

Xavier University of Louisiana



FINANCIAL STATEMENTS

As of June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
XAVIER UNIVERSITY OF LOUISIANA:

Opinion

We have audited the accompanying financial statements of **XAVIER UNIVERSITY OF LOUISIANA** (The "University"), a Louisiana not-for-profit corporation, which comprises the statements of financial position as of June 30, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The University participates in certain federal financial assistance programs whose accounts receivable constitutes 2% of the University's total assets and revenues and expenses constitutes 28% and 34% of total revenue and expenses, respectively. These accounts were audited as part of the University's annual Federal Single Audit requirement, by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the accompanying financial statements, is based solely on the report of the other auditors.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the University and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Emphasis of Matter

As discussed in *Note 2, Recently Issued Accounting Pronouncements*, the University adopted certain pronouncements, the effect of which are described in the accompanying financial statements. Our opinion is not modified with respect to the adoption of the new accounting standards.

INDEPENDENT AUDITORS' REPORT

(Continued)

Responsibilities of Management for the Financial Statements

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

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 the University's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted 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, including omissions, 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 generally accepted 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 the University'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 the University's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, for the year ended June 30, 2021, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. Those reports are an integral part of audits performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

The Wesley Peachtree Group

March 31, 2022

Certified Public Accountants

**XAVIER UNIVERSITY OF LOUISIANA
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021**

| | <u>2021</u> |
|---|------------------------------|
| ASSETS: | |
| Cash and cash equivalents (Notes 2 and 14) | \$ 8,336,124 |
| Grants receivable, net (Notes 4 and 14) | 7,526,090 |
| Accounts receivable, net (Notes 4 and 14) | 2,032,014 |
| Student receivables, net (Notes 4 and 14) | 951,922 |
| Pledges receivable, net (Notes 5 and 14) | 1,845,435 |
| Prepaid expenses and other assets (Note 2) | 5,129,897 |
| Federal loans receivable, net (Notes 6 and 14) | 2,222,303 |
| Loan fund cash and cash equivalents (Notes 2 and 14) | 3,003,549 |
| Investments at fair value (Notes 7, 9, 14, 15 and 16) | 210,702,360 |
| Escrow reserve fund (Notes 2 and 11) | 185,197 |
| Property, plant and equipment, net (Notes 2 and 8) | <u>230,182,462</u> |
| TOTAL ASSETS | <u>\$ 472,117,353</u> |
| LIABILITIES AND NET ASSETS: | |
| LIABILITIES: | |
| Accounts payable and accrued expenses (Note 14) | \$ 14,222,910 |
| Refundable deposits (Note 14) | 711,485 |
| Contract liability (Notes 14 and 22) | 1,018,613 |
| Loans payable (Notes 10 and 12) | 3,513,367 |
| Mortgage payable, net (Notes 11 and 14) | - |
| Federal student loan funds (Notes 2 and 14) | <u>3,707,794</u> |
| TOTAL LIABILITIES | <u>23,174,169</u> |
| NET ASSETS (NOTE 2) : | |
| Without donor restrictions | 349,221,314 |
| With donor restrictions | <u>99,721,870</u> |
| TOTAL NET ASSETS | <u>448,943,184</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 472,117,353</u> |

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

XAVIER UNIVERSITY OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|---------------------------------------|------------------------------------|-----------------------|
| OPERATING REVENUES AND SUPPORT ACTIVITIES | | | |
| Tuition and fees (Note 17) | \$ 47,705,323 | \$ - | \$ 47,705,323.00 |
| Government grants and contracts (Notes 2 and 24) | 43,605,447 | - | 43,605,447 |
| Private gifts and grants (Notes 2 and 5) | 28,152,379 | 8,403,248 | 36,555,627 |
| Recovery of facilities and administrative costs | 3,019,221 | - | 3,019,221 |
| Other income | 927,149 | 4,035 | 931,184 |
| Investment income used in operations | 69,079 | - | 69,079 |
| Endowment spending used in operations (Note 9) | 9,129,619 | 1,801,597 | 10,931,216 |
| Auxiliary enterprises (Note 2) | 13,417,504 | - | 13,417,504 |
| Net assets released from restrictions (Note 18) | 3,309,248 | (3,309,248) | - |
| Total Operating Revenues and Support | 149,334,969 | 6,899,632 | 156,234,601 |
| OPERATING EXPENSES (Note 2) | | | |
| Educational activities | 46,764,782 | - | 46,764,782 |
| Research | 11,714,016 | - | 11,714,016 |
| Auxiliary enterprises | 10,576,680 | - | 10,576,680 |
| Student services | 15,973,399 | - | 15,973,399 |
| Support services | 43,338,000 | - | 43,338,000 |
| Total Operating Expenses | 128,366,877 | - | 128,366,877 |
| Increase in Net Assets from Operations (Note 2) | 20,968,092 | 6,899,632 | 27,867,724 |
| Investment return, net (Note 7) | 18,291,757 | 17,236,484 | 35,528,241 |
| Endowment income distributed for operations (Note 9) | (9,129,619) | (1,801,597) | (10,931,216) |
| Gain on forgiveness of debt (Note 11) | 1,139,811 | - | 1,139,811 |
| Change in Net Assets from Non-Operating Activities (Note 2) | 10,301,949 | 15,434,887 | 25,736,836 |
| Change in Net Assets | 31,270,041 | 22,334,519 | 53,604,560 |
| Net assets at beginning of year | 317,951,273 | 77,387,351 | 395,338,624 |
| Net assets at end of year | \$ 349,221,314 | \$ 99,721,870 | \$ 448,943,184 |

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

XAVIER UNIVERSITY OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>2021</u> |
|---|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$ 53,604,560 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 7,256,006 |
| Provision for losses on federal loans, student, grants and pledges receivable | 179,316 |
| Increase in unrealized appreciation | (23,540,200) |
| Changes in operating assets and liabilities: | |
| Decrease in student receivables | 1,659,651 |
| Decrease in federal loans receivable | 244,086 |
| Increase in grants receivable | (217,715) |
| Increase in accounts receivable | (847,634) |
| Decrease in prepaid expenses and other assets | 7,777 |
| Increase in accounts payable and accrued liabilities | 3,416,332 |
| Increase in pledges receivable | (1,830,344) |
| Increase in contract liabilities | 357,162 |
| Decrease in refundable deposits | (403,881) |
| Decrease in federal student loan funds | (537,043) |
| Changes in income restricted for long-term investment: | |
| Contributions and grants restricted for long-term investment | (8,407,283) |
| Net cash provided by operating activities | 30,940,790 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchases and sales of investments, net | (32,884,247) |
| Purchase of property, plant and equipment | (5,246,496) |
| Net cash used for investing activities | (38,130,743) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Forgiveness of mortgage loan payable | (1,538,344) |
| Forgiveness of bond issuance costs | 1,474,892 |
| Repayment of loans payable | (522,633) |
| Proceeds from contributions and grants restricted for long-term investment | 8,407,283 |
| Net cash provided by financing activities | 7,821,198 |
| Net increase in cash, cash equivalents and reserve funds | 631,245 |
| Cash, cash equivalents and reserve funds at beginning of year | 10,893,625 |
| Cash, cash equivalents and reserve funds at end of year | \$ 11,524,870 |
| Supplemental Disclosure: | |
| Interest paid in cash | \$ 76,340 |

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

XAVIER UNIVERSITY OF LOUISIANA
STATEMENT OF EXPENSES BY FUNCTIONAL AND NATURAL CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2021

| | Program Activities | | | | Supporting Activities | | | Total expenses |
|--------------------------------------|-------------------------------|----------------------|----------------------|-------------------------|-------------------------------|--|----------------------|-----------------------|
| | Educational Activities | Research | Auxiliaries | Student services | Administrative support | Facilities, operation & maintenance | Total | |
| Salaries and wages | \$ 28,842,806 | \$ 5,206,991 | \$ 731,796 | \$ 6,393,101 | \$ 12,019,096 | \$ 2,151,701 | \$ 14,170,797 | \$ 55,345,491 |
| Employee benefits | 5,143,121 | 1,080,555 | 122,204 | 1,179,300 | 2,626,229 | 422,089 | 3,048,318 | 10,573,498 |
| Services, supplies and other | 8,043,922 | 2,921,170 | 6,046,515 | 3,559,071 | 19,735,242 | 3,440,617 | 23,175,859 | 43,746,537 |
| Occupancy, utilities, and other | 397,167 | 165,472 | 733,448 | 109,031 | 4,846,947 | 5,116,940 | 9,963,887 | 11,369,005 |
| Depreciation and amortization | 1,513,022 | 815,793 | 1,026,507 | 1,650,524 | 1,432,916 | 817,244 | 2,250,160 | 7,256,006 |
| Interest | 15,919 | 8,583 | 10,799 | 17,365 | 15,075 | 8,599 | 23,674 | 76,340 |
| Subtotal | <u>43,955,957</u> | <u>10,198,564</u> | <u>8,671,269</u> | <u>12,908,392</u> | <u>40,675,505</u> | <u>11,957,190</u> | <u>52,632,695</u> | <u>128,366,877</u> |
| Facilities operation and maintenance | 2,808,825 | 1,515,452 | 1,905,411 | 3,065,007 | 2,662,495 | (11,957,190) | (9,294,695) | - |
| Total Operating Expenses | <u>\$ 46,764,782</u> | <u>\$ 11,714,016</u> | <u>\$ 10,576,680</u> | <u>\$ 15,973,399</u> | <u>\$ 43,338,000</u> | <u>\$ -</u> | <u>\$ 43,338,000</u> | <u>\$ 128,366,877</u> |

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

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Organization:

Xavier University of Louisiana (the University), founded in 1915 by Saint Katharine Drexel and the Sisters of the Blessed Sacrament, is a private institution of higher education operated under the Catholic auspices. The University is governed by a 23-member Board of Trustees which includes the University's President. The University's support is derived from tuition charges, donors' contributions, and various federal, state, local, and private grants.

The University had an enrollment of 3,342 students during the Fall 2020 semester, and offers training in more than thirty (30) academic and professional fields. The University is composed of a College of Arts and Sciences, a College of Pharmacy and a Graduate School. On January 12, 2022 the University received a notice from the Southern Association of Colleges and Schools-Commission on Colleges that the University's accreditation was reaffirmed. The next reaffirmation will take place in 2031.

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies:

Basis of Presentation

In conformity with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, the University reports its financial position and activities according to two (2) classes of net assets which are net assets without donor restrictions and net assets with donor restrictions. A description of the two (2) net asset categories is as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations and include the following:

- The revenues received and expenses incurred in conducting the educational and research mission of the University.
- The activities associated with the University's participation in the federal government's Health Professions Student Loan and the Loans for Disadvantaged Students Loan programs.
- The unexpended balance of exchange transactions received from federal, state, local and private agencies.
- Funds designated by the Board of Trustees, unrealized and realized gains and losses and investment income on endowment funds.
- The plant fund assets, depreciated value of fixed assets, plant fund liabilities and the related debt liabilities.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Basis of Presentation, Continued:

The University has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the University, and therefore, the University's policy is to record these net assets as net assets without donor restrictions.

