



Linfield
University

FINANCIAL REPORT



2020-21
McMinnville, Oregon



Vice President for Finance & Administration/CFO
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Summary

On July 1, 2020, we began a new chapter in our history, becoming Linfield University with an organizational structure to reflect this incredible change. This structure reflects both our heritage in the liberal arts and our prowess in professional programs within the new College of Arts and Sciences and the School of Business to join our existing School of Nursing. This structure created a springboard for the new Deans to realize our potential by launching graduate programs, meeting the needs of future students and the communities. These graduate programs are the first for Linfield in over 25 years.

Despite the global pandemic, we successfully recruited and welcomed an entering class in fall 2020 of new and continuing students for on ground instruction. While the enrollment numbers were slightly lower than previous years, the ability to offer a face to face experience provided an exceptional and robust academic and co-curricular offering. With additional safety measures in place, students, faculty and staff made miraculous adjustments to the new environment and we maintained a safe and healthy institution.

In recognition of the continued costs to address the pandemic in 2020 and 2021, the federal government continued with financial relief legislation providing grants to students and institutions to subsidize revenue shortfalls and pandemic related costs.

The University endowments remained strong during FY 2021 due to the long-term market rebound from the global reaction to the pandemic. Optimism for a recovery and development of COVID vaccines encouraged investors. Endowments increased to \$129 million from \$103 million.

Linfield University officially launched the Spark Wonder campaign, with a goal of \$75 million, the largest fundraising endeavor in our history. At launch, more than \$57 million had been committed toward the goal. These campaign funds will support the new W. M. Keck Science Center, scholarship funds, faculty support, and support of other projects to advance our mission.

Linfield University continued to receive accolades recognizing our accomplishments:

An affordable education

- Best Bang for your Buck in the West ([Washington Monthly](#), 2020 & 2021)
- No. 6 Best Value College in Oregon ([SmartAsset](#), 2021)
- Best kept secret in higher education ([College Gazette](#), 2020)

A smart investment in the future

- Top Performer on Social Mobility ([U.S. News & World Report](#), 2020, 2021 & 2022)
- No. 29 Liberal Arts College in U.S. for Earning Performance ([Washington Monthly](#), 2021)
- No. 1 Liberal Arts College in Oregon for Earning Performance ([Washington Monthly](#), 2020 & 2021)
- Best college in Oregon to get a job ([Zippia](#), 2017, 2019, 2020)

An inclusive community

- Best Liberal Arts College in Oregon for First-Generation Students ([Washington Monthly](#), 2020)
- Best ethnic diversity among liberal arts colleges in the Pacific Northwest ([U.S. News & World Report](#), 2017, 2018, 2019, 2020, 2021)

Academic programs recognized for their excellence

- No. 2 Nursing School in Oregon ([RN Careers](#), 2021)
- Top 25 Online RN to BSN Degrees ([Top RN to BSN](#), 2021)
- No. 1 Private College in Oregon for Online Bachelor's Degrees ([U.S. News & World Report](#), 2013-2021)

A commitment to sustainability

- Best Value Green College ([BestValueSchools.com](#), 2020)

The University continues its transformation by engaging in a new strategic plan to realize the vision for a dynamic, robust future. Linfield University, through its reputation as a premier institution, will continue to attract Undergraduate, Graduate and Adult Learners to distinctive value-driven programs meeting today's needs and tomorrow's challenges: connecting learning, life, and community.

Respectfully submitted,



Mary Ann Rodriguez
Vice President Finance and Administration / CFO

Linfield University

June 30, 2021 and 2020

Contents

Independent Auditor's Report	1
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Financial Statements

Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Trustees
Linfield University
McMinnville, Oregon

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

BKD, LLP

Fort Wayne, Indiana
November 10, 2021

Linfield University

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Assets - Current		
Cash and cash equivalents	\$ 9,879,432	\$ 8,328,502
Accounts and notes receivable, net (Note 8)	4,331,849	5,411,107
Interest receivable	51,063	111,223
Prepaid expenses and other assets	1,183,440	2,178,658
Contributions receivable, net (Note 10)	2,244,933	5,983,146
Inventory	25,433	33,170
Investments (Note 6)	9,186,925	2,218,652
Total current assets	<u>26,903,075</u>	<u>24,264,458</u>
Assets - Noncurrent		
Accounts and notes receivable, net (Note 8)	4,418,210	4,808,544
Interest receivable	89,734	33,424
Prepaid expenses and other assets	88,134	84,167
Contributions receivable, net (Note 10)	4,316,776	6,767,901
Investments (Note 6)	162,343,975	119,435,095
Assets held in trust by others	15,080,757	14,959,920
Plant assets, net (Note 11)	117,302,180	110,490,034
Total noncurrent assets	<u>303,639,766</u>	<u>256,579,085</u>
Total assets	<u><u>\$ 330,542,841</u></u>	<u><u>\$ 280,843,543</u></u>
Liabilities and Net Assets		
Liabilities - Current		
Accounts payable and accrued liabilities	\$ 7,120,771	\$ 6,848,047
Deferred revenue	2,135,313	2,264,823
Capital leases	-	345,279
Bonds payable (Note 12)	2,984,587	1,246,046
U.S. Government grants refundable	469,695	175,074
Obligations for split-interest agreements	483,878	373,362
Total current liabilities	<u>13,194,244</u>	<u>11,252,631</u>
Liabilities - Noncurrent		
Accounts payable and accrued liabilities	501,561	787,903
Bonds payable (Note 12)	56,152,684	32,582,124
U.S. Government grants refundable	4,193,327	4,896,923
Obligations for split-interest agreements	1,456,605	1,506,247
Total non-current liabilities	<u>62,304,177</u>	<u>39,773,197</u>
Total liabilities	<u>75,498,421</u>	<u>51,025,828</u>
Net Assets (Note 3)		
Without donor restriction	117,687,148	106,306,329
With donor restriction	137,357,272	123,511,386
Total net assets	<u>255,044,420</u>	<u>229,817,715</u>
Total liabilities and net assets	<u><u>\$ 330,542,841</u></u>	<u><u>\$ 280,843,543</u></u>

