

# OHIO NORTHERN UNIVERSITY

Independent Auditor's Report and Consolidated Financial Statements  
May 31, 2019 and 2018

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200 E. Main

## Independent Auditor's Report

Board of Trustees  
Ohio Northern University  
Ada, Ohio

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ohio Northern University (University), which comprise the consolidated statements of financial position as of May 31, 2019 and 2018, and the related consolidated 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in

accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

The audit evidence we have obtained is sufficient and appropriate to provide a basis for



**Ohio Northern University**  
**Consolidated Statements of Financial Position**

**Ohio Northern University**  
**Consolidated Statement of Activities**  
**Year Ended May 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue, Income and Other Support			
Tuition and fees	\$ 99,639,437	\$ -	\$ 99,639,437
Less scholarships and aid	(50,065,596)	-	(50,065,596)
Net tuition and fees			

**Ohio Northern University**  
**Consolidated Statements of Activities**  
**Year Ended May 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Income and Other Support</b>			
Tuition and fees	\$ 96,535,462	\$ -	\$ 96,535,462
Less scholarships and aid	(48,085,168)	-	(48,085,168)
Net tuition and fees	48,450,294	-	48,450,294
Gifts and bequests	1,313,874	1,082,130	2,396,004
Grants and contracts	2,658,489	12,053	2,670,542
Investment return designated for operations	10,908,308	2,678,182	13,586,490
Investment income from trusts held by others	332,335	215,492	547,827
Other investment income	45,942	-	45,942
Other	1,583,716	-	1,583,716
Auxiliary enterprises	20,195,049	-	20,195,049
Net assets released from restrictions for operating items	2,739,767	(2,739,767)	-
<b>Total revenue, gains (losses) and other support</b>	<b>88,227,774</b>	<b>1,248,090</b>	<b>89,475,864</b>
<b>Expenses</b>			
Instruction	39,431,518	-	39,431,518
Sponsored programs	1,967,280	-	1,967,280
Academic support	3,929,093	-	3,929,093
Libraries	3,026,640	-	3,026,640
Student services	12,195,850	-	12,195,850
Auxiliary	20,848,749	-	20,848,749
<b>Total educational activities</b>	<b>81,399,130</b>	<b>-</b>	<b>81,399,130</b>
Institutional support	8,518,515	-	8,518,515
Fundraising	1,777,592	-	1,777,592
<b>Total expenses</b>	<b>91,695,237</b>	<b>-</b>	<b>91,695,237</b>
<b>Change in Net Assets Before Other Revenue (Expenses)</b>	<b>(3,467,463)</b>	<b>1,248,090</b>	<b>(2,219,373)</b>
<b>Other Revenue (Expenses)</b>			
The Inn remediation	(116,801)	-	(116,801)
Gifts restricted for endowment	-	2,539,020	2,539,020
Gifts restricted for acquisition of long-lived assets	-	951,828	951,828
Investment return less amounts designated for operations	350,937	1,044,150	1,395,087
Change in value of split-interest agreements	-	(187,698)	(187,698)
Actuarial adjustment to postretirement medical benefit liability	(4,482,621)	-	(4,482,621)
Change in asset retirement obligation	(61,789)	-	(61,789)
Loss on extin			

**Ohio Northern University**  
**Consolidated Statements of Functional Expenses**  
**Year Ended May 31, 2019 and 2018**

	Instruction	Sponsored Programs	Academic Support	Libraries	Student Services	Auxiliary	Total Educational Activities	Institutional Support	Fundraising	Total Support	Total Expenses
<b>2019</b>											
Salary & Wages	\$ 24,592,212	\$ 629,557	\$ 1,705,745	\$ 869,433	\$ 5,422,904	\$ 1,244,315	\$ 34,464,166	\$ 3,134,556	\$ 1,212,706	\$ 4,347,262	\$ 38,811,428
Fringe Benefits	3,935,281	120,360	358,424	189,752	1,238,784	109,767	5,952,368	380,191	167,047	547,238	6,499,606
Total Compensation and Benefits	28,527,493	749,917	2,064,169	1,059,185	6,661,688	1,354,082	40,416,534	3,514,747	1,379,753	4,894,500	45,311,034
Interest and Debt-Related	59,761	-	-	126,613	32,188	1,870,974	2,089,536	31,027	-	31,027	2,120,563
Depreciation and Amortization	2,490,141	-	183,021	221,012	852,752	3,487,889	7,234,815	109,382	2,528	111,910	7,346,725
Professional and Contracted Services	1,407,372	147,491	861,957	406		406					



