MARSHALL UNIVERSITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

MARSHALL UNIVERSITY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

Governing Board
Marshall University
Huntington, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Marshall University (the University) (a component unit of the West Virginia Higher Education Fund) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We did not audit the financial statements of Marshall University Research Corporation, a blended component unit of the University (the Corporation), for the years ended June 30, 2020 and 2019, which represent 8%, 9%, and 14% respectively, of total assets, total net position, and total revenues of the University in 2020; and 8%, 8%, and 12%, respectively, in 2019. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the reports of such other auditors. We also did not audit the financial statements of the Marshall University Foundation, Inc. (the Foundation); Provident Group – Marshall Properties L.L.C. (Provident – Marshall); or Big Green Scholarship Foundation, Inc. (Big Green) (collectively, discretely presented component units of the University) which represent 100% of total assets, total net assets, and total revenues of the discretely presented component units in 2020 and 2019. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the discretely presented financial statements of the Foundation, Provident – Marshall, and Big Green, is based solely on the reports of such other auditors. We, and the auditors for the Corporation, 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. The financial statements of the Foundation, Provident – Marshall, and Big Green, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 entity'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 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 financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the University as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The independent auditors' report of other auditors on the 2020 financial statements of Provident – Marshall contained an emphasis of matter paragraph. As discussed in Note 25 to the financial statements, Provident – Marshall has debt obligations due within a year that will likely not be met that raise substantial doubt about its ability to continue as a going concern. At June 30, 2020, Provident – Marshall did not meet the debt service coverage ratio requirement under the terms of the Reimbursement Agreement with the letter of credit provider. In addition, as discussed in Note 25 to the financial statements, Provident – Marshall's operations have been disrupted by the COVID-19 pandemic, which adversely impacted the demand for on-campus housing. These events and uncertainties cast substantial doubt on Provident – Marshall's ability to continue as a going concern through the period ending twelve months from the date of this report. Management's plans in regard to these matters are also described in Note 25. The financial statements of Provident – Marshall do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of proportionate share of net pension liability, and schedule of contributions, and schedule of proportionate share of net OPEB liability and schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2020

About Marshall University

Marshall University (the University or the Institution) is a public, nonprofit institution of higher learning, which offers degrees in more than 100 academic fields of study at the baccalaureate and graduate degree level, including doctoral degrees (research/scholarly and professional practice doctorates) in various fields through its 11 colleges and schools. The University was founded in 1837 and achieved University status in 1961. Integral parts of the Institution included in the financial information presented are the Marshall University Research Corporation (MURC) and the Joan C. Edwards School of Medicine (SOM). MURC has a separately presented financial statement, which can be referenced for additional information about changes to that organization.

As West Virginia's second largest university, Marshall University, including the SOM, serves more than 13,000 students from all counties in West Virginia, 48 states, the District of Columbia, and Puerto Rico as well as over 445 students from more than 65 countries across the globe. The students are served by 834 full-time instructional faculty and 928 full-time non-instructional employees on its main campus located in Huntington, West Virginia, and its four regional centers (South Charleston Center, Mid-Ohio Valley Center, Teays Valley Regional Center, and the Erma Byrd Higher Education Center).

Marshall University has been accredited continuously as an institution of higher learning by the Higher Learning Commission since 1928. It also has earned and maintains specialized accreditation status with 35 agencies responsible for evaluating and conferring specialty accreditation for educational programs involving various professional fields of study (includes business, engineering and technology, medicine, psychology, speech-language pathology, teacher education, pharmacy, etc.); see http://www.marshall.edu/landing/about/accreditation.html for a complete list.

Marshall University is governed by a 16-member Board of Governors (the Board), 13 of whom are lay members appointed by the Governor of the State of West Virginia (State) and 3 of whom are constituency representatives elected by faculty, staff and students of the University. The Board determines, controls, supervises, and oversees the financial, business, and educational policies and affairs of the Institution. The Board also develops a master plan, approves the Institution's annual budget, reviews and controls all academic programs offered at the Institution, and approves tuition rates and applicable student fees.

Overview of the Financial Statements and Financial Analysis

The Management's Discussion and Analysis is required supplementary information and has been prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB).

The emphasis of discussions about these financial statements will concern FY 2020 data explaining, with the use of approximate dollar amounts, the significant changes from the financial statements presented for the years ended June 30, 2020, 2019, and 2018, for both the University and MURC. Three years of comparative information are provided for discussion and analysis purposes. Additionally, detailed financial information of the Marshall University Foundation, Inc.; the Big Green Scholarship Foundation, Inc.; and Provident – Marshall, L.L.C. are included; however, these discretely presented component units are controlled and managed by separate independent Boards of Directors. The University does not control these resources and, therefore, discussion and analyses of these organizations are not included.

The University's financial report consists of three financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the financial statements. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the University's proportionate share of the liability, and contributions made, related to a multiple employer defined benefit pension plan, and a multiple employer defined benefit OPEB plan, in which certain University employees participate.

Statement of Net Position

The statements of net position present the assets (current and noncurrent) and deferred outflows, liabilities (current and noncurrent) and deferred inflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) of the University as of the end of the fiscal year. Assets denote the resources available to continue the operations of the University. Deferred outflows represent a component of net position that will be consumed over future fiscal years. Liabilities indicate how much the University owes vendors, employees, and lenders. Deferred inflows represent a component of net position that will be recognized over future fiscal years. Net position measures the equity or the available funds of the University for future periods.

Net Position is displayed in three major categories:

Net investment in capital assets. This category represents the University's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. If debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position. This category includes net position, the use of which is restricted, either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components — nonexpendable and expendable. **Nonexpendable restricted net position** includes endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. **Expendable restricted net position** includes resources for which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position. This category includes resources that are not subject to externally imposed stipulations. Such resources are derived primarily from tuition and fees (not restricted as to use), state appropriations, sales and services of educational activities, and auxiliary enterprises. Unrestricted net position is used for transactions related to the educational and general operations of the University and may be designated for specific purposes by action of the University's management or the Board.

Condensed Schedules of Net Position
(In thousands of dollars)

	FY 2020	FY 2019	FY 2018
Assets and Deferred Outflows:			
Current Assets	$ 89,092	$ 100,118	$ 102,141
Other Noncurrent Assets	147,750	120,509	119,852
Capital Assets, Net	460,010	403,647	409,639
Total Assets	696,852	624,274	631,632
Deferred Outflows of Resources	9,252	6,888	4,451
Total	$ 706,104	$ 631,162	$ 636,083
Liabilities and Deferred Inflows:			
Current Liabilities	$ 57,460	$ 47,294	$ 46,946
Noncurrent Liabilities	216,820	140,403	149,384
Total Liabilities	274,280	187,697	196,330
Deferred Inflows of Resources	18,402	13,812	8,693
Total	$ 292,682	$ 201,509	$ 205,023
Net Position			
Net Investment in Capital Assets	$ 315,842	$ 312,725	$ 315,301
Restricted, Nonexpendable	15,176	15,176	15,176
Restricted, Expendable	10,832	16,687	16,286
Unrestricted	71,572	85,065	84,297
Total	$ 413,422	$ 429,653	$ 431,060

Changes to Total Assets

Total assets of the Institution increased by $72.6 million in FY 2020. The major components of this increase are:

- The total current and noncurrent cash and cash equivalents balances increased $14.3 million, which is comprised of a $12.3 million increase for the University and a $2.0 million increase in cash at MURC. For the University, current cash and cash equivalents decreased a total of $15.6 million, including a decrease of $14.9 million in cash on deposit with the state, and $0.7 million decrease in cash in outside bank accounts. Noncurrent cash for the University increased $27.9 million due to proceeds from the 2020A Bond issue for construction. See note 9 for more information on new bond issues.
- Investments decreased $1.5 million in total with the University's investments increasing $0.2 million and MURC's investments decreasing $1.7 million.
- Total current and noncurrent accounts receivable increased $2.8 million. Noncurrent accounts receivable for the BRIM escrow agreement with Marshall Health increased $2.0 million, other accounts receivable for the University decreased $0.7 million, and grants receivable at MURC increased $1.5 million net of eliminations.
- Loans receivable from students decreased $1.3 million primarily due to collections for the discontinued Perkins loan program.
- Inventories, and other current assets increased a total of $1.9 million primarily due to an increase in prepaid expenses at MURC of $1.6 million.

- Capital assets, net of depreciation, increased $56.4 million as a result of asset additions of $72.9 million, offset by disposals and depreciation totaling $16.5 million. Asset additions are discussed further in the Capital Asset and Debt Administration section.

Total assets of the Institution decreased by $7.4 million in FY 2019. The major components of this decrease are:

- The total current and noncurrent cash and cash equivalents balances decreased $0.9 million, which is comprised of a $0.6 million decrease for the University and a $0.3 million decrease in cash at MURC. For the University, cash on deposit with the state decreased $2.1 million, and cash in outside bank accounts increased $1.5 million.
- Investments increased $1.5 million in total with the University's investments increasing $2.3 million and MURC's investments decreasing $0.8 million.
- Total current and noncurrent accounts receivable decreased $0.7 million. State appropriations receivable decreased $0.5 million, the receivable from INTO decreased $0.4 million, and grants receivable at MURC increased $0.2 million.
- Loans receivable from students decreased $1.2 million primarily due to collections for the discontinued Perkins loan program.
- Inventories, and other current assets decreased a total of $0.1 million.
- Capital assets, net of depreciation, decreased $6.0 million as a result of asset additions of $9.8 million, offset by disposals and depreciation totaling $15.8 million. Asset additions are discussed further in the Capital Asset and Debt Administration section.

Changes to Deferred Outflows of Resources

The deferred outflows of resources for the University increased $2.4 million in FY 2020 and $2.4 million in FY 2019.

- Deferred outflows related to Other Post Retirement Benefits as required by GASB 75 (Note 11), changed very little in FY 2020. This deferred outflow increased $2.6 million FY 2019.
- Deferred outflows related to bond refunding increased $2.4 million in FY 2020 and decreased $0.1 million in FY 2019. The deferred outflow on refunding occurs when new bonds are issued to refinance a previous bond issue. In FY2019 the amount was for the 2010 bonds, in FY2020 it is for the 2020 Bonds. See note 9 for more information on bond refunding.
- Deferred outflows related to pension as required by GASB 68 (Note 14), changed very little in FY 2020, and decreased $0.1 million in FY 2019.

Changes to Total Liabilities

Total liabilities of the Institution increased $86.6 million in FY 2020. The major components of the increase are:

- Current and noncurrent debt on capital leases increased a total of $55.4 million. The capital lease for the Pharmacy building and Fairfield Landing increased debt by $56.4 million, other new equipment leases totaled $0.4 million, and were offset by lease payments of $1.4 million.
- Current and noncurrent debt on bonds increased $28.0 million due to the issuance of the 2020A and 2020B series bonds. These bonds refunded the 2010 and 2011 series bonds and provided additional funds for new construction. See note 9 for more information about bonds.
- Current and noncurrent debt on notes increased by $2.4 million due to a new note at MURC for fund received for the Paycheck Protection Program as part of the CARES act.
- The debt obligation to the Commission, decreased by $1.1 million due to principal payments made during FY 2020.
- Other Postemployment Benefits (OPEB) liability decreased $7.9 million. This liability reflects the University's portion of the OPEB liability as determined by a statewide allocation for the Retiree Health Benefit Trust Fund (see Notes 2 and 11 for more information on OPEB).
- Other noncurrent liabilities increased $1.9 million due to an increase in the BRIM escrow liability of $2.1 million, offset by a decrease in the liability for stadium renovation projects of $0.2 million.
- Increases in student deposits and accrued interest were offset by a decrease in accounts payable for a net decrease of $0.5 million.
- Accrued liabilities increased $1.1 million. Liabilities for the University increased $1.0 million primarily due to increased payroll liabilities and liabilities for MURC increased $0.1 million.
- The net pension liability decreased $0.2 million. This liability reflects the University's portion of the Teachers Retirement System liability as a result of implementing GASB 68 in FY 2015 (Notes 2 and 14).
- The accrued service concession liability increased $0.8 million primarily due to the new food service contract with Sodexo.
- Advances from federal sponsors decreased $1.3 million due to repayment of funds for the Perkins loan program.
- Compensated absences increased $1.2 million due to an increase in the number of hours accrued as well as increases in employee salaries.
- Unearned revenue increased $6.8 million. The liability for the University increased $2.4 million related to CARES act funds and student fee payments, and the liability for MURC increased $4.4 million.

Total liabilities of the Institution decreased $8.6 million in FY 2019. The major components of the decrease are:

- Current and noncurrent debt on notes, bonds, capital leases, and the debt obligation to the Commission, decreased by a total of $5.7 million due to principal payments made during FY 2019.
- Other Postemployment Benefits (OPEB) liability decreased $2.6 million. This liability reflects the University's portion of the OPEB liability as a result of implementing GASB 75 in FY 2018 (see Notes 2 and 11 for more information on OPEB).
- Other noncurrent liabilities increased $0.2 million due to an increase in the BRIM escrow liability of $0.4 million, offset by a decrease in the liability for stadium renovation projects of $0.2 million.

- Increases in accounts payable and compensated absences were offset by a decrease in unearned revenue for a net increase of $0.5 million.
- Accrued liabilities decreased $0.3 million. Liabilities for the University increased $0.2 million and liabilities for MURC decreased $0.5 million.
- The net pension liability decreased $0.6 million. This liability reflects the University's portion of the Teachers Retirement System liability as a result of implementing GASB 68 in FY 2015 (Notes 2 and 14).
- Decreases in accrued interest and the accrued service concession liability were offset by an increase in student deposits for a net decrease of $0.1 million.

Changes to Deferred Inflows of Resources

The deferred inflows of resources for the University increased $4.6 million in FY 2020 and $5.1 million in FY 2019.

- Deferred inflows related to Other Post Retirement Benefits as required by GASB 75 (Note 11), increased $4.2 million in FY 2020, and increased $2.7 million in FY 2019.
- The deferred inflow of resources from the service concession arrangement with the food service provider (Sodexo) increased $0.7 million in FY 2020 and increased $2.1 million in FY 2019. Capital improvements paid for by Sodexo are being amortized over the life of the contract. See Note 20 for more information on the University's service concession arrangements.
- The deferred inflow of resources from the service concession arrangement with the bookstore provider (Follett) decreased $0.1 million in FY 2020 and increased $0.2 million in FY 2019. Capital improvements paid for by Follett are being amortized over the life of the contract.
- The deferred inflow related to the Teachers Retirement System pension plan decreased $0.2 million in FY 2020 and increased $0.1 million in FY 2019.