Linfield University

Statements of Activities

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Income and Other Support						
Tuition and fees, net	\$ 39,872,955	\$ -	\$ 39,872,955	\$ 39,951,508	\$ -	\$ 39,951,508
Contributions	1,591,396	1,356,787	2,948,183	881,767	1,512,363	2,394,130
Contracts and grants	2,364,902	738,663	3,103,565	2,301,242	516	2,301,758
Net investment income designated for operations	320,087	-	320,087	290,814	-	290,814
Other income	1,040,186	164,560	1,204,746	2,667,337	445,312	3,112,649
Auxiliary enterprises	11,529,455	-	11,529,455	9,917,499	-	9,917,499
Endowment return designated for operations	2,362,247	2,943,031	5,305,278	4,229,941	2,756,471	6,986,412
Net assets released from restrictions, operating	12,825,068	(12,825,068)	-	5,841,255	(5,841,255)	-
Total revenue, income and other support	71,906,296	(7,622,027)	64,284,269	66,081,363	(1,126,593)	64,954,770
Expenses						
Instruction	25,768,957	-	25,768,957	26,442,431	-	26,442,431
Academic support	6,051,703	-	6,051,703	5,025,204	-	5,025,204
Student services	12,565,869	-	12,565,869	14,041,436	-	14,041,436
Auxiliary enterprises	5,388,798	-	5,388,798	6,045,789	-	6,045,789
Institutional support	10,245,325	-	10,245,325	9,805,350	-	9,805,350
Fundraising	2,254,160	-	2,254,160	1,945,389	-	1,945,389
Total expenses	62,274,812	-	62,274,812	63,305,599	-	63,305,599
Change in Net Assets Before Other Activities	9,631,484	(7,622,027)	2,009,457	2,775,764	(1,126,593)	1,649,171
Other Activities						
Contributions for endowment and capital acquisition	-	1,592,056	1,592,056	26,034	14,580,747	14,606,781
Loss on sale of plant assets	(787,450)	-	(787,450)	-	-	-
Gain on extinguishment of debt	493,170	-	493,170	-	-	-
Realized and unrealized gains (losses) on investments	5,196,798	20,973,840	26,170,638	(355,367)	(1,264,036)	(1,619,403)
Endowment return designated for operations, net	(2,362,247)	(2,943,031)	(5,305,278)	(4,229,941)	(2,756,471)	(6,986,412)
Net investment income, nonoperating	(920,860)	1,910,893	990,033	650,893	1,989,989	2,640,882
Net assets released from restrictions, nonoperating	747,285	(747,285)	-	906,462	(906,462)	-
Change in value of split-interest agreements	(549,972)	614,051	64,079	(507,399)	6,394,350	5,886,951
Reclassification	(67,389)	67,389	-	(108,019)	108,019	-
Total other activities	1,749,335	21,467,913	23,217,248	(3,617,337)	18,146,136	14,528,799
Change in Net Assets	11,380,819	13,845,886	25,226,705	(841,573)	17,019,543	16,177,970
Net Assets, Beginning of Year	106,306,329	123,511,386	229,817,715	107,147,902	106,491,843	213,639,745
Net Assets, End of Year	\$ 117,687,148	\$ 137,357,272	\$ 255,044,420	\$ 106,306,329	\$ 123,511,386	\$ 229,817,715

See Notes to Financial Statements

Linfield University

Statements of Functional Expenses

Years Ended June 30, 2021 and 2020

	Program Services					Supporting Services				
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Operation and Maintenance	Fundraising	Total	
2021										
Salaries and wages	\$ 15,253,349	\$ 2,534,381	\$ 5,470,041	\$ 369,110	\$ 23,626,881	\$ 2,649,299	\$ 2,542,721	\$ 1,209,519	\$ 30,028,420	
Employee benefits	4,271,223	771,354	1,508,602	78,392	6,629,571	605,579	970,269	379,742	8,585,161	
Depreciation	1,659,299	389,678	809,134	346,992	3,205,103	804,859	-	-	4,009,962	
Interest and amortization	957,417	224,844	466,871	200,215	1,849,347	464,404	-	-	2,313,751	
Operation and maintenance	2,491,311	585,071	1,214,853	520,982	4,812,217	989,440	(6,020,652)	218,995	-	
Contracted services	57,779	216,295	900,532	2,768,430	3,943,036	2,155,211	852,217	166,924	7,117,388	
Other	1,078,579	1,330,080	2,195,836	1,104,677	5,709,172	2,576,533	1,655,445	278,980	10,220,130	
	\$ 25,768,957	\$ 6,051,703	\$ 12,565,869	\$ 5,388,798	\$ 49,775,327	\$ 10,245,325	\$ -	\$ 2,254,160	\$ 62,274,812	
	Program Services					Supporting Services				
	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Total Program	Institutional Support	Operation and Maintenance	Fundraising	Total	
2020										
Salaries and wages	\$ 15,042,597	\$ 2,293,798	\$ 5,478,702	\$ 464,909	\$ 23,280,006	\$ 3,030,913	\$ 2,466,182	\$ 1,065,368	\$ 29,842,469	
Employee benefits	5,372,904	848,740	1,734,075	87,602	8,043,321	658,218	1,103,078	400,994	10,205,611	
Depreciation	1,614,515	306,828	857,338	369,142	3,147,823	717,474	-	-	3,865,297	
Interest and amortization	699,682	132,970	371,545	159,975	1,364,172	310,931	-	-	1,675,103	
Operation and maintenance	1,509,128	286,799	801,376	345,046	2,942,349	556,126	(3,612,989)	114,514	-	
Contracted services	463,710	211,356	664,663	2,010,580	3,350,309	1,873,921	3,512,751	94,988	8,831,969	
Other	1,739,895	944,713	4,133,737	2,608,535	9,426,880	2,657,767	(3,469,022)	269,525	8,885,150	
	\$ 26,442,431	\$ 5,025,204	\$ 14,041,436	\$ 6,045,789	\$ 51,554,860	\$ 9,805,350	\$ -	\$ 1,945,389	\$ 63,305,599	

Linfield University

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 25,226,705	\$ 16,177,970
Items not requiring (providing) operating activities cash flows		
Depreciation	4,009,962	3,865,297
Amortization of debt issuance costs	25,686	34,504
Amortization of discount/premium on debt	(202,990)	(100,550)
Gain on extinguishment of debt	(493,170)	-
Decrease in allowance for uncollectible accounts, notes and contributions receivable	(109,769)	(6,319)
Contributions received and payments on contributions receivable restricted for long-term investment	(3,832,380)	(1,032,505)
Contributions received and payments on contributions receivable restricted for capital investment	(4,350,247)	(2,865,694)
Loss on disposal of plant assets	787,450	-
Realized and unrealized (gains) losses on investments	(26,170,638)	1,619,403
Changes in		
Interest receivable	3,850	15,451
Accounts and notes receivable	1,514,060	(1,874,629)
Contributions receivable	6,254,639	(10,964,667)
Inventory	7,737	(11,596)
Prepaid expenses and other assets	991,251	(823,301)
Accounts payable and accrued liabilities	(1,797,614)	(1,012,499)
Deferred revenue	(129,510)	(1,665,270)
U.S. Government grants refundable	(408,975)	(302,497)
Assets held in trusts by others	(120,837)	(5,704,793)
Obligations for split-interest agreements	333,475	60,914
Net cash provided by (used in) operating activities	<u>1,538,685</u>	<u>(4,590,781)</u>
Investing Activities		
Purchase of plant assets	(9,825,562)	(2,887,960)
Proceeds from sales and maturities of investments	18,586,412	45,958,836
Purchase of investments	(42,292,927)	(41,595,473)
Net cash (used in) provided by investing activities	<u>(33,532,077)</u>	<u>1,475,403</u>
Financing Activities		
Proceeds from contributions received and payments on contributions receivable restricted for long-term investment	3,832,380	1,032,505
Proceeds from contributions received and payments on contributions receivable restricted for capital investment	4,350,247	2,865,694
Net proceeds from issuance of bonds payable	27,159,575	-
Principal payments on notes payable and capital leases	(345,279)	(345,279)
Principal payments on bonds payable	(1,180,000)	(1,120,000)
Payments on obligations for split-interest agreements	(272,601)	(274,666)
Net cash provided by financing activities	<u>33,544,322</u>	<u>2,158,254</u>
Increase (Decrease) in Cash and Cash Equivalents	1,550,930	(957,124)
Cash and Cash Equivalents, Beginning of Year	<u>8,328,502</u>	<u>9,285,626</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 9,879,432</u></u>	<u><u>\$ 8,328,502</u></u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 2,134,522	\$ 1,691,775
Gifts of marketable assets for current or long-term use	-	489,774
Plant asset acquisitions in accounts payable	2,244,486	460,490
Issuance of new debt		
Proceeds from issuance of bonds payable	\$ 55,575,000	\$ -
Plus bond premium on new debt	4,477,937	-
Less bond origination costs on new debt	(738,362)	-
Less refinancing of 2010 and 2015 bonds	(32,155,000)	-
Net proceeds from issuance of debt	<u><u>\$ 27,159,575</u></u>	<u><u>\$ -</u></u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Linfield University (University) is a not-for-profit, accredited four year, comprehensive undergraduate, private, coeducational, liberal arts and science institution located in McMinnville and Portland, Oregon. Effective July 1, 2020, Linfield College changed its name to Linfield University. The University serves more than 1,980 students from 23 states and 20 foreign countries and offers 54 majors. The University's revenues and other support are derived principally from student tuition, fees, room and board and donor contributions. In addition, the University processes federal and state assistance grants and loans for its students to help pay for their educational costs. Some federal, state and private grants are also received for research and development.

