summary of Significant Accounting Policies

General

The University participates in several programs sponsored by various government agencies as listed in the accompanying Schedule of Expenditures of Federal Awards. All programs are subject to audit by the various agencies which have the authority to determine liabilities and limit or suspend the University's participation in the federal programs.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Virginia Union University (the University), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic combined financial statements.

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal Student Education Opportunity Grant, Federal Work Study, and Federal Pell Grant Program

Federal Student Education Opportunity Grant (FSEOG), Federal Work Study (FWS), and Federal Pell Grant Program (Pell) expenditures for student financial aid programs are recognized as incurred and include the federal share of students' FSEOG program grants, FWS program earnings, and Pell program grants, and certain other federal financial aid for students and administrative cost allowances, where applicable.

Federal Direct Loan Program

Federal Direct Loan (FDL) programs, authorized by Title IV-B of the HEA, represent all awards made to recipients under the Federal Direct Subsidized Loan, Federal Direct Unsubsidized Loan, and Federal Direct Plus Loan Programs.

Federal Perkins Loan Fund

Effective September 30, 2017 all Perkins Loans have either been assigned to the United States government or purchased as a part of the Perkins Loan liquidation. The University paid the Federal Perkins Loan Capital Proportional Share of $390,858 to liquidate the Perkins Loan Portfolio.

Major Programs

The Schedule of Expenditure of Federal Awards was prepared under the provisions of the Uniform Guidance, a risk-based approach shall be used to determine which federal programs are major. This risk-based approach includes consideration of current and prior audit experience, oversight by federal agencies and pass-through entities, and the inherent risk of the federal program. Federal programs are labeled as Type A or Type B programs. Type A programs are defined as federal programs with federal award expenditures exceeding $750,000. All other federal awards are labeled as Type B programs.

Federal Loan Programs

The University participates in the Williams D. Ford Federal Direct Loan Program (the “Direct Loan” program). This program was authorized under Title IV of the Higher Education Act with passage of the Student Loan Reform Act of 1993. The program began operation in the 1994 - 1995 award year. As a source for federal student assistance, the Federal Loan Program provides loans to eligible borrowers to cover post-secondary education costs. The program uses loan capital provided by the federal government, requires only one aid-application (the Free Application for Federal Student Aid), and makes loans available directly through participating schools rather than through private lenders and guaranty agencies.

The above federal award program was combined with other financial assistance to form the category of student financial aid. The student financial aid category is then compared to the larger of three (3) percent of the total federal funds expended or $750,000 to determine whether financial aid is a Type A program. However, the total value attributed to the loan program was excluded in determining other Type A programs. In accordance with the revised OMB Uniform Guidance, major programs were determined based on the Risk-Based Approach.

The University is responsible for the performance of certain administrative and compliance duties with respect to the Federal Direct Loan Programs. It is not practical to determine the balance of loans outstanding to students and former student of the University under these programs through the year ended June 30, 2018. These loans are not included in the University’s financial statement.

Schedule of Findings and Questioned Costs

Section I: Summary of Auditors' Results

Financial statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiency(s)?	____ Yes __X__ None reported
Noncompliance material to financial statement noted?	____ Yes __X__ No

Federal awards

Internal control over major federal programs:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiency(s)?	__X__ Yes ____ None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (a)?	__X__ Yes ____ No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.007	Federal Supplemental Opportunity Grant
84.033	Federal Work Study
84.063	Federal Pell Grant Program
84.268	Federal Direct Loan Program

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as a low-risk auditee?	__X__ Yes ____ No

Section II: Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards

No findings relating to the financial statements reported in accordance with *Government Auditing Standards*.

Section III: Findings and Questioned Costs Related to the Audit of Federal Awards

U.S. Department of Education:

Student Financial Aid Program Cluster:

Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study	84.033
Federal Pell Program	84.063
Federal Direct Loan Program	84.268

Finding 2018-001

Significant Deficiency in Controls/Non-Compliance

Satisfactory Academic Progress

Criteria: Regulations state for a student to be eligible to receive student financial assistance, the student must be maintaining satisfactory progress in his or her course of study according to the Institution's standards of satisfactory progress. The Institution must review and evaluate the students' academic progress in relation to its standards. A student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the title IV, HEA program. 34 CFR 668.34 (7)

Condition: We found 1 of 100 students examined received assistance when the satisfactory academic progress requirements were not met.

Cause: Due to oversight, 1 student received assistance they were not eligible to receive.

Effect: The University failed to monitor the academic progress which permitted the improper disbursement of federal funds.

Questioned costs: $18,796

Context: Of 1,543 recipients of student financial aid, 100 case files examined.

Recommendation: The University should increase its efforts through training to ensure students meet eligibility requirements prior to the disbursement of Title IV funds.

Views of responsible officials: The University agrees with the finding and will adhere to the following corrective action plan.

Finding 2018-002

Significant Deficiency in controls/Non-Compliance

Verification of Student Eligibility

Criteria: Regulations require the Institution to verify required applicant data on an applicant's FAFSA information in accordance with the provisions. 34 CFR 668.51 – 61

Condition: For 6 of 28 students selected by the U.S. Department of Education for verification out of a sample of 100 student files, certain FAFSA data elements were incomplete.

Cause: Due to lack of oversight, verification of select data elements on the applicant's FAFSA was incomplete. Eligibility for 2 students was recalculated and questions costs of $12,001 were removed.

Effect: Federal student aid funds were disbursed to students before completing verification requirements.

Questioned costs: $28,458

Context: Of 1,543 recipients of student financial aid, 100 case files examined.

Recommendation: The University should increase its efforts through training to ensure students meet eligibility requirements prior to the disbursement of Title IV funds.

Views of responsible officials: The University agrees with the finding and will adhere to the following corrective action plan.

Finding 2018-003

Significant Deficiency in controls/Non-Compliance

Exit Loan Counseling

Criteria: Regulations require the Institution ensure exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate borrower shortly before the student borrower ceases at least half-time study. Exit counseling must be conducted within 30 days after the school learns the student borrower has withdrawn from school or failed to complete the exit counseling [34 CFR 685.304(b), (1) & 34 CFR 674.42(b)].

Condition: For 10 of 28 student files examined, documentation of timely compliance with exit counseling requirements was not present in the students' files.

Cause: The University experienced a change of personnel within the Financial Aid Office. The personnel changes resulted in exit counseling not being performed timely.

Effect: For students with a break in enrollment, exit counseling was not conducted within the timeframe established by the U.S. Department of Education.

Questioned costs: $0.

Context: Of the 1,543 recipients of student financial aid, 100 case files were examined.

Recommendation: The University should increase its efforts through training to ensure that exit counseling is timely.

Views of responsible officials: The University agrees with the finding and will adhere to the following corrective action plan.

Corrective Action Plan

Finding 2018-001 Satisfactory Academic Progress (SAP)

A. The student referenced in this finding was a re-admit student whose prior SAP status did not roll over from Jenzabar to PowerFAIDS.

B. As part of the corrective action plan, we will return $18,796 to the appropriate federal programs. In addition, a query will be developed to identify students who have financial aid awards but are not meeting SAP standards. Prior to disbursing funds, the report will be reviewed and aid will be canceled for students who are ineligible.

Start Date: Fall 2018
Completion Date: Ongoing

Finding 2018-002 Verification

A. This finding is due to lack of training and oversight. The student's funds will be returned to the Department of Education.

B. As part of the corrective action plan, we will return $28,458 to the appropriate federal programs. As a result of this finding, the Director of Financial Aid will develop an intensive training plan to ensure all staff understands verification requirements. Staff will also attend various professional development opportunities. The staff attended the VASFAA Fall workshop on October 16, 2018. A verification worksheet has been developed to ensure staff capture and review all required data elements. In addition, the director will review all verification worksheets for accuracy prior to the awarding of financial aid.

