

Loyola University of Chicago

Consolidated Financial Statements as of and
for the Years Ended June 30, 2022 and 2021,
Supplemental Schedule of Expenditures of Federal
Awards for the Year Ended June 30, 2022, and
Independent Auditor's Reports

LOYOLA UNIVERSITY OF CHICAGO

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PART I

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Loyola University of Chicago
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Loyola University of Chicago ("LUC"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LUC as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LUC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LUC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LUC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LUC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

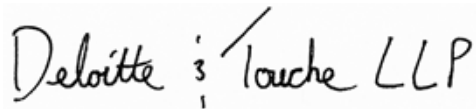
Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial responsibility schedule and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the consolidated

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2022, on our consideration of LUC'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 LUC'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 LUC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

September 22, 2022

LOYOLA UNIVERSITY CHICAGO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2022 and 2021

| <i>(In thousands of dollars)</i> | 2022 | 2021 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 80,937 | \$ 106,198 |
| Short-term investments | 200,874 | 208,533 |
| Notes and accounts receivable, net | 89,409 | 51,642 |
| Other assets | 9,202 | 8,095 |
| Endowment and other long-term investments | 1,004,715 | 1,072,247 |
| Right of use asset - operating leases | 1,261 | 1,363 |
| Assets held in trust by others | 2,296 | 2,294 |
| Interest held in perpetual trust | 13,791 | 16,064 |
| Land, buildings and equipment, net | 1,019,949 | 1,057,604 |
| TOTAL ASSETS | \$ 2,422,434 | \$ 2,524,040 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 61,209 | \$ 61,686 |
| Deferred revenue | 29,883 | 30,920 |
| Unexpended grants | 12,406 | 12,101 |
| Refundable U.S. government student loan funds | 9,038 | 12,545 |
| Indebtedness | 281,073 | 356,796 |
| Lease liability - operating | 1,291 | 1,384 |
| Pension and other postretirement plan liabilities | 40,394 | 50,456 |
| Other liabilities | 5,100 | 4,965 |
| TOTAL LIABILITIES | 440,394 | 530,853 |
| NET ASSETS: | | |
| Without donor restrictions | 1,421,334 | 1,451,060 |
| With donor restrictions | 560,706 | 542,127 |
| TOTAL NET ASSETS | 1,982,040 | 1,993,187 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,422,434 | \$ 2,524,040 |

See notes to the consolidated financial statements.

LOYOLA UNIVERSITY CHICAGO

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without donor restrictions | With donor restrictions | Total 2022 | Without donor restrictions | With donor restrictions | Total 2021 |
| <i>(In thousands of dollars)</i> | | | | | | |
| OPERATING REVENUES: | | | | | | |
| Tuition and fees, net of scholarships \$272,099 (2022) and \$250,782 (2021) | \$ 422,605 | \$ | \$ 422,605 | \$ 403,935 | \$ | \$ 403,935 |
| Auxiliary services | 58,884 | | 58,884 | 8,023 | | 8,023 |
| Academic support | 26,093 | | 26,093 | 24,916 | | 24,916 |
| Other | 26,578 | | 26,578 | 22,240 | | 22,240 |
| Grants and contracts for sponsored projects | 49,666 | | 49,666 | 48,177 | | 48,177 |
| Higher Education Emergency Relief Fund student aid | 19,825 | | 19,825 | 13,098 | | 13,098 |
| Higher Education Emergency Relief Fund Institutional aid | 1,586 | | 1,586 | - | | - |
| Gifts - cash and financial assets | 4,854 | | 4,854 | 1,489 | | 1,489 |
| Gifts - nonfinancial assets | 37 | | 37 | 71 | | 71 |
| Return on short-term investments and interest income | (7,573) | | (7,573) | 1,774 | | 1,774 |
| Investment income designated for operations | 9,769 | | 9,769 | 9,055 | | 9,055 |
| Net assets utilized or released from restrictions for operations | 18,206 | | 18,206 | 15,273 | | 15,273 |
| Net assets released - board designated | 6,730 | | 6,730 | 6,010 | | 6,010 |
| TOTAL OPERATING REVENUES | 637,260 | | 637,260 | 554,061 | | 554,061 |
| OPERATING EXPENSES: | | | | | | |
| Salaries and wages | 287,863 | | 287,863 | 268,746 | | 268,746 |
| Fringe benefits | 72,002 | | 72,002 | 55,458 | | 55,458 |
| Non-salary operating expenses | 149,069 | | 149,069 | 108,991 | | 108,991 |
| Depreciation and amortization | 58,316 | | 58,316 | 58,959 | | 58,959 |
| Insurance and utilities | 16,229 | | 16,229 | 14,302 | | 14,302 |
| Interest | 12,346 | | 12,346 | 13,207 | | 13,207 |
| Higher Education Emergency Relief Fund student aid | 19,825 | | 19,825 | 13,098 | | 13,098 |
| TOTAL OPERATING EXPENSES | 615,650 | | 615,650 | 532,761 | | 532,761 |
| RESULTS OF OPERATIONS | 21,610 | | 21,610 | 21,300 | | 21,300 |
| NON-OPERATING INCOME (LOSS): | | | | | | |
| Gifts | 20 | 79,300 | 79,320 | | 19,150 | 19,150 |
| Investment return, net of amounts designated for operations | (54,130) | (33,514) | (87,644) | 140,602 | 114,345 | 254,947 |
| Net periodic pension and post retirement plan cost | (1,109) | | (1,109) | (2,421) | | (2,421) |
| Retirement plan related changes other than net periodic retirement plan cost | 5,235 | | 5,235 | 10,100 | | 10,100 |
| Other | (7,183) | (2,672) | (9,855) | 4,923 | 2,776 | 7,699 |
| Net assets transferred or released from restrictions | 6,329 | (24,535) | (18,206) | 7,956 | (23,229) | (15,273) |
| Net assets released - board designated | (6,730) | | (6,730) | (6,010) | | (6,010) |
| Higher Education Emergency Relief Fund Institutional aid | 6,232 | | 6,232 | 12,481 | | 12,481 |
| TOTAL NON-OPERATING ACTIVITIES | (51,336) | 18,579 | (32,757) | 167,631 | 113,042 | 280,673 |
| CHANGE IN NET ASSETS | (29,726) | 18,579 | (11,147) | 188,931 | 113,042 | 301,973 |
| Total net assets, beginning of year | 1,451,060 | 542,127 | 1,993,187 | 1,262,129 | 429,085 | 1,691,214 |
| TOTAL NET ASSETS, END OF YEAR | \$ 1,421,334 | \$ 560,706 | \$ 1,982,040 | \$ 1,451,060 | \$ 542,127 | \$ 1,993,187 |

See notes to the consolidated financial statements.

LOYOLA UNIVERSITY CHICAGO

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2022 and 2021

| <i>(In thousands of dollars)</i> | 2022 | 2021 |
|---|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (decrease) in net assets | \$ (11,147) | \$ 301,973 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 58,316 | 58,959 |
| Provision for bad debt expense | 807 | 1,142 |
| Retirement plan related changes | (5,235) | (10,100) |
| Provision for retirement costs | 1,109 | 2,421 |
| Net realized and unrealized (gain) loss on investments | 93,149 | (260,317) |
| Net realized and unrealized (gain) loss on interest held in perpetual trust | 2,050 | (3,361) |
| Contributions restricted for long-term investment | (21,123) | (5,692) |
| Other | 3,261 | (2,642) |
| Changes in assets and liabilities: | | |
| Notes and accounts receivable, net | (40,516) | 761 |
| Other assets | (1,112) | (478) |
| Accounts payable and accrued expenses | (2,894) | 14,321 |
| Tenured faculty voluntary transition incentive program liability | - | (22,307) |
| Deferred revenue and unexpended grants | (732) | 2,666 |
| Interest held in perpetual trust | 223 | 196 |
| Refundable U.S. government student loan funds | (3,507) | (2,437) |
| Employer contributions to pension and retiree health plan | (5,936) | (5,663) |
| Other liabilities | 98 | 252 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 66,811 | 69,694 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of investments | 389,251 | 144,134 |
| Purchases of investments | (403,424) | (142,961) |
| Purchases of short-term investments, net | (3,785) | (8,096) |
| Expenditures for land, buildings and equipment | (22,886) | (26,011) |
| Student loans issued | (578) | (866) |
| Student loans collected | 2,520 | 3,025 |
| NET CASH USED BY INVESTING ACTIVITIES | (38,902) | (30,775) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Contributions restricted for long-term investment | 21,123 | 5,692 |
| Retirement of debt | (74,293) | (16,293) |
| NET CASH USED BY FINANCING ACTIVITIES | (53,170) | (10,601) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (25,261) | 28,318 |
| Cash and cash equivalents, beginning of year | 106,198 | 77,880 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 80,937 | \$ 106,198 |

See notes to the consolidated financial statements.

LOYOLA UNIVERSITY CHICAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2022 and 2021

(1) Overview of Loyola University of Chicago

Loyola University of Chicago (referred to as Loyola University Chicago, the University, or LUC) is a private, coeducational, not-for-profit institution of higher education and research founded in 1870 by the Society of Jesus (Jesuits). LUC's patron saint and namesake is St. Ignatius Loyola (1491-1556), the founder of the Society of Jesus. The year 2020 marked the University's 150th anniversary.

LUC is one of the largest Jesuit, Catholic universities in the United States and provides educational services to approximately seventeen thousand students primarily in undergraduate degree programs as well as graduate and professional degree programs. LUC performs research, training, and other services under grants and contracts with government agencies and other sponsoring organizations. LUC is home to 15 schools, colleges, and institutes. LUC operates four campuses: Lake Shore, Water Tower, Health Sciences, and the John Felice Rome Center in Italy, as well as a center in Ho Chi Minh City, Vietnam, the Cuneo Mansion & Gardens in Vernon Hills, Illinois and a Retreat and Ecology Campus in Woodstock, Illinois.

The accompanying consolidated financial statements include the accounts of Loyola University Chicago and Mundelein College (Mundelein). All intercompany transactions and balances are eliminated upon consolidation.

(2) Tax Status

LUC and Mundelein are Illinois not-for-profit corporations and are exempt from federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code.

(3) Summary of Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). These principles require management to make estimates and judgments affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates. The following notes may include reference to specific GAAP pronouncements including the Financial Accounting Standards Board's (FASB) Accounting Standards Updates (ASU) or Accounting Standards Codifications (ASC).

b) Cash and Cash Equivalents

Cash and cash equivalents are liquid instruments having original maturities at the time of purchase of three months or less, or funds investing primarily in such instruments, excluding those held in short-term and long-term investments. Cash and cash equivalents represent short-term, highly liquid investments that convert readily to cash and carry little interest rate risk.

c) Short-term Investments

Short-term investments are comprised of investments in securities or funds whose maturities and duration extend beyond the characteristics of cash and cash equivalents but are not considered long-term investments. Short-term investments are recorded at fair value and are generally priced and available on a daily basis. Investment income is recorded on the accrual basis and purchases and sales of short-term investment securities are recorded on a trade-date basis.

d) Other Assets

Other assets are mostly comprised of prepaid expenses. In addition, following the July 1, 2020 (fiscal year 2021) adoption of ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, capitalized implementation costs incurred in a cloud computing arrangement that is a service contract will also be included in this asset category.

e) Long-term Investments

Long-term investments are recorded at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset, or the amount that would be paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Investments in publicly-traded equity securities are valued based on quoted market prices. To the extent that quoted market prices are not readily available, fair value may be determined based on broker or dealer quotations or alternate pricing sources with reasonable levels of price transparency. Securities that trade infrequently may be valued as determined in good faith by LUC's investment managers.

The fair value of fixed income securities may be determined based on yields currently available on comparable securities of issuers with similar credit ratings, dealer-supplied prices or by discounting future principal and interest payments at prevailing interest rates.

The fair value of holdings of mutual funds, common collective trusts, and commingled funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in registered mutual funds and in common collective trusts and commingled funds that do not have a readily determined market value for fund units are valued based on the funds' net asset value as supplied by the fund administrator or trustee. Estimates of fair value provided by general partners or investment managers are reviewed by management.

Investments in private investment funds are recorded at estimated fair value based on LUC's share of the funds' fair value or number of units outstanding. A private investment fund's fair value is typically based on estimated asset values as of valuation dates that precede the LUC fiscal year end by up to 180 days and are adjusted for cash flows that occur between the valuation date and year end. These funds allocate gains, losses, and expenses to partners based on their respective ownership percentages or the number of units held. Management reviews reports and financial statements and communicates regularly with fund managers to maintain oversight of their valuation processes and estimates.

Effective July 1, 2020 (fiscal year 2021) LUC adopted the additional disclosure requirements of ASU No. 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* and concluded that the requirements were not material to the consolidated financial statements.

Investment income is recorded on the accrual basis. Purchases and sales of long-term investment securities are recorded on a trade-date basis.

f) Derivative Financial Instruments

LUC may use derivative financial instruments in the management of its treasury and investment portfolio. In addition, investment managers engaged by LUC may use derivative instruments to implement their investment strategies. Investments in derivative financial instruments are not designated as hedges. All derivative financial instruments used for investment purposes are marked to market and recorded at fair value. Gains and losses realized on derivative financial instruments used for investment purposes are recorded in the consolidated statements of activities and changes in net assets.

g) Assets Held in Trust by Others

A third party holds escrow funds on behalf of LUC for the purpose of improvement and restoration costs for the Cuneo Mansion and Gardens in Vernon Hills, Illinois. The escrow was established under a preservation agreement between LUC and the Village of Vernon Hills and Lake County.

h) Interest Held in Perpetual Trust

LUC is the beneficiary of funds held in trust. LUC does not control or have possession of these funds, but receives income from the trust in support of LUC's Health Sciences programs. Funds are recognized at the estimated fair value of future cash flows, which is estimated to equal the fair value of the trust assets.

i) Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or fair value at the date of purchase or gift to the University. Depreciation is calculated on a straight-line basis using the following useful lives: building shell, 40-50 years; building improvements, 10-25 years; furniture, 7-20 years; and equipment, 3-10 years. LUC capitalizes assets with a purchase price or fair value of \$5,000 or greater and with a useful life of over 1 year. LUC uses the component method of capitalization.

This asset category also includes the capitalized value of library books and art collections. The University follows ASU 2019-03, *Updating the Definition of Collections (Topic 958)*, which modified the definition of the term collections (i.e. works of art, historical treasures, and similar assets) and clarifies certain accounting and disclosure guidance related to such collections. This guidance, which was effective for LUC beginning July 1, 2020 (fiscal year 2021), had no impact on the consolidated financial statements.

Management continually reviews its long-lived assets for evidence of potential impairment. No impairment adjustments were recorded as of June 30, 2022.

j) Leases

Effective July 1, 2020 (fiscal year 2021), the University adopted ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees recognize rights and obligations arising from leases as assets and liabilities on the consolidated statements of financial position. The accounting by lessors remains largely unchanged. The University adopted this standard under a modified retrospective method, applying certain practical expedients to implement the standard. The adoption of this standard resulted in a recognition, as of July 1, 2020, of a right-of-use asset under an operating lease of \$1.4 million and an operating lease liability totaling \$1.4 million. As of the adoption date, there was one financing lease for \$68 thousand, which had been recognized previously as a capital lease. LUC has elected the short-term lease exemption and therefore does not recognize a right-of-use asset or corresponding liability for lease arrangements with an original term of 12 months or less. See Note 10, *Leases*, for further information regarding the University's lease-related disclosures.

k) Net Asset Classes

Net assets are classified based on the existence or absence of donor-imposed restrictions.

Net assets not subject to donor-imposed restrictions include those designated by the Board of Trustees such as funds functioning as endowment (quasi-endowments) and board-designated net assets.

Net assets that are subject to donor-imposed restrictions include those restricted for a particular use, expiring with the passage of time, or the occurrence of an event. When donor restrictions are met or the restrictions expire, net assets with donor restrictions are released as net assets without donor restrictions. Net assets subject to donor-imposed restrictions may also require assets to be retained permanently and invested in perpetuity. These restrictions permit the use of some or all of the income earned on the invested assets for specific purposes.

l) Revenue Recognition

The University adheres to the following GAAP concerning revenue recognition:

Revenue from Contracts with Customers. The University follows ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which LUC expects to be entitled in exchange for those goods or services.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made: The University follows ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction.

Reporting Revenue Gross versus Net: The University applies ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which provides guidance on assessing whether an entity is a principal or an agent in a revenue transaction and whether an entity reports revenue on a gross or net basis.

m) Gifts and Contributions

Contributions of cash and other financial assets

Unconditional gifts and contributions, including unconditional promises to give (pledges) that are reasonably assured to be received, are recognized in the period received and reported at present value in the appropriate category of net assets.

Gifts and contributions received with donor stipulations restricting their use are reported as gifts under non-operating activities and classified as net assets with donor restrictions. The expiration or fulfillment of donor-imposed restrictions on contributions is recognized in the period in which the restriction is fulfilled and are generally shown as net assets released from restrictions for operations.

Gifts and contributions received without donor stipulations restricting their use are reported as operating revenue and classified as net assets without donor restrictions.

Contributions of nonfinancial assets (gifts in kind)

On July 1, 2021 (fiscal year 2022), the University adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU improves transparency in the reporting of contributed financial assets, also known as gifts-in-kind. The University adopted this ASU on a retrospective basis.

For nonfinancial contributions which are readily consumed, the University recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Should the University accept a contribution of a nonfinancial asset such as real estate, the University will recognize the gift revenue, generally based on an independent appraisal, as non-operating income and will record the asset consistent with its policies for land, building and equipment, or other asset as appropriate.

The University does not rely on contributed services (services that create or enhance nonfinancial assets or provide specialized skills that would need to be purchased if they were not donated), and therefore does not recognize any revenue or expense for contributed services.

