

# OHIO NORTHERN UNIVERSITY

Independent Auditor's Report and Consolidated Financial Statements  
May 31, 20 and 20

---



# Ohio Northern University

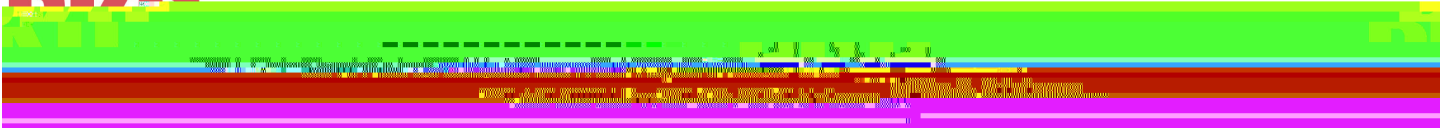
May 31, 2021 and 2020

## Contents

**Independent Auditor’s Report..... 1**

**Consolidated Financial Statements**

Statements of Financial Position ..... 3  
Statements of Activities..... 4  
Statements of Functional Expenses ..... 6  
Statements of Cash Flows ..... 7  
Notes to Financial Statements ..... 9



## Independent Auditor’s Report

Board of Trustees  
Ohio Northern University  
Ada, Ohio

### Report on the 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, 2021 and 2020, 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 the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated 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 entity’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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohio Northern University as of May 31, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated September 22, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Fort Wayne, Indiana  
September 22, 2021

**Ohio Northern University**  
**Consolidated Statements of Financial Position**  
**May 31, 2021 and 2020**



**Ohio Northern University**  
**Consolidated Statements of Activities**  
**Year Ended May 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Income and Other Support</b>			
Tuition and fees, net	\$ 49,993,177	\$ -	\$ 49,993,177
Gifts and bequests	1,406,233	1,109,673	2,515,906
Grants and contracts	4,305,668	-	4,305,668
Investment return designated for operations	7,567,476	3,183,394	10,750,870
Investment income from trusts held by others	551,359	26,007	577,366
Other investment income	56,695	-	56,695
Other	2,559,701	-	2,559,701
Auxiliary enterprises	16,778,948	-	16,778,948
Net assets released from restrictions for operating items	3,896,852	(3,896,852)	-
Total revenue, income and other support	87,116,109		

**Ohio Northern University**  
**Consolidated Statements of Functional Expenses**  
**Years Ended May 31, 2021 and 2020**

	<b>Instruction</b>	<b>Sponsored Programs</b>	<b>Academic Support</b>	<b>Libraries</b>	<b>Student Services</b>	<b>Auxiliary</b>	<b>Total Educational Activities</b>	<b>Institutional Support</b>	<b>Fundraising</b>	<b>Total Support</b>	<b>Total Expenses</b>
<b>2021</b>											
Salary and wages	\$ 23,959,128	\$ 628,732	\$ 1,722,083	\$ 759,889	\$ 5,948,871	\$ 1,175,579	\$ 34,194,282	\$ 3,001,793	\$ 1,048,519	\$ 4,050,312	\$ 38,244,594
Fringe benefits	4,948,982	46,448	431,560	215,454	1,600,664	74,286	7,317,394	981,879	244,768	1,226,647	8,544,041
Total compensation and benefits	28,908,110	675,180	2,153,643	975,343	7,549,535	1,249,865	41,511,676	3,983,672	1,293,287	5,276,959	46,788,635
Interest and debt-related	799,967	-	40,724	175,914	41,374						



**Ohio Northern University**  
**Consolidated Statements of Cash Flows**  
**Years Ended May 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 34,825,739	\$ 1,175,503
Items not requiring (providing) operating activities cash flows		
Depreciation	8,994,061	8,516,582
Amortization of bond origination costs	27,903	32,273
Expense of bond origination costs due to refinance	360,133	-
Amortization of bond discount	4,729	

**Ohio Northern University**  
**Consolidated Statements of Cash Flows**  
**Years Ended May 31, 2021 and 2020**

2021

2020

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**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, contributions and investment income.