Start Date: Fall 2018
Completion Date: Ongoing

Finding 2018-003 Exit Loan Counseling

A. The University did not notify students who had breaks in their enrollment of the requirement to complete exit counseling within the timeframe established by the Department of Education.

B. The Office of Financial Aid will work with the Office of the Registrar to timely identify students who are not returning to the University. Once these students have been identified, they will be notified of their requirement to complete exit counseling. Each student's file will be properly documented of the notification. Upon completion of the exit counseling, the student's file will be updated with confirmation from COD. Our new annual registration process will also assist with timely identifying students who have breaks in their enrollment.

Start Date: Fall 2018
Completion Date: Ongoing

Kiesha Pope

Kiesha Pope, Director of Financial Aid

11/8/18
Date

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Virginia Union University

Financial Statements

Years Ended June 30, 2018 and 2017

BROWNEDWARDS
certified public accountants

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Independent Auditors' Report

Board of Trustees
Virginia Union University
Richmond, Virginia

We have audited the accompanying financial statements of Virginia Union University, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows, for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Union University as of June 30, 2018 and 2017, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018 on our consideration of Virginia Union University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia Union University's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

Newport News, Virginia
November 14, 2018

Virginia Union University
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 9,579,873	$ 10,387,489
Receivables:		
Student receivables, net	966,435	901,303
Federal and other receivables	1,233,517	600,496
Perkins receivable	-	322,968
Pledges receivable	25,000	49,592
Investments and assets whose use is limited:		
Endowment fund investments	33,751,180	32,305,068
Beneficial interest in perpetual trusts	791,790	793,067
Assets whose use is limited under loan agreement	1,788,350	1,806,931
General investments	1,724,084	1,720,881
Prepaid expenses and other	696,450	593,260
Art collection	996,110	654,110
Property and equipment, net	35,000,582	36,708,500
Total assets	$ 86,553,371	$ 86,843,665
LIABILITIES		
Accounts payable and accrued expenses	$ 928,837	$ 1,215,192
Accrued payroll liabilities	1,491,689	1,446,156
Unearned tuition and fees	-	168,556
Credit balances on student accounts	81,018	42,919
Accrued interest	206,266	185,108
Line of credit	1,061,523	561,523
Amounts held for others	85,395	78,035
Advances from government for student loans	-	737,628
Debt obligations, net of debt issuance costs	16,955,785	17,857,284
Total liabilities	20,810,513	22,292,401
NET ASSETS		
Unrestricted	29,779,220	29,605,431
Temporarily restricted	15,836,551	15,484,008
Permanently restricted	20,127,087	19,461,825
Total net assets	65,742,858	64,551,264
Total liabilities and net assets	$ 86,553,371	$ 86,843,665

See accompanying notes.

Virginia Union University
Statements of Activities
Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:								
Student tuition and fees, net of student aid of $5,922,018 in 2018 and $5,576,831 in 2017	**$ 19,916,303**	**$ -**	**$ -**	**$ 19,916,303**	$ 20,277,854	$ -	$ -	$ 20,277,854
Contributions	**1,813,032**	**1,241,123**	**666,539**	**3,720,694**	1,101,183	1,749,314	1,071,693	3,922,190
Government grants and contracts	**5,118,376**	**-**	**-**	**5,118,376**	3,707,045	-	-	3,707,045
Sales and services of auxiliary enterprises	**7,558,500**	**-**	**-**	**7,558,500**	7,813,936	-	-	7,813,936
Investment earnings, dividends and interest, net of fees	**178,422**	**514,454**	**-**	**692,876**	204,626	300,136	-	504,762
Realized and unrealized gains and losses	**333,421**	**1,007,266**	**(1,277)**	**1,339,410**	689,082	2,000,298	13,144	2,702,524
Other	**798,270**	**-**	**-**	**798,270**	676,137	-	-	676,137
	35,716,324	**2,762,843**	**665,262**	**39,144,429**	34,469,863	4,049,748	1,084,837	39,604,448
Net assets released from restrictions	**2,410,300**	**(2,410,300)**	**-**	**-**	2,279,965	(2,279,965)	-	-
Total revenues, gains and other support	**38,126,624**	**352,543**	**665,262**	**39,144,429**	36,749,828	1,769,783	1,084,837	39,604,448
Expenses:								
Education and general:								
Instruction	**9,449,136**	**-**	**-**	**9,449,136**	9,550,905	-	-	9,550,905
Institutional support	**8,795,575**	**-**	**-**	**8,795,575**	9,261,325	-	-	9,261,325
Operation and maintenance	**4,724,922**	**-**	**-**	**4,724,922**	4,372,620	-	-	4,372,620
Student services	**2,721,921**	**-**	**-**	**2,721,921**	2,659,542	-	-	2,659,542
Academic support	**1,684,086**	**-**	**-**	**1,684,086**	1,695,675	-	-	1,695,675
Other	**123,594**	**-**	**-**	**123,594**	87,359	-	-	87,359
Depreciation	**3,082,383**	**-**	**-**	**3,082,383**	3,068,986	-	-	3,068,986
Bad debt expense, net of recoveries	**782,665**	**-**	**-**	**782,665**	401,165	-	-	401,165
Interest expense	**765,915**	**-**	**-**	**765,915**	705,997	-	-	705,997
Auxiliary enterprises	**5,822,638**	**-**	**-**	**5,822,638**	5,853,418	-	-	5,853,418
Total expenses	**37,952,835**	**-**	**-**	**37,952,835**	37,656,992	-	-	37,656,992
Change in net assets	**173,789**	**352,543**	**665,262**	**1,191,594**	(907,164)	1,769,783	1,084,837	1,947,456
Net assets, beginning of year	**29,605,431**	**15,484,008**	**19,461,825**	**64,551,264**	30,512,595	13,714,225	18,376,988	62,603,808
Net assets, end of year	**$ 29,779,220**	**$ 15,836,551**	**$ 20,127,087**	**$ 65,742,858**	$ 29,605,431	$ 15,484,008	$ 19,461,825	$ 64,551,264

See accompanying notes.

Virginia Union University
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Operating activities:		
Change in net assets	$ 1,191,594	$ 1,947,456
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense, net of recoveries	782,665	401,165
Depreciation	3,082,383	3,068,986
Amortization of debt issuance costs	15,747	15,747
Contributions restricted for long term purposes	(666,539)	(1,071,693)
In-kind donation to art collection	(342,000)	-
Net realized and unrealized gains on investments	(1,339,410)	(2,702,524)
Change in assets and liabilities:		
Student receivables, net	(847,797)	(465,905)
Federal and other receivables	(633,021)	(384,444)
Pledges receivable	24,592	24,923
Prepaid expenses and other	(103,190)	66,219
Accounts payable and accrued expenses	(40,809)	374,445
Accrued payroll liabilities	45,533	(215,356)
Unearned tuition and fees	(168,556)	(88,641)
Credit balances on student accounts	38,099	26,387
Accrued interest	21,158	185,108
Amounts held for others	7,360	6,150
Advances from government for student loans	(737,628)	-
Net cash provided by operating activities	330,181	1,188,023
Investment activities:		
Purchases of investments and assets whose use is limited	(14,101,417)	(11,515,815)
Proceeds from sale and maturities of investments and assets whose use is limited	14,011,370	10,732,936
Purchase of property and equipment	(1,620,011)	(732,427)
Collection of principal on Perkins loans	322,968	45,403
Net cash used by investment activities	(1,387,090)	(1,469,903)
Financing activities:		
Principal payments on debt obligations	(917,246)	(742,025)
Contributions restricted for long term purposes	666,539	1,071,693
Net draws (repayments) on line of credit	500,000	(300,000)
Net cash used by financing activities	249,293	29,668
Decrease in cash and cash equivalents	(807,616)	(252,212)
Cash and cash equivalents, beginning of year	10,387,489	10,639,701
Cash and cash equivalents, end of year	$ 9,579,873	$ 10,387,489

See accompanying notes.

