

McGladrey & Pullen

Certified Public Accountants

Harford Community College

Annual Financial Report to the Maryland Higher Education Commission
June 30, 2009

ANNUAL FINANCIAL REPORT
TO THE
MARYLAND HIGHER EDUCATION COMMISSION
FROM HARFORD COMMUNITY COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

McGladrey & Pullen, LLP

Prepared by:

President of the College

Date: September 3, 2009

Harford Community College

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Harford Community College
Bel Air, Maryland

We have audited the accompanying statutory statements included in the Annual Financial Report to the Maryland Higher Education Commission (MHEC-CC-4) of Harford Community College (College) for the year ended June 30, 2009 listed in the foregoing table of contents and the full-time equivalent (FTE) enrollment data shown on pages 7, 8, 13 and 14. These financial statements and the FTE enrollment data shown on pages 7, 8, 13 and 14 are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements and the FTE enrollment data shown on pages 7, 8, 13, and 14 based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 of the Notes to the Statutory Statements included in the Annual Financial Report to the Maryland Higher Education Commission (CC-4), these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Maryland Higher Education Commission, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the current unrestricted fund and the current restricted fund of Harford Community College for the year ended June 30, 2009 on the basis of accounting described in Note 1.

Also in our opinion, the full-time equivalent (FTE) enrollment data shown on pages 7, 8, 13 and 14 is fairly presented in accordance with instructions set forth in Title 13B.07.03.02C, inclusive, of the Code of Maryland Regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements are not, and are not intended to be, the College's primary financial statements. The College has separately issued financial statements prepared in accordance with accounting principles generally accepted in the United States of America as its primary financial statements.

This report is intended solely for the information of and use of the Board of Trustees and management of the College and the Maryland Higher Education Commission and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
September 3, 2009

Harford Community College

Summary Statement of Revenues
For Fiscal Year Ended June 30, 2009

	Unrestricted Current Fund	Restricted Current Fund	Total Revenues
<u>Revenue Sources</u>			
Student Tuition and Fees:			
1. Credit	\$ 11,009,642	\$ -	\$ 11,009,642
2. Noncredit	3,441,913	-	3,441,913
3. TOTAL STUDENT TUITION AND FEES	\$ 14,451,555	\$ -	\$ 14,451,555
Governmental: (Explain Restricted Funds on Exhibits VII, VIII, IX)			
4. Federal	\$ -	\$ 3,968,758	\$ 3,968,758
5. State	10,131,139	1,415,722	11,546,861
6. Local	15,939,806	156,249	16,096,055
7. TOTAL GOVERNMENTAL	\$ 26,070,945	\$ 5,540,729	\$ 31,611,674
8. TOTAL SALES AND SERVICES OF EDUCATIONAL ACTIVITIES (Auxiliary Enterprise)	\$ 4,493,382	\$ -	\$ 4,493,382
Other:			
9. Gifts/Grants (Explain on Exhibit X)	\$ -	\$ 977,551	\$ 977,551
10. Other - Miscellaneous (Explain on Exhibit X)	3,942,409	167,016	4,109,425
11. TOTAL OTHER	\$ 3,942,409	\$ 1,144,567	\$ 5,086,976
12. TOTAL REVENUES	\$ 48,958,291	\$ 6,685,296	\$ 55,643,587

NOTE: Do not include State paid benefits; reconcile to financial statements on separate page.

MHEC-CC-4
Rev. 02-88

EXHIBIT I

See Notes to Statutory Statements.

Harford Community College

Summary Statement of Current Funds
For Fiscal Year Ended June 30, 2009

	Unrestricted Current Fund	Restricted Current Fund
Revenues:		
1. TOTAL REVENUES (Per Line 12, Exhibit I)	\$ 48,958,291	\$ 6,685,296
Expenditures by Function:		
Instruction	16,047,254	1,225,915
Research	-	-
Public Service	-	139,446
Academic Support	5,543,632	86,844
Student Services	4,370,089	5,217,436
Institutional Support	7,351,199	27,355
Operation and Maintenance of Plant	4,187,061	-
Scholarships and Fellowships	785,310	-
2. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	\$ 38,284,545	\$ 6,696,996
3. TOTAL MANDATORY TRANSFERS	\$ 22,829	\$ -
4. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES AND MANDATORY TRANSFERS	\$ 38,307,374	\$ 6,696,996
5. TOTAL AUXILIARY ENTERPRISES + IMPROVEMENT RESERVE	\$ 3,893,481	\$ -
6. TOTAL OTHER TRANSFERS	\$ 3,564,713	\$ -
7. TOTAL EXPENDITURES, TRANSFERS AND AUXILIARY ENTERPRISES	\$ 45,765,568	\$ 6,696,996

NOTE: Do not include State paid benefits; reconcile to financial statements on separate page.

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EXHIBIT II

See Notes to Statutory Statements.

Harford Community College

Educational and General Expenditures of the Unrestricted Current Fund by Function and Object
For Fiscal Year Ended June 30, 2009

ACCT NO.	Object Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Management of Plant	Scholarships and Fellowships	Total
5xxx	Compensation	\$ 14,386,322	\$ -	\$ -	\$ 3,798,446	\$ 3,625,805	\$ 4,871,427	\$ 1,002,269	\$ 200,589	\$ 27,884,858
60xx	Contracted services	779,065	-	-	931,431	291,652	1,370,324	1,502,934	-	4,875,406
61xx	Supplies and materials	360,481	-	-	427,215	144,481	325,547	285,667	-	1,543,391
62xx	Communications	29,369	-	-	68,892	64,467	221,006	2,553	-	386,287
63xx	Conferences and meetings	144,329	-	-	103,817	184,483	184,539	8,430	-	625,598
64xx	Grants/Subsidies	-	-	-	20,721	-	2,290	-	584,721	607,732
65xx	Utilities	4,249	-	-	54,352	-	140	1,105,257	-	1,163,998
66xx	Fixed charges	14,497	-	-	29,014	9,137	227,300	192,072	-	472,020
67xx	Open (specify below)	-	-	-	-	-	-	-	-	-
68xx	Open (specify below)	-	-	-	-	-	-	-	-	-
69xx	Open (specify below)	-	-	-	-	-	-	-	-	-
7xxx	Furniture and equipment	328,942	-	-	109,744	50,064	148,626	87,879	-	725,255
	Total Expenditures	\$ 16,047,254	\$ -	\$ -	\$ 5,543,632	\$ 4,370,089	\$ 7,351,199	\$ 4,187,061	\$ 785,310	\$ 38,284,545

Note: Do not include Auxiliary Enterprises; they are not Educational and General Expenditures. Do not include State paid benefits; reconcile to financial statements on a separate page. Transfers are not included.

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See Notes to Statutory Statements.

Harford Community College

Summary Statement of Educational and General Expenditures by Fund and Object Classification
 Unrestricted Current and Restricted Current Funds
 For Fiscal Year Ended June 30, 2009

ACCT NO.	Object Classification	Unrestricted Current Fund	Restricted Current Fund	Total Expenditures
5xxx	Compensation	\$ 27,884,858	\$ 1,354,020	\$ 29,238,878
60xx	Contracted services	4,875,406	717,128	5,592,534
61xx	Supplies and materials	1,543,391	173,739	1,717,130
62xx	Communications	386,287	29,398	415,685
63xx	Conferences and meetings	625,598	70,724	696,322
64xx	Grants/Subsidies	607,732	4,034,589	4,642,321
65xx	Utilities	1,163,998	28,276	1,192,274
66xx	Fixed charges	472,020	930	472,950
67xx	Open (specify below)	-	-	-
68xx	Open (specify below)	-	-	-
69xx	Open (specify below)	-	-	-
7xxx	Furniture and equipment	725,255	288,192	1,013,447
TOTAL EXPENDITURES		38,284,545	6,696,996	44,981,541
TOTAL MANDATORY TRANSFERS		22,829	-	22,829
TOTAL EXPENDITURES AND MANDATORY TRANSFERS		\$ 38,307,374	\$ 6,696,996	\$ 45,004,370

Note: Do not include State paid benefits; reconcile to financial statements on a separate page.

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EXHIBIT IV

See Notes to Statutory Statements.

Harford Community College

Notes to Statutory Statements

Note 1. Significant Accounting Policies

The College's policy is to prepare the statutory statements included in the Annual Financial Report to the Maryland Higher Education Commission on the basis of accounting practices prescribed or permitted by the Maryland Higher Education Commission. These practices differ from generally accepted accounting principles in various respects, among them including that Governmental Accounting Standards Board Statements 34 and 35 are not applied and current general unrestricted fund revenues and expenditures do not include amounts applicable to the operations of auxiliary enterprises. Additionally, sponsored scholarships from other sources of revenue and non-cash revenues and expenditures for certain fringe benefits which were paid by the State of Maryland are excluded.

Note 2. Administrative Services Provide to Auxiliary Enterprises

During the year ended June 30, 2009, the College charged \$59,480 to auxiliary enterprises to reimburse the College for the estimated cost of administrative services provided for the bookstore, food services, theater and sports complex activity.

Note 3. Reconciliation of Total Current General Unrestricted Revenues and Expenditures as Shown in Annual Financial Report with Total Current Funds Unrestricted Revenues and Expenditures Shown in the College's Financial Statements

	Revenues	Expenditures
Total current general unrestricted revenues and expenses shown in annual financial report	\$ 48,958,291	\$ 45,765,568
Deletions:		
Revenues and expenditures from auxiliary activities	(4,493,382)	(3,893,481)
Revenues and expenditures from improvement reserve	(150,056)	-
Total current funds unrestricted revenues and expenditures and transfers shown as supplementary information to the College's financial statements	<u>\$ 44,314,853</u>	<u>\$ 41,872,087</u>

Harford Community College

Computation of Adjusted Cost Per Full-Time Equivalent and Percent of Local Contribution
For Fiscal Year Ended June 30, 2009

The finalized State aid adjustment or payment for the fiscal year will be made with the November State aid payment. Certification will be made to the respective political subdivisions based on the following information.

1.	Total Unrestricted Current General Fund operating expenditures (From Exhibit II, Line 4)	<u>\$ 38,307,374</u>																												
2.	Subtract any expenditures included in #1 above which do not fall within the definition of Unrestricted Current General operating expenditures per COMAR Title 13C. List and specify items below. Indicate objects and functions in which these expenditures are shown on Exhibits III and IV.																													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Item</u></th> <th style="text-align: center;"><u>Object</u></th> <th style="text-align: center;"><u>Function</u></th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>a) Vacation/Sick Leave Accrual</td> <td style="text-align: center;">5501</td> <td style="text-align: center;">Inst. Support</td> <td style="text-align: right;">452,601</td> </tr> <tr> <td>b)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>c)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>c)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>e)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">TOTAL DEDUCTIONS:</td> <td style="text-align: right;"><u>452,601</u></td> </tr> </tbody> </table>	<u>Item</u>	<u>Object</u>	<u>Function</u>	<u>Amount</u>	a) Vacation/Sick Leave Accrual	5501	Inst. Support	452,601	b)				c)				c)				e)				TOTAL DEDUCTIONS:			<u>452,601</u>	
<u>Item</u>	<u>Object</u>	<u>Function</u>	<u>Amount</u>																											
a) Vacation/Sick Leave Accrual	5501	Inst. Support	452,601																											
b)																														
c)																														
c)																														
e)																														
TOTAL DEDUCTIONS:			<u>452,601</u>																											
3.	Adjusted Unrestricted Current Operating Expenditures (Line 1 less sum of 2a thru 2e)	<u>\$ 37,854,773</u>																												
4.	Total FTE students for fiscal year (From Exhibit VI, Total Column 2)	<u>4,999.72</u>																												
5.	Total Adjusted Unrestricted Current Operating Expenditures/Total FTE students (Yields adjusted cost per FTE)	<u>7,571.38</u>																												
6.	Total Maryland eligible FTE students (From Exhibit VI)	<u>4,885.03</u>																												
7.	State aid paid fiscal year ending June 30, 20XX (Exclude State paid benefits) (Complete Exhibit XI) (Based on two prior years audited FTEs)	<u>\$ 10,131,139</u>																												
8.	TOTAL LOCAL CONTRIBUTIONS *	<u>\$ 15,939,806</u>																												
9.	Percentage of adjusted Unrestricted Current Expenditures contributed by the local political subdivision rounded to two decimal places (Line 8/Line 3) *	<u>42.11%</u>																												

* Regional community colleges must supply this information for each county supporting the college

Harford Community College

Summary of Full-Time Equivalent Students and Student Tuition and Fees
For Fiscal Year Ended June 30, 2009

	FTE Students	Student Tuition and Fees
<u>Eligible Students</u>		
1. In-County (credit)	3,573.75	\$ 9,386,822
2. Out-of-County (credit)	171.38	834,531
3. Noncredit	1,139.90	3,441,913
TOTAL ELIGIBLE STUDENTS	4,885.03	\$ 13,663,266
<u>Ineligible Students</u>		
Credit		
4. Out-of-State	88.64	\$ 722,231
5. Other	26.05	66,058
Noncredit		
6. Out-of State		
7. Other		
TOTAL INELIGIBLE STUDENTS	114.69	\$ 788,289
TOTAL STUDENTS	4,999.72	\$ 14,451,555

NOTE: Regional community colleges are required to submit the above data for each of the counties supporting the college. Eligible refers to State fundable. FTEs shall be reported to the second place decimal.

Harford Community College

Summary of Restricted Federal Grant Programs
For Fiscal Year Ended June 30, 2009

Program Title	July 1, 2008 Balance	Revenues	Expenditures	June 30, 2009 Balance
Federal Government				
Federal Work Study	\$ -	\$ 148,067	\$ 148,067	\$ -
SEOG	-	74,470	74,470	-
Pell Grants	-	2,821,029	2,821,029	-
Academic Competitive Grant	-	47,375	47,375	-
Vocational Education	-	233,411	233,411	-
Federal Nursing Grant	-	121,622	121,622	-
Adult Basic Education	-	119,184	119,184	-
Small Business Development	-	113,624	113,624	-
HIV Prevention	-	139,446	139,446	-
Office of Economic Adjustment Grants	-	86,844	86,844	-
NSF Information Assurance Project	-	3,347	3,347	-
Effective Writing	-	57,680	57,680	-
Army Community Service	-	2,659	2,659	-
TOTAL FEDERAL	\$ -	\$ 3,968,758	\$ 3,968,758	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 4).

Harford Community College

Summary of Restricted State Grant Programs
For Fiscal Year Ended June 30, 2009

Program Title	July 1, 2008 Balance	Revenues	Expenditures	June 30, 2009 Balance
State Government				
Literacy Programs	\$ -	\$ 192,677	\$ 192,677	\$ -
Learning Disabilities Program	-	-	-	-
BRAC Higher Education	-	32,847	32,847	-
Higher Education Conference Center	-	14,664	14,664	-
Smoking Cessation	-	300	300	-
ESOL	-	53,661	53,661	-
Health Manpower	-	9,154	9,154	-
Innovative Partnership for Technology	-	9,319	9,319	-
Department of Social Services	-	712,154	712,154	-
Drug & Alcohol Impact Program	-	2,625	2,625	-
Small Business Development	-	108,077	108,077	-
Nurse Support II	-	224,062	224,062	-
HEAT Regional Higher Ed	-	56,182	56,182	-
TOTAL STATE	\$ -	\$ 1,415,722	\$ 1,415,722	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 5).

Harford Community College

Summary of Restricted Local Grant Programs
For Fiscal Year Ended June 30, 2009

Program Title	July 1, 2008 Balance	Revenues	Expenditures	June 30, 2009 Balance
Local Government				
Detention Center	\$ -	\$ 26,685	\$ 26,685	\$ -
Small Business Development	-	126,225	126,225	-
Harford Leadership Academy	-	2,576	2,576	-
New Visions	-	763	763	-
TOTAL LOCAL	\$ -	\$ 156,249	\$ 156,249	\$ -

NOTE: Total should agree with Exhibit I, Restricted Fund (page 2, line 6).

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EXHIBIT IX

Harford Community College

Summary of Other Sources of Unrestricted Current General Revenue
For Fiscal Year Ended June 30, 2009

Other Revenue Sources	Amount
Gifts:	\$ -
Total Gifts	<u>\$ -</u>
Other - Miscellaneous:	
Investment Income	\$ 258,912
Administrative Charges	278,747
Rental Income	109,700
Facilities Use	225,887
Reimbursement for Waivers	188,187
Improvement Reserve Revenue	150,056
Miscellaneous Revenue	23,569
Transfers from Fund Balance	2,666,878
Other	40,473
TOTAL OTHER - MISCELLANEOUS	<u>\$ 3,942,409</u>
TOTAL OTHER REVENUE SOURCES	<u>\$ 3,942,409</u>

NOTE: Totals should agree with Exhibit I, lines 9 and 10.

EXHIBIT X

MHEC-CC-4
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Harford Community College

Reconciliation of State Aid
For Fiscal Year Ended June 30, 2009

			Amount
4,538.24	State Aid FTEs @	1,398.00	<u>\$ 6,344,442</u>
Flat Grant			<u>3,786,697</u>
Part-time Grant			<u>-</u>
Low Income Student Grant			<u>-</u>
Other (specify below)			
	Medium Size Factor		
	Wealth Factor		
	Retirement Transfer		
	Supplemental State Aid		
	Funding: Recission		
TOTAL STATE AID			<u><u>\$ 10,131,139</u></u>

MHEC-CC-4
05-87

EXHIBIT XI

Harford Community College

Reconciliation of Maryland Full-Time Equivalent Students
For Fiscal Year Ended June 30, 2009

	Eligible Maryland FTEs Accepted by MHEC	Maryland FTEs Now Claimed per Audit
Summer Credit Enrollment (MHEC-C-2)	235.07	235.07
Summer Noncredit Enrollment (MHEC-CC-3)	156.16	156.16
Fall Credit Enrollment (MHEC-CC-2)	1,801.78	1,801.78
Fall Noncredit Enrollment (MHEC-CC-3)	394.56	394.56
Spring Credit Enrollment (MHEC-CC-2)	1,663.68	1,663.68
Spring Noncredit Enrollment (MHEC-CC-3)	589.18	589.18
Other Credit Enrollment (MHEC-CC-2)	44.60	44.60
Other Noncredit Enrollment (MHEC-CC-3)		
TOTAL ENROLLMENT	4,885.03	4,885.03
Total Eligible Maryland FTEs accepted by MHEC during fiscal year	4,885.03	X X X X X X X X X
Additional Eligible Maryland FTEs claimed per audit * (deletions)		X X X X X X X X X
TOTAL ELIGIBLE MARYLAND FTEs **	4,885.03	
TOTAL UNDUPLICATED PART-TIME STUDENTS		

* When additional FTEs not previously reported to the Maryland Higher Education Commission are claimed as a result of the audit, a properly executed MHEC-CC-2 or MHEC-CC-3 must be filed with the MHEC-CC-4 to substantiate the claim.

** This number of FTEs will be the basis for the payment of State aid two years hence. FTEs shall be reported to the second decimal place.

MHEC-CC-4
Rev. 05-87

EXHIBIT XII

Harford Community College

Student-Faculty Ratio (Credit Courses Only)
For Fiscal Year Ended June 30, 2009

TOTAL CREDIT HOURS GENERATED	<u><u>115,794.50</u></u>
TOTAL COURSE CREDIT HOURS TAUGHT	<u><u>6,153.50</u></u>
STUDENT-FACULTY RATIO (Total credit hours generated divided by total course credit hours taught)	<u><u>18.82</u></u>

NOTE:

Information for the computation of the student-faculty ratio is to be supplied by the chief academic officer in conformity with the guidelines decided upon by the Maryland Council of Community College Academic Deans as follows:

- A Student credit hours generated and course credit hours taught are to be measured at the end of the third week of classes.
- B Laboratory courses and independent study courses are to be excluded from the denominator if they did not appear independently on the printed class schedule.
- C Continuing education (noncredit) courses are to be excluded.
- D Includes all sessions.

Harford Community College

Funding of Health Manpower Shortage And Statewide Programs
For Fiscal Year Ended June 30, 2009

	<u>Statewide Programs</u>				<u>Health Manpower Shortage</u>			
	Fall CC-2A	Spring CC-2A	Winter CC-2A	Total	Fall CC-2D	Spring CC-2D	Winter CC-2D	Total
1. Total Out-of-County Students Enrolled In HMS & Statewide Programs	27.00	19.00	3.00	49.00	96.00	62.00	7.00	165.00
2. Total Credit Hours *	198.00	159.00	9.00	366.00	727.50	469.00	14.00	1,210.50
3. Total Tuition Differential *	\$ 15,246.00	\$ 12,243.00	\$ 693.00	\$ 28,182.00	\$ 56,017.50	\$ 36,113.00	\$ 1,078.00	\$ 93,208.50
Total State Aid Received For HMS & Statewide Programs	\$ 15,246.00	\$ 12,243.00	\$ 693.00	\$ 28,182.00	\$ 56,017.50	\$ 36,113.00	\$ 1,078.00	\$ 93,208.50
Minus Audit Adjustments	-	-	-	-	-	-	-	-
Total Audited State Aid Received For HMS & Statewide Programs	<u>\$ 15,246.00</u>	<u>\$ 12,243.00</u>	<u>\$ 693.00</u>	<u>\$ 28,182.00</u>	<u>\$ 56,017.50</u>	<u>\$ 36,113.00</u>	<u>\$ 1,078.00</u>	<u>\$ 93,208.50</u>

* Per Audit

MHEC CC-4

EXHIBIT XIV