Total net assets without donor restrictions at June 30, 2021 are utilized for the following activities:

| <u>Description</u> | |
|--|------------------------------|
| Designated for general unrestricted operating, educational and research Activities | \$ 27,547,392 |
| Endowment | 97,806,511 |
| Restricted federal, state, local and private activities | 8,051,742 |
| Federal loan fund | (289,664) |
| Plant and plant related activities | <u>216,105,333</u> |
| Total | <u><u>\$ 349,221,314</u></u> |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Net Assets with Donor Restrictions

Net assets with donor restrictions include pledge income, realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions (purpose and time) have not been met. Net assets with donor restrictions that are time restricted for expenditure by the University totaled \$7,781,768. The remaining \$22,911,181 are purpose restricted. Contributions which are required by the donor-imposed restriction to be invested in perpetuity but generally the income is made available for program operations in accordance with the donor restrictions totaled \$69,028,921 at June 30, 2021.

Net assets with donor restrictions were utilized to fund the following activities:

| <u>Description</u> | <u>Time or Purpose</u> | <u>Perpetual</u> | <u>Total</u> |
|--|------------------------|---------------------|---------------------|
| <u>Endowment</u> | | | |
| Academic departments' instruction and research | \$15,785,628 | \$52,451,360 | \$68,236,988 |
| Student financial aid and scholarship | 8,205,566 | 16,371,961 | 24,577,527 |
| Institutional support | - | 205,600 | 205,600 |
| Sub-total | <u>23,991,194</u> | <u>69,028,921</u> | <u>93,020,115</u> |
| <u>Non-Endowment</u> | | | |
| Academic departments' instruction and research | 65,598 | - | 65,598 |
| Student financial aid and scholarship | 6,636,157 | - | 6,636,157 |
| Sub-total | <u>6,701,755</u> | <u>-</u> | <u>6,701,755</u> |
| Total | <u>\$30,692,949</u> | <u>\$69,028,921</u> | <u>\$99,721,870</u> |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies

Revenue Recognition-Governmental Grants and Private Gifts and Grants

Sponsored governmental projects are externally funded activities in which a formal written agreement (i.e. grant, contract or cooperative agreement) is entered into by the University and the sponsor. Revenue recognition is based upon accrual accounting in accordance with generally accepted accounting principles. Sponsored governmental project revenues are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred.

Revenues from private gifts and grants are recognized as either being without donor restrictions or with donor restrictions upon receipt of the private gift or grant funds. Spendable gifts are available for immediate use while endowed funds are recorded in perpetuity with investment yields being utilized for spending.

Use of Estimates

The financial statements of the University are prepared on the accrual basis. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Application of these assumptions requires the exercise of judgment as to future uncertainties and as a result actual results could differ from those estimates.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Cash, Cash Equivalents and Restricted Cash

ASU 2016-18 requires that a statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. For purposes of the Statements of Cash Flows, the University considers all short-term, highly liquid investments with a maturity of three (3) months or less at the time of purchase to be cash equivalents. Cash and cash equivalents representing assets of endowment and similar funds are included in investments. Cash, cash equivalents and restricted cash at June 30, 2021 per the Statements of Cash Flows consist of the following amounts:

| <u>Description</u> | |
|-------------------------------------|---------------------|
| Cash and Cash Equivalents | \$ 8,336,124 |
| Loan Fund Cash and Cash Equivalents | 3,003,549 |
| HBCU Loan Escrow Reserve Fund | <u>185,197</u> |
| Total | <u>\$11,524,870</u> |

Loan Programs

The University participates in the Perkins Loan (formerly the National Direct Student Loan), the Health Professions Student Loan (HPSL) and the Loans for Disadvantaged Students (LDS) programs of the U.S. Departments of Education and Health and Human Services.

These programs are financed by contributions from the federal government which are matched, at a prescribed federal rate, by contributions from the University. Governmental contributions totaling \$3,707,794 at June 30, 2021, are reflected as a liability in the Statements of Financial Position.

The Department of Education (DOE) has indicated that the University will be required to assign to DOE all Perkins loans that have been in default for more than two years. However, for those student borrowers in that category who are making payments, DOE will determine if those Perkins loans will be assigned. For the HPSL and LDS programs, the Department of Health and Human Services has not taken similar action. Interest income on loans receivable is recognized as an increase to unrestricted net assets as interest is collected. Loans and accrued interest receivable may be partially canceled under certain provisions of the Perkins Loan, LDS and HPSL programs.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Endowment Activity

Net Assets with donor restrictions consist of endowment funds that are either subject to gift instruments requiring that the principal be invested for a specified term or in perpetuity and only the income be utilized for time or purpose specific use.

Net Assets without donor restrictions functioning as endowments have been designated by the University's Board of Trustees for the same purposes as endowment funds but may be expended for operating and capital needs, payment of extraordinary obligations and to fund the acquisition, repair and renovation of improved and unimproved real estate.

Investments

Investments are carried at fair value based upon inputs, which generally range from quoted prices for identical instruments in a principal trading market to estimates determined using related market data. The fair value of the University's investments is obtained from a pricing service that is either utilized by the University's custodian or the Investment Manager. See Note 14 for further details on fair market valuation. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses and the unrealized appreciation (depreciation) on those investments, is shown in the Statement of Activities. See Notes 7, 14 and 15.

Alternative Investments

The University occasionally utilizes alternative investments to reduce stock market volatility and to provide a low correlation between other related strategies in equities and fixed income. Alternative financial instruments are reported at fair value with any resulting gain or loss reported in the Statements of Activities. The fair value of alternative investments is based upon the valuation policy of the respective fund manager and is annually reviewed by the University's investment consultant.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Prepaid Expenses and Other Assets

Prepaid expenses and other assets totaling \$5,129,897 primarily include prepaid insurance and deferred charges associated with the Campus Master Plan.

Property, Plant and Equipment

Property, plant and equipment is stated at cost for purchased assets and fair market value at the date of donation in the case of gifts. The University's capitalization threshold for property, plant and equipment is \$5,000.

Depreciation is computed, using the straight-line method over the estimated useful life of the related asset.

The following useful lives are used in computing depreciation.

| <u>Description</u> | <u>Estimated Useful Life (Years)</u> |
|-----------------------|--|
| Buildings | 50 |
| Building improvements | 50 |
| Plant and Equipment | 20-30 |

The plant and equipment category includes equipment, furniture and fixtures and library acquisitions. For the year ended June 30, 2021, depreciation expense totaled \$7,052,230. Depreciation expense has been allocated on a functional basis in the Statements of Activities.

Allowances for Losses

Allowances for estimated losses on receivables are provided when, in the opinion of management, such losses are expected to be incurred. Losses for student receivables are generally based upon the balance of students who are no longer enrolled after a period of two years. Losses for federal loans receivable are based upon whether the student has been in a delinquent payment status for at least two years.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Allowance for Losses, Continued

For the current year, the allowances for the Perkins Loan, LDS and HPSL receivables were 51 percent, 45 percent and 41 percent, respectively, of the outstanding loans receivable balances. Management evaluates the carrying value of these assets at least annually and accordingly, adjusts the allowances. Losses on pledges receivable are based upon management's evaluation of collectability.

Income Taxes

The University is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is recorded in the accompanying financial statements. The University files as a tax-exempt organization. Should that status be challenged in the future, the University's tax years for the past three (3) years remain open for examination by the Internal Revenue Service. Presently, the University is not under examination by any taxing authority.

Cost of Issuance and Deferred Charges

As further described in Note 11- Mortgage Payable, on June 26, 2020, the University entered into a U.S. Department of Education, Historically Black College and University Capital Financing Program Loan Agreement. Initial loan proceeds were utilized to pay the cost of issuance fees totaling \$1,185,283 and deferred charges totaling \$276,144.

Such cost were amortized over the life of the mortgage with the cost of issuance fees being presented in the financial statements in accordance with ASU 2015-03, as a direct deduction from the carrying value of the associated liability rather than as an asset. As described in Note 11, on March 19, 2021 the University was notified by the Rice Capital Access Program, LLC as the designated bonding authority that all advances which totaled \$2,579,353 together with accrued interest has been satisfied by the Secretary of the U.S. Department of Education. The satisfaction included the forgiveness of the loan proceeds associated with the cost of issuance and the deferred charges.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Artwork Collections

The University has elected not to capitalize collections of works of art, as allowed by ASC Topic 958. The collections, which the University acquired through contributions in recent years, are not recognized as assets on the Statements of Financial Position. Accordingly, any cash flows from purchases, sales or insurance recoveries of unrecognized, non-capitalized collection items will be reported as investing activities on the Statements of Cash Flows.

Fair Value Measurements

ASC Topic 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. Further, ASC Topic 820 requires the University to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the classes of such fair value measurements. See Notes 14 and 15 for expanded disclosures regarding fair market measurements.

Compensated Absences

Regular full-time and eligible part-time employees who have completed their probationary period of service are eligible to receive compensation for future absences (vacation leave). The vacation leave accrual is calculated based upon years of service whereby the employee accrues an approximate number of hours per month that increases based upon the employment term. An employee no longer accrues vacation hours once their maximum vacation allowance is reached. Maximum vacation leave is 2 times an employee's annual vacation accrual total based upon years of service.

The liability relative to employees' compensation for future absences approximated \$2,633,168 at June 30, 2021 and is included in accounts payable and accrued expenses.

Dormitory Revenues

Gross dormitory revenues for the year ended June 30, 2021 of \$13,483,400 were reduced by University funded athletic housing awards totaling \$806,408. These amounts are included in auxiliary enterprises revenue in the Statements of Activities.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, costs associated with the operation and maintenance of plant, interest, bond amortization costs, depreciation and amortization expense have been allocated among the programs and supporting services benefited. Depreciation expense for buildings, equipment and the operation and maintenance of the plant are allocated among the expense categories based upon square footage and the programmatic use by personnel (i.e. educational activities, research, etc.). Interest expense is allocated to the functional categories that have benefited from the proceeds of the debt.

The expenses allocated for the year ended June 30, 2021 are as follows:

| <u>Description</u> | |
|------------------------------------|---------------------|
| Depreciation and amortization | \$ 7,256,006 |
| Operation and maintenance of plant | 11,131,347 |
| Interest expense | <u>76,341</u> |
| Total | <u>\$18,463,694</u> |

Measure of Operations

The Statements of Activities report the change in net assets from the University's operating and non-operating activities. The University's operating revenues in excess of expenses and transfers include all operating revenues and expenses that are an integral part of its programs and supporting activities, and net assets released from donor restrictions to support current operating activities. The measure of operations for net assets with donor restrictions excludes investment return in excess of (less than) amounts made available for current support and contributions received for use in future periods. Such resources are included as a non-operating measure together with other related activities not utilized in support of University operations.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Subsequent Events

Management has evaluated subsequent events through March 31, 2022, the date in which the financial statements were available to be issued.