Accrual Basis Accounting

The financial statements of the University have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

Use of Estimates

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

Cash and Cash Equivalents

The University considers all short-term fixed income investments (highly liquid debt instruments with a maturity of three months or less at purchase), to represent cash equivalents, except for certain cash equivalents included in the investment portfolio that are intended to be invested on a long-term basis, which are also not considered cash and cash equivalents for purposes of the statement of cash flows. The cash and cash equivalents total was \$9,879,432 and \$8,328,502 at June 30, 2021 and 2020, respectively. The cash and cash equivalent balances were held in money market, bank certificates of deposit or petty cash on hand.

At June 30, 2021, the University's cash accounts exceeded federally insured limits by approximately \$9,610,000.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is initially included in net assets with donor restrictions, but then shown as net assets released from restrictions in the same year. Other investment returns are reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

The University follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

The University has certain investments in real estate and related assets that were recorded at cost when purchased or fair value on the date of gift, as appropriate. These investments remain at their initial value and are evaluated annually for impairment. There was no such impairment as of June 30, 2021 and 2020.

Accounts and Notes Receivable

Accounts receivable are stated at the amount of consideration from students of which the University has an unconditional right to receive plus any accrued and unpaid interest. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts that are unpaid after the due date bear interest at 1 percent per month for the first three months following the end of the applicable semester, after which the balances are transitioned to a service provider to aid with collections and are charged 5 percent annually. Accounts past due more than 120 days are considered delinquent. Interest continues to accrue on delinquent accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Notes receivable consist primarily of amounts due under the Federal Perkins Loan Program and Nursing Student Loan Program, and are stated at their outstanding principal amount, net of an allowance for doubtful loans. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements for the Federal Perkins Loan Program and Nursing Student Loan Program. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for doubtful loans which is based upon a review of outstanding loans, historical collection information and existing conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. Delinquent loans are written off based on individual credit evaluation and specific circumstances of the student.

Inventory

Inventory consists primarily of Campus Mail Center postage and Facilities/Departmental bulk purchased paper supplies as of June 30, 2021 and 2020, and is recorded at the lower of cost (first in, first out) and net realizable value.

Tuition and Auxiliary Services Revenue

Tuition revenue is recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration which the University expects to be entitled in exchange for providing tuition and auxiliary services. The University determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships and other price concessions provided to students.

Contributions

Contributions are provided to the University either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the University overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Nature of the Gift	Value Recognized
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue without donor restrictions and then released from restriction.

Plant Assets

The University's plant facilities are stated at cost or fair value at the date of donation (in the case of gifts), less accumulated depreciation. All plant assets, other than land, are depreciated over their estimated useful lives using the straight-line method. Estimated useful lives used to calculate depreciation are as follows:

	<u>Years</u>
Buildings - main campus	70
Buildings - smaller residential	30
Building improvements	30
Land improvements	30
Furniture and equipment	10
Library books	10
Vehicles	10
Software	5
Land and art work	Not depreciated

Bond Issuance Costs

Bond issuance costs (including bond issue costs, bond discounts and bond premiums) represent amounts amortized by the University in connection with the issuance of the 2010 and 2015 Oregon Facilities Authority Bonds and the Series 2020A and Series 2020B Yamhill County Revenue and Refunding Bonds. See Note 12 for further discussion.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

The remaining unamortized portion of bond issuance costs and discounts are reported (per FASB ASU 2015-03, Subtopic 835-30, *Simplifying the Presentation of Debt Issuance Costs*), as a contra bonds payable liability account and along with unamortized premiums are included in bonds payable on the statements of financial position. Amortization is calculated using a method that approximates the effective yield over the life of the bonds.

Long-lived Asset Impairment

The University evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Deferred Revenue

Deferred revenue consists primarily of prepayments of tuition and fees related to future academic semesters which is recognized over the periods to which the fees relate.

Split-Interest Agreements

The University uses an actuarial method to record certain split-interest arrangements. Under this method, the present value of the payments to beneficiaries is estimated based upon life expectancy tables when the gift is received. The present value of those payments is recorded as a liability and the remainder as net assets with donor restrictions. Periodic adjustments are made between the liability and the net assets to record actuarial gains or losses. The discount rates used by the University in calculating present value of all split-interest agreements range from 0.6 percent to 10 percent at June 30, 2021 and 2020. Obligations for split-interest agreements include certain liabilities related to charitable gift annuities. These liabilities totaled \$835,360 and \$894,185 at June 30, 2021 and 2020, respectively.

Net Assets – Basis of Presentation

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. The definitions used to clarify and report net assets are as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and are available for use in general operations or are part of what's invested in property, plant and equipment (net of related debt). However, the governing board may designate any of these funds for specific purposes (*i.e.*, specific purpose reserves or endowments).

Net Assets With Donor Restrictions – Net assets subject to donor imposed stipulations (1) that will be met either by actions of the University or the passage of time or (2) that are to be permanently maintained by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among program services, institutional support and fund raising categories based on total operating costs.

Contracts and Grants Revenue

Support funded by grants is recognized as revenue when the University meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The University is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC, except to the extent of unrelated business income tax under Sections 511 through 515 of the IRC. Unrelated business income tax is insignificant or nonexistent and, therefore, no tax provision has been made.

Accounting principles generally accepted in the United States of America require the University's management to evaluate tax positions taken by the University and recognize a tax liability (or asset) if the University has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed tax positions taken by the University and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University's management believes it is no longer subject to income tax examinations for years prior to 2018.

Note 2: Revenue From Contracts With Students

Tuition, Residential Services, Meal Plan Services and Other Auxiliary Revenue

Revenue from contracts with students for tuition, residential services, meal plan and other auxiliary services is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and housing, food and other services. These amounts are due from students, third-party payers and others and are net of scholarships and institutional aid of \$40,420,493 and \$39,461,980 for the years ended June 30, 2021 and 2020, respectively.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Revenue is recognized as performance obligations are satisfied, which is primarily ratably over the academic term, with the exception of meal plans that are recognized at a point in time. Generally, the University bills students prior to the beginning of the semester and student accounts receivable are due in full before classes begin.

If a student withdraws during the academic term, the student is refunded based on the terms published in the student handbook. No refunds are awarded after the end of the fourth week of the academic term. The University determines the refund liability at June 30 based on actual experience subsequent to June 30.

Tuition, residential services and meal plan services revenue are considered to be separate performance obligations. The University allocates the fees charged to students to tuition and housing, food and other services based on standalone charges to students for tuition and those other services.

Transaction Price and Recognition

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit based aid. The University determines its estimates of explicit price concessions based on its discount policies and merit awards.

From time to time the University will incur student credit balances and student deposits which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. The University has a liability for refunds or deposits from students recorded of less than \$100,000 for each of the years ended June 30, 2021 and 2020.

Subsequent changes that are determined to be the result of an adverse change in the student's ability to pay are recorded as bad debt expense.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, the University has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction to students. The performance obligations for these contracts are generally completed when the academic term is completed.