The statement of activities and changes in net assets presents the value of contributed nonfinancial assets in fiscal years 2022 and 2021 as a separate line item apart from contributions of cash and other financial assets. During these fiscal years, the contributions of nonfinancial assets were primarily donated goods subsequently used by the University's various programs, consistent with the donor's intent.

n) Grants and Contracts for Sponsored Projects

Grant and contract revenue is recognized when the conditions upon which they depend are substantially met, which primarily is when qualifying expenses or activities occur.

o) Retirement Plans and Other Post Retirement Benefits

LUC follows ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The guidance requires the service cost component of net periodic pension cost and net periodic postretirement benefit cost to be presented as a part of fringe benefits expense in the consolidated statements of activities. The other components of net periodic benefit cost such as interest cost, expected return on plan assets, net prior service cost or credit amortization, and net actuarial gain or loss amortization are reported under net periodic pension and post retirement plan cost in the non-operating activities section of the consolidated statements of activities and changes in net assets.

In addition, effective July 1, 2021 (fiscal year 2022), the University adopted ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. This guidance eliminates and adds certain disclosures related to defined benefit plans. Please refer to Note 12, *Retirement Plans* for disclosures required by this ASU.

p) Results of Operations

As part of the consolidated statements of activities and changes in net assets, the University presents results of operations as an operating measure. This operating measure represents operating revenues in excess of operating expenses that are an integral part of LUC's academic programming and supporting activities. Net assets utilized or released from donor restrictions to support operating expenditures, releases of board-designated net assets to support current operating activities, and investment income designated for operations, are also included in determining this measure of operations.

The measure of operations excludes investment returns (other than those designated for operations), retirement plan related changes (other than the service cost associated with pension and postretirement benefit plans), gains or losses on the sale or disposal of property, and certain non-recurring items.

q) Related Party Transactions

The University maintains policies to identify and evaluate related party transactions. Related parties include the University's directors, officers, or key employees, any relative of such individuals, or any entity in which such individuals exceed a certain ownership or beneficial interest percent, Mundelein, and the Loyola University Employees' Retirement Plan (LUERP). The University follows ASC 850, *Related Party Disclosures*. Please refer to Note 1, *Overview of Loyola University of Chicago*, and Note 12, *Retirement Plans* for information related to Mundelein and LUERP, respectively. During fiscal years 2022 and 2021, there were no other material related-party transactions to disclose.

r) Reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The fiscal year 2021 reclassifications primarily appear in the consolidated statement of cash flows within cash flows from operating activities.

s) Recent Accounting Pronouncements

Credit Losses on Financial Instruments: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This guidance provides financial statement users with more decision-useful information about the expected credit losses on financial instruments, and other commitments to extend credit, held at each reporting date. The ASU adds to GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. For LUC, the ASU is effective beginning in fiscal year 2024, with earlier application permitted. LUC is evaluating the impact of this ASU on the consolidated financial statements.

(4) Investments

Under authority delegated by the Board of Trustees, the Investment Policy Committee of the Board of Trustees establishes the investment policy and guidelines governing the management of LUC's investments. The strategy for long-term investments is predicated on the objectives of growth and preservation of the purchasing power of invested assets; therefore, it is equity-oriented and includes marketable equities, private equity investments, and energy and real estate investments, with diversifying exposure to fixed income investments and hedging strategies. Short-term investments are primarily managed with an objective to ensure safety of principal and a high level of liquidity to meet the needs of LUC's operations. Substantially all investments are managed by external investment managers and all are held in custody by third-party financial institutions.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three categories:

Level 1 - Unadjusted quoted prices in active markets for identical instruments.

Level 2 - Quoted prices in active markets for similar instruments, quoted prices in inactive markets for identical or similar instruments, or model-derived valuations in which all significant inputs are directly or indirectly observable.

Level 3 - Model-derived valuations in which one or more significant inputs are unobservable.

Fair value of investments in certain commingled funds and private partnerships that utilize a net asset value (NAV) per share or that report capital account balances on an equivalent pro-rata basis is estimated, as a practical expedient, to equal the reported NAV for such shares or reported partner's capital balance, as applicable. These investments consist of funds holding primarily publicly traded equity and fixed income securities as well as private partnerships holding equity stakes in public and non-public companies where fund or partnership interests or shares/units are not publicly quoted or traded.

Short-term Investments

LUC had short-term investments of \$200.9 million and \$208.5 million at June 30, 2022 and 2021, respectively. The tables below summarize LUC's fair value measurements of short-term investments by the fair value hierarchy levels as of June 30, 2022 and 2021:

(in thousands of dollars)

| <u>2022</u> | Total | Level 1 | Level 2 |
|---|-------------------|------------------|-------------------|
| Cash and cash equivalents | \$ 1,842 | \$ 1,842 | \$ - |
| Fixed income mutual funds | 42,910 | 42,910 | |
| U.S. Treasury and government agency debt securities | 50,728 | | 50,728 |
| Municipal debt securities | 2,802 | | 2,802 |
| Corporate debt securities | 79,716 | | 79,716 |
| Mortgage-related securities | 7,421 | | 7,421 |
| Asset-backed securities | 14,376 | | 14,376 |
| Collateralized mortgage obligations | 1,079 | | 1,079 |
| Total | <u>\$ 200,874</u> | <u>\$ 44,752</u> | <u>\$ 156,122</u> |

(in thousands of dollars)

| <u>2021</u> | Total | Level 1 | Level 2 |
|---|-------------------|------------------|-------------------|
| Cash and cash equivalents | \$ 1,648 | \$ 1,648 | \$ - |
| Fixed income mutual funds | 69,424 | 69,424 | |
| U.S. Treasury and government agency debt securities | 30,881 | | 30,881 |
| Municipal debt securities | 4,650 | | 4,650 |
| Corporate debt securities | 71,705 | | 71,705 |
| Mortgage-related securities | 12,568 | | 12,568 |
| Asset-backed securities | 16,095 | | 16,095 |
| Collateralized mortgage obligations | 1,562 | | 1,562 |
| Total | <u>\$ 208,533</u> | <u>\$ 71,072</u> | <u>\$ 137,461</u> |

Endowment and Other Long-term Investments

LUC's total endowment and other long-term investments are comprised primarily of endowed funds and board-designated funds functioning as endowment (quasi-endowments). It also includes unrestricted institutional funds, split-interest agreements, and other non-endowed donor and university funds. The table below presents the functional composition of LUC's total endowment and other long-term investments at June 30, 2022 and 2021:

(in thousands of dollars)

| | 2022 | 2021 |
|---|--------------|--------------|
| Donor-restricted endowment funds | \$ 421,879 | \$ 457,248 |
| Board-designated funds functioning as endowment | 465,636 | 472,202 |
| Total endowment investments ⁽¹⁾ | 887,515 | 929,450 |
| Institutional reserves | 107,031 | 130,222 |
| Total long-term investment portfolio | 994,546 | 1,059,672 |
| Split-interest agreements | 8,920 | 11,216 |
| Other invested assets | 1,249 | 1,359 |
| Total endowment and other long-term investments | \$ 1,004,715 | \$ 1,072,247 |

⁽¹⁾ Refer to Note 11, *Financial Assets and Liquidity Resources*, and Note 15, *Net Assets*.

The tables below summarize endowment and other long-term investments' fair value measurements by fair value hierarchy level and NAV (or its equivalent) as a practical expedient, as of June 30, 2022 and 2021:

(in thousands of dollars)

| 2022 | Total | Level 1 | Level 2 | Level 3 | NAV |
|--|--------------|-------------|-----------|---------|------------|
| Cash and cash equivalents ⁽¹⁾ | \$ (16,910) | \$ (16,910) | \$ - | \$ - | \$ - |
| U.S. marketable equity securities | 96,751 | 96,751 | | | |
| U.S. marketable equity mutual funds | 83,548 | 83,548 | | | |
| Non-U.S. marketable equity securities | 18,880 | 18,880 | | | |
| Non-U.S. marketable equity mutual funds | 58,605 | 58,605 | | | |
| Marketable equity commingled funds | 374,934 | | | | 374,934 |
| Other equity securities | 74 | | | 74 | |
| Fixed income mutual funds | 2,753 | 2,753 | | | |
| Fixed income commingled funds | 73,186 | | | | 73,186 |
| U.S. Treasury and government agency debt obligations | 89,968 | | 89,968 | | |
| Private equity investments | 193,732 | | | | 193,732 |
| Real assets mutual funds | 8,066 | 8,066 | | | |
| Private real assets investments | 21,128 | | | | 21,128 |
| Total | \$ 1,004,715 | \$ 251,693 | \$ 89,968 | \$ 74 | \$ 662,980 |

⁽¹⁾ Amounts are net of pending trade settlements and derivative offsets.

(in thousands of dollars)

| <u>2021</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>NAV</u> |
|--|---------------------|-------------------|------------------|----------------|-------------------|
| Cash and cash equivalents | \$ 6,181 | \$ 6,181 | \$ - | \$ - | \$ - |
| U.S. marketable equity securities | 86,821 | 86,821 | | | |
| U.S. marketable equity mutual funds | 98,272 | 98,272 | | | |
| Non-U.S. marketable equity securities | 306 | 306 | | | |
| Non-U.S. marketable equity mutual funds | 120,178 | 120,178 | | | |
| Marketable equity commingled funds | 367,067 | | | | 367,067 |
| Other equity securities | 74 | | | 74 | |
| Fixed income mutual funds | 17,785 | 17,785 | | | |
| Fixed income commingled funds | 81,708 | | | | 81,708 |
| U.S. Treasury and government agency debt obligations | 99,596 | 25,056 | 74,540 | | |
| Private equity investments | 157,286 | | | | 157,286 |
| Real assets mutual funds | 8,494 | 8,494 | | | |
| Private real assets investments | 28,479 | | | | 28,479 |
| Total | <u>\$ 1,072,247</u> | <u>\$ 363,093</u> | <u>\$ 74,540</u> | <u>\$ 74</u> | <u>\$ 634,540</u> |

There were no significant transfers between fair value hierarchy levels for the years ended June 30, 2022 and 2021. The table below summarizes the changes in fair value of the Level 3 investments in the endowment and other long-term investment portfolio for the years ended June 30, 2022 and 2021:

(in thousands of dollars)

| | <u>2022</u> | <u>2021</u> |
|-------------------|--------------|--------------|
| Beginning of year | \$ 74 | \$ 200 |
| Realized gain | - | 971 |
| Sales | - | (1,097) |
| End of year | <u>\$ 74</u> | <u>\$ 74</u> |

LUC is obligated to make future capital contributions in private investment vehicles in the maximum amount of \$132.9 million over the next several years, subject to investment period modifications provided for in fund offering documents or limited partnership agreements.

Fair value estimates, commitment and redemption information for investment funds valued at NAV (or its equivalent) as a practical expedient at June 30, 2022 are as follows:

(in thousands of dollars)

| Investment Type | 2022 Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period | Other Redemption Restrictions |
|---|--------------------|------------------------|---|------------------------------------|--|
| Marketable equity commingled funds ⁽¹⁾ | \$ 374,934 | \$ - | Weekly to triennially | Three business days to ninety days | Various initial lockup periods, potential redemption fees, limits on redeemable proportion of outstanding balances, and provisions allowing partial redemption despite lockups |
| Fixed income commingled funds ⁽²⁾ | 73,186 | 1,500 | Quarterly to only at the direction of investment managers | Sixty-five to ninety days | Certain limits on redeemable proportion of outstanding balances |
| Private equity Investments ⁽³⁾ | 193,732 | 104,057 | Directed by investment managers | n/a | None |
| Private real assets investments ⁽³⁾ | 21,128 | 27,314 | Directed by investment managers | n/a | None |
| Total | <u>\$ 662,980</u> | <u>\$ 132,871</u> | | | |

(1) The marketable equity commingled funds category is comprised of investments in funds primarily holding publicly-traded U.S. and non-U.S. equity securities, including long-short equity funds that can vary their net exposures across global markets.

(2) The fixed income commingled funds category is comprised of funds that invest primarily in U.S. high yield bonds and global corporate debt securities, including structured products.

(3) The private equity investments and private real assets investments are comprised of closed-end fund investments primarily holding controlling equity stakes in private firms and real estate assets, respectively.

Derivative Financial Instruments

Derivative financial instruments may be used in the management of the LUC investment portfolio. This is generally done to assist in rebalancing its asset mix and to invest cash that would otherwise earn a low rate of return. As of June 30, 2022 and 2021, the investment portfolio held futures contracts with a notional value of \$25.5 million and \$4.7 million, respectively. The net impact of the futures held at June 30, 2022 is to reduce the proportion of cash in the endowment portfolio by 2.5% while increasing equity exposure by 2.5%. Futures contracts are exchange-traded and subject to the market risk of the underlying indexes from which their prices are derived.

The effect of derivative instruments on the consolidated statements of activities and changes in net assets as of June 30, 2022 and 2021 is as follows:

(in thousands of dollars)

| Derivative Type | Location in the Consolidated Statements of Activities and Changes in Net Assets | 2022 | 2021 |
|--|---|------------|------------|
| Equity, fixed income, and currency futures | Non-operating: Investment return, net of amounts designated for operations | \$ (4,525) | \$ (1,251) |

Investment Returns

Investment returns, net of investment and management fees, for short-term and long-term investments, for the years ended June 30, 2022 and 2021 are as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|---|-------------|------------|
| Interest and dividend income, net of fees | \$ 7,701 | \$ 5,459 |
| Net realized gains | 94,601 | 15,602 |
| Net unrealized gain (loss) | (187,750) | 244,715 |
| Total net return on investment | \$ (85,448) | \$ 265,776 |

Returns earned on long-term investments are classified as non-operating activities in the consolidated statements of activities and changes in net assets, while returns earned on short-term investments and operating cash are classified as operating revenues. In addition, expenditures of accumulated investment return earned on board-designated funds functioning as endowment funds are classified as investment income designated for operations under operating revenues, and are deducted from non-operating investment returns, within net assets without donor restrictions.

The table below reconciles total net return on investment with the amounts presented in the consolidated statements of activities and changes in net assets:

(in thousands of dollars)

| | 2022 | 2021 |
|---|-------------|------------|
| Changes in net assets without donor restrictions | | |
| Return on short-term investments and interest income | \$ (7,573) | \$ 1,774 |
| Investment income designated for operations | 9,769 | 9,055 |
| Non-operating investment gain (loss) | (44,361) | 149,657 |
| Less: Amounts designated for operations | (9,769) | (9,055) |
| Non-operating investment return, net of amounts designated for operations | (54,130) | 140,602 |
| Changes in net assets with donor restrictions | | |
| Non-operating investment return, net of amounts designated for operations | (33,514) | 114,345 |
| Total net return on investment | \$ (85,448) | \$ 265,776 |

Endowment Net Assets

LUC's endowment consists of hundreds of individual funds established for a variety of purposes supporting LUC operations. Donor restricted endowment fund balances are classified and reported as net assets in accordance with donor specifications and GAAP. While funds functioning as endowment (quasi-endowments) are not subject to donor restrictions, approval by the Board of Trustees is required to spend from or otherwise alter the designated principal of these funds.

The LUC Board of Trustees has reviewed the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) and, having considered its rights and obligations thereunder, has determined that it is desirable for LUC to preserve, on a long-term basis, the original value of a contribution of a donor-restricted endowment fund as of the gift date, subject to any express language in the applicable endowment agreement indicating otherwise and pursuant to UPMIFA. Notwithstanding the foregoing, this determination is not intended to, and shall not, affect LUC's authority under UPMIFA to spend any amounts from an endowment fund on a short-term basis even if the market value of the endowment fund is below the original value of the contributions by the donor. As a result of this determination, LUC classifies as net assets with donor restrictions (a) the original value of gifts contributed to a donor-restricted endowment fund, and (b) the original value of subsequent gifts to a donor-restricted endowment fund.

In accordance with the Act, LUC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

LUC uses a total return-linked spending policy designed to preserve the value of the endowment fund in real terms (i.e. after inflation) and to generate a predictable stream of income to support spending. Endowment spending can consist of interest, dividends or accumulated capital gains, and the proportion of each varies from year to year.

The primary objective of the endowment investment policy is to provide a stable source of funding for LUC programs, financial aid, and faculty support that will maintain and expand the purchasing power of endowment payout over a long-term time horizon.

Target allocations, and acceptable ranges of deviation from them, are established in order to achieve a diversified investment portfolio that can adapt to changing market environments and investment opportunities. The endowment portfolio is also managed to ensure that, within the constraints of its asset allocation targets, sufficient liquidity is maintained to fund ongoing spending draws and the periodic funding requirements of its various investments.

The following table summarizes the asset allocation targets as of June 30, 2022 for the endowment and long-term investment portfolio:

| Target Asset Class | Allocation |
|-----------------------|------------|
| Global equity | 45.0% |
| Private capital | 20.0% |
| Real assets | 2.5% |
| Opportunistic Credit | 2.5% |
| Absolute Return | 20.0% |
| Fixed income | 10.0% |
| Total | 100.0% |

Current endowment spending policy establishes a maximum budgeted spending rate in any given year of 5% of an endowment fund's net assets. Proposals for endowed funds to apply a spending rate in excess of 5% must be approved as part of the annual budget approval process. Absent donor stipulations to the contrary, annual appropriations from an endowment fund are determined by application of an annually determined base budget calculation as of a measurement date preceding the beginning of the fiscal year in which the appropriated amounts are to be drawn.

Endowment net assets as of June 30, 2022 and 2021 are classified as follows:

(in thousands of dollars)

| | Without donor restrictions | With donor restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| <u>2022</u> | | | |
| Donor-restricted endowment funds | \$ - | \$ 436,135 | \$ 436,135 |
| Underwater endowments | - | (857) | (857) |
| Board-designated funds functioning as endowments | 464,792 | - | 464,792 |
| Total endowment net assets | <u>\$ 464,792</u> | <u>\$ 435,278</u> | <u>\$ 900,070</u> |
| <u>2021</u> | | | |
| Donor-restricted endowment funds | \$ - | \$ 457,406 | \$ 457,406 |
| Underwater endowments | - | (35) | (35) |
| Board-designated funds functioning as endowments | 471,331 | - | 471,331 |
| Total endowment net assets | <u>\$ 471,331</u> | <u>\$ 457,371</u> | <u>\$ 928,702</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the University has determined is required to be maintained as a fund of perpetual duration. Deficiencies of this nature, referred to as underwater endowments, are reported in net assets with donor restrictions. In the event an endowment falls underwater, current management practice is to allow spending so long as the fair value is at least 95% of the contributed gift value. A balance between 90 to 95% of gift value will allow for reduced spending, and at a fair value of 90% or below gift value, spending is not allowed until the fair value recovers above 90%.