Changes to Net Position

The final section of the statement of net position reflects the net position balances. Changes to these balances from one year to the next reflect the net growth or contraction of the Institution over time with each category reflecting the varying degrees of liquidity and restrictions for which these resources are available to be used.

The net position category "Net investment in capital assets" reflects overall changes to the buildings, equipment, and other capital assets net of depreciation and net of the liabilities associated with those assets. Net investment in capital assets increased $3.1 million in FY 2020 and decreased $2.6 million in FY 2019. The FY 2020 increase for the University was $2.8 million, with an increase of $0.3 million at MURC. The increase for the University was primarily due to the gift of a building and equipment. The FY 2019 decrease for the University is $1.7 million, with a decrease of $0.9 million at MURC. These decreases are primarily due to depreciation of capital assets.

Endowments, which are recorded as restricted nonexpendable net position, did not change in FY 2020 or FY 2019. The endowments are primarily at MURC for amounts received in connection with the "Bucks for Brains" West Virginia Research Trust fund.

Total restricted expendable net position decreased $5.8 million in FY 2020. The University had a decrease of $1.3 million and MURC had a $4.5 million decrease related to sponsored projects. There was an increase of $0.4 million in FY 2019, due to an increase for the University of $1.8 million, offset by a decrease at MURC of $1.4 million. The University increase was due to funds restricted for capital projects.

The unrestricted net position balance of $71.6 million in FY 2020 represents a $13.5 million decrease from FY 2019. Unrestricted resources increased $0.9 million for MURC and decreased $14.4 million for the University. The unrestricted net position balance of $85.1 million in FY 2019 represents a $0.8 million increase from FY 2018. Unrestricted resources decreased $0.2 million for MURC and increased $1.0 million for the University. Changes in unrestricted net positon are primarily the result of activities discussed in the next section for the statement of revenues, expenses, and changes in net position.

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the revenues and expenses, both operating and nonoperating, as well as other gains and losses of the Institution.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In thousands of dollars)

	FY 2020	FY 2019	FY 2018
Operating Revenues	$ 193,758	$ 193,362	$ 192,891
Operating Expenses	(307,206)	(287,822)	(280,847)
Operating Loss	(113,448)	(94,460)	(87,956)
Nonoperating Revenues	97,044	92,508	93,840
Nonoperating Expenses	(5,294)	(4,164)	(4,241)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(21,698)	(6,116)	1,643
Other Revenues, Expenses, Gains, or Losses	5,467	4,709	3,488
Increase (Decrease) in Net Position	(16,231)	(1,407)	5,131
Net Position - Beginning of Year	429,653	431,060	424,898
Restatement for OPEB Liability	-	-	1,031
Net Position - Beginning of Year (2018 Restated)	429,653	431,060	425,929
Net position - End of Year	$ 413,422	$ 429,653	$ 431,060

Operating Revenues

Operating revenues are received for student tuition and fees, grants and contracts, auxiliary services, and miscellaneous revenue. Operating revenues of $193.8 million in FY 2020 represents a $0.4 million increase from FY 2019. This increase is primarily the result of:

- Tuition and fee revenue, net of scholarship allowances, decreased $3.6 million. Tuition increases were offset by a drop in enrollment. Tuition for full-time undergraduate students increased $142 per semester for resident students, $245 per semester for metro students and $326 per semester for nonresident students. Tuition for full-time graduate students increased $148 per semester for resident students, $262 per semester for metro students and $326 per semester for nonresident students.
- Grant and contract revenue increased $10.2 million, including a $3.2 million increase for the University and a $7.0 million increase for MURC, net of eliminations. The increase for the University was primarily due to private grants and contracts and the MURC increase was primarily due to increases in federal and state government grants and contracts.
- Other operating revenue decreased $0.1 million primarily due to changes at MURC.
- Auxiliary enterprise revenue decreased $6.1 million. Changes within the various auxiliary areas include: Housing revenues decreased $1.1 million, Athletics revenue decreased $1.9 million, Parking and Student Center revenues decreased $0.1 million each. An additional decrease in auxiliary revenues of $2.9 million was due to amounts refunded to students in the spring 2020 semester related to the COVID-19 pandemic for residence halls and meal plans.

Operating revenues are received for student tuition and fees, grants and contracts, auxiliary services, and miscellaneous revenue. Operating revenues of $193.4 million in FY 2019 represents a $0.5 million increase from FY 2018. This increase is primarily the result of:

- Tuition and fee revenue, net of scholarship allowances, decreased $1.6 million. Tuition increases were offset by a drop in enrollment. Tuition for full-time undergraduate students increased $165 per semester for resident students, $285 per semester for metro students and $379 per semester for nonresident students. Tuition for full-time graduate students increased $172 per semester for resident students, $304 per semester for metro students and $414 per semester for nonresident students.
- Grant and contract revenue increased $2.4 million, including a $0.5 million decrease for the University and a $2.9 million increase for MURC, net of eliminations. The MURC increase was primarily due to increases in federal and state government grants and contracts.
- Other operating revenue decreased $0.3 million primarily due to changes at MURC.
- Auxiliary enterprise revenue in total, changed very little. However, there were changes within the various auxiliary areas: Housing revenues decreased $0.9 million, offset by increases in Athletics revenue of $0.8 million and Parking revenue of $0.1 million.

Operating Expenses

Operating expenses are for goods and services acquired to carry out the mission of the Institution. Operating expenses of $307.2 million in FY 2020 represents a $19.4 million increase from FY 2019. This increase is primarily the result of:

- Salaries and wages increased $5.4 million, including an increase in University salaries of $3.6 million and a $1.8 million increase at MURC. For the University, faculty salaries increased $1.7 million, and staff salaries increased $1.9 million. These increases are due to raises of approximately 4%, offset by vacancy savings.
- Benefits expense decreased $1.0 million with a $0.2 million decrease for the University and a $0.8 million increase for MURC. The University decrease is due to a $1.2 million increase in the employer portion of payroll benefits, an increase in compensated absence expense of $0.7 million, and a $0.1 million increase in pension expense, offset by a decrease in OPEB expense of $2.0 million, and a decrease in employee tuition waivers of $0.2 million.
- Supplies and other services increased $6.8 million with a $1.7 million increase for the University and a $5.1 million increase, net of eliminations, for MURC.
- Student financial aid expense increased $4.2 million with a $3.4 million increase for the University and a $0.8 million increase for MURC. The University increase is due to $3.2 million in Cares grants awarded to students, offset by a $1.4 million decrease in waivers and other scholarships.
- Depreciation increased $0.8 million, and there was an increase in utility expenses of $0.1 million.
- Other operating expenses increased $3.1 million primarily due to the bad debt expense for the write off of amounts previously receivable from INTO.

Operating expenses of $287.8 million in FY 2019 represents a $6.9 million increase from FY 2018. This increase is primarily the result of:

- Salaries and wages increased $5.6 million, including an increase in University salaries of $4.3 million and a $1.3 million increase at MURC. For the University, faculty salaries increased $2.4 million, and staff salaries increased $1.9 million. These increases are due to raises of approximately 5%, offset by vacancy savings.
- Benefits expense decreased $0.5 million with a $0.6 million decrease for the University and a $0.1 million increase for MURC. The University decrease is due to an increase in compensated absence expense of $0.4 million, a $0.4 million increase in employee tuition waivers, and a $0.4 million increase in other payroll benefits, offset by a decrease in OPEB expense of $1.5 million and a decrease for pension expense of $0.3 million.
- Supplies and other services increased $2.2 million with a $2.6 million increase for the University and a $0.4 million decrease, net of eliminations, for MURC.
- Student financial aid expense increased $1.7 million primarily due to an increase in waivers.
- Utilities decreased $0.7 million, including a decrease for the University of $0.6 million and a decrease of $0.1 million for MURC. The University amount is due to decreases of $0.1 million for gas and $0.5 million for electricity.
- Depreciation decreased $0.8 million, offset by an increase in other operating expenses of $0.2 million.
- Fees assessed by the Commission for operations decreased by $0.8 million, due to the elimination of the HERA assessment.

Nonoperating Revenues and Expenses

Revenues for which goods and services are not provided are reported as nonoperating revenues. Nonoperating revenues for FY 2020 were $97.0 million, which is an increase of $4.8 million from FY 2019 as a result of:

- Federal Cares grant revenue in the amount of $6.5 million was recognized in FY 2020. Another $1.3 million was received but could not be recognized as revenue due to grant restrictions, even though the funds were spent during FY 2020.
- State appropriations increased $3.0 million. Increases in the appropriations for SOM were $0.5 million and the University increases totaled $2.5 million.
- Income from investments was $2.5 million in FY 2020 which is a decrease of $3.1 million from FY 2019, due to a decline in the performance of the investments.
- Payments on behalf of the University decreased $0.5 million due to changes in contributions made by the State to the Teachers Retirement System and PEIA. This amount is recognized as revenue to the University as required by GASB 68 (Note 14) and GASB 75 (Note 11).
- Federal Pell grants decreased $0.8 million, gift revenue decreased $0.4 million and other nonoperating revenues decreased of $0.2 million.

Nonoperating revenues for FY 2019 were $92.5 million, which is a decrease of $1.3 million from FY 2018 as a result of:

- State appropriations increased $2.1 million. Increases in the appropriations for SOM were $0.5 million and the University increases totaled $1.6 million.
- Income from investments was $5.6 million in FY 2019 which is a decrease of $1.8 million from FY 2018, due to a decline in the performance of the investments.
- Payments on behalf of the University decreased $0.3 million due to changes in contributions made by the State to the Teachers Retirement System and PEIA. This amount is recognized as revenue to the University as required by GASB 68 (Note 14) and GASB 75 (Note 11).
- Other nonoperating revenues decreased $0.7 million. In 2018 there was a reduction in the debt for system bonds to HEPC as a result of refinancing that did not recur in 2019.
- Other changes to nonoperating revenues include a decrease of $0.3 million in federal Pell grants and a decrease in gift revenue of $0.3 million.

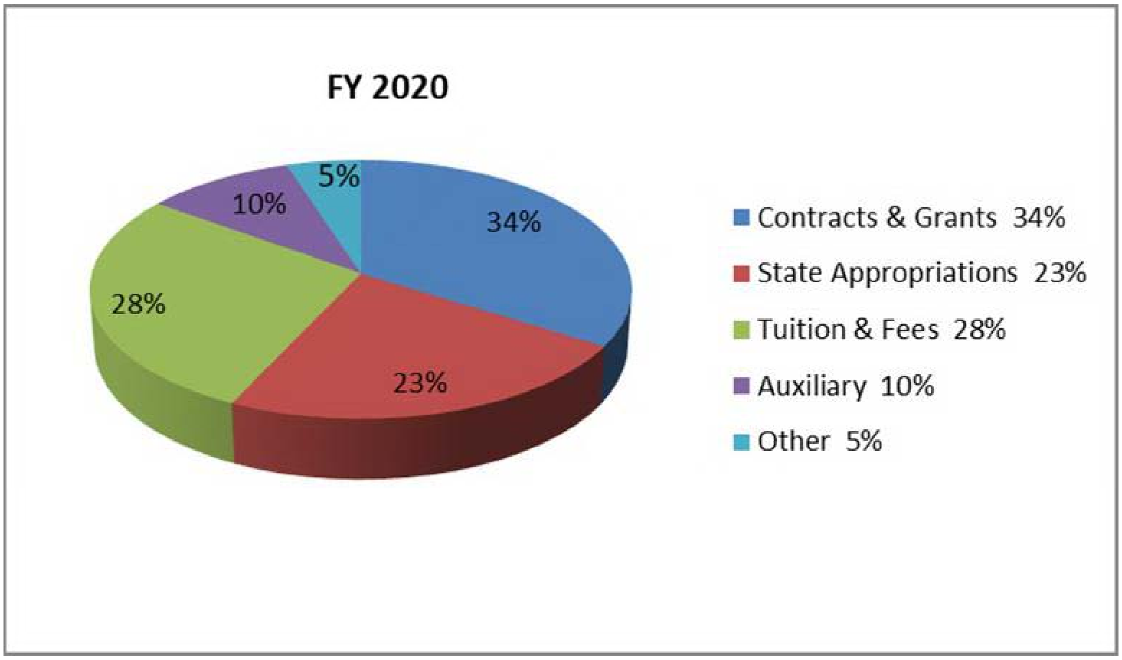
Nonoperating expenses for FY 2020 were $5.3 million, which is an increase of $1.4 million from FY 2019 as a result of an increase in interest on indebtedness of $1.0 million, and an increase of $0.2 million in other nonoperating expense. The increase in interest on indebtedness was due to new capital leases for buildings and equipment.

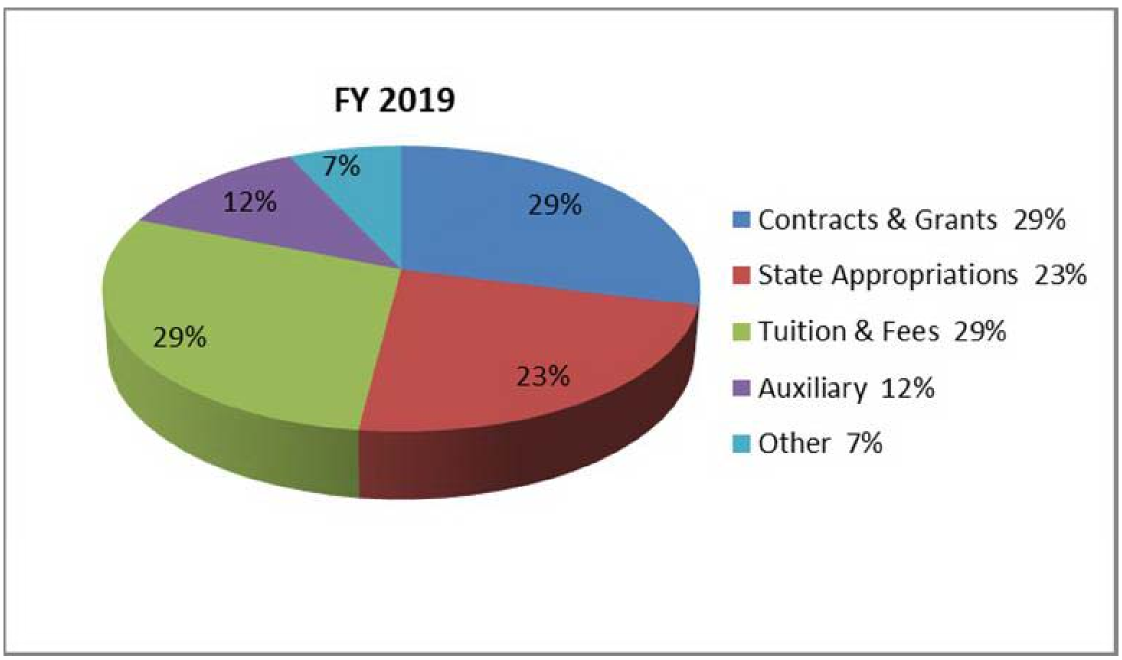
Nonoperating expenses for FY 2019 were $4.1 million, which is a decrease of $0.1 million from FY 2018 as a result of a decrease in interest on indebtedness of $0.2 million, offset by an increase of $0.1 million in fees assessed by the Commission for debt service.