The University has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, students, governmental programs and others) that have different reimbursement and payment methodologies
- Demographic and enrollment trends

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

- Institutional aid and federal and state aid programs

Disaggregation of Revenue

The composition of net student fees revenue by segment for the years ended June 30, 2021 and 2020, is as follows:

	2021	2020
Net tuition and fees	\$ 39,872,955	\$ 39,951,508
Room	7,212,340	5,862,763
Board	4,149,970	3,215,296
Other	1,371,891	3,952,089
	<u>\$ 52,607,156</u>	<u>\$ 52,981,656</u>

The composition of revenue based on timing of revenue recognition for the years ended June 30, 2021 and 2020, is as follows:

	2021	2020
Services transferred over time	\$ 47,085,295	\$ 45,814,271
Sales at point in time	5,521,861	7,167,385
	<u>\$ 52,607,156</u>	<u>\$ 52,981,656</u>

Contract Balances

The following table provides information about the University's receivables from contracts with students:

	2021	2020
Accounts receivable, beginning of the year	\$ 4,984,455	\$ 3,024,948
Accounts receivable, end of the year	4,453,318	4,984,455

Significant changes in contract liabilities during the years ended June 30, 2021 and 2020, are as follows:

	2021	2020
Balance, beginning of year	\$ 2,237,238	\$ 2,089,402
Effects of		
Revenue recognized that was included in the contract liability balance at the beginning of the period	(2,237,238)	(2,089,402)
Increases due to cash received, excluding amounts recognized as revenue during the period	2,120,924	2,237,238
	<u>\$ 2,120,924</u>	<u>\$ 2,237,238</u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 3: Net Assets

	2021	2020
Without Donor Restrictions		
Internally designated purposes (A)	\$ 5,286,734	\$ 2,768,293
Quasi-endowment funds (B)	24,347,412	21,157,430
Special annuities and institutional student loan funds	746,031	776,255
Net investment in plant	86,564,504	80,832,794
Institutional portion of Perkins/Nursing loan funds	742,467	771,557
Total net assets without donor restrictions	<u>117,687,148</u>	<u>106,306,329</u>
With Donor Restrictions		
Subject to the passage of time or expenditure for specified purpose		
Operational and academic projects, one-time scholarships and pending endowments	5,586,944	5,460,987
Endowment distributions held for expenditure		
Instruction and operations	2,460,123	2,031,987
Student aid	866,094	769,806
Endowments		
Earnings subject to future appropriations		
Instruction and operations	19,253,388	13,993,578
Student aid	25,087,339	14,937,779
Perpetual endowment funds - original gift corpus		
Instruction and operations	28,030,593	24,652,206
Student aid	32,376,651	31,386,470
Split-interest agreements	17,191,420	16,655,767
Loan funds	332,534	331,804
Plant funds and designations for construction projects	6,172,186	13,291,002
Total net assets with donor restrictions	<u>137,357,272</u>	<u>123,511,386</u>
Total net assets	<u>\$ 255,044,420</u>	<u>\$ 229,817,715</u>

- (A) A variety of reserve or set aside funds. Examples are student course/lab fees, academic projects, grants, capital campaign, reserves (for faculty development and initiatives, wine education studies, technology, enrollment, academic and administrative equipment needs, library, student life/leadership programs, etc.), IPO fees, vehicles, building repairs, energy conservation projects, insurance, strategic initiatives, accreditation, etc.
- (B) The University's Board of Trustees (governing Board) through specific action has created internal use designations on all quasi-endowment net assets without donor restrictions. These internal use designations also follow the University's endowment investment and spending policy and thus annually support specific programs and operations that the University relies upon.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 4: Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2021 and 2020, as follows:

	2021	2020
Purpose restrictions accomplished		
Instruction and operations	\$ 1,217,071	\$ 1,512,230
Academic support	69,049	75,554
Student services	662,220	624,050
Institutional support	1,199,823	188,915
Scholarships	2,222,661	1,807,501
Operations and maintenance of property and equipment	7,934,682	1,792,366
Annuity/trust/life income	266,847	747,101
	<u>\$ 13,572,353</u>	<u>\$ 6,747,717</u>
Total net assets released from restrictions		
	<u>\$ 13,572,353</u>	<u>\$ 6,747,717</u>

Note 5: Tuition and Fees

Student tuition and fee revenues for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Tuition and fees	\$ 80,293,448	\$ 79,413,488
Less		
Unfunded financial aid (institutional tuition discount)	(37,614,974)	(36,867,706)
Funded financial aid (endowed or other designations)	(2,805,519)	(2,594,274)
	<u>\$ 39,872,955</u>	<u>\$ 39,951,508</u>
Tuition and fees, net		
	<u>\$ 39,872,955</u>	<u>\$ 39,951,508</u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 6: Investments

Investments at June 30 consisted of the following:

	2021	2020
Restricted cash and cash equivalents	\$ 36,819,671	\$ 11,616,711
Fixed income securities	27,700,866	27,049,628
Equity mutual funds		
Domestic	48,130,354	35,269,226
International	35,047,822	27,182,489
Marketable alternatives	12,505,060	9,580,008
Split-interest agreements and other assets with trustees		
Cash and cash equivalents held for reinvestment	77,310	76,021
Equity and mutual funds	2,705,667	2,634,331
Fixed income funds	1,902,430	1,603,613
	<u>164,889,180</u>	<u>115,012,027</u>
Real property held for investment	<u>6,641,720</u>	<u>6,641,720</u>
Total investments	<u><u>\$ 171,530,900</u></u>	<u><u>\$ 121,653,747</u></u>

	2021	2020
Short-term investments	\$ 9,186,925	\$ 2,218,652
Long-term investments	<u>162,343,975</u>	<u>119,435,095</u>
	<u><u>\$ 171,530,900</u></u>	<u><u>\$ 121,653,747</u></u>

Certain net asset balances (Note 3) in the financial statements differ from investment balances below due to other assets, liabilities or timing of transactions between funds. The values of total investments by function at June 30, 2021 and 2020, were as follows:

	2021	2020
Endowments with and without donor restrictions	\$ 129,034,693	\$ 102,599,548
Split-interest agreements	4,390,402	3,852,672
Bond funds and reserves	23,557,242	2,913,444
CD's and other bank investments	12,208,594	9,950,607
Assets invested in real estate, non-endowed	2,276,720	2,276,720
Other investments	<u>63,249</u>	<u>60,756</u>
Total investments	<u><u>\$ 171,530,900</u></u>	<u><u>\$ 121,653,747</u></u>

Endowment funds are in an investment pool that is professionally managed under the total return concept (unit fair value method), unless special considerations or donor stipulations require that they be held separately or unless in real estate holdings.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

All split-interest agreement assets are invested with money managers separate from the endowment investment pool, unless special considerations require that they be held collectively. At June 30, 2021 and 2020, the split-interest agreement assets primarily consisted of equity and fixed income mutual funds.

The University signed a 40-year operating land lease on July 1, 2003, as the lessor for the land included in real property held for investment. The University has leased 342,817 square feet of land. The minimum future rental income associated with this lease is as follows:

2022	\$ 198,426
2023	198,426
2024	200,080
2025	208,347
2026	208,347
Thereafter	<u>625,043</u>
	<u>\$ 1,638,669</u>

Revenue from the lease is recognized ratably over the life of the lease.