At June 30, 2022 and 2021, the amount by which funds were underwater was calculated as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|--------------------------|-----------------|----------------|
| Aggregate fair value | \$ 19,541 | \$ 94 |
| Aggregate original value | 20,398 | 129 |
| Aggregate deficiency | <u>\$ (857)</u> | <u>\$ (35)</u> |

The following table provides a summary of the changes in the endowment net assets for the year ended June 30, 2022:

(in thousands of dollars)

| <u>2022</u> | Without donor restrictions | With donor restrictions | Total |
|--|-------------------------------|----------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 471,331 | \$ 457,371 | \$ 928,702 |
| Contributions and other additions | | | |
| Contributions (excluding pledges) | | 21,331 | 21,331 |
| Board-designated funds functioning as endowment | 39,397 | | 39,397 |
| Total contributions and other additions | <u>39,397</u> | <u>21,331</u> | <u>60,728</u> |
| Total investment return, net | (36,167) | (32,218) | (68,385) |
| Income distributed for operating purposes | | | |
| Scholarships | (3,130) | (5,052) | (8,182) |
| Endowed Chairs | (1,751) | (2,661) | (4,412) |
| Research | (590) | (537) | (1,127) |
| Other | (4,298) | (2,956) | (7,254) |
| Total income distributed for operating purposes | <u>(9,769)</u> | <u>(11,206)</u> | <u>(20,975)</u> |
| Endowment net assets, end of year | <u>\$ 464,792</u> | <u>\$ 435,278</u> | <u>\$ 900,070</u> |

Contributions of \$21.3 million in fiscal year 2022 include \$21.1 million received during fiscal year 2022 and \$0.2 million received in prior years but designated to the endowment during fiscal year 2022.

The following table provides a summary of the changes in the endowment net assets for the year ended June 30, 2021:

(in thousands of dollars)

| <u>2021</u> | Without donor restrictions | With donor restrictions | Total |
|--|-------------------------------|----------------------------|------------|
| Endowment net assets, beginning of year | \$ 352,751 | \$ 348,605 | \$ 701,356 |
| Contributions and other additions | | | |
| Contributions (excluding pledges) | - | 7,150 | 7,150 |
| Board-designated funds functioning as endowment | 9,890 | - | 9,890 |
| Total contributions and other additions | 9,890 | 7,150 | 17,040 |
| Total investment return, net | 117,745 | 111,351 | 229,096 |
| Income distributed for operating purposes | | | |
| Scholarships | (2,818) | (4,557) | (7,375) |
| Endowed Chairs | (1,779) | (2,578) | (4,357) |
| Research | (795) | (512) | (1,307) |
| Other | (3,663) | (2,088) | (5,751) |
| Total income distributed for operating purposes | (9,055) | (9,735) | (18,790) |
| Endowment net assets, end of year | \$ 471,331 | \$ 457,371 | \$ 928,702 |

Contributions of \$7.2 million in fiscal year 2021 include \$5.7 million received during fiscal year 2021 and \$1.5 million received in prior years but designated to the endowment during fiscal year 2021.

Split-Interest Agreements

Split-interest agreements consist of arrangements with donors in which LUC shares an interest in the assets held and the benefits received with other beneficiaries.

The assets held under split-interest agreements (charitable trusts for which LUC is the trustee and assets held in respect to gift annuity contracts) were \$8.9 million and \$11.2 million at June 30, 2022 and 2021, respectively, and are reported at fair value in endowment and other long-term investments in the consolidated statements of financial position. The discounted present value of any income beneficiary interest is included in accounts payable and other accrued expenses on the consolidated statements of financial position, and was \$4.8 million and \$5.0 million, respectively, at June 30, 2022 and 2021. The discount rate used is 5.5% and 6.0% in fiscal years 2022 and 2021, respectively.

Split-interest agreements for which LUC is not the trustee may or may not be reported on the consolidated statements of financial position, depending on whether a donor or trustee has made LUC aware of the existence of LUC's beneficial interest. Known split-interest agreements for which LUC is not a trustee are reported as other assets in the consolidated statements of financial position.

As of June 30, 2022 and 2021, the amounts related to split-interest agreements, in the non-operating activities section of the consolidated statements of activities and changes in net assets, are as follows:

(in thousands of dollars)

| Description | Location in the Consolidated Statements of Activities and Changes in Net Assets | 2022 | 2021 |
|---|---|-----------------|-----------------|
| Actuarial losses on split-interest agreements | Non-Operating: With Donor Restrictions - Other | <u>\$ (422)</u> | <u>\$ (444)</u> |

(5) Interest Held in Perpetual Trust

LUC's interest held in perpetual trust is classified as Level 3 in the fair-value hierarchy. The table below summarizes the changes in LUC's fair value measurements for the interest held in perpetual trust as of June 30, 2022 and 2021:

(in thousands of dollars)

| | 2022 | 2021 |
|------------------------|------------------|------------------|
| Beginning of year | \$ 16,064 | \$ 12,899 |
| Contributions | - | - |
| Realized gain | 511 | 307 |
| Unrealized gain (loss) | (2,561) | 3,054 |
| Distributions | (223) | (196) |
| End of year | <u>\$ 13,791</u> | <u>\$ 16,064</u> |

(6) Revenue from Contracts with Customers (Revenue Recognition)

Disaggregation of Revenue

As presented in the consolidated statements of activities and changes in net assets, the University has various sources of operating revenue described below:

Tuition and fees, net of scholarships

LUC's operating revenue is primarily derived from academic programs provided to students, including undergraduate, graduate, and professional degree granting programs. Tuition and fees revenue is earned by the University for these educational services delivered during an academic term. Tuition is charged at different rates depending on the program in which the student is enrolled. As part of a student's course of instruction, certain fees, such as technology fees and laboratory fees, are billed to students. Tuition and fees are earned over the applicable academic term and are not considered separate performance obligations.

Tuition scholarships awarded by LUC represent a reduction of the tuition transaction price. LUC awards both need-based and merit-based scholarships. Scholarships are generally awarded for the academic year, and are applied to the students' account during each academic term.

Academic terms are determined by regulatory requirements mandated by the federal government and/or applicable accrediting bodies. LUC's academic terms generally consist of Fall, Winter, Spring, and Summer terms. Academic terms are determined by start dates, which vary by program and are generally 8-16 weeks in length. Except for certain programs in the Summer term, the academic terms generally have start and end dates that fall within the University's fiscal year.

The University bills tuition and fees in advance of each academic term, and recognizes the tuition and fees revenue on a straight-line basis, as the educational services are performed, over the academic term or program. Students are typically entitled to a partial refund through approximately the first third of an academic term. Once a student reaches the point in the academic term where no refund is given, generally no refunds are due if the student withdraws subsequent to that date.

Students pay tuition and fees (net of scholarships) through a variety of funding sources, including among others, federal loan and grant programs, state grant programs, institutional payment plans, employer reimbursement, Veterans' Administration and other military funding and grants, private and institutional scholarships and borrowings, and cash payments.

Auxiliary services

Auxiliary services revenue consists primarily of fees for room and dining services (board) during the student's education. The University considers that room fees and dining services are each separate performance obligations.

Room fees are charged at different rates depending on the residence hall and room accommodations. Room fees are billed in advance of each academic term, and recognized as revenue on a straight-line basis over the period housing is provided. While the University believes the residential experience is an integral part of a student's education and the Loyola experience, the University considers the residential arrangement to be a distinct performance obligation from the academic services. Although first and second-year students are expected to live on campus, exemptions are possible, primarily for students living with family or married students.

Dining service fees are charged at different rates depending on the level of access to dining services during the term of the agreement. Dining services are billed in advance of each academic term, and are recognized as revenue ratably over the period during which the dining services are offered.

Some scholarships may be applied against room and board and therefore represent a reduction of the transaction price. Such awards are generally granted for the academic year, and are applied to the student's account during each academic term. Room and board scholarships of \$2.5 million and \$1.8 million were included as a reduction in auxiliary services revenue as of June 30, 2022 and 2021, respectively.

The University returned fully to its Chicagoland campuses for the Fall 2021 semester, including residence hall occupancy. As a result, fiscal year 2022 auxiliary services revenue was higher compared with fiscal year 2021. During fiscal year 2021, in response to the coronavirus pandemic, the University's residence halls were closed during the Fall 2020 semester. With the availability of COVID-19 surveillance testing and mitigation protocols, the residence halls opened to a reduced number of students for the Spring 2021 semester.

In addition to room and board, auxiliary services includes revenue earned for various conference services offered by the University. Revenue from conference services is recognized once the performance obligations are complete. Due to the pandemic, conference services activity was extremely limited during fiscal year 2022 and 2021.

Academic support

Revenue in this category pertains to revenue earned by the University under the Academic Affiliation Agreement with Loyola University Health System (LUHS) and Loyola University Medical Center (LUMC).

The University's education and research mission and programs, including the University's Stritch School of Medicine, Marcella Niehoff School of Nursing, the Parkinson School of Health Sciences and Public Health, and other health science and research programs, represent an integral part of and support the delivery of health care and related clinical services operated by LUHS and LUMC. The academic support amount of \$22.5 million established in 2011 has been adjusted annually based on the consumer price index. The University collects the payment monthly. As of June 30, 2022, the University fully collected the academic support payment for fiscal years 2022 and prior. LUC reported \$26.1 million and \$24.9 million of academic support in the consolidated statements of activities and changes in net assets in fiscal years 2022 and 2021, respectively.

LUHS and LUMC are owned and operated by Trinity Health. See Note 18, *Relationship with Trinity Health*, for additional information.

Other operating revenue

This category consists of revenue generated by the University under contractual arrangements deemed to be exchange transactions. Major revenue streams in this category include rental income generated by various residential and commercial properties owned by the University, revenue from seminars and workshops, athletic-related ticket sales and sponsorships, health and fitness center membership fees, and royalties. Revenue from these activities is generally recognized as services are performed. In fiscal year 2022, revenue in this category increased compared with the prior year. Health and fitness center membership fee revenue increased as did certain athletic-related revenues.

Contract Assets and Deferred Revenue

The University bills for tuition, fees, room and board in advance of the academic term. The student receivable is recognized only once the University has an unconditional right to receive payment because the programs have reached the point at which the amount billed is no longer refundable to the student. A liability for deferred revenue is recognized for the portion of tuition, fees, room and board, whether recognized as a receivable or collected, for which the University has not completed the performance obligations.

The University's academic terms generally have start and end dates that fall within the University's fiscal year. As a result, the substantial majority of tuition, fee, room, and board performance obligations are fulfilled prior to the University's fiscal year end.

Due to the start and end dates for programs in the Summer academic term in relation to the University's fiscal year end, the University recognizes a contract asset and corresponding revenue for tuition, fees, room, and board services which have been delivered as of June 30th, but for which the University does not yet have the unconditional right to receive payment as the students have not reached the point in the academic term at which the amount billed is no longer refundable to the student. Due to the timing of programs during the Summer terms, no contract assets were recorded as of June 30, 2022 or June 30, 2021, respectively.

As the academic terms are typically measured in weeks, contract asset and deferred revenue balances which exist at the end of a fiscal year will generally become a student receivable or revenue, respectively, within the following fiscal year. As of the end of each fiscal year, the University determines a new contract asset or deferred revenue balance for those programs which overlap the University's fiscal year end and are not yet unconditional or earned.

The deferred revenue balances as of June 30, 2022 and 2021, are presented below:

| (in thousands of dollars) | Contracts Performed Within One Year | | Contracts Greater than One Year | Total |
|--------------------------------------|--|----------|---------------------------------------|-----------|
| | Tuition, fees, room, and board | Other | Other | |
| Deferred revenue as of June 30, 2022 | \$ 23,299 | \$ 2,408 | \$ 4,176 | \$ 29,883 |
| Deferred revenue as of June 30, 2021 | \$ 23,610 | \$ 1,655 | \$ 5,655 | \$ 30,920 |

The deferred revenue related to contracts greater than one year will primarily be recognized on a straight-line basis over the remaining term of a contract which continues through fiscal year 2030.

Significant Judgments

Significant judgment is required in determining the appropriate approach to applying the revenue recognition criteria. While ASC Topic 606 is generally applied to an individual contract with a customer, as a practical expedient, LUC applies this guidance to a portfolio of contracts (or performance obligations) with similar characteristics. LUC reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

For tuition and fees, room, and dining services, the University has determined that contracts for these services can be grouped into a portfolio, specific to each of these three performance obligations. Based on the University's experience, students at different campuses or in different programs have similar characteristics concerning the University's approach to revenue recognition. Agreements concerning enrollment, student financial responsibility, housing, and dining plans each contain terms, which clarify the performance obligations and eligibility for refunds or fee adjustments. These agreements are fundamentally the same regardless of the program of study.

For contracts with customers not pertaining to tuition and fees, room, and board, the University generally applies the revenue recognition guidance on an individual contract basis.

Significant judgment is also required to assess collectability. For the majority of tuition and fees, the University receives cash receipts for tuition payments from various federal and state of Illinois government agencies. Students are required to provide documentation to the Department of Education to be eligible and approved for funding. The University monitors the progress of students through the eligibility and approval process for these financial aid programs. These cash receipts represent a substantial portion of overall billings and have an expected low risk of collectability. For the remainder of tuition and fees, room, and board, the University monitors for situations which would require a reassessment of collectability.

See Note 7, *Notes and Accounts Receivable, Net*, for additional information concerning student and other receivables and related allowance for doubtful accounts. Given the nature of the University's contracts with customers, there are no incremental costs of obtaining a contract and no significant financing components. During the fiscal year, there were no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

(7) Notes and Accounts Receivable, Net

Notes and accounts receivable, net, at June 30, 2022 and 2021 consist of the following:

| (in thousands of dollars) | June 30, 2022 | | | June 30, 2021 |
|------------------------------|-------------------------------------|---------------------------------------|--|--|
| | Notes and Accounts Receivable | Allowance for doubtful accounts | Notes and Accounts Receivable, net | Notes and Accounts Receivable, net |
| Student receivables | \$ 7,020 | \$ (2,597) | \$ 4,423 | \$ 7,381 |
| Student loan notes | | | | |
| Federal government programs | 8,789 | (998) | 7,791 | 9,561 |
| Institutional/other programs | 1,957 | (616) | 1,341 | 1,723 |
| Contributions receivable | 60,236 | (1,162) | 59,074 | 19,223 |
| Grants receivable | 11,098 | - | 11,098 | 6,530 |
| Other receivables | 5,891 | (209) | 5,682 | 7,224 |
| Total | <u>\$ 94,991</u> | <u>\$ (5,582)</u> | <u>\$ 89,409</u> | <u>\$ 51,642</u> |

Student receivables

These balances represent amounts billed to students related to their academic experience at LUC, and for which the University has an unconditional right to receive payment because the programs have reached the point at which the amount billed is no longer refundable to the student. The student receivables allowance for doubtful accounts is established based on collection experience. The following table summarizes the change in the student receivables allowance for doubtful accounts during fiscal years 2022 and 2021:

| (in thousands of dollars) | Balance, Beginning of Period | Allowance Increase | Amounts Written-off | Balance, End of Period |
|--|------------------------------------|-----------------------|------------------------|---------------------------|
| Allowance for doubtful accounts - Student receivables | | | | |
| For the year ended June 30, 2022 | \$ (4,415) | \$ (1,631) | \$ 3,449 | \$ (2,597) |
| For the year ended June 30, 2021 | \$ (4,444) | \$ (886) | \$ 915 | \$ (4,415) |

Student loan notes

Student loan notes consist of uncollateralized loans to students based on financial need. Student loan notes are primarily funded through federal government loan programs and to a lesser extent by institutional or other programs. At June 30, 2022 and 2021, student loan notes represented less than 1% of total assets.

The student loan notes funded through the federal government consist primarily of loan notes related to the federal Perkins revolving loan program, which provided low-interest loans to students with financial need. This federal program expired on September 30, 2017, with final loan disbursements allowed through June 30, 2018. Although no new Perkins loans are permitted, recipients of the Perkins loans have an obligation to repay the University, which in turn pays the federal government. LUC participates in other government revolving loan programs that function in a similar manner. The availability of funds for loans under federal programs other than Perkins is dependent on reimbursements to the pool from repayments on outstanding loans.

The liability for refundable U.S. government student loan funds in the consolidated statements of financial position was \$9.0 million and \$12.5 million at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, LUC had past due student loans of \$1.8 million and \$2.7 million, respectively. The allowance for doubtful accounts is established based on collection experience. The following table summarizes the change in the student loan notes' allowance for doubtful accounts during fiscal years 2022 and 2021:

| (in thousands of dollars) | Balance, Beginning of Period | Allowance Decrease (Increase) | Amounts Written-off | Balance, End of Period |
|---|------------------------------------|-------------------------------------|------------------------|---------------------------|
| Allowance for doubtful accounts - Student loan notes | | | | |
| For the year ended June 30, 2022 | \$ (2,342) | \$ (97) | \$ 825 | \$ (1,614) |
| For the year ended June 30, 2021 | \$ (2,614) | \$ 32 | \$ 240 | \$ (2,342) |

Contributions receivable

Contributions receivable represent unconditional promises to give from donors, collectible in future years. Contributions receivable are recorded after discounting to the present value of the expected future cash flows. Significant fluctuation in the discount rates utilized in this calculation could result in a material change. The discount is computed using an estimated market interest rate that approximates the expected return of an intermediate term bond portfolio for a similar time horizon. The weighted average discount rate utilized at June 30, 2022 was 4.1% and June 30, 2021 was 5.3%. An allowance for uncollectible contributions is established based upon management's judgment of the collectability of outstanding pledges.

During fiscal year 2022, the University received a pledge of \$40 million as part of a comprehensive capital campaign. The pledge is expected to be collected over the next four fiscal years.

Contributions receivable at June 30, 2022 and 2021 are due in the following periods:

| (in thousands of dollars) | 2022 | 2021 |
|---|-----------|-----------|
| In one year or less | \$ 15,356 | \$ 3,427 |
| Between one year and five years | 45,332 | 13,367 |
| More than five years | 8,025 | 9,368 |
| Present value discount | (8,477) | (5,902) |
| Total | 60,236 | 20,260 |
| Allowance for uncollectible contributions | (1,162) | (1,037) |
| Total contributions receivable, net | \$ 59,074 | \$ 19,223 |

Grants receivable

Grants receivable consists of amounts from federal and local government agencies and private entities related to sponsored programs. Substantially all of the balance of \$11.1 million as of June 30, 2022 is expected to be collected within the next fiscal year.

Other receivables

Other receivables consist of amounts expected to be collected from third parties related to the University's operations and programs. Within the upcoming fiscal year, LUC expects to collect \$3.7 million of the \$5.7 million balance as of June 30, 2022. The University regularly assesses the adequacy of the allowance for doubtful accounts, and balances are written off when deemed uncollectible.

(8) Land, Buildings and Equipment, Net

Components of land, buildings, and equipment at June 30, 2022 and 2021 are as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|-------------------------------------|---------------------|---------------------|
| Land and land improvements | \$ 221,534 | \$ 223,629 |
| Buildings | 1,487,219 | 1,479,599 |
| Equipment | 162,190 | 158,288 |
| Library books and art | 19,470 | 19,450 |
| Construction in progress | 14,755 | 5,195 |
| Total | 1,905,168 | 1,886,161 |
| Accumulated depreciation | (885,219) | (828,557) |
| Land, buildings, and equipment, net | <u>\$ 1,019,949</u> | <u>\$ 1,057,604</u> |

At June 30, 2022 and 2021, LUC included \$0.2 million and \$0.3 million, respectively, of capitalized asset retirement costs within net land, buildings, and equipment.

LUC had \$3.1 million and \$3.0 million of conditional asset retirement obligations included within other liabilities in the consolidated statements of financial position at June 30, 2022 and 2021, respectively.

Liabilities of \$5.5 million and \$2.6 million related to building construction and renovations and purchases of equipment are included in accounts payable and accrued expenses in the consolidated statements of financial position as of June 30, 2022 and 2021, respectively.

At June 30, 2022, LUC had commitments of \$34.7 million related to various capital projects.

(9) Indebtedness

Notes and bonds payable at June 30, 2022 and 2021 are shown below:

| (in thousands of dollars) | Final Maturity (Fiscal Year) | Interest Rate | 2022 | Interest Rate | 2021 |
|---|------------------------------------|------------------|-------------------|------------------|-------------------|
| Fixed rate: | | | | | |
| Illinois Finance Authority (IFA) (formerly Illinois Educational Facilities Authority (IEFA)): | | | | | |
| Series 2003B taxable bonds ⁽¹⁾ | 2022 | 5.60% | \$ - | 5.60% | \$ 13,215 |
| Series 2012B tax-exempt bonds | 2043 | 5.00% | 76,615 | 5.00% | 79,190 |
| Series 2012A taxable bonds ⁽²⁾ | 2043 | 4.63% | 100,000 | 3.20-4.63% | 157,220 |
| 2017 term note | 2024 | 2.56% | 21,065 | 2.56% | 21,420 |
| 2020 term note | 2035 | 2.79% | 74,040 | 2.79% | 74,040 |
| Rome Center mortgage note ⁽³⁾ | 2029 | 1.51% | 6,247 | 1.51% | 8,015 |
| Total fixed rate principal debt ⁽⁴⁾ | | 4.01% | <u>277,967</u> | 3.93% | <u>353,100</u> |
| Unamortized debt premium | | | 3,729 | | 4,430 |
| Unamortized debt issuance costs | | | <u>(623)</u> | | <u>(734)</u> |
| Total indebtedness | | | <u>\$ 281,073</u> | | <u>\$ 356,796</u> |

⁽¹⁾ The final maturity of the 2003B Bonds occurred on July 1, 2021 (fiscal year 2022).

⁽²⁾ As of June 30, 2022 all outstanding Series 2012A taxable bonds bear interest at a rate of 4.63%.

⁽³⁾ Principal amount outstanding is subject to currency (euro) fluctuations.

⁽⁴⁾ Interest rate represents the weighted average interest rate on all outstanding principal debt at June 30, 2022 and June 30, 2021, respectively.

Effective as of August 19, 2020, LUC entered into a 364-day credit facility with PNC Bank, National Association, under which LUC was able to borrow up to \$25 million on a revolving basis. On August 18, 2021, LUC renewed the 364-day credit facility and increased to \$50 million the amount which LUC may borrow on a revolving basis. Borrowings under this facility may bear interest at rates based on LIBOR, the Federal Funds Rate, the Prime Rate, or other negotiated rates. As of June 30, 2022 and 2021 and for the fiscal years then ended, no balances were outstanding nor any interest payable on this facility.

LUC did not record any capitalized interest at June 30, 2022 and 2021, respectively. Bond discounts, premiums, and costs incurred in connection with the issuance of bonds are deferred and amortized over the life of the related indebtedness.

Interest paid during the years ended June 30, 2022 and 2021 was \$14.4 million and \$13.9 million, respectively.

Debt Covenants

Certain debt agreements require the maintenance of financial ratios or impose other restrictions. Management believes LUC is in compliance with financial debt covenants as of June 30, 2022.

Debt Maturities

As of June 30, 2022, total scheduled maturities for the next five fiscal years are as follows:

(in thousands of dollars)

| Fiscal Year | |
|-------------|-------------------|
| 2023 | \$ 11,153 |
| 2024 | 17,181 |
| 2025 | 13,864 |
| 2026 | 21,262 |
| 2027 | 13,251 |
| Thereafter | 201,256 |
| | <u>\$ 277,967</u> |

Please see to Note 21, *Subsequent Events*, for additional information regarding the University's indebtedness and scheduled maturities for the next five fiscal years.

Disclosure of Fair Value of Long-term Debt

The fair value of the outstanding long-term debt as of June 30, 2022 and 2021 is as follows:

(in thousands of dollars)

| 2022 | | 2021 | |
|------------|----------------|------------|----------------|
| Fair Value | Carrying Value | Fair Value | Carrying Value |
| \$ 266,231 | \$ 281,073 | \$ 392,619 | \$ 356,796 |

The fair value of long-term debt is determined based on discounted cash flows or market prices for comparable borrowings as of June 30, 2022 and 2021. Long-term debt is classified as Level 2 in the fair value hierarchy.

(10) Leases

The University has contractual arrangements where it is a lessee. Separately, the University has contractual agreements where the University is a lessor. A lessee is generally defined as the entity paying for the use of specific property from a lessor. A lessor is defined as an entity that provides the right to use an asset for a period of time in exchange for consideration.

Lessee Disclosures

As a lessee, LUC analyzes each lease agreement to determine whether it should be classified as an operating or finance lease. In addition, LUC evaluates service contracts that involve the use of an identified asset (such as property, plant, or equipment) to determine if the contract contains a lease. As of June 30, 2022, LUC has no financing leases. For operating leases, the University recognizes in the consolidated statement of financial position a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments. Payments made on the lease liability, as well as the amortization of the right-of-use asset are recognized as rent expense over the term of the lease on a straight-line basis in the consolidated statement of activities. The cash payments for operating leases are classified within the operating activities in the statement of cash flows.

LUC has a land lease for which it is the lessee. As of June 30, 2022 and 2021, LUC's right-of-use asset was \$1.3 million and \$1.4 million, respectively. The corresponding lease liability was \$1.3 million and \$1.4 million at June 30, 2022 and 2021, respectively. Upon adoption of ASU No. 2016-02 on July 1, 2020, the future obligations of this lease were valued using LUC's estimated incremental borrowing rate of 2.0%.

The table below summarizes the undiscounted cash flows for future lease payments corresponding to the lease liability as of June 30, 2022:

(in thousands of dollars)

| Fiscal Year | Payments |
|------------------------------|----------|
| 2023 | \$ 120 |
| 2024 | 123 |
| 2025 | 127 |
| 2026 | 131 |
| 2027 | 135 |
| Thereafter | 816 |
| Total minimum lease payments | 1,452 |
| Present value discount | (161) |
| Total lease liability | \$ 1,291 |

Lessor Disclosures

The University is the lessor for residential and commercial lease arrangements.

LUC leases residential apartments in proximity to the University's Lake Shore Campus to its students and to the local campus community. Residential leases primarily contain terms of 12 months or less. The lease payments are fixed and not variable. Any desire by a tenant to extend a lease beyond the term of the original lease results in a new lease. All rent revenue is recognized on a straight-line basis over the term of the lease, and is included under other operating revenue in the consolidated statements of activities.

LUC also leases portions of certain buildings to commercial tenants. Commercial lease terms range from 5 to 10 years, with options to extend in 5 year increments. Five year leases typically consist of a fixed base rent along with the addition of common area maintenance (CAM) charges and real estate tax reimbursements. Percentage rent leases are minimal but represent a portion of lease concessions that have been granted due to the COVID-19 pandemic. Most of these leases will revert back to base terms at the end of a predetermined timeframe.

The standard policy for commercial rent is to establish a schedule with incremental increases for each tenant based on various factors including location, tenant needs, and expected real estate tax obligations. Rent revenue is recognized on a straight-line basis over the term of the lease, inclusive of concessions such as tenant improvement allowances. Most concessions to rent payments are in the form of abatements and are generally negotiated on a per tenant basis and are not material to the overall rent schedule. In the event concessions are ongoing and change the overall terms and obligations of the lease, a lease modification is negotiated. Rent revenue is included in other operating revenue in the consolidated statements of activities.

As a lessor, LUC has certain leases that have terms different than described above. These include land leases with terms that range from 35 to 99 years. One land lease is set to expire in calendar year 2100, with a base rent that is subject to an annual adjustment in line with the consumer price index. In addition, one land lessee's rents are calculated as a percent of the lessees' revenue.

During the years ended June 30, 2022 and 2021, LUC recognized rental revenue (net of rent concessions) of \$11.5 million and \$11.3 million, respectively, for its residential and commercial leases.

The table below summarizes the expected future annual lease revenue for both residential and commercial leases:

(in thousands of dollars)

| Fiscal Year | Expected Lease Revenue |
|-------------|---------------------------|
| 2023 | \$ 11,452 |
| 2024 | 11,174 |
| 2025 | 11,015 |
| 2026 | 10,781 |
| 2027 | 10,303 |
| Thereafter | 206,779 |

Expected residential lease revenue of \$5.2 million is included in the table above for each of the fiscal years 2023 to 2027. Although residential leases are 12 month leases, there is historical evidence to support that those leases are renewed or new leases are signed each year.

The net book value of the underlying building assets related to LUC's leasing activities as of June 30, 2022 and 2021 is \$39.0 million and \$42.0 million, or approximately 4.0% of the University's total land, building, and equipment. The majority of this value is for buildings that are fully occupied by residential or commercial tenants. The amount also includes that portion of the net book value of buildings leased to commercial tenants in buildings primarily used for University academic and administrative activities.

(11) Financial Assets and Liquidity Resources

LUC actively monitors liquidity required to meet its general expenditures. General expenditures include operating expenses, principal and interest payments on debt, pension and post-retirement plan payments, and internally funded capital projects. The annual cash cycle has seasonal variations primarily related to the timing of tuition billings and the receipt of gifts and pledge payments. Cash in excess of daily requirements is invested in short-term investment and money market funds to ensure adequate liquidity.

The following table reflects financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year. As of June 30, 2022, approximately \$424.9 million of financial assets could readily be made available within one year of that date to meet general expenditures, compared with \$491.1 million as of June 30, 2021, as follows:

(in thousands of dollars)

| Financial assets at June 30: | 2022 | 2021 |
|---|--------------|--------------|
| Cash and cash equivalents | \$ 80,937 | \$ 106,198 |
| Short-term investments | 200,874 | 208,533 |
| Notes and accounts receivable, net | 89,409 | 51,642 |
| Endowment and other long-term investments | 1,004,715 | 1,072,247 |
| Assets held in trust by others | 2,296 | 2,294 |
| Total financial assets | \$ 1,378,231 | \$ 1,440,914 |
| Less amounts not available for general expenditures within one year: | | |
| Student loan notes – Federal government programs and other restricted loans | (9,132) | (11,284) |
| Contributions receivable due in more than one year or restricted by donor with time or purpose restrictions | (58,062) | (18,212) |
| Other receivables due in more than one year | (2,080) | (3,769) |
| Donor restricted endowment investments, net of appropriation for the following fiscal year | (420,341) | (443,224) |
| Board designated endowment investments, net of appropriation for the following fiscal year | (452,502) | (459,771) |
| Split-interest agreements | (8,920) | (11,216) |
| Assets held in trust by others | (2,296) | (2,294) |
| Total financial assets not available to meet general expenditures within one year | \$ (953,333) | \$ (949,770) |
| Total financial assets available to meet general expenditures within one year | \$ 424,898 | \$ 491,144 |

In addition to the available financial assets noted above, LUC also had an unsecured line of credit available to meet general expenditures within one year of June 30, 2022 and 2021, respectively, as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| Total available line of credit | \$ 50,000 | \$ 50,000 |

Refer to Note 9, *Indebtedness*, and Note 21, *Subsequent Events*, for more information regarding the line of credit.

LUC has generally operated with a balanced budget and collects sufficient revenue to cover operating expenses not covered by donor-restricted resources. The consolidated statements of cash flows present the sources and uses of LUC's cash and shows net cash provided by operating activities of \$66.8 million and \$69.7 million for fiscal years 2022 and 2021, respectively. Refer to Note 17, *Contingencies*, for information regarding COVID-19 and the impact on University operations.

(12) Retirement Plans

LUC maintains a defined contribution retirement plan and a defined benefit retirement plan (LUERP).

Defined Contribution Retirement Plan

LUC's expense for the defined contribution retirement plan was \$22.7 million and \$11.7 million for fiscal years 2022 and 2021, respectively. During a portion of fiscal year 2021, in response to the uncertainty caused by the pandemic, LUC temporarily suspended its contributions to the plan. The University reinstated its contributions to the plan prospectively beginning in March 2021.

Defined Benefit Retirement Plan (LUERP)

LUERP is a frozen qualified defined benefit plan governed by ERISA. In June 2021, the LUERP executed an annuity purchase to transfer monthly retiree and beneficiary annuity payments of less than \$600 per month to an insurance company. The non-revocable annuity purchase agreement was signed June 28, 2021 and assets were transferred from the trust as of July 1, 2021. The annuity purchase transaction is recorded consistent with settlement accounting. The disclosures as of June 30, 2021 remove both the benefit obligation and plan assets related to this annuity purchase agreement.

Summary information for the defined benefit retirement plan is as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|---|--------------------|--------------------|
| Change in projected benefit obligation | | |
| Projected benefit obligation, beginning of year | \$ 69,896 | \$ 90,533 |
| Interest cost | 1,695 | 2,094 |
| Benefits paid | (2,439) | (3,525) |
| Settlements related to annuity purchase agreement | - | (15,057) |
| Settlements | (2,166) | (1,747) |
| Actuarial (gain) loss | (10,733) | (2,402) |
| Projected benefit obligation, end of year | <u>\$ 56,253</u> | <u>\$ 69,896</u> |
| Change in plan assets | | |
| Fair value of plan assets, beginning of year | \$ 54,785 | \$ 65,132 |
| Actual return on plan assets | (7,618) | 7,533 |
| Employer contributions | 2,768 | 2,449 |
| Settlements related to annuity purchase agreement | - | (15,057) |
| Settlements | (2,166) | (1,747) |
| Benefits paid | (2,439) | (3,525) |
| Fair value of plan assets, end of year | <u>\$ 45,330</u> | <u>\$ 54,785</u> |
| Funded status of the plan | | |
| Pension liability included in the consolidated statements of financial position | <u>\$ (10,923)</u> | <u>\$ (15,111)</u> |

The accumulated benefit obligation for the defined benefit retirement plan was \$56.3 million and \$69.9 million for fiscal years 2022 and 2021, respectively.

(in thousands of dollars)

| | 2022 | 2021 |
|--|------------------|------------------|
| Change in amounts not yet recognized in net periodic pension cost and included in net assets without donor restrictions | | |
| Beginning of year | \$ 44,352 | \$ 65,047 |
| Current year actuarial (gain) loss | (851) | (7,544) |
| Effect of settlement related to annuity purchase agreement | - | (9,554) |
| Settlements | (1,558) | (1,106) |
| Amortization of actuarial loss | (1,489) | (2,491) |
| End of year | <u>\$ 40,454</u> | <u>\$ 44,352</u> |
| Components of net periodic pension expense | | |
| Service cost | \$ - | \$ - |
| Interest cost | 1,695 | 2,094 |
| Expected return on plan assets | (2,264) | (2,392) |
| Net amortization | 1,489 | 2,491 |
| Net periodic pension expense | <u>920</u> | <u>2,193</u> |
| Effect of settlement related to annuity purchase agreement | - | 9,554 |
| Settlement expense | 1,558 | 1,106 |
| Disclosed net periodic pension expense | <u>\$ 2,478</u> | <u>\$ 12,853</u> |

Net actuarial loss of \$1.4 million for the plan will be amortized as non-operating activities from net assets without donor restrictions in the consolidated statements of activities during fiscal year 2023.

Estimated future benefit payments

Estimated future benefit payments are as follows:

(in thousands of dollars)

| Fiscal Year | Payments |
|-------------|-----------|
| 2023 | \$ 11,236 |
| 2024 | 5,082 |
| 2025 | 5,059 |
| 2026 | 4,901 |
| 2027 | 4,592 |
| Thereafter | 18,401 |

LUC expects to make an employer contribution of \$2.8 million to the defined benefit retirement plan in fiscal year 2023.

Actuarial Assumptions

The weighted average assumptions used in the accounting for the defined benefit retirement plan are as follows:

| | 2022 | 2021 |
|-------------------------------------|-------|-------|
| Discount rate - benefit obligations | 4.72% | 2.65% |
| Discount rate - pension expense | 2.65% | 2.50% |
| Rate of compensation increase | n/a | n/a |
| Expected long-term return on assets | 4.50% | 4.50% |

University management develops the estimate of the expected long-term rate of return on plan assets based upon the portfolio's investment mix, expectations developed for each asset class in which the plan invests, and expected rates of return for investment strategies the portfolio employs. Return assumptions are net of expenses charged to the plan. Asset class expectations are the result of models incorporating historical performance, correlations across assets, and economic and market forecasts.

LUERP assets are held in trust by an external trustee. The trust portfolio is managed in accordance with policies established by the LUERP Retirement Allowance Committee. Investments are made for the exclusive purpose of providing benefits to plan beneficiaries, with consideration given to preservation of capital and such long-term growth in the plan's assets as may fairly balance the need for reasonable return against investment risk. The investment objective is to achieve an asset growth rate through capital appreciation and current income approximately equal to or in excess of the growth in the liabilities of the plan. In pursuing this objective, the LUERP portfolio maintains allocations both to investments employed for the primary purpose of generating growth in plan assets and to investments employed to maintain a target hedge ratio against the impact of changes in interest rates on plan liabilities and to provide growth in the portfolio value over time. The portfolio's liability-hedging allocation utilizes a combination of U.S. Treasury securities and Treasury futures that is matched to the duration of expected payments to plan beneficiaries in aggregate, and is intended to increase over time as a proportion of the portfolio in tandem with improvements in the plan's funded status. LUERP investment policy provides for staged increases in the liability-hedging allocation, with concomitant reductions in the allocation to return-seeking assets, as progressively higher plan funded status levels are achieved.

The defined benefit retirement plan asset allocation at the June 30 measurement date was as follows:

| | 2022 | 2021 |
|---|------|------|
| Cash and cash equivalents, net ⁽¹⁾ | 14% | (3)% |
| Equity securities | 26% | 32% |
| Fixed income securities | 38% | 46% |
| Diversifying strategies | 12% | 13% |
| Other, including real estate | 10% | 12% |
| Total | 100% | 100% |

⁽¹⁾ Amounts are net of pending trade settlements and derivative offsets.

The table below summarizes LUC's fair value measurements of the LUERP investment portfolio by the fair value hierarchy level and NAV as a practical expedient as of June 30, 2022. Fair values in certain categories include the value of notional exposure to related index futures.

(in thousands of dollars)

| <u>2022</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>NAV</u> |
|--|------------------|------------------|------------------|----------------|------------------|
| Cash and cash equivalents, net ⁽¹⁾ | \$ 6,198 | \$ 6,198 | \$ - | \$ - | \$ - |
| U.S. marketable equity securities | 3,366 | 3,366 | | | |
| Non-U.S. marketable equity securities | 69 | 69 | | | |
| Non-U.S. marketable equity mutual funds | 8,348 | 8,348 | | | |
| Other equity securities | 18 | | | 18 | |
| Fixed income commingled funds | 2,224 | | | | 2,224 |
| Multi-strategy commingled funds | 5,660 | | | | 5,660 |
| Private equity investments | 38 | | | | 38 |
| Real assets commingled funds | 4,469 | | | | 4,469 |
| Private real assets investments | 5 | | | | 5 |
| Liability-hedge U.S. Treasury debt obligations | 38,936 | 27,441 | 11,495 | | |
| Futures offset for liability hedge positions | (27,441) | (27,441) | | | |
| Liability-hedge cash and cash equivalents | 3,440 | 3,440 | | | |
| Total | <u>\$ 45,330</u> | <u>\$ 21,421</u> | <u>\$ 11,495</u> | <u>\$ 18</u> | <u>\$ 12,396</u> |

⁽¹⁾ Amounts are net of pending trade settlements and derivative offsets.

The table below summarizes the changes in fair value of the LUERP Level 3 investments for the years ended June 30, 2022 and 2021:

(in thousands of dollars)

| | <u>2022</u> | <u>2021</u> |
|----------------------|--------------|--------------|
| Beginning of year | \$ 17 | \$ 48 |
| Realized gain (loss) | (20) | 220 |
| Unrealized gain | 21 | - |
| Sales | - | (251) |
| End of year | <u>\$ 18</u> | <u>\$ 17</u> |

The table below summarizes LUC's fair value measurements of the LUERP investment portfolio by the fair value hierarchy level and NAV as a practical expedient as of June 30, 2021. Fair values in certain categories include the value of notional exposure to related index futures.

(in thousands of dollars)

| <u>2021</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>NAV</u> |
|--|------------------|------------------|------------------|----------------|------------------|
| Cash and cash equivalents, net ⁽¹⁾ | \$ (1,702) | \$ (1,702) | \$ - | \$ - | \$ - |
| U.S. marketable equity securities | 1,546 | 1,546 | | | |
| U.S. marketable equity mutual funds | 2,901 | 2,901 | | | |
| U.S. marketable equity commingled funds | 4,132 | | | | 4,132 |
| Non-U.S. marketable equity securities | 519 | 519 | | | |
| Non-U.S. marketable equity mutual funds | 4,232 | 4,232 | | | |
| Non-U.S. marketable equity commingled funds | 4,044 | | | | 4,044 |
| Other equity securities | 17 | | | 17 | |
| Fixed income mutual funds | 1,486 | 1,486 | | | |
| Fixed income commingled funds | 5,496 | | | | 5,496 |
| U.S. Treasury and government agency debt obligations | 18,187 | 6,703 | 11,484 | | |
| Multi-strategy commingled funds | 6,995 | | | | 6,995 |
| Private equity investments | 44 | | | | 44 |
| Real assets commingled funds | 6,883 | | | | 6,883 |
| Private real assets investments | 5 | | | | 5 |
| Total | <u>\$ 54,785</u> | <u>\$ 15,685</u> | <u>\$ 11,484</u> | <u>\$ 17</u> | <u>\$ 27,599</u> |

⁽¹⁾ Amounts are net of pending trade settlements and derivative offsets.

There were no significant transfers between fair value hierarchy levels for the years ended June 30, 2022 and 2021.

(13) Other Postretirement Benefits

LUC has a defined benefit retiree health plan covering eligible employees upon their retirement. As of January 1, 2019, the plan was frozen to new participants. Also as of that date, participants with Retiree Health Reimbursement Account (RHRA) balances no longer receive allocations or annual interest credits towards the RHRA. Certain eligible retirees receive \$1,500 annually to be used by the retiree or spouse towards qualified medical expenses and for purchasing supplemental Medicare coverage.

Summary information for the defined benefit retiree health plan is as follows:

(in thousands of dollars)

| | 2022 | 2021 |
|--|-------------|-------------|
| Change in benefit obligation | | |
| Benefit obligation, beginning of year | \$ 35,345 | \$ 38,397 |
| Service cost | - | - |
| Interest cost | 636 | 675 |
| Participant contributions | 9 | 24 |
| Benefits paid | (3,177) | (3,239) |
| Actuarial (gain) loss | (3,342) | (512) |
| Benefit obligation, end of year | \$ 29,471 | \$ 35,345 |
| Change in plan assets | | |
| Fair value of plan assets, beginning of year | \$ - | \$ - |
| Employer contributions | 3,168 | 3,215 |
| Participant contributions | 9 | 24 |
| Benefits paid | (3,177) | (3,239) |
| Fair value of plan assets, end of year | \$ - | \$ - |
| Funded status of the plan | | |
| Other post retirement liability included in the consolidated statements of financial position | \$ (29,471) | \$ (35,345) |
| Change in amounts not yet recognized in net periodic benefit cost and included in net assets without donor restrictions | | |
| Beginning of year | \$ (3,253) | \$ (3,188) |
| Net prior service credit amortization | 447 | 447 |
| Current year actuarial (gain) loss | (3,342) | (512) |
| End of year | \$ (6,148) | \$ (3,253) |
| Components of net periodic postretirement benefit cost | | |
| Service cost | \$ - | \$ - |
| Interest cost | 636 | 675 |
| Net prior service credit amortization | (447) | (447) |
| Net periodic postretirement benefit cost | \$ 189 | \$ 228 |
| Discount Rate | 4.52% | 1.92% |

The discount rate used to calculate the benefit obligation for the year ended June 30, 2022 and the benefit cost for fiscal year 2023 is 4.52%. The discount rate used to calculate the benefit cost for fiscal year 2021 was 1.92%. The increase in the discount rate was the primary reason for the \$3.3 million actuarial gain, reducing the benefit obligation as of June 30, 2022.

Health care cost trend rate assumptions for the plan

As a result of plan amendments announced in previous years, health care cost trend rate assumptions are no longer applicable.

Estimated future benefit payments

Estimated future benefit payments for the years ended June 30 are as follows:

(in thousands of dollars)

| <u>Fiscal Year</u> | <u>Payments</u> |
|--------------------|-----------------|
| 2023 | \$ 4,658 |
| 2024 | 4,778 |
| 2025 | 4,626 |
| 2026 | 4,293 |
| 2027 | 3,793 |
| Thereafter | 10,832 |

(14) Functional Classification of Expenses

The University's primary program services are academic, instruction, and research. Student services, auxiliary and institutional support expenses are incurred in support of primary activities. The University allocates the operation and maintenance of University facilities, interest, and depreciation and amortization expenses attributable to more than one functional expense category using various cost allocation methodologies such as square footage, direct usage, and employee headcount.

Expenses by functional classification for the years ended June 30, 2022 and 2021 are as follows:

| (in thousands of dollars) | Academic, Instruction & Research | Student Services & Auxiliary | Institutional Support | Total |
|--|--|------------------------------------|--------------------------|-------------------|
| 2022 | | | | |
| Operating expenses: | | | | |
| Salaries, wages and fringe benefits | \$ 255,685 | \$ 41,439 | \$ 62,741 | \$ 359,865 |
| Non-salary operating expenses | 55,230 | 61,845 | 31,994 | 149,069 |
| Depreciation and amortization | 31,234 | 17,915 | 9,167 | 58,316 |
| Insurance and utilities | 5,168 | 4,431 | 6,630 | 16,229 |
| Interest | 2,611 | 7,718 | 2,017 | 12,346 |
| Higher Education Emergency Relief Fund Student aid ⁽¹⁾ | - | 19,825 | - | 19,825 |
| Total | \$ 349,928 | \$ 153,173 | \$ 112,549 | \$ 615,650 |
| 2021 | | | | |
| Salaries, wages and fringe benefits | \$ 239,742 | \$ 36,811 | \$ 47,651 | \$ 324,204 |
| Non-salary operating expenses | 47,154 | 32,304 | 29,533 | 108,991 |
| Depreciation and amortization | 32,619 | 16,985 | 9,355 | 58,959 |
| Insurance and utilities | 4,573 | 3,113 | 6,616 | 14,302 |
| Interest | 3,259 | 7,915 | 2,033 | 13,207 |
| Higher Education Emergency Relief Fund Student aid ⁽¹⁾ | - | 13,098 | - | 13,098 |
| Total | \$ 327,347 | \$ 110,226 | \$ 95,188 | \$ 532,761 |

⁽¹⁾ See Note 16, *Higher Education Emergency Relief Fund*, for further information.

Fundraising expenses of \$14.9 million and \$11.1 million are included primarily in institutional support for fiscal years ending June 30, 2022 and 2021, respectively.

LUC receives revenue from grants and contracts for sponsored projects. Federal and local government agencies and private entities support research, training, academic programming, and other sponsored programs. Expenditures for these sponsored programs, totaling \$37.8 million during fiscal year 2022 and \$37.0 million during fiscal year 2021 are included in the tables above primarily under academic, instruction, and research.

LUC is generally not subject to federal and state income taxes. However, LUC is subject to tax on unrelated business income, as defined by the Internal Revenue Code. The University's estimated tax liability for unrelated business income was less than \$0.1 million as of June 30, 2022 and 2021. The estimated income tax liability arises from various auxiliary services such as conference services, fitness center public memberships, athletic sponsorships with advertising, and certain service agreements.

(15) Net Assets

Net assets as of June 30, 2022 were as follows:

| (in thousands of dollars) | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
|--|-------------------------------|----------------------------|---------------------|
| Perpetual: | | | |
| Endowment | \$ - | \$ 226,678 | \$ 226,678 |
| Underwater endowments | - | (857) | (857) |
| Endowment – board designated | 464,792 | - | 464,792 |
| Other, primarily academic or program support and student financial aid | - | 55,327 | 55,327 |
| Subtotal | 464,792 | 281,148 | 745,940 |
| Time or purpose: | | | |
| Endowment returns subject to future appropriation | - | 207,333 | 207,333 |
| Academic or program support and student financial aid | - | 53,489 | 53,489 |
| Research | - | 7,931 | 7,931 |
| Student loans | - | 3,572 | 3,572 |
| Construction | - | 2,494 | 2,494 |
| Subtotal | - | 274,819 | 274,819 |
| Annuity | - | 2,363 | 2,363 |
| Life income funds | - | 252 | 252 |
| Term endowments | - | 2,124 | 2,124 |
| Board designated | 41,238 | - | 41,238 |
| Subtotal | 41,238 | 279,558 | 320,796 |
| Undesignated | 915,304 | - | 915,304 |
| Total net assets | \$ 1,421,334 | \$ 560,706 | \$ 1,982,040 |

Net assets as of June 30, 2021 were as follows:

| (in thousands of dollars) | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
|--|-------------------------------|----------------------------|---------------------|
| Perpetual: | | | |
| Endowment | \$ - | \$ 205,664 | \$ 205,664 |
| Underwater endowments | - | (35) | (35) |
| Endowment – board designated | 471,331 | - | 471,331 |
| Other, primarily academic or program support and student financial aid | - | 21,368 | 21,368 |
| Subtotal | 471,331 | 226,997 | 698,328 |
| Time or purpose: | | | |
| Endowment returns subject to future appropriation | - | 249,334 | 249,334 |
| Academic or program support and student financial aid | - | 44,629 | 44,629 |
| Research | - | 7,821 | 7,821 |
| Student loans | - | 3,607 | 3,607 |
| Construction | - | 2,837 | 2,837 |
| Subtotal | - | 308,228 | 308,228 |
| Annuity | - | 4,188 | 4,188 |
| Life income funds | - | 306 | 306 |
| Term endowments | - | 2,408 | 2,408 |
| Board designated | 39,268 | - | 39,268 |
| Subtotal | 39,268 | 315,130 | 354,398 |
| Undesignated | 940,461 | - | 940,461 |
| Total net assets | \$ 1,451,060 | \$ 542,127 | \$ 1,993,187 |

The University's Board of Trustees periodically designates net assets for the benefit of specific schools and academic or research activities. In fiscal year 2022, the University's Board of Trustees designated \$8.7 million of net assets for various schools and academic programs. In fiscal year 2021, the University's Board of Trustees designated approximately \$6.7 million of net assets for various schools and academic programs. Approximately \$6.7 million and \$6.0 million of these net assets were utilized during fiscal years 2022 and 2021, respectively.

Net Assets with donor restrictions include contributions receivable of \$59.1 million and \$19.2 million as of June 30, 2022 and 2021, respectively. See Note 7, *Notes and Accounts Receivable, net* for further information on contributions receivable.

(16) Higher Education Emergency Relief Fund

In response to the COVID-19 national emergency, the federal government established and funded a Higher Education Emergency Relief Fund (HEERF). The HEERF allocations provided funding for both students (Student Share) as well as for the higher education institution (institutional Share).

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) created HEERF I.

- HEERF I Student Share grants are to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to the COVID-19 crisis
- HEERF I Institutional Share is intended to cover costs incurred by the University including costs associated with significant changes to the delivery of instruction due to the coronavirus.

In December 2020, HEERF II was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA").

- HEERF II Student Share may be used for any component of the student's cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care. The CRRSAA requires that institutions prioritize students with exceptional need.
- HEERF II Institutional Share allowable uses include:
 - a) Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll);
 - b) Carrying out student support activities authorized by the Higher Education Act of 1965, as amended, that address needs related to coronavirus; and
 - c) Making additional emergency financial aid grants to students.

In March 2021, the American Rescue Plan ("ARP") provided funding for HEERF III.

- Under ARP, any student enrolled at an institution of higher education on or after March 13, 2020 (the date of declaration of the national emergency due to the coronavirus) is eligible for emergency financial aid grants from the HEERF III, regardless of whether they completed a Free Application for Federal Student Aid (FAFSA) or are eligible for Title IV. The ARP requires that institutions prioritize students with exceptional need and the Department of Education encouraged institutions to prioritize domestic students, especially undergraduates, in allocating this funding. Domestic students include citizens, permanent residents, refugees, asylum seekers, DACA recipients, other DREAMers, and similar undocumented students. The allowable uses for HEERF III Student Share were the same as under HEERF II.
- For the HEERF III Institutional Share, a portion of the funds must be used towards:
 - a) Implementing evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and
 - b) Conducting direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances.

Other than these two new requirements, allowable uses for the HEERF III Institutional Share are similar to the allowable uses under HEERF II.

Following is a summary of the HEERF-related funding recorded by the University during fiscal year 2022:

| (in thousands of dollars) | Emergency Grants to Students | Institutional Share |
|--|---------------------------------|------------------------|
| Funding Source: | | |
| HEERF III | \$ 13,857 | \$ 13,786 |
| Emergency grants to students funded from the University's HEERF III Institutional Share | 5,968 | (5,968) |
| Total HEERF Grant Fund Utilization | <u>\$ 19,825</u> | <u>\$ 7,818</u> |

The fiscal year 2022 consolidated statements of activities and changes in net assets includes \$19.8 million of grant revenue and a corresponding operating expense related to the emergency grants disbursed to students. The amount distributed to students includes approximately \$6.0 million which the University allocated from its \$13.8 million Institutional Share.

Of the remaining Institutional Share of \$7.8 million, \$1.6 million is classified as operating revenue and \$6.2 million is classified as non-operating income. Amounts classified as operating revenue were designated to partially offset certain allowable operating expenses incurred during fiscal year 2022. Amounts classified as non-operating income include \$3.2 million to partially offset fiscal year 2022 lost revenue and \$3.0 million for allowable expenses, including lost revenue, related to fiscal year 2021.

Following is a summary of the HEERF-related funding recorded by the University during fiscal year 2021:

| (in thousands of dollars) | Emergency Grants to Students | Institutional Share |
|---|---------------------------------|------------------------|
| Funding Source: | | |
| HEERF I | \$ 5,022 | \$ 5,022 |
| HEERF II | 5,022 | 10,513 |
| Emergency grants to students funded from the University's HEERF II Institutional Share | 3,054 | (3,054) |
| Total HEERF Grant Fund Utilization | <u>\$ 13,098</u> | <u>\$ 12,481</u> |

The fiscal year 2021 consolidated statements of activities and changes in net assets includes \$13.1 million of grant revenue and a corresponding operating expense related to the emergency grants disbursed to students during the year. The \$12.5 million of Institutional Share funding is recorded in the fiscal year 2021 consolidated statements of activities as non-operating income. These funds were designated to partially offset room and board credits issued by the University during the spring 2020 academic term (fiscal year 2020).

(17) Contingencies

Various lawsuits, claims, and other contingent liabilities occasionally arise in the ordinary course of LUC's education and research activities. In the opinion of management, all such matters have been adequately provided for, are without merit, or are of such kind that if disposed of unfavorably, would not have a material effect on LUC's financial position or results of operations.

COVID-19

The coronavirus pandemic is an ongoing global pandemic. In March 2020, a national emergency concerning COVID-19 was declared in the United States and in February 2022, the national emergency was extended beyond March 1, 2022. While the University ensured academic continuity (teaching, research, and learning), during the fall 2020 semester (fiscal year 2021), the residence halls, dining facilities, and other on-campus activities remained essentially closed. With the availability of surveillance testing, COVID-19 vaccines, and other health protocols, the University took important steps toward reopening certain campuses beginning with the spring 2021 semester. At that time, Loyola welcomed back a limited number of residential students and increased the number of in-person classes. The University returned to its campuses fully in fall 2021 with in-person classes and residence hall occupancy. The University continues to prioritize health and safety, academic continuity, and student recruitment and retention.

As the COVID-19 pandemic is complex and rapidly evolving, the University cannot reasonably estimate the duration and severity of this pandemic, which could have an adverse impact on the University's results of operations, financial position and cash flows. The University is taking prudent financial measures to mitigate the impact of COVID-19 in order to realize assets and satisfy liabilities in the normal course of business.

(18) Relationship with Trinity Health

On June 30, 2011, LUC completed a transaction with Trinity Health, an Indiana not-for-profit corporation located in Livonia, Michigan, pursuant to a Definitive Agreement dated March 31, 2011 (the Definitive Agreement). As part of the transaction, Trinity Health replaced LUC as the sole member of Loyola University Health System (LUHS) and all of its affiliates including Loyola University Medical Center (LUMC), Gottlieb Health Resources (GHR), Gottlieb Memorial Hospital (GMH), and Loyola University of Chicago Insurance Company Ltd (LUCIC). Trinity Health assumed control of all the assets of LUHS and retained all of the liabilities of LUHS.

The education and research components of LUC's health sciences, including the Medical School and the Nursing School, remain with LUC following the Trinity Health transaction. LUC, LUHS, and LUMC entered into an Academic Affiliation Agreement (Affiliation Agreement), which includes negotiated terms and conditions and provides for an annual academic support payment to LUC from LUHS and LUMC. Trinity Health guarantees the academic support payment. The annual academic support payment amount was set at \$22.5 million in fiscal year 2012 (subject to an inflation adjustment) during the initial term of the Affiliation Agreement. The Affiliation Agreement had an initial term of ten years, however, beginning in the fifth year (fiscal year 2016), subject to certain limitations set forth in the Affiliation Agreement, the term is automatically extended for additional one-year periods. Refer to Note 6, *Revenue from Contracts with Customers (Revenue Recognition)*, for additional information regarding the academic support payment.

(19) Tenured Faculty Voluntary Transition Incentive Program

In August 2019, the University announced a one-time voluntary transition incentive program for eligible tenured faculty. Under the terms of the program, eligible tenured faculty who chose to voluntarily terminate their employment with the university would receive a cash incentive payment of two times their academic base salary as of December 31, 2019. 81 tenured faculty chose to participate in the program. All payments under this plan were completed during fiscal year 2021 and are presented on the consolidated statement of cash flows as a \$22.3 million reduction of cash provided by operating activities.

(20) Information Used in the Determining Department of Education's Financial Responsibility Composite Score

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and non-profit institutions to annually submit audited financial statements to the Department of Education (ED) to demonstrate they are maintaining the standards of financial responsibility necessary to participate in the Title IV programs. One of many standards which ED utilizes to gauge the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements.

The financial information below provides the correspondence between certain values presented in LUC's consolidated financial statements and the values as they are included in the determination of the ratios used by ED to gauge the University's financial responsibility at June 30, 2022 and 2021.

(in thousands of dollars)

| Land, buildings and equipment, net | 2022 | 2021 |
|---|---------------------|---------------------|
| Net book value of assets existing as of June 30, 2019 (Pre-implementation): | | |
| Land and land improvements | \$ 171,205 | \$ 176,358 |
| Buildings | 667,867 | 711,095 |
| Equipment | 25,130 | 31,854 |
| Library books and art | 19,404 | 19,404 |
| Total | <u>\$ 883,606</u> | <u>\$ 938,711</u> |
| Net book value of assets in service after June 30, 2019 (Post-implementation): | | |
| Land and land improvements | \$ 2,566 | \$ 2,415 |
| Buildings | 104,398 | 99,009 |
| Equipment | 14,558 | 12,228 |
| Library books and art | 66 | 46 |
| Total | <u>\$ 121,588</u> | <u>\$ 113,698</u> |
| Construction in progress | \$ 14,755 | \$ 5,195 |
| Land, buildings and equipment, net | <u>\$ 1,019,949</u> | <u>\$ 1,057,604</u> |

Indebtedness

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Pre-implementation, for long term purposes | \$ 281,073 | \$ 356,796 |
| Post-implementation, for long term purposes | - | - |
| Post-implementation for construction in progress | - | - |
| Not for the purchase of land, building and equipment | - | - |
| Amount in excess of net book value of designated land, building, and equipment | - | - |
| Indebtedness | <u>\$ 281,073</u> | <u>\$ 356,796</u> |

Non-Operating Activities Without Donor Restriction - Other

| | 2022 | 2021 |
|--|-------------------|-----------------|
| For purposes of the financial responsibility ratios, amounts considered Other Revenue | \$ 2,074 | \$ 5,114 |
| For purposes of the financial responsibility ratios, amounts considered Other Expenses | (9,257) | (191) |
| Non-Operating Activities Without Donor Restriction - Other | <u>\$ (7,183)</u> | <u>\$ 4,923</u> |

Right of Use Asset and Liability Designation

| | 2022 | 2021 |
|---|----------|----------|
| Right of Use Asset - Post-implementation | \$ 1,261 | \$ 1,363 |
| Lease liability – operating – Post-implementation | \$ 1,291 | \$ 1,384 |

(21) Subsequent Events

LUC has evaluated subsequent events through September 22, 2022, the date the consolidated financial statements were issued.

Term Loan Agreement

On July 7, 2022, the University executed a term note under the Term Loan Agreement (the “Term Loan Agreement”) entered into as of September 17, 2021 with Wintrust. The University borrowed approximately \$73.9 million at a fixed rate of 2.16% per annum. Funds drawn under the Term Loan Agreement were used to refinance all of LUC’s IFA Series 2012B tax-exempt bonds outstanding as of July 7, 2022. As a result of this transaction, the University’s scheduled maturities for the next five fiscal years will change as follows:

(in thousands of dollars)

| Fiscal Year | Scheduled Maturities of Indebtedness as of June 30, 2022 | Change due to July 7, 2022 Refinance | Scheduled Maturities after July 7, 2022 Refinance |
|-------------|---|--|--|
| 2023 | \$ 11,153 | \$ - | \$ 11,153 |
| 2024 | 17,181 | 2,130 | 19,311 |
| 2025 | 13,864 | 2,130 | 15,994 |
| 2026 | 21,262 | 2,100 | 23,362 |
| 2027 | 13,251 | 1,590 | 14,841 |
| Thereafter | 201,256 | (7,950) | 193,306 |
| | <u>\$ 277,967</u> | <u>\$ -</u> | <u>\$ 277,967</u> |

Credit Facility

The University’s \$50 million line of credit with PNC Bank, National Association expired on August 17, 2022.

See Note 9, *Indebtedness*, for additional information about the University’s indebtedness.

PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Loyola University of Chicago
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Loyola University Chicago (LUC), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered LUC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of LUC's internal control. Accordingly, we do not express an opinion on the effectiveness of LUC'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 entity's consolidated 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 internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

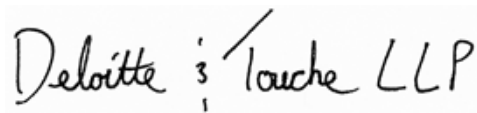
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LUC's consolidated 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

September 22, 2022

PART III

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS
REQUIRED BY THE UNIFORM GUIDANCE FOR FEDERAL AWARDS**



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE FOR FEDERAL AWARDS

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Loyola University of Chicago's (LUC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of LUC's major federal programs for the year ended June 30, 2022. LUC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LUC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LUC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LUC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LUC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LUC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LUC's compliance with the requirements of each major federal program as a whole. In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LUC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LUC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LUC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

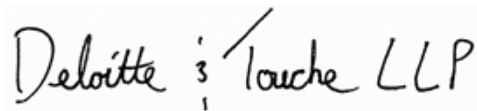
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style. The word "Deloitte" is on the left, followed by an ampersand, then "Touche", and "LLP" is at the end.

December 22, 2022

PART IV

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

**NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

LOYOLA UNIVERSITY CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

| ALN # | Program | Award Number | Amounts Disbursed to Subrecipients | Federal Expenditures |
|---|--|-----------------------|--|-------------------------|
| HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF) | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| 84.425E | Education Stabilization Fund | P425E202333-20B | \$ - | \$ 13,857,311 |
| 84.425F | Education Stabilization Fund | P425F201958-20B2 | - | 10,800,000 |
| | Subgrants: | | - | - |
| 84.425 | University of Illinois | S42SD20004 | - | 252,728 |
| 84.425 | Ann & Robert H. Lurie Children's Hospital of Chicago | n/a | - | <u>13,117</u> |
| | Total U.S. Department of Education | | - | <u>24,923,156</u> |
| | Total Higher Education Emergency Relief Fund (HEERF) Cluster | | - | <u>24,923,156</u> |
| RESEARCH AND DEVELOPMENT | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| 43.001 | Science | NNX14AT30G | - | <u>57,154</u> |
| | Total National Aeronautics and Space Administration | | - | <u>57,154</u> |
| NATIONAL SCIENCE FOUNDATION | | | | |
| 47.041 | Engineering | CBET-2144472 | - | 9,910 |
| 47.041 | Engineering | CMMI 2000554 | - | 258,074 |
| 47.041 | Engineering | IIP-2016450 | 21,686 | 102,597 |
| 47.041 | Engineering | IIP-2040983 | - | 12,567 |
| 47.049 | Mathematical and Physical Sciences | CHE-1665433 | - | (2,374) |
| 47.049 | Mathematical and Physical Sciences | CHE-1708927 | - | 21,058 |
| 47.049 | Mathematical and Physical Sciences | CHE-1800291 | 16,341 | 89,268 |
| 47.049 | Mathematical and Physical Sciences | CHE-1904480 | - | 89,594 |
| 47.049 | Mathematical and Physical Sciences | CHE-1956202 | - | 94,057 |
| 47.049 | Mathematical and Physical Sciences | DMS-2015374 | - | 23,916 |
| 47.049 | Mathematical and Physical Sciences | PHY-2013052 | - | 22,848 |
| 47.050 | Geosciences | AGS-2112709 | - | 142,426 |
| 47.050 | Geosciences | EAR-2113338 | - | 101,187 |
| 47.050 | Geosciences | ICER-2119465 | - | 75,205 |
| 47.070 | Computer and Information Science and Engineering | OAC-2107020 | - | 56,357 |
| 47.070 | Computer and Information Science and Engineering | CNS-1738691 | - | 22,663 |
| 47.074 | Biological Sciences | DBI-1661357 | - | 26,377 |
| 47.074 | Biological Sciences | DEB-1552825 | - | 53,338 |
| 47.074 | Biological Sciences | DEB-2028775 | 8,328 | 104,660 |
| 47.074 | Biological Sciences | DEB-2035573 | - | 102,013 |
| 47.074 | Biological Sciences | IOS-1942167 | - | 125,489 |
| 47.074 | Biological Sciences | IOS-1942250 | - | 104,219 |
| 47.074 | Biological Sciences | IOS-2207372 | - | 2,288 |
| 47.074 | Biological Sciences | MCB-1616851 | - | 70,058 |
| 47.074 | Biological Sciences | MCB-1716431 | - | 85,281 |
| 47.074 | Biological Sciences | MCB-1942776 | - | 127,233 |
| 47.075 | Social, Behavioral, and Economic Sciences | BCS-1823392 | - | 2,571 |
| 47.075 | Social, Behavioral, and Economic Sciences | SES-2017727 | - | 18,019 |
| 47.076 | STEM Education | HRD-2121654 | - | 200,795 |
| 47.076 | STEM Education | DGE 1842190 / 2041784 | - | 44,127 |
| 47.076 | STEM Education | DGE-1919004 | - | 49,006 |
| 47.076 | STEM Education | DRL-1516541 | - | (436) |
| 47.076 | STEM Education | DRL-1906940 | 9,427 | 157,376 |
| 47.076 | STEM Education | DRL-2055345 | - | 162,820 |
| 47.076 | STEM Education | DRL-2115610 | - | 726 |
| 47.076 | STEM Education | DUE-1660794 | - | 236,892 |
| 47.076 | STEM Education | DUE-2151086 | - | 29,574 |
| | Subgrants: | | - | - |
| 47.041 | Kepler Diagnostics, Inc. | 2051967 | - | 83,447 |
| 47.041 | University of Maryland | EEC-1849430 | - | 39,575 |
| 47.049 | University of Texas at Austin | CHE-1904514 | - | 92,985 |
| 47.050 | University of Utah | AGS-1844306 | - | 57,166 |

| ALN # | Program | Award Number | Amounts Disbursed to Subrecipients | Federal Expenditures |
|--|---|--------------------------|--|-------------------------|
| 47.075 | University of Wisconsin | 1853094 - SES | - | 21,422 |
| 47.075 | Smith College | SES-2217177 | - | 53,778 |
| 47.076 | University of Chicago | DRL-1561405 | - | (5) |
| 47.076 | University of Florida | DRL-1932920 | - | - |
| 47.076 | Association of Public and Land-Grant Universities | DUE-1624610 | - | 8,423 |
| 47.076 | Iowa State University | HRD-1834521 | - | 26,409 |
| 47.076 | Chicago State University | HRD-1911341 | - | 62,288 |
| Total National Science Foundation | | | 55,782 | 3,267,267 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| 10.001 | Agricultural Research Basic and Applied Research | 58-5030-9-042 | - | 16,627 |
| 10.707 | Research Joint Venture and Cost Reimbursable Agreements | 19-CR-11261953-044 | - | 21,286 |
| Subgrants: | | | | |
| 10.331 | Public Health Institute of Metropolitan Chicago | n/a | - | 28,570 |
| Total U.S. Department of Agriculture | | | - | 66,483 |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| Subgrants: | | | | |
| 11.417 | Purdue University | NA18OAR4170082 | - | 40,141 |
| 11.417 | Regents of the University of Minnesota | NA19OAR4170388 | - | 62,228 |
| Total U.S. Department of Commerce | | | - | 102,369 |
| U.S. DEPARTMENT OF DEFENSE | | | | |
| 12.351 | Scientific Research - Combating Weapons of Mass Destruction | HDTRA1-17-1-0050 | 241,581 | 288,284 |
| 12.420 | Military Medical Research and Development | W81XWH-19-1-0108 | 11,809 | 210,047 |
| 12.420 | Military Medical Research and Development | W81XWH-21-1-0132 | - | 148,753 |
| 12.902 | Information Security Grants | H98230-21-1-0186 | - | 29,083 |
| 12.905 | CyberSecurity Core Curriculum | H98230-21-1-0325 | - | 41,276 |
| Subgrants: | | | | |
| 12.420 | University of Florida | W81XWH-17-2-0030 | - | 1,172 |
| 12.420 | University of Maryland, Baltimore | W81XWH-20-1-0432 | - | 33,641 |
| 12.630 | National Science Teaching Association | W911SR-15-2-0001 | - | (1,568) |
| 12.420 | Savannah State University | W81XWH-17-1-0550 | - | 26,840 |
| 12.800 | Savannah State University | FA9550-17-1-0423 | - | 21,966 |
| Total U.S. Department of Defense | | | 253,390 | 799,494 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| 93.093 | Health Profession Opportunity Grants | 90HG1003-04 | - | 68,296 |
| 93.178 | Nursing Workforce Diversity | D19HP42036 | - | 471,409 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | 1H79FG000039-01 | - | 53,348 |
| 93.247 | Advanced Nursing Education Workforce Grant Program | T94 HP30896 | 20,141 | 740,821 |
| 93.354 | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Re | NU90TP922159 | - | 29,928 |
| 93.359 | Nurse Education, Practice Quality and Retention Grants | T1PHP39095 | - | - |
| 93.359 | Nurse Education, Practice Quality and Retention Grants | U4E42424 | - | 219,767 |
| 93.359 | Nurse Education, Practice Quality and Retention Grants | UD7 HP29868 | - | 90,995 |
| 93.359 | Nurse Education, Practice Quality and Retention Grants | UK1 HP31718 | - | 676,124 |
| 93.732 | Mental and Behavioral Health Education and Training Grants | 1 M01HP41978-01-00 | - | 368,368 |
| 93.732 | Mental and Behavioral Health Education and Training Grants | T98 HP33467 | - | 388,080 |
| 93.910 | Family and Community Violence Prevention Program | YEPMP170101 | 31,334 | 367,115 |
| Subgrants: | | | | |
| 93.084 | University of Wisconsin | U01 CK000505 | - | 37,585 |
| 93.135 | University of Colorado | U48 DP006399 | - | 24,605 |
| 93.137 | Medical College of Wisconsin | CPIMP201215 | - | 15,833 |
| 93.231 | Albuquerque Area Indian Health Board, Inc. | U1B1HS0013 | - | 64,305 |
| 93.226 | University of Illinois | R01 HS025374 | - | 2,042 |
| 93.945 | Northwestern University | U18 DP006120 | - | (2,618) |
| 93.994 | Illinois Department of Public Health | NU90TP922159 | - | 57,366 |
| 93.994 | Illinois Department of Public Health | B04MC9341 | - | 18,164 |
| 93.RD | Duke University | HHSO1002014000021 / 745A | - | 9,764 |
| 93.RD | Syneos Health, LLC | HHSO100201700014C | - | 14,025 |
| 93.RD | Illinois Department of Children and Family Services | 1414799011 | - | (1,727) |
| 93.RD | Department of Children and Family Services | 1414799012 | - | 40,086 |
| National Institutes of Health | | | | |
| 93.172 | Human Genome Research | R15 HG009569 | - | 91,178 |
| 93.173 | Research Related to Deafness and Communication Disorders | R15 DC016407 | - | 102,715 |
| 93.173 | Research Related to Deafness and Communication Disorders | R15 DC017866 | - | 113,857 |