The Inn at Ohio Northern University Management Company (The Inn) is a wholly-owned subsidiary that furnishes the University the managerial, supervisory, administrative and support services relating to the hotel owned by the University. Under the terms of a management

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

***Investments and 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 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 of consideration from students of which the

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

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>2021</b>	<b>2020</b>
Total interest expense incurred on borrowings for project	-	

**Ohio Northern University**  
Notes to Consolidated Financial Statements  
May 31, 2021 and 2020

Net Assets

The University's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as without donor restrictions and with donor restrictions as follows:

- x Net Assets without Donor Restrictions

# Ohio Northern University

## Notes to Consolidated Financial Statements

### May 31, 2021 and 2020

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 and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

#### ***Government Grants***

Support funded by grants is recognized as 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 the granting agency and, as a result of such audit, adjustments could be required.

#### ***Split Interest Agreements***

Funds held in trust by others for the benefit of the University are recorded at fair value based on the University's share of the trust.

Irrevocable charitable remainder unitrusts held by others are recorded as a contribution in the year the trust is established. The contribution is recorded at the fair value of the trust assets less the present value of the estimated future cash payments to the beneficiaries.

#### ***Income Taxes***

The University and Polar Enterprises are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the University and Polar Enterprises are subject to federal income tax on any unrelated business taxable income. The Inn is a for-profit company that furnishes the University the managerial, supervisory, administrative and support services relating to the hotel owned by the University.

The University files tax returns in the U.S. federal jurisdiction. With a few exceptions, the University is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for years before fiscal year 2018. Accordingly, no provision for income taxes has been made. The University did engage in activities unrelated to its exempt purpose, however, the University did not incur any unrelated business income tax expense in the years ended May 31, 2021 and 2020. The University is also exempt from state income taxes.

#### ***Compensated Absences***

Full-time employees, excluding faculty, earn 20 days of vacation each year, which is accrued on a

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

***Functional Allocation of Expenses***

The costs of supporting various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs (primarily depreciation, interest, facilities operations and maintenance, insuran



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**Note 3: Investments and Investment Return**

Investments at May 31 consisted of the following:

	<b>2021</b>	<b>2020</b>
Cash and money market funds	\$ 2,033,264	\$ 10,216,752
Common stocks	5,510,131	5,100,758
U.S. Government and agency obligations	481,460	544,437
Corporate debt securities	1,043,158	919,177
Equity mutual funds		
International markets	28,559,543	22,513,621
Large cap blend and growth	47,574,630	35,434,677
Small and mid-cap	357,866	240,536
Fixed income mutual funds	34,769,199	25,803,706

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

Total investment return is comprised of the following:

	<b>2021</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>Operating</b>			
Endowment income and gains distributed	\$ 9,273,820	\$ 2,111,830	\$ 11,385,650
Total operating	<u>9,273,820</u>	<u>2,111,830</u>	<u>11,385,650</u>
<b>Non-operating</b>			
Interest and dividend income (net of expenses)	2,572,688	-	2,572,688
Net realized and unrealized gains	6,273,602	29,535,162	35,808,764
Investment return designated for current operations	<u>(9,273,820)</u>	<u>(2,111,830)</u>	<u>(11,385,650)</u>
Total non-operating	<u>(427,530)</u>	<u>27,423,332</u>	<u>26,995,802</u>
Total return on investments	<u>\$ 8,846,290</u>	<u>\$ 29,535,162</u>	<u>\$ 38,381,452</u>
	<b>2020</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>Operating</b>			
Endowment income and gains distributed	\$ 7,567,476	\$ 3,183,394	\$ 10,750,870
Total operating	<u>7,567,476</u>	<u>3,183,394</u>	<u>10,750,870</u>
<b>Non-operating</b>			
Interest and dividend income (net of expenses)	2,852,177	-	2,852,177
Net realized and unrealized losses	4,478,676	509,091	4,987,767
Investment return designated for current operations	<u>(7,567,476)</u>	<u>(3,183,394)</u>	<u>(10,750,870)</u>
Total non-operating	<u>(236,623)</u>	<u>(2,674,303)</u>	<u>(2,910,926)</u>
Total return (loss) on investments	<u>\$ 7,330,853</u>	<u>\$ 509,091</u>	<u>\$ 7,839,944</u>

Cash equivalents and investments are restricted for the following at May 31:

	<b>2021</b>	<b>2020</b>
Capital projects and debt servim8(e)-56.1( 65Tc.0161 Tw[c.0161 Tw[c.0161 Tw[c refq 1 0 0 1 397.5 .0161 Tw[c5( 65Tα)-685548 119.		

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

***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:

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Private common trust funds (A)	\$ 15,218,861	\$ -	Monthly- Quarterly	30-90 days
Multi-strategy hedge funds (B)	10,107	-	Monthly- Quarterly	30-90 days
Private equity funds (C)	61,			

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

the net asset value (or its equivalent) of the University's ownership interest in partners' 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, 2021 and 2020. Pursuant to fund agreements, the University has committed to fund future capital calls on the one fund totaling \$8,000,000 at May 31, 2021 and 2020. Subsequent to May 31, 2021, 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

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**Note 5: Property and Equipment**

Property and equipment are summarized as follows at May 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 8,159,275	\$ 8,159,275
Land improvements	11,608,016	10,442,992
Buildings	236,673,228	235,339,437
Equipment, furniture, fixtures and vehicles	26,132,827	25,363,680
Collections	1,864,029	1,864,029
Construction in progress	3,151,481	3,445,354
	<u>287,588,856</u>	<u>284,614,767</u>
Less accumulated depreciation	<u>(139,315,617)</u>	<u>(130,370,077)</u>
	<u>\$ 148,273,239</u>	<u>\$ 154,244,690</u>

The following construction commitments exist as of May 31:

<b>2021</b>	<b>2020</b>
-------------	-------------

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**Note 7: Bonds Payable**

Bonds payable consist of the following:

	<b>2021</b>	<b>2020</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, paid off in 2021 with the proceeds from the 2020 bond issuance	\$ -	\$ 3,645,000
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, paid off in 2021 with the proceeds from the 2020 bond issuance	-	12,020,000
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, paid off in 2021 with the proceeds from the 2020 bond issuance	-	4,570,000
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	66,204,030	67,124,624
2020 Economic Development Facilities Revenue Refunding and Improvement Bonds, interest rate in fixed amounts ranging from 4.00% to 5.50% depending on term of bond, maturing through May 2050, payable in annual installments ranging from \$210,000 in 2021 to \$1,785,000 in 2050	26,535,000	-
Total bonds payable	92,739,030	87,359,624

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

The amount of bond origination costs associated with the Series 2020 bonds is \$288,325 at May 31, 2021. The amount of unamortized discount is \$279,031 at May 31, 2021.

In connection with the issuance of the Series 2018 bonds, the loan agreement requires the University to establish and maintain a debt service reserve account equivalent to the annual debt service on the bonds. Deposits are to be made monthly over a period of ten (10) years until the required debt service amount is reached. As of May 31, 2021, and 2020, the amount of funds on deposit in the debt service reserve account was \$927,008 and \$619,162, respectively.

In connection with the issuance of the Series 2020 bonds, the bond indenture requires the University to establish and maintain a debt service reserve account with a trustee equivalent to the maximum annual debt service of the bonds. As of May 31, 2021, the amount of funds on deposit in the debt service reserve account was \$1,888,313.

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the University's consolidated statements of



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

A reconciliation of the projected postretirement medical benefit obligation follows:

	<b>Pension Benefits</b>	
	<b>2021</b>	<b>2020</b>
Change in benefit obligation		
Obligation at June 1	\$ 3,863,312	\$ 8,620,062
Service cost	11,949	11,831
Interest cost	70,914	256,593
Actuarial loss	10,822	510,641
Benefit payments	(602,970)	(734,916)
Plan amendments	-	(4,800,899)
	<u>                    </u>	<u>                    </u>
Obligation at May 31	<u>\$ 3,354,027</u>	<u>\$ 3,863,312</u>

Other significant balances and costs as of May 31 are:

	<b>2021</b>	<b>2020</b>
Net periodic benefit costs	\$ (872,434)	\$ (3,745,907)
Employer contributions	602,970	734,916
Benefits paid	(602,970)	(734,916)

Components of net periodic postretirement benefit cost:

	<b>2021</b>	<b>2020</b>
Service cost	\$ 11,949	\$ 11,831
Interest cost	70,914	256,593
Amortization of prior service credit	(1,634,293)	(4,386,008)
Amortization of net loss	678,996	371,677
	<u>                    </u>	<u>                    </u>
Net periodic postretirement benefit cost	<u>\$ (872,434)</u>	<u>\$ (3,745,907)</u>

The estimated net loss and prior service credit for the defined-benefit postretirement plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year are \$370,374 and \$678,996, respectively.

The University expects to contribute \$270,000 to the Plan in fiscal year 2022. Shown below are the expected benefit payments, net of retiree contributions, for 2022 through 2026 and the five years thereafter:

2022	\$ 269,544
2023	250,896
2024	245,617
2025	239,851
2026	230,221
2027-2031	1,041,712

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>2021</b>	<b>2020</b>
Discount rate	2.70%	2.64%
Health care cost trend rate	Not applicable	Not applicable

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**Note 10: Net Assets**

*Net Assets with Donor Restrictions*

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**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.

	<b>2021</b>	<b>2020</b>
Purpose restrictions accomplished		
Instruction, academic support and research	\$ 2,689,730	\$ 3,196,676
Scholarship and student relief	985	154,519
Trusts and charitable gift annuities	144,332	504,330
Other	57,770	41,327

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

- 6. Other resources of the University
- 7. Investment policies of the University

The composition of net assets by type of endowment fund at May 31, 2021 and 2020, was:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Board-designated endowment funds	\$ 13,168,571	-	



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

include those assets of donor-restricted endowment funds the University must hold in perpetuity or for donor-specified periods, as well as those of Board-designated endowment funds. Under the University's policies, endowment assets are invested in a manner that is intended to a) earn a reasonable rate of return so as to maintain interg

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**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 level within the fair value hierarchy in which the fair value measurements fall at May 31, 2021 and 2020:

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

	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>				
<b>Cash Equivalents and Investments, Restricted for Loans and Long-Lived Asset Purchases</b>				
Money market funds	\$ 264,447	\$ 264,447	\$ -	\$ -
<b>Investments</b>				
Money market funds	1,768,817	1,768,817	-	-
Common stocks	5,510,131	3,441,617	-	2,068,514



**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

	2020			
	Fair Value	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)
<b>Assets</b>				
<b>Cash Equivalents and Investments, Restricted for Loans and Long-Lived Asset Purchases</b>				
Money market funds	\$ 265,408	\$ 265,408	\$ -	\$ -
<b>Investments</b>				
Money market funds	9,951,344	9,951,344	-	-
Common stocks	5,100,758	3,218,908	-	1,881,850
U.S. Government and agency obligations	544,437	-	544,437	-
Corporate debt securities	919,177	-	919,177	-
Equity mutual funds				
International markets	22,513,621	22,513,621	-	-
Large cap blend and growth	35,434,677	35,434,677	-	-
Small and mid-cap	240,536	240,536	-	-
Fixed income mutual funds	25,803,706	25,803,706	-	-
Land held for sale	61,245	-	-	61,245
Alternative investments				
Common trust funds measured at net asset value (A)	13,524,105	-	-	-
Multi-strategy hedge funds measured at net asset value (A)	10,107	-	-	-
Private equity funds measured at net asset value (A)	49,834,240	-	-	-
Real estate investment funds measured at net asset value (A)	1,898,990	-	-	-
<b>Assets Held in Charitable Remainder Trusts</b>	1,012,516	956,978	30,296	25,242
<b>Beneficial Interest in Remainder Trusts</b>	2,893,780	-	-	2,893,780
<b>Beneficial Interest in Perpetual Trusts</b>	15,565,264	-	-	15,565,264

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. The University has no assets or liabilities measured at fair value on a

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

nonrecurring basis. There were no significant changes in valuation techniques for the year-ended May 31, 2021.

***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**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

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, 2019	\$ 1,916,931	\$ 61,245	\$ 3,156,008	\$ 15,294,521
Total realized gains	(1,000,000)	(100,000)	(1,000,000)	(1,000,000)
Total realized losses	(100,000)	(100,000)	(100,000)	(100,000)
Total realized gains and losses	(1,100,000)	(200,000)	(1,100,000)	(1,100,000)
Balance, May 31, 2020	\$ 816,931	\$ 161,245	\$ 2,056,008	\$ 14,194,521

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

	<b>Fair Value at May 31, 2020</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range</b>
Common stocks	\$ 1,881,850	Market comparables	Liquidity and marketability discounts	0% - 30%
Land held for sale	61,245	Market comparables	Marketability discounts and adjustments	0% - 20%
Beneficial interest in remainder trusts	2,893,781	Discounted cash flows	Discount rates Market return rates	2% - 6%
Beneficial interest in perpetual trusts	15,565,264	Discounted cash flows	Discount rates Market return rates	2% - 8%

***Sensitivity of Significant Unobservable Inputs***

The following is a discussion of the sensitivity of significant unobservable inputs, 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.

***Land Held for Sale and Common Stocks***

The significant unobservable inputs used in the fair value measurement of the University's common stocks and land held for sale would be comparable pricing inputs when prices for the

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

**Note 14: 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:

	<b>2021</b>	<b>2020</b>
Financial assets, at year-end	\$ 213,323,853	\$ 173,168,073
Less: those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(15,119,739)	(15,085,563)
Subject to appropriation and satisfaction of donor restrictions	(173,364,270)	(142,508,803)
Investments related to split-interest agreements	(4,974,516)	(4,439,447)
Contributions receivable	(916,099)	(1,131,968)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(13,161,361)	(10,326,346)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,787,868	\$ (324,054)

The University's endowment funds consist of

# Ohio Northern University

## Notes to Consolidated Financial Statements

### May 31, 2021 and 2020

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.

The following cumulative amounts have been awarded as HEERF as of May 31, 2021 and 2020:

	May 31, 2021			May 31, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
<b>Awarded</b>						
HEERF I	\$ 1,094,855	\$ 1,094,854	\$ 2,189,709	\$ 1,094,855	\$ 1,094,854	\$ 2,189,709
HEERF II	1,094,855	2,160,887	3,255,742	-	-	-
HEERF III	2,884,979	2,884,979	5,769,958	-	-	-
	\$ 5,074,689	\$ 6,140,720	\$ 11,215,409	\$ 1,094,855	\$ 1,094,854	\$ 2,189,709

The University expensed the following funds for the years ending May 31, 2021 and 2020:

	May 31, 2021			May 31, 2020		
	Student Portion	Institutional Portion	Total	Student Portion	Institutional Portion	Total
<b>Amounts expensed</b>						
HEERF I	\$ 196,802	\$ -	\$ 196,802	\$ 898,053	\$ 1,094,854	\$ 1,992,907
HEERF II	1,057,837	2,160,887	3,218,724	-	-	-
HEERF III	-	2,884,979	2,884,979	-	-	-
	\$ 1,254,639	\$ 5,045,866	\$ 6,300,505	\$ 898,053	\$ 1,094,854	\$ 1,992,907

### ***Coronavirus Relief Funds***

Additionally, the CARES Act created the Coronavirus Relief Fund (CRF) to provide State and Local governments with funding to navigate the impact of COVID-19. As a part of this program, the State of Ohio passed funding in the amount of \$2,530,898 to the University and Relief Funds on Nov 3, 2020.







**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

***Disaggregation of Revenue***

The composition of net student fees revenue by segment for the year ended May 31, 2021, is as follows:

	<b>2021</b>	<b>2020</b>
Net tuition and fees	\$ 49,497,918	\$ 49,993,177
Room	12,199,756	10,023,532
Board	5,607,685	4,868,330
Other auxiliary	1,716,179	1,887,086
Other revenue	717,143	1,527,262
	\$ 69,738,681	\$ 68,299,387
	<b>2021</b>	<b>2020</b>
Services transferred over time	\$ 61,697,674	\$ 60,016,709
Sales at point in time	8,041,007	8,282,678
	\$ 69,738,681	\$ 68,299,387

***Contract Balances***

**Ohio Northern University**  
**Notes to Consolidated Financial Statements**  
**May 31, 2021 and 2020**

***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 \$457,697 and \$313,507 at May 31, 2021 and 2020, 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 19: 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 20: Subsequent Events**

Subsequent events have been recorded through September 22, 2021, which is the date the consolidated financial statements were issued.