	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 765,915	$ 705,997
Cash paid for prior year construction in process	$ 245,546	$ -

Notes to Financial Statements

1. Organization

Virginia Union University (the "University") is a private not-for-profit university founded in 1865. The University is comprised of four schools: the School of Humanities and Social Sciences, the School of Mathematics, Science, and Technology, the Sydney Lewis School of Business, and the School of Education and Interdisciplinary Students, conferring the Bachelor of Arts and Bachelor of Science degrees. The Graduate School of Theology confers the Master of Divinity and the Doctor of Ministry degrees.

The University is fully accredited by the Southern Association of Colleges and Schools ("SACS"). The School of Theology is accredited by The Association of Theological Schools in the United States and Canada. Individual schools and departments are accredited by state and national accrediting agencies.

2. Summary of Significant Accounting Policies

Basis of presentation

The University reports information regarding its financial position and activities according to the following three classes of net assets:

> ***Unrestricted*** amounts are those currently available for use in operations and those resources invested in property or equipment.
>
> ***Temporarily restricted*** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
>
> ***Permanently restricted*** amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and cash equivalents

The University considers all highly liquid, general investments with a maturity of three months or less when purchased to be cash equivalents. At times during the year, the University maintains balances in banks which exceed the federally insured limit. The balances in excess of the federally insured limits at June 30, 2018 and 2017 totaled $9,298,646 and $10,345,211, respectively.

Investments

The fair values for equity securities with readily determinable fair values and for all debt securities are based on quoted market prices. Net appreciation and depreciation on endowment funds, whose income is unrestricted as to use, is reported as unrestricted net assets unless such net appreciation or depreciation has been permanently restricted by the donor or by law. Accordingly, net realized appreciation or depreciation on endowment funds is classified in the accompanying financial statements based on restrictions established by donors and state law. In those cases where a donor has placed specific restrictions on the use of investment earnings on endowment funds, such earnings are reported as temporarily restricted net assets until such time as the restriction has been met.

Endowment fund investments consist of assets that have been permanently restricted by either the donor or law. General investments consist of assets that are considered to be unrestricted and were derived primarily from operating surpluses.

Beneficial interest in perpetual trusts

The University is the sole beneficiary of three perpetual trusts (irrevocable trusts under will). The beneficial interest in perpetual trusts is recorded at the fair value of the trusts.

The University has also been named as a beneficiary under endowments held and managed by a third party, but there is not sufficient information to record the beneficial interest in these funds. The University receives annual distributions from these funds which are unrestricted in nature. Amounts received during 2018 and 2017 were $97,714 and $94,215, respectively.

Assets whose use is limited

Resources restricted for debt service under loan agreements are reported as assets whose use is limited. At June 30, 2018 and 2017, the University's assets whose use is limited consisted of cash and cash equivalents.

Property and equipment

The University capitalizes major additions and betterments. The cost of maintenance and repairs is expensed currently. Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts, except for buildings and equipment acquired prior to July 1, 1972, which are stated at insurance values as of June 30, 1972. Depreciation is computed using the straight-line method. The general range of useful lives is five to ten years for equipment and furnishings and forty years for buildings and improvements. Construction in process consists of costs associated with various projects that had not been completed and placed in service at year-end.

Art collection

The University owns a collection of artwork, consisting primarily of paintings donated by alumni. The collection is stated at appraised fair value as of the date of donation.

Debt issuance costs

Debt issuance costs related to the registration and issuance of debt are carried at cost less accumulated amortization and are being amortized over the life of the debt.

Advances from government for student loans

Funds provided by the U.S. Government under the Perkins Student Loan program are loaned to qualified students and must be remitted after collections. These funds are ultimately refundable to the government and are included as liabilities in the accompanying financial statements.

Effective September 30, 2017, all Perkins Loans outstanding effective July 1, 2016 through September 30, 2017 were either assigned to the United State government or purchased as a part of the Perkins Loan liquidation. The University paid the Federal Perkins Loan Capital Proportional Share of $390,858 to liquidate the Perkins Loan Portfolio in September 2017. There was no other financial activity pertaining to the Perkins Loan in the fiscal year ended June 30, 2018.

Tuition and fees

Student tuition and fees are recognized as revenues over the related academic term. Tuition and fees collected that are applicable to a future term are reported as unearned tuition and fees.

Public support and revenue

Contributions are generally considered to be temporarily restricted if donated amounts have not been used towards the campaign in the year donated or if other donor restrictions exist. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of promises to give are received from a broad base of alumni, corporations, and individuals who support the efforts of the University. An allowance for uncollectible promises to give is recorded based on management's evaluation of subsequent collections on the promises receivable at year-end. All outstanding pledges receivable are deemed to be fully collectible.

Contributions are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, when the donor's commitment is received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions and investments are either unrestricted, temporarily or permanently restricted. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, when provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received when ascertainable.

For the year ended June 30, 2018, $809,150, or 22% of the total contributions, came from one donor. For the year ended June 30, 2017, $600,000, or 15% of the total contributions, came from one donor and approximately $415,000, or 11% came from another donor.

Expiration of donor-imposed restrictions

The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and, at that time, the related resources are reclassified to unrestricted net assets and reported as net assets released from restrictions (see Note 10). A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released at the time of acquisition of such assets.

Functional expenses

There were no significant administrative and general expenses during fiscal years 2017 or 2018, as all expenses, except for fundraising expenses are in support and directly related to the University's mission. Fundraising expenses for 2018 and 2017 were $386,883 and $488,529, respectively.

Advertising

The University follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $29,464 and $29,210 for fiscal years ending June 30, 2018 and 2017, respectively, and is included in institutional support on the statements of activities.

Income taxes

The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the previously reported change in net assets.

Subsequent events

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through November 14, 2018, the date the financial statements were available to be issued.

3. Student Receivables, Net

Current Payments

All tuition and fees must be paid by Fall (August 4th), Spring (January 14th) and Summer (May 17th). This includes room, board (meal plan costs, fees and deposits.

If a student has a balance after all financial aid has been applied, students are required to enter into a financial agreement with the University. The first payment is due at the time of registration, with the following payments due throughout the semester (by the 5th). Students are required to pay the balance in full by the last day of classes and are not allowed to register for the following semester unless the prior balance has been paid or a new financial agreement has been placed on file. Interest is not charged on financial agreements. When a student leaves the University, and has not returned for two consecutive semesters and has a balance on the account, the account is sent to collections.

Prior Balances

Any charges rolling from a previous semester must be paid before a student can re-renroll. All payments will be applied toward the previous debt before applying funds toward current balances.

Balance at the End of a Term

If a student owes money to the University at the end of a term, a hold will be placed on the student's grades and transcripts will not be released, registration will be blocked or the student will be dropped from all classes and housing and meal plans can be revoked or canceled.

Student receivable consisted of the following:

	2018	2017
Tuition and fees due from students	**$ 7,159,249**	$ 6,236,317
Allowance for doubtful accounts	**(6,192,814)**	(5,335,014)
	$ 966,435	$ 901,303

4. Pledge receivable

Pledges receivable represent unconditional promises to give. Promises to give to be paid more than one year in the future are reflected at the present value of estimated future cash flow using a discount rate. A discount rate was not applicable at June 30, 2018. At June 30, 2017, a discount rate of 1.66% was applied.

A summary of unconditional promises to give is as follows:

	2018	2017
Unconditional promises to give:		
Within one year	**$ 25,000**	$ 25,000
In one year to five years	**-**	25,000
Total promises to give	**25,000**	50,000
Discount to net present value	**-**	(408)
	$ 25,000	$ 49,592

The University provides an allowance for unconditional promise to give equal to the estimated collection losses that may be incurred in the collection of the unconditional promises to give. The estimated losses are based on prior year experience and management's analysis of specific promises made. Management continually assesses the collectability of its outstanding promises to give. At June 30, 2018 and 2017, management has determined that no allowance for uncollectible promises to give was necessary.