# Ohio Northern University

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

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

Nature of Operations

Ohio Northern University (University) is a private, United Methodist Church-related university in Ada, Ohio, comprised of the Colleges of Arts & Sciences, Business Administration, Engineering, Pharmacy and Law. The University draws a large percentage of the undergraduate student body from the state of Ohio, while a large percentage of law students are from outside Ohio. The University's primary sources of revenue and support are tuition income, auxiliary revenue,

# Ohio Northern University

## Notes to Consolidated Financial Statements

### May 31, 2019 and 2018

#### Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at fair value. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as 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 endowment accounts based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

#### Student Accounts and Notes Receivable

Student accounts receivable are stated at the amount billed to students less applied scholarships and loan proceeds. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Tuition is generally due at the beginning of the term unless the student has a payment plan. Charges that are past due without payments for three consecutive months, and have had no response to the due diligence process, are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Notes receivable consist primarily of amounts due under the Federal Perkins Loan Program and Health Professions Student Loan Program and are stated at their outstanding principal amounts. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. 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. Loans with a delinquent balance and still accruing interest amounted to approximately \$1,067,600 and \$1,120,000 at May 31, 2019 and 2018, respectively.

#### Inventories

Inventories consist primarily of supplies and are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance is generally charged to expense in the year incurred.

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30-50 years
Land improvements	40-50 years
Equipment, furniture, fixtures and vehicles	5-10 years

The University capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized and incurred each year was:

	<b>2019</b>	<b>2018</b>
Total interest expense incurred on borrowings for project	\$ 348,450	\$ -
Interest costs capitalized	348,450	-





**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

**Note 2: Contributions Receivable**

Contributions receivable at May 31 consisted of the following:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 1,874,952	\$ 1,936,626





**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

Alternative Investments

The fair value of alternative investments that have been estimated using the net asset value per share as a practical expedient consist of the following at May 31:

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

capital. One of the funds can never be redeemed. Distributions from this fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets for this fund will be liquidated over the next five to seven years. The remaining fund is indefinitely gated due to impairment and the value reflected in the financial statements is nominal at May 31, 2019 and 2018. Pursuant to fund agreements, the University has committed to fund future capital calls on the one fund totaling \$8,000,000 at May 31, 2019 and 2018. Subsequent to May 31, 2019, the University paid \$0 to fund capital calls.

**Note 4: Notes Receivable**

The University makes uncollateralized loans to students through its participation in the Federal Perkins Loan program, Health Professions Student Loan program (HPSL) and Nursing Student Loan program (NSL). The availability of funds under these three federal loan programs is dependent on reimbursement to the loan fund from repayments on outstanding loans. Funds advanced by the federal government totaled \$9,254,880 and \$9,207,780 as of May 31, 2019 and 2018, respectively. These advances are ultimately refundable to the federal government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans canceled under the program result in a reduction of funds available for future loans and a decrease in the University's liability to the federal government. These loan amounts represent 2.6 percent and 2.6 percent of total assets as of May 31, 2019 and 2018, respectively.

The University also makes uncollateralized loans to students and student on 63(63(63(63(63(1sity a5(2019 a)-1130(



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

**Note 7: Bonds Payable**

Bonds payable consist of the following:

	<b>2019</b>	<b>2018</b>
2013 Economic Development Facilities Revenue Refunding Bonds Series A1, interest at fixed rate of 4.557%, maturing through May 2038, payable in annual installments ranging from \$160,000 to \$280,000	\$ 3,865,000	\$ 4,145,000
2013 Economic Development Facilities Revenue Refunding Bonds, Series A2, interest at fixed rate of 4.254% maturing through May 2038, payable in annual installments ranging from \$535,000 to \$925,000	12,755,000	13,680,000
2014 Economic Development Facilities Revenue Refunding Bonds, interest rate at fixed rate of 4.0108%, maturing through May 2031, payable in annual installments ranging from \$675,000 to \$2,995,000	4,700,000	4,828,379
2018 United States of America Notes acting through the Rural Housing Service of the United States Department of Agriculture, interest rate at fixed rate of 3.25% through April 2057, payable in annual installments ranging from \$449,798 to \$1,525,721	34,511,534	34,511,534
2018 Construction loan at an interest rate equal to the 30-day LIBOR rate plus two percent (4.48% at May 31, 2019), adjusted monthly, maturing in April 2020 (refinanced in August 2019)	19,609,492	-
Total bonds payable	75,441,026	57,164,913
Less: Bond origination costs	(944,665)	(977,068)
Total bonds payable	\$ 74,496,361	\$ 56,187,845

**Ohio Northern University**  
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In connection with the issuance of the Series 2018 notes, the University, as borrower, entered into a loan agreement with the issuer, United States of America, acting through the Rural Housing Service, United States Department of Agriculture. Under the terms of the loan agreement, the University is required to make payments at such

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
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the estimated future payments is calculated using discount rates ranging from 5 percent to 10 percent and applicable mortality tables.

**Note 9: Postretirement Medical Benefits**

The University has a postretirement medical benefit plan (Plan) to provide for the payment of certain health care benefits for retired employees who meet certain eligibility requirements under the Plan. The University's policy is to pay the cost of these health benefits as they occur. The Plan is funded by the University through Healthcare Reimbursement Accounts (HRA) for each eligible post-Medicare retiree.

The University uses a May 31 measurement date for the Plan. Information about the Plan's funded status follows:

	<u>2019</u>	<u>2018</u>
Accumulated postretirement benefit obligation	\$ (8,620,062)	\$ (12,744,079)
Fair value of Plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (8,620,062)</u>	<u>\$ (12,744,079)</u>

Liabilities recognized in the consolidated statements of financial position:

	<u>2019</u>	<u>2018</u>
Accrued benefit liability	<u>\$ (8,620,062)</u>	<u>\$ (12,744,079)</u>

Amounts recognized in net assets without donor restrictions not yet recognized as components of net periodic benefit cost consist of:

	<u>2019</u>	<u>2018</u>
Net loss	\$ 1,605,360	\$ 1,554,827
Prior service credit	<u>(6,742,462)</u>	<u>(7,360,595)</u>
	<u>\$ (5,137,102)</u>	<u>\$ (5,805,768)</u>

Other changes in benefit obligations



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
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The weighted-average discount rate and the assumed health care cost trend rate used in determining the postretirement benefit obligation and benefit costs were as follows:

	<b>2019</b>	<b>2018</b>
Discount rate	3.52%	4.30%
Health care cost trend rate	Not applicable	Not applicable

**Note 10: Net Assets**

Net Assets with Donor Restrictions

Restricted net assets are available for the following purposes or periods:

	<b>2019</b>	<b>2018</b>
Subject to expenditure for specified purpose		
Unexpended property and equipment funds	\$ 9,335,638	\$ 7,584,079
Scholarships	1,007,164	88,092
Instruction, academic support and research	6,206,291	4,960,534
Loan program funds	4,012,521	4,027,733
	20,561,614	16,660,438
Subject to the passage of time		
Charitable trust agreements	2,689,334	3,029,505
Promises to give that are restricted by donors	2,055,247	3,467,593
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	45,146	41,396
	4,789,727	6,538,494
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships	29,314,864	35,379,329
Instruction and academic support	27,700,000	27,700,000



**Ohio Northern University**  
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**Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows.

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished		
Instruction, academic support and research	\$ 6,838,770	\$ 2,650,090
Trusts and charitable gift annuities	1,062,367	-
Other	<u>48,240</u>	<u>89,677</u>
Total net assets released from restrictions for operations	<u>\$ 7,949,377</u>	<u>\$ 2,739,767</u>
Property and equipment acquired and placed in service	<u>\$ 591,446</u>	<u>\$ 1,426,003</u>
Total satisfaction of capital acquisition restrictions	<u>\$ 591,446</u>	<u>\$ 1,426,003</u>

**Note 11: Endowment**

The University's endowment consists of approximately 650 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (Board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's governing body has interpreted the State of Ohio Uniform Prudent Management of Institutional Funds Act (Ohio UPMIFA) as requiring preservation of historic dollar 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 without restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) any applicable other accumulations to the permanent endowment per the direction of the applicable donor gift instrument. The portion of donor-restricted endowment funds subject to appropriation and expenditure when a specified event occurs is classified as net assets with donor restrictions until those amounts appropriated for expenditure by the University in a manner consistent with the standards prescribed by Ohio UPMIFA. In accordance with Ohio UPMIFA, the University

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
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The composition of net assets by type of endowment fund at May 31, 2019 and 2018, was:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Board-designated endowment funds	\$ 4,406,309	\$ -	\$ 4,406,309
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained			

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2019 and 2018**

# Ohio Northern University

## Notes to Consolidated Financial Statements

### May 31, 2019 and 2018

year-end preceding the fiscal year in which expenditure is planned. This distribution is intended to support operations as well as cover investment-related fees and expenses. The Board authorized an additional expenditure to support scholarships and operations of \$4,800,000 and \$6,000,000 for the years ended May 31, 2019 and 2018, respectively. In establishing this policy, the University considered the long-term expected return on its endowment. This is consistent with the University's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

During 2018, borrowings within the University were made from the endowment fund for capital projects. The borrowings from the endowment fund are not to exceed \$1,372,000, and totaled \$1,200,208 and \$1,300,000 at May 31, 2019 and 2018, respectively. This loan bears interest annually at 5.75 percent and will be repaid through the capital expenditure budgeting process of the University. The term of the loan is such that the balance be repaid no later than May 31, 2028.

#### **Note 12: Employee Retirement Benefits**

The University has a defined contribution plan. Retirement benefits are provided for employees through TIAA, a national, multi-employer organization used to fund retirement benefits for educational institutions. Employees are able to contribute to the Plan from earnings up to the maximum allowed by the Internal Revenue Service code. The University plan is a matching plan and with a contribution rate of 4 percent. The University matches a maximum additional contribution of up to 3 percent if the employee contributed to the Plan. Employees are no longer required to contribute to the Plan. The University's contributions to the Plan were \$2,350,950 and \$2,320,675 for the years ended May 31, 2019 and 2018, respectively. The employees are 100 percent vested when funds are deposited to the Plan.

#### **Note 13: Disclosures About Fair Value of Assets and Liabilities**

ASC Topic 820, Fair Value Measurements 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. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 or liabilities

#### **Recurring Measurements**

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the

# Ohio Northern University

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
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	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash Equivalents and Investments, Restricted for Loans and Long-Lived Asset Purchases				
Money market funds	\$ 266,141	\$ 266,141	\$ -	\$ -
<b>Investments</b>				
Money market funds	9,838,957	9,838,957	-	-
Common stocks	7,407,993	5,488,558	-	1,919,435
U.S. Government and agency obligations	592,548	-	592,548	-
Corporate debt securities	615,096	-	615,096	-
Equity mutual funds				
International markets	35,925,434	35,925,434	-	-
Large cap blend and growth	37,143,365	37,143,365	-	-
Small and mid-cap	5,402,191	5,402,191	-	-
Fixed income mutual funds	29,581,111	29,581,111		

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
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valuation hierarchy. The University has no assets or liabilities measured at fair value on a nonrecurring basis. There were no significant changes in valuation techniques for the year-ended May 31, 2019.

**Transfers Between Fair Value Hierarchy Levels**

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

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

	<b>Common Stocks</b>	<b>Land Held for Sale</b>	<b>Beneficial Interest in Remainder Trusts</b>	<b>Beneficial Interest in Perpetual Trusts</b>
Balance, June 1, 2017	\$ 1,736,271	\$ 61,245	\$ 3,377,544	\$ 7,736,977
Total realized and unrealized gains included in change in net assets	-	-	68,847	7,590,891
Purchases	183,164	-	-	-
Balance, May 31, 2018	1,919,435	61,245	3,446,391	15,327,868
Total realized and unrealized losses included in change in net assets	-	-	(290,383)	(33,347)
Sales	(2,504)	-		



**Ohio Northern University**  
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**Note 15: Liquidity**

Financial assets available for the 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:

	2019	2018
Financial assets, at year-end	\$ 171,565,154	\$ 180,493,800
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(16,549,093)	(12,632,705)
Subject to appropriation and satisfaction of donor restrictions	(145,863,172)	(150,033,833)
Investments related to split-interest agreements	(4,368,814)	(4,399,223)
Contributions receivable	(2,672,488)	(4,124,387)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(4,028,859)	(4,328,696)

**Ohio Northern University**  
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**Contributions**

Approximately 11 percent of all contributions were received from one donor in 2019 and 2018.

**Postretirement Medical Benefit Obligations**

The University has a postretirement medical benefit plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

**Accrued Asset Retirement Obligation**

Determination of the recorded liability is based on a number of estimates and assumptions including discount rates, abatement cost estimates and estimates of dates of abatement. The University estimated its liability to be \$532,394 and \$553,929 at May 31, 2019 and 2018, respectively, and is included in the consolidated statements of financial position.

**Litigation and Remediation**

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, change in net assets and cash flows of the University. Events could occur that would change this estimate materially in the near term.

**Note 17: Risks and Uncertainties**

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 the values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the consolidated statements of financial position.

**Note 18: Restructuring Expenses**