

# **Saint Francis University**

Consolidated Financial Statements  
and Supplementary Information

June 30, 2021 and 2020

# **Saint Francis University**

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Table of Contents  
June 30, 2021 and 2020

	<u><b>Page</b></u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
<b>Supplementary Information</b>	
Financial Responsibility Supplemental Schedule	32

## **Independent Auditors' Report**

To the Board of Trustees of  
Saint Francis University and Affiliate

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Saint Francis University and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Francis University and Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial responsibility supplemental schedule on page 32, as required by Title 34 CFR Section 668.172, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

State College, Pennsylvania  
October 22, 2021

**Saint Francis University**Consolidated Statements of Financial Position  
June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,653,728	\$ 2,873,103
Accounts receivable:		
Students, net	1,423,723	1,841,199
Government agencies	417,065	259,293
Other	1,046,764	595,708
Unconditional promises to give	368,362	1,781,535
Inventory	255,011	285,689
Prepaid expenses and other	1,074,970	949,413
Investments	63,611,835	51,537,560
Student loans receivable	849,394	966,830
Debt service reserve fund	2,780,836	2,801,321
Beneficial interest in remainder trust	77,876	56,857
Cash restricted for purchase of property and equipment	2,095,584	1,336,891
Right-of-use assets	1,090,932	-
Plant assets, net	70,670,333	70,656,556
	<u>\$ 151,416,413</u>	<u>\$ 135,941,955</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,138,504	\$ 1,004,589
Construction accounts payable	1,209,261	603,016
Accrued payroll and related liabilities	2,780,365	3,053,243
Refundable advances	326,897	337,524
Deferred summer tuition	2,716,661	3,152,073
Other accrued liabilities	139,204	142,100
Student deposits and prepayments	337,012	1,318,465
Bonds payable	24,514,449	25,320,208
Notes payable	5,200,410	5,143,498
Operating lease obligations	1,090,932	-
Finance lease obligations	98,728	96,014
Annuities payable	54,470	78,895
Advance from federal government for student loans	792,853	892,771
	<u>40,399,746</u>	<u>41,142,396</u>
Total liabilities	<u>40,399,746</u>	<u>41,142,396</u>
<b>Net Assets</b>		
Without donor restrictions	49,695,636	44,859,713
With donor restrictions	61,321,031	49,939,846
	<u>111,016,667</u>	<u>94,799,559</u>
Total net assets	<u>111,016,667</u>	<u>94,799,559</u>
Total liabilities and net assets	<u>\$ 151,416,413</u>	<u>\$ 135,941,955</u>

See notes to consolidated financial statements

**Saint Francis University**

## Consolidated Statement of Activities

Year Ended June 30, 2021

(With Comparative Totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Operating Revenues</b>				
Tuition and fees, net	\$ 39,798,637	\$ -	\$ 39,798,637	\$ 39,584,782
Federal grants and contracts	1,764,787	2,470,718	4,235,505	2,653,061
State and local grants	1,009,999	-	1,009,999	963,018
Private gifts, grants and bequests	1,184,600	4,840,997	6,025,597	6,539,480
Interest and dividends, net	175,477	385,776	561,253	947,971
Other income	2,214,141	-	2,214,141	2,369,482
Auxiliary enterprises, net	12,694,541	-	12,694,541	11,300,940
Transfer from nonoperating to fund depreciation	719,757	-	719,757	768,077
Net assets released from restrictions:				
Satisfaction of program restrictions	4,657,755	(4,657,755)	-	-
Appropriation from donor endowment	2,127,373	(2,127,373)	-	-
<b>Total operating revenues</b>	<b>66,347,067</b>	<b>912,363</b>	<b>67,259,430</b>	<b>65,126,811</b>
<b>Operating Expenses</b>				
Educational and general:				
Program expenses:				
Instructional	22,174,793	-	22,174,793	22,253,577
Research and public service	2,310,174	-	2,310,174	2,353,145
Academic support	1,837,087	-	1,837,087	1,795,410
Student services	13,360,778	-	13,360,778	14,144,577
Student aid	735,140	-	735,140	602,915
Institutional support	12,808,733	-	12,808,733	11,650,345
<b>Total educational and general</b>	<b>53,226,705</b>	<b>-</b>	<b>53,226,705</b>	<b>52,799,969</b>
Auxiliary enterprises	10,078,091	-	10,078,091	9,513,395
<b>Total operating expenses</b>	<b>63,304,796</b>	<b>-</b>	<b>63,304,796</b>	<b>62,313,364</b>
<b>Change in net assets from operating activities</b>	<b>3,042,271</b>	<b>912,363</b>	<b>3,954,634</b>	<b>2,813,447</b>
<b>Nonoperating Activities</b>				
Realized and unrealized gain (loss) on investments	2,513,409	10,447,803	12,961,212	(159,684)
Transfer to operations to fund depreciation	(719,757)	-	(719,757)	(768,077)
Change in value of split-interest agreements	-	21,019	21,019	372
<b>Change in net assets from nonoperating activities</b>	<b>1,793,652</b>	<b>10,468,822</b>	<b>12,262,474</b>	<b>(927,389)</b>
<b>Change in net assets</b>	<b>4,835,923</b>	<b>11,381,185</b>	<b>16,217,108</b>	<b>1,886,058</b>
<b>Net Assets, Beginning</b>	<b>44,859,713</b>	<b>49,939,846</b>	<b>94,799,559</b>	<b>92,913,501</b>
<b>Net Assets, Ending</b>	<b>\$ 49,695,636</b>	<b>\$ 61,321,031</b>	<b>\$ 111,016,667</b>	<b>\$ 94,799,559</b>

See notes to consolidated financial statements

**Saint Francis University**

## Consolidated Statement of Activities

Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues</b>			
Tuition and fees, net	\$ 39,584,782	\$ -	\$ 39,584,782
Federal grants and contracts	1,989,468	663,593	2,653,061
State and local grants	963,018	-	963,018
Private gifts, grants and bequests	1,974,477	4,565,003	6,539,480
Interest and dividends, net	298,596	649,375	947,971
Other income	2,369,482	-	2,369,482
Auxiliary enterprises, net	11,300,940	-	11,300,940
Transfer from nonoperating to fund depreciation	768,077	-	768,077
Net assets released from restrictions:			
Satisfaction of program restrictions	2,679,077	(2,679,077)	-
Appropriation from donor endowment	1,350,511	(1,350,511)	-
<b>Total operating revenues</b>	<b>63,278,428</b>	<b>1,848,383</b>	<b>65,126,811</b>
<b>Operating Expenses</b>			
Educational and general:			
Program expenses:			
Instructional	22,253,577	-	22,253,577
Research and public service	2,353,145	-	2,353,145
Academic support	1,795,410	-	1,795,410
Student services	14,144,577	-	14,144,577
Student aid	602,915	-	602,915
Institutional support	11,650,345	-	11,650,345
<b>Total educational and general</b>	<b>52,799,969</b>	<b>-</b>	<b>52,799,969</b>
<b>Auxiliary enterprises</b>	<b>9,513,395</b>	<b>-</b>	<b>9,513,395</b>
<b>Total operating expenses</b>	<b>62,313,364</b>	<b>-</b>	<b>62,313,364</b>
<b>Change in net assets from operating activities</b>	<b>965,064</b>	<b>1,848,383</b>	<b>2,813,447</b>
<b>Nonoperating Activities</b>			
Realized and unrealized loss on investments	(5,452)	(154,232)	(159,684)
Transfer to operations to fund depreciation	(768,077)	-	(768,077)
Change in value of split-interest agreements	-	372	372
<b>Change in net assets from nonoperating activities</b>	<b>(773,529)</b>	<b>(153,860)</b>	<b>(927,389)</b>
<b>Change in net assets</b>	<b>191,535</b>	<b>1,694,523</b>	<b>1,886,058</b>
<b>Net Assets, Beginning</b>	<b>44,668,178</b>	<b>48,245,323</b>	<b>92,913,501</b>
<b>Net Assets, Ending</b>	<b>\$ 44,859,713</b>	<b>\$ 49,939,846</b>	<b>\$ 94,799,559</b>