At June 30, 2018 and 2017, one pledge represented 100% of the outstanding pledge receivable.

5. Investments

A summary of investments is as follows:

	June 30, 2018		**June 30, 2017**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Endowment fund	**$ 31,961,715**	**$ 33,751,180**	$ 28,557,613	$ 32,305,068
General investments	**1,453,815**	**1,724,084**	1,453,815	1,720,881
Total investments	**$ 33,415,530**	**$ 35,475,264**	$ 30,011,429	$ 34,025,949

Investment earnings (losses) consisted of the following:

	2018	2017
Interest and dividend income	**$ 692,876**	$ 504,762
Realized gains (losses) on sales of securities	**3,300,752**	(87,541)
Unrealized gains (losses) on investments	**(1,961,342)**	2,790,065
	$ 2,033,286	$ 3,207,286

Interest and dividend income is shown net of related investment expenses of approximately $172,000 and $152,000 for the years ended June 30, 2018 and 2017, respectively.

6. Fair Value Measurements

Accounting guidance establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

During the year ended June 30, 2018, there were no changes to the University's valuation techniques used to measure asset and liability values on a recurring basis.

Investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 consider several inputs and may include Level 1 and Level 2 inputs as components of the overall fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring or nonrecurring basis. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Investments and assets whose use is limited under loan agreement, and beneficial interest in perpetual trusts: Securities are valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial interest in perpetual trusts are valued at the trust level using quoted market prices of the individual investments held in trust which are identifiable and measurable (Level 2 inputs).

Pledges receivable: Pledges receivable are reported at net realizable value if at the time the promise is made, payment is expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods. Fair value is calculated as the present value of the expected future pledges to be received using a discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables summarize fair value measurements by level for financial assets measured at fair value on a recurring basis:

	Fair Value at June 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Pledges receivable	**$ -**	**$ -**	**$ 25,000**	**$ 25,000**
Investments:				
Money market funds	**$ 707,973**	**$ -**	**$ -**	**$ 707,973**
Government and agency bonds	**-**	**1,500**	**-**	**1,500**
Corporate bonds	**-**	**3,787,048**	**-**	**3,787,048**
Corporate stock	**-**	**1,118**	**-**	**1,118**
Equity mutual funds	**15,625,932**	**-**	**-**	**15,625,932**
Exchange traded funds	**13,540,291**	**-**	**-**	**13,540,291**
Preferred Securities	**329,266**	**-**	**-**	**329,266**
Certificates of deposit	**-**	**1,482,136**	**-**	**1,482,136**
	$ 30,203,462	**$ 5,271,802**	**$ -**	**$ 35,475,264**
Assets whose use in limited under loan agreement:				
Money market funds	**$ 1,788,350**	**$ -**	**$ -**	**$ 1,788,350**
Beneficial interest in perpetual trusts	**$ -**	**$ 791,790**	**$ -**	**$ 791,790**

	Fair Value at June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Pledges receivable	$ -	$ -	$ 49,592	$ 49,592
Investments:				
Money market funds	$ 746,157	$ -	$ -	$ 746,157
Government and agency bonds	-	1,500	-	1,500
Corporate bonds	-	3,714,595	-	3,714,595
Equity mutual funds	12,740,378	-	-	12,740,378
Exchange traded funds	15,135,246	-	-	15,135,246
Preferred Securities	209,100	-	-	209,100
Certificates of deposit	-	1,478,973	-	1,478,973
	$ 28,830,881	$ 5,195,068	$ -	$ 34,025,949
Assets whose use in limited under loan agreement:				
Money market funds	$ 1,806,931	$ -	$ -	$ 1,806,931
Beneficial interest in perpetual trusts	$ -	$ 793,067	$ -	$ 793,067

The following tables present a reconciliation of the beginning and ending balances of the fair value measurements within the University using significant unobservable inputs (Level 3):

	2018	2017
Balance, beginning of year	**$ 49,592**	$ 74,515
Pledges payments received	**(24,592)**	(25,325)
Change in fair value	**-**	402
Balance, end of year	**$ 25,000**	$ 49,592

The determination of fair value above incorporates various factors required including not only the credit standing of the counterparties involved and the impact of credit enhancement, but also the impact of the University's nonperformance risk on its liabilities. The carrying amounts of the line of credit, bonds payable and significant notes payable approximate fair value, due to the variable rates of the instruments.

7. Property and Equipment

Property and equipment consisted of the following:

	2018	2017
Buildings and improvement	**$ 62,755,257**	$ 62,404,840
Equipment and furnishings	**24,110,164**	23,577,643
Construction in process	**773,050**	281,546
Land	**643,425**	643,425
	88,281,896	86,907,454
Accumulated depreciation	**(53,281,314)**	(50,198,954)
	$ 35,000,582	$ 36,708,500

8. Line of Credit

The University has a line of credit agreement that provides for a credit line of $1.8 million, which renews annually. The current agreement expires on March 9, 2019. Borrowings under the credit line bear interest at the London Interbank Borrowing Rate (LIBOR) plus 2.50% annually. Loans made under the line may be used to finance campus building improvements and to purchase furniture, fixtures, and equipment. At June 30, 2018 and 2017, the interest rate was 4.49% and 3.55%, respectively. Under the terms of the credit agreement, the University is required to meet certain operating and financial covenants, which includes maintaining a debt service coverage ratio of not less than 1.2, utilizing the change in unrestricted net assets. At June 30, 2018, the University was in compliance with this covenant.

9. Debt Obligations

Debt obligations consist of the following:

	2018	2017
Series 2002-2 - $8,115,110 Bonds payable to Regions Bank in semi-annual installments of $278,600, including interest at 5.32%, with final payment of unpaid principal and accrued interest due in January 2032. Under the terms of the Series 2002 Bonds, the University was required to establish an escrow account, which is reported as assets whose use is limited on the statements of financial position, equal to 5% of the Series 2002 Bonds issued. The use of the escrow funds are directed, in part, by a master indenture that provides that claims can be made against the escrow account by Commerce for a share of defaulted loans of other borrowers participating in the loan program. The University has no obligation to replenish any draws on the escrow account as it relates to the defaulted loans of other loan program participants. Any draws on the escrow account will be replenished at such a time when the participant in default is able to repay any amounts due.	**$ 5,573,013**	$ 5,835,722
Series 2012-3 - $12,000,000 Bonds payable to Regions Bank in semi-annual installments of $333,008, including interest at a fixed rate at the U.S. Treasury bond rate plus .225% at each draw date, with final payment of unpaid principal and accrued interest due in January 2042. The bonds are secured by revenues and real property owned by the University. The bonds contains certain affirmative covenants, including the maintenance of certain financial ratios as defined in the agreement. Although the University was not in compliance with all such covenants at June 30, 2018, the University has received no notice from lenders of intention to exercise any remedies of default, which include causing acceleration of repayment of indebtedness.	**11,234,826**	11,546,845
Loan payable - $1,500,000 to SunTrust Bank entered into November 2014 payable in semi-annual installments of $150,030 including interest at 3.68%, with final payment of unpaid principal and interest due in November 2019. Under the terms of this agreement, the University is required to maintain a debt service coverage ratio of not less than 1.2 at the end of each fiscal year. At June 30, 2018, the University was in compliance with this covenant.	**433,758**	709,860
Loan payable - $194,744 to SunTrust Bank entered into November 2015 payable in monthly installments of $5,701 including interest at 3.1%, with final payment of unpaid principal and interest due in November 2018. Under the terms of this agreement, the University is required to maintain a debt service coverage ratio of not less than 1.2 at the end of each fiscal year. At June 30, 2018, the University was in compliance with this covenant.	**28,286**	94,702
	17,269,883	18,187,129
Debt issuance costs	**(314,098)**	(329,845)
Debt obligations, net of debt issuance costs	**$ 16,955,785**	$ 17,857,284

Scheduled principal payments after June 30, 2018, by fiscal year, are as follows:

Years Ending June 30,		
2019	$	913,661
2020		769,559
2021		645,679
2022		678,391
2023		706,186
Thereafter		13,556,407
Total obligations	$	17,269,883

The University presents debt issuance costs as a direct deduction from the carrying amount of the debt. Amortization expense is recognized on a straight-line basis over the term of the agreement and is recognized as a component of interest expense.

Expected debt issuance cost amortization expense subsequent to June 30, 2018 is summarized as follows:

Years Ending June 30,		
2019	$	15,747
2020		15,747
2021		15,747
2022		15,747
2023		15,747
Thereafter		235,363
	$	314,098

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consisted of the following:

	2018	**2017**
Endowment	**$ 7,803,326**	$ 7,028,465
Institutional support	**3,354,284**	3,322,392
Physical plant	**2,524,593**	2,978,803
Future periods	**2,026,148**	2,026,148
Other	**128,200**	128,200
	$ 15,836,551	$ 15,484,008

The endowment portion of temporarily restricted assets is composed of funds received from Endowment Challenge Grants under the Department of Education. Under the terms of this grant, the University may draw down $200,000 per year from the Department of Education, but they must raise matching funds of permanently restricted donations equal to or greater than the draw amount. These funds must remain in an endowment account for 20 years from the date on which the funds were drawn down, at which time they become unrestricted funds. In addition, fifty percent of the income generated from these endowments may be designated as unrestricted but the remainder must remain in the fund for the full 20 year restriction period. The University received initial grant funding under this program during fiscal year ended June 30, 2007, therefore, funds will begin being released to unrestricted during fiscal year ended June 30, 2027 and will continue each year thereafter during which the University meets the restriction period.

Permanently restricted net assets at June 30, 2018 and 2017, consisted of endowment funds (see Note 11) and the fair value of beneficial interests in perpetual trusts.

	2018	2017
Permanently restricted endowments (see Note 11)	**$ 19,335,297**	$ 18,668,758
Beneficial interest in perpetual trusts	**791,790**	793,067
	$ 20,127,087	$ 19,461,825

Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors.

Net assets released from restrictions were as follows:

	2018	2017
Student aid	**$ 1,227,679**	$ 1,133,508
Institutional support	**367,298**	686,276
Instruction	**265,508**	322,520
Physical plant	**549,815**	137,661
	$ 2,410,300	$ 2,279,965

11. Endowment

The University's endowment consists of approximately 170 individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 7,803,326	$ 19,335,297	$ 27,138,623
Board designated endowments	6,612,557	-	-	6,612,557
	$ 6,612,557	$ 7,803,326	$ 19,335,297	$ 33,751,180

Changes in endowment net assets for the fiscal year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,607,298	$ 7,028,464	$ 18,668,758	$ 32,304,520
Investment return:				
Investment income, net of fees	165,530	514,455	-	679,985
Net appreciation (realized and unrealized)	320,268	1,007,266	-	1,327,534
Total investment return	485,798	1,521,720	-	2,007,518
Contributions and transfers	548	415,113	666,539	1,082,200
Endowment payouts	(481,087)	(1,161,972)	-	(1,643,059)
Endowment net assets, end of year	$ 6,612,557	$ 7,803,326	$ 19,335,297	$ 33,750,180

Endowment net asset composition by type of fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ -	$ 7,028,464	$ 18,668,758	$ 25,697,222
Board designated endowments	6,607,298	-	-	6,607,298
	$ 6,607,298	$ 7,028,464	$ 18,668,758	$ 32,304,520

Changes in endowment net assets for the fiscal year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,263,417	$ 5,384,460	$ 17,597,065	$ 29,244,942
Investment return:				
Investment income, net of fees	191,071	300,136	-	491,207
Net depreciation (realized and unrealized)	673,696	2,000,298	-	2,673,994
Total investment return	864,767	2,300,434	-	3,165,588
Contributions and transfers	-	243,895	1,071,693	1,315,588
Endowment payouts	(520,886)	(900,324)	-	(1,412,210)
Endowment net assets, end of year	$ 6,607,298	$ 7,028,464	$ 18,668,758	$ 32,304,520

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the University to retain as a fund of perpetual duration. At June 30, 2018 and 2017, these deficiencies were $45,079 and $41,391, respectively.

Return objectives and risk parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index, Russell Mid Cap Value Index, Barclays U.S. Government/Corporate Index, or the Russell 2000 Index, while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return of approximately the Consumer Price Index (CPI) plus withdrawals from the fund plus 2% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The University has a policy of appropriating for distribution each year a portion of its endowment fund's income for the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its endowment and has set performance targets, as noted above, to include recovery of withdrawals. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of CPI plus 2% annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

12. Retirement Plan

Upon completing one year of service, full-time employees of the University are eligible to participate in a contributory retirement plan. The University matches participant contributions to the Plan. The University's contribution to the Plan was approximately $319,120 and $327,399 for the years ended June 30, 2018 and 2017, respectively.

13. Commitments and Contingencies

Operating leases

The University has several noncancellable operating leases for equipment and office space. For 2018, total rental expense for these operating leases was approximately $357,000, which is included in Institutional Support on the statement of activities. The University’s estimated remaining future minimum lease payments consist of the following for the years ending June 30,

Years Ending June 30,		
2019	$	344,050
2020		211,500
	$	555,550

Contractual commitment

The University is under contract with a food service provider through June 30, 2027. Charges are based on the number of students with meal plans, and expenses are billed weekly during the school year. Amounts paid under this contract were $2,776,838 and $2,732,643 for 2018 and 2017, respectively.

Legal matters

The University, in the ordinary course of its business, is the subject of, or a party to, various pending or threatened legal actions involving private interests. In the opinion of management, the ultimate liability arising from these actions will not have a material effect on the University's financial position.

Federal programs

The University receives the majority of its federal funding from the U.S. Department of Education (DOE). The University’s compliance with the requirements of federal programs are subject to annual audit by an independent auditor. Such compliance audits are subject to review by the DOE and the University has the right to appeal any liabilities that may be asserted by the DOE. The liabilities, if any, arising from such compliance audits cannot be determined at this time. Management is of the opinion that the liability, if any, would not have a material adverse effect on the College’s financial position.

Compliance Section

BROWNEDWARDS
certified public accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Virginia Union University
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Virginia Union University as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated November 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Virginia Union University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of Virginia Union University's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Union University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses.

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

We noted certain matters that we reported to the management of Virginia Union University in a separate letter dated November 14, 2018.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness if the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

Newport News, Virginia
November 14, 2018

Report to the
Board of Trustees
and Management

Virginia Union University

June 30, 2018

BROWN EDWARDS
certified public accountants

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BROWNEDWARDS
certified public accountants

Communication with Those Charged with Governance

November 14, 2018

Board of Trustees and Management
Virginia Union University

We have audited the financial statements of Virginia Union University (the "University") for the year ended June 30, 2018, and have issued our report thereon November 14, 2018. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Virginia Union University are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the allowance for uncollectible student accounts receivable is based on management's estimate for future collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible student accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the useful lives of property and equipment is based on management's best estimates and prevailing practices in the industry. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the fair values of investments are obtained from quoted market prices. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the various valuation methodologies used for assets measured at fair value in Note 6 to the financial statements. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the financial statement portion of the audit. However, we encountered some difficulties obtaining supporting documentation and follow-up information during the compliance/single portion of the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that there were no uncorrected misstatements identified during the audit. Audit adjustments posted are included at Appendix B.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. These matters do not represent significant deficiencies and/or material weaknesses, as defined in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards, which is included in the University's financial statements. The following points summarize our comments and suggestions regarding these matters. This report does not affect our report on the financial statements of Virginia Union University dated November 14, 2018.