Total operating and nonoperating revenue for the Institution was $290.8 million in FY 2020 as compared to $285.9 million in FY 2019. Revenues as a percentage for FY 2020 and 2019 are shown on Graph A.

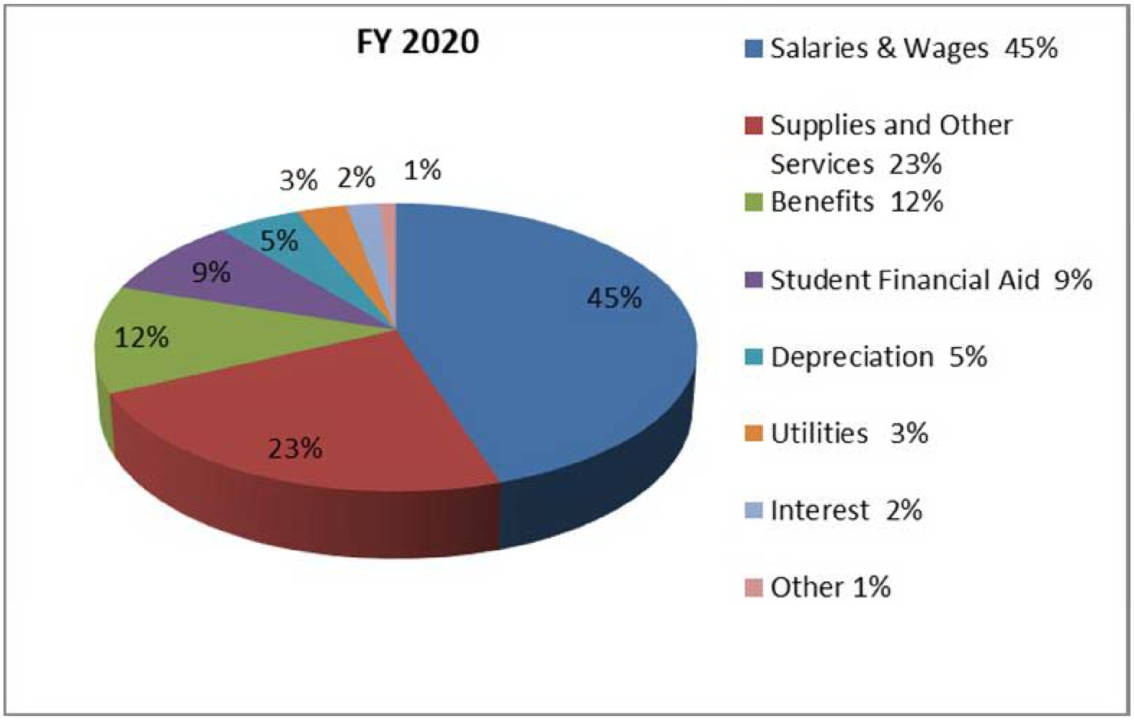
Total operating and nonoperating expense for the Institution was $312.5 million in FY 2020 as compared to $292.0 million in FY 2019. Expenses as a percentage for FY 2020 and 2019 are shown by object of expenditure in Graph B and by functional classification in Graph C.

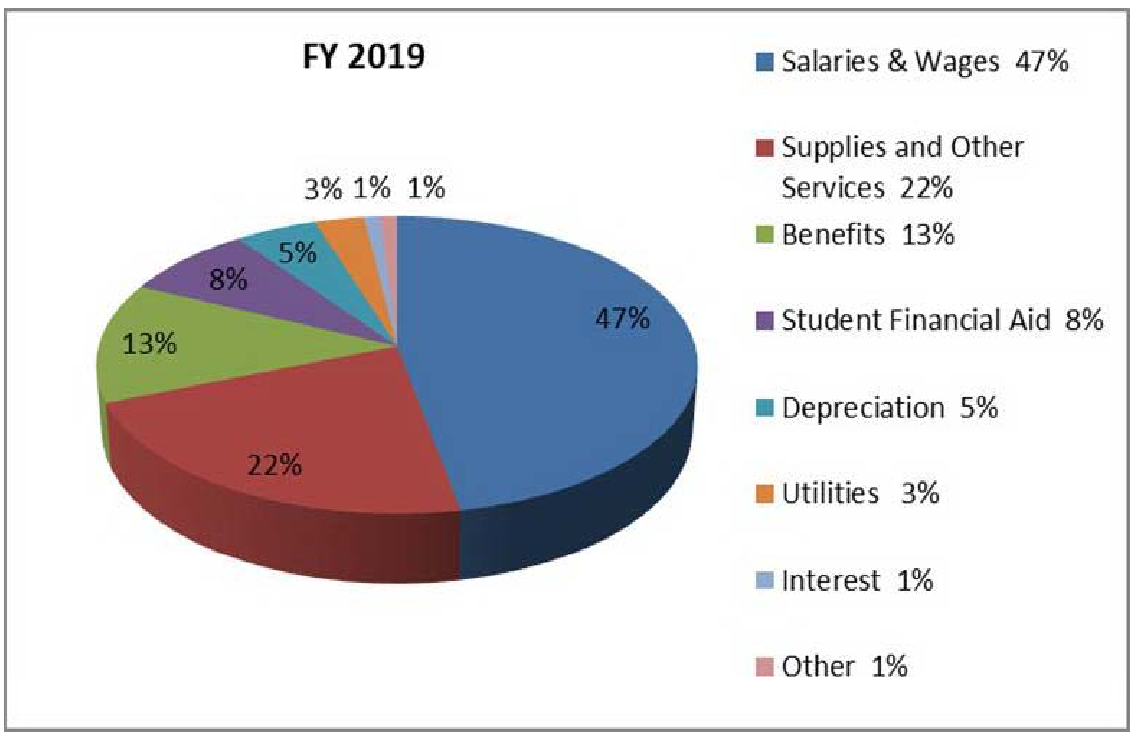
Total Operating and Nonoperating Revenues
(Graph A)



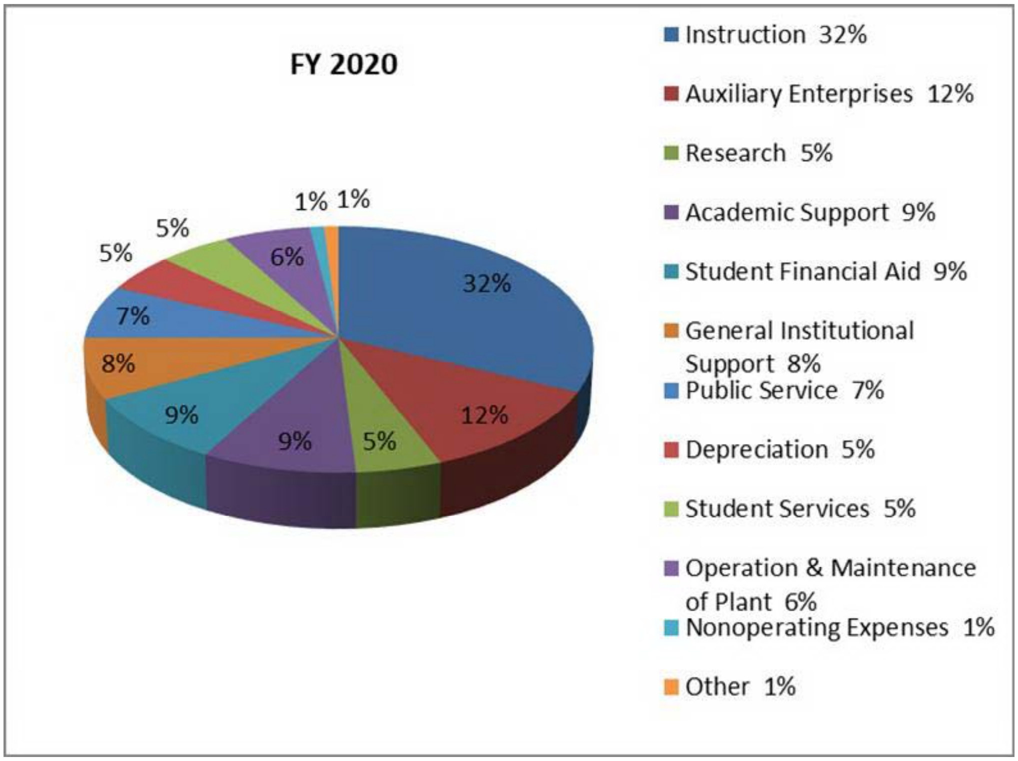


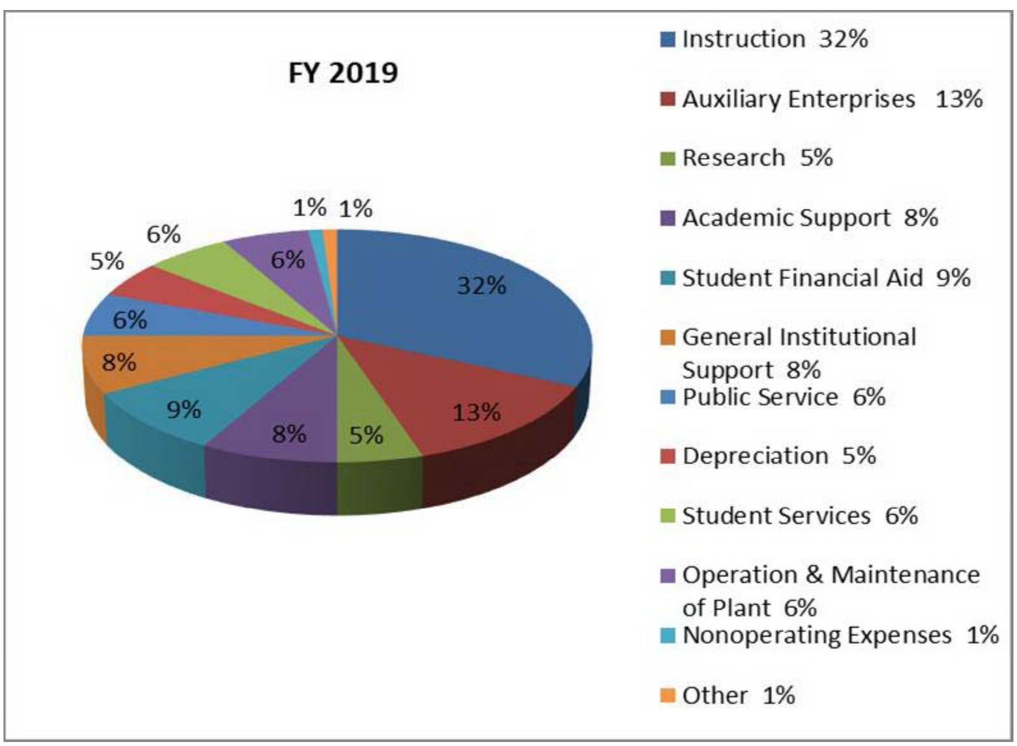
Total Operating and Nonoperating Expenses
(Graph B)





Total Operating and Nonoperating Expenses
By Function (Graph C)





Income before other Revenues, Expenses, Gains, or Losses

The total of both operating and nonoperating revenues and expenses is reflected in the income before other revenues, expenses and other items. In FY 2020, there was a net decrease of $21.7 million for the institution. Of this total, the University had a net decrease of $18.4 million while MURC had a net decrease of $3.3 million.

Changes to Net Position

The decrease in net position of $16.2 million, is $14.8 million more than the net increase in FY 2019. The net position decrease for FY 2020 includes capital grants and gifts of $5.5 million. The net position decrease for FY 2019 includes capital grants and gifts of $4.7 million.

Statement of Cash Flows

The statement of cash flows provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of the University during the year. This statement helps users assess the University's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

Condensed Schedules of Cash Flows
(In thousands of dollars)

	FY 2020	FY 2019	FY 2018
Cash Flows Provided (Used) by:			
Operating Activities	$ (93,303)	$ (75,785)	$ (67,585)
Noncapital Financing Activities	96,579	84,062	81,753
Capital and Related Financing Activities	(21,036)	(13,822)	(12,465)
Investing Activities	4,093	4,130	2,795
Net Change in Current Cash	(13,667)	(1,415)	4,498
Current Cash - Beginning of Year	80,962	82,377	77,879
Current Cash - End of Year	$ 67,295	$ 80,962	$ 82,377

The statement of cash flows is divided into five sections:

- Cash flows from operating activities show the net cash used by the operating activities of the University.
- Cash flows from noncapital financing activities reflect the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes. State appropriations are the primary source of cash in this section.
- Cash flows from capital financing activities include cash used for the acquisition and construction of capital and related items.
- Cash flows from investing activities show the purchases, proceeds, and interest received from investing activities.
- Reconciliation of operating loss to net cash used in operating activities provides a schedule that reconciles the accrual-based operating loss and net cash used in operating activities.

Capital Asset and Debt Administration

The University did not have any construction projects of new facilities in FY2020, only renovation and maintenance projects. Projects that were completed in FY 2020 include various renovation and maintenance projects at the Education Building, Prichard Hall, Twin Towers, Memorial Student Center, and Old Main. New projects that were initiated in FY 2019 were at Henderson Center, Sorrell Building, Jomie Jazz Center, and Twin Towers. Fairfield Landing and Kopp Hall were acquired during FY 2020 on a capital lease, and the MRI building on 6th avenue was received as a gift from Cabell Huntington and St. Mary's hospitals.