See notes to consolidated financial statements

**Saint Francis University**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Expenses							Facilities, Operations and Maintenance	Total
	Instructional	Research and Public Service	Academic Support	Student Services	Student Aid	Institutional Support	Auxiliary Enterprises		
<b>Operating Expenses</b>									
Compensation:									
Salaries and wages	\$ 13,430,844	\$ 1,190,420	\$ 445,614	\$ 5,474,756	\$ -	\$ 3,264,358	\$ 1,888,445	\$ 1,837,086	\$ 27,531,523
Benefits	3,321,241	359,655	121,171	1,484,285	-	2,649,658	1,096,829	814,815	9,847,654
Professional services	278,483	-	-	311,230	-	3,786,929	1,545,112	125,678	6,047,432
Other	579,348	135,649	368,330	1,950,415	-	1,503,091	828,309	44,258	5,409,400
Depreciation and amortization	1,092,281	109,415	81,348	704,904	-	193,811	2,063,276	511,452	4,756,487
Supplies, equipment maintenance and repairs	493,660	103,739	3,894	483,632	-	296,440	331,828	621,022	2,334,215
Utilities	7,957	2,345	-	42,019	-	180,522	623,588	797,030	1,653,461
Food	-	-	-	-	-	-	1,354,333	-	1,354,333
Travel, conferences, recruitment, meals and lodging	72,423	46,731	-	970,536	-	104,188	15,534	325	1,209,737
Interest on indebtedness	-	-	-	52,971	-	3,314	69,662	1,038,523	1,164,470
Student Emergency Assistance Fund (HEERF)	-	-	-	-	735,140	-	-	-	735,140
Insurance	716	-	-	102,226	-	-	254,115	297,278	654,335
Marketing and advertising	10,693	-	-	110,208	-	478,648	7,060	-	606,609
	19,287,646	1,947,954	1,020,357	11,687,182	735,140	12,460,959	10,078,091	6,087,467	63,304,796
Allocation of facilities, operations and maintenance	2,887,147	362,220	816,730	1,673,596	-	347,774	-	(6,087,467)	-
Total operating expenses	<u>\$ 22,174,793</u>	<u>\$ 2,310,174</u>	<u>\$ 1,837,087</u>	<u>\$ 13,360,778</u>	<u>\$ 735,140</u>	<u>\$ 12,808,733</u>	<u>\$ 10,078,091</u>	<u>\$ -</u>	<u>\$ 63,304,796</u>

See notes to consolidated financial statements



**Saint Francis University**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Expenses							Facilities, Operations and Maintenance	Total
	Instructional	Research and Public Service	Academic Support	Student Services	Student Aid	Institutional Support	Auxiliary Enterprises		
<b>Operating Expenses</b>									
Compensation:									
Salaries and wages	\$ 13,042,138	\$ 1,064,760	\$ 429,195	\$ 5,468,148	\$ -	\$ 3,859,918	\$ 1,772,980	\$ 1,866,374	\$ 27,503,513
Benefits	3,270,516	308,876	117,059	1,520,076	-	2,995,762	1,002,697	799,405	10,014,391
Other	218,620	155,850	346,714	1,866,581	-	1,503,597	649,460	175,685	4,916,507
Depreciation and amortization	1,250,874	105,857	69,174	659,487	-	226,104	1,888,462	521,475	4,721,433
Professional services	253,310	28,881	-	517,216	-	1,780,117	1,613,934	154,459	4,347,917
Travel, conferences, recruitment, meals and lodging	268,558	257,993	123	1,773,282	-	176,018	11,662	4,737	2,492,373
Supplies, equipment maintenance and repairs	721,383	60,242	4,514	384,225	-	296,609	309,050	457,772	2,233,795
Utilities	15,512	3,340	251	55,316	-	124,597	664,225	874,135	1,737,376
Food	-	-	-	-	-	-	1,288,996	-	1,288,996
Interest on indebtedness	-	-	-	38,080	-	53,301	73,150	984,502	1,149,033
Insurance	1,003	-	-	108,875	-	-	232,611	335,068	677,557
Marketing and advertising	283,659	-	93	56,012	-	281,626	6,168	-	627,558
Student Emergency Assistance Fund (HEERF)	-	-	-	-	602,915	-	-	-	602,915
	19,325,573	1,985,799	967,123	12,447,298	602,915	11,297,649	9,513,395	6,173,612	62,313,364
Allocation of facilities, operations and maintenance	2,928,004	367,346	828,287	1,697,279	-	352,696	-	(6,173,612)	-
Total operating expenses	<u>\$ 22,253,577</u>	<u>\$ 2,353,145</u>	<u>\$ 1,795,410</u>	<u>\$ 14,144,577</u>	<u>\$ 602,915</u>	<u>\$ 11,650,345</u>	<u>\$ 9,513,395</u>	<u>\$ -</u>	<u>\$ 62,313,364</u>

See notes to consolidated financial statements

**Saint Francis University**

Consolidated Statements of Cash Flows  
Years Ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 16,217,108	\$ 1,886,058
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,745,728	4,710,673
(Gain) loss on disposal of plant assets	(42,449)	394,413
Realized and unrealized (gain) loss on investments	(12,961,212)	159,684
Private gifts restricted for long-term investment	(2,611,188)	(588,201)
Private gifts restricted for purchase of property and equipment	(758,693)	(439,651)
Change in value of split-interest agreements	(21,019)	(372)
Changes in assets and liabilities:		
Accounts receivable	(191,352)	317,491
Unconditional promises to give	4,024,361	141,613
Inventory	30,678	(33,682)
Prepaid expenses and other	(125,557)	(44,470)
Accounts payable	133,915	(507,667)
Accrued payroll and related liabilities	(272,878)	(449,853)
Refundable advances	(446,039)	(316,479)
Other accrued liabilities	(2,896)	(3,665)
Student deposits and prepayments	(981,453)	852,574
Net cash provided by operating activities	<u>6,737,054</u>	<u>6,078,466</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of investments	20,632,837	16,401,844
Purchases of investments	(24,007,304)	(17,811,674)
Capital grants received	-	223,218
Purchases of plant assets	(2,999,478)	(3,772,432)
Purchase of property and equipment with restricted contributions	(758,693)	(457,271)
Proceeds from the sale of plant assets	-	11,176
Payments on student loans receivable	117,436	112,857
Net cash used in investing activities	<u>(7,015,202)</u>	<u>(5,292,282)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on bonds and loans payable and finance leases	(1,098,773)	(1,350,158)
Proceeds from contributions restricted for long-term investments	4,240,919	685,824
Proceeds from contributions restricted for purchase of property and equipment	758,693	439,651
Decrease in debt service reserve fund assets	20,485	15,458
Decrease in bond project fund	-	804,609
(Payments) proceeds of annuity obligations	(24,425)	144
Net repayments to federal government for student loans	(99,918)	(167,782)
Net cash provided by in financing activities	<u>3,796,981</u>	<u>427,746</u>
Net change in cash and cash equivalents and restricted cash and cash equivalents	3,518,833	1,213,930
<b>Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>7,011,315</u>	<u>5,797,385</u>
<b>Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u><u>\$ 10,530,148</u></u>	<u><u>\$ 7,011,315</u></u>
<b>Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents to Consolidated Statements of Financial Position</b>		
Cash and cash equivalents	\$ 5,653,728	\$ 2,873,103
Cash and cash equivalents restricted for purchase of property and equipment	2,095,584	1,336,891
Cash and cash equivalents included in debt service reserve fund	2,780,836	2,801,321
Total cash and cash equivalents and restricted cash and cash equivalents	<u><u>\$ 10,530,148</u></u>	<u><u>\$ 7,011,315</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	<u>\$ 1,168,444</u>	<u>\$ 1,152,391</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Plant assets in accounts payable	<u>\$ 1,209,261</u>	<u>\$ 603,016</u>
Asset acquired under finance lease	<u>\$ 38,399</u>	<u>\$ -</u>
Asset acquired under operating lease	<u>\$ 1,090,932</u>	<u>\$ -</u>
Assets acquired with notes payable	<u>\$ 325,000</u>	<u>\$ 1,930,000</u>

See notes to consolidated financial statements

### 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

Saint Francis University (the College) is a not-for-profit educational institution located in Loretto, Pennsylvania. The College awards grants-in-aid and scholarships from its net assets with and without donor restrictions to individuals who meet the College's academic standards. The amounts of such awards are determined primarily based upon the academic performance of each applicant. Additional financial aid is provided to students from federal and state programs in which the College participates and from monies contributed to the College by alumni and friends.

DiSepio Institute for Rural Health and Wellness (DIRHW), a separate not-for-profit organization, is a related entity which requires consolidation under Financial Accounting Standards Board (FASB) guidance. DIRHW offers a series of health promotion and rehabilitation services to the College and surrounding community, particularly those who have limited resources and are underserved. DIRHW staff and members of the College's health and behavioral sciences departments pursue clinical research, engage in clinical teaching and offer clinical services to members of the College and local communities.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the College and DIRHW (collectively, the University). The activities of DIRHW have been consolidated in these financial statements due to the College having a controlling interest in DIRHW through a majority voting interest in the Board. All significant intercompany balances and transactions have been eliminated in consolidation.

The University evaluated subsequent events for recognition or disclosure through October 22, 2021, the date the consolidated financial statements were available to be issued (see Note 20).

#### Basis of Presentation

The consolidated financial statements of the University have been prepared in conformity with accounting principles generally accepted in the United States of America, including accounting standards as they relate to financial statements of not-for-profit organizations. The FASB guidance requires the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows.

Net assets and revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows.

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

**Net Assets With Donor Restrictions** - Net assets whose use by the University is subject to donor-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

**Accounts Receivable, Students**

Accounts receivable, students are reported at net realizable value. Accounts receivable, students are not collateralized. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the University's historical losses and periodic review of individual accounts.

**Promises to Give**

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors past collection experience and other relevant factors.

Conditional promises to give are promises for which donor-imposed conditions specify future and uncertain events whose occurrence or failure to occur release the donors from the obligation to transfer assets in the future. If and when such conditions have been substantially met, these promises cease to be conditional and revenues are recorded, as appropriate.

**Donor-Restricted Gifts**

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as gifts with donor restrictions that increase that net asset classification. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Capital Gifts to Acquire or Construct Long-Lived Assets**

Capital gifts to acquire or construct long-lived assets are recorded as a donor-restricted gift until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This depreciation, which amounted to \$719,757 and \$768,077 in 2021 and 2020, respectively, is recorded as a reclassification between the nonoperating and operating sections of the change in net assets without donor restrictions in the consolidated statements of activities.

**Investments**

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the consolidated statements of activities.

The cost of investments received as gifts is recorded at their fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments and all income from investments, are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations, or by law.

Alternative investments, representing ownership in private equity funds are valued at the net asset value (NAV) equivalent of the underlying holdings.

The University's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the University's investment policy. The degree and concentration of credit risk varies by type of investment. The fair values reported in the consolidated statements of financial position are exposed to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

**Plant Assets**

Plant assets are stated at cost, if purchased, or fair value at the date of gift, if donated, less accumulated depreciation, computed on a straight-line basis over their estimated useful lives: buildings (12-62 years); land improvements (20-40 years); furniture and equipment (2-10 years); vehicles (5 years). Library books are stated at cost and are depreciated on a straight-line basis over an estimated useful life of 7 years. Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized.

**Advance From Federal Government for Student Loans**

The University is a participant in the Federal Perkins Loan program, a program which makes student loans available to eligible participants. This program is funded by both the federal government and the University, with the portion estimated to be allocable to the federal government recorded as a liability in the consolidated statements of financial position, and the portion allocable to the University included in net assets without donor restrictions.

**Revenue Recognition**

Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Sales and services of auxiliary enterprises revenue, which consists of room and board and related services, is recognized when the related service is provided or performed. Tuition and fees and auxiliary enterprise contracts are considered to have a duration of less than one year.

Transaction prices for tuition, fees, room and board are determined based on the approved University tuition and fees schedules. Institutional financial aid and discounts provided by the University are reflected as a reduction of tuition and fees revenue with the exception of specifically identified auxiliary and athletic awards, which are reflected as a reduction in auxiliary revenue. The University awards grants-in-aid and scholarships to individuals who meet the University's academic standards. The amounts of such awards are based upon merit, the financial needs and/or athletic sport participation of each applicant.

Amounts are due for tuition, fees, room and board at the beginning of each semester. In accordance with the University's refund policies, full time undergraduate students may receive a full or partial refund until 60 percent of the semester has expired.

Deferred summer tuition for billed services not yet performed totaled \$2,716,661 at June 30, 2021 and consists primarily of amounts related to 2021 summer sessions. This amount will be recognized as revenue in fiscal 2022 as academic services are provided. In 2020, the University's deferred summer tuition consisted only of billed services not yet performed of \$3,152,073. This amount was recognized in full as revenue in 2021.

Student deposits and prepayments totaled \$337,012 at June 30, 2021 and represents deposits for tuition, fees and room and board and trips from currently enrolled students for the 2021-22 academic year and these will be recognized as revenue in fiscal 2022 as the performance obligation is satisfied. At June 30, 2020, the University's student deposits and prepayments were \$1,318,465. This amount was recognized in full as revenue in 2021.

# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

### Tuition and Fees, Net

Tuition and fees are presented net of grants-in-aid, scholarships, discounts and fellowships.

A discount to tuition and fees results when the University reduces the obligation of a student by granting financial aid. The following details the gross and net amounts of tuition and fees for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Tuition and fees	\$ 71,115,131	\$ 69,007,170
Less scholarship allowances	<u>(31,316,494)</u>	<u>(29,422,388)</u>
Tuition and fees, net	<u>\$ 39,798,637</u>	<u>\$ 39,584,782</u>

### Auxiliary Enterprises, Net

Auxiliary enterprises are presented net of grants-in-aid, discounts, scholarships and fellowships.

A discount to auxiliary enterprises results when the University reduces the obligation of a student by granting financial aid. The following details the gross and net amounts of auxiliary enterprises for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Auxiliary enterprises	\$ 14,431,373	\$ 12,811,305
Less scholarship allowances	<u>(1,736,832)</u>	<u>(1,510,365)</u>
Auxiliary enterprises, net	<u>\$ 12,694,541</u>	<u>\$ 11,300,940</u>

### Contributions and Grants

All contributions are considered to be available for use without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, donor-restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a discount rate which approximates current market rates. Amortization of the discount is included in contribution revenue.

Conditional promises to give are promises for which donor-imposed conditions specify future and uncertain events whose occurrence or failure to occur release the donors from the obligation to transfer assets in the future. If and when such conditions have been substantially met, these promises cease to be conditional, and revenues are recorded, as appropriate.

A portion of the University's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the University has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

**Nonoperating Activities**

For the purpose of the consolidated statements of activities, the University considers its change in net assets without donor restrictions to be operational changes, except for changes related to gains or losses on investments, transfers to operations to fund depreciation, capital grants and change in the value of split-interest agreements.

**Advertising Costs**

Advertising costs are expensed as incurred and amounted to approximately \$1,839,000 in 2021 and \$1,146,000 in 2020.

**Fund-Raising Costs**

Fund-raising costs are expensed as incurred and amounted to approximately \$1,048,000 in 2021 and \$1,112,000 in 2020 and are included in institutional support in the consolidated statements of activities.

**Cash Equivalents and Restricted Cash Equivalents**

For the purposes of the consolidated statements of cash flows, the University considered all highly liquid investments with original maturities of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

**Functional Expenses**

The University allocates depreciation, interest and plant operations and maintenance costs to program and supporting activities. Depreciation is allocated based upon the purpose, program and location of each asset. Interest is allocated based upon the project or asset purpose of each loan. Plant operations and maintenance costs are allocated based upon square footages of all nonauxiliary facilities' primary uses.

**Leases**

The University has entered into a variety of operating and finance leases for student housing facilities, office/classroom space, copiers and other equipment. The obligations associated with these leases have been recognized as a liability in the consolidated statements of financial position based on future lease payments, discounted by the incremental borrowing rate.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain an option to extend or terminate will be exercised.

The University has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position since the University has elected the practical expedient to exclude these leases from operating right-of-use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

**Income Taxes**

The College and DIRHW are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The University accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in fiscal 2021 and 2020.

The University's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

**Title IV Requirements**

The University participates in Government Student Financial Assistance Programs (Title IV) administered by the U.S. Department of Education (ED) for the payment of student tuitions. Substantial portions of the revenue and collection of ending accounts receivable as of June 30, 2021 and 2020 are dependent upon the University's continued participation in the Title IV programs.

Institutions participating in the Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in the regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts in the 2020 consolidated financial statements have been reclassified for comparative purposes to conform to the 2021 presentation.

**New Accounting Standard Adopted**

Effective July 1, 2020, the University adopted the FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842) (as amended)*. Topic 842 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the statement of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

The University elected the option to apply the transition requirements at the effective date of July 1, 2020, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to net assets without donor restrictions in the period of adoption. Consequently, the consolidated financial statements and disclosures required under Topic 842 have not been updated as of and for year ended June 30, 2020. The University also elected the package of practical expedients, which permits the University to not reassess prior conclusions about lease identification, classification and initial direct costs. In addition, the University elected the short-term lease recognition exemption for all leases that qualify under Topic 842.



The most significant effects of the adoption of Topic 842 on the University's consolidated financial statements relate to the recognition of new right-of-use assets and operating lease obligations on its consolidated statements of financial position for operating leases and providing significant new disclosures about leasing activities. Upon adoption, the University recognized operating lease obligations of approximately \$1,091,000 based on the present value of the remaining minimum rental payments as determined in accordance with Topic 842 for leases that had historically been accounted for as operating leases under Topic 840. The University recognized the corresponding operating right-of-use assets based on the operating lease obligations. The accounting for existing capital leases, now referred to as finance leases, remain substantially unchanged.

During March 2019, the FASB issued ASU No. 2019-03, *Non-Profit Entities (Topic 958): Updating the Definition of Collections (Topic 958)*. ASU No. 2019-03 modifies the definition of the term collections and requires that a collection-holding entity disclose its policy for the use of proceeds from collection items that are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The University adopted this guidance as of July 1, 2020 on a prospective basis and this adoption had no material impact on its consolidated results of operations, financial position or cash flows or disclosures.

During August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, *Fair Value Measurement*. The amendments are based on concepts in the FASB's Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. The University adopted this guidance as of July 1, 2020 and was applied retrospectively to all periods presented.

### **New Accounting Standards Not Yet Adopted**

During September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU No. 2020-07 is effective for the University for the fiscal year ending June 30, 2022. The University is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

## **2. Accounts Receivable, Students**

Accounts receivable, students represent amounts due for tuition, fees and room and board from currently enrolled and former students. The University extends unsecured credit to students and parents of dependent students in connection with their studies. Some of those students are no longer enrolled in the University.

Accounts receivable, students consist of the following at June 30:

	<b>2021</b>	<b>2020</b>
Accounts receivable	\$ 1,837,223	\$ 2,186,299
Allowance for doubtful accounts	(413,500)	(345,100)
Net	<u>\$ 1,423,723</u>	<u>\$ 1,841,199</u>

**3. Unconditional Promises to Give**

Unconditional promises to give at June 30 are as follows:

	2021	2020
In one year or less	\$ 191,667	\$ 850,950
Between one year and five years	232,075	1,208,550
Allowance for doubtful collections	(40,929)	(197,948)
Discount	(14,451)	(80,017)
Unconditional promises to give, net	<u>\$ 368,362</u>	<u>\$ 1,781,535</u>

The net present value of these cash flows was determined by using risk adjusted discount rates between 0.29 percent and 2.73 percent to account for the time value of money for 2021 and 2020.

Management believes the University's allowance for doubtful collections at June 30, 2021 and 2020 is adequate based upon information currently known. However, events impacting donors can occur in subsequent years that may cause a material change in the allowance for doubtful collections.

**4. Fair Value Measurements, Investments and Other Financial Instruments**

The University measures its investments and beneficial interest in remainder trust at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as 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. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the University for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

The following tables present the financial instruments measured at fair value as of June 30, 2021 and 2020 by caption on the consolidated statements of financial position by the valuation hierarchy defined above:

	2021			
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Cash and cash equivalents	\$ 3,661,100	\$ -	\$ -	\$ 3,661,100
Equity mutual funds:				
Large-cap	7,861,385	-	-	7,861,385
International	9,186,050	-	-	9,186,050
Fixed income mutual funds:				
Core fixed income	3,752,888	-	-	3,752,888
Real return	2,350,830	-	-	2,350,830
Short-term	5,524,707	-	-	5,524,707
Inflation protected	1,020,725	-	-	1,020,725
International	2,569,630	-	-	2,569,630
Equity securities:				
Large-cap	13,869,114	-	-	13,869,114
Small-cap	5,966,664	-	-	5,966,664
Bonds:				
U.S. government	-	1,278,853	-	1,278,853
Asset backed	-	1,593,637	-	1,593,637
U.S. corporate	-	2,074,832	-	2,074,832
Total investments by valuation hierarchy	<u>\$ 55,763,093</u>	<u>\$ 4,947,322</u>	<u>\$ -</u>	60,710,415
Alternative investments reported at net asset value				2,763,112
Cash surrender value of life insurance at contract value				138,308
Total investments				<u>\$ 63,611,835</u>

# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

	2020			
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Cash and cash equivalents	\$ 3,281,261	\$ -	\$ -	\$ 3,281,261
Equity mutual funds:				
Large-cap	6,278,550	-	-	6,278,550
International	6,749,287	-	-	6,749,287
Fixed income mutual funds:				
Core fixed income	3,922,423	-	-	3,922,423
Real return	2,246,532	-	-	2,246,532
Short-term	4,387,764	-	-	4,387,764
International	2,367,667	-	-	2,367,667
Equity securities:				
Large-cap	11,279,175	-	-	11,279,175
Small-cap	4,833,667	-	-	4,833,667
Bonds:				
U.S. government	-	945,509	-	945,509
Asset backed	-	1,535,685	-	1,535,685
U.S. corporate	-	2,403,143	-	2,403,143
Total investments by valuation hierarchy	<u>\$ 45,346,326</u>	<u>\$ 4,884,337</u>	-	50,230,663
Alternative investments reported at net asset value				1,170,729
Cash surrender value of life insurance at contract value				<u>136,168</u>
Total investments				<u>\$ 51,537,560</u>

### Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

*Cash and cash equivalents:* The carrying amounts approximate fair value because of the short maturity of those financial instruments.

*Investments:* Mutual funds and equity securities in the investment portfolio are measured at fair value using quoted market prices for identical assets, which are considered Level 1 inputs. Bond obligations are valued based on quoted prices of similar assets, with similar terms, in actively traded markets and are measured using Level 2 inputs.

*Alternative investments:* The University measures the fair value for these alternative investments based on NAV as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the fund's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the University sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The alternative investments represent investments in private equity funds that pursue multiple strategies to diversify risks and reduce volatility. The alternative investments pursue multiple strategies as follows:

- Commonfund Capital Partners VII, L.P. is a 2019 vintage, private equity fund of funds focused on delivering long-term capital appreciation and risk-adjusted net returns through equity investments. Strategic focus areas include the following: venture capital: early stage information technology; private equity: growth equity, small/middle market and leveraged buyout; global private equity ex-US: European and other non-U.S. private equity and natural Resources: oil, natural gas, oilfield services, mining, power and other natural resources. The University has monies invested in this alternative investment for fiscal 2021 and 2020 with an unfunded commitment of \$840,000 at June 30, 2021 and \$1,012,500 at June 30, 2020.
- LEM Multifamily Fund V, L.P. was formed in 2020 and has a term of eight years. The fund was established to generate current income and appreciation primarily through the origination of structured equity investments in multifamily real estate properties in select markets in the United States. The University has monies invested in this alternative investment for fiscal 2021 and 2020 with an unfunded commitment of \$600,000 at June 30, 2021 and \$1,400,000 at June 30, 2020.

The preceding tables include cash surrender value of life insurance in the amount of \$138,308 and \$136,168 at June 30, 2021 and 2020, respectively, which approximates estimated fair value and which is included in investments in the consolidated statements of financial position.

There are no redemption restrictions associated with the alternative investments.

The following summarizes the composition of investment return for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Interest and dividend income	\$ 956,113	\$ 1,409,553
Investment fees	(394,860)	(461,582)
Subtotal, operating activities	561,253	947,971
Realized gains on sale of investments	3,744,538	218,342
Unrealized gains (losses) on investments	9,216,674	(378,026)
Subtotal, nonoperating activities	12,961,212	(159,684)
Net investment return	<u>\$ 13,522,465</u>	<u>\$ 788,287</u>

## 5. Student Loans Receivable

Student loans are made with funds advanced to the University by the federal government under the Federal Perkins Loan program (the Program). The Extension Act amended Section 461 of the Higher Education Act to end the University's authority to make new Perkins Loans after June 30, 2018. The University is not required to assign the outstanding Perkins Loans to the ED or liquidate their Perkins Loan Revolving Funds due to the wind-down of the Program, however, the University may choose to liquidate at any time in the future. As of June 30, 2021, the University continues to service the Program. In the event that the University no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds at June 30, 2021 and 2020 was \$792,853 and \$892,771, respectively.

## Saint Francis University

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

The University matches and contributes one-third of the amount contributed by the U.S. Government to the Program.

The prescribed practices for the Program do not provide for accrual of interest on student loans receivable or for a provision of allowance for doubtful loans. Accordingly, interest on loans is recorded as received; uncollectible loans are not recognized until the loans are canceled or written off in conformity with the Program requirements. The impact of recording interest income on a cash basis is not considered significant. In addition, the credit quality of the student is not evaluated after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management, but are not material to the overall consolidated financial statements.

## 6. Plant Assets, Net

The composition of plant assets was as follows at June 30:

	2021	2020
Land	\$ 380,284	\$ 380,284
Land improvements	11,520,230	11,210,375
Buildings	101,573,127	100,515,718
Furniture and equipment	18,537,314	17,361,908
Equipment held under finance leases	171,685	133,286
Vehicles	1,132,140	1,031,582
Library books	5,051,356	5,051,356
Collections	342,895	342,895
Construction in progress	2,928,636	1,156,273
Total	141,637,667	137,183,677
Accumulated depreciation	(70,967,334)	(66,527,121)
Plant assets, net	\$ 70,670,333	\$ 70,656,556

Depreciation expense was approximately \$4,756,000 in 2021 and \$4,721,000 in 2020.

## 7. Lines of Credit

The University has a \$3,750,000 line of credit available from a bank which is due on demand. At June 30, 2021 and 2020, no amounts were outstanding under this line of credit. Variable interest is paid monthly at prime rate (3.25 percent at June 30, 2021). The line of credit matures June 30, 2022 and is secured by all accounts and revenues of the University.

The University also has a \$3,750,000 unsecured line of credit available from a bank which is due on demand. There were no borrowings outstanding at June 30, 2021 and 2020. Variable interest is paid monthly at prime rate (3.25 percent at June 30, 2021).

## Saint Francis University

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

#### 8. Bonds Payable

Bonds payable at June 30, 2021 and 2020 are comprised of the following issues:

	2021	2020
Revenue Bonds, Series 2012 LL2 (issued through Pennsylvania Higher Educational Facilities Authority), due in varying annual installments through November 2023; fixed interest rate ranging from 2% to 3.25%	\$ 2,465,000	\$ 3,260,000
Revenue Bonds, Series 2017 PP3 (issued through Cambria County General Financing Authority), due in varying annual installments beginning November 2024 through November 2041; fixed interest rate ranging from 2.25% to 5%	21,620,000	21,620,000
	24,085,000	24,880,000
Deferred financing costs	(253,000)	(274,230)
Unamortized bond premium	682,449	714,438
Total	<u>\$ 24,514,449</u>	<u>\$ 25,320,208</u>

The aggregate future principal payments on bonds payable at June 30, 2021 is as follows:

Years ending June 30:	
2022	\$ 820,000
2023	845,000
2024	800,000
2025	755,000
2026	760,000
Thereafter	20,105,000
Total	<u>\$ 24,085,000</u>

As required by the loan agreements, the University has established debt service reserve funds. These funds are reflected in the consolidated statements of financial position as of June 30, 2021 and 2020. These funds are invested in cash and cash equivalents and are subject to Federal Deposit Insurance Corporation limits.

In connection with the issuance of these bonds, the University has agreed to certain financial covenants with which it must comply, including a rate covenant. The University was in compliance with these financial covenants at June 30, 2021.

## Saint Francis University

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

#### 9. Notes Payable

Notes payable at June 30, 2021 and 2020 are comprised of the following:

	2021	2020
Note payable to First National Bank, payable in monthly installments of \$9,297, including principal and interest at 1.89%; matures May 2024; secured by vehicles	\$ 316,197	\$ -
Note payable to First National Bank, payable in monthly installments of \$4,315, including principal and interest at 2.73%; matures April 2022; secured by the computer equipment acquired with the borrowing	42,613	92,461
Note payable to 1st Summit Bank, payable in monthly installments of \$4,098, including principal and interest at 3.24%; matured May 2021	-	44,352
Note payable to First National Bank, payable in monthly installments of \$736, including principal and interest at 4.23%; matures November 2023; secured by the equipment acquired by the borrowing	20,227	28,004
Note payable to Reliance Bank, payable in monthly installments of \$6,234, including principal and interest at 3.75% first 24 months, 4.75% next 24 months, 5.50% last 24 months; matures April 2025; unsecured	265,903	329,073
\$4,000,000 note payable to Northwest Savings Bank, interest only payments until October 1, 2024 with principal and interest payments to follow for a term of 240 months thereafter, interest at 3.84%; matures October 2044; secured by the gross revenues of the University	4,000,000	4,000,000
\$725,000 note payable to First National Bank, payable in monthly installments of \$9,995, including principal and interest at 4.19%; matures August 2026; secured by the equipment acquired by the borrowing	555,470	649,608
Total	<u>\$ 5,200,410</u>	<u>\$ 5,143,498</u>

The aggregate future principal payments on notes payable at June 30, 2021, is as follows:

Years ending June 30:	
2022	\$ 320,360
2023	287,425
2024	282,620
2025	263,532
2026	255,510
Thereafter	<u>3,790,963</u>
Total	<u>\$ 5,200,410</u>

Interest expense on all long-term debt was approximately \$1,164,000 and \$1,149,000 in 2021 and 2020, respectively.



# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

### 10. Net Assets

Net assets without donor restrictions are available for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Net investment in plant	\$ 37,981,350	\$ 38,597,136
Board-designated endowment	11,027,003	8,151,314
Undesignated	687,283	(1,888,737)
Total net assets without restrictions	<u>\$ 49,695,636</u>	<u>\$ 44,859,713</u>

Net assets with donor restrictions are available for the following purposes or in future periods as of June 30, 2021 and 2020:

	2021	2020
Accumulated income and gains on donor-restricted endowments (Note 11)	\$ 22,828,788	\$ 14,108,727
Gifts available for scholarships and other academic purposes	5,386,061	4,789,054
Gifts for capital expenditures	2,095,584	1,336,891
Unconditional promises to give	327,813	1,639,614
Total with time or purpose restrictions	<u>30,638,246</u>	<u>21,874,286</u>
Investments to be held in perpetuity by donor stipulation or by Pennsylvania law, the income from which is generally available for services and programs (Note 11)	30,485,446	27,788,549
Unconditional promises to give, endowment	40,550	141,921
Beneficial interest in remainder trust	77,876	56,857
Restricted loan fund	78,913	78,233
Total restricted in perpetuity	<u>30,682,785</u>	<u>28,065,560</u>
Total net assets with restrictions	<u>\$ 61,321,031</u>	<u>\$ 49,939,846</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors. Net assets released from restrictions consisted of the following as of June 30, 2021 and 2020, respectively:

	2021	2020
Satisfaction of program restrictions	\$ 4,657,755	\$ 2,679,077
Appropriation from donor endowment	2,127,373	1,350,511
Total	<u>\$ 6,785,128</u>	<u>\$ 4,029,588</u>

During the course of the year, net assets whose use by the University was subject to donor-imposed restrictions were fulfilled by actions of the University pursuant to those restrictions, the expiration of time, or the designation of law. These assets are shown in the consolidated statements of activities as a release of net assets from donor restrictions.

The Board of the University has several standing board policies that affect the presentation of board designations on net assets. Bequests without donor restrictions are designated for long-term investment (Board-designated endowment). The Board-designated endowment fund balance totaled \$11,027,003 and \$8,151,314 at June 30, 2020 and 2019, respectively.

**11. Endowment Funds**

The University's endowment consists of approximately 200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, 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.

The Board of Trustees of the University has interpreted Pennsylvania law 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 classified as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted 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 net assets with donor restrictions is classified as either net assets with donor restrictions or net assets without donor restrictions based on the existence of donor restrictions or by law.

The University 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 purpose of the University 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 University
- (7) The investment policies of the University

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 University must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. 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 performance of a median balanced fund 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 6 percent, net of fees, annually. Actual returns in any given year may vary from this amount.

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.

# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Commonwealth of Pennsylvania Act 141 permits the University to allocate to income each year a portion of endowment return. The law allows not-for-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage by law must be between 2 percent and 7 percent. As a result of the COVID-19 pandemic, the Commonwealth of Pennsylvania enacted Act 71 on July 23, 2020, which allows the Board of Trustees to select a spend percentage of not more than 10 percent per year. This increased percentage only applies during calendar years 2020, 2021 and 2022, or for an entity's fiscal year that ends during those calendar years.

The University's policy for fiscal years 2021 and 2020 allowed for a payout of 7 percent and 5 percent, respectively, of the three-year average balance as measured by the last six semi-annual balance points excluding the current period, which is based on market value net of investment management fees. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 4.5 percent 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.

Changes in endowment net assets for fiscal years ended June 30:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>
Endowment net assets, beginning of year	\$ 8,151,314	\$ 41,897,276	\$ 50,048,590
Investment return, net	2,542,942	10,847,434	13,390,376
Contributions	598,345	2,696,897	3,295,242
Transfers into endowment	874,290	-	874,290
Appropriation of endowment assets for expenditure	(1,139,888)	(2,127,373)	(3,267,261)
Endowment net assets, end of year	<u>\$ 11,027,003</u>	<u>\$ 53,314,234</u>	<u>\$ 64,341,237</u>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020 Total</b>
Endowment net assets, beginning of year	\$ 8,752,495	\$ 42,033,255	\$ 50,785,750
Investment return, net	108,130	498,708	606,838
Contributions	7,184	715,824	723,008
Appropriation of endowment assets for expenditure	(716,495)	(1,350,511)	(2,067,006)
Endowment net assets, end of year	<u>\$ 8,151,314</u>	<u>\$ 41,897,276</u>	<u>\$ 50,048,590</u>

# Saint Francis University

## Notes to Consolidated Financial Statements

June 30, 2021 and 2020

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law. At June 30, 2021 and 2020, there were no deficiencies reported in net assets with donor restrictions. Management has interpreted state law to permit prudent spending from underwater endowments.

	Without Donor Restrictions	With Donor Restrictions		Total Funds, June 30, 2021
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	\$ 11,027,003	\$ -	\$ -	\$ 11,027,003
Donor-restricted funds	-	30,485,446	22,828,788	53,314,234
Total	<u>\$ 11,027,003</u>	<u>\$ 30,485,446</u>	<u>\$ 22,828,788</u>	<u>\$ 64,341,237</u>

  

	Without Donor Restrictions	With Donor Restrictions		Total Funds, June 30, 2020
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	\$ 8,151,314	\$ -	\$ -	\$ 8,151,314
Donor-restricted funds	-	27,788,549	14,108,727	41,897,276
Total	<u>\$ 8,151,314</u>	<u>\$ 27,788,549</u>	<u>\$ 14,108,727</u>	<u>\$ 50,048,590</u>

## 12. Pension Plan

The University sponsors a defined contribution pension plan. Pension expense was approximately \$1,086,000 and \$1,239,000 in 2021 and 2020, respectively.

## 13. Franciscan Sponsorship

The University paid full salaries to the religious faculty and staff of approximately \$689,000 and \$723,000 during the years ended June 30, 2021 and 2020, respectively.

## 14. Concentration of Credit Risk

The University maintains its cash accounts in commercial banks located in Pennsylvania. Accounts are insured by the Federal Deposit Insurance Corporation. From time to time, the bank balances will exceed this coverage.

**15. Contingencies**

The University participates in a Private College Consortium (the Consortium), a cooperative effort between educational institutions. The Consortium was created for the purpose of providing health and welfare benefits to participating entities; maintaining an effective employee benefit delivery structure for members; combining resources to reduce cost and to maintain and improve the quality of coverage available; and sharing information for the common good. The Consortium is governed by the Second Amended and Restated Private College & University Consortium Health and Welfare Benefits Agreement (Agreement). The Consortium and each participating entity have entered into a consulting agreement with The Reschini Group (Consultant) of Indiana, Pennsylvania for consulting and accounting services. Ameriserv Trust and Financial Services Company is the Consortium's Trustee in accordance with the Second Amended and Restated Revocable Trust Agreement (Trust Agreement). Insurance and administrative services are provided by both Highmark, Inc. (Highmark) and UPMC Health Plan (UPMC). Both are responsible for facilitating the payment of benefits for participating entities' eligible employees and their covered dependents. Agreements are renewed annually between participating entities and coverage providers. Insurance coverage for participating entities' eligible employees and their covered dependents is funded by deposit premiums into the Trust made by the participating entities, which are based on the respective entities' number of covered employees and dependents. The Consortium uses "cost plus funding", a fully insured product. Under this arrangement, the Consortium pays the claims incurred by participating entities' eligible employees and their covered dependents. The Consortium also pays the administration expenses for providing coverage. The Consortium develops deposit rates into the Trust for each participating entity on an annual basis. This calculation takes into consideration the total projected claims and administrative cost for the Consortium using the Consortium trend and both the Highmark and UPMC trends. The Consortium limits its claims exposure through the purchase of stop loss insurance, which pays 100 percent of the sum of all actual claim payments for covered health benefits made to a covered individual in a policy year that exceed \$450,000, with an unlimited lifetime maximum. Stop loss coverage is provided by HM Life Insurance Company. The University's share of the Consortium's trust fund surplus was approximately \$558,000 and \$1,181,000 at June 30, 2021 and 2020, respectively. The University's premium payments to the Consortium amounted to approximately \$4,217,000 in 2021 and \$4,250,000 in 2020. Although there is a potential refund due if the University elects to terminate participation in the Consortium, management has concluded that it would not be appropriate to record this potential refund in the consolidated financial statements due to the uncertainties surrounding its realization.

The University participates in the University and College Insurance Consortium (UCIC). UCIC is a self-insurance group providing workers' compensation coverage to member educational institutions. As part of the agreement with UCIC, the University is contingently liable for possible additional workers' compensation premiums. As of June 30, 2021, management does not expect any significant contingencies.

The University owns property constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the property. The University has not recognized the asset retirement obligation for asbestos removal in its consolidated financial statements because it currently has no plans to demolish or renovate this property and as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of the property and sufficient information becomes available to estimate the liability it will be recognized at that time.

## Saint Francis University

Notes to Consolidated Financial Statements  
June 30, 2021 and 2020

### 16. Liquidity and Availability of Resources

The following reflects the University's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for general expenditure in the following year.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 7,749,312	\$ 4,209,994
Accounts receivable and unconditional promises to give	3,255,914	4,477,735
Investments	63,611,835	51,537,560
Financial assets at year-end	74,617,061	60,225,289
Less those unavailable for general expenditures within one year due to:		
Unconditional promises to give an accounts receivable collectible beyond one year	(232,075)	(1,208,550)
Restricted cash available for property and equipment not scheduled to be spent	(600,584)	(1,336,891)
Restricted gifts available for scholarships and other academic purposes	(5,386,061)	(4,789,054)
Board-designated endowments	(11,027,003)	(8,151,314)
Perpetual and term endowments and accumulated earnings	(53,314,234)	(41,897,276)
Add back appropriations scheduled for next year from:		
Perpetual and term endowments and accumulated earnings	2,127,373	1,325,848
Investments in Board-designated endowments	1,139,888	716,495
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,324,365	\$ 4,884,547

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Including the \$11,027,003 and \$8,151,314 of Board-designated investments as of June 30, 2021 and 2020, respectively, which it could use, the University had \$18,351,368 and \$13,035,861 available for general expenditure and unanticipated liquidity needs as of June 30, 2021 and 2020, respectively. To help manage unanticipated liquidity needs, the University has two available lines of credit each in the amount of \$3,750,000 and \$3,750,000, which it could draw upon (see Note 7).

**17. Coronavirus (COVID-19) and Emergency Relief Funding**

The Coronavirus Aid, Relief and Economics Security (CARES) Act provided budgetary relief to higher education institutions. Congress set aside approximately \$14.25 billion of the \$30.75 billion allotted to the Education Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF). Each institution received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant.

Under CARES, the University received one grant of \$1,409,610 comprised of two parts. Under the legislation, no less than 50 percent of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student emergency aid. The University received \$704,805 of funding under CARES and recognized \$602,915 of the student emergency aid as federal grants revenue and student aid expense as of June 30, 2020. The balance of \$101,890 was recognized as federal grants and contracts revenue and student aid expense during the year ended June 30, 2021. The institutional portion of the grant totaling \$60,678 was expended and recognized as federal grants revenue as of June 30, 2020. The balance of \$644,127 was recognized as federal grants and contracts revenue during the year ended June 30, 2021. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) provided budgetary relief to higher education institutions. In total the CRRSAA sets aside approximately \$22.9 billion of the \$82 billion allotted to the Education Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF II). Each institution received one grant comprised of two parts. The University received \$2,214,219 of HEERF II funding on January 17, 2021 comprised of \$704,805 of student relief funds and \$1,509,414 of institutional support. For the year ended June 30, 2021, \$633,250 of the student relief portion of the grant was expended and revenue recognized as federal grants and contracts revenue and student aid expense and \$1,091,451 of the institutional portion of the grant was recognized as federal grants and contracts revenue. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

The American Rescue Plan (ARP) provided budgetary relief to higher education institutions. In total the ARP sets aside approximately \$39.6 billion of the \$122 allotted to the Education Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF III). Under ARP, institutions received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant is to be used for direct emergency aid to students. The remaining portion of the full grant is to be used to defray expenses associated with coronavirus, implement evidence-based practices to monitor and suppress coronavirus, and conduct direct outreach to financial aid applications about the opportunity to receive a financial aid adjustment due to a change in circumstance. The University was awarded \$3,956,447 on May 24, 2021. For the year ended June 30, 2021, the University did not recognize any revenue or expense related to this grant.

**18. Leases**

The University has entered into the following lease arrangements:

Finance leases: the University leases exercise equipment and computers and related equipment. The leases generally have lease terms of four to five years.

Operating leases: the University leases a facility for office/classroom space, copiers and other equipment. The leases generally have initial lease terms of four to seven years.

Short-term leases: The University has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position since the University has elected the practical expedient to exclude these leases from operating right-of-use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

The University makes certain assumptions and judgments in determining the discount rate, as most leases do not provide an implicit rate. The University uses their incremental borrowing rate, for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments. The weighted average discount rate used for the year ended June 30, 2021 was 1.89 percent. Rent expense totaled approximately \$55,000 and \$16,000 for the years ended June 30, 2021 and 2020, respectively.

Subsequent to the lease commencement date, the University reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Future minimum lease payments under operating and finance leases at June 30, 2021 are as follows:

	<b>Operating</b>	<b>Finance</b>
Years ending June 30:		
2022	\$ 128,004	\$ 39,016
2023	196,989	39,016
2024	192,156	24,310
2025	170,991	-
2026	139,860	-
Thereafter	349,650	-
Total	1,177,650	102,342
Less amount representing interest	(86,718)	(3,614)
Present value of net minimum lease payments	<u>\$ 1,090,932</u>	<u>\$ 98,728</u>



## Saint Francis University

### Notes to Consolidated Financial Statements

June 30, 2021 and 2020

#### 19. ED Financial Responsibility

The ED revised the regulations for financial responsibility effective July 1, 2019. The regulations require the University provide additional disclosures, including a financial responsibility supplemental schedule, to assist the ED in measuring financial responsibility through the composite score of financial ratios. The financial responsibility supplemental schedule must contain all financial elements required to calculate the composite score ratios, with a cross-reference to the consolidated financial statement line or note that contains the element.

Note 6 provides information on the University's plant assets, net, but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of plant assets, net, at June 30, 2021 based on the July 1, 2019 implementation date.

Pre-implementation:	
Plant assets, net	<u>\$ 58,619,070</u>
Post-implementation:	
Plant assets, net, with outstanding debt for original purchase	<u>2,850,604</u>
Plant assets, net, without outstanding debt for original purchase	6,174,416
Construction in progress	<u>3,026,243</u>
Total plant assets, net, without outstanding debt for original purchase	<u>9,200,659</u>
Total plant assets, net, at June 30, 2021	<u>\$ 70,670,333</u>

Notes 8 and 9 provide information on the University's bonds and notes payable, but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of bonds and notes payable in addition to \$98,728 of finance leases for long-term purposes, at June 30, 2021 based on the July 1, 2019 implementation date.

Pre-implementation:	
Bonds and notes payable for long-term purposes	\$ 26,474,051
Post-implementation:	
Bonds and notes payable for long-term purposes	<u>2,910,087</u>
Total bonds and notes payable at June 30, 2021	<u>\$ 29,384,138</u>

#### 20. Subsequent Event

Subsequent to June 30, 2021, the University's Board of Trustees approved a resolution authorizing up to \$14,500,000 in tax-exempt bonds, which will be used to refinance an existing \$4,000,000 bank loan and fund various capital projects. The transaction is expected to close on November 16, 2021.

**Saint Francis University**

Financial Responsibility Supplemental Schedule  
Year Ended June 30, 2021

**Financial Statement and Line Name or Note Location****Primary Reserve Ratio**

	<b>Expendable Net Assets</b>	
Statement of Financial Position	Net assets without donor restrictions	\$ 49,695,636
Statement of Financial Position	Net assets with donor restrictions	61,321,031
Note 10	Net assets with donor restrictions - restricted in perpetuity	30,682,785
Note 10	Net assets with donor restrictions - time or purpose	30,638,246
Note 19	Plant assets - pre-implementation	58,619,070
Note 19	Plant assets - post-implementation with outstanding debt for original purchase	2,850,604
Note 19	Plant assets - post-implementation without outstanding debt for original purchase	6,174,416
Statement of Financial Position	Construction in progress	3,026,243
Statement of Financial Position	Total plant assets, net (including CIP)	70,670,333
Statement of Financial Position	Lease right-of-use assets, net	1,090,932
Statement of Financial Position - Long-term debt, net	Long-term debt for long-term purposes	
Note 19	Long-term debt for long-term purposes - pre-implementation	26,474,051
Note 19	Long-term debt for long-term purposes - post implementation	2,910,087
Statement of Financial Position	Lease right-of-use asset liability	1,090,932
	<b>Total Expenses and Losses Without Donor Restrictions</b>	
Statement of Activities	Total expenses without donor restrictions	\$ 63,304,796
Statement of Activities - transfer to operations to fund depreciation	Nonoperating and net investment (loss)	719,757

**Equity Ratio**

	<b>Modified Net Assets</b>	
Statement of Financial Position	Net assets without donor restrictions	\$ 49,695,636
Statement of Financial Position	Net assets with donor restrictions	61,321,031
	<b>Modified Assets</b>	
Statement of Financial Position	Total assets	\$ 151,416,413

**Net Income Ratio**

Statement of Activities	<b>Change in Net Assets Without Donor Restrictions</b>	\$ 4,835,923
	<b>Total Revenues and Gains Without Donor Restrictions</b>	
Statement of Activities	Total operating revenue and other additions (gains)	\$ 66,347,067
Note 11	Endowment return, designated for operations	1,139,888
Statement of Activities/Note 11 - realized and unrealized gain on investments, net of endowment return, designated for operations	Nonoperating revenue and other gains	3,653,297