Construction of New Residence Hall and Parking Structure

One of the University's short-term facility initiatives is centered on the construction of a new 852 bed Residence Hall along with the construction of a parking structure. The goal of the project is to supplement some of the existing on-campus housing with a new Residence Hall that will be consistent with the architecture, character and appearance of the surrounding campus and to provide additional campus parking. The current estimate for the construction of the Residence Hall and Parking Structure is \$74.2 million which will be funded by the HBCU Loan Program. See Note 11.

Recently Issued Accounting Pronouncements

In 2021 and 2020, the College adopted the guidance regarding contributions received from Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this standard include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions.

In August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement which provided guidance that eliminate, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. The University implemented this ASU in fiscal year 2020.

In 2020, the College adopted ASU 2016-18 (Topic 230), *Statement of Cash Flows*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies,
Continued:

Significant Accounting Policies, Continued:

Recently Issued Accounting Pronouncements, Continued

In February 2016, the FASB issued ASU 2016-02, *Conforming Amendments Related to Leases (Topic 842)*. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the Statement of Financial Position and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payment and a right-of-use asset representing its right to use the leased asset for the lease term. In July 2018, the FASB issued ASU 2018-11, *Leases: Targeted Improvements*, which provides that companies can initially apply the new leases standard at adoption and recognize a cumulative-effect adjustment to the opening balance of the net assets in the period of adoption. The ASUs are effective for annual periods beginning after December 15, 2020 with early adoption permitted. The University adopted these pronouncements in fiscal year 2021.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (TOPIC 958)* effective for fiscal years beginning after June 15, 2021 with early adoption permitted. This ASU requires a separate line item disclosure of contributed nonfinancial assets apart from the contributions of cash and other financial assets. The ASU also requires additional disclosures such as basis of valuation, donor-imposed restrictions, monetizing policy and other qualitative measures. The University will implement this ASU during the fiscal year ending June 30, 2022.

In March 2019, the FASB issued ASU 2019-03, updating the Definition of Collections (Topic 958) effective for fiscal years beginning after December 15, 2020 with early adoption permitted. This ASU updated the definition of the term “Collections” and requires a collection-holding entity to disclose its policy for the use of proceeds from deaccessioned collection items, among other matters, including its policy on direct care of its collections. The University will implement this ASU during the fiscal year ending June 30, 2022.

In March 2021 and May 2019, the FASB issued ASUs 2021-03 and 2019-06 regarding Goodwill and Other Intangibles affecting Not-for-Profit entities. Based on a review of these ASUs, the University does not believe these standards apply to its operations.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 3- Availability and Liquidity:

The University's financial assets were comprised of the following at June 30, 2021:

| | |
|---|-----------------------|
| <u>Total Financial Assets:</u> | |
| Cash and Cash Equivalents | \$ 8,336,124 |
| Grants Receivable | 7,526,090 |
| Accounts Receivable | 2,032,014 |
| Pledges Receivable | 1,845,435 |
| Student Receivable | 951,922 |
| Federal Loans Receivable | 2,222,303 |
| Loan Fund Cash and Cash Equivalents | 3,003,549 |
| Investments at Fair Value | 210,702,360 |
| Escrow Reserve Fund | 185,197 |
| Line of Credit | 2,500,000 |
| Total Financial Assets at Year End | <u>239,304,994</u> |
| Less: Amounts not Available to meet | |
| General Expenditures within one year | |
| Escrow Reserve Fund | (185,197) |
| Pledges Receivable | (1,845,435) |
| Federal Loans Receivable | (2,222,303) |
| Loan Fund Cash and Cash Equivalents | (3,003,549) |
| Portion of designated unrestricted funds | (36,820,337) |
| Portion of donor-restricted endowment to be retained in perpetuity | (69,028,921) |
| Portion of donor-restricted funds restricted by time or purpose | <u>(23,991,194)</u> |
| Financial Assets available to meet general expenditures within one year | <u>\$ 102,208,058</u> |

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 3- Availability and Liquidity, Continued:

In addition to financial assets available to meet general expenditures over the next twelve (12) months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. See the Statement of Cash Flows, which identifies the sources and uses of the University's cash which reflects positive cash generated by operating activities for the fiscal year ending June 30, 2021.

The University has various sources of liquidity at its disposal, including cash and cash equivalents, unrestricted endowment funds, and a line of credit totaling \$2.5 million. Although, the University does not intend to spend from its unrestricted endowment funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process or for the payment of extraordinary obligations, amounts from its unrestricted endowment funds could be made available if necessary.

NOTE 4 - Accounts, Grants and Students Receivable:

Accounts receivable totaling \$2,032,014 at June 30, 2021 primarily represent student direct loan payments that were received subsequent to June 30, 2021 and accrued interest on investments.

Gross grants receivable totaling \$8,488,066 at June 30, 2021 consist of U.S. government and other contract receivables from state and local agencies. The University has established an allowance for possible doubtful grants receivable totaling \$961,976 at June 30, 2021. Grants receivable and changes in the allowance for doubtful accounts for grants receivable as of June 30, 2021 are as follows:

| <u>Description</u> | |
|--------------------|----------------------------|
| Gross receivable | <u>\$8,488,066</u> |
| <u>Allowance</u> | |
| Beginning balance | (1,011,976) |
| Reduction | <u>50,000</u> |
| Subtotal | <u>(961,976)</u> |
| Net receivable | <u><u>\$ 7,526,090</u></u> |

Subsequent to June 30, 2021 the University has taken the necessary steps to drawdown the net receivable amount.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 4 - Accounts, Grants and Students Receivable, Continued:

Gross students receivables for tuition, fees and room and board charges totaled \$7,526,317 at June 30, 2021.

The University provides unsecured credit to students whose ability to repay the loans is based upon a number of similar economic conditions. The net carrying value of students receivable approximates fair value.

Students receivable and changes in the allowance for doubtful accounts for students receivable as of June 30, 2021 are as follows:

| <u>Description</u> | |
|--------------------|---------------------|
| Gross receivable | <u>\$ 7,526,317</u> |
| <u>Allowance</u> | |
| Beginning balance | (6,634,043) |
| Current provision | <u>59,648</u> |
| Subtotal | <u>(6,574,395)</u> |
| Net receivable | <u>\$ 951,922</u> |

Subsequent to June 30, 2021, the University has continued to receive payments from students with outstanding balances

NOTE 5 - Pledges Receivable and Private Gifts and Grants:

Unconditional written promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at either four (4) percent or five (5) percent of the present value of the future cash flows. Unconditional written promises to give are expected to be realized in the following periods:

| <u>Description</u> | |
|--|---------------------|
| In one (1) year or less | \$ 1,775,406 |
| Between one (1) year and five (5) years | <u>1,077,500</u> |
| Subtotal | <u>2,852,906</u> |
| Less: Discount | (157,279) |
| Less: Bad debt allowance | <u>(850,192)</u> |
| Net receivable | <u>\$ 1,845,435</u> |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 5 - Pledges Receivable and Private Gifts and Grants, Continued:

Pledges receivable at June 30, 2021 have the following restrictions:

| <u>Description</u> | |
|-----------------------|-------------|
| Scholarships | \$1,611,165 |
| Institutional support | 234,270 |
| Net receivable | \$1,845,435 |

For the year ended June 30, 2021, private gifts and grants totaled \$36,555,627. Included in that amount are unrestricted and restricted gifts totaling \$22,500,000 which can be utilized for need based scholarships and general, start-up and pipeline programs.

NOTE 6 - Federal Loans Receivable:

Loans receivable consist of the following at June 30, 2021:

| <u>Description</u> | |
|--|--------------|
| Student receivables- | |
| Perkins Loans | \$ 3,115,058 |
| Health Professions Student Loans | 912,736 |
| Loans for Disadvantaged Students | 299,960 |
| Gross receivables | 4,327,754 |
| Less: Allowance for doubtful Accounts | (2,105,452) |
| Net receivable | \$ 2,222,303 |

A change in the allowance for doubtful accounts was not required based upon the evaluation of the carrying values of the federal loans and the improvement and related increase in payments from students. Federal loan collections subsequent to June 30, 2021 have not been negatively impacted in a significant way by current economic conditions and the COVID-19 Pandemic.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - Investments:

Investments that are recorded at fair value (see Note 2, Investments) consist of the following at June 30, 2021:

| <u>Description</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Fair Value</u> |
|------------------------|---------------------------------------|------------------------------------|-----------------------------|
| Debt securities | \$ 19,589,197 | \$ 17,032,970 | \$ 36,622,167 |
| Equity securities | 63,733,482 | 55,416,792 | 119,150,274 |
| Alternatives | 17,828,483 | 15,502,014 | 33,330,497 |
| Short-term investments | 11,562,938 | 10,036,484 | 21,599,422 |
| Total | <u>\$ 112,714,100</u> | <u>\$ 97,988,260</u> | <u>\$ 210,702,360</u> |

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2021.

| <u>Description</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restricted</u> | <u>Total</u> |
|------------------------|---------------------------------------|----------------------------------|---------------------|
| Investment return, net | <u>\$18,291,757</u> | <u>\$17,236,484</u> | <u>\$35,528,241</u> |

NOTE 8 - Property, Plant and Equipment:

Property, plant and equipment is summarized as follows:

| | <u>Balance at June 30, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 2021</u> |
|-----------------------------------|-------------------------------------|---------------------|----------------------|-------------------------------------|
| Land and improvements | \$ 31,696,655 | \$ - | \$(1,046,062) | \$ 30,650,593 |
| Construction in progress | 15,542 | - | (15,542) | - |
| Buildings and improvements | 289,052,827 | 3,276,305 | - | 292,329,132 |
| Plant and equipment | 96,195,815 | 3,031,795 | - | 99,227,610 |
| Subtotal | <u>416,960,839</u> | <u>6,308,100</u> | <u>(1,061,604)</u> | <u>422,207,335</u> |
| Accumulated depreciation | <u>(184,972,643)</u> | <u>(7,052,230)</u> | <u>-</u> | <u>(192,024,873)</u> |
| Net property, plant and equipment | <u>\$231,988,196</u> | <u>\$ (744,130)</u> | <u>\$(1,061,604)</u> | <u>\$230,182,462</u> |

The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable through future utilization. An impairment charge is recognized when the fair value of an asset is less than its carrying value. No such impairment charge was required to be recognized during the year ended June 30, 2021.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - Endowment:

ASC Subtopic 958-205-50 requires that the University disclose information to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy(ies), and related investment policy(ies) of its endowment funds (both donor-restricted and board-designated), whether or not it is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

Composition of Endowment

The University's endowment consists of approximately 220 individual funds established for a variety of purposes. The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The composition of endowments as of June 30, 2021 is as follows:

Endowment Net Assets Composition - June 30, 2021

| <u>Description</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------|---|------------------------------------|----------------------|
| Board-Designated | \$ 97,806,511 | \$ - | \$ 97,806,511 |
| Donor-Restricted | - | 93,020,115 | 93,020,115 |
| Total | <u>\$ 97,806,511</u> | <u>\$ 93,020,115</u> | <u>\$190,826,626</u> |

Interpretation of Relevant Law

The Board of Trustees of the University has interpreted the Louisiana Uniform Prudent Management of Institutional Funds Act (Louisiana UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the University classifies as perpetual net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - Endowment, Continued:

Interpretation of Relevant Law, Continued:

The remaining portion of the donor-restricted endowment fund that is not classified in perpetual net assets is classified as time or purpose net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Louisiana UPMIFA. In accordance with the Louisiana UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the donor-restricted endowment fund and the University;
- The duration and preservation of the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the University;
- Where appropriate, alternatives to spending from the endowment fund and the possible effects of those alternatives on the University; and
- The investment policies of the University.