The Commission assesses each public institution of higher education for funds to meet the payment of debt service on various revenue bonds that were issued for the financing of academic and other facilities of the State's universities and colleges, including certain facilities of the University. The bonds remain as a capital obligation of the Commission; however, $6.6 million is reported as debt service assessment payable to the Commission by the University.

In April 2020 there were two new bond series issued, the 2020A series and the 2020B series. These new bond issues refund the 2010 series and the 2011 series bonds described below, as well as providing additional funds to construct a new building for the Lewis College of Business and other capital improvements.

At June 30, 2019 the University had two bonds outstanding, the Series 2010 Bonds that were issued to refund a previous bond issue and the Series 2011 Bonds that were used for the construction of new facilities including the Applied Engineering Complex, a multi-floor parking structure, an indoor athletic complex and a soccer complex, as well as land acquisition and renovation projects. See Note 9 for more information on Bonds.

Economic Outlook

Presently, Marshall University's financial position continues to remain closely intertwined with that of the State of West Virginia. Marshall University continues to identify and implement revenue-enhancing and cost-saving measures designed to significantly reduce this dependency.

Although FY2020 realized some recovery of State revenues, The University continues to be at risk for reductions in State appropriations if this revenue stabilization is not maintained. The University has withstood cuts to state appropriations of 13% from FY2013 to FY2020.

Due to the uncertainty of future State appropriations, the University continues to be proactive with its strategic fiscal planning and budgeting processes to lower its dependency on the State. Student affordability remains a crucial consideration in the strategic rebalancing process that has been initiated.

Marshall University continues to focus on cost controls, value creation, organizational structure-function efficiencies, judicious spending, utility conservation measures, targeted improvements to the physical plant, growth in extramural grant funding, strategic expansion of student enrollment and diversified revenue enhancements. Key components of the long-range plan include budget realignment, multi-year pro forma development, comprehensive academic and services portfolio reviews to identify and eliminate hidden unnecessary costs, and establish key performance indicators to allow greater performance accountability.

These measures have already shown success. More than $100 million in Marshall University revenue bonds this year had their “AA-” ratings affirmed March 2020 by Fitch Ratings with a stable outlook. Additionally, Fitch has assigned an “AA” Issuer Default Rating (IDR) to the Board of Governors of Marshall University. The ratings reflect Marshall's important role as the second largest provider of public higher education in the state of West Virginia. In the credit opinion, Fitch Ratings specifically noted “Marshall's very strong financial profile, with very low leverage, relative to the university's midrange demand profile and operating risk assessment” in their analytical conclusion.

The COVID-19 pandemic is a continually evolving situation creating extraordinary uncertainty and pressures for the higher education industry, including Marshall University. To address the immediate impacts, the Marshall University Budget Work Group (comprised of faculty, staff and administrators) developed a comprehensive budget reduction plan for FY2021 to be implemented in phases as needed to address anticipated short-term revenue shortfalls and preserve cash reserves. As these plans are implemented, the University continues to closely monitor regional and national enrollment trends to strategically align services, delivery methods and associated costs with market demand.

Enrollment Growth Plan: Marshall University has launched a series of initiatives to increase full-time undergraduate enrollment. The primary objective is to maximize and manage enrollment growth by taking full advantage of existing institutional capacities in terms of instructional space, faculty, and support staff. The targeted enrollment growth will be achieved through a combination of annual increases in the size of the freshmen class with greater nonresident and international student enrollment, greater leveraging of institutional financial aid, increasing the number of transfer, on-line, distance and adult students, and improved retention rates across all levels to achieve six-year graduation rates for undergraduates that exceed 60%.

Marshall has realized an increase of 9.0% in retention between the Fall 2012 cohort at 68.6% and the Fall 2019 cohort (currently at a preliminary 77.6%). A one-year 4.7% increase in retention from the Fall 2018 cohort to the Fall 2019 cohort has added 82 retained freshmen enrolled in Fall 2020. Final enrollments for Fall 2018 and Fall 2019 were 13,215 and 12,862 students respectively. Current same-day enrollment for Fall 2019 shows a decrease of 207 full-time students. This is due mainly to decreased freshman intakes in prior years. The upswing in the curve of the freshmen class sizes along with increases in retention support enrollment growth in future years.

Future Direction: The University's Board of Governors in April 2015 affirmed the following institutional priorities in which will continue to drive the University's strategic direction:

- Positioning the University to redefine the landscape of public higher education while attaining the highest possible levels of achievement across academic and student programs;
- Making an unprecedented university-wide commitment to student recruitment and retention;
- Promoting diversity and global engagement;
- Cultivating the symbiotic connection with Huntington and surrounding communities, particularly related to regional economic development, rural health care delivery, and improvement of elementary and secondary education;
- Establishing and maintaining a competitive Division I athletic program with high academic standards for athletes; and
- Building collaborative, interdisciplinary research clusters in biomedicine/biotechnology, transportation technology/logistics, engineering, advanced manufacturing and the physical sciences.

President Gilbert continues to make significant progress towards increasing research activities at Marshall University. Research funding has increased significantly since the arrival of President Gilbert in 2016. In FY2020, research funding increased to $49.4 million, up from $39 million in FY2019 and $28 million in FY2018. In 2018, Marshall University was classified as an "R2" research institution by the Carnegie Classification of Institutions of Higher Education, which places Marshall University among the top six percent of college and universities in the nation, and is the second-highest classification an institution can receive from the organization. The University has experienced significant growth in research activity and opportunity in recent years. Continued growth in terms of research funding and opportunity remains a top priority for the University going forward.

In addition to the existing undergraduate, graduate and professional degree program offerings, Marshall University is making substantial progress towards additional programs in prevailing areas including Aviation, Engineering, Health Professions and Business.

Despite the unprecedented uncertainties arising from the COVID-19 pandemic, Marshall University approaches these challenges as an opportunity to realign spending and processes with the University's strategic mission and vision. For example, the University's academic leadership has initiated a comprehensive review of course and section offerings to ensure the efficient use of resources. Additionally, the University is reviewing graduate and other non-core programs for viability and sustainability.

This is a pivotal time for Marshall University. Although these are unpredictable economic times and there are stern challenges ahead, the University continues to successfully sustain its commitment to providing distinctive learning experiences and outcomes valued by those we serve at an affordable cost. The remarkable progress that has been achieved at Marshall over the last decade has been enhancing to its academic reputation and the University is increasingly gaining recognition as a high-value institution and a leading public higher education innovator not only in West Virginia but across the nation and around the globe.

MARSHALL UNIVERSITY
STATEMENTS OF NET POSITION – PRIMARY INSTITUTION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 67,294,800	$ 80,961,564
Accounts Receivable, Net	17,979,666	17,199,381
Loans Receivable	796,094	864,989
Inventories	654,607	614,172
Other Current Assets	2,366,764	477,674
Total Current Assets	89,091,931	100,117,780
NONCURRENT ASSETS		
Cash and Cash Equivalents	29,632,935	1,688,264
Investments	102,084,877	103,608,778
Accounts Receivable	11,330,026	9,330,385
Loans Receivable, Net of Allowance of $2,554,085 in 2020 and $2,694,902 in 2019	4,702,386	5,882,508
Capital Assets, Net	460,010,105	403,646,538
Total Noncurrent Assets	607,760,329	524,156,473
Total Assets	696,852,260	624,274,253
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	3,121,726	685,273
Related to Pensions	366,399	434,007
Related to OPEB	5,763,373	5,768,580
Total Deferred Outflows of Resources	9,251,498	6,887,860
Total Assets and Deferred Outflows	$ 706,103,758	$ 631,162,113

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
STATEMENTS OF NET POSITION – PRIMARY INSTITUTION (CONTINUED)
JUNE 30, 2020 AND 2019

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2020	2019
CURRENT LIABILITIES		
Accounts Payable	$ 5,137,513	$ 5,896,958
Accrued Liabilities	16,567,543	15,431,361
Accrued Interest	771,423	612,653
Unearned Revenue	15,251,376	8,386,044
Deposits	760,678	707,575
Notes, Capital Lease, and Bonds Payable, Current Portion	6,025,367	4,607,537
Compensated Absences	11,796,318	10,547,915
Debt Obligations to the Commission, Current Portion	1,149,640	1,103,723
Total Current Liabilities	57,459,858	47,293,766
NONCURRENT LIABILITIES		
Notes, Capital Lease, and Bonds Payable	160,363,330	76,015,266
Advances from Federal Sponsors	5,040,388	6,345,285
Other Noncurrent Liabilities	12,004,640	10,134,015
Accrued Service Concession Liability	1,076,039	277,011
Other Post Employment Benefits Liability	30,788,355	38,692,291
Net Pension Liability	2,077,711	2,320,149
Debt Obligations to the Commission	5,469,383	6,619,023
Total Noncurrent Liabilities	216,819,846	140,403,040
Total Liabilities	274,279,704	187,696,806
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangement	3,594,174	2,936,710
Related to Pensions	956,568	1,201,337
Related to OPEB	13,851,327	9,674,071
Total Deferred Inflows of Resources	18,402,069	13,812,118
Total Liabilities and Deferred Inflows	292,681,773	201,508,924
NET POSITION		
Net Investment in Capital Assets	315,841,843	312,724,566
Restricted for:		
Nonexpendable	15,176,000	15,176,000
Expendable:		
Scholarships	179,181	370,646
Sponsored Projects	7,670,622	12,826,626
Loans	1,840,771	1,959,263
Debt Service	1,141,659	1,530,982
Total Restricted Expendable	10,832,233	16,687,517
Unrestricted	71,571,909	85,065,106
Total Net Position	413,421,985	429,653,189
Total Liabilities, Deferred Inflows, and Net Position	$ 706,103,758	$ 631,162,113

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of $41,949,222 in 2020 and $42,089,869 in 2019	$ 80,492,976	$ 84,135,519
Contracts and Grants:		
Federal	26,196,224	20,577,116
State	23,450,859	21,648,370
Local	1,542,868	1,408,968
Private	24,246,790	21,600,459
Interest on Loans Receivable	148,457	186,420
Sales and Services of Educational Activities	229,944	206,010
Auxiliary Enterprise Revenue, Net of Scholarship Allowance of $6,744,013 in 2020 and $6,766,624 in 2019	27,966,121	34,032,269
Other Operating Revenues	9,483,437	9,566,517
Total Operating Revenues	193,757,676	193,361,648
OPERATING EXPENSES		
Salaries and Wages	141,589,247	136,238,367
Benefits	36,804,271	37,820,473
Supplies and Other Services	71,303,997	64,502,828
Utilities	8,753,659	8,675,191
Student Financial Aid, Scholarships, and Fellowships	28,952,833	24,714,038
Depreciation	16,435,163	15,645,622
Other Operating Expenses	3,367,138	225,260
Total Operating Expenses	307,206,308	287,821,779
OPERATING LOSS	(113,448,632)	(94,460,131)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	66,897,185	63,875,101
State Lottery Appropriations	598,436	574,986
Payments on Behalf of the University	2,505,285	2,995,741
Federal Pell Grants	17,047,030	17,805,716
Federal CARES Grants	6,525,169	-
Gifts	1,016,215	1,401,760
Investment Income	2,455,146	5,614,298
Interest on Indebtedness	(4,656,282)	(3,662,663)
Fees Assessed by the Commission for Debt Service	(463,093)	(501,250)
Other Nonoperating Revenues (Expenses), Net	(175,067)	240,902
Net Nonoperating Revenues	91,750,024	88,344,591
LOSS BEFORE OTHER REVENUES, EXPENSES GAINS, OR LOSSES	(21,698,608)	(6,115,540)
CAPITAL GRANTS AND GIFTS	5,467,404	4,709,027
DECREASE IN NET POSITION	(16,231,204)	(1,406,513)
Net Position - Beginning of Year	429,653,189	431,059,702
NET POSITION - END OF YEAR	$ 413,421,985	$ 429,653,189

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
STATEMENTS OF CASH FLOWS – PRIMARY INSTITUTION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 83,585,990	$ 82,119,676
Contracts and Grants	76,512,350	68,761,406
Payments to and on Behalf of Employees	(179,880,852)	(173,288,262)
Payments to Suppliers	(68,192,619)	(65,747,963)
Payments to Utilities	(8,753,659)	(8,675,191)
Payments for Scholarships and Fellowships	(28,952,833)	(24,714,038)
Loans Issued	(431,346)	(278,773)
Collection of Loans	1,129,940	1,243,665
Sales and Service of Educational Activities	229,944	206,010
Auxiliary Enterprise Charges	26,207,202	34,361,883
Program Income	634,625	1,132,533
Other Receipts - Net	4,608,402	9,094,373
Net Cash Used by Operating Activities	(93,302,856)	(75,784,681)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	67,795,458	64,926,338
Federal Pell Grants	17,047,030	17,805,716
Federal Cares Grants	7,776,430	-
Gift Receipts	1,016,215	1,401,760
Proceeds from Notes Payable	3,115,000	-
Payments on Notes Payable	(560,000)	-
Other Nonoperating Receipts	14,750	6,595
Agency Fund Receipts	22,950,963	22,176,554
Agency Fund Payments	(22,576,815)	(22,254,606)
William D. Ford Direct Lending Receipts	82,346,029	82,710,148
William D. Ford Direct Lending Payments	(82,346,047)	(82,710,137)
Net Cash Provided by Noncapital Financing Activities	96,579,013	84,062,368
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Grants and Gifts Received	5,752,505	3,267,186
Purchases of Capital Assets	(15,436,683)	(6,891,451)
Interest Paid on Notes Payable	(40,213)	(44,762)
Payments on Note Payable	(161,018)	(161,018)
Payments on Debt to MCTC	-	(42,834)
Proceeds from sale of bonds	103,068,461	-
Payoff on refinanced bonds	(77,479,853)	-
Issuance costs on new bonds	(1,093,566)	-
Principal Paid on Bonds and Leases	(1,652,503)	(4,498,619)
Interest Paid on Bonds and Leases	(4,482,068)	(3,697,765)
Proceeds from Sale of Capital Assets	-	332,199
Principal Payment on Debt Obligation Due to the Commission	(903,723)	(863,107)
Fees Assessed by the Commission	(463,093)	(501,250)
Principal Payment on Loan from the Commission	(200,000)	(200,000)
Deposits to Noncurrent Cash and Cash Equivalents	(29,925,450)	(2,094,153)
Withdrawals from Noncurrent Cash and Cash Equivalents	1,980,778	1,573,136
Net Cash Used by Capital Financing Activities	(21,036,426)	(13,822,438)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(2,826,558)
Sales/Maturities of Investments	1,599,139	3,240,916
Investment Income	2,494,366	3,715,232
Net Cash Provided by Investing Activities	4,093,505	4,129,590
DECREASE IN CURRENT CASH AND CASH EQUIVALENTS	(13,666,764)	(1,415,161)
Current Cash and Cash Equivalents - Beginning of Year	80,961,564	82,376,725
CURRENT CASH AND CASH EQUIVALENTS - END OF YEAR	$ 67,294,800	$ 80,961,564

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
STATEMENTS OF CASH FLOWS – PRIMARY INSTITUTION (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (113,448,632)	$ (94,460,131)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	16,435,163	15,645,622
Expenses Paid on Behalf of the University	2,505,285	2,995,741
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:		
Accounts Receivable - Net	(4,516,380)	1,223,052
Loans Receivable - Net	838,613	1,190,152
Other Assets	(1,609,019)	(20,598)
Inventories	(40,435)	74,551
Accounts Payable	2,237,472	784,405
Accrued Liabilities	2,875,174	90,688
Other Post Employment Benefits Related	(3,721,473)	(2,537,419)
Pension Related	(419,599)	(454,719)
Compensated Absences	1,248,403	561,903
Unearned Revenue	5,564,366	(905,120)
Advances from Federal Sponsors	(1,304,897)	-
Deposits Held for Others	53,103	27,192
Net Cash Used by Operating Activities	$ (93,302,856)	$ (75,784,681)
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Loss on Disposal of Assets	$ 157,481	$ 50,793
Property Additions in Accounts Payable	$ 261,242	$ 936,559
Expenses Paid on Behalf of the University	$ 2,505,285	$ 2,995,741
Acquisition of Fixed Assets Under Capital Lease Arrangements	$ 56,803,333	$ 6,204
Donated Capital Assets	$ 1,703,918	$ 850,143

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
THE MARSHALL UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – COMPONENT UNIT
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 90,338,670	$ 20,880,733
Unconditional promises to give, less allowance for uncollectible promises of $4,259,841 and $4,325,212 in 2020 and 2019, respectively	24,463,371	25,529,129
Receivable from bequests	8,572,368	12,632,532
Other receivables	258,081	1,102,177
Prepaids	59,470	56,378
Investments	149,731,032	220,290,393
Cash surrender value-life insurance, net of policy loans	567,284	527,383
Property and equipment - net	11,653,934	12,004,600
Other assets	16,525	66,525
Contributions receivable from remainder trusts	462,765	509,863
Beneficial interest in perpetual trust	9,575,421	9,843,712
Collections	1,494,273	1,351,095
TOTAL ASSETS	$ 297,193,194	$ 304,794,520
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 42,819	$ 326,211
Accrued vacation, wages and deferred compensation	421,869	340,352
Deferred revenue	4,426	406,011
Accrued interest payable	130,924	110,404
Notes payable	676,000	300,000
Annuity payment liability	596,177	426,031
Funds held in custody for others	73,509,009	73,329,905
TOTAL LIABILITIES	75,381,224	75,238,914
NET ASSETS		
Without donor restrictions	16,733,052	18,566,577
With donor restrictions	205,078,918	210,989,029
TOTAL NET ASSETS	221,811,970	229,555,606
TOTAL LIABILITIES AND NET ASSETS	$ 297,193,194	$ 304,794,520

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
THE MARSHALL UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES – COMPONENT UNIT
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS			
Gifts and contributions	$ 830,787	$ 11,255,844	$ 12,086,631
Investment income	2,004,265	16,906,813	18,911,078
Other	629,297	950,152	1,579,449
Net assets released from restrictions			
Satisfaction of program restrictions	10,438,097	(10,438,097)	-0-
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	13,902,446	18,674,712	32,577,158
EXPENSES			
PROGRAM SERVICES			
Academic assistance	5,114,497	-0-	5,114,497
Student assistance	5,452,115	-0-	5,452,115
TOTAL PROGRAM SERVICES	10,566,612	-0-	10,566,612
SUPPORTING SERVICES			
Management and general	2,218,571	-0-	2,218,571
Fundraising	1,773,678	-0-	1,773,678
TOTAL SUPPORTING SERVICES	3,992,249	-0-	3,992,249
TOTAL EXPENSES	14,558,861	-0-	14,558,861
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSS)	(656,415)	18,674,712	18,018,297
OTHER INCOME (LOSS)			
Unrealized gains (losses) on investments	(2,696,710)	(23,065,223)	(25,761,933)
CHANGE IN NET ASSETS	(3,353,125)	(4,390,511)	(7,743,636)
NET ASSETS AS OF BEGINNING OF YEAR	18,566,577	210,989,029	229,555,606
TRANSFERS	1,519,600	(1,519,600)	-0-
NET ASSETS AS OF END OF YEAR	$ 16,733,052	$ 205,078,918	$ 221,811,970

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
THE MARSHALL UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES – COMPONENT UNIT (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 207,781	$ 47,624,439	$ 47,832,220
172,998	1,255,201	1,428,199
125,806	1,712,740	1,838,546
12,884,462	(12,884,462)	-0-
13,391,047	37,707,918	51,098,965
8,254,746	-0-	8,254,746
4,903,744	-0-	4,903,744
13,158,490	-0-	13,158,490
2,214,587	-0-	2,214,587
1,593,130	-0-	1,593,130
3,807,717	-0-	3,807,717
16,966,207	-0-	16,966,207
(3,575,160)	37,707,918	34,132,758
803,998	6,410,627	7,214,625
(2,771,162)	44,118,545	41,347,383
18,975,868	169,232,355	188,208,223
2,361,871	(2,361,871)	-0-
$ 18,566,577	$ 210,989,029	$ 229,555,606

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
PROVIDENT GROUP – MARSHALL PROPERTIES L.L.C.
BALANCE SHEETS – COMPONENT UNIT
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,199,982	$ 1,417,760
Assets held by trustee, current portion	1,928,519	1,714,020
Accounts receivable, net of allowance; 2020 - $986,000 and 2019 - $707,000	651,063	589,258
Prepaid insurance and other current assets	64,611	69,965
Total current assets	3,844,175	3,791,003
Assets held by trustee, net of current portion	3,532,395	3,887,864
Property and equipment		
Buildings and improvements	77,491,244	77,434,820
Equipment and furniture	7,768,413	7,697,074
Construction in progress	26,497	67,532
	85,286,154	85,199,426
Less accumulated depreciation	32,530,679	29,460,039
Total property and equipment	52,755,475	55,739,387
Total assets	$ 60,132,045	$ 63,418,254
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities		
Revenue bonds payable, current portion	$ 76,878,925	$ 982,000
Accounts payable	134,653	146,604
Accrued interest	8,870	112,359
Interest rate swap agreement, current portion	19,409,239	1,818,960
Accrued expenses and other current liabilities	960,492	1,118,432
Total current liabilities	97,392,179	4,178,355
Long-term liabilities		
Revenue bonds payable, net of current portion	8,557,000	85,209,295
Deferred interest - subordinate bonds payable	1,282,327	835,389
Interest rate swap agreement, net of current portion	-	12,986,549
Total long-term liabilities	9,839,327	99,031,233
Total liabilities	107,231,506	103,209,588
Member's deficit	(47,099,461)	(39,791,334)
Total liabilities and member's deficit	$ 60,132,045	$ 63,418,254

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
PROVIDENT GROUP – MARSHALL PROPERTIES L.L.C.
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT – COMPONENT UNIT
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating revenue		
Rental revenue	$ 4,806,233	$ 4,434,258
Membership fees	4,839,691	5,405,073
Other revenue	100,760	134,305
Total operating revenue	9,746,684	9,973,636
Operating expenses		
Administration and general	3,417,532	3,510,382
Plant operations and maintenance	1,216,802	1,308,541
Marketing	41,080	62,972
Management fee	660,677	647,754
Bad debts	291,335	142,547
Total operating expenses	5,627,426	5,672,196
Operating income	4,119,258	4,301,440
Other income (expense)		
Interest income	35,646	53,710
Interest expense - senior bonds payable	(2,933,286)	(2,895,868)
Interest expense - subordinate bonds payable	(655,200)	(655,200)
Interest expense - amortization of debt related items	(59,630)	(61,799)
Unrealized loss on interest rate swap agreement	(4,603,730)	(3,672,308)
Depreciation	(3,152,320)	(3,161,855)
Loss on disposal of fixed assets	(58,865)	(11,845)
Total other expense	(11,427,385)	(10,405,165)
Net loss	$ (7,308,127)	$ (6,103,725)

Member's deficit, July 1, 2018	$ (33,687,609)
Net loss	(6,103,725)
Member's deficit, June 30, 2019	(39,791,334)
Net loss	(7,308,127)
Member's deficit, June 30, 2020	$ (47,099,461)

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
BIG GREEN SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION – COMPONENT UNIT
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 1,416,421	$ 1,452,775
Accounts Receivable	465,159	665,806
Unconditional Pledges (Net of Allowance for Uncollectible Pledges)	2,669,847	1,468,374
Prepaid Expenses	4,493	3,139
Total Current Assets	4,555,920	3,590,094
FIXED ASSETS		
Vehicles	89,851	89,851
Less: Accumulated Depreciation	(85,893)	(83,393)
Net Fixed Assets	3,958	6,458
OTHER ASSETS		
Other Receivable	-	380,354
Security Deposit	2,039	2,039
Beneficial Interest in Charitable Remainder Trust, With Donor Restrictions	667,580	725,657
Endowment Investments:		
Without Donor Restrictions	105,828	104,223
With Donor Restrictions	8,764,287	8,746,860
Cash Value Life Insurance	100,914	98,788
Total Other Assets	9,640,648	10,057,921
Total Assets	$ 14,200,526	$ 13,654,473
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 15,397	$ 21,001
Current Portion of Long-Term Debt	423,954	573,760
Deferred Revenue	47,730	130
Total Current Liabilities	487,081	594,891
OTHER LIABILITIES		
Long-Term Debt	-	423,195
Total Liabilities	487,081	1,018,086
NET ASSETS		
Without Donor Restrictions	1,971,272	2,104,556
With Donor Restrictions	11,742,173	10,531,831
Total Net Assets	13,713,445	12,636,387
Total Liabilities and Net Assets	$ 14,200,526	$ 13,654,473

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
BIG GREEN SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF ACTIVITIES – COMPONENT UNIT
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Gains:		
Contributions	$ 2,290,629	$ 2,662,941
Special Events	372,249	525,791
Investment Return, Net	290,810	353,375
Other Income	142,716	139,354
In-Kind Contributions	461,819	414,590
Total Revenues and Gains	3,558,223	4,096,051
Expenses		
Management and General Expenses:		
Salaries and Benefits	130,157	157,861
Special Events	280,081	410,601
Travel and Entertainment	84,973	81,259
Temporary Staff Housing	20,000	22,032
Courtesy Cars	60,536	70,929
Promotions	189,737	212,555
Public Relations	28,746	17,950
Printing and Graphics	19,024	47,652
Office Expenses	25,919	36,957
Insurance	9,973	9,995
Repair, Maintenance, and Rental	76,391	71,032
Accounting and Professional Services	13,776	11,966
Interest	33,127	60,380
Other Expenses	2,407	2,510
Bank Charges and Credit Card Fees	41,949	32,657
Bad Debt Expense	243,608	115,488
Total Management and General Expenses	1,260,404	1,361,824

See accompanying Notes to Financial Statements.

MARSHALL UNIVERSITY
BIG GREEN SCHOLARSHIP FOUNDATION, INC.
STATEMENTS OF ACTIVITIES – COMPONENT UNIT
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Program Service Expenses:		
Contributions to Marshall University Department of Athletics	$ 1,800,000	$ 1,950,000
Capital Purchases to Marshall University	820,000	180,000
Salaries and Benefits	208,047	199,455
Financial Aid	10,500	10,500
Athletic Equipment and Awards	33,095	85,080
Courtesy Cars	178,672	158,466
Travel, Team	81,101	161,293
Recruiting	105,675	111,077
Medical	142,656	127,210
Housing	72,290	75,472
Facility Maintenance	-	91,487
Office Expenses	9,053	12,100
Depreciation	2,500	1,042
Total Program Service Expenses	3,463,589	3,163,182
Total Expenses	4,723,993	4,525,006
Net Assets Released from Restriction	1,032,486	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(133,284)	(428,955)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and Gains:		
Contributions	2,462,318	1,399,258
Investment Return, Net	(219,490)	87,439
Total Revenues and Gains	2,242,828	1,486,697
Net Assets Released from Restriction	(1,032,486)	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	1,210,342	1,486,697
INCREASE IN NET ASSETS	1,077,058	1,057,742
Net Assets - Beginning of Year	12,636,387	11,578,645
NET ASSETS - END OF YEAR	$ 13,713,445	$ 12,636,387

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Marshall University (the University) is governed by the Marshall University Board of Governors (the Board). The Board was established by Senate Bill (S.B.) 653.

Powers and duties of the Board include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the institution(s) under its jurisdiction; the duty to develop a master plan for the institution; the power to prescribe the specific functions and institution(s) budget requests; the duty to review, at least every five years, all academic programs offered at the institution(s); and the power to fix tuition and other fees for the different classes or categories of students enrolled at the institution(s).

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission) and the West Virginia Higher Education Fund (the Fund). The Commission is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

As a requirement of Governmental Accounting Standards Board (GASB), the University has included information from the Marshall University Foundation, Inc. (the Foundation), Provident Group – Marshall Properties, L.L.C. (Provident – Marshall) and Big Green Scholarship Foundation, Inc. (Big Green) for the years ended June 30, 2020 and 2019.

On July 30, 2010, Provident – Marshall purchased the project previously owned by MSH – Marshall, LLC (MSH – Marshall). MSH – Marshall recognized a gain on sale of the project, net of unamortized issuance costs, of $17 million.

Although the University benefits from the activities of the Foundation and Big Green, they are independent of the University in all respects. The Foundation and Big Green are not subsidiaries of the University and are not directly or indirectly controlled by the University. The Foundation and Big Green have their own separate, independent board of directors. Moreover, the assets of the Foundation and Big Green are the exclusive property of the Foundation and Big Green and do not belong to the University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation or Big Green. The University does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation or Big Green. The Boards of Directors of the Foundation and Big Green are entitled to make all decisions regarding the business and affairs of the respective entities, including, without limitation, distributions made to the University. Under the State of West Virginia (the State) law, neither the principal nor income generated by the respective assets of the Foundation or Big Green can be taken into consideration in determining the amount of State-appropriated funds allocated to the University. Third parties dealing with the University, the Board, and the State (or any agency thereof) should not rely upon the financial statements of the Foundation or Big Green for any purpose without consideration of all the foregoing conditions and limitations.

NOTE 1 ORGANIZATION (CONTINUED)

Although the University benefits from the activities of Provident – Marshall, Provident – Marshall is independent of the University in all respects. Provident – Marshall is not a subsidiary of the University and is not directly or indirectly controlled by the University. Provident – Marshall is a nonprofit corporation that is operated for charitable purposes. The assets of Provident – Marshall are the exclusive property of Provident – Marshall and do not belong to the University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of Provident – Marshall. The University does not have the power or authority to mortgage, pledge, or encumber the assets of Provident – Marshall. Any income resulting from the operations of Provident – Marshall is for the benefit of Provident – Marshall, and is not distributed to the University. Third parties dealing with the University, the Board, and the State (or any agency thereof) should not rely upon the financial statements of Provident – Marshall for any purpose without consideration of all the foregoing conditions and limitations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America (generally accepted accounting principles or U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources net position, revenues, expenses, changes in net position, and cash flows.

Reporting Entity

The University is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the State that are not included in the State's general fund. The University is a separate entity that, along with all State institutions of higher education, the Commission (which includes West Virginia Network for Educational Telecomputing), and the West Virginia Council for Community and Technical College Education form the Higher Education Fund of the State. The Higher Education Fund is considered a component unit of the State, and its financial statements are discretely presented in the State's comprehensive annual financial report.

The accompanying financial statements present all funds under the authority of the University, including Marshall University Research Corporation (MURC) and Southern West Virginia Brownfields Assistance Center, Inc. (the Center). The basic criteria for inclusion in the accompanying financial statements is the exercise of oversight responsibility derived from the University's ability to significantly influence operations and accountability for fiscal matters of related entities. Other affiliates of the University (see Note 18) are not part of the University reporting entity and are not included in the accompanying financial statements, since the University has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of these entities under GASB.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

On May 25, 2006, the Center was incorporated to foster and promote the redevelopment of Brownfield sites, including providing assistance to eligible entities on state and federal Brownfield programs, securing state and federal funding for Brownfield redevelopment, and acquiring property eligible for state and federal Brownfield assistance as set forth in West Virginia State Code 18B-11-7. As of June 30, 2020 and 2019, the Center had limited financial activity, all of which is included in the accompanying financial statements.

The audited financial statements of the Foundation, Big Green and Provident – Marshall, are presented here as discretely presented component units with the University financial statements in accordance with GASB discretely presented component unit requirements. The Foundation and Big Green are separate, private, nonprofit organizations; Provident – Marshall is a single-member, limited liability company; and all report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the audited financial information as they are presented herein (see Notes 15, 16, 17, 24, 25, and 26).

Financial Statement Presentation

GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the University as a whole. Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of University obligations. The University's net position is classified as follows:

Net Investment in Capital Assets — This represents the University's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent that debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position, Expendable — This includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, *Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code*. House Bill No. 101 passed in March 2004 simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the University. These restrictions are subject to change by future actions of the West Virginia Legislature.

Restricted Net Position, Nonexpendable — This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Unrestricted Net Position — Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Board to meet current expenses for any purpose.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in only business-type activities. Accordingly, the University's financial statements have been prepared on the accrual basis of accounting with a focus on the flow of economic resources measurement. Revenues are reported when earned and expenses are reported when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statements of net position, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the State Treasurer) are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal or on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of eight investment pools and participant-directed accounts, three of which the University may invest in. These pools have been structured as multiparticipant variable net position funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual audited financial report. A copy of that annual audited financial report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The University's investments are entirely managed and held by the Foundation at June 30, 2020 and 2019. MURC held U.S. government agency securities, corporate/foreign bonds, equity mutual funds and fixed income investments at June 30, 2020 and 2019.

Investments measured and reported at fair value are classified according to the following hierarchy. Level 1, investments reflect prices quoted in active markets. Level 2, investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. Level 3, investments reflect prices based upon unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies, and instrumentalities (U.S. government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities; and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposits, loans approved by the State Legislature, and any other program investments authorized by the State Legislature.

Investments are made in accordance with and subject to the provisions of the Uniform Prudent Investor Act codified as Chapter 44, Article 6C, of the West Virginia Code.

Allowance for Doubtful Accounts

It is the University's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances; the historical collectability experienced by the University on such balances; and such other factors that, in the University's judgment, require consideration in estimating doubtful accounts.

Inventories

Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments and long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) permanently restricted net position are classified as noncurrent assets in the accompanying statements of net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include property, plant, and equipment; books and materials that are part of a catalogued library; and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction or at market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and infrastructure, 15 years for land improvements, 7 years for library books, and 3 to 10 years for furniture and equipment. The University's capitalization threshold is $100,000 for buildings and $5,000 for most other capital assets.

Unearned Revenue

Revenues for programs or activities to be conducted primarily in the next fiscal year are classified as unearned revenue, including items such as football ticket sales, tuition and fees, and room and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Postemployment Benefits (OPEB)

GASB provides for the measurement, recognition, and display of OPEB expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. The University is required to participate in this multiple-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund (RHBT), sponsored by the State of West Virginia. Details regarding this plan and its stand-alone financial statements can be obtained by contacting the West Virginia Public Employees Insurance Agency (PEIA), State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710, or http://www.wvpeia.com.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave or payments in lieu of accrued vacation or sick leave as such benefits are earned and payment becomes probable. The University's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage, and three days extend health insurance for one month of family coverage. For employees hired after 1988, or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is now provided for under the multiple-employer, cost-sharing plan sponsored by the State.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Other Postemployment Benefits (OPEB) (Continued)

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3 1/3 years of teaching service extend health insurance for one year of single coverage, and five years extend health insurance for one year of family coverage. Faculty hired after July 1, 2009 will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010 receive no health insurance premium subsidy from the University. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for the vacation leave or OPEB benefits are recorded as a component of benefits expense in the statements of revenues, expenses, and changes in net position.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Teachers' Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board (CPRB), and additions to/reductions from the TRS fiduciary net position have been determined on the same basis as they are reported in the TRS financial statements, which can be found at https://www.wvretirement.com/Publications.html#CAFR. The plan schedules of TRS are prepared using the accrual basis of accounting and economic resources measurement focus in accordance with U.S. GAAP as prescribed by GASB. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions.

Investments are reported at fair value. Detailed information on investment valuation can be found in the TRS financial statements. Management of TRS has made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ (Note 14).

Deferred Outflows of Resources

Consumption of net position by the University that is applicable to a future fiscal year is reported as a deferred outflow of resources on the statement of net position. As of June 30, 2020 and 2019, the University had a deferred loss on refunding of $3,121,726 and $685,273, respectively, and deferred outflows of resources related to pensions of $366,399 and $434,007 as of June 30, 2020 and 2019, respectively (Note 14). As of June 30, 2020 and 2019, the University had deferred outflows of resources related to OPEB of $5,763,374 and $5,768,580, respectively, as required by GASB 75 (Note 11).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Acquisition of net position by the University that is applicable to a future fiscal year is reported as a deferred inflow of resources on the statement of net position. As of June 30, 2020 and 2019, the University had deferred inflows from service concession arrangements of $3,594,174 and $2,936,710, respectively (Note 20), and deferred inflows related to pensions of $956,568 and $1,201,337 as of June 30, 2020 and 2019, respectively (Note 14). As of June 30, 2020 and 2019, the University had deferred inflows of resources related to OPEB of $13,851,327 and $9,674,071, respectively, as required by GASB 75 (Note 11).

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and medical malpractice liability coverage to the University and its employees, including those physicians employed by the University and related to the University's School of Medicine (SOM). Such coverage may be provided to the University by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the University or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the University is currently charged by BRIM and the ultimate cost of that insurance based on the University's actual loss experience. In the event that such differences arise between estimated premiums currently charged by BRIM to the University and the University's ultimate actual loss experience, the difference will be recorded as the change in estimate becomes known.

SOM established a $250,000 deductible program under the BRIM professional liability coverage effective July 1, 2005. Prior to this date, the SOM was totally covered by BRIM at a limit of $1,000,000 per occurrence.

Starting July 1, 2005, the SOM assumed the risk and responsibility for any and all indemnity amounts up to $250,000 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance. Under the program, SOM entered into an agreement with BRIM whereby SOM initially deposited $500,000 in an escrow account with the State Treasury from which BRIM could withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOM. At June 30, 2020 and 2019, the balance in the escrow account was $1,505,159 and $1,512,264, respectively. Based on an actuarial valuation of this self-insurance program, the University has recorded a liability of $11,607,000 and $9,529,000 at June 30, 2020 and 2019, respectively, to reflect projected claim payments at 80% confidence level and a discount rate of 3% at June 30, 2020 and 2019. The receivable from University Physicians & Surgeons, Inc., for the funding it has agreed to provide for this liability was $10,101,841 and $8,016,736 at June 30, 2020 and 2019, respectively, and is included in noncurrent other accounts receivable (see Note 4).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

In addition, through its participation in PEIA and a third-party insurer, the University has obtained for its employees' health, life, and prescription drug coverage, and coverage for job-related injuries. In exchange for the payment of premiums to PEIA and the third-party insurer, the University has transferred its risks related to health, life, prescription drug, and job-related injuries coverage.

Classification of Revenues

The University has classified its revenues according to the following criteria:

Operating Revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, and (4) sales and services of educational activities.

Nonoperating Revenues — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell Grants, investment income, and sale of capital assets (including natural resources).

Other Revenues — Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Position

The University has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Generally, the University attempts to utilize restricted funds first when practicable.

Federal Financial Assistance Programs

The University makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions, such as the University. Direct student loan receivables are not included in the University's accompanying statements of net position since the loans are repayable directly to the U.S. Department of Education. In 2020 and 2019, the University received and disbursed approximately $82,000,000 and $83,000,000, respectively, under the Federal Direct Student Loan Program on behalf of the U.S. Department of Education, which is not included as revenue and expense on the accompanying statements of revenues, expenses, and changes in net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs (Continued)

The University also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying financial statements. In 2020 and 2019, the University received and disbursed approximately $18,256,000 and $18,812,000, respectively, under these federal student aid programs.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the accompanying statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the accompanying financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a University basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Service Concession Arrangements (SCA)

The University has SCAs for the operation of bookstores and food services. Renovations made to University facilities by service concession vendors are capitalized and revenues are deferred and accreted over the life of the contract.

Income Taxes

The University is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Flows

Any cash and cash equivalents escrowed or restricted for noncurrent assets have not been included as cash and cash equivalents for the purpose of the statements of cash flows.

Use of Estimates

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

Risk and Uncertainties

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board (GASB)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018.

Recent Statements Issued by the Governmental Accounting Standards Board (GASB)

The GASB has issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2019. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The University has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB has also issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The University has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB) (Continued)

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2020. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify the accounting for certain interest costs. This Statement also establishes accounting requirements for interest cost incurred before the end of a construction period. The University has not yet determined the effect that the adoption of GASB No. 89 may have on its financial statements.

The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which is effective for financial statements beginning after December 15, 2021. This statement defines conduit debt obligations for accounting and financial reporting purposes and establishes standards for recognition, measurement, and disclosure for issuers. The University has not yet determined the effect that the adoption of GASB No. 91 may have on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2021. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The University has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of Statement No. 93 is to address accounting and financial reporting implications that result from the replacement of LIBOR. The provisions in Statement No. 93 are effective for the fiscal years beginning after June 15, 2021. The University has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of Statement No 94 is to address issues related to situations in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. In addition, it addresses an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating a nonfinancial assets. The provisions in Statement No. 94 are effective for the fiscal years beginning after June 15, 2022. The University has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Statements Issued by the Governmental Accounting Standards Board (GASB) (Continued)

In May 2020, GASB issued Statement No. 96*, Subscription-Based Information Technology Arrangements* (SBITA). The objective of Statement No 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The provisions in Statement No. 96 are effective for the fiscal years beginning after June 15, 2022. The University has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objective of Statement No. 97 is to address situations in which a primary government is financially accountable for its fiduciary component unit if there is no governing board over the unit and therefore the government takes up the role of the board. The provisions in Statement No. 97 are effective for the fiscal years beginning after June 15, 2021. The University has not yet determined the effect that the adoption of GASB Statement No. 97 may have on its financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents was held as follows:

	June 30, 2020		
	Current	Noncurrent	Total
State Treasurer	$ 60,319,386	$ 176,000	$ 60,495,386
Trustee	17,081	27,951,776	27,968,857
State Treasurer - Escrow	-	1,505,159	1,505,159
Cash Equivalents	4,621,550	-	4,621,550
In Bank	2,326,677	-	2,326,677
On Hand	10,106	-	10,106
Total	$ 67,294,800	$ 29,632,935	$ 96,927,735

	June 30, 2019		
	Current	Noncurrent	Total
State Treasurer	$ 75,305,849	$ 176,000	$ 75,481,849
Trustee	1,732	-	1,732
State Treasurer - Escrow	-	1,512,264	1,512,264
Cash Equivalents	2,600,890	-	2,600,890
In Bank	3,042,987	-	3,042,987
On Hand	10,106	-	10,106
Total	$ 80,961,564	$ 1,688,264	$ 82,649,828

Cash held by the State Treasurer includes $1,487,487 and $2,094,960 at June 30, 2020 and 2019, respectively, of restricted cash for sponsored projects, loans, and other purposes.

Cash on deposit with Trustee represents funds reserved for debt payments and project expenditures on the University Bonds, Series 2020A, Series 2020B, (the 2020 Bonds), Series 2010 (the 2010 Bonds) and Series 2011 (the 2011 Bonds). (see Note 9).

State Treasurer escrow represents an escrow agreement the University entered into with BRIM for malpractice insurance deductibles with a balance of $1,505,159 and $1,512,264 at June 30, 2020 and 2019, respectively.

MURC cash equivalents totaling $5,074,858 and $2,605,165 at June 30, 2020 and 2019, respectively, are held in a business savings account, collateralized at 116% and 145%, respectively. The collateral was held in the name of MURC.

The carrying amount of cash in bank at June 30, 2020 and 2019, was $2,326,676 and $3,042,987 as compared with the bank balance of $2,520,857 and $3,404,818, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were collateralized by securities held by the State's agent. Regarding federal depository insurance, interest-bearing accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Noninterest-bearing accounts are 100% insured through June 30, 2020.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Amounts with the State Treasurer as of June 30, 2020 and 2019 are comprised of approximately $5,761,619 and $7,031,000, respectively, held by the State Treasury Fund not invested, and two investment pools, the WV Money Market Pool and the WV Short Term Bond Pool.

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table provides information on the Standard & Poor's rating of the investment pools as of June 30:

	2020		2019	
External Pool	Carrying Value (in Thousands)	S & P Rating	Carrying Value (in Thousands)	S & P Rating
WV Money Market Pool	$ 52,161	AAAm	$ 65,755	AAAm
WV Short Term Bond Pool	1,267	Not Rated	1,556	Not Rated

A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the amounts with the State Treasurer are subject to interest rate risk. The following table provides information on the weighted-average maturities for the WV Money Market Pool:

	2020		2019	
External Pool	Carrying Value (in Thousands)	WAM (Days)	Carrying Value (in Thousands)	WAM (Days)
WV Money Market Pool	$ 52,161	44	$ 65,755	42

The following table provides information on the effective duration for the WV Short Term Bond Pool:

	2020		2019	
External Pool	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
WV Short Term Bond Pool	$ 1,267	620	$ 1,556	723

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in Bank with Trustee

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Cash in bank with Trustee is governed by provisions of the bond agreement.

	Carrying Value	
	2020	2019
Investment Type		
Money Market Fund	$ 27,968,857	$ 1,732

The objective of the money market fund is to increase the current level of income while continuing to maintain liquidity and capital. Assets are invested in high-quality, short-term money market instruments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University dos not have a formal custodial credit risk policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy limits investment maturities from potential fair value losses due to increasing interest rates. No more than 5% of the money market fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. government and its agencies. The University does not have a formal interest rate risk policy.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 and 2019 are as follows:

	2020		
	Current	Noncurrent	Total
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $970,249	$ 702,659	$ -	$ 702,659
Grants and Contracts Receivable, Net of Doubtful Accounts of $1,095,577	9,507,734	-	9,507,734
Due from the Commission	364,413	-	364,413
Due from Other State Agencies	106,211	-	106,211
Primary Government	2,935,063	-	2,935,063
Other Accounts Receivable	4,363,586	11,330,026	15,693,612
Total	$ 17,979,666	$ 11,330,026	$ 29,309,692

NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)

	2019		
	Current	Noncurrent	Total
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of $1,048,691	$ 2,697,909	$ -	$ 2,697,909
Grants and Contracts Receivable, Net of Doubtful Accounts of $568,457	7,767,132	-	7,767,132
Due from the Commission	445,917	-	445,917
Due from Other State Agencies	454,397	-	454,397
Primary Government	3,234,900	-	3,234,900
Other Accounts Receivable	2,599,126	9,330,385	11,929,511
Total	$ 17,199,381	$ 9,330,385	$ 26,529,766

NOTE 5 INVESTMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University had the following recurring fair value measurements comprised of investments as of June 30, 2020 and 2019:

	2020			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
University				
Investments Held by Marshall University Foundation	$ 73,509,009	$ -	$ 73,509,009	$ -
MURC				
U.S. Government Agency Obligations	795,200	795,200	-	-
U.S. Treasury Obligations	3,223,302	3,223,302	-	-
Corporate/Foreign Bonds	3,992,977	3,992,977	-	-
Equity Mutual Funds	18,051,695	18,051,695	-	-
Fixed Income	2,412,694	2,412,694	-	-
Total	101,984,877	$ 28,475,868	$ 73,509,009	$ -
Investments Measured at Cost				
MURC				
Progenesis Technologies	100,000			
Total Investments	$ 102,084,877			

NOTE 5 INVESTMENTS (CONTINUED)

	2019			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
University				
Investments Held by Marshall University Foundation	$ 73,329,905	$ -	$ 73,329,905	$ -
MURC				
U.S. Government Agency Obligations	113,214	113,214	-	-
U.S. Treasury Obligations	2,859,661	2,859,661	-	-
Corporate/Foreign Bonds	2,981,432	2,981,432	-	-
Equity Mutual Funds	18,939,242	18,939,242	-	-
Fixed Income	5,285,324	5,285,324	-	-
Total	103,508,778	$ 30,178,873	$ 73,329,905	$ -
Investments Measured at Cost				
MURC				
Progenesis Technologies	100,000			
Total Investments	$ 103,608,778			

The Foundation is a discretely presented component unit of the University and is included in the University's financial reporting entity as a discretely presented component unit as discussed in Note 1. During 2016, the University and Foundation executed the Investment Management Agency Agreement (the Agreement) in which the Foundation was appointed as the University's investment agent. Under the Agreement the Foundation has full power and authority to make purchases and sales of securities on behalf of the University. Other responsibilities of the Foundation, in part, are to account for University assets separately from Foundation assets, provide monthly investment reports to the University, and engage third-party investment managers to invest University assets in accordance with the asset allocation provisions established by the University's Investment Committee (defined below). The University's investments are held in the name of the Foundation. In return for the above noted services, the University pays the Foundation investment advisory fees as defined in the Agreement.

The University's investments held by the Foundation are classified in Level 2 of the fair value hierarchy are valued at quoted prices for the underlying assets which are considered to be similar assets in active markets.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued based on the securities' relationship to benchmark quoted prices. Level 3 represents investments with no observable market.

NOTE 5 INVESTMENTS (CONTINUED)

Credit Risk

The Foundation manages the investments of the University in accordance with the Board's Investment Policy No. FA-8, University Investment Policy. The University's investment policy adheres to fiduciary responsibilities in accordance with the provisions of the Uniform Prudent Investor Act (WV State Code section 44-6C-1 Prudent Investor Rule).

The U.S. Government Agency Obligations, U.S. Treasury Obligations, and Supranational Bonds held by MURC have an average maturity of 4.14 years. At both June 30, 2020 and 2019, the MURC investments in U.S. Government Agency Obligations and U.S. Treasury Obligations were rated AA+ by S&P and Aaa by Moody's. The Supranational Bonds held by MURC at June 30, 2019 were rated AAA by S&P and Aaa by Moody's. The Corporate Bonds held at June 30, 2020 and 2019 by MURC have S&P ratings ranging from AA+ to BBB and Moody's ratings ranging from Aaa to Baa2. The alternative investment in Progenesis Technologies, LLC does not have assigned ratings.

Concentration of Credit Risk

The MURC's investment policy (not approved by the board of directors as of June 30, 2020 and 2019) will be to invest according to an asset allocation strategy designed to meet the goals of the investment objective. As a result, the following assets allocation targets and ranges have been presented for the investment pool:

Respective Asset Class	Target Weight	Maximum Weight
Fixed Income/Government	60%	100%
Money Market	20%	20%
Equity Securities/Derivatives/Hedge	20%	20%

The University's investment portfolio includes three investment pools, the Long Term Investment Pool, the Mid Term Investment Pool, and the Operating Investment Pool. The objective of the University's portfolio strategy is to enhance the Investment Pool's long-term viability by maximizing the value with a prudent, balanced level of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed by limiting the time period or duration of the specific investment.

NOTE 6 CAPITAL ASSETS

Capital asset transactions for the years ended June 30, 2020 and 2019 are as follows:

	2020				
	Beginning Balance	Additions	Reductions	Other	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 34,033,685	$ 1,688,564		$ -	$ 35,722,249
Antiques and Artwork (Inexhaustible)	121,607	-	-	-	121,607
Construction in Progress	8,326,643	9,536,668	-	(14,801,233)	3,062,078
Total Capital Assets not Being Depreciated	$ 42,481,935	$ 11,225,232	$ -	$ (14,801,233)	$ 38,905,934
Other Capital Assets:					
Land Improvements	$ 8,535,507	$ -	$ -	$ -	$ 8,535,507
Infrastructure	29,154,091	66,510	(5,405)	208,200	29,423,396
Buildings	524,604,379	58,093,006	-	14,593,033	597,290,418
Equipment	63,278,889	3,551,512	(2,807,252)	-	64,023,149
Library Books	9,668,745	52,287	(22,260)	-	9,698,772
Total Other Capital Assets	635,241,611	61,763,315	(2,834,917)	14,801,233	708,971,242
Less: Accumulated Depreciation for:					
Land Improvements	5,708,310	515,012	-	-	6,223,322
Infrastructure	24,454,015	640,144	(5,405)	-	25,088,754
Buildings	183,612,090	12,245,312	-	-	195,857,402
Equipment	51,000,279	2,897,857	(2,617,435)	-	51,280,701
Library Books	9,302,315	136,838	(22,260)	-	9,416,893
Total Accumulated Depreciation	274,077,009	16,435,163	(2,645,100)	-	287,867,072
Other Capital Assets - Net	$ 361,164,602	$ 45,328,152	$ (189,817)	$ 14,801,233	$ 421,104,170
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 42,481,935	$ 11,225,232	$ -	$ (14,801,232)	$ 38,905,935
Capital Assets	635,241,611	61,763,315	(2,834,917)	14,801,232	708,971,241
Total Cost of Capital Assets	677,723,546	72,988,547	(2,834,917)	-	747,877,176
Less: Accumulated Depreciation	(274,077,008)	(16,435,163)	2,645,100	-	(287,867,071)
Capital Assets - Net	$ 403,646,538	$ 56,553,384	$ (189,817)	$ -	$ 460,010,105

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2019				
	Beginning Balance	Additions	Reductions	Other	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 34,016,418	$ 61,767	$ (44,500)	$ -	$ 34,033,685
Antiques and Artwork (Inexhaustible)	121,607	-	-	-	121,607
Construction in Progress	4,147,279	6,645,419	-	(2,466,055)	8,326,643
Total Capital Assets not Being Depreciated	$ 38,285,304	$ 6,707,186	$ (44,500)	$ (2,466,055)	$ 42,481,935
Other Capital Assets:					
Land Improvements	$ 8,115,601	$ -	$ -	$ 419,906	$ 8,535,507
Infrastructure	28,914,482	75,157	(578)	165,030	29,154,091
Buildings	522,723,260	-	-	1,881,119	524,604,379
Equipment	61,597,310	2,888,353	(1,206,774)	-	63,278,889
Library Books	9,593,762	80,158	(5,175)	-	9,668,745
Total Other Capital Assets	630,944,415	3,043,668	(1,212,527)	2,466,055	635,241,611
Less: Accumulated Depreciation for:					
Land Improvements	5,211,959	496,351	-	-	5,708,310
Infrastructure	23,818,890	635,703	(578)	-	24,454,015
Buildings	172,527,494	11,084,596	-	-	183,612,090
Equipment	48,906,099	3,247,561	(1,153,381)	-	51,000,279
Library Books	9,126,079	181,411	(5,175)	-	9,302,315
Total Accumulated Depreciation	259,590,521	15,645,622	(1,159,134)	-	274,077,009
Other Capital Assets - Net	$ 371,353,894	$ (12,601,954)	$ (53,393)	$ 2,466,055	$ 361,164,602
Capital Asset Summary:					
Capital Assets not being Depreciated	$ 38,285,304	$ 6,707,186	$ (44,500)	$ (2,466,055)	$ 42,481,935
Capital Assets	630,944,415	3,043,668	(1,212,527)	2,466,055	635,241,611
Total Cost of Capital Assets	669,229,719	9,750,854	(1,257,027)	-	677,723,546
Less: Accumulated Depreciation	(259,590,521)	(15,645,622)	1,159,135	-	(274,077,008)
Capital Assets - Net	$ 409,639,198	$ (5,894,768)	$ (97,892)	$ -	$ 403,646,538

The University maintains certain collections of inexhaustible assets for which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

At June 30, 2020, the University had outstanding contractual commitments of approximately $2,679,005 for property, plant, and equipment expenditures. These commitments will be funded through a combination of donations and University resources.

NOTE 7 LONG-TERM LIABILITIES

Long-term obligation transactions for the years ended June 30, 2020 and 2019 are as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes, Bonds, and Capital Leases:					
Notes Payable	$ 1,449,163	$ 3,115,000	$ (721,018)	$ 3,843,145	$ 2,716,018
Revenue Bonds Payable	75,068,170	103,068,461	(75,068,170)	103,068,461	1,935,000
Capital Leases Payable	4,105,470	56,803,333	(1,431,712)	59,477,091	1,374,349
Total Notes, Bonds, and Capital Leases	80,622,803	162,986,794	(77,220,900)	166,388,697	6,025,367
Other Long-Term Liabilities:					
Debt Obligation to the Commission	7,322,746	-	(903,723)	6,419,023	949,640
Loan Payable to the Commission	400,000	-	(200,000)	200,000	200,000
OPEB Liability	38,692,291	-	(7,903,936)	30,788,355	-
Net Pension Liability	2,320,149	-	(242,438)	2,077,711	-
Other Noncurrent Liabilities	10,134,015	4,058,778	(2,188,153)	12,004,640	-
Accrued Service Concession Liability	336,182	1,040,241	(150,191)	1,226,232	150,193
Advances from Federal Sponsors	6,345,285	-	(1,304,897)	5,040,388	-
Total Other Long-Term Liabilities	65,550,668	5,099,019	(12,893,338)	57,756,349	1,299,833
Total Long-Term Liabilities	$ 146,173,471	$ 168,085,813	$ (90,114,238)	$ 224,145,046	$ 7,325,200

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes, Bonds, and Capital Leases:					
Notes Payable	$ 1,610,181	$ -	$ (161,018)	$ 1,449,163	$ 161,018
Revenue Bonds Payable	78,222,756	-	(3,154,586)	75,068,170	3,130,000
Capital Leases Payable	5,382,741	6,204	(1,283,475)	4,105,470	1,316,519
Total Notes, Bonds, and Capital Leases	85,215,678	6,204	(4,599,079)	80,622,803	4,607,537
Other Long-Term Liabilities:					
Debt Obligation to the Commission	8,185,853	-	(863,107)	7,322,746	903,723
Loan Payable to the Commission	600,000	-	(200,000)	400,000	200,000
Due to MCTC	42,834	-	(42,834)	-	-
OPEB Liability	41,264,755	-	(2,572,464)	38,692,291	-
Net Pension Liability	2,963,813	-	(643,664)	2,320,149	-
Other Noncurrent Liabilities	9,967,526	2,010,136	(1,843,647)	10,134,015	-
Accrued Service Concession Liability	486,375	-	(150,193)	336,182	59,171
Advances from Federal Sponsors	6,345,285	-	-	6,345,285	-
Total Other Long-Term Liabilities	69,856,441	2,010,136	(6,315,909)	65,550,668	1,162,894
Total Long-Term Liabilities	$ 155,072,119	$ 2,016,340	$ (10,914,988)	$ 146,173,471	$ 5,770,431

NOTE 8 NOTES PAYABLE

MURC borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center. MURC's repayment terms are the same as the bond repayment term. MURC is obligated to make interest payments which commenced on October 10, 2008, for the interest due on the loan semiannually and to make annual principal payments starting on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. Any remaining principal balance shall be payable in full on April 10, 2028.

However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. The rate for the period of April 10, 2018, through April 1, 2022, is 2.854%. The interest rate is subject to change each subsequent five-year period to the rate per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum.

On April 10, 2020, Marshall University Research Corporation was granted a loan from JPMorgan Chase Bank, N.A. in the aggregate amount of $3,115,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 9, 2020 issued by the Borrower, matures on April 9, 2022 and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 6, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. The Corporation repaid $560,000 of the Loan on May 13, 2020.

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Corporation intends to use the entire Loan balance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Scheduled maturities on notes payable as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest
2021	$ 2,716,018	$ 36,766
2022	161,018	32,170
2023	161,018	27,575
2024	161,018	22,979
2025	161,018	18,383
2026-2028	483,055	27,575
Total	$ 3,843,145	$ 165,448

NOTE 9 BONDS

Bonds payable as of June 30, 2020 and 2019 consist of the following:

	Original Interest Rate	Annual Principal Installment Due	Principal Amount Outstanding 2020	2019
University 2020A Series Bonds, maturing 2030 - 2050	3.0% - 5.0%	\$2,660,000 - \$5,330,000	\$ 56,035,000	\$ -
University 2020B Series Bonds, maturing 2021 - 2039	2.26% - 3.67%	\$1,935,000 - \$3,595,000	45,960,000	-
University Revenue Bonds, maturing 2017 - 2041	2.0% - 5.0%	\$1,190,000 - \$3,375,000	-	48,240,000
University Refunding Revenue Bonds, maturing 2012 - 2030	2.0% - 5.0%	\$915,000 - \$2,885,000	-	25,455,000
			101,995,000	73,695,000
Add Bond Premium			1,073,461	1,373,170
Total			\$ 103,068,461	\$ 75,068,170

In November 2010, the Board sold $37,140,000 of University Refunding Revenue Bonds, Series 2010. The 2010 Bonds were issued under the authority contained in Article 10, Chapter 18B of the Code of West Virginia, 1931, as amended, and the 2010 Bonds will be secured pursuant to an indenture dated as of November 1, 2010, by and between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2010 Bonds are secured by and payable from auxiliary fees as defined in the indenture. The proceeds of the 2010 Bonds were used to (1) advance refund $40,690,000 of State of West Virginia, Higher Education Interim Governing Board, University Facilities Revenue Bonds, Series 2001A Bonds and (2) pay the costs of issuance of the 2010 Bonds. The indenture allows for additional bonds to be issued on a parity as to lien and source of payment with the 2010 Bonds. These bonds were refinanced in April 2020 with the 2020A series Bonds.

In November 2011, the Board sold $51,910,000 of 2011 Bonds. The 2011 Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2011 Bonds are secured pursuant to a Trust Indenture dated as of November 1, 2011, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2011 Bonds are secured by and payable from certain revenues as defined Trust Indenture. The proceeds of the 2011 Bonds will be used to (1) finance various capital improvement projects and (2) to pay the costs of issuance of the 2011 Bonds. These bonds were issued on parity with the 2010 Bonds, with additional revenues pledged in the indenture. These bonds were refinanced in April 2020 with the 2020A series and 2020B series bonds.

In April 2020, the Board sold $56,035,000 of 2020A series bonds. The 2020 Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020A Bonds are secured by and payable from certain revenues as defined in the Trust Indenture.

NOTE 9 BONDS (CONTINUED)

The proceeds of the 2020A Bonds will be used to (1) finance a portion of the costs of the construction, equipping and furnishing of a new building for the University's Lewis College of Business along with other capital improvements approved by the issuer and (2) refunding and redeeming all or a portion of the 2010 and 2011 Bonds and (3) paying bond insurance premiums or other credit enhancement and (4) to pay the costs of issuance of the 2020A Bonds.

In April 2020, the Board sold $45,960,000 of 2020B series bonds. The 2020B Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020B Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020B Bonds will be used to (1) refund and redeem all or a portion of the 2011 Bonds, (2) paying bond insurance premiums or other credit enhancement and (3) to pay the costs of issuance of the 2020B Bonds.

The net proceeds of the 2020A and 2020B Bonds of $77,479,854 (after payment of $1,108,608 of costs of issuance and $27,950,000 deposited with the University for use for construction of a new building) plus an additional $3,470,000 equity contribution from the University were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2010 and 2011 Bonds. As a result, the 2010 and 2011 Bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,121,726. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to interest expense through the year 2050 using the effective-interest method. The primary purpose of the 2020A current refunding and 2020B advanced refunding was to restructure the existing outstanding bonds, effectively creating short term cash flow savings through a level debt service structure. This new level debt service structure will strengthen the University's strategic positioning and allow immediate growth of University reserves. The debt restructure provides a net economic gain (difference between the present value of the old and new debt service payments) of $2,746,687. Total gross debt service over the next 30 years will increase by $11,761,306 as a result of the strategic level debt service restructure.

The above bond issues (collectively, the Bonds) are specific to the University, although the Bonds were also issued either in the name of the Board or the State itself. As debt service is required on the Bonds, the University remits the funds to a commercial bank for payment to the trustees of the bond issues and the bondholders. Mandatory debt service transfers are recorded as the funds are so remitted. A commercial bank may hold certain cash and cash equivalents (see Note 3) for debt service or other bond issue purposes on behalf of the University.

NOTE 9 BONDS (CONTINUED)

The Bonds are special obligations of the State and are not general obligations or a debt of the State. Neither the credit nor the taxing power of the State is pledged for the payment of the Bonds. The above bond issues are fully insured as to principal and interest by the Federal Guaranty Insurance Company.

The Bond covenants require that the schedules of rent, charges, and fees shall at all times be adequate to produce revenues from the auxiliary facilities sufficient to pay operating expenses and when with E&G Capital Fees, Medical Center Rental Income, and Athletic Facility Enhancement Fee Revenues (as defined in the indenture) to make the prescribed payments into the funds and accounts created hereunder, and that such schedule or schedules of rents, charges, and fees that shall be revised from time to time to provide for all reasonable operating expenses and leave net revenues, when with other monies legally available to be used for such purposes, each year equal at least 110% and 100% the maximum annual debt service of the Bonds, for the 2010/2011 and 2020A/2020B bonds, respectively. During the years ended June 30, 2020 and 2019, net revenues, when combined with other monies legally available for payment of debt service, was 3.22 times and 3.77 times the maximum annual debt service, respectively.

A summary of the annual aggregate principal and interest payments for years subsequent to June 30, 2020 is as follows:

Year Ending	2020A Bonds		2020B Bonds		Combined	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ -	$ 2,021,470	$ 1,935,000	$ 1,586,245	$ 1,935,000	$ 3,607,715
2022	-	1,935,450	2,135,000	1,475,014	2,135,000	3,410,464
2023	-	1,935,450	2,180,000	1,425,696	2,180,000	3,361,146
2024	-	1,935,450	2,235,000	1,372,373	2,235,000	3,307,823
2025	-	1,935,450	2,295,000	1,313,749	2,295,000	3,249,199
2026-2030	2,660,000	9,677,250	9,855,000	5,524,690	12,515,000	15,201,940
2031-2035	-	9,012,250	14,955,000	3,744,846	14,955,000	12,757,096
2036-2040	7,590,000	8,900,050	10,370,000	847,955	17,960,000	9,748,005
2041-2045	21,065,000	6,647,050	-	-	21,065,000	6,647,050
2046-2050	24,720,000	2,994,200	-	-	24,720,000	2,994,200
Total	$ 56,035,000	$ 46,994,070	$ 45,960,000	$ 17,290,568	$ 101,995,000	$ 64,284,638

NOTE 10 LEASES

Operating

Future annual minimum lease payments on operating leases for years subsequent to June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	$ 625,160
2022	478,071
2023	461,271
2024	461,271
2025	461,271
2026-2027	845,663
Total	$ 3,332,707

NOTE 10 LEASES (CONTINUED)

Operating (Continued)

In May 2012, the University entered into a lease agreement with St. Mary's Hospital to lease space in the St. Mary's Medical Center Education Building for use by the Physical Therapy Program. The University will pay rent in the amount of $38,439 per month for the period of May 1, 2012 through April 30, 2027.

Total rent expense for the years ended June 30, 2020 and 2019 was $747,483 and $768,708, respectively. The University does not have any noncancelable leases.

Capital

The University leases various equipment and buildings through capital leases. At June 30, 2020 and 2019, leased equipment with a net book value of $1,044,892 and $1,303,035 and leased buildings with a net book value of $59,576,620 and $4,322,975, respectively, are included in equipment and buildings.

In December 1996, the University entered into a lease agreement with the Marshall University Graduate College (MUGC) Foundation for an academic center to be used by the MUGC. The construction of the academic center was financed by the MUGC Foundation through the issuance of governmental revenue bonds. Effective September 1, 1997, the MUGC Foundation leased the academic center to the University for 20 years. During the year ended June 30, 2008, all assets and liabilities of the MUGC Foundation became part of the Foundation. Ownership of the Facility transferred to the University at the end of the lease term in 2018.

In December 1998, the University entered into a lease-purchase agreement with the Mason County Building Commission for the Mid-Ohio Valley Center (MOVC). The construction of MOVC was financed by the Mason County Building Commission through the issuance of revenue bonds and was completed in January 2000. This lease was terminated and replaced with a new lease-purchase agreement in December 2005, with the new lease including an addition to be constructed at MOVC with funds from new bonds issued by the Mason County Building Commission. Ownership of MOVC transfers to the University at the end of the lease term.

The University entered into one new lease in 2019 for the financing of a copier, and one new lease in 2018 for the financing of turf for the softball field.

NOTE 10 LEASES (CONTINUED)

Capital (Continued)

Future annual minimum lease payments for years subsequent to June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 1,374,349	$ 2,974,677	$ 4,349,026
2022	679,730	2,936,837	3,616,567
2023	674,528	2,909,896	3,584,424
2024	747,088	2,881,406	3,628,494
2025	356,495	2,854,901	3,211,395
2026-2030	2,651,536	13,930,705	16,582,241
2031-2035	4,148,806	13,071,600	17,220,405
2036-2040	6,248,633	11,767,606	18,016,238
2041-2045	9,177,146	9,830,760	19,007,905
2046-2050	15,870,385	6,704,186	22,574,572
2051-2055	17,548,397	1,938,476	19,486,872
Total			131,278,140
Less: Interest			71,801,049
Total			$ 59,477,091

In October 2007, the University entered into a ground lease with MSH – Marshall to lease the site for the student housing and wellness center project, which was funded by debt obligations of MSH – Marshall. The lease was transferred to Provident – Marshall when the project was purchased from MSH – Marshall. The ground lease payments are one dollar per year.

On May 2, 2018, Marshall University entered into a development agreement with Signet Marshall Development, LLC, an Ohio limited liability company, to develop, design, and construct a new graduate/medical student housing facility and school of pharmacy. Signet's affiliate, Signet Marshall I, LLC has entered into a ground lease with Marshall for the University owned property that will be the site of this development. The ground lease payment was one dollar for the entire term and has been paid at the execution of the lease.

The University entered into a lease agreement with the Signet Marshall I, LLC, an Ohio limited liability company, to lease the buildings constructed in the development agreement for 35 years, once construction is complete. Ownership of the facilities will transfer to the University at the end of the lease term. Construction was substantially complete on August 15, 2019. This lease appears as a liability for the University on the June 30, 2020 financial statements. Annual rental payments due to Signet Marshall I, LLC, ranging between $2,925,500 and $4,786,581, will continue for 35 years, totaling $130,674,525.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Employees of the University are enrolled in the West Virginia Other Postemployment Benefit Plan (the OPEB Plan) which is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (the RHBT).

Following is the University's other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, revenues, and other postemployment benefits expense and expenditures for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Net OPEB Liability	$ 30,788,355	$ 38,692,291
Deferred Outflows of Resources	5,763,373	5,768,580
Deferred Inflows of Resources	13,851,327	9,674,071
Revenues	1,866,581	2,444,304
OPEB Expense	1,288,095	3,257,825
Contributions Made by the University	3,142,988	3,350,940

Plan Description

The OPEB Plan is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan that covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in West Virginia Code Section 5-16D-2 (the Code). Plan benefits are established and revised by PEIA and the RHBT with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years, and are eligible for reappointment. The State Department of Administration secretary serves as Chairman of the Board. Four members represent labor, education, public employees, and public retirees. Four remaining members represent the public-at-large.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

Active employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by PEIA, that the employer will pay to PEIA the nonparticipating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Employees who participate in non-State retirement systems but that are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and Empower Retirement), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers Retirement System (STRS), and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The financial activities of the OPEB Plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided

The OPEB Plan provides the following benefits: medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: the self-insured preferred provider benefit plan option, which is primarily for non-Medicare-eligible retirees and spouses; and the external managed care organization option, which is primarily for Medicare-eligible retirees and spouses.

Contributions

Pay as you go premiums (paygo) are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidize the retirees' health care.

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions (Continued)

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or vacