Financial Statements, Compliance Reports on Federal Awards and State Financial Assistance Programs, and Report of Independent Certified Public Accountants

Lynn University

June 30, 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Lynn University

We have audited the accompanying financial statements of Lynn University (the "University"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Other matters

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule, as required by the United States Department of Education's (ED) Final Rule: *Student Assistance General Provisions, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Programs*, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* the Florida Single Audit Act (Section 215.97, *Florida Statutes),* and Chapter 10.650, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other matter
The financial statements of Lynn University as of and for the year ended June 30, 2020 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2020 financial statements in their report dated October 14, 2020.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 4, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
October 4, 2021 (except as to the Financial Responsibility Supplemental Schedule, which is as of December 17, 2021)

Lynn University

STATEMENTS OF FINANCIAL POSITION

June 30,

	2021	2020
ASSETS		
Cash and cash equivalents	$ 14,481,538	$ 11,303,139
Student accounts receivable, net	786,694	1,169,660
Other receivables	703,052	593,029
Contributions receivable, net	3,127,539	5,256,931
Interest in estate trust	7,537,469	8,510,745
Inventory	166,424	333,020
Prepaid and other assets	1,009,919	1,042,446
Student notes receivable, net	2,176,750	2,121,072
Investments	42,961,214	33,838,815
Property, plant and equipment, net	131,023,047	138,199,276
Total assets	$ 203,973,646	$ 202,368,133
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 1,867,840	$ 1,719,138
Accrued salaries, wages and other benefits	4,656,692	5,437,215
Deferred revenue	17,431,610	11,887,073
Capital lease payable	1,220,214	1,307,176
Bonds and loans payable	52,964,833	55,472,550
Line of credit	-	9,924,481
Financial derivatives	1,720,044	2,906,737
Other liabilities	833,883	1,045,281
Total liabilities	80,695,116	89,699,651
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	75,144,891	69,950,085
Net assets with donor restrictions	48,133,639	42,718,397
Total net assets	123,278,530	112,668,482
Total liabilities and net assets	$ 203,973,646	$ 202,368,133

The accompanying notes are an integral part of these financial statements.

Lynn University

STATEMENTS OF ACTIVITIES

Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues, gains and other support:						
Student tuition and related fees, net	$ 68,411,560	$ -	$ 68,411,560	$ 72,326,148	$ -	$ 72,326,148
Residence-hall room and board fees, net	9,206,401	-	9,206,401	9,927,443	-	9,927,443
Total tuition, fees, room and board, net	77,617,961	-	77,617,961	82,253,591	-	82,253,591
Private contributions	304,126	690,357	994,483	148,844	879,808	1,028,652
Federal and state grants	2,703,550	-	2,703,550	1,599,779	-	1,599,779
Campus store sales	300,746	-	300,746	345,112	-	345,112
Camps and conference income	313,553	-	313,553	1,904,843	-	1,904,843
Miscellaneous income	795,880	-	795,880	1,775,348	-	1,775,348
	82,035,816	690,357	82,726,173	88,027,517	879,808	88,907,325
Endowment support to operations	-	2,182,938	2,182,938	-	1,367,918	1,367,918
Net assets released from restrictions	2,719,037	(2,719,037)	-	1,920,609	(1,920,609)	-
Total revenue, gains and other support	84,754,853	154,258	84,909,111	89,948,126	327,117	90,275,243
Expenses:						
Instruction	21,677,142	-	21,677,142	23,261,794	-	23,261,794
Academic support	7,060,454	-	7,060,454	7,274,230	-	7,274,230
Student services	20,141,224	-	20,141,224	23,384,614	-	23,384,614
Institutional support	20,485,644	-	20,485,644	21,420,762	-	21,420,762
Auxiliary	15,267,842	-	15,267,842	19,369,865	-	19,369,865
Total expenses	84,632,306	-	84,632,306	94,711,265	-	94,711,265
Change in net assets before other changes	122,547	154,258	276,805	(4,763,139)	327,117	(4,436,022)
Other changes:						
Contributions for non-operating activities	-	2,188,387	2,188,387	-	13,810,394	13,810,394
Investment income, net	630,869	7,254,990	7,885,859	-	1,407,994	1,407,994
Other investment income, net	1,255,242	-	1,255,242	31,910	-	31,910
Gain (loss) on financial derivatives	1,186,693	-	1,186,693	(2,315,980)	-	(2,315,980)
Endowment support to operations		(2,182,938)	(2,182,938)	-	(1,367,918)	(1,367,918)
Net assets released from restrictions	1,999,455	(1,999,455)	-	1,037,564	(1,037,564)	-
CHANGE IN NET ASSETS	5,194,806	5,415,242	10,610,048	(6,009,645)	13,140,023	7,130,378
Net assets at beginning of year	69,950,085	42,718,397	112,668,482	75,959,730	29,578,374	105,538,104
Net assets at end of year	$ 75,144,891	$ 48,133,639	$ 123,278,530	$ 69,950,085	$ 42,718,397	$ 112,668,482

The accompanying notes are an integral part of these financial statements.

Lynn University

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Compensation:						
Salaries and wages	$ 15,378,818	$ 3,975,234	$ 9,868,061	$ 6,722,892	$ 3,040,919	$ 38,985,924
Benefits	3,270,221	935,641	2,466,357	2,574,738	912,246	10,159,203
Total compensation	18,649,039	4,910,875	12,334,418	9,297,630	3,953,165	49,145,127
Other expenses:						
Depreciation and amortization	766,324	733,866	1,262,248	2,838,586	3,084,737	8,685,761
Food expense	17,242	8,678	18,233	-	3,544,247	3,588,400
Repair and maintenance	652,174	178,133	558,331	703,224	828,306	2,920,168
Advertising and promotion	13,853	25,389	209,380	895,765	467	1,144,854
Occupancy	430,288	173,391	343,961	256,608	912,984	2,117,232
Office expenses	128,283	63,315	299,512	755,521	362,853	1,609,484
Professional fees	13,753	31,226	137,641	978,305	822	1,161,747
Insurance	473,301	249,680	709,346	149,808	1,248,399	2,830,534
Travel	-	3,919	273,954	15,339	3,511	296,723
Semester and short-term study abroad	18,000	-	-	-	-	18,000
Software	632	223,242	32,474	2,381,260	-	2,637,608
Student programming	26,993	92,121	247,159	5,879	5,450	377,602
Recruiting	-	-	2,724,584	15,734	-	2,740,318
Interest	268,138	178,759	339,641	107,255	893,793	1,787,586
Miscellaneous	219,122	187,860	650,342	2,084,730	429,108	3,571,162
Total other expenses	3,028,103	2,149,579	7,806,806	11,188,014	11,314,677	35,487,179
Total expenses	$ 21,677,142	$ 7,060,454	$ 20,141,224	$ 20,485,644	$ 15,267,842	$ 84,632,306
Fundraising and Institutional Advancement (included in Institutional Support)	$ 3,961,596					

The accompanying notes are an integral part of this financial statement.

Lynn University

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary	Total
Compensation:						
Salaries and wages	$ 15,485,646	$ 4,141,913	$ 10,967,913	$ 9,686,305	$ 3,687,097	$ 43,968,874
Benefits	2,929,462	842,347	2,518,071	2,177,037	925,647	9,392,564
Total compensation	18,415,108	4,984,260	13,485,984	11,863,342	4,612,744	53,361,438
Other expenses:						
Depreciation and amortization	1,456,988	971,325	1,845,518	582,795	4,856,626	9,713,252
Food expense	74,863	32,974	118,855	25,302	4,905,081	5,157,075
Repair and maintenance	511,051	162,025	757,295	613,776	1,037,046	3,081,193
Advertising and promotion	2,977	1,166	522,745	1,763,417	6,511	2,296,816
Occupancy	509,765	196,529	386,568	300,132	1,220,520	2,613,514
Office expenses	127,323	75,493	375,289	1,339,377	264,900	2,182,382
Professional fees	57,905	7,957	83,331	1,650,912	142,060	1,942,165
Insurance	388,076	226,813	864,591	136,088	1,134,065	2,749,633
Travel	255,585	45,466	1,172,292	174,951	86,830	1,735,124
Semester and short-term study abroad	803,038	-	-	-	-	803,038
Software	-	292,028	25,869	1,422,515	-	1,740,412
Student programming	115,876	5,038	511,448	93,283	51,145	776,790
Recruiting	-	-	2,456,171	43,164	718	2,500,053
Interest	257,246	171,498	325,846	102,899	857,489	1,714,978
Miscellaneous	285,993	101,658	452,812	1,308,809	194,130	2,343,402
Total other expenses	4,846,686	2,289,970	9,898,630	9,557,420	14,757,121	41,349,827
Total expenses	$ 23,261,794	$ 7,274,230	$ 23,384,614	$ 21,420,762	$ 19,369,865	$ 94,711,265
Fundraising and Institutional Advancement (included in Institutional Support)	$ 6,102,446					

The accompanying notes are an integral part of this financial statement.

Lynn University

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 10,610,048	$ 7,130,378
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,435,391	9,561,038
Amortization of debt issuance costs	250,370	66,994
Contributions restricted for long-term investment	(599,554)	(1,112,039)
Contributions restricted for purchases of property and equipment	(1,219,872)	(4,187,610)
Change in value of interest rate swaps	(1,186,693)	2,315,980
Net realized and unrealized investment gains	(9,762,872)	(1,884,427)
Loss on disposal of property and equipment	-	(3,549)
Contribution of depreciable assets	(75,000)	(36,820)
Contributed investments	(63,274)	(647,540)
Changes in assets and liabilities:		
Student accounts and notes receivable	327,288	(332,103)
Contributions receivable	(10,608)	(239,385)
Interest in estate trust	973,276	(8,510,745)
Other receivables	(110,023)	21,269
Inventory, prepaid and other assets	113,904	452,497
Accounts payable and accrued expenses	(510,400)	(663,886)
Deferred revenue	5,619,649	(2,120,415)
Other liabilities	(211,398)	(880,917)
Net cash provided by (used in) operating activities	12,580,232	(1,071,280)
Cash flows from investing activities:		
Purchase of property and equipment	(1,026,747)	(5,231,742)
Purchase of investments	(1,256,597)	(3,341,118)
Sales of investments	1,960,344	9,118,779
Net public-private partnership reimbursement	454,940	-
Net cash provided by investing activities	131,940	545,919
Cash flows from financing activities:		
Contributions and pledge payments restricted for long-term investment	599,554	1,112,039
Contributions and pledge payments restricted for purchases of property and equipment	3,359,872	5,119,878
Proceeds from line of credit	2,453,114	9,900,000
Principal payments on bonds and loans payable	(2,550,463)	(10,269,393)
Principal payments on line of credit	(12,500,000)	-
Principal payments on capital leases	(895,850)	(1,310,087)
Net cash (used in) provided by financing activities	(9,533,773)	4,552,437
Net increase in cash and cash equivalents	3,178,399	4,027,076
Cash and cash equivalents:		
Beginning	11,303,139	7,276,063
Ending	$ 14,481,538	$ 11,303,139

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 1962, Lynn University (the University) is an accredited, independent, co-educational institution located in Boca Raton, Florida, offering a variety of undergraduate, graduate and post-graduate degrees. The University also owns and operates Pine Tree Camps, a summer camp offering educational and recreational services to individuals between the ages of 3 and 15 years.

A summary of the University's significant accounting policies follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (the Codification or ASC) or *Accounting Standards Update* (ASU).

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

> *Net assets with donor restrictions*: Net assets that carry donor-stipulated restrictions regarding use or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term (i.e., endowed funds), with such endowment fund balances being made available for expenditure through spending rate policies adopted by the University. See Note 11 for further information on the University's endowments.
>
> *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 or may otherwise be limited by contractual agreements with outside parties, such as governmental grant agreements. Expenses are reported as decreases in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Tuition, fees, room and board revenue

Tuition, fees, room and board revenue is recognized in the period when educational services are provided. Scholarships and fellowships awarded to students for tuition, fees and room and board are based upon need and merit and are netted against the related revenue. The following table disaggregates net tuition, fees, room and board revenue:

	2021	2020
Tuition and related fees	$ 99,715,275	$ 99,665,610
Tuition aid	(31,303,715)	(27,339,462)
Tuition and related fees, net	68,411,560	72,326,148
Residence-hall room and board fees	11,790,728	14,046,641
Residence-hall room and board aid	(2,584,327)	(4,119,198)
Residence-hall room and board fees, net	9,206,401	9,927,443
Total tuition, fees, room and board	111,506,003	113,712,251
Student aid	(33,888,042)	(31,458,660)
Total tuition, fees, room and board, net	$ 77,617,961	$ 82,253,591

Government and Private Grants, Contracts and Gifts

The University recognizes revenue from grants, contracts and gifts in accordance with Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the University evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the University applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the University evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the University is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including unconditional promises to give reported as contributions receivable, which are considered to be unconditional are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions on the statement of activities. Restricted contributions received and expended for the restricted purpose in the same fiscal year are recorded as part of net assets without donor restrictions.

Contributions of land, buildings, or equipment are reported as nonoperating support without donor restrictions unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long lived assets are reported as increases in net assets with donor restrictions until the assets are acquired and placed into service.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met.

Investment income

Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned. Investment income is included in the change in net assets without donor restrictions, unless its use is restricted by donor stipulations or law. When a donor restriction is met the amount is reclassified and reported as net assets released from restriction.

Camp, conference and campus store revenue

Camp, conference and campus store revenue is recognized when earned, which is when the services and/or goods are provided.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments maturing within 90 days of the fiscal year end. At times, the University maintains deposits with financial institutions in amounts that are in excess of federally insured limits.

Student Accounts Receivable

Student accounts receivable are uncollateralized student obligations due under normal trade terms requiring payment within 30 days or on receipt, depending upon the invoice date.

Student accounts receivable are stated at the amounts billed to the student. Payments of accounts receivable are allocated to the specific billings identified on the student's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

An allowance for loss on accounts receivable is provided based on a review of delinquent accounts along with an analysis of historical losses and recoveries. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized as revenue when payment is received. It is not a common practice of the University to charge interest on delinquent accounts.

The allowance for doubtful accounts represent 18.2% and 34.8% of outstanding student accounts receivable as of June 30, 2021 and 2020, respectively.

	2021	2020
Student accounts receivable	$ 961,644	$ 1,794,425
Allowance for doubtful accounts	(174,950)	(624,765)
	$ 786,694	$ 1,169,660

Student Notes Receivable

The University makes uncollateralized loans to students based on financial need. Notes receivable are stated at the principal amount loaned to students plus accrued interest. Interest is charged at a fixed rate (5% at June 30, 2021 and 2020) commensurate with the Federal Perkins student loan program. Student loans are funded through the Federal Perkins revolving loan program or with institutional resources. At June 30, 2021 and 2020, student loans, net of allowance, represented approximately 1% of total assets for each year.

At June 30, 2021 and 2020, the following amounts were due under student loan programs:

	2021	2020
Federal Perkins revolving loan program	$ 4,302	$ 77,587
Institutional programs	3,651,757	3,605,493
Gross student notes receivable	3,656,059	3,683,080
Less allowance	(1,479,309)	(1,562,008)
Net student notes receivable	$ 2,176,750	$ 2,121,072

Under the Federal Perkins Loan Program, amounts are guaranteed by the government and students are not required to put up collateral or obtain co-signers. The availability of funds under the Federal Perkins student loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government are ultimately refundable to the government and are classified as liabilities in the statements of financial position. As of June 30, 2021 and 2020, there are $4,302 and $77,587 ultimately refundable to the government, respectively. Outstanding loans cancelled or transferred under the program results in a reduction of funds available for loans and a decrease in the liability to the government.

At June 30, 2021 and 2020, the following amounts were past due under student loan programs:

June 30:	1-8 Months Past Due	8-24 Months Past Due	24-60 Months Past Due	60+ Months Past Due	Total Past Due
2021	$ 36,864	$ 98,559	$ 175,295	$ 1,168,591	$ 1,479,309
2020	$ 56,981	$ 101,466	$ 214,953	$ 1,188,608	$ 1,562,008

An allowance for loss on student notes receivable is provided based on a review of the notes along with an analysis of historical losses and recoveries. Notes are written off when deemed uncollectible. Recoveries of notes from the institutional program previously written off are recognized as revenue when payment is received.

Contributions Receivable (Pledges)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on contributions receivable are computed using a market rate commensurate with the risk and timing of the contributions receivable in accordance with U.S. GAAP. As of June 30, 2021 and June 30, 2020, the discount on pledges receivable was approximately $392,000 and $553,000, respectively, using a discount rate of 5%. Change in the discount is included in private contribution revenue.

Interest in Estate Trust

Interest in estate trust are expected to be collected from irrevocable estate trusts over the next five years and are recorded at the present value of the estimated future cash flows. The discounts on the interest in estate trust receivable are computed using a market rate commensurate with the risk of the receivable in accordance with GAAP. As of June 30, 2021 and 2020, the discount on the interest in estate trust was approximately $1,900,000 and $2,300,000, respectively, using a discount rate of 5%. Change in the discount is included in private contribution revenue.

Inventories

Inventories, consisting primarily of retail apparel, camp uniforms and general-purpose supplies, are valued at the lower of cost or net realizable value.

Prepaid and Other Assets

Prepaid and other assets include Goodwill from the purchase of Digital Media Arts College (DMAC). Goodwill from the purchase is being amortized over 10 years. The University had net Goodwill of $681,755 and $766,974 at June 30, 2021 and 2020, respectively.

Investments

Investments are generally reported at fair value based upon quoted market prices. Fair value is 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. Investments received by gift are recorded at fair value at the date of donation. In the case of certain less marketable investments, fair value is established by using the net asset value (NAV) of each investment fund as provided by the investment fund manager.

The University's investments include various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the University's investment balance reported in the statements of financial position.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost at the date of purchase or fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be used, the University reports expirations of donor restrictions as net assets without donor restrictions when the donated assets are received or when acquired or constructed assets, funded by donor contributions, are placed into service. The University capitalizes expenditures based on the type of property.

Depreciation is computed on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years for furniture and equipment, and 25 to 60 years for buildings and improvements. For the fiscal year ended June 30, 2021, management reassessed and changed the useful life used for newer buildings from 40 to 60 years and the useful life of the ERP system (Workday) from 3 to 5 years. As a result, depreciation expense specific to the assets changed, was reduced by $1,613,246 for the period. The depreciation expense reduction would have been similar if the change was made for the prior fiscal year (see Note 6 – Property, Plant and Equipment).

Non-depreciable items represent works of art or antiques and are valued similar to property and equipment. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts and resulting gains or losses are included in the statements of activities.

The University reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. Management conducts an assessment to estimate impairment. Based on the assessment, there was no asset impairment at June 30, 2021 or 2020.

Deferred Issuance Costs

Bond issuance costs are deferred and amortized to income over the term of the bonds using the effective-interest method. Unamortized debt issuance costs are presented as a deduction to the bonds and loans payable on the statements of financial position.

Deferred Revenue

Deferred revenue primarily consists of tuition and fees collected for academic instruction not yet rendered, amounts collected for room and board prior to the start of the semester, and camp fees collected for which services have not been rendered, and any government grants where barriers still exist. These amounts will be recognized as revenue in the periods in which they are earned.

Financial Derivatives

Under U.S. GAAP, the University is required to record all derivative instruments at their respective fair values in the statements of financial position. The University's derivatives consist solely of interest rate swaps. See Note 8 for further details. All changes in fair value are reflected in the statements of activities.

Income tax

The University is exempt from federal income taxation as defined by Sections 501(c)(3) of the Internal Revenue Code and is generally exempt from state income taxes under the provisions of the Florida Nonprofit Corporation Act. Therefore, no provision for income taxes has been reflected in the accompanying financial statements.

Management evaluated the University's tax positions and concluded that the University had taken no uncertain tax positions and in addition, unrelated business income tax for the University, if any, is immaterial and will not require adjustment to the financial statements to comply with the provisions of FASB ASC 740, *Income Taxes*.

Functional Expenses

The University's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary operations are incurred in support of this primary program service. Personnel costs, including salaries and benefits, represent the University's primary operating expense. Personnel costs and other operating expenses such as services and supplies, communications, and travel are presented by functional areas in the statements of activities. The cost of operation and maintenance of the physical plant, including the related depreciation, insurance and interest costs, is allocated to each functional area based on the estimated square footage used by the function.

The University defines its five functional areas as follows:

Instruction - These costs include faculty salaries, related benefits, and other direct costs related to teaching.

Academic support - These are costs that support the instructional process, but are not directly related to teaching such as the library, academic technology, student academic resources, and offices directly supporting faculty such as offices of Academic Affairs.

Student services - These are costs to help students succeed in their academic mission and to enhance their overall experience at the University. This function includes such services as counseling and health services, admission, financial aid, and the registrar. This function also includes co-curricular programs outside of the classroom such as athletics, internships, and offices such as offices of Student Affairs.

Institutional support - These are costs incurred to carry out the administration of the University such as the offices of the president, finance, fundraising, communications, human resources, general counsel, administrative technology, safety, and security.

Auxiliary operations - These costs include student housing, food services, campus store, and camps. The distinguishing characteristic of auxiliary operations is that they are designed to be managed as an essentially self-supporting activity.

Operating and Non-operating Activities

The University defines operations as activities closely related to its educational, residential, and necessary ancillary activities. Non-operating activities are those that are subsidiary but support the operations of the University, like investment returns not used in current operations. The endowment's support of operations is included as revenue in the operating section and shown as an expense in the non-operating section.

Reclassification

Certain information in the fiscal 2020 financial statements has been reclassified to conform to the fiscal 2021 presentation. There were no changes in assets, liabilities, revenues, expenses or changes in net assets as previously reflected in the 2020 financial statements.

Subsequent Events

The University has evaluated its subsequent events (events occurring after June 30, 2021) through October 4, 2021, which represents the date the financial statements were available to be issued. In August 2021, the University entered into an agreement to sell a property for $1,000,000 that was donated to the University in 2017. The donated property's value was estimated at $1,250,000 when donated. The University will be recognizing a loss on sale in fiscal year 2022.

Recently Adopted Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09. The amendments in this update create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, *Revenue Recognition-Construction-Type and Production-Type Contracts*, and create new Subtopic 340-40, *Other Assets and Deferred Costs-Contracts with Customers*. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The statements of activities present tuition and fees net of institutional aid.

In February 2016, the FASB issued ASU 2016-02, *Leases* (*Topic 842*). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In July 2018, the FASB issued ASU 2018-11, *Leases* (*Topic 842*): *Targeted Improvements*, which provides an additional transition method under which an entity would initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption.

Recently issued but not yet Adopted Accounting Pronouncements

On September 17, 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The ASU does allow for early adoption. Management is currently evaluating the impact and does not believe adoption will have a material effect on the University’s statements of financial position, activities, or cash flow.

In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”). ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. The provisions of ASU No. 2020-04 are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying ASU 2020-04.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the University's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Board-designated amounts could be drawn upon based on board action.

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 14,481,538	$ 11,303,139
Student accounts receivable, net	786,694	1,169,660
Other receivables	703,052	593,029
Contributions receivable, net	3,127,539	5,256,931
Interest in estate trust, net	7,537,469	8,510,745
Student notes receivable, net	2,176,750	2,121,072
Investments	42,961,214	33,838,815
Financial assets, at year end	71,774,256	62,793,391
Less those unavailable for general expenditure within one year, due to:		
Contributions receivable, due beyond one year	(1,937,539)	(2,416,931)
Interest in estate, due beyond one year	(7,537,469)	(8,510,745)
Student notes receivable, net	(2,176,750)	(2,121,072)
Perpetual and term endowments and accumulated earnings	(34,182,084)	(28,510,478)
Board-designated endowments	(250,000)	(250,000)
	(46,083,842)	(41,809,226)
Financial assets available to meet cash needs for general expenditures within one year	$ 25,690,414	$ 20,984,165

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To achieve this, the University monitors its liquidity on a monthly basis.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Anticipated collections of contributions receivable are summarized as follows at June 30, 2021 and 2020:

	2021	2020
Amounts expected to be collected in:		
Less than one year	$ 1,190,000	$ 2,840,000
One year to five years	2,330,000	2,970,000
Subtotal	3,520,000	5,810,000
Less:		
Discount	(392,461)	(553,069)
Total contributions receivable, net	$ 3,127,539	$ 5,256,931

The discount rates on outstanding pledges as of June 30, 2021 and 2020 was 5%. As of June 30, 2021 and 2020, the University's management has evaluated the collectability of the receivables and deemed all amounts to be fully collectible.

During the years ended June 30, 2021 and 2020, members of the Board of Trustees made cash and in-kind contributions as well as multi-year promises to give. Approximately $1,920,000 and $3,585,000 of the net contributions receivable is due from members of the Board of Trustees at June 30, 2021 and 2020, respectively; approximately 61% is due from one donor and approximately 68% is due from two donors, respectively.

NOTE 4 - INVESTMENTS

Investments consisted of the following at June 30, 2021 and 2020:

	2021	2020
Equity securities	$ 4,170,647	$ 2,934,107
Limited partnership	38,790,567	30,904,708
	$ 42,961,214	$ 33,838,815

The following schedule summarizes total investment income (loss) for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 58,546	$ 183,083
Investment fees	(680,317)	(627,606)
Net realized and unrealized gains	9,762,872	1,884,427
	$ 9,141,101	$ 1,439,904

As of June 30, 2021, the University has invested $38,790,567, which includes all endowed funds, or 90% of all University investments in a Limited Partnership. Such investment is considered to be a concentration of credit risk.

NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest expense during the years ended June 30, 2021 and 2020, totaled $1,791,220 and $1,759,099, respectively.

Noncash investing activities for the years ended June 30, 2021 and 2020, included the receipt of $63,274 and $647,540, respectively, of marketable securities donated to the University.

Noncash investing activities for the years ended June 30, 2021 and 2020, also included the receipt of $75,000 and $36,820, respectively, of depreciable assets donated to the University.

Noncash investing activities for the years ended June 30, 2021 and 2020, included $0 and $196,533, respectively, of increases in property, plant and equipment associated with a corresponding amount in accounts payable.

Noncash investing and financing activities for the years ended June 30, 2021 and 2020, included the signing of finance leases for computer equipment, totaling $808,888 and $949,348, respectively.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows at June 30, 2021 and 2020:

	2021	2020	Estimated Useful Lives in Years
Land	$ 1,145,045	$ 1,145,045	
Land held for investment	110,000	110,000	
Construction in progress	599,851	1,000,464	
Artworks and other non-depreciable items	1,766,599	1,766,599	
Land improvements	8,460,303	8,436,404	25
Buildings and improvements	192,289,333	192,307,145	25-60
Equipment	53,570,073	52,724,587	3-10
Library books	3,674,412	3,674,412	5-10
Right of use leased asset	808,202	-	4
	262,423,818	261,164,656	
Less accumulated depreciation	(131,400,771)	(122,965,380)	
Total, net	$ 131,023,047	$ 138,199,276	

Depreciation expense included in the statements of activities amounted to $8,435,391 and $9,561,038 for the years ended June 30, 2021 and 2020, respectively. If the change in the estimated useful life of buildings was adopted in fiscal year 2020 (see Note 1 – Property, Plant and Equipment), depreciation expense for the period ended June 30, 2020 (all other changes being equal) would have been $7,947,792.

NOTE 7 - BONDS AND LOANS PAYABLE

Palm Beach County Educational Facilities Revenue Bonds, Series 2017A and B: In August 2017, the Palm Beach County Educational Facilities Authority (the Issuer) issued a total of $25,000,000 in tax-exempt variable rate demand educational facilities revenue serial bonds - the Series 2017A bonds payable in the amount of $12,500,000 and the Series 2017B bonds payable in the amount of $12,500,000 (thereafter the Series 2017 Bonds Payable). The Series 2017 Bonds Payable were issued on behalf of the University for capital expenditures related to the construction of The Christine E. Lynn University Center located at the University's campus in Boca Raton, Florida. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bond holder. The bond proceeds were drawn down by the University as capital expenditures were being incurred, in accordance with the terms of the finance agreement with the Issuer and Bank United, N.A. dated August 28, 2017. As of June 30, 2021 and 2020, the amount drawn down by the University and outstanding as bonds payable amounted to $11,708,900 and $12,067,700, respectively.

In connection with the Series 2017 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, NA, which effectively collateralized the University's obligations with all of the assets owned by the University. The mortgage and security agreement requires the University to maintain a certain loan to collateral value. If the loan to collateral value is not achieved, reductions in the outstanding principal amounts, as specified in the agreements are required. The Series 2017 Bonds Payable bear interest at 65% of the sum of the 30-day London Interbank Offered Rate (LIBOR) plus 2.2% (1.489% as of June 30, 2021). The Series 2017B bonds require monthly principal payments on an escalating basis that began in April 2019 and mature on March 1, 2044. The Series 2017A bonds were paid in full as of June 30, 2020, using the proceeds from a line of credit as discussed below. Under the terms of the bond financing agreement, the University is subject to several restrictive covenants, including financial covenants.

Palm Beach County Educational Facilities Revenue Bonds, Series 2016

In April 2016, the Issuer issued $19,315,100 in tax-exempt variable rate demand educational facilities revenue serial bonds (Series 2016 Bonds Payable) on behalf of the University for the construction of a new upper-classmen dormitory located at the University's campus in Boca Raton, Florida. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bondholder. The University drew down the bond proceeds as capital expenditures were being incurred, in accordance with the terms of the finance agreement with the Issuer and Bank United, N.A. dated April 13, 2016. As of June 30, 2021 and 2020, the amount drawn down by the University and outstanding as bonds payable amounted to $17,151,900 and $17,760,300, respectively.

In connection with the Series 2016 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, N.A., which effectively collateralized the University's obligations with all of the assets owned by the University. The mortgage and security agreement requires the University to maintain a certain loan to collateral value. If the loan to collateral value is not achieved, reductions in the outstanding principal amounts, as specified in the agreements are required.

The Series 2016 Bonds Payable bear interest at 65% of the sum of the 30-day LIBOR plus 2.1% (1.424% as of June 30, 2021). The Series 2016 Bonds require monthly principal payments on an escalating basis beginning in November 2017 and mature on October 1, 2042. Under the terms of the bond financing agreement, the University is subject to several restrictive covenants, including financial covenants.

Palm Beach County Educational Facilities Revenue Bonds, Series 2013

In June 2013, the University issued $25,000,000 in tax-exempt variable rate demand educational facilities revenue serial bonds (Series 2013 Bonds Payable) to pay a portion of the cost of the acquisition, construction, installation and equipping of certain educational facilities located at the University's campus in Boca Raton, Florida and to refinance the University's then outstanding debt under the Palm Beach County Educational Facilities Revenue Bonds, Series 2009 and 2001. The bonds were issued through the Issuer, and Bank United, N.A. was assigned as the bond holder. The bond proceeds were loaned to the University through a finance agreement with the Issuer and Bank United, N.A. dated June 19, 2013.

In connection with the Series 2013 Bonds Payable, the University entered into a mortgage and security agreement with Bank United, N.A., which effectively collateralized the University's obligations with all of the assets owned by the University, excluding those assets assigned as collateral in connection with Palm Beach County Educational Facilities Financing Agreement, 2012, the Series 2017 Bonds Payable and the Series 2016 Bonds Payable (see previous pages). The mortgage and security agreement requires the University to maintain a certain loan to collateral value. If the loan to collateral value is not achieved, reductions in the outstanding principal amounts, as specified in the agreement, are required. As of June 30, 2021 and 2020, the Series 2013 Bonds Payable amounted to $18,895,700 and $19,744,400, respectively.

On March 26, 2021 Bridge Funding Group, a wholly owned subsidiary of Bank United, N.A, entered into a participation agreement with Professional Bank, to purchase a participation interest in the Series 2013 Bond, including an interest in the Collateral and Collections. Bridge Funding Group had previously purchased the Series 2013 Bond, the Series 2016 Bond and the Series 2017B Bond. All requirements under the Series 2013 Bond remain in effect.

The Series 2013 Bonds Payable bear interest at 65% of the sum of the 30-day LIBOR plus 2.2% (1.489% at June 30, 2021). The bonds require monthly principal payments on an escalating basis from August 2013, and mature on June 18, 2038. Under the terms of the bond financing agreement, the University is subject to several restrictive covenants, including financial covenants.

Palm Beach County Educational Facilities Financing Agreement, 2012

In May 2012, the University entered into an $11,000,000 Master Financing Agreement (the Agreement) with the Issuer, and a financial institution, as lender. Under the terms of the Agreement, a tax-exempt loan, in effect, was provided by the financial institution to the University to finance certain capital projects on the University's campus related to energy conservation initiatives. The tax-exempt loan is collateralized by the equipment purchased with loan proceeds.

The tax-exempt loan bears interest at 4.13% per annum. From August 2012, quarterly interest payments were due until February 2013. From May 2013, quarterly principal and interest payments of $248,603 are due until the loan matures in February 2028. As of June 30, 2021 and 2020, the tax-exempt loan balance totaled $5,831,686 and $6,566,249, respectively.

Under the terms of the Agreement, the University is subject to several restrictive covenants, including financial covenants.

Line of Credit

On April 27, 2020, the University entered into a $12,500,000 revolving line of credit to be used to: (a) redeem the Palm Beach County Educational Facilities Authority Revenue Bond, Series 2017A; and (b) provide the University with working capital. Draws against the line of credit have a variable interest rate based on changes in LIBOR. The interest rate to be applied to the unpaid principal balance will be LIBOR (floor of 1%) plus 2.50% (3.50% at June 30, 2021). The line of credit is subject to a mortgage and security agreement with Bank United, N.A. as further described on the preceding page (Series 2013 bonds). On October 13, 2020, the line of credit was amended to extend the maturity until January 31, 2022 (the Maturity Date). Additionally, the amendment required the University to maintain an outstanding balance not to exceed $3 million for a period of at least 30 consecutive days during the term of the note, of which the University complied.

On May 3, 2021, the line of credit was again amended to extend the maturity date until January 31, 2023 (the Maturity Date), with similar terms to the prior amendment.

As of June 30, 2021 and 2020, the amount outstanding on the line of credit was $0 and $10,046,886, respectively. Under the terms of the revolving line of credit, the University is subject to several restrictive covenants, including financial covenants.

Principal maturities on the bonds, loan payable and line of credit anticipated by the University are as follows:

Years Ending June 30:	Series 2012	Series 2013	Series 2016	Series 2017	Line of Credit	Total
2022	$ 765,308	$ 872,800	$ 623,600	$ 368,700	$ -	$ 2,630,408
2023	797,408	894,600	638,400	379,500	-	2,709,908
2024	830,855	923,900	653,600	390,000	-	2,798,355
2025	865,704	949,500	670,000	400,800	-	2,886,004
2026	902,015	975,800	686,000	414,600	-	2,978,415
Thereafter	1,670,397	14,279,100	13,880,300	9,755,300	-	39,585,096
Principal balance	5,831,686	18,895,700	17,151,900	11,708,900	-	53,588,186
Less unamortized issuance costs	35,562	177,330	191,132	219,328	-	623,353
Principal balance less unamortized debt issuance costs	$ 5,796,124	$ 18,718,370	$16,960,768	$ 11,489,572	$ -	$52,964,833

Interest costs for all outstanding long-term debt totaled $1,787,586 and $1,714,978 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the University was in compliance with all financial covenants.

The University's material financial covenants and results for the years ended June 30, 2021 and 2020 are as follows:

	Years Ending June 30, 2021	2020
Debt service coverage ratio	3.82	2.15
Requirement (both years)	1.15	1.15
Cash and cash equivalents	$ 14,481,538	$ 11,303,139
Requirement (both years)	$ 6,000,000	$ 6,000,000

NOTE 8 - FINANCIAL DERIVATIVES

In April 2016, the University entered into an interest rate swap arrangement having a notional amount of $23,030,500, which effectively fixed the interest rate on the Series 2013 Bonds Payable at 2.51% through October 2024. The notional amount decreases each month to mirror the principal amounts outstanding on the Series 2013 Bonds Payable. The University receives interest at a variable rate and makes payments at 2.51% and settled with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds.

In April 2016, the University entered into an interest rate swap arrangement having a notional amount of $19,315,100, which effectively fixes the interest rate on the Series 2016 Bonds Payable at 2.37% through October 2024. The notional amount decreases each month to mirror the principal amounts outstanding on the Series 2016 Bonds Payable. The University receives interest at a variable rate and makes payments at 2.37% and settles with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds.

In August 2017, the University entered into an interest rate swap arrangement having a notional amount of $12,500,000, which effectively fixes the interest rate on the Series 2017 Bonds Payable at 1.566% through March 2026. The notional amount decreases each month to mirror the principal amounts outstanding on the Series 2017 Bonds Payable. The University receives interest at a variable rate and makes payments at 1.566% and settles with the counterparty on a monthly basis. The University entered into the swap agreement to reduce the variability of cash flows related to changes in interest rates on borrowings from the variable rate bonds.

At June 30, 2021 and 2020, the fair value of the interest rate swaps resulted in liabilities of $1,720,044 and $2,906,737, respectively, in the statements of financial position. The change in fair value of the interest rate swaps for the years ended June 30, 2021 and 2020, were a gain of $1,186,693 and a loss of ($2,315,980), respectively, and are recorded as a gain/(loss) on financial derivatives in the non-operating section of the statements of activities. The effect of the University's creditworthiness has been factored into the fair value measurement of the interest rate swaps that are in a liability position.

The University is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements. The University, however, does not anticipate nonperformance by the counterparty.

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS AND UNRESTRICTED NET ASSETS EXCLUDING PLANT (UNAEP)

Net assets without donor restrictions at June 30, 2021 and 2020 were $75,144,891 and $69,950,085, respectively.

The University’s UNAEP are those assets that are available for operations. This consists mainly of net assets without donor restrictions, adjusted for net property, plant, and equipment, and plant related debt. The University’s UNAEP calculation is detailed in the following table and is presented in conformity with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC):

	2021	2020
Net assets without donor restrictions	$ 75,144,891	$ 69,950,085
Less:		
Property, plant and equipment, net	(131,023,047)	(138,199,276)
	(55,878,156)	(68,249,191)
Add:		
Plant related debt	55,905,091	62,733,349
Unrestricted net assets (deficit) excluding plant	$ 26,935	$ (5,515,842)
Note: Plant related debt components		
Capital lease payable	$ 1,220,214	$ 1,307,176
Bonds and loans payable	52,964,833	55,472,550
Line of credit	-	3,046,886
Financial derivatives	1,720,044	2,906,737
	$ 55,905,091	$ 62,733,349

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Changes in net assets with donor restrictions are summarized as follows for the years ended June 30, 2021 and 2020:

	2021					
	Beginning Balance	Additions	Endowment Earnings	Investment Fees	Release of Restrictions	Ending Balance
Subject to expenditure for specified purpose:						
Instruction	$ 1,785,467	$ 114,273	$ 3,404,517	$ (264,585)	$ (810,733)	$ 4,228,939
Scholarships	2,373,798	456,929	4,246,346	(329,967)	(1,882,637)	4,864,469
Student services	431,572	119,156			(25,667)	525,061
Buildings and equipment	4,228,106	1,219,872	215,177	(16,498)	(915,627)	4,731,030
	8,818,943	1,910,230	7,866,040	(611,050)	(3,634,664)	14,349,499
Subject to the passage of time:						
Time restricted	8,252,336	368,960	-	-	(1,083,828)	7,537,468
	8,252,336	368,960	-	-	(1,083,828)	7,537,468
Endowment funds restricted in perpetuity:						
Instruction	10,875,640	92,393	-	-	-	10,968,033
Scholarships	14,075,979	479,927	-	-	-	14,555,906
Buildings and equipment	695,499	27,234	-	-	-	722,733
	25,647,118	599,554	-	-	-	26,246,672
Total net assets with donor restrictions	$ 42,718,397	$ 2,878,744	$ 7,866,040	$ (611,050)	$(4,718,492)	$ 48,133,639

	2020					
	Beginning Balance	Additions	Endowment Earnings	Investment Fees	Release of Restrictions	Ending Balance
Subject to expenditure for specified purpose:						
Instruction	$ 1,613,985	$ 137,593	$ 855,524	$ (239,723)	$ (581,912)	$ 1,785,467
Scholarships	1,960,481	723,019	1,040,827	(288,757)	(1,061,772)	2,373,798
Student services	430,892	277,605	-	-	(276,925)	431,572
Buildings and equipment	1,037,937	4,187,610	56,468	(16,345)	(1,037,564)	4,228,106
	5,043,295	5,325,827	1,952,819	(544,825)	(2,958,173)	8,818,943
Subject to the passage of time:						
Time restricted	-	8,252,336	-	-	-	8,252,336
	-	8,252,336	-	-	-	8,252,336
Endowment funds restricted in perpetuity:						
Instruction	10,519,405	356,235	-	-	-	10,875,640
Scholarships	13,320,175	755,804	-	-	-	14,075,979
Buildings and equipment	695,499	-	-	-	-	695,499
	24,535,079	1,112,039	-	-	-	25,647,118
Total net assets with donor restrictions	$ 29,578,374	$ 14,690,202	$ 1,952,819	$ (544,825)	$(2,958,173)	$ 42,718,397

NOTE 11 - ENDOWMENTS

The University's endowment consists of approximately 80 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds classified by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions. Funds functioning as endowments are University resources designated as endowments by the Board of Trustees or unspent accumulated appropriations and are invested in the endowment for long-term appreciation and current income. Such assets, however, remain available and may be spent at the Board of Trustee's discretion unless donor-imposed restrictions exist on their use. Funds functioning as endowments are recorded in net assets without donor restrictions, unless donor restrictions exist in which case they are recorded in net assets with donor restrictions.

Interpretation of Relevant Law

The University follows the provisions of FASB ASC 958-205-50 (formerly FASB Staff Position 117-1, *Net Asset Classification of Funds*) subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds.

The University is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FL UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restriction. The University's Board of Trustees has interpreted FL UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund; and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor of the gift instrument.

The University has interpreted FL UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with FL UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the University and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the University; and
- The investment policies of the University.

Endowment net asset composition by type of fund is as follows as of June 30, 2021:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 26,246,672	$ 7,935,412	$ 34,182,084	$ 34,182,084
Board-designated endowment funds	4,608,483	-	-	-	4,608,483
	$ 4,608,483	$ 26,246,672	$ 7,935,412	$ 34,182,084	$ 38,790,567

Changes in endowment net assets for the fiscal year ended June 30, 2021, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total With Donor Restrictions	Total
Endowment net assets, as of July 1, 2020	$ 2,394,230	$ 25,647,118	$ 2,863,360	$ 28,510,478	$ 30,904,708
Investment Return:					
Investment fees	-	-	(611,050)	(611,050)	(611,050)
Net realized and unrealized gains	630,869	-	7,866,040	7,866,0409	8,496,909
Total investment return	630,869	-	7,254,990	7,254,990	7,885,859
Contributions	-	599,554	-	599,554	599,554
Accumulated unspent endowment earnings	1,583,384	-	-	-	1,583,384
Appropriation of endowment assets for expenditure	-	-	(2,182,938)	(2,182,938)	(2,182,938)
Endowment net assets, as of June 30, 2021	$ 4,608,483	$ 26,246,672	$ 7,935,412	$34,182,084	$ 38,790,567

Endowment net asset composition by type of fund is as follows as of June 30, 2020:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Earnings and Other	Total with Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$25,647,118	$ 2,863,360	$ 28,510,478	$28,510,478
Board-designated endowment funds	2,394,230	-	-	-	2,394,230
	$ 2,394,230	$25,647,118	$ 2,863,360	$ 28,510,478	$30,904,708

Changes in endowment net assets for the fiscal year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Earnings and Other	With Donor Restrictions: Total With Donor Restrictions	Total
Endowment net assets, as of July 1, 2019	$ 250,000	$24,535,079	$ 2,823,284	$27,358,363	$27,608,363
Investment Return:					
Investment fees	-	-	(544,825)	(544,825)	(544,825)
Net realized and unrealized gains	-	-	1,952,819	1,952,819	1,952,819
Total investment return	-	-	1,407,994	1,407,994	1,407,994
Contributions	-	1,112,039	-	1,112,039	1,112,039
Accumulated unspent endowment earnings	2,144,230	-	-	-	2,144,230
Appropriation of endowment assets for expenditure	-	-	(1,367,918)	(1,367,918)	(1,367,918)
Endowment net assets, as of June 30, 2020	$ 2,394,230	$25,647,118	$ 2,863,360	$28,510,478	$30,904,708

Endowment Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FL UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no significant donor-restricted endowment funds with deficiencies at June 30, 2021 and 2020.

Return objectives and risk parameters: The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the 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 outlined in the investment policy adopted by the Board of Trustees. The investment policy's purpose is to provide guidance to the Investment Managers regarding the University's objectives and goals regarding the endowment investing.

Specifically, it outlines the risk tolerance areas of the University as well as defining the limitations in the portfolio of investments. The University expects its endowment funds, over time to provide an average rate of return that permits a predictable and sustainable spending rate of the average market value of endowment assets by achieving annual growth in value at a rate equal to the sum of the annual spending rate and the annual rate of inflation.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends}. The University targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: For the fiscal year ended June 30, 2020 the University had a policy of appropriating for distribution the lesser of actual earnings for the year or 5% of the ending market value of its endowment fund for the previous fiscal year. For the fiscal year ended June 30, 2021, the University adopted a new spending policy. This policy looks back at the average endowment asset value for the last twelve (12) quarters and applies a rate of between 5% - 10%. 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 better allow its endowment to grow at an inflationary rate while minimizing volatility in its endowment investment returns. 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. For the year ended June 30, 2021, the University used a rate of 7% to determine its endowment support to operations. The table below summarizes the impact of changing the spending policy using payout rates of 5% and 7%:

Spending Policy	2021	2020
5% prior spending policy	$ 1,425,524	$ 1,367,918
7% prior spending policy	1,995,733	1,407,994
5% new spending policy	1,559,241	1,442,728
7% new spending policy	2,182,938	2,019,819

NOTE 12 - FAIR VALUE DISCLOSURES

The University follows the provisions of the *Fair Value Measurement Topic* of the FASB ASC for financial assets and liabilities. This Topic applies to all financial assets and liabilities that are being measured and reported on a fair-value basis, and establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The *Fair Value Measurement* Topic of the FASB ASC requires that fair value measurements be classified and disclosed in one of the following three categories:

Level 1 - Financial instruments with unadjusted, quoted prices listed on active market exchanges;

Level 2 - Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 - Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

In determining the appropriate levels, the University performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic 820 of the FASB ASC. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Each asset’s or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Investments

Equities: Equity securities listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Interest rate swaps: The University's interest rate swaps are pay-fixed, receive-variable interest rate swaps based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The SIFMA Municipal Swap Index is observable at commonly quoted intervals for the full term of the swaps and, therefore, the swaps are considered a Level 2 item. The Fair Value Measurement Topic of the FASB ASC states that the fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the effect of the University's creditworthiness has also been considered in the fair value measurement of the interest rate swaps that are in a liability position, if applicable.

Level 1 instruments carried at fair value and Level 2 instruments carried at estimated fair value are comprised of the following at June 30, 2021:

	Fair Value Measurements at Reporting Date Using		
	June 30, 2021	Level 1	Level 2
Investments:			
Equity securities:			
Large cap	$ 1,514,779	$ 1,514,779	$ -
Mid cap	866,243	866,243	-
Small cap	42,541	42,541	-
International	1,437,205	1,437,205	-
Mutual funds and other	309,879	309,879	-
Alternative investments at NAV (*):			
Limited partnership	38,790,567	-	-
	$ 42,961,214	$ 4,170,647	$ -
Financial liabilities:			
Financial derivatives	$ 1,720,044	$ -	$ 1,720,044

Level 1 instruments carried at fair value and Level 2 instruments carried at estimated fair value are comprised of the following at June 30, 2020:

	Fair Value Measurements at Reporting Date Using		
	June 30, 2020	Level 1	Level 2
Investments:			
Equity securities:			
Large cap	$ 1,154,278	$ 1,154,278	$ -
Mid cap	545,450	545,450	-
Small cap	33,155	33,155	-
International	980,579	980,579	-
Mutual funds and other	220,645	220,645	-
Alternative investments at NAV (*):			
Limited partnership	30,904,708	-	-
	$ 33,838,815	$ 2,934,107	$ -
Financial liabilities:			
Financial derivatives	$ 2,906,737	$ -	$ 2,906,737

(*) In accordance with Subtopic 820-10, certain 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 this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The fair value of the University's investment in High Vista 11, LP (High Vista) is measured using the NAV per share (or equivalent) valuation technique in accordance with FASB ASC 820. The University's fair value of its investment in High Vista was $38,790,567 and $30,904,708 at June 30, 2021 and 2020, respectively, and there are no unfunded commitments. The limited partnership agreement between the University and High Vista called for an initial 2-year lockup, which ended July 2013, after which a redemption request can be submitted quarterly with at least a 60-day notice as long as the University complies with other terms, conditions and standards as may be established by the General Partner from time to time. High Vista seeks capital appreciation by investing in multiple asset classes, including traditional assets (such as marketable equity, fixed income, derivative contracts and other securities) and alternative assets (such as real estate, commodities, timber, absolute return/hedge funds, private equity and venture capital investments).

NOTE 13 - RELATED PARTY TRANSACTIONS

The University received contributions from certain University Trustees of approximately $418,000 and $2,398,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The University has adopted a self-insured health program, which provides for the payment or reimbursement of all or a portion of eligible medical, prescription drug, vision, and dental expenses. The University is self-insured up to $175,000 for each occurrence and has aggregate loss insurance to cover all medical costs in excess of 125% of expected costs. The University believes no other liability is warranted at this time beyond the amount reserved for the health insurance terminal obligation. As of June 30, 2021 and 2020, the University reserved $611,100, and $680,155, respectively, for health insurance terminal obligation.

Food Service Agreement: In June 2013, the University entered into a Food Services Agreement (the Agreement) with a third-party service provider. The Agreement allows the service provider exclusive rights to provide and manage the University's food service program including the dining facility and catering services through June 2020. As part of the Agreement, the service provider is required to fund improvements to the University's facilities in the amount of $1,500,000 in year one of the Agreement (the Funded Amount). If the Agreement is terminated before full amortization of the Funded Amount received, the Agreement requires the University to refund the unamortized portion of the service provider's investment in the University. In June 2018, the University entered into an amendment to the Agreement, in which the service provider funded improvements to the University's facilities in an additional amount of $2,700,000. For the years ended June 30, 2021 and 2020, the unamortized liability associated with this agreement was $2,170,000 and $2,480,000, respectively.

Federal and State Financial Assistance for Students

The University expended approximately $33.3 million in federal and $2.6 million in state financial assistance to students during fiscal 2021. If such financial assistance were significantly reduced or discontinued, the University’s operations would be impacted and possibly curtailed.

Risk Management

The University is a member of the Florida Independent Colleges and Universities Risk Management Associations, Inc. (FICURMA) insurance pool, which includes, but is not limited to, coverage of property, general and auto liability, workers' compensation and excess crime. FICURMA was formed to assist universities in the state of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the University as the result of participation in this insurance pool. University management, however, does not believe any additional assessments exist as of June 30, 2021.

Litigation

The University is party to certain litigation as of June 30, 2021 and 2020, which relates primarily to matters arising in the ordinary course of business. Management of the University anticipates that the final resolution of these items will not have a material adverse effect on the financial position of the University.

NOTE 15 - LEASES

The University has operating and finance leases for information technology, corporate offices, and facilities. These leases have remaining lease terms of less than 1 year to 5 years, some of which include purchase options, and options to terminate within 1 year. For the fiscal year ended June 30, 2021, the University transitioned to the new leasing standard under ASC 842.

Transition to ASC 842 - The following are the University's adoption principles:

Transition method: Used the Current Period Adjustment Method. This method allows application of ASC 842 at the beginning of fiscal year 2021 and does not adjust fiscal year 2020 comparative financial statements.

Short term leases: Did not include short term leases (leases of 12 months or less) in calculating lease liabilities.

Discount rate: Used the FTSE Pension Discount Curve existing at July 1, 2020 or a comparable risk free adjusted rate to measure all lease liabilities during the transition period, where an explicit rate has not been stated in the lease agreement. The rate used was commensurate with the weighted average term of all leases being transitioned.

Lease Liability Threshold: Did not recognize any leases during the transition where the calculated lease liability is less than $100,000.

Package of practical expedients: Adopted the package of practical expedients that allow the University to forgo an assessment of the following:

- Whether an expired or existing contract contains a lease
- Classification of leases
- Initial direct costs

Because of these adoption principles, the University has no operating leases that were recognized under ASC 842 for the fiscal year ended June 30, 2021.

The University determines the existence of a lease by identifying the existence of a tangible asset, understanding whether there is a substantial economic benefit, and whether the University has the right to control the identified asset.

The components of lease expense for fiscal year 2021 were as follows:

Finance lease cost	
Amortization of right of use asset	$ 1,028,177
Interest on lease liabilities	27,110
Total finance lease cost	$ 1,055,287

Supplemental cash flow information related to leases for fiscal year 2021 was as follows:

Cash paid for the amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 27,110
Financing cash flows from finance leases	895,850
Right of use assets obtained in exchange for lease obligations:	
Finance leases	808,802

Supplemental statement of position information related to leases for fiscal year 2021 was as follows:

Finance leases	
Property, plant and equipment, gross	$ 3,138,192
Accumulated depreciation	(1,913,504)
Finance leases property, plant and equipment	$ 1,224,688
Other current liabilities	$ 623,909
Other long-term liabilities	596,305
Total lease finance liabilities	$ 1,220,214
Weighted average remaining lease term (years)	
Finance leases	2.3 years
Weighted average discount rate	
Finance leases	1.2%

Maturities of lease liabilities were as follows:

Years Ending June 30:	Finance Leases
2022	$ 637,622
2023	398,196
2024	212,109
Total lease payment	1,247,927
Less imputed interest	(27,713)
Total	$ 1,220,214

As of June 30, 2021, there are additional operating and finance leases, primarily for technology equipment and copying and printing equipment, that have not yet commenced, with lease liability of $1,131,273 and $171,407, respectively. These operating and finance leases will commence in fiscal year 2022 with lease terms of 2 - 5 years.

Other Leasing Arrangements

On May 12, 2021, the University entered into a ground lease with a developer. The executed ground lease, development and management agreements set forth the terms to which (a) the developer will lease the site; (b) the developer will design and construct for the project company; and the property manager will manage, as agent for the project company, a new student residential housing community consisting of approximately 342 beds and other associated amenities and improvements including landscape architecture and indoor and outdoor gathering spaces (project improvements). The project company will finance the development, construction and operation of the project improvements, during the term of the ground lease. The premises is expected to open in the fall of 2022. The University evaluated the arrangement and concluded that the transaction was not required to be recorded in the statement of financial position.

NOTE 16 - COVID-19 AND CARES ACT

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the University operates.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. As part of the CARES Act, $14 billion was provided to the Office of Postsecondary Education for the creation of the Higher Education Emergency Relief Fund (HEERF).

HEERF provides funding to institutions for emergency financial aid grants to students as well as funding to support the costs of shifting classes online and other institutional costs incurred related to the pandemic.

Since the beginning of the pandemic through June 30, 2021, the University received total institutional funds of approximately $5.6 million in aid under the provisions of the CARES and American Rescue Plan Acts. During that same period, approximate cost incurred so far during the pandemic was $11.9 million, resulting in a reimbursement of $0.47 for every $1.00 in cost incurred.

Through strong fiscal management, the University has been able to withstand the significant financial impact of the pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be on the University but may influence student enrollment and housing decisions, donor decisions, investment performance, and receivable collections. The University will continue to take appropriate steps as necessary to minimize any financial impact.

NOTE 17 - CHANGE IN OPERATING PERFORMANCE

For the year ended June 30, 2020, the University had incurred consecutive years of operating losses and overall declines in net assets. University Leadership, with the support of the Board of Trustees, took action to address the operating losses and declines in net assets. In May 2020, the University hired a new Chief Financial Officer and Treasurer. In fiscal year 2020, the University realized a $2.7 million improvement in the change in net assets from operating activities from a loss of $7.1 million in fiscal 2019 to a loss of $4.4 million in fiscal 2020. During fiscal 2020, the University's cash position improved, debt decreased, and operating expenses declined. During fiscal 2020, University leadership reduced personnel positions by nearly 10% and remained focused on non-personnel cost savings and a reduction in future capital expenditures. These actions helped to improve the University's operating results and helped to maintain sufficient operating cash flow.

During fiscal year 2021, the University’s operating performance momentum continued and the University realized a $4.7 million improvement in the change in net assets from operating activities from a loss of $4.4 million for fiscal year 2020 to a gain of $0.3 million for fiscal year 2021. During fiscal 2021, the University's cash position improved, debt decreased, and operating expenses declined.

SUPPLEMENTARY INFORMATION

Lynn University

FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE

June 30, 2021

Financial Statement Reference			
		Primary Reserve Ratio	
		Expendable net assets	
Statement of Position	=	Net assets without donor restrictions	$ 75,144,891
Statement of Position	+	Net assets with donor restrictions	48,133,639
Note 10	-	Net assets with donor restrictions: restricted in perpetuity	(26,246,672)
N/A	-	Annuities, term endowments & life income funds with donor restrictions	-
Note 1	-	Intangible Assets	(681,755)
Statement of Position	-	Land, Building & Equipment, net	(131,023,047)
Note 7	+	Long-term debt, up to amount of land, buildings and equipment, net	53,588,185
N/A	+	Postemployment benefit liability	-
Note 3	-	Unsecured related party receivables	(1,920,000)
		Total expendable net assets	16,995,241
		Total expenses	
Statement of Activities	=	Expenses and investment losses without donor restrictions	84,632,306
N/A	-	Losses without donor restrictions on investments	-
N/A	-	Losses without donor restrictions on postemployment benefit plan	-
N/A	-	losses without donor restrictions on annuities	-
		Total expenses	84,632,306
		Primary Reserve Ratio	**0.2008**
		Equity Ratio	
		Modified net assets	
Statement of Position	=	Net assets without donor restrictions	$ 75,144,891
Note 1	-	Intangible Assets	(681,755)
Note 3	-	Unsecured related party receivables	(1,920,000)
Statement of Position	+	Net assets with donor restrictions	48,133,639
		Total modified net assets	120,676,775
		Modified assets	
Statement of Position		Total assets	203,973,646
Note 1	-	Intangible Assets	(681,755)
Note 3	-	Unsecured related party receivables	(1,920,000)
		Total modified assets	201,371,891
		Equity Ratio	**0.5993**
		Net Income Ratio	
Statement of Activities		Change in net assets without donor restrictions	5,194,806
Statement of Activities		Total revenue without donor restrictions (including net assets released from restrictions)	86,754,308
Statement of Activities		Investment income, net	630,869
Statement of Activities		Other investment income	1,255,242
		Total revenue without donor restrictions	88,640,419
		Net Income Ratio	**0.0586**
		FY21 Composite Score Ratio	**2.60**

Lynn University

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Fiscal Year Ended June 30, 2021

Federal Grantor/State Agency, Pass-through Grantor Federal Program or Cluster Title/State Project	Assistance Listing / CSFA Number	Federal/State Expenditures	Match	Total Expenditures
Federal Awards				
U.S. Department of Education:				
Student Financial Aid - Cluster:				
Federal Supplemental Educational Opportunity Grant	84.007	$ 293,250	$ 97,750	$ 391,000
Federal Work-Study	84.033	184,538	61,512	246,050
Federal Perkins Loan	84.038	77,587	-	77,587
Federal Pell Grant	84.063	3,204,536	-	3,204,536
Federal Direct Student Loans	84.268	23,902,415	-	23,902,415
Total Student Financial Aid – Cluster		27,662,326	159,262	27,821,588
CRRSA Act Funding – Student Grants	84.425E	967,938	-	967,938
CRRSA Act Funding – Institutional	84.425F	2,000,672	-	2,000,672
American Rescue Plan Act Funding - Institutional	84.425F	2,587,600	-	2,587,600
Total Education Stabilization Fund		5,556,210	-	5,556,210
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 33,218,536	$ 159,262	$ 33,377,798
State Projects				
Florida Department of Education:				
Florida Effective Access to Student Education Program	48.064	$ 1,947,564	$ -	$ 1,947,564
Florida Work Experience Program	47.053	9,450	-	9,450
Florida Minority Teacher's Fund	48.049	4,000	-	4,000
Florida Private Student Assistance Grant	48.054	177,297	-	177,297
Florida Bright Futures Scholarship Project	48.059	382,574	-	382,574
Florida Department of Highway Safety & Motor Vehicles	76.052	2,550	-	2,550
Florida Department of State:			-	
Cultural Affairs	45.061	42,264	-	42,264
Florida CSDDV	48.055	11,448	-	11,448
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE		$ 2,577,147	$ -	$ 2,577,147

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance should be read in conjunction with this schedule.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of Lynn University (the "University") under programs/projects of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a select portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets or cash flows of the University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan program listed below is administered directly by the University and balances and transactions relating to this program are included in the University's basic financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2021, consist of:

Cluster: Program Title	Federal Assistance Listing Number	Balance Outstanding
Student Financial Aid: Federal Perkins Loan Program	84.038	$ 4,302

Federal Perkins Loan Program expired September 30, 2017, and the University may not disburse Perkins loans to any student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. The University will be liquidating its Federal Perkins Revolving Loan Fund at the direction of the Department of Education. The liquidation will likely involve the University assigning all eligible outstanding loans to the Department of Education and the remittance of federal share of remaining Perkins cash assets to the Department of Education.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE MATTERS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Lynn University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lynn University (the “University”), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2021.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

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

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

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

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

Grant Thornton LLP

New York, New York
October 4, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA,* AND THE FLORIDA SINGLE AUDIT ACT

To the Board of Trustees of
Lynn University

Report on compliance for each major federal program and state project

We have audited the compliance of Lynn University (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021. The University's major federal programs and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility
Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to the University's federal programs and state projects.

Auditor's responsibility
Our responsibility is to express an opinion on compliance for each of the University's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Single Audit Act (Section 215.97, *Florida Statutes),* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, the Uniform Guidance, Section 215.97, *Florida Statutes,* and Chapter 10.650, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each major federal program and state project
In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2021.

Report on internal control over compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program or state project to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, Section 215.97, *Florida Statutes,* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Section 215.97, *Florida Statutes,* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
December 17, 2021

Lynn University

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP):			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	______	Yes	X	No
Significant deficiency(ies) identified?	______	Yes	X	None Reported
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Type of auditor's report issued on compliance for major federal programs:			Unmodified	
Internal control over major federal programs:				
Material weakness(es) identified?	______	Yes	X	No
Significant deficiency(ies) identified?	______	Yes	X	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______	Yes	X	No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster
84.425E/84.425F	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000		
Auditee qualified as low-risk auditee?	X	Yes	______	No

State Financial Assistance

Type of auditor's report issued on compliance for major state project:	Unmodified			
Internal control over major state project:				
Material weakness(es) identified?	______	Yes	X	No
Significant deficiency(ies) identified?	______	Yes	X	None Reported
Any audit findings disclosed that are required to be reported in accordance with Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*?	______	Yes	X	No

Identification of major state project:

CSFA Number	Name of State Financial Assistance Project
48.064	Florida Effective Access to Student Education

Dollar threshold used to distinguish between type A and type B projects: $ 750,000

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters reported.

SECTION IV - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters reported.

No management letter is required because there were no findings required to be reported in the management letter.

There are no findings required to be reported in a management letter pursuant to Section 10.654(1) *Rules of the Auditor General of the State of Florida.*

Lynn University

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021

Finding #	Program Name	Summary of Findings	Status
2020-001	N/A	Accounting Treatment of Conditional Contributions	Corrected