| ALN # | Program | Award Number | Amounts | Federal |
|--------|--|-----------------|-------------------------------|--------------|
| | | | Disbursed to Subrecipients | Expenditures |
| 93.233 | National Center on Sleep Disorders Research | R01 HL148271 | 287,245 | 508,974 |
| 93.242 | Mental Health Research Grants | K01 MH112983 | - | 194 |
| 93.242 | Mental Health Research Grants | R15 MH128722 | - | 34,400 |
| 93.273 | Alcohol Research Programs | R21 AA025551 | - | 2,211 |
| 93.273 | Alcohol Research Programs | R21 AA025806 | - | 105,523 |
| 93.273 | Alcohol Research Programs | R21 AA028304 | - | 191,619 |
| 93.273 | Alcohol Research Programs | T32 AA013527-19 | - | 12,067 |
| 93.273 | Alcohol Research Programs | T32 AA013527-20 | - | 253,618 |
| 93.279 | Drug Abuse and Addiction Research Programs | R61 DA049382 | - | 145,604 |
| 93.361 | Nursing Research | K01 NR018907 | - | 107,172 |
| 93.361 | Nursing Research | K23 NR019101 | - | 156,487 |
| 93.361 | Nursing Research | K23 NR019847 | - | 58,603 |
| 93.361 | Nursing Research | R01 NR016235 | 11,680 | 213,711 |
| 93.393 | Cancer Cause and Prevention Research | R01 CA234266 | - | 372,203 |
| 93.393 | Cancer Cause and Prevention Research | R01 CA250514 | - | 5,641 |
| 93.394 | Cancer Detection and Diagnosis Research | R01 CA207483 | 12,183 | 14,812 |
| 93.394 | Cancer Detection and Diagnosis Research | R01 CA207483 | - | 51,727 |
| 93.395 | Cancer Treatment Research | R01 CA223194 | - | 339,457 |
| 93.396 | Cancer Biology Research | R01 CA197128 | - | 433,620 |
| 93.398 | Cancer Research Manpower | F31 CA243228 | - | 3,184 |
| 93.837 | Cardiovascular Diseases Research | K08 HL145136 | - | 136,706 |
| 93.837 | Cardiovascular Diseases Research | R00 HL141698 | - | 351,465 |
| 93.837 | Cardiovascular Diseases Research | R01 HL092321 | 98,154 | 381,794 |
| 93.837 | Cardiovascular Diseases Research | R01 HL133577 | - | 102,088 |
| 93.837 | Cardiovascular Diseases Research | R01 HL136737 | - | 130,520 |
| 93.837 | Cardiovascular Diseases Research | R01 HL136737 | - | 250,996 |
| 93.837 | Cardiovascular Diseases Research | R01 HL143816 | 136,691 | 383,259 |
| 93.837 | Cardiovascular Diseases Research | R01 HL151990 | - | 410,528 |
| 93.837 | Cardiovascular Diseases Research | R01 HL158649 | - | 7,514 |
| 93.837 | Cardiovascular Diseases Research | T35 HL120835 | - | 11,736 |
| 93.838 | Lung Diseases Research | F31 HL156459 | - | 21,810 |
| 93.839 | Blood Diseases and Resources Research | R01 HL133560 | - | 12,687 |
| 93.846 | Arthritis, Musculoskeletal and Skin Diseases Research | R21 AR073988 | - | 48,300 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | F30 DK123929 | - | 29,214 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | F31 DK126441 | - | 26,256 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | n/a | - | 17 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R00 DK101585 | - | 1,735 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R01 DK104718 | 76,070 | 75,135 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R01 DK111848 | 263,625 | 421,184 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R01 DK117404 | - | 362,516 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R25 DK122954 | - | 59,834 |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | R56 DK097760 | - | (80) |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | U01 DK106898 | (9,789) | (9,789) |
| 93.847 | Diabetes, Digestive, and Kidney Diseases Extramural Research | U01 DK106898 | 347,945 | 543,835 |
| 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | R01 NS112171 | 27,959 | 430,880 |
| 93.853 | Extramural Research Programs in the Neurosciences and Neurological Disorders | R03 NS111156 | - | 4,431 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI078881 | 56,784 | 312,933 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI085089 | - | 237,674 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI120956 | - | 1,382 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI120994 | - | 425,451 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI135060 | 97,898 | 425,518 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI140132 | - | 368,406 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI144112 | 38,777 | 413,545 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI146917 | 254,564 | 611,214 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI153059 | - | 461,891 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI158666 | 149,628 | 274,784 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI159945 | 129,478 | 342,398 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI162694 | 45,714 | 666,204 |
| 93.855 | Allergy and Infectious Diseases Research | R01 AI163119 | - | 392,502 |
| 93.855 | Allergy and Infectious Diseases Research | R03 AI156507 | - | 59,830 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI130521 | - | 48,660 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI135849 | - | 22,811 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI140210 | - | 97,748 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI140254 | 10,236 | 68,505 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI142515 | - | 94,657 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI142528 | - | 2,090 |
| 93.855 | Allergy and Infectious Diseases Research | R21 AI159456 | - | 202,272 |
| 93.855 | Allergy and Infectious Diseases Research | R56 AI151138 | 10,455 | 126,080 |
| 93.855 | Allergy and Infectious Diseases Research | T32 AI007508 | - | 150,634 |
| 93.855 | Allergy and Infectious Diseases Research | T35 AI125220 | - | 7,534 |
| 93.859 | Biomedical Research and Research Training | R01 GM111295 | - | 356,500 |

| ALN # | Program | Award Number | Amounts | Federal |
|--------|---|----------------------|----------------------------|--------------|
| | | | Disbursed to Subrecipients | Expenditures |
| 93.859 | Biomedical Research and Research Training | R01 GM121600 | 248,661 | 343,589 |
| 93.859 | Biomedical Research and Research Training | R01 GM123538 | - | 829 |
| 93.859 | Biomedical Research and Research Training | R01 GM128242 | - | 253,330 |
| 93.859 | Biomedical Research and Research Training | R01 GM141230 | 11,419 | 79,304 |
| 93.859 | Biomedical Research and Research Training | R15 GM128126 | - | 189,879 |
| 93.859 | Biomedical Research and Research Training | R15 GM128170 | - | 87,544 |
| 93.859 | Biomedical Research and Research Training | R35 GM124977 | 9,776 | 175,137 |
| 93.859 | Biomedical Research and Research Training | R35 GM130355 | - | 425,535 |
| 93.859 | Biomedical Research and Research Training | R35 GM1318199 | - | 370,439 |
| 93.859 | Biomedical Research and Research Training | R35 GM138183 | - | 337,728 |
| 93.859 | Biomedical Research and Research Training | T32 GM008750 | - | 79,361 |
| 93.865 | Child Health and Human Development Extramural Research | R15 HD097589 | - | 108,641 |
| 93.865 | Child Health and Human Development Extramural Research | R21 HD102900 | - | 132,286 |
| 93.866 | Aging Research | R01 AG033605 | - | 341,334 |
| 93.989 | International Research and Research Training | D43 TW011506 | 34,380 | 210,963 |
| | Subgrants: | | | |
| 93.117 | National Institutes of Health | HHSN-268-2018-000031 | - | 8,859 |
| 93.121 | University of California San Francisco | R01 DE019638 | - | 59,501 |
| 93.172 | University of Maryland, Baltimore | U01 HG011717 | - | 81,824 |
| 93.173 | University of New Mexico | R01 DC018282 | - | 27,673 |
| 93.242 | Vanderbilt University | R01 MH124671 | - | 10,417 |
| 93.273 | University of Colorado | R24 AA019661 | - | 5,806 |
| 93.279 | University of Wisconsin | R01 DA051464 | - | 99,065 |
| 93.279 | Wayne State University | R34 DA053758 | - | 12,812 |
| 93.279 | Texas Christian University | UG1 DA050074 | - | 59,591 |
| 93.310 | Duke University | U2C OD023375 | - | 51,989 |
| 93.350 | University of Chicago | KL2 TR002387 | - | 86,518 |
| 93.350 | University of Pittsburgh | UL1 TR001857 | - | 4,113 |
| 93.350 | University of Illinois Chicago | UL1 TR002003 | - | 14,126 |
| 93.350 | University of Illinois Chicago | UL1 TR002003 | - | 62,725 |
| 93.350 | Vanderbilt University Medical Center | UL1 TR002243 | - | 18,420 |
| 93.350 | University of Chicago | UL1 TR002389 | - | 519,273 |
| 93.350 | University of Chicago | UL1 TR002389 | - | (2,886) |
| 93.393 | Medical College of Wisconsin | R01 CA229546 | - | 74,227 |
| 93.393 | Pennsylvania State University | R01 CA249052 | - | 22,767 |
| 93.395 | Brigham and Women's Hospital, Inc. | n/a | - | 81,853 |
| 93.395 | Northwestern University | R01 CA260250 | - | 8,317 |
| 93.395 | Oregon Health and Science University | U10 CA180888 | - | 185,586 |
| 93.395 | Oregon Health and Science University | U10 CA180888 | - | 30,581 |
| 93.396 | University of Virginia | R01 CA233749 | - | 311,590 |
| 93.396 | The Medical University of South Carolina | R01 CA236379 | - | 87,394 |
| 93.396 | University of Pennsylvania | U01 CA227550 | - | 27,623 |
| 93.837 | Regents of the University of Minnesota | R01 HL139065 | - | 79,588 |
| 93.837 | University of Rochester | R01 HL140588 | - | 3,757 |
| 93.837 | New England Research Institutes, Inc. | R01 HL141213 | - | 1,323 |
| 93.837 | Cedars-Sinai Medical Center | R01 HL147570 | - | 43,978 |
| 93.837 | New York University | R01 HL147811 | - | 6,963 |
| 93.837 | University of Wisconsin | R01 HL157262 | - | 22,643 |
| 93.837 | Thermedical, Inc. | R44 HL132746 | - | (555) |
| 93.837 | New England Research Institutes, Inc. | U01 HL107407 | - | 9,855 |
| 93.837 | Mayo Clinic | U01 HL128606 | - | 333 |
| 93.838 | University of Illinois Chicago | 1OT2HL156812 | - | 35,494 |
| 93.838 | University of Illinois | 1OT2HL156812 | - | 8,948 |
| 93.838 | University of Illinois Chicago | 1OT2 HL156812 | - | 30,438 |
| 93.838 | University of Illinois Chicago | OT2 HL158287 | - | 18,181 |
| 93.838 | University of Pittsburgh | U01 HL128954 | - | 221 |
| 93.838 | University of Cincinnati | U01 HL131755 | - | 19,799 |
| 93.838 | University of Alabama | U01 HL133232 | - | 3,635 |
| 93.839 | University of Illinois Chicago | R43 HL158368 | - | 15,289 |
| 93.839 | Oregon Health and Science University | UG1 HL138658 | - | 34,314 |
| 93.847 | University of Illinois Chicago | R01 DK101536 | - | 12,398 |
| 93.847 | Vanderbilt University | R01 DK125546 | - | 34,111 |
| 93.847 | UroNext, LLC | R41 DK121625 | - | - |
| 93.847 | Northwestern University | TL1 DK132769 | - | 12,918 |
| 93.847 | Regents of the University of Minnesota | U01 DK106786 | - | 368 |
| 93.847 | University of Kansas Medical Center Research Institute Inc. | U01 DK107131 | - | 2,533 |
| 93.847 | Joslin Diabetes Center | U01 DK116102 | - | 1,660 |
| 93.847 | Beckman Research Institute of the City of Hope | U24 DK098085 | - | 32,544 |
| 93.847 | Regents of the University of Minnesota | U24 DK106786 | - | 1,273 |
| 93.847 | Augusta University | U24 DK115255 | - | 22,758 |
| 93.847 | Columbia University | U54 DK104309 | - | 86,146 |

| ALN # | Program | Award Number | Amounts Disbursed to Subrecipients | Federal Expenditures |
|--|--|-------------------------|--|-------------------------|
| 93.847 | University of Ghana | U54 DK116913 | - | 38,840 |
| 93.847 | University of Ghana | U54 DK116913 | - | 707 |
| 93.853 | University of Utah | R01 NS115716 | - | 530,319 |
| 93.853 | Northwestern University | R01 NS123057 | - | 6,629 |
| 93.853 | University of Cincinnati | U01 NS099043 | - | 8,515 |
| 93.853 | University of Cincinnati | U01 NS100699 | - | 1,598 |
| 93.853 | University of Chicago | U24 NS107233 | - | 42 |
| 93.855 | University of Iowa | P01 AI060699 | - | 327,079 |
| 93.855 | University of Rochester | P01 AI102851 | - | 337,335 |
| 93.855 | Indiana University | R01 AI116706 | - | 31,950 |
| 93.855 | University of Notre Dame | R01 AI129543 | - | 103,557 |
| 93.855 | Indiana University | R01 AI134727 | - | 18,396 |
| 93.855 | Ann & Robert H. Lurie Children's Hospital of Chicago | R01 AI150719 | - | 17,456 |
| 93.855 | Illinois Institute of Technology | R01 AI151152 | - | 71,131 |
| 93.855 | Cleveland Clinic Lerner College of Medicine of CWRU | R37 AI087846 | - | 27,479 |
| 93.855 | HasenTech, LLC | R41 AI155281 | - | 1,486 |
| 93.866 | Thomas Jefferson University | R01 AG073349 | - | 49,134 |
| 93.866 | Hebrew Senior Life | R24 AG054259 | - | 13,611 |
| 93.866 | University of Wisconsin | RF1 AG074608 | - | 48,124 |
| 93.867 | University of Illinois Chicago | R24 EY032440 | - | 294,653 |
| 93.879 | Boston Children's Hospital | R01 LM010090 | - | 38,974 |
| 93.879 | Boston Children's Hospital | R01 LM012973 | - | 26,467 |
| 93.989 | New York University | D43 TW009140 | - | 29,186 |
| Total U.S. Department of Health and Human Services | | | <u>2,401,008</u> | <u>25,087,296</u> |
| U.S. DEPARTMENT OF ENERGY | | | | |
| Subgrants: | | | | |
| 81.087 | University of Michigan | DE-EE0009361 | - | 34,709 |
| Total U.S. Department of Energy | | | - | <u>34,709</u> |
| U.S DEPARTMENT OF INTERIOR | | | | |
| Subgrants: | | | | |
| 15.662 | Illinois Department of Natural Resources | F19AP00718 | - | 33,791 |
| 15.662 | National Fish and Wildlife Foundation | F20AP11655 | - | 14,875 |
| 15.662 | State of Illinois | F21AP00537 | - | 212,895 |
| 15.615 | Indiana Department of Natural Resources | F21AP00640 | 41,805 | 64,914 |
| 93.847 | Sault Tribe | n/a | <u>7,779</u> | <u>43,438</u> |
| Total U.S. Department of Interior | | | <u>49,584</u> | <u>369,913</u> |
| U.S DEPARTMENT OF JUSTICE | | | | |
| 16.026 | OVW Research and Evaluation Program | 2018-SI-AX-0006 | - | 77,108 |
| 16.560 | National Institute of Justice Research, Evaluation, and Development Project Grants | 15PNIJ-21-GG-02807-RESS | - | 10,303 |
| Subgrants: | | | | |
| 16.021 | Cook County Circuit Court | 2020-FJ-AX-003 | - | 29,433 |
| 16.812 | Cook County Circuit Court | 2018-SM-BX-0004 | - | 52,596 |
| 16.560 | University of Massachusetts Lowell | 2019-R2-CX-0067 | - | 61,288 |
| 16.560 | Northeastern University | 2019-VT-BX-0038 | - | 4,543 |
| 16.575 | ERIE NEIGHBORHOOD HOUSE | 2018-V2-GX-0070 | - | 9,940 |
| 16.609 | Region 1 Planning Council | 2019-GP-BX-0132 | - | 63,641 |
| Total U.S. Department of Justice | | | - | <u>308,852</u> |
| U.S. DEPARTMENT OF THE TREASURY | | | | |
| Subgrants: | | | | |
| 21.RD | Northwestern University | RI-CRN-2020-002 | - | 17,253 |
| 21.RD | University of Alabama at Birmingham | n/a | - | 22,109 |
| 21.RD | National Marrow Donor Program | n/a | - | 1,569 |
| Total U.S. Department of the Treasury | | | - | <u>40,931</u> |
| U.S. DEPARTMENT OF VETERANS AFFAIRS | | | | |
| 64.027 | Post-9/11 Veterans Educational Assistance | n/a | - | 3,807,247 |
| 64.XXX | Intergovernmental Personnel Act Agreement | n/a | - | 85,419 |
| Total U.S. Department of Veterans Affairs | | | - | <u>3,892,666</u> |
| Total Research and Development Cluster | | | <u>2,759,764</u> | <u>34,027,134</u> |

| ALN # | Program | Award Number | Amounts Disbursed to Subrecipients | Federal Expenditures |
|--|---|--------------------|--|-------------------------|
| STUDENT FINANCIAL ASSISTANCE | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| 84.007 | Federal Supplemental Educational Opportunity Grants | P007A201208 | - | 1,239,737 |
| 84.033 | Federal Work-Study Program | P033A211208 | 141,541 | 2,824,140 |
| 84.038 | Federal Perkins Loan Program | n/a | - | 8,629,990 |
| 84.063 | Federal Pell Grant Program | P063P201359 | - | 6,868 |
| 84.063 | Federal Pell Grant Program | P063P211359 | - | 13,817,535 |
| 84.268 | Federal Direct Student Loans | P268K211359 | - | 917,964 |
| 84.268 | Federal Direct Student Loans | P268K221359 | - | 170,282,941 |
| 84.268 | Federal Direct Student Loans | P268K231359 | - | 7,930,266 |
| 84.379 | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | P379T221359 | - | 30,720 |
| 84.XX | Iraq and Afghanistan Service Grant | P408A211359 | - | 6,125 |
| Total U.S. Department of Education | | | <u>141,541</u> | <u>205,686,286</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| 93.264 | Nurse Faculty Loan Program | E01 HP12978 | - | 1,340,578 |
| 93.364 | Nursing Student Loans | E4C HP14950 | - | 1,522,821 |
| Total U.S.Department of Health and Human Services | | | - | 2,863,399 |
| Total Student Financial Assistance Cluster | | | <u>141,541</u> | <u>208,549,685</u> |
| TRIO | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| 84.042A | TRIO Student Support Services | P042A201465 | - | 211,634 |
| Total U.S. Department of Education | | | - | 211,634 |
| Total Trio Cluster | | | - | 211,634 |
| OTHER | | | | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | |
| 45.160 | Promotion of the Humanities Fellowships and Stipends | FEL-273893-21 | - | 57,849 |
| Total National Endowment for the Humanities | | | - | 57,849 |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Subgrants: | | | | |
| 84.126 | Illinois Division of Rehabilitation Services | H126A180018 | - | 279,585 |
| 84.126 | Indiana Bureau of Rehabilitation Services | H126A180018 | - | 9,612 |
| 84.215 | Columbia College Chicago | U215J150035 | - | 1,821 |
| 84.287 | Chicago Public Schools | S287C180013 | - | 730,048 |
| 84.287 | Chicago Public Schools | n/a | - | 57,908 |
| 84.287 | Paulette Wolf Events | S287C200013 | - | 32,797 |
| 84.305A | DePaul University | R305A210263 | - | 33,286 |
| 84.305 | Duke University | R305A190484 | - | 103,419.00 |
| 84.334A | Northeastern Illinois University | P334A140132 | - | 36,675 |
| 84.365 | University of Missouri-St. Louis | T365Z170135 | - | 13,749 |
| 84.423 | Illinois State University | U423A170072 | - | 63,193 |
| Total U.S. Department of Education | | | - | 1,362,093 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Subgrants: | | | | |
| 14.895 | Center for New Horizons | FJP000219 | - | 30,376 |
| Total U.S. Department of Housing and Urban Development | | | - | 30,376 |
| U.S. DEPARTMENT OF STATE | | | | |
| 19.04 | Public Diplomacy Programs | S-GY200-20-GR-0005 | - | 7,550 |
| Total U.S. Department of State | | | - | 7,550 |
| U.S. DEPARTMENT OF THE TREASURY | | | | |
| 21.008 | Low Income Taxpayer Clinics | 21-LITC0394-03-00 | - | 46,827 |
| 21.008 | Low Income Taxpayer Clinics | 22-LITC0563-01-01 | - | 52,549 |

| ALN # | Program | Award Number | Amounts Disbursed to Subrecipients | Federal Expenditures |
|--------|---|-----------------------|--|-------------------------|
| | Subgrants: | | | |
| 20.019 | COVID 19 - Hektoen Institute for Medical Research | 77915-2021-79923AAF | - | 64,591 |
| 21.XXX | COVID 19 - Illinois Network of Child Care Resources and Referral Agencies | n/a | - | <u>88,929</u> |
| | Total U.S. Department of the Treasury | | - | <u>252,896</u> |
| | U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| | Subgrants: | | | |
| 97.132 | University of Illinois Chicago | EMW-2021-GR-00068-S01 | - | <u>20,930</u> |
| | Total U.S. Department of Homeland Security | | - | <u>20,930</u> |
| | Total Other Cluster | | - | <u>1,731,694</u> |
| | TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u>\$ 2,901,305</u> | <u>\$ 269,443,303</u> |

The accompanying notes are an integral part of the schedule.

LOYOLA UNIVERSITY OF CHICAGO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose—The purpose of the Schedule of Expenditures of Federal Awards ("Schedule") is to present a summary of the expenditures of Loyola University of Chicago (LUC) for the year ended June 30, 2022, that have been financed by the federal government.

Direct federal programs are presented by the federal government Assistance Listing Number (ALN) and, where applicable, the major subdivision within the agency. Subgrant programs are presented by each pass-through organization that granted federal funds to LUC. Amounts disbursed to subrecipients represent amounts LUC has passed through to other organizations.

Because the Schedule presents only a selected portion of the transactions of LUC, it is not intended to, and does not, present the financial position, activities or cash flows of LUC.

Basis of Accounting—The accompanying Schedule has been prepared from LUC's accounting records. LUC's accounting records for federal awards are maintained principally on the modified cash basis except for purchases of capital items, which are recorded as expenditures.

All program cash received includes federal and state matching funds if the pass-through agency could not separately identify the federal portion.

As LUC has a federally negotiated indirect cost rate in effect for the year ended June 30, 2022, LUC did not elect to use the 10% de minimis cost rate.

2. MAJOR FEDERAL PROGRAMS

The major federal programs administered by LUC during the year ended June 30, 2022 were the Student Financial Assistance cluster and the Higher Education Emergency Relief Fund (HEERF).

The Student Financial Assistance cluster is defined by the Uniform Guidance as including those programs of general student assistance, such as those authorized by Title IV of the Higher Education Act of 1965, as amended, which is administered by the U.S. Department of Education, and similar programs provided by other federal agencies.

Higher Education Emergency Relief Fund (HEERF) grants through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (HEERF I), the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (HEERF II), or the American Rescue Plan (ARP) (HEERF III)(collectively, HEERF grant programs) compliance requirements are developed by the U.S. Department of Education (ED) and Office of Inspector General (OIG) and are also defined in Title 34 of the Code of Federal Regulations (C.F.R.) § 600.5, receiving Higher Education Emergency Relief Fund (HEERF) grants.

3. ADMINISTRATIVE COST ALLOWANCE

Included in the major program student financial assistance section of the Schedule is the total amount of expenditures from the administrative cost allowance provided by the Federal Work-Study Program (CFDA #84.033).

4. NONCASH FEDERAL AWARDS AND FEDERAL INSURANCE

During the year ended June 30, 2022, LUC did not expend any nonmonetary assistance. In addition, LUC did not have any federal insurance in effect during the year ended June 30, 2022, to specifically cover federal expenditures.

5. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The outstanding balances of those loan programs for which the Federal Government imposes continuing compliance requirements are as follows:

| <u>Program</u> | <u>CFDA #</u> | <u>Outstanding Balance as of June 30, 2022</u> |
|------------------------------|---------------|--|
| Federal Perkins Loan Program | 84.038 | \$ 6,362,541 |
| Nursing Faculty Loan Program | 93.264 | 1,152,820 |
| Nursing Student Loans | 93.364 | <u>1,273,910</u> |
| Total | | <u>\$ 8,789,271</u> |

The amount of loans outstanding at the beginning of the year and loans made during the year for these programs are included in the federal expenditures presented in the Schedule.

6. FEDERAL AWARD THRESHOLD

The federal expenditure dollar threshold used to distinguish between Type A and Type B programs for fiscal year 2022 was \$1,826,809.

7. FINDINGS

There were no current-year or prior-year financial statement or federal award findings required to be reported in accordance with the Uniform Guidance.

PART V

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I—SUMMARY OF AUDITOR'S RESULTS**

LOYOLA UNIVERSITY OF CHICAGO

SUMMARY OF AUDITOR'S RESULTS YEAR ENDED JUNE 30, 2022

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs: Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance | No |

Identification of Major Programs

| CFDA Number | Name of Federal Program or Cluster |
|---|--|
| Various | Student Financial Assistance Cluster |
| 84.425E/84.425F | Higher Education Emergency Relief Fund |
| Dollar threshold used to distinguish between, Type A and Type B programs | \$1,826,809 |
| Auditee qualified as low-risk auditee | Yes |

PART V

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION II—FINANCIAL STATEMENT FINDINGS

There were no financial statement findings during fiscal year 2022.

PART V

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs during fiscal year 2022.

PART V

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION IV—SUMMARY SCHEDULE AND RESOLUTION OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

There were no audit findings during fiscal year 2021.

PART VI

FINANCIAL RESPONSIBILITY SCHEDULE

Loyola University of Chicago
Department of Education - Composite Score Calculation
Financial Responsibility Ratio Supplemental Schedule
For the Year Ended June 30, 2022

(in thousands)

| Financial Statement Line Item or Notes to the Financial Statements | Department of Education Line Item | Financial Statement Line Amount | Amount Used for Ratio Calculation | Calculation of Numerator or Denominator as used in Ratios |
|---|--|---------------------------------|------------------------------------|---|
| Primary Reserve Ratio: | | | | |
| Expendable Net Assets: | | | | |
| Statement of Financial Position: Net assets without donor restrictions | Net assets without donor restrictions | 1,421,334 | 1,421,334 | 1,421,334 |
| Statement of Financial Position: Net assets with donor restrictions | Net assets with donor restrictions | - | 560,706 | 560,706 |
| Note 15, Net assets: Time or purpose Net assets | Net assets with donor restrictions: other for purpose or time | 274,819 | - | - |
| Note 15, Net Assets: Annuity | Annuities with donor restrictions | 2,363 | 2,363 | (2,363) |
| Note 15, Net Assets: Term Endowments | Term endowments with donor restrictions | 2,124 | 2,124 | (2,124) |
| Note 15, Net Assets: Life income funds | Life income funds with donor restrictions | 252 | 252 | (252) |
| Note 15, Net Assets: Perpetual Net assets | Net assets with donor restrictions: restricted in perpetuity | 281,148 | 281,148 | (281,148) |
| Not Applicable | Secured and Unsecured related party receivable | - | - | - |
| Not Applicable | Unsecured related party receivable | - | - | - |
| Not Applicable | Secured related party receivable | - | - | - |
| Statement of Financial Position: Land, buildings and equipment, net | Property, plant and equipment, net (includes Construction in progress) | - | 1,019,949 | (1,019,949) |
| Note 20, Net book value of Land, buildings, and equipment, Pre-implementation | Property, plant and equipment pre-implementation | 883,606 | - | - |
| Not Applicable | Property, plant and equipment post-implementation with outstanding debt for original purchase | - | - | - |
| Note 20, Net book value of Land, buildings, and equipment, Post-implementation | Property, plant and equipment post-implementation without outstanding debt for original purchase | 121,588 | - | - |
| Note 8, Land, Buildings and Equipment, Net: Construction in Progress | Construction in progress | 14,755 | - | - |
| Statement of Financial Position: Right of use asset - operating leases | Lease right-of-use asset, net | 1,261 | - | - |
| Not Applicable | Lease right-of-use asset, pre-implementation | - | - | - |
| Note 20, Right-of-use asset - post-implementation | Lease right-of-use asset, post-implementation | 1,261 | 1,261 | (1,261) |
| Not Applicable | Intangible assets | - | - | - |
| Statement of Financial Position: Pension and other postretirement plan liabilities | Post-employment and pension liabilities | 40,394 | 40,394 | 40,394 |
| Note 9, Indebtedness: Total bonds and notes payable | Long-term debt - for long term purposes | - | - | - |
| Note 20, Indebtedness: Pre-implentation, for long term | Long-term debt - for long term purposes pre-implementation | 281,073 | 281,073 | 281,073 |
| Note 20, Indebtedness: Pre-implentation, for long term | Long-term debt - for long term purposes post-implementation | - | - | - |
| Not Applicable | Line of Credit for Construction in progress | - | - | - |
| Note 20, Indebtedness: Pre-implentation, for long term purposes | Long term debt - portion in excess of net book value of designated PPE | - | - | - |
| Statement of Financial Position: Lease liability - operating | Lease right-of-use liability | 1,291 | - | - |
| Not Applicable | Right-of-use liability - Pre Implementation | - | - | - |
| Note 20, Right-of-use liability - post-implementation | Right-of-use liability - Post Implementation | 1,291 | 1,261 | 1,261 |
| | | | Total Expendable Net Assets | \$ 997,671 |
| Total Expenses and Losses: | | | | |
| Statement of Activities: Total Operating Expenses | Total expenses without donor restrictions - taken directly from Statement of Activities | 615,650 | 615,650 | 615,650 |
| Statement of Activities, Non-Operating Activities without donor restrictions: Other components of net periodic pension costs and net return on investment | Non-Operating and Net Investment (loss) | - | 54,727 | 54,727 |
| Note 4, Total net return on investment: Non-operating investment loss without donor restrictions | Net investment losses | 44,361 | 44,361 | (44,361) |
| Statement of Activities: Non-Operating Activities without donor restrictions: Net periodic pension and post retirement plan cost | Other components of net periodic pension costs | 1,109 | - | - |
| Note 20, Non-operating activities without donor restriction - Other: Other Expenses | Losses included in line item Non-Operating without donor restrictions - "Other" | 9,257 | - | - |
| Not Applicable | Pension -related changes other than net periodic costs: Expense | - | - | - |
| | | | Total Expenses and Losses | \$ 626,016 |

(in thousands)

| Financial Statement Line Item or Notes to the Financial Statements | Department of Education Line Item | Financial Statement Line Amount | Amount Used for Ratio Calculation | Calculation of Numerator or Denominator as used in Ratios |
|--|---|---------------------------------|-----------------------------------|---|
| Equity Ratio: | | | | |
| Modified Net Assets: | | | | |
| Statement of Financial Position: Net assets without donor restrictions | Net assets without donor restrictions | 1,421,334 | 1,421,334 | 1,421,334 |
| Statement of Financial Position: Net assets with donor restrictions | Net assets with donor restrictions | 560,706 | 560,706 | 560,706 |
| Not Applicable | Right-of-use liability - Pre Implementation | - | - | - |
| Not Applicable | Right-of-use liability - Pre Implementation | - | - | - |
| Not Applicable | Intangible assets | - | - | - |
| Not Applicable | Secured and Unsecured related party receivables | - | - | - |
| Not Applicable | Unsecured related party receivables | - | - | - |
| Total Modified Net Assets | | | | \$ 1,982,040 |

| | | | | |
|---|---|-----------|-----------|---------------------|
| Modified Assets: | | | | |
| Statement of Financial Position: Total assets | Total assets | 2,422,434 | 2,422,434 | 2,422,434 |
| Not Applicable | Intangible assets | - | - | - |
| Not Applicable | Secured and Unsecured related party receivables | - | - | - |
| Not Applicable | Unsecured related party receivables | - | - | - |
| Not Applicable | Right-of-use liability - Pre Implementation | - | - | - |
| Total Modified Assets | | | | \$ 2,422,434 |

| | | | | |
|--|---|----------|----------|--------------------|
| Net Income Ratio: | | | | |
| Change in Net Assets Without Donor Restrictions: | | | | |
| Statement of Activities: Change in net assets without donor restrictions | Change in Net Assets Without Donor Restrictions | (29,726) | (29,726) | (29,726) |
| Change in Net Assets Without Donor Restrictions: | | | | \$ (29,726) |

| | | | | |
|---|--|---------|---------|-------------------|
| Total Revenues and Gains: | | | | |
| Statement of Activities: Total operating revenues | Total operating revenues | 637,260 | 637,260 | 637,260 |
| Statement of Activities: Investment income designated for operations | Investment return appropriated for spending | 9,769 | 9,769 | (9,769) |
| Note 20, Non-Operating Activities without donor restriction - Other: Other Revenue. Statement of Activities: Non-Operating Activities without donor restrictions: Gifts, Higher Education Emergency Relief Fund Institutional Share, Retirement plan related changes other than net periodic retirement plan cost, Net assets transferred or released from restrictions, Net assets released-board designated | Non-operating revenue and other gains | - | 13,160 | 13,160 |
| Not Applicable | Net investment gains | - | - | - |
| Note 20, Non-Operating Activities without donor restriction - Other: Other Revenue | Non-operating gains - "Other" | 2,074 | - | - |
| Statement of Activities: Non-Operating Activities without donor restrictions: Gifts | Non operating gains - "Other" - Gift in Non-Operating | 20 | - | - |
| Statement of Activities: Non-Operating Activities without donor restrictions: Higher Education Emergency Relief Fund Institutional Share | Non-operating gains - "Other" - HEERF | 6,232 | - | - |
| Statement of Activities: Non-Operating Activities without donor restrictions: Retirement plan related changes other than net periodic retirement plan cost | Pension -related changes other than net periodic costs | 5,235 | 5,235 | (5,235) |
| Statement of Activities: Non-Operating Activities without donor restrictions, Net assets transferred or released from restrictions | Net assets transferred or released from restrictions | 6,329 | - | - |
| Statement of Activities: Non-Operating Activities without donor restrictions, Net assets released - board designated | Net assets released - board designated | (6,730) | - | - |
| Total Revenues and Gains | | | | \$ 635,416 |