Note 7: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	2021			
	Fair Value Measurements Using			
	Quoted Prices			
	in Active Markets for Identical Assets (Level 1) Significant Other Observable Inputs (Level 2) Significant Unobservable Inputs (Level 3)			
Assets	Total Value	(Level 1)	(Level 2)	(Level 3)
Investments				
Restricted cash and cash equivalents	\$ 36,819,671	\$ 36,057,448	\$ 762,223	\$ -
Domestic equity mutual funds				
Large cap mutual funds	40,346,203	40,346,203	-	-
Small cap mutual funds	7,784,151	7,784,151	-	-
International equity mutual funds				
Large cap mutual funds	27,445,365	27,445,365	-	-
Small cap mutual funds	3,344,681	3,344,681	-	-
Emerging markets	4,257,776	4,257,776	-	-
Fixed income securities				
Bond funds	25,315,364	25,315,364	-	-
Agency funds	2,385,502	2,385,502	-	-
Marketable alternatives	12,505,060	-	12,505,060	-
Split-interest agreements and other assets with trustees				
Fixed income funds	1,902,430	-	1,902,430	-
Equity funds	2,187,372	2,187,372	-	-
Mutual funds				
International growth funds	387,902	387,902	-	-
Real estate funds	130,393	130,393	-	-
Restricted cash and cash equivalents held for reinvestment	77,310	77,310	-	-
Real property held for investment (A)	6,641,720	-	-	-
Total investments	<u>\$ 171,530,900</u>			
Assets Held in Trust by Others	15,080,757	-	-	15,080,757

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

	2020			
	Fair Value Measurements Using			
	Quoted Prices		Significant	Significant
	in Active	Markets for	Other	Unobservable
	Identical	Assets	Observable	Inputs
	(Level 1)	(Level 2)	(Level 3)	(Level 3)
Assets	Total Value			
Investments				
Restricted cash and cash equivalents	\$ 11,616,711	\$ 2,333,621	\$ 9,283,090	\$ -
Domestic equity mutual funds				
Large cap mutual funds	29,359,097	29,359,097	-	-
Small cap mutual funds	5,910,129	5,910,129	-	-
International equity mutual funds				
Large cap mutual funds	20,853,052	20,853,052	-	-
Small cap mutual funds	2,534,401	2,534,401	-	-
Emerging markets	3,795,036	3,795,036	-	-
Fixed income securities				
Bond funds	24,826,314	24,826,314	-	-
Agency funds	1,874,322	1,874,322	-	-
Commercial paper	348,992	348,992	-	-
Marketable alternatives	9,580,008	-	9,580,008	-
Split-interest agreements and other assets with trustees				
Fixed income funds	1,603,613	-	1,603,613	-
Equity funds	1,943,604	1,943,604	-	-
Mutual funds				
International growth funds	367,147	367,147	-	-
Real estate funds	115,817	115,817	-	-
Other mutual funds	207,763	-	207,763	-
Restricted cash and cash equivalents held for reinvestment	76,021	76,021	-	-
Real property held for investment (A)	6,641,720	-	-	-
Total investments	\$ 121,653,747			
Assets Held in Trust by Others	14,959,920	-	-	14,959,920

- (A) Real property held for investment is valued at the lower of cost or market and has therefore not been classified in the fair value hierarchy. The amount included above is intended to permit reconciliation of the fair value hierarchy to the amount presented in the statements of financial position.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2021. The University has no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Assets Held in Trusts by Others

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which approximates the fair value of the underlying assets of the trusts. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	Fair Value at June 30, 2021	Valuation Technique	Unobservable Inputs	Range (Weighted- Average)
Assets held in trust by others	\$ 15,080,757	Discounted cash flows	Discount rates Market return rates	3% - 7%
	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs	Range (Weighted- Average)
Assets held in trust by others	\$ 14,959,920	Discounted cash flows	Discount rates Market return rates	3% - 7%

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Uncertainty of Fair Value Measurements

The following is a description of the uncertainty of the fair value measurement at the reporting date from the use of significant unobservable inputs, if those inputs reasonably could have been different at the reporting date, the interrelationships between those inputs and other unobservable inputs used in recurring fair value measurement and of how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement:

Assets Held in Trust by Others

The significant unobservable inputs used in the fair value measurement of the University's assets held in trust by others are fair market values, discount rates and market return rates. The discount rate of the trust is the interest rate utilized to discount future cash flows in a present value cash flow calculation. The discount rate used often represents the return market participants' would demand on similar assets. Therefore, significant increases (decreases) in the discount rate used would result in (lower) higher fair value measurement.

Level 3 Reconciliation

The University has been designated the irrevocable beneficiary of the income of a portion of certain perpetual trust funds held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the University; however, the University will never receive the assets of the trusts. The related assets are neither in the possession of nor under the control of the University, but are recorded at their estimated fair value. The amounts received or accrued from these trusts was \$269,390 and \$242,550 for 2021 and 2020, respectively, and is included in the change in value of split-interest agreements for the years then ended.

The University's interest in these irrevocable perpetual agreements held or controlled by a third party is classified as Level 3. The underlying investments in these trusts include marketable securities as well as directly held real estate. The value of the University's beneficial interest is primarily established using unobservable inputs, such as specific estimates of cash flows. Since the University has an irrevocable right to receive the income earned for the trust's assets, the fair value of the University's beneficial interest is estimated to approximate the fair value of the trust's assets.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Assets Held in Trusts by Others
Balance, July 1, 2019	\$ 9,255,127
Dividends	1,641
Sales	(244,191)
Total realized and unrealized gains included in change in net assets	<u>5,947,343</u>
Balance, June 30, 2020	14,959,920
Dividends	4,971
Sales	(274,361)
Total realized and unrealized gains included in change in net assets	<u>390,227</u>
Balance, June 30, 2021	<u><u>\$ 15,080,757</u></u>

The unrealized gains for the assets held in trusts by others are included in the change in value of split-interest agreements on the statements of activities.

Note 8: Accounts and Notes Receivable

Accounts and notes receivable at June 30, 2021 and 2020, consist of the following:

	2021	2020
Accounts receivable		
Student accounts: Current students	\$ 1,707,076	\$ 1,452,166
Student accounts: Prior students	1,375,111	1,111,686
Other receivables	<u>2,125,926</u>	<u>3,148,131</u>
	5,208,113	5,711,983
Less allowance for doubtful accounts	<u>(754,795)</u>	<u>(727,528)</u>
Net accounts receivable	<u>4,453,318</u>	<u>4,984,455</u>
Notes receivable		
Perkins loans	1,926,664	2,391,326
Nursing student loans	<u>2,788,429</u>	<u>3,333,955</u>
	4,715,093	5,725,281
Less allowance for doubtful accounts	<u>(418,352)</u>	<u>(490,085)</u>
Net notes receivable	<u>4,296,741</u>	<u>5,235,196</u>
Total accounts and notes receivable, net	<u><u>\$ 8,750,059</u></u>	<u><u>\$ 10,219,651</u></u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

It is the University's obligation to collect loans made under the Perkins Loan Program (Program). The loans are payable, including interest at 5 percent, over approximately 10 years following University attendance. Principal payments, interest and losses due to cancellation are shared by the University and the U.S. Government in proportion to their share of funds provided (approximately 83.6 percent of the funds have been provided by the U.S. Government). The Program provides for cancellation of the loans if the student is employed in certain occupations following graduation (employment cancellations). Such employment cancellations are absorbed in full by the U.S. Government.

Note 9: Credit Quality of Financing Receivables

The University's financing receivables consist of the Federal Perkins Loans balance (no longer revolving) and the revolving Federal Nursing Student Loans (NSL) for which the University acts as an agent for the federal Government. Student loans represent 1.3 percent and 2.0 percent of total assets of the University as of June 30, 2021 and 2020, respectively.

The availability of funds for loans under the Nursing loan program is dependent on reimbursements to the pool from repayments on outstanding loans. The federal liability portion (the University also contributed a smaller portion) of funds held in the federal loan programs at June 30, 2021, was \$4,663,022, and is ultimately refundable to the Government and is classified as a liability in the statements of financial position.

Allowances for estimated losses are established based on prior collection experience and observed trends in the rate of default, analyzed periodically. Loan balances are written off when they are deemed to be permanently uncollectible. Since student loans under the Perkins loan program and NSL can be assigned to the Government when no longer collectible, a Perkins Loan write off will reduce a portion of the amount refundable to the Government.

The Perkins loan program authorization to make new loans ended with fiscal year 2018 and all of the federal portion of these funds will be returned to the federal Government as collected (paid back) from students.

Balances of financing receivables as of June 30, 2021 and 2020, are presented as follows:

	2021	2020
Perkins loans	\$ 1,926,664	\$ 2,391,326
Nursing student loans	2,788,429	3,333,955
	<u>4,715,093</u>	<u>5,725,281</u>
Less allowance for doubtful accounts	<u>(418,352)</u>	<u>(490,085)</u>
Notes receivable, net	<u><u>\$ 4,296,741</u></u>	<u><u>\$ 5,235,196</u></u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

For each class of financing receivables, the following table presents the performing and nonperforming portion of the financing receivables as of June 30, 2021 and 2020:

	Performing	Nonperforming (Defaulted)	2021 Total
Perkins loans	\$ 1,728,298	\$ 198,366	\$ 1,926,664
Nursing student loans	2,688,459	99,970	2,788,429
Total	\$ 4,416,757	\$ 298,336	\$ 4,715,093

	Performing	Nonperforming (Defaulted)	2020 Total
Perkins loans	\$ 2,204,118	\$ 187,208	\$ 2,391,326
Nursing student loans	3,231,214	102,741	3,333,955
Total	\$ 5,435,332	\$ 289,949	\$ 5,725,281

The aging of financing receivables as of June 30, 2021 and 2020, is presented as follows:

2021 Aging	31-60	61-90	91+	Total past due	Total current	Total
Perkins loans	\$ 68,836	\$ 12,872	\$ 195,683	\$ 277,391	\$ 1,649,273	\$ 1,926,664
Nursing student loans	4,500	-	106,325	110,825	2,677,604	2,788,429
Total	\$ 73,336	\$ 12,872	\$ 302,008	\$ 388,216	\$ 4,326,877	\$ 4,715,093

2020 Aging	31-60	61-90	91+	Total past due	Total current	Total
Perkins loans	\$ 74,148	\$ 127,784	\$ 137,179	\$ 339,111	\$ 2,052,215	\$ 2,391,326
Nursing student loans	11,145	-	128,798	139,943	3,194,012	3,333,955
Total	\$ 85,293	\$ 127,784	\$ 265,977	\$ 479,054	\$ 5,246,227	\$ 5,725,281

Linfield University
Notes to Financial Statements
June 30, 2021 and 2020

Note 10: Contributions Receivable

Contributions receivable at June 30 consist of the following:

	2021	2020
Due within one year	\$ 2,411,501	\$ 6,240,015
Due in one to five years	4,331,807	6,764,507
Due in more than five years	-	3,500
	<u>6,743,308</u>	<u>13,008,022</u>
Less		
Unamortized discount (0.39% - 2021; 0.29% - 2020)	(15,031)	(25,106)
Allowance for doubtful pledges	<u>(166,568)</u>	<u>(231,869)</u>
	<u><u>\$ 6,561,709</u></u>	<u><u>\$ 12,751,047</u></u>

Note 11: Plant Assets

Plant assets at June 30, 2021 and 2020, consist of the following:

	2021	2020
Land	\$ 11,867,863	\$ 11,867,862
Land improvements	10,873,278	9,435,974
Buildings	97,812,711	97,837,682
Building improvements	30,686,092	26,907,614
Furniture and equipment	23,439,470	22,119,704
Library holdings	13,959,083	13,888,588
Vehicles	831,967	708,953
Software	992,505	402,949
Artwork	129,435	129,435
Construction in progress	<u>5,819,547</u>	<u>2,817,692</u>
	196,411,951	186,116,453
Less accumulated depreciation	<u>(79,109,771)</u>	<u>(75,626,419)</u>
	<u><u>\$ 117,302,180</u></u>	<u><u>\$ 110,490,034</u></u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 12: Bonds Payable

At June 30, 2021 and 2020, bonds payable consisted of the following:

	2021	2020
Oregon Facilities Authority Bonds 2010 Series A payable in principal payments between \$1,190,000 and \$2,665,000 beginning 2027, interest payable semiannually at 4.75% to 5.25%, secured by investments and unrestricted revenues, due serially to 2041. (A)	\$ -	\$ 23,385,000
Oregon Facilities Authority Bonds 2015 Series A payable in annual principal payments between \$130,000 and \$1,510,000, interest payable semiannually at 3.75% to 5.00%, secured by investments and unrestricted revenue, due serially to 2031. (B)	-	9,950,000
Yamhill County Oregon Revenue and Refunding Bonds of 2020 Series A payable in principal payments between \$1,125,000 and \$2,915,000, interest payable semiannually at 4.00%, secured by investments and unrestricted revenue, due 2051. (C)	46,135,000	-
Yamhill County Oregon Revenue and Refunding Bonds of 2020 Series B payable in annual principal payments between \$765,000 and \$1,145,000, interest payable semiannually at 4.5%, secured by investments and unrestricted revenue, due serially to 2031. (D)	9,440,000	-
	55,575,000	33,335,000
Add unamortized bond premium	4,274,947	1,055,772
Less unamortized debt issuance costs and discounts	(712,676)	(562,602)
	<u>\$ 59,137,271</u>	<u>\$ 33,828,170</u>

- (A) In August 2010, the University entered into a Loan Agreement with the Treasurer of the State of Oregon, acting on behalf of the State of Oregon and on behalf of the Oregon Facilities Authority to issue bonds with an aggregate principal amount of \$23,385,000 (the 2010 Bonds). A portion of the proceeds were used to defease legally and in substance the 2001 series bonds. The remaining proceeds were used for various building improvement and expansion projects.

As of June 30, 2020, the reserve fund had assets remaining of \$1,092,189 (at cost). During the year ended June 30, 2021, the 2010 Bonds were redeemed and the University was relieved of its obligation with the proceeds from the 2020A Bonds. The reserve fund was used to redeem a portion of the 2010 Bonds.

Unamortized bond issuance costs totaled \$0 and \$297,734 as of June 30, 2021 and 2020, respectively.

- (B) In June 2015, the University entered into a Loan Agreement with the Treasurer of the State of Oregon, acting on behalf of the State of Oregon and on behalf of the Oregon Facilities Authority to issue bonds with an aggregate principal amount of \$14,245,000 (the 2015 Bonds).

The proceeds were used to defease legally and in substance the 2005 series bonds.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

As of June 30, 2020, Bond reserve fund had assets remaining of \$1,821,216 (at cost). During the year ended June 30, 2021, the 2015 Bonds were redeemed and the University was relieved of its obligation with the proceeds from the 2020B Bonds. The reserve fund was used to redeem a portion of the 2015 Bonds.

Unamortized bond issuance costs totaled \$0 and \$161,970 as of June 30, 2021 and 2020, respectively.

- (C) In October 2020, the University entered into a Loan Agreement with Yamhill County of the State of Oregon, to issue bonds with an aggregate principal amount of \$46,135,000 (the 2020A Bonds). A portion of the proceeds of the 2020A Bonds were used to defease and refund the 2010 Series A Bonds (see A above). The remainder of the funds (\$24,000,000) were placed in a Project Fund to be used by the University to reimburse or finance various building improvement and expansion projects. At June 30, 2021, there were \$18,913,713 of unspent 2020A Bond funds that will be used for the construction projects discussed below.

- (D) In October 2020, the University entered into a Loan Agreement with Yamhill County of the State of Oregon, to issue bonds with an aggregate principal amount of \$9,440,000 (the 2020B Bonds). The proceeds of the 2020B Bonds were used to defease legally the State of Oregon – Oregon Facilities Authority Revenue Bonds, 2015 Series A (see B above).

Unamortized bond issuance costs associated with the 2020A and 2002B Bonds totaled \$712,676 as of June 30, 2021.

As a result of the redemption and relief of obligation associated with the 2010 and 2015 Bonds, the University recognized a gain of \$493,170 associated with the remaining unamortized bond premium and debt issuance costs and discounts that were written off.

The future maturities of bonds payable excluding any amortization of bond issuance costs or discount/premium are as follows:

	Principal	Interest	Total Payments
2022	\$ 2,740,000	\$ 2,562,581	\$ 5,302,581
2023	2,855,000	2,445,575	5,300,575
2024	2,970,000	2,323,794	5,293,794
2025	3,100,000	2,196,769	5,296,769
2026	915,000	2,133,794	3,048,794
Thereafter until 2051	42,995,000	31,477,056	74,472,056
	<u>\$ 55,575,000</u>	<u>\$ 43,139,569</u>	<u>\$ 98,714,569</u>

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

The University's investment grade rating of Baa1 was reviewed by Moody's Investor Services in February 2020 and lowered to Baa2. The above Series 2020A and 2020B Yamhill County Bonds and Series 2010A and 2015A Oregon Facilities Authority bonds contained certain covenants, which include the maintenance of certain financial ratios, as defined in the agreements. For the years ended June 30, 2021 and 2020, management is not aware of any violations of these covenants.

Note 13: Line of Credit

The University has a \$5,000,000 revolving line of credit expiring on March 31, 2022. At June 30, 2021 and 2020, there were no monies borrowed against this unsecured line. Interest varies with the prime rate plus 0.25 percent and is payable monthly.

Note 14: Retirement Plan

The University has a defined-contribution retirement plan for all eligible staff and faculty. The plan provides for employee deferrals and for contributions by the University. Effective October 1, 2020, the University suspended contributions to the defined contribution retirement plan. Effective July 1, 2019, the University contributed 9.00 percent of eligible earnings to the plan for newly hired eligible staff and all newly hired eligible faculty. All employees hired on or after July 1, 2019, have a five-year vesting schedule of twenty percent (20 percent) per year from the date of hire. For employees hired prior to July 1, 2019, the University contributed 9.00 percent for staff and 12.00 percent for faculty of eligible employees' earnings with no vesting schedule. The University's contributions totaled \$591,722 and \$2,398,244 in fiscal years 2021 and 2020, respectively. (See subsequent events below).

Note 15: Auxiliary Enterprises

Auxiliary enterprises consist of food service, bookstore operations, residence life and hosting of camps and conferences.

The University is leasing its bookstore to Barnes & Noble. Barnes & Noble is providing all bookstore services for the University under the terms of a lease agreement that has been renewed until June 30, 2022. During the term of the lease, Barnes & Noble will pay the University a guaranteed payment or a percentage of bookstore sales, whichever is greater.

The University has an ongoing contract with Sodexo Management, Inc. for the University's food service operations.

Certain expenses for the operation and maintenance of the University's physical plant have been allocated between education and general and auxiliary enterprises based on a square footage allocation of campus space. Interest has also been allocated to auxiliary enterprises for the portion that was incurred for food service and residence life facilities.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 16: Endowment Funds

The University's endowment consists of approximately 400 individual funds established for a variety of purposes including 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.

(a) Interpretation of Relevant Law

The Board of Trustees of the University has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) earnings from the endowments until those amounts per the endowment agreements are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act and (d) accumulations to the permanent endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Act, the University permits spending from underwater endowment funds in accordance with the prudent measures required under the law.

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

1. The duration and preservation of the fund
2. The purposes of the University and the donor restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Endowment net assets consist of the following at June 30, 2021 and 2020, excluding split-interest agreement funds:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Instruction and operations	\$ -	\$ 48,991,609	\$ 48,991,609
Student aid	-	55,748,862	55,748,862
Contributions receivable	-	7,500	7,500
Board-designated endowment funds	24,347,412	-	24,347,412
 Total endowment net assets	 \$ 24,347,412	 \$ 104,747,971	 \$ 129,095,383

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Instruction and operations	\$ -	\$ 36,871,989	\$ 36,871,989
Student aid	-	44,620,544	44,620,544
Contributions receivable	-	3,477,500	3,477,500
Board-designated endowment funds	21,157,430	-	21,157,430
 Total endowment net assets	 \$ 21,157,430	 \$ 84,970,033	 \$ 106,127,463

Changes in endowment net assets for the year ended June 30, 2021 and 2020, are as follows, excluding balances associated with annuities and trusts:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets beginning of year	\$ 21,157,430	\$ 84,970,033	\$ 106,127,463
Investment return			
Investment and other income	450,663	1,876,874	2,327,537
Net appreciation	5,027,988	20,225,156	25,253,144
Total investment return	5,478,651	22,102,030	27,580,681
Contributions	-	830,382	830,382
Appropriation of endowment assets for expenditure	(2,288,669)	(3,154,474)	(5,443,143)
 Endowment net assets, end of year	 \$ 24,347,412	 \$ 104,747,971	 \$ 129,095,383

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 25,354,508	\$ 83,789,962	\$ 109,144,470
Investment return			
Investment and other income	555,118	1,898,673	2,453,791
Net depreciation	(440,007)	(1,395,499)	(1,835,506)
Total investment return	115,111	503,174	618,285
Contributions	26,034	3,435,093	3,461,127
Appropriation of endowment assets for expenditure	(4,338,223)	(2,758,196)	(7,096,419)
Endowment net assets, end of year	\$ 21,157,430	\$ 84,970,033	\$ 106,127,463

(b) Return Objectives and Risk Parameters

Endowment and other Board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation on invested assets. Under this policy, a portion of capital gains, in addition to investment income, can be used to support operations. In certain circumstances, the Board of Trustees has authorized spending from endowment funds that have a fair value less than the historical gift value. In all cases, authorized spending amounts are utilized in accordance with donor-imposed restrictions on the use of income earned by the endowment funds.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the organizations must hold in perpetuity or for a donor specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom index composed of 35 percent Russell 3000 index, 25 percent of the MSCI ACWI Ex U.S. IMI index, 20 percent Barclays U.S. Aggregate Bond index, 15 percent Custom Marketable Alternatives Index, and 5 percent of Linfield's Real Estate actual return, while assuming a moderate level of investment risk. The primary objective is to achieve a total return that exceeds the combination of the annual withdrawal per the Endowment's spending policy, the effect of inflation, and management fees. The Board recognizes and acknowledges prudent risk must be assumed in order to achieve these long-term investment objectives.

(c) Strategies Employed for Achieving Objectives

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

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of appropriating for distribution each year 4.5 percent of its endowment funds' average fair value using the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long term expected return on its endowment. The primary objective is to achieve a total return that exceeds the combination of the annual withdrawal per the Endowment's spending policy, the effect of inflation and management fees. The Board recognizes and acknowledges prudent risk must be assumed in order to achieve these long-term investment objectives. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

At June 30, 2021 and 2020, the spending rate adopted by the University was 4.5 percent of a 20 quarter moving average market value of pooled net assets with the allocation of earned income made annually. For fiscal years ending June 30, 2021 and 2020, additional spending from the board-designated endowment was authorized to fund the purchase of certain plant assets and operations.

Substantially all investments of the University held for endowment are pooled for investment purposes. Income earned on endowment fund investments is allocated on the basis of each fund's proportionate interest in the pooled investment portfolio.

(e) Underwater Endowments – 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 the Act requires the University to retain as a fund of perpetual duration. If losses reduce the assets of a donor-restricted endowment fund below the donor-restricted corpus, it reduces total net assets with donor restrictions. There were no underwater endowments at June 30, 2021 and 2020.

The University's policy regarding spending from Underwater Endowments is "For underwater endowments with market values less than the restricted gift book value, the University will continue to spend at the spending rate above, but will monitor the underwater endowments annually at June 30." There have been no changes to that policy during the current fiscal year and the University followed the policy.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Total assets	\$ 330,542,841	\$ 280,843,543
Less plant assets and other non-financial assets	<u>(133,679,944)</u>	<u>(127,745,949)</u>
Financial assets, at year-end	196,862,897	153,097,594
Less those unavailable for general expenditures within one year, due to		
Contractual or donor-imposed restrictions		
Donor-restricted endowment	(104,747,971)	(84,970,033)
Split-interest agreements	(4,022,280)	(3,551,771)
Loan funds	(332,534)	(331,804)
Other donor-imposed restrictions	(8,913,161)	(8,262,780)
Board or internal designations		
Quasi-endowment fund, net of anticipated draw	(12,390,870)	(12,781,708)
Special annuities and institutional loan funds	(746,031)	(776,255)
Investments held in required bond reserves	(23,557,242)	(2,913,444)
Noncurrent assets		
Accounts and notes receivable	(4,418,210)	(4,808,544)
Interest receivable	(89,734)	(33,424)
Contributions receivable and plant funds designated for capital	<u>(6,178,936)</u>	<u>(13,322,627)</u>
	<u>\$ 31,465,928</u>	<u>\$ 21,345,204</u>

The University seeks to maintain financial assets consisting of cash and short-term investments on hand to meet 60 to 90 days of normal operating expenses, which are, on the average approximately \$5.2 million per month (30 days). While typically June 30 and December 31 are low points in the University's cash flow cycle due to the majority of tuition dollars coming in during August – September and January – February, the recent bond financing, government institutional grants and other factors had a positive impact on availability.

As part of its liquidity management, the University invests cash in excess of daily requirements in various short-term investments including multiple certificates of deposit up to \$250,000 each and short-term treasury instruments. This is handled through a banking trust/custody arrangement and the funds have daily liquidity. Also, the University's quasi-endowment funds are invested mostly in institutional mutual funds that have daily liquidity. Although the University does not normally spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment have been and could be made available, if necessary, through Board action, but that would reduce future income to the University's operating budget and other programs.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

In addition, the University maintains a \$5 million line of credit that is available in the event of an unexpected liquidity event, but has not been used in over 10 years. The University has used a disciplined budget approach which has allowed accumulation of some reserves for unforeseen events or revenue declines and these have been very useful.

Note 18: Commitments and Contingencies

Litigation

In the normal course of business, the University is, from time to time, subject to allegations that may or do result in litigation. The University evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Contributions

Approximately 91 percent and 88 percent of contributions receivable were from one donor and two donors at June 30, 2021 and 2020, respectively.

Approximately 27 percent and 74 percent of contribution revenue resulted from two donors in 2021 and 2020, respectively.

The University has contributions receivable of approximately \$320,000 and \$356,000 from related parties at June 30, 2021 and 2020, respectively.

Investments

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the statements of financial position.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

Note 19: U.S. Department of Education Financial Responsibility Ratio Information

The following information is required by the U.S. Department of Education for the year ended June 30, 2021:

	<u>2021</u>
Property, plant and equipment, net of accumulated depreciation pre-implementation	\$ 100,414,501
Property, plant and equipment, net of accumulated depreciation post-implementation with outstanding debt for purchase	6,978,856
Property, plant and equipment, net of accumulated depreciation post-implementation without outstanding debt for purchase	4,089,276
Net assets with donor restrictions - restricted in perpetuity	77,598,664
Annuities and life income funds with donor restrictions	2,110,663

Note 20: Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events

The spread of the SARS-CoV-2 virus and the incident of COVID-19 impacted and disrupted the University's operations over the past year. Adhering to public safety measures and government mandates resulted in events and activities being limited or cancelled, including changes to how the University delivered educational and related auxiliary services during fiscal 2021. The University plans on widespread return to on-campus and normal operations and activities in the fall of 2021. Given the uncertainty and the disruption caused by COVID-19, there may be continuing short and long-term implications to our operations and the ultimate financial effects cannot be reasonably estimated at this time.

Federal relief efforts have been created to help offset revenue losses and expense increases that colleges and universities faced because of COVID-19. The CARES Act created a Higher Education Emergency Relief Fund (HEERF) to provide financial relief to students and institutions who were impacted by the COVID-19 pandemic. The *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSAA) and the *American Rescue Plan* (ARP) provided additional rounds of HEERF (II and III). The HEERF funds contained two components, an institutional award and a student aid award. The student aid portion must be distributed to students in the form of emergency financial aid grants to generally cover any component of the cost of attendance for the distribution of education or emergency costs that arose due to COVID-19. The institutional portion can be used for multiple items, but largely to cover lost revenue, defray and pay for expenses related to the disruption of campus operations due to COVID-19, and reimburse for costs associated with a transition to distance education environment, among other items.

Linfield University

Notes to Financial Statements

June 30, 2021 and 2020

The following cumulative amounts have been awarded as HEERF as of June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
Awarded						
HEERF I	\$ 720,663	\$ 720,662	\$ 1,441,325	\$ 720,663	\$ 720,662	\$ 1,441,325
HEERF II	720,663	1,497,634	2,218,297	-	-	-
HEERF III	2,027,231	1,960,807	3,988,038	-	-	-
	<u>\$ 3,468,557</u>	<u>\$ 4,179,103</u>	<u>\$ 7,647,660</u>	<u>\$ 720,663</u>	<u>\$ 720,662</u>	<u>\$ 1,441,325</u>

The following amounts have been applied to the grants for the years ending June 30, 2021 and 2020:

	June 30, 2021			June 30, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
Amounts Applied						
HEERF I	\$ -	\$ -	\$ -	\$ 720,663	\$ 720,662	\$ 1,441,325
HEERF II	720,663	1,497,634	2,218,297	-	-	-
HEERF III	-	1,960,807	1,960,807	-	-	-
	<u>\$ 720,663</u>	<u>\$ 3,458,441</u>	<u>\$ 4,179,104</u>	<u>\$ 720,663</u>	<u>\$ 720,662</u>	<u>\$ 1,441,325</u>

Note 21: Subsequent Events

Subsequent events are events or transactions that occur after the date of the statements of financial position but before financial statements are issued. The University recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The University's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the date of the statement of financial position and before financial statements were issued. Subsequent events have been evaluated through November 10, 2021, which is the date the financial statements were issued.

Subsequent to year-end, the President and Board of Trustees authorized resumption of University contributions to the defined-contribution retirement plan at a rate of 3 percent effective October 2021 through June 30, 2022, for all eligible staff and faculty. The contributions are to be funded from the University's quasi-endowment.