Classification of Endowment

The University's endowment is classified into three categories which are True, Term and Quasi. True endowment funds (also known as permanent endowment funds) are resources with respect to which a donor has stipulated, as a condition of the gift, that the gift is to be maintained in violate and perpetuity. Term endowment funds are similar to true endowments, except that, upon the passage of a slated period (or time) or the occurrence of a particular event, all or part of the donation may be expended. True and term endowments are collectively referred to as donor restricted transactions. Quasi endowment funds are resources that the University, rather than the donor, has determined to be retained and managed like an endowment.

Endowment Spending Policy

As specified in the Endowment and Investment Policy, in calculating the annual appropriations from the True and Term Endowment funds, the University shall utilize a spending rate that is subject to an annual limit of five percent (5%) times the average market values for a three (3) year period that immediately proceeds the year in which the appropriation expenditure will be made.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - Endowment, Continued:

Endowment Spending Policy, Continued:

The Endowment Investment Spending Policy formula is subject to annual evaluations by the University's Investment Committee with the results of such evaluation being reported to the Endowment Committee for appropriate action.

Appropriations from the University's True, Term and Quasi endowment will be based upon the University's programmatic and scholarship requirements, operating and capital needs, and to fund the acquisition, repair and renovation of improved and unimproved private residential real estate.

This spending policy is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Assets, June 30, 2021

| <u>Description</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Net assets at June 30, 2020 | \$ 71,064,894 | \$ 75,975,109 | \$ 147,040,003 |
| Investment return, net | 18,291,757 | 17,236,484 | 35,528,241 |
| Contributions and other income | 17,579,479 | 1,610,119 | 19,189,598 |
| Endowment expenditures | (9,129,619) | (1,801,597) | (10,931,216) |
| Net assets at June 30, 2021 | <u>\$ 97,806,511</u> | <u>\$ 93,020,115</u> | <u>\$ 190,826,626</u> |

Description of Endowment Amounts-June 30, 2021

Net Assets with Donor Restrictions

The portion of accumulations
to donor-restricted endowment
funds that have purpose and
time restrictions \$ 23,991,194

The portion of perpetual endowment funds
that is required to be retained permanently
either by explicit donor stipulations or
by UPMIFA \$ 69,028,921

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - Endowment, Continued:

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Louisiana UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies that result in the fair value of the donor restricted endowment investment falling below the donor restricted endowment corpus that are reported in net assets without donor restrictions as of June 30, 2021 are as follows:

| | |
|--------------------------------|-------------------|
| Aggregate original gift amount | \$ 16,720 |
| Aggregate fair value | <u>(11,857)</u> |
| Aggregate deficiency | <u>\$ (4,863)</u> |

Return Objectives and Risk Parameters

The University Endowment Investment Policy provides investment and spending criteria for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified purpose and/or period(s) as well as board-designated funds.

The University's Endowment Spending Policy provides that the endowment assets are invested in a manner that is intended to yield fund performance comparable to the performance of a similarly structured balanced index in line with the target allocation in each strategy. This custom index will be comprised of the S&P 500 Composite Index, Russell 1000 Growth/Value Index, Russell 2000 Small Stock/Value Growth Index, EAFE International Index, Barclays Capital Aggregate Bond Index, NCREIF Index, HFRI Fund of Funds Index, MFR Money Index and 90-day Treasury Bill Index. The University expects its endowment funds to at least equal the performance of the custom balanced index over an intermediate or a long-term time horizon.

Strategies Employed for Achieving Objectives

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

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - Endowment, Continued:

Realized and Unrealized Appreciation

For the year ended June 30, 2021, net appreciation in the fair value of investments, which consists of the realized gains and the unrealized appreciation on those investments totaled \$34,129,757.

Fair Value of Endowment Investments

The fair value of the University's endowment investments as of June 30, 2021 approximated \$203,435,205. Non-Endowment investments totaled \$7,267,155. The fair value of the University's investments is based upon information provided by a pricing service that is either utilized by the University's custodian or the Investment Manager. See Notes 14 and 15 for additional disclosures regarding fair value instruments.

NOTE 10 - Leases

The University adopted ASU No. 2016-02-Leases (Topic 842), as amended, for the fiscal year ended June 30, 2021, using the modified retrospective approach. The modified retrospective approach provides a method for recording existing leases at adoption and in comparative periods that approximates the results of a full retrospective approach. In addition, the University elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the University to carry forward the historical lease classification. ASU No 2016-02 requires the University to recognize in the Statement of Financial Position a liability to make lease payments (the lease liability) and a right-of-use asset representing the University's right to use the underlying asset for the lease term. Adoption of the new standard resulted in the recording of an additional net lease asset and lease liability of \$274,579 as of June 30, 2021. The leased equipment represents copy machines that are utilized by the employees of the University.

The maturity of lease liabilities as of June 30, 2021 are as follows:

| | <u>Year ending June 30</u> |
|--|----------------------------|
| | 2022 |
| | <u>\$ 274,579</u> |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 11 - Mortgage Payable:

On June 25, 2020, the University entered into a Capital Project Loan Agreement with the designated bonding authority, Rice Capital Access Program, LLC (Rice) totaling \$100,000,000. The loan agreement sub-divides the overall loan into a Series 2020-1 (25 year loan) in the amount of \$61,000,000 and a Series 2020-2 (20 year loan) in the amount of \$39,000,000. The loan was provided pursuant to the U.S. Department of Education's Historically Black College and University Capital Financing Program (the HBCU Loan Program). The loan is secured by certain University facilities with a total value of \$75.1 million, any additional facilities that will be constructed utilizing loan proceeds and a first lien and security interest in the University's student housing revenues.

On March 19, 2021, the University was notified by the Rice Capital Access Program, LLC as the designated bonding authority that all advances which totaled \$2,579,353 together with accrued interest has been satisfied by the Secretary of the U.S. Department of Education. The \$2,579,353 in advances represent the amount of funds that had been drawn down by the University through December 2020. As reflected in the Statement of Activities, the University recorded a gain on the forgiveness of debt totaling \$1,139,811. The amount of loan funds that are now available to the University is \$100,000,000. For the year ended June 30, 2021, as required by the HBCU Loan Agreement, the University has established an escrow reserve fund totaling \$185,197. As of March 31, 2022, the University has drawn down \$3,547,698 in loan funds from the HBCU Loan Program. The interest rate on advances is based upon the Federal Financing Bank loan rate at the date of the advance, which range between 2.16% and 2.31%.

The HBCU Loan Program indebtedness, unlike conventional borrowing, is based upon a request for reimbursement, similar to a line of credit. This funding method allows the University to effectively manage its debt burden, align its capital projects with the Campus Master Plan and to strategically borrow funds for capital projects over a three-year period. The HBCU loan will be utilized by the University to fund the construction of an 852 bed student Residence Hall and Parking Structure which is estimated to cost \$74.2 million.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 12 - Loans Payable

On October 1, 2017, the University entered into loan repayment agreements to acquire access and distribution switching equipment for the Data Center totaling \$3,538,047. The terms and conditions of the repayment agreements provide that the average interest rate is approximately 3.70 percent. On July 12, 2010, the University entered into a loan repayment agreement to acquire access and distribution switching equipment for the Data Center in the amount of \$3,936,958. The terms and conditions of the repayment agreement provide that the interest rate is 3.47 percent. Interest expense on these loans for the year ended June 30, 2021 totaled \$55,483. Total debt service amounted to \$956,715 as of June 30, 2021.

The loans payable amount as of June 30, 2021 consist of the following:

| <u>Description</u> | |
|--------------------|---------------------|
| Equipment Loan | <u>\$ 3,238,788</u> |

Maturities of loans payable for each of the five (5) years succeeding June 30, 2021, are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2022 | \$ 1,125,404 |
| 2023 | 704,564 |
| 2024 | 646,807 |
| 2025 | 658,751 |
| 2026 | <u>103,262</u> |
| Total | <u>\$ 3,238,788</u> |

NOTE 13 - Retirement Plan:

The University sponsors a defined contribution (money purchase) 403 (b) retirement plan that covers administrative officers and full-time employees who meet eligibility requirements. Each year plan participants may contribute up to six (6) percent of pretax annual compensation each pay period which is matched up to six (6) percent by the University. Plan participants are immediately fully vested in their contributions and the University's contributions plus actual earnings. The University's portion of payments to the 403 (b) defined contribution plan, which is contributory, for the year ended June 30, 2021 amounted to \$1,959,473.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14 - Fair Value Measurements:

In accordance with ASC Topic 820, fair value is defined as the price that the University would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. ASC Topic 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of the University's assets or liabilities. Investments measured and reported at fair value are classified and disclosed in one (1) of the following three (3) broad levels listed below:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date.

- Level 2 Significant other observable inputs are pricing inputs other than quoted prices in active markets (which are either directly or indirectly observable as of the reporting date), market price quotations, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets with fair value being determined through the use of industry recognized modeling techniques or other valuation methodologies.

- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The University's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14 - Fair Value Measurements, Continued:

The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment to the University and does not necessarily correspond to the perceived risk of that investment. The hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The University utilizes inputs in applying various valuation techniques that are assumptions which market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, fund and specific stock data, specific and broad credit data, liquidity statistics, recent transactions, discount rates and other factors.

Underlying fund investments, whose values are based on quoted market prices in active markets, are therefore classified within Level 1. Such investments include actively traded common and preferred stock, money market funds and certain certificates of deposit.

Investments that trade in markets that are considered to be active, but are based on dealer quotations or alternative pricing sources supported by observable inputs or investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Alternative pricing sources include quotations from market participants and pricing models which are based on accepted industry modeling techniques. These investments include U.S. investment-grade debt securities, residential mortgage-backed securities, corporate mortgage bonds, government bonds, treasury inflation protection securities and bond funds.

Debt and equity securities investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Inputs used may include the original transaction price, recent transactions in the same or a similar market, and subsequent rounds of financing.

When observable prices are not available, these investments are valued using one or more valuation techniques described as follows:

- **Market Approach:** This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14 - Fair Value Measurements, Continued:

- **Income Approach:** This approach determines a valuation by discounting future cash flows.
- **Cost Approach:** This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable.

The estimated fair value of alternative investments is based upon the valuation policy of the respective fund manager and are generally classified in level 2 and the fair value using practical expedient category. In accordance with ASC Topic 820, alternative investments that are calculated utilizing the Net Asset Value per share are classified in the Fair Value using practical expedient category. Such valuations consider variables such as original transaction price, comparable market transactions, pricing of similar instruments, and internal modeling price expectations.

The University and the University's Investment Consultant reviews and evaluates the values, the valuation methods and assumptions provided by the fund managers that are used in determining the fair value. Because alternative investments are not readily marketable, their estimated values may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material.

The University obtains the majority of the prices used in the valuation of its investments from a pricing service that is utilized by either the Investment Manager or the Custodian. The pricing service utilizes industry standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities, as well as other relevant economic measures.

The University and the University's Investment Consultant periodically perform a review of valuations provided by the pricing service, which includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities the University holds. These inputs include prices for comparable securities, bid/ask quotes, and interest rate yields.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14 - Fair Value Measurements, Continued:

Based upon this review, the University is of the opinion that the prices received from the pricing service are a reliable representation of exit prices.

ASU No. 2010-06 requires disclosures and clarifies existing disclosure requirements about fair value measurements. ASU 2010-06 requires (a) disclosure of gross significant transfers in and/or out between Levels 1 and 2 and the reasons for those transfers, (b) disclosure of all transfers in/out of Level 3 (significant transfers to be presented gross) and the reasons for those transfers, and (c) purchases, sales, issuances and settlements to be disclosed separately (i.e. gross) within the Level 3 rollforward. ASU 2010-06 also clarifies (a) the levels of disaggregation in presenting fair value disclosures for each class of assets and liabilities and (b) the disclosures about valuation techniques and inputs that are required for fair value measurements that fall within either Level 2 or 3.

ASU 2011-04 requires additional disclosures with a particular focus on Level 3 measurements. ASU 2011-04 stipulates that quantitative information about significant unobservable inputs used in the Level 3 fair value measurement and a description of the Level 3 valuation processes be disclosed. Additionally, for nonfinancial assets, a nonpublic entity must disclose why the asset is being used in a manner different from its highest and best use.

The tables on the following pages summarize the valuation of the University's investment measured at fair value by the FASB ASC 820 fair value hierarchy level and the net asset value per share practical expedient as of June 30, 2021.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14 - Fair Value Measurements, Continued:

The following table summarizes the valuation and class of the University's investments measured by the fair value hierarchy levels and the fair value using practical expedient category as of June 30, 2021:

| <u>Investments</u> | Fair Value Hierarchy | | | Fair Value Using Practical Expedient | Total Fair Value |
|---|----------------------|--------------|---------|---|---------------------|
| | Level 1 | Level 2 | Level 3 | | |
| <u>Available-for-sale debt securities</u> | | | | | |
| Corporate mortgage bonds | \$ - | \$17,800,528 | \$ - | \$ - | \$17,800,528 |
| Government bonds | - | 18,821,639 | - | - | 18,821,639 |
| Total debt securities | - | 36,622,167 | - | - | 36,622,167 |
| <u>Available-for-sale equity securities</u> | | | | | |
| Consumer | - | - | - | - | - |
| Communication Services | 20,953,041 | - | - | - | 20,953,041 |
| Energy | 2,323,409 | - | - | - | 2,323,409 |
| Financials | 13,378,538 | - | - | - | 13,378,538 |
| Health Care | 15,941,441 | - | - | - | 15,941,441 |
| Industrials | 15,346,822 | - | - | - | 15,346,822 |
| Technology | 41,417,482 | - | - | - | 41,417,482 |
| Utilities | 5,425,278 | - | - | - | 5,425,278 |
| Real Estate | 1,462,839 | - | - | - | 1,462,839 |
| Materials | 2,901,423 | - | - | - | 2,901,423 |
| Master limited partnerships | - | - | - | - | - |
| Total equity securities | 119,150,273 | - | - | - | 119,150,273 |
| Alternative investments | - | 13,861,803 | - | 19,468,683 | 33,330,486 |
| Short-term investments | 2,810,749 | 18,788,685 | - | - | 21,599,434 |
| Total recurring fair value measurements | \$121,961,022 | \$69,272,655 | - | \$19,468,683 | \$210,702,360 |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 14- Fair Value Measurements, Continued:

ASC Topic 825 requires the University to disclose fair value information of all financial instruments, whether or not recognized in the Statement of Financial Position, for which it is practicable to estimate fair value. The University's financial instruments, other than federal loans receivable, federal student loan funds payable and debt, are generally short-term in nature and contain minimal credit risk.

These instruments consist of cash and cash equivalents, loan fund cash and cash equivalents, escrow reserve fund, accounts receivable, student receivables, grants receivable, accounts payable and accrued expenses, refundable deposits, and contract liability. The carrying value of those assets and liabilities in the Statement of Financial Position are assumed to approximate fair value. The carrying value of pledges receivable approximates fair value because the instruments are recorded at net present value of future cash flows.

The estimated fair value of debt is determined based on rates currently available to the University for debt with similar terms and remaining maturities. The carrying amount and estimated fair value of the University's debt at June 30, 2021 is summarized as follows:

| | <u>Amount</u> | <u>Fair Value</u> |
|----------------|---------------------|---------------------|
| Leases Payable | \$ 274,579 | \$ 274,579 |
| Loans payable | <u>3,238,788</u> | <u>3,238,788</u> |
| Total | <u>\$ 3,513,367</u> | <u>\$ 3,513,367</u> |

Federal loans receivable of \$2,222,303 as of June 30, 2021, represent amounts principally due from students under federally sponsored programs, which are subject to significant restrictions. Accordingly, it is not practicable to determine fair value. A reasonable estimate of the fair value of the federal student loan advances from the federal government totaling \$ 3,707,794 as of June 30, 2021 could not be made because of the lack of comparable pricing data.

The University does not have a nonfinancial asset that is being utilized in a manner that differs from its highest and best use.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 15 - Fair Value Measurements of Investments in Certain Entities
That Calculate Net Asset Value Per Share:

ASC Topic 820 permits the University to estimate the fair value of its alternative investments that are calculated utilizing the Net Asset Value (NAV) per share. The University has the ability to liquidate its investments periodically in accordance with the provisions of the respective investment fund agreements, as indicated in the following schedule of investments. Certain of these agreements may allow the investment funds to temporarily suspend redemptions or place other temporary restrictions on the University's ability to redeem either a portion of its investment or the entire investment in the investment fund. A description of the classes of the University's alternative investments is as follows:

| <u>Description</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------|
| Hedged Equity/Long-Short/Directional | \$ 3,668,188 |
| Relative Value | 3,668,889 |
| Credit/Event Driven/Distressed | 9,404,094 |
| Market Neutral/Low Net Equity | 2,504,160 |
| Short-Term investments | <u>223,352</u> |
| Fair Value Based Upon NAV | <u>\$19,468,683</u> |

The redemption frequency and notice period range between monthly, quarterly and annual redemptions with 45/60/90 days' notice. The classes of alternative investments described previously are invested in hedge funds that pursue several strategies as follows:

- Investments in investment funds that invest both long and short, primarily in equities, based upon the Manager's perception of such securities being either undervalued or overvalued by the market, or the probability that a particular event will occur.
- Investments in investment funds that utilize non-directional strategies.
- Investments in investment funds that pursue multiple strategies to diversify risks and reduce volatility.
- Investments in investment funds that focus on identifying and analyzing securities that may benefit from the occurrence of specific corporate events.
- Investments in investment funds that seek to generate superior risk-adjusted returns from a combination of capital appreciation and current income by opportunistically investing and trading in a diversified portfolio of credit-related securities and other instruments.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 15 - Fair Value Measurements of Investments in Certain Entities
That Calculate Net Asset Value Per Share, Continued:

- Investments in investment funds that invest the vast majority of their assets in which would be classified as emerging or developing markets and global common stocks in both developed and emerging markets.

NOTE 16 - Derivative Instruments

During the year ended June 30, 2021, the University invested approximately 2.6% of its investments in derivative instruments. A derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variables. The University invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies and overall risk profile as described in the Investment Policy. The University's investment managers utilize derivatives for a variety of purposes, such as seeking to hedge against declines in principal value and foreign currency risk, increase yield, and invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return or to adjust credit exposure.

The University values its derivatives at fair value and recognizes changes in fair value currently in its changes in net assets from operations. Additionally, during the year ended June 30, 2021, the University did not have any significant gains or losses on derivatives.

NOTE 17 - Tuition and Fees:

Tuition and fees totaling \$87,752,328 at June 30, 2021 have been reduced for financial aid discounts totaling \$40,047,005, which were provided by the University and federal and private sources. For the year ended June 30, 2021, the University has recorded Pell grant revenue and expense as agency transactions in the Statements of Financial Position by offsetting the Pell grant revenue against the related expense. The amount of aid applied against tuition and fees for the year ended June 30, 2021 is as follows:

| <u>Description</u> | |
|----------------------------------|---------------------|
| Unfunded institutional grants | \$ 26,306,825 |
| Federal and private scholarships | <u>13,740,180</u> |
| Total | <u>\$40,047,005</u> |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 18 - Net Assets Released from Restrictions:

During the year ended June 30, 2021, net assets were released from restrictions for the following purposes:

| <u>Purpose</u> | |
|--|---------------------|
| Scholarships | \$ 981,454 |
| Salaries and benefits | 1,503,512 |
| Supplies, equipment, contracted services, and travel | <u>824,282</u> |
| Total | <u>\$ 3,309,248</u> |

NOTE 19 - Commitments and Contingencies:

Food Service Agreement

On October 26, 2020, the University entered into a management agreement with a limited liability company to manage and operate food service for students, faculty, staff, employees and invited guests. The terms and conditions of the management agreement provide that the University will be billed monthly based upon the dining rates as established in the management agreement. Each year the dining rates are amended under the terms and conditions of the management agreement.

Bookstore Agreement

On March 16, 2018, the University entered into a fifteen-month agreement with a bookstore vendor to operate and provide services for the University's bookstore. The terms and conditions of the agreement provide that the University shall be paid a fixed and variable management fee relative to gross sales as defined, account deposits and payments of management fees. The University is currently on a month-to-month arrangement with the bookstore vendor pending the results of the process to renegotiate the contract.

Participation in Grant Programs

The University administers and participates in various federally funded and state grants that are primarily received from the U.S. Department of Education, Department of Health and Human Services, the National Institute of Health and the Department of Defense and the State of Louisiana. In connection with the administration and operation of these grants, the University is to expend grant funds, federal capital contributions and allocations in accordance with the program guidelines and regulations.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 19 - Commitments and Contingencies:

Participation in Grant Programs, Continued:

In the event, the University operates/administers these grants/programs in a manner which would be in non-compliance with the guidelines and regulations, the University may be required by the funding sources to repay some portion or all of the grant awards or federal capital contributions. The University's Single Audit of its federal programs did not disclose any audit findings or instances of non-compliance with respect to tested federal programs.

Litigation

The University is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in net assets and cash flows of the University.

Risk Management

The University is exposed to various risks of loss related to torts, thefts or damage to and destruction of assets. The University believes it carries a sufficient amount of commercial insurance coverage, in the event a loss(es) should occur.

COVID-19

For the Fall 2021 and Spring 2022 semesters, the University continued in-person classes with significant restrictions. Social distancing measures, health screenings and the requirement to wear masks and be vaccinated for COVID have been mandated for faculty, staff and students.

The University exceeded its Fall 2021 and Spring 2022 enrollment budgetary goals and have additionally received significant private gifts and contributions and federal support through the Higher Education Emergency Relief Fund (HEERF). HEERF grant funds can be utilized to defray expenses including lost revenues, technology costs and grants to students. At this point, COVID 19 has not negatively impacted the University's financial condition.

Renovation Contracts

On May 13, 2021 and June 7, 2021, the University entered into agreements with two general contractors totaling \$614,363 for the design of mechanical upgrades (HVAC), window replacements and the repair of interior walls for four existing buildings. On January 13, 2021, the University entered into an agreement with a contractor for the replacement of several science lab fume hoods totaling \$1,357,028.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 20 - Conflict of Interest:

The University has established Conflict of Interest Policies (the Policies) for the Board of Trustees, officers and key management employees. The Policies require that any actual and/or apparent conflict of interest shall be properly disclosed in writing on an annual basis and updated as any applicable events occur during the year. For the year ended June 30, 2021, the written responses to the conflict of interest questionnaire, that was provided by members of the Board of Trustees, officers and key employees, did not reveal any matters or transactions that would result in a conflict of interest or generate a related party transaction.

NOTE 21- Investment and Credit Risks:

Investment Risk

The University's endowment investments are managed by Investment Managers in accordance with the University's Investment Policy. The Investment Managers are monitored by an Investment Consultant. The degree and concentration of credit risks varies by type of investment. Investment securities are exposed to various risks such as liquidity, currency, interest rate, credit and market risks.

Liquidity risk represents the possibility that the University may be unable to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If the University was compelled to dispose of a liquid investment at an inopportune time, it may be required to do so at a substantial discount to fair value.

The University invests in alternative investments, which can be highly illiquid. Under adverse market or economic conditions, the secondary market for some of these alternative investments could contract further. As a result, the University could find it more difficult to sell these securities or may only be able to sell the securities at prices lower than if such securities were widely traded.

The University holds investments denominated in currencies other than the U.S. dollar. As a result, the University has exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates. Currency risk can have an adverse effect on the reported value of assets and liabilities denominated in currencies other than the U.S. dollar. The University's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk where the issuer of a security is not able to pay interest or repay principal when it is due.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 21 - Investment and Credit Risks, Continued:

Credit Risks

The value of securities held by the University may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but may not be limited to) economic changes, market fluctuations, regulatory changes, global and political instability, as well as currency, interest rate, and commodity price fluctuations. The University attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

Credit risk represents the financial loss that the University would suffer if the University's counterparties to a financial instrument, in owing an amount to the University, would fail to meet or discharge their obligations.

A substantial portion of the University's revenues are derived from student financial assistance programs, which to a significant extent provide resources for the payment of student tuition and fees. Other sources of credit risk for the University are student accounts and student federal loans receivable. The University mitigates credit risk by aggressively pursuing collection efforts utilizing internal and external parties, continuously monitoring accounts to prevent delinquencies and consistently dialoguing with students about being responsible for maintaining good credit.

The University maintains cash balances at four (4) financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The University has not experienced any loss in such accounts. As of June 30, 2021, the uninsured balance is \$12,184,388. The University believes it is not exposed to any significant credit risk on its cash balances. Additionally, the majority of the University cash balance is maintained with a financial institution with assets of \$3.2 trillion under management.

NOTE 22 - Revenue from Contracts with Students

ASU 2014-09, Revenue from Contracts with Customers applies to all transactions involving a reciprocal transfer of goods or services to a customer. For purposes of applying this accounting standard, the University considers a student's enrollment at the University as a non-cancelable contract that entitles the institution to receive a payment for tuition, housing and fee charges in exchange for promised services, on the payment due date.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 22 - Revenue from Contracts with Students, Continued:

Revenue Recognition and Disaggregation of Revenue

Tuition revenue, net of discounts approximated \$47,705,323 for the year ended June 30, 2021. Credit losses that were recorded on contracts with students approximated \$459,919 for the year ended June 30, 2021. Residence Hall revenues net of discounts approximated \$12,676,991 for the year ended June 30, 2021. Tuition and housing revenues are recognized in the fiscal year in which the academic programs are offered and the Residence Halls are utilized for housing the student.

Collections received prior to the end of the fiscal year for the summer sessions that end in the subsequent fiscal year and the Fall semester are reported as a contract liability as of June 30, 2021. Students who adjust their course load or withdrew completely within the first four (4) weeks of the academic term may receive a full or partial refund in accordance with the University's refund policy.

Also, funded and unfunded scholarships that are awarded to students reduce the amount of revenue that is recognized. Final payments for tuition and housing are due two (2) months prior to the end of the academic term.

Contract Liability

Contract liability represents payments received prior to the start of the academic term for the undergraduate and graduate academic programs and housing charges. The following table depicts activities for contract liabilities related to tuition, housing and fees.

| Cash Received in Advance of Performance | Balance at June 30,2021 |
|--|--------------------------------|
| <u>\$ 1,018,613</u> | <u>\$ 1,018,613</u> |

The balance of contract liabilities at June 30, 2021, less any refunds issued will be recognized as revenue over the academic term beginning in August 2021 as services are rendered.

NOTE 23 - Bank Line of Credit:

The University has a non-collateralized bank line of credit totaling \$2,500,000 to meet short-term cash requirements. The terms and conditions of the line of credit require that principal is payable upon demand. The interest rate for the loan is 1 month Libor plus 2.50%. As of June 30, 2021, the University had not borrowed against the line of credit.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 24 - Higher Education Emergency Relief Fund:

Under the terms and conditions of the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) and the American Rescue Plan, hereinafter referred to as the Higher Education Emergency Relief Fund (HEERF), the University received grant allocations as follows:

| <u>Description</u> | <u>Emergency Financial Aid Grants</u> | <u>Institutional Support</u> | <u>Total</u> |
|----------------------------|---|----------------------------------|---------------------|
| HEERF I-CARES | | | |
| CFDA-84.425 E | \$1,613,803 | \$ - | \$1,613,803 |
| CFDA-84.425 F | - | 1,613,803 | 1,613,803 |
| CFDA-84.425 J-HBCUS | 3,000,000 | 4,064,772 | 7,064,772 |
| HEERF II- CRRSA | | | |
| CFDA-84.425 E | 1,613,803 | - | 1,613,803 |
| CFDA-84.425 F | - | 3,928,540 | 3,928,540 |
| CFDA-84.425 J-HBCUS | - | 12,434,756 | 12,434,756 |
| HEERF III- American Rescue | | | |
| CFDA 84.425T | 4,862,164 | 4,858,051 | 9,720,215 |
| CFDA-84.425J-HBCUS | - | 21,686,000 | 21,686,000 |
| TOTAL | <u>\$11,089,770</u> | <u>\$48,585,922</u> | <u>\$59,675,692</u> |

As of June 30, 2021 the University has expended \$17,658,734 in Higher Education Emergency Relief funds and has plans to expend the remaining funds on qualified program expenditures through June 30, 2023.

NOTE 25 – Financial Responsibility:

Section 498(c)(1) of the Higher Education Act authorizes the Secretary of the Department to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility to qualify for participating in the Federal Student Financial Assistance Programs. Section 668.172 of the current regulation, originally effective July 1, 1998, established a methodology based on three (3) ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several mathematical steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor score for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 25 – Financial Responsibility, Continued:

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in the Title IV programs under provisional certification for three (3) years. To continue to participate in the Title IV programs under provisional certification, an institution will be required to provide surety to the Department of Education of ten (10) percent or more of its previous year’s Title IV funding, as determined by the Department of Education. As shown below the University achieved a perfect score of 3.0 demonstrating the University is financially responsible for administering its Title IV programs.

| Financial Statement or Note | Classification | Amount |
|---|---|-----------------------|
| Primary Reserve Ratio: | | 2021 |
| Expendable Net Assets: | | |
| Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions | \$ 349,221,314 |
| Statement of Financial Position - Net assets with donor restrictions | Net assets with donor restrictions | 99,721,870 |
| Statement of Financial Position - Property, plant and equipment, net | Property, plant and equipment, net (includes Construction-in-progress) | (230,182,462) |
| | Sub-total | 218,760,722 |
| Statement of Financial Position - Lease right-of-use assets liability, pre-implementation | Pre-implementation right-of-use asset liability | 3,513,367 |
| | Sub-total | 222,274,089 |
| Statement of Financial Position - Term Endowments | Term endowments with donor restrictions | (30,692,949) |
| Statement of Financial Position - Perpetual Funds | Net assets with donor restrictions: restricted in perpetuity | (69,028,921) |
| | Total Expendable Net Assets | \$ 122,552,219 |
| Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments) | Total expenses without donor restrictions - taken directly from Statement of Activities | \$ 128,366,877 |
| Statement of Activities Non -Operating (Investment return appropriated for spending), Investments, net of annual spending, gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (Loss) - Total from Statement of Activities prior to adjustments) | Non-Operating and Net Investment (loss) | - |
| Statement of Activities Non-Operating (Investment return appropriated for spending). Investments, net of annual spending, gain (loss) | Net investment losses | - |
| | Total Expenses and Losses: | \$ 128,366,877 |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 25 – Financial Responsibility, Continued:

| | |
|----------------------|-------------|
| Equity Ratio: | 2021 |
|----------------------|-------------|

Modified Net Assets:

| | | |
|--|---------------------------------------|-----------------------|
| Statement of Financial Position - Net Assets without Donor Restrictions | Net assets without donor restrictions | \$ 349,221,314 |
| Statement of Financial Position - Total Net Assets with Donor Restrictions | Net assets with donor restrictions | 99,721,870 |
| | Total Modified Net Assets | \$ 448,943,184 |

Modified Assets:

| | | |
|--|------------------------------|-----------------------|
| Statement of Financial Position - Total assets | Total assets | \$ 472,117,353 |
| | Total Modified Assets | \$ 472,117,353 |

| | | |
|--|--|-----------------------|
| Net Income Ratio: | | 2021 |
| Statement of Activities - Change in Net Assets Without Donor Restrictions | Change in Net Assets Without Donor Restrictions | \$ 31,270,041 |
| | Adjustment - Extinguishment of Debt | (1,139,811) |
| | Total Change in Net Assets Without Donor Restrictions | \$ 30,130,230 |
| Statement of Activities - (Net assets released from restriction). Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses) | Total Revenues and Gains | \$ 149,334,969 |
| | Endowment Spending used in Operations | (9,129,619) |
| | Total | \$ 140,205,350 |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 25 – Financial Responsibility, Continued:

| Ratios | |
|--|----------------|
| <u>Primary Reserve Ratio:</u> | 2021 |
| Expendable Net Assets | \$ 122,552,219 |
| Total Expenses and Losses Without Donor Restrictions | 128,366,877 |
| Resulting Ratio | 0.95470 |
| | |
| <u>Equity Ratio</u> | 2021 |
| Net Assets Without Donor Restrictions | \$ 349,221,314 |
| Net Assets With Donor Restrictions | 99,721,870 |
| Resulting Ratio | \$ 448,943,184 |
| Total Assets | \$ 472,117,353 |
| Resulting Ratio | 0.95091 |
| | |
| <u>Net Income Ratio:</u> | 2021 |
| Change in Net Assets Without Donor Restrictions | \$ 30,130,230 |
| Total Revenues and Gains | \$ 140,205,350 |
| Resulting Ratio | 0.21490 |

Composite Score Calculation

| <u>2021</u> | Ratio | Factor | Strength Factor | Strength Factor Cap | Weight | Composite Score |
|------------------------------|---------|--------|-----------------|---------------------|--------|-----------------|
| Primary Reserve | 0.95470 | 10 | 9.547 | 3 | 40% | 1.2 |
| Equity Ratio | 0.95091 | 6 | 5.705 | 3 | 40% | 1.2 |
| Net Income Ratio | 0.21490 | 25 + 1 | 6.373 | 3 | 20% | 0.6 |
| Total Composite Score | | | | | | 3.00 |

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

To the Board of Trustees of
XAVIER UNIVERSITY OF LOUISIANA:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **XAVIER UNIVERSITY OF LOUISIANA**, the "University", (a Louisiana nonprofit educational institution), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

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

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

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

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of non-compliance 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 University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Wesley Peachtree Group

Certified Public Accountants

March 31, 2022

Xavier University of Louisiana



**SINGLE AUDIT
FOR THE YEAR ENDED
JUNE 30, 2021**

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Sean M. Bruno
Certified Public Accountants, LLC

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Trustees of
Xavier University of Louisiana
New Orleans, Louisiana

Report on the Schedule of Expenditures of Federal Awards

I have audited the accompanying Schedule of Expenditures of Federal Awards of **Xavier University of Louisiana (the University)**, for the year ended June 30, 2021, and the related notes. The financial statements were audited by other Auditors whose report contained an unmodified opinion.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on this financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

To the Board of Trustees of
Xavier University of Louisiana
Page 2

Auditor's Responsibility, Continued

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of **the University** for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 31, 2022 on my consideration of **the University's** internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the University's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the University's** internal control over financial reporting and compliance.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

March 31, 2022

Sean M. Bruno

Certified Public Accountants, LLC

XAVIER UNIVERSITY OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA OR OTHER IDENTIFYING NUMBER | PASS- THROUGH ENTITY'S IDENTIFYING NUMBER | PASS-THROUGH TO SUBRECIPIENT | FEDERAL EXPENDITURES |
|---|--|---|---------------------------------|-------------------------|
| OFFICE OF NAVAL RESEARCH | | | | |
| Direct Awards: | | | | |
| --Basic and Applied Scientific Research | 12.300 | - | \$ - | \$ 21,000 |
| OFFICE OF NAVAL RESEARCH | | | - | 21,000 |
| U.S. DEPARTMENT OF THE ARMY | | | | |
| Research & Development Cluster: | | | | |
| Awards From A Pass-Through Entity: | | | | |
| Through: Tufts Medical Center | | | | |
| --Military Medical Research and Development | 12.420 | 5013668-SERV | - | 1,715 |
| Direct Awards: | | | | |
| --Basic Scientific Research | 12.431 | - | - | 290,949 |
| TOTAL U.S. DEPARTMENT OF THE ARMY | | | - | 292,664 |
| U.S. DEPARTMENT OF DEFENSE | | | | |
| Research and Development Cluster: | | | | |
| Direct Awards | | | | |
| --Basic, Applied, and Advance Research in Science and Engineering | 12.630 | - | - | 210,402 |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | - | 210,402 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| Awards From A Pass-Through Entity: | | | | |
| Through: LSU and Agricultural and Mechanical College | | | | |
| --Exploration | 43.003 | PO-00000107266 | - | 6,488 |
| Research and Development Cluster: | | | | |
| Direct Awards: | | | | |
| --Education | 43.008 | - | 15,549 | 523,639 |
| TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | 15,549 | 530,127 |
| NATIONAL SCIENCE FOUNDATION | | | | |
| Research and Development Cluster: | | | | |
| Direct Awards: | | | | |
| --Mathematical and Physical Sciences | 47.049 | - | - | 79,982 |
| | 47.050 | - | - | 12,000 |
| --Biological Sciences | 47.074 | - | - | 168,398 |
| --Social, Behavioral, and Economic Sciences | 47.075 | - | - | 1,058 |
| --Education and Human Resources | 47.076 | - | - | 603,257 |
| Through: Virginia State University | | | | |
| --Education and Human Resources | 47.076 | R000028 | - | 18,302 |
| --Education and Human Resources | 47.076 | EP3157682 | - | 24,747 |
| Through: Jackson State University | | | | |
| --Education and Human Resources | 47.076 | 2016-633195-X | - | 267,195 |
| Through: Louisiana Board of Regents | | | | |
| --Education and Human Resources | 47.076 | NSF (2015-20) LAMP-SA-13 | - | 33,080 |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | - | 1,208,019 |

XAVIER UNIVERSITY OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA OR OTHER IDENTIFYING NUMBER | PASS- THROUGH ENTITY'S IDENTIFYING NUMBER | PASS-THROUGH TO SUBRECIPIENT | FEDERAL EXPENDITURES |
|--|--|---|---------------------------------|-------------------------|
| U.S. SMALL BUSINESS ADMINISTRATION | | | | |
| Awards From A Pass-Through Entity: Through: Louisiana Small Business Center | | | | |
| -- Small Business Development Centers | 59.037 | 4400018855 | - | 85,240 |
| -- Small Business Development Centers | 59.037 | SBAHQ-17-B-001 | | 265,191 |
| -- Small Business Development Centers | 59.037 | BA-22# (19-647) | | 29,154 |
| TOTAL U.S. SMALL BUSINESS ADMINISTRATION | | | - | 379,585 |
| U. S. DEPARTMENT OF EDUCATION | | | | |
| Direct Awards: | | | | |
| --Higher Education-Institutional Aid - Title III | 84.031 | - | - | 6,580,949 |
| --Supporting Effective Educator Development Program | 84.423 | - | 2,124,706 | 3,222,798 |
| TRIO Cluster: | | | | |
| --TRIO-McNair Post-Baccalaureate Achievement | 84.217 | - | - | 146,218 |
| --TRIO-Upward Bound Math and Science | 84.047 | - | - | 224,915 |
| --COVID-19 Education Stabilization Fund | 84.425E | | | 1,898,080 |
| --COVID-19 Education Stabilization Fund | 84.425F | | | 1,208,455 |
| --COVID-19 Education Stabilization Fund | 84.425J | | | 11,049,424 |
| Student Financial Assistance Cluster: | | | | |
| Direct Awards: | | | | |
| --Federal Supplemental Educational Opportunity Grant | 84.007 | - | - | 1,329,126 |
| --Federal Work-Study Program | 84.033 | - | - | 392,510 |
| --Federal PELL Grant Program | 84.063 | - | - | 6,895,067 |
| --Federal Direct Student Loans | 84.268 | - | - | 52,050,519 |
| --Teach Grant Program | 84.379 | - | - | 10,252 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 2,124,706 | 85,008,313 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Direct Awards: | | | | |
| --Centers of Excellence | 93.157 | - | 236,000 | 3,043,111 |
| Research and Development Cluster: | | | | |
| Direct Awards: | | | | |
| --Minority Health and Health Disparities Research | 93.307 | - | 23,370 | 3,624,695 |
| --Trans-NIH Research Support | 93.310 | - | 19,353 | 4,568,055 |
| --Cancer Treatment Research | 93.395 | | | 121,875 |
| --Biomedical Research and Research Training | 93.859 | - | - | 473,709 |
| Through: Morehouse School of Medicine | | | | |
| --Minority Health and Health Disparities Research | 93.307 | RCC-001XAU | | 4,982 |
| Through: Pyxis Partners LLC | | | | |
| --21st Century Cures Act - Precision Medicine | 93.368 | - | | 44,824 |

XAVIER UNIVERSITY OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA OR OTHER IDENTIFYING NUMBER | PASS- THROUGH ENTITY'S IDENTIFYING NUMBER | PASS-THROUGH TO SUBRECIPIENT | FEDERAL EXPENDITURES |
|--|--|---|---------------------------------|-------------------------|
| Through: National Foundation for the Centers for Disease Control and Prevention, Inc. | | | | |
| --Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health | 93.421 | 41110 | | 137,502 |
| Through: Pennington Biomedical Research Center | | | | |
| --Biomedical Research and Research Training | 93.859 | GM104940-17025-XU01 | - | 100,735 |
| Through: Tulane University | | | | |
| --Cancer Cause and Prevention Research | 93.393 | TUL-HSC-555356-17/18 | - | 25,580 |
| --Aging Research | 93.866 | TUL-HSC-558098-20/21 | | 9,270 |
| Through: Louisiana State University Medical Center | | | | |
| --Biomedical Research and Research Training | 93.859 | PO-0000002135 | - | 65,896 |
| --Biomedical Research and Research Training | 93.859 | 0000151650 | - | 156,714 |
| Through: Magee-Womens Research Institute and Foundation | | | | |
| --Aging Research | 93.866 | 6591 | - | 10,894 |
| Student Financial Assistance Cluster: | | | | |
| Direct Awards: | | | | |
| --Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | 93.342 | - | - | 67,291 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 278,723 | 12,455,133 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 2,418,978 | \$ 100,105,243 |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(CONTINUED)

NOTE 1 - BASIS OF ACCOUNTING:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of **Xavier University of Louisiana (the University)** and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - CURRENT LOAN AMOUNT & OUTSTANDING LOAN BALANCES:

The current loan activity during the year ended June 30, 2021 and the related loan balances outstanding at June 30, 2021 are presented below. The loan activity is also included in the federal expenditures presented in the Schedule.

| <u>Cluster/Program Title</u> | <u>Federal CFDA Number</u> | <u>Current Activity</u> | <u>Amount Outstanding</u> |
|--|------------------------------------|-----------------------------|-------------------------------|
| Federal Perkins Loan Program | 84.038 | \$ <u>-0-</u> | \$ <u>3,115,058</u> |
| Health Professions Student Loans and Loans to Disadvantaged Students | 93.342 | \$ <u>67,192</u> | \$ <u>1,212,696</u> |

**XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

(CONTINUED)

NOTE 3 - SUBRECIPIENTS:

Of the federal expenditures presented in the Schedule, **the University** provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>Federal CFDA or Other Identifying Number</u> | <u>Amount Provided to Subrecipients</u> |
|--|---|---|
| Education | 43.008 | \$ 15,549 |
| Supporting Effective Educator Development Program | 84.423 | 2,124,706 |
| Centers of Excellence | 93.157 | 236,000 |
| Minority Health and Health Disparities Research | 93.307 | 23,370 |
| Trans-NIH Research Support | 93.310 | <u>19,353</u> |
| Total | | <u>\$ 2,418,978</u> |

NOTE 4 – INDIRECT COST RATE:

The University has not elected to use the ten percent (10%) de minimis indirect cost rate allowed under the Uniform Guidance. Instead, **the University** utilizes the Modified Total Direct Cost rate which approximates forty-two percent (42%).

NOTE 5 – SUBSEQUENT EVENTS:

The University has evaluated subsequent events from July 1, 2021 to March 24, 2022, the date the financial statements were available to be issued, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(CONTINUED)

NOTE 6 – FINANCIAL RESPONSIBILITY

Section 498(c)(1) of the Higher Education Act authorizes the Secretary of the Department to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 of the current regulation, originally effective July 1, 1998, established a methodology based on three (3) ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several mathematical steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor score for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in the Title IV programs under provisional certification for three (3) years. To continue to participate in the Title IV programs under provisional certification, an institution will be required to provide surety to the Department of Education of ten (10) percent or more of its previous year's Title IV funding, as determined by the Department of Education.

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(CONTINUED)

| Financial Statement or Note | Classificaion | Amount |
|---|---|-----------------------|
| Primary Reserve Ratio: | | 2021 |
| Expendable Net Assets: | | |
| Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions | \$ 349,221,314 |
| Statement of Financial Position - Net assets with donor restrictions | Net assets with donor restrictions | 99,721,870 |
| Statement of Financial Position - Property, plant and equipment, net | Property, plant and equipment, net (includes Construction-in-progress) | (230,182,462) |
| | Sub-total | 218,760,722 |
| Statement of Financial Position - Lease right-of-use assets liability, pre-implementation | Pre-implementation right-of-use asset liability | 3,513,367 |
| | Sub-total | 222,274,089 |
| Statement of Financial Position - Term Endowments | Term endowments with donor restrictions | (30,692,949) |
| Statement of Financial Position - Perpetual Funds | Net assets with donor restrictions: restricted in perpetuity | (69,028,921) |
| | Total Expendable Net Assets | \$ 122,552,219 |
| Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments) | Total expenses without donor restrictions - taken directly from Statement of Activities | \$ 128,366,877 |
| Statement of Activities Non -Operating (Investment return appropriated for spending), Investments, net of annual spending, gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (Loss) - Total from Statement of Activities prior to adjustments) | Non-Operating and Net Investment (loss) | - |
| Statement of Activities Non-Operating (Investment return appropriated for spending). Investments, net of annual spending, gain (loss) | Net investment losses | - |
| | Total Expenses and Losses: | \$ 128,366,877 |

XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(CONTINUED)

| Financial Statement or Note | Classification | Amount |
|--|--|-----------------------|
| Equity Ratio: | | 2021 |
| Modified Net Assets: | | |
| Statement of Financial Position - Net Assets without Donor Restrictions | Net assets without donor restrictions | \$ 349,221,314 |
| Statement of Financial Position - Total Net Assets with Donor Restrictions | Net assets with donor restrictions | 99,721,870 |
| | Total Modified Net Assets | \$ 448,943,184 |
| Modified Assets: | | |
| Statement of Financial Position - Total assets | Total assets | \$ 472,117,353 |
| | Total Modified Assets | \$ 472,117,353 |
| Net Income Ratio: | | 2021 |
| Statement of Activities - Change in Net Assets Without Donor Restrictions | Change in Net Assets Without Donor Restrictions | \$ 31,270,041 |
| | Adjustment - Extinguishment of Debt | (1,139,811) |
| | Total Change in Net Assets Without Donor Restrictions | \$ 30,130,230 |
| Statement of Activities - (Net assets released from restriction). Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses) | Total Revenues and Gains | \$ 149,334,969 |
| | Endowment Spending used in Operations | (9,129,619) |
| | Total | \$ 140,205,350 |

**XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

(CONTINUED)

Ratios

| <u>Primary Reserve Ratio:</u> | <u>2021</u> |
|--|-------------------------------------|
| Expendable Net Assets | \$ 122,552,219 |
| Total Expenses and Losses Without Donor Restrictions | 128,366,877 |
| Resulting Ratio | <u><u>0.95470</u></u> |
| | |
| <u>Equity Ratio</u> | <u>2021</u> |
| Net Assets Without Donor Restrictions | \$ 349,221,314 |
| Net Assets With Donor Restrictions | 99,721,870 |
| Resulting Ratio | <u><u>\$ 448,943,184</u></u> |
| Total Assets | <u><u>\$ 472,117,353</u></u> |
| Resulting Ratio | <u><u>0.95091</u></u> |
| | |
| <u>Net Income Ratio:</u> | <u>2021</u> |
| Change in Net Assets Without Donor Restrictions | \$ 30,130,230 |
| Total Revenues and Gains | 140,205,350 |
| Resulting Ratio | <u><u>0.21490</u></u> |

**XAVIER UNIVERSITY OF LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

(CONTINUED)

Composite Score Calculation

| <u>2021</u> | Ratio | Factor | Strength Factor | Strength Factor Cap | Weight | Composite Score |
|------------------------------|---------|--------|--------------------|------------------------|--------|----------------------------|
| Primary Reserve | 0.95470 | 10 | 9.547 | 3 | 40% | 1.2 |
| Equity Ratio | 0.95091 | 6 | 5.705 | 3 | 40% | 1.2 |
| Net Income Ratio | 0.21490 | 25 + 1 | 6.373 | 3 | 20% | 0.6 |
| Total Composite Score | | | | | | <u><u>3.00</u></u> |

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Sean M. Bruno
Certified Public Accountants, LLC

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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
Xavier University of Louisiana
New Orleans, Louisiana

I 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 Schedule of Expenditures of Federal Awards of **Xavier University of Louisiana (the University)**, (a nonprofit organization) for the year ended June 30, 2021, and the related notes, and have issued my report thereon dated March 31, 2022. The financial statements were audited by other Auditors whose report contained an unmodified opinion.

Internal Control over Financial Reporting

In planning and performing my audit of the Schedule of Expenditures of Federal Awards, I considered **the University's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the Schedule of Expenditures of Federal Awards, but not for the purpose of expressing an opinion on the effectiveness of **the University's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the University's** internal control.

**INDEPENDENT AUDITOR'S 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***

(CONTINUED)

Internal Control over Financial Reporting, Continued

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 Schedule of Expenditures of Federal Awards 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

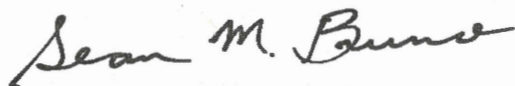
As part of obtaining reasonable assurance about whether **the University's** Schedule of Expenditures of Federal Awards is free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

**INDEPENDENT AUDITOR'S 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***

(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

March 31, 2022

Sean M. Bruno
Certified Public Accountants, LLC

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
Xavier University of Louisiana
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

I have audited **Xavier University of Louisiana's (the University's)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **the University's** major federal programs for the year ended June 30, 2021. **The University's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The financial statements were audited by other Auditors whose report contained an unmodified opinion.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of **the University's** major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

(CONTINUED)

Auditor's Responsibility, Continued

require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the University's** compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of **the University's** compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

(CONTINUED)

Report on Internal Control over Compliance, Continued

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

March 31, 2022

**XAVIER UNIVERSITY OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Independent Auditor’s Results

Financial Statements:

| | |
|---|-------------------|
| Type of independent auditor's report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | <u>No</u> |
| • Significant deficiency(ies) identified? | <u>No</u> |
| • Noncompliance material to financial statements noted? | <u>No</u> |

Federal Awards:

| | |
|--|-------------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | <u>No</u> |
| • Significant deficiency(ies) identified? | <u>No</u> |
| Type of independent auditor's report issued on compliance for major programs: | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance requirements? | <u>No</u> |

**XAVIER UNIVERSITY OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

(CONTINUED)

Section I – Summary of Independent Auditor’s Results, Continued

Identification of major programs:

| <u>CFDA</u> | <u>Name of Federal Program</u> |
|-------------|---|
| 84.423 | Supporting Effective Educator Development Program |
| 84.425E | COVID-19 Education Stabilization Fund |
| 84.425J | COVID-19 Education Stabilization Fund |
| 93.157 | Centers of Excellence |

The dollar threshold used to distinguish between Type A and Type B Programs, as described in the Uniform Guidance Section [2 CFR section 200.518(b)] was \$1,180,814.

Did the auditee qualify as a low-risk auditee under the Uniform Guidance Section [2 CFR section 200.518(b)]? Yes

Section II - Financial Statement Findings

No Matters Reported

Section III - Federal Award Findings and Questioned Costs

No Matters Reported

**XAVIER UNIVERSITY OF LOUISIANA
AUDIT INFORMATION SCHEDULE**

Lead Auditor: Sean M. Bruno
Certified Public Accountants
Sean M. Bruno, CPA, Managing Partner

Telephone Number: (504) 241-3411

License Number: L4730

The audit field work was performed between March 1, 2022 through March 31, 2022 virtually because of COVID-19 restrictions.

Institution's Accrediting Organization:

Southern Association of Colleges and Schools

Records for the accounting and administration of the major programs are located at:

Xavier University of Louisiana
1 Drexel Drive
New Orleans, Louisiana 70125