Outstanding Checks
During our audit, we noted a number of outstanding checks that were significantly aged. The outstanding checks are primarily refunds issued to students for tuition overpayments. Current contact information is not on file for the students, which led to the checks not clearing (likely not being received by the students). Per code section 55-210.3:2, the state of Virginia's dormancy period for unclaimed checks is 5 years. After this timeframe, the University should escheat unclaimed checked to the Commonwealth of Virginia. We did not identify any outstanding checks in excess of the state dormancy period, and it has been noted through discussions with management the University staff attempt to contact students regarding outstanding checks as time permits. However, we recommend the University develop a formal policy defining how frequently attempts should be made to contact students, and the point at which funds are remitted to the Commonwealth.

Account Reconciliations
During our audit, we noted a number of balance sheet accounts were not adjusted and/or reconciled when the year-end trial balance was provided to the audit team. Specific general ledger accounts include Credit Balance on Student Accounts, Unearned Tuition, Pledge Receivable, and Salary and Benefits Accrual. We also noted during our audit procedures several reclassifying entries to long-term debt were required to agree the general ledger to the lender statement. These accounts were reconciled during the audit and required adjusting entries to correct the various balances recorded as audit adjustments. As a best practice, all accounts should be reconciled and reviewed as part of the year-end closing process.

Purchasing
During our fiscal year 2016 audit, we noted the University's purchasing policy and procedures did not include a vendor management program that includes due diligence review for new vendors periodic risk assessment. This is still the case for the current year audit. This review is important to ensure the vendors have sufficient controls in place to reduce the risk of an information security breach or breach in data privacy. We again recommend the University put in place a vendor management program that includes periodic risk assessments for vendors and routine monitoring.

Information Technology
During our fiscal year 2016 audit, we noted several opportunities for improvement related to information technology. Although some improvements have been implemented, it was noted during the current year audit the formal policies previously suggested have not been established. We continue to recommend the need for a formal policy to address network access review, and key application (Jenzabar) user access review. Regarding the removal of terminated employees from network and key application access, we also continue to suggest the University utilize a formal sign off document for access reviews and require employees' direct manager to complete the review process regularly to ensure that there is no unauthorized or inappropriate access to the network or key applications.

Capital Additions
During our audit, there were some instances where capital additions were improperly expensed. We understand the internal necessity of initially recording additions as expenses for departmental budgetary purposes. However, it is important to properly reflect the balances as capital additions for external reporting purposes. In order to calculate an accurate depreciation expense, it is also important that capital additions reflect the proper date placed in service. We recommend integrating these steps into the accounting procedures, and training the staff involved in the procedures to understand the capitalization threshold and the importance of adhering to policy.

Policy Enhancement
During our audit, we noted several accounting cycles, including disbursements, procurement, and student billing and collections, that can benefit from enhanced policies. Policies should be formally documented in writing, and approved by University management and the Board. Policies should also clearly define approval thresholds, applicable timeframes, the responsible parties, and required supporting documentation. We issued a separate communication to the Board dated April 19, 2018, which addresses in more detail the disbursement and contract policy recommendations.

Student Financial Aid Compliance Audit
During our compliance audit of the student financial assistance program cluster, the following issues were noted:

- For 2 out of 70 students tested, the Pell award amount was in conflict with the scheduled award amount. This led to questioned cost totaling $1,590. We recommend that the University refund the amount due to the Department of Education or student as appropriate and, in the future, ensure Pell Grant benefits are calculated based on the maximum Pell benefit schedule established by Congress, and payment and disbursement schedules provided by the Secretary each year.
- In 1 of 100 student files examined, the University did not report disbursement data in accordance with procedures for submission of disbursement and decreases of federal awards. We recommend the University increase its efforts through training and stricter adherence to controls already in place to ensure Common Origination and Disbursement (COD) reporting is accurate.
- For 4 of 100 students examined, the University did not report the change of enrollment status timely as required by regulations. We recommend the University increase its efforts through training and stricter adherence to controls already in place to ensure that National Student Loan Data System (NSLDS) reporting is timely.

New Accounting Developments - ASU No. 2016-14: Presentation of Financial Statements of Not-for-Profit Entities

On August 18, 2016, FASB issued the Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This is the first major update to not-for-profit accounting in more than two decades. The update goes into effect for annual financial statements issued for fiscal years beginning after December 15, 2017 (the University's June 30, 2019 fiscal year-end). The standard requires organizations to classify their net assets into two categories – those with donor restrictions and those without. There are also additional footnote disclosure requirements regarding how organizations will manage their access to cash over the next 12 months and related to endowments that have lost value since the original gift was made and are considered under water. We will be available to assist management in the implementation of this new standard.

New Accounting Developments - ASU No. 2014-09: *Revenue from Contracts with Customers*

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The update goes into effect for annual financial statements issued for fiscal years beginning after December 15, 2018 (the University's June 30, 2020 fiscal year-end). Early application is permitted.

The revenue recognition standard affects all entities -public, private, and not-for-profit -that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example: leases and insurance contracts).

The core principle is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The summary of the revenue recognition standard explains that to achieve the core principle an entity should take the following actions:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation

Revenue is recognized when a company satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

New Accounting Developments - Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*

This new pronouncement will require lessees to change their approach and classify all leases as either finance or operating leases based on whether the lease is truly a financed purchase by the lessee. The different classifications will determine whether the lease expenses are recognized over the life of the lease on a straight line basis or on the effective interest method. Lessees will also be required to record a right-of-use asset and a lease liability for all leases greater than 12 months. Leases 12 months or less will be treated similar to existing guidance governing operating leases. Lessors will approach leases similar to existing guidance governing sales-type, direct financing and operating leases. The update goes into effect for annual financial statements issued for fiscal years beginning after December 15, 2019 (the University's June 30, 2021 fiscal year-end). Early application is permitted.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees and management of the University, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Brown, Edwards & Company, L.L.P.

Newport News, Virginia

BROWNEDWARDS
certified public accountants

Appendix A

Management Representation Letter

November 14, 2018

Brown, Edwards & Company, L.L.P.
701 Town Center Drive, Suite 700
Newport News, VA 23606

This representation is provided in connection with your audits of the financial statements of **Virginia Union University** which comprise the respective statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and the cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP)

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, as of the date of this letter, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 3, 2017, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make Virginia Union University vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
6) Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
7) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

9) We are in agreement with the adjusting journal entries you have proposed and they have been recorded in the accounting records. Also, we are not aware of any omitted disclosures noted by you during your audit. Further, there were no uncorrected misstatements.

10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11) There are no—

   a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

   b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies* (formerly *Statement of Financial Accounting Standards No. 5, Accounting for Contingencies*).

   c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by *FASB Accounting Standards Codification 450, Contingencies* (formerly *Statement of Financial Accounting Standards No. 5*).

   d) Designations of net assets disclosed by you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.

12) Guarantees, whether written or oral, under which the University is contingently liable, if any, have been properly recorded or disclosed.

13) We have complied with the Uniform Prudent Management of Institutional Funds act (UPMIFA) as adopted by the Virginia state legislature and have disclosed restrictions on endowment fund net assets in accordance with this law.

Information Provided

14) We have provided you with:

   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, other matters, and all audit or relevant monitoring reports, if any, received from funding sources.

   b) Additional information that you have requested from us for the purpose of the audit.

   c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   d) Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

15) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

17) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

   a) Management,

   b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

18) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others, except as disclosed to you.

19) We have disclosed to you all instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

20) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

21) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

22) The University has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net assets.

23) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

24) We *have disclosed to* you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

25) In regards to the financial statement preparation assistance, assistance with the Schedule of Expenditures of Federal Awards, data collection form, and tax services performed by you, we have:
    a) Assumed all management responsibilities.
    b) Overseen the service, by designating an individual, within senior management, who possess suitable skill, knowledge, or experience.
    c) Evaluated the adequacy and results of the services performed.
    d) Accepted responsibility for the results of the services.
    e) Evaluated and maintained internal controls, including monitoring ongoing activities.

Governmental Audit—specific

26) We have made available to you all financial records and related data [and all audit or relevant monitoring reports, if any, received from funding sources.

27) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

28) We have a process to track the status of audit findings and recommendations.

29) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

30) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

31) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

32) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards and the preparation and filing of the data collection form. You have also provided tax preparation services. We have designated an individual with suitable skill, knowledge, or

experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for these services.

33) The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

34) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

35) Provisions for uncollectible receivables have been properly identified and recorded.

36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

38) ***Virginia Union University*** is an exempt University under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the University's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

39) ***Virginia Union University*** (University) recognizes tax benefits only to the extent that the University believes it is more-likely-than-not (i.e. greater than 50 percent) that its tax positions will be sustained upon examination. We have evaluated the University's tax positions, including its not-for-profit status, and have determined that the University does not have any material uncertain tax positions.

40) We represent to you the following for the University's fair value measurements and disclosures:

   a) The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

   b) The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

   c) The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.

   d) There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

   e) There have been no permanent impairments as of June 30, 2017 or through the date signed below.

41) We acknowledge our responsibility for presenting the statement of financial position of Virginia Union University in accordance with U.S. generally accepted accounting principles, and we believe the statement of financial position of Virginia Union University, including its form and content, is fairly presented in accordance with U.S. generally accepted accounting principles. The methods of measurement and presentation of the statement of financial position of Virginia Union University have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Single Audit - specific

42) With respect to federal award programs:

   a) We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-122, *Cost Principles for Nonprofit Universities*, and Subpart C, "Cost Sharing and Matching," of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.*

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

43) We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Gregory Lewis, Vice President of Financial Affairs

Stephanie White, AVP/Comptroller

Appendix B

Adjusting Journal Entries

Client:	***3001285275 - Virginia Union University***
Engagement:	***Audit 18 - Virginia Union University***
Trial Balance:	***1480 - Trial Balance Database***
Workpaper:	***1450 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**7130**		
To agree net assets to PY audited financial statements.				
10-00-1699-31000	Fund Balance		2,053.00	
10-40-4410-55150	Unallocated Budget Other Current Ch			2,053.00
Total			**2,053.00**	**2,053.00**
Adjusting Journal Entries JE # 2		**6420.1**		
To record amortization of debt issuance costs for FY18.				
10-50-5107-56115	Debt Service		15,747.00	
10-00-1100-14705	Accumulated Amortization 4.2 Bond			15,747.00
Total			**15,747.00**	**15,747.00**
Adjusting Journal Entries JE # 3		**6430**		
To agree outstanding 2012 bond balance and asset accounts whose use is limited related to 2012 bonds to the confirmations received and corresponding amortization schedule.				
10-50-5107-56115	Debt Service		24,980.00	
10-00-1400-18106	2012 Bonds			823.00
10-00-1620-23105	12M Rice CapitalAccess Program			24,157.00
Total			**24,980.00**	**24,980.00**
Adjusting Journal Entries JE # 4		**6430**		
To agree 2002 bond balances and related asset accounts whose use is limited to confirmations received and related amortization schedules.				
10-50-5107-55150	Other Current Charges		45,669.00	
10-00-1400-18105	OtherAssets			17,758.00
10-00-1620-23135	8.5M Commerce Capital Bond			27,911.00
Total			**45,669.00**	**45,669.00**
Adjusting Journal Entries JE # 5		**6430**		
To agree SunTrust loan balance to the amount confirmed by the bank and related amortization schedule.				
10-00-1620-23125	1.5M SunTrust Loan		139,424.00	
10-50-5107-56115	Debt Service			139,424.00
Total			**139,424.00**	**139,424.00**
Adjusting Journal Entries JE # 6		**6430**		
To adjust accrued interest payable from prior year balance to current year balance.				
10-50-5107-56115	Debt Service		21,158.00	
10-00-1610-22123	Accrued Interest Payable			21,158.00
Total			**21,158.00**	**21,158.00**

Client: ***3001285275 - Virginia Union University***
Engagement: ***Audit 18 - Virginia Union University***
Trial Balance: ***1480 - Trial Balance Database***
Workpaper: ***1450 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7		**PBC**		
PBC Entry to post pledge receivables for FY18.				
30-50-5603-44205	Restoration of Ind Hall Gifts-Foundati		25,000.00	
10-00-1010-11505	Pledge Recievable			25,000.00
Total			**25,000.00**	**25,000.00**
Adjusting Journal Entries JE # 8		**PBC**		
PBC entry to post Feb, March, and June 18 CL Payments.				
10-40-4410-55150	Unallocated Budget Other Current Ch		11,705.00	
10-00-1000-10020	Urestricted SunTrust			11,705.00
Total			**11,705.00**	**11,705.00**
Adjusting Journal Entries JE # 9		**PBC**		
PBC Entry to reclassify Lilly Grant funds to correct account.				
30-10-1000-10015	Restricted SunTrust		3,054.00	
30-00-1000-10015	Restricted SunTrust			3,054.00
Total			**3,054.00**	**3,054.00**
Adjusting Journal Entries JE # 10		**PBC**		
PBC entry to reverse duplicate entry JL #14404.				
10-40-4410-55150	Unallocated Budget Other Current Ch		26,884.00	
30-00-1000-10065	Federal SunTrust PR			26,884.00
Total			**26,884.00**	**26,884.00**
Adjusting Journal Entries JE # 11		**PBC**		
PBC entry to record ACH deposits and payments near year-end.				
10-00-1000-10045	Unrestricted Consolidated Student		140.00	
10-40-4410-55150	Unallocated Budget Other Current Ch		451.00	
10-40-4410-55150	Unallocated Budget Other Current Ch			140.00
30-00-1000-10065	Federal SunTrust PR			451.00
Total			**591.00**	**591.00**
Adjusting Journal Entries JE # 12		**PBC**		
PBC Entry to write off unsold CIAA tickets.				
10-40-4410-55150	Unallocated Budget Other Current Ch		66,500.00	
30-80-8034-11305	Ciaa Tournament TicketAccount Rece			66,500.00
Total			**66,500.00**	**66,500.00**
Adjusting Journal Entries JE # 13		**PBC**		
To adjust credit balances in A/R Aging to actual.				
10-00-2300-24105	Amount Held for Others		168,556.00	
10-00-1615-21002	Credit in Balance in Student			38,099.00
10-00-1700-41105	Undergraduate Tuition			130,457.00
Total			**168,556.00**	**168,556.00**
Adjusting Journal Entries JE # 14		**PBC**		
To record earnings on SunTrust CDs for 2018.				
10-00-1001-10205	CD-Suntrust Bank 6 Months		101.00	
10-00-1001-10206	Investment-Suntrust 8 Month CD		212.00	
10-00-1001-10207	Investment-Suntrust 10 Month CD		212.00	
10-00-1705-45405	Investment Earnings			525.00
Total			**525.00**	**525.00**
Adjusting Journal Entries JE # 15		**PBC**		

Client: **_3001285275 - Virginia Union University_**
Engagement: **_Audit 18 - Virginia Union University_**
Trial Balance: **_1480 - Trial Balance Database_**
Workpaper: **_1450 - Adjusting Journal Entries Report_**

Account	Description	W/P Ref	Debit	Credit
To record May and June earnings on Capital bank account (formerly First Tennessee).				
10-00-1001-10220	CD Consolidated Bank 1 Year		874.00	
10-00-1705-45205	Endowment Income			874.00
Total			**874.00**	**874.00**
Adjusting Journal Entries JE # 16		**5341**		
To remove pledge discount balance.				
10-00-1010-11504	Pledge Discount		408.00	
10-00-1701-44210	Gifts-Corporate			408.00
Total			**408.00**	**408.00**
Adjusting Journal Entries JE # 17		**7160**		
To reclassify endowment earnings among restriction - client does not need to post.				
DHG7	Interest and dividends, net of fees - less TR		514,454.00	
DHG8	Realized and unrealized gains and losses - less TR		1,007,266.00	
DHG4	Interest and dividends, net of fees - TR			514,454.00
DHG5	Realized and unrealized gains and losses - TR			1,007,266.00
Total			**1,521,720.00**	**1,521,720.00**
Adjusting Journal Entries JE # 18		**5120**		
To adjust cash clearing accounts at year-end.				
10-00-0000-21000	Cash Receipts ClearingAccount		11,460.00	
10-00-0000-21000	Cash Receipts ClearingAccount		19,408.00	
10-00-1000-10035	Wells Fargo		798.00	
30-00-0000-21000	Cash Receipts ClearingAccount			798.00
30-00-0000-21000	Cash Receipts ClearingAccount			11,460.00
30-00-0000-21000	Cash Receipts ClearingAccount			19,408.00
Total			**31,666.00**	**31,666.00**
Adjusting Journal Entries JE # 19		**5621**		
To capitalize MEG boiler that had not been transferred from repairs and maintenance expenses.				
10-00-1100-14105	Equipment		30,640.00	
10-50-5100-55105	Contractual			15,971.00
10-50-5103-55105	Contractual			2,500.00
10-50-5103-55140	Non Instructional Supplies			6,396.00
10-50-5103-57330	Maintance Plumbling			2,823.00
10-50-5103-57330	Maintance Plumbling			2,950.00
Total			**30,640.00**	**30,640.00**
Adjusting Journal Entries JE # 20		**5621**		
To record depreciation expense on MEG Boiler for January through June after being placed in service.				
10-50-5103-55150	Depreciation Other Current Charges		1,532.00	
10-00-1100-14515	Accumulated Depreciation for Equipm			1,532.00
Total			**1,532.00**	**1,532.00**
Adjusting Journal Entries JE # 21		**5621**		
To capitalize MacVicar Hall shower project still in progress at year-end.				
10-50-5100-14305	Facility ManagementBuilding Constru		43,000.00	
10-50-5104-55105	Contractual			43,000.00
Total			**43,000.00**	**43,000.00**
Adjusting Journal Entries JE # 22		**5621**		
To capitalize amounts related to the Huntley project that is still in progress.				
10-50-5100-14305	Facility ManagementBuilding Constru		23,762.00	
10-50-5104-55105	Contractual			23,762.00
Total			**23,762.00**	**23,762.00**
Adjusting Journal Entries JE # 23		**5621**		
To capitalize Industrial Hall Project that was not reclassified through the offset account into CIP.				
10-50-5100-14305	Facility ManagementBuilding Constru		428,758.00	
30-50-5103-57130	Maintance Building (offset account)			428,758.00
Total			**428,758.00**	**428,758.00**
Adjusting Journal Entries JE # 24		**5350**		
To reverse credit balances included in the A/R Aging.				

Client: ***3001285275 - Virginia Union University***
Engagement: ***Audit 18 - Virginia Union University***
Trial Balance: ***1480 - Trial Balance Database***
Workpaper: ***1450 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
10-00-1010-11105	Student Receivables		83,111.00	
10-00-1010-11905	Student Account Write-Off Receivabl			83,111.00
Total			**83,111.00**	**83,111.00**
Adjusting Journal Entries JE # 25		**PBC**		
PBC entry to accrue invoices that were received after the trial balance was provided that related to FY18.				
10-10-1900-54108	Honorarium		500.00	
10-10-1906-55105	Contractual		1,387.00	
10-10-1906-55145	Choir - Instructional Supplies		143.00	
10-10-1918-55140	Non Instructional Supplies		192.00	
10-20-2107-55149	Uniforms		2,583.00	
10-20-2107-58500	Band Equip. Under 500 - Non-capital		347.00	
10-40-4408-55105	Contractual		940.00	
10-50-5103-55140	Non Instructional Supplies		76.00	
10-00-1600-22105	Accrued Expenses			6,168.00
Total			**6,168.00**	**6,168.00**
Adjusting Journal Entries JE # 26		**PBC**		
PBC entry to accrue invoices that were received after the trial balance was provided that related to FY18.				
30-10-1979-55136	Student Travel (Grants Only)		640.00	
32-40-4425-55150	Other Current Charges		4,997.00	
30-00-1600-22110	Accrued Salaries & Benefits			5,637.00
Total			**5,637.00**	**5,637.00**
Adjusting Journal Entries JE # 27		**8440**		
Entry to reverse non-cash balance related to Perkins loan posted in FY18 in error.				
10-40-4410-55150	Unallocated Budget Other Current Ch		254,855.00	
20-88-8025-41266	Fees and Fines		2,234.00	
20-88-8820-46220	Interest Income		149,860.00	
20-88-8830-41266	Fees and Fines		386.00	
20-88-8830-55150	Other Current Charges		148.00	
20-00-0000-55150	Other Current Charges			407,483.00
Total			**407,483.00**	**407,483.00**
Adjusting Journal Entries JE # 28		**6220**		
To accrue change in compensated absences.				
10-40-4410-55150	Unallocated Budget Other Current Ch		32,327.00	
10-00-1600-22120	CompensatedAbsences			32,327.00
Total			**32,327.00**	**32,327.00**
Adjusting Journal Entries JE # 29		**5930**		
To adjust balance in beneficial interest in perpetual trusts account to actual based on account statements and adjust gain/ loss for change in beneficial interest				
40-90-9230-55150	Other Current Charges		17,814.00	
DHG6	Realized and unrealized gains and losses - PR (beneficial interests)		1,277.00	
40-90-9154-10125	Beneficial interest in perpetual trusts			19,091.00
Total			**19,091.00**	**19,091.00**
Adjusting Journal Entries JE # 30		**5221**		
To reclassify investment fees for financial statement purposes.				
DHG11	Investment fees		192,350.00	
10-40-4410-56130	Administrative Fees			192,350.00
Total			**192,350.00**	**192,350.00**
Adjusting Journal Entries JE # 31		**5221**		
To reclassify investment gains and losses for financial statement purposes.				
10-00-1705-45305	Realzed & Unrealized lGain/Loss on I		1,340,687.00	
DHG10	Realized and unrealized gains and losses			1,340,687.00
Total			**1,340,687.00**	**1,340,687.00**
Adjusting Journal Entries JE # 32		**PBC**		
PBC entry to accrue 2017-2018 CIAA gift check not received until after year-end.				
10-00-1010-11310	Other Receivable		116,667.67	
10-00-1707-46120	Intercollegiate Athletics			116,667.67
Total			**116,667.67**	**116,667.67**
Adjusting Journal Entries JE # 33		**7150**		

Client: ***3001285275 - Virginia Union University***
Engagement: ***Audit 18 - Virginia Union University***
Trial Balance: ***1480 - Trial Balance Database***
Workpaper: ***1450 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
To record TR releases from restriction for FS presentation - client does not need to post.				
DHG12	Restrictions satisfied by payment		2,410,300.00	
DHG13	Net assets released from restriction			2,410,300.00
Total			**2,410,300.00**	**2,410,300.00**
Adjusting Journal Entries JE # 34		**5320**		
PBC - to record additional bed debt expense after reviewing CY allowance.				
10-00-1707-46236	Bad Debt Recovery		260,527.00	
10-00-1010-11905	Student Account Write-Off Receivabl			260,527.00
Total			**260,527.00**	**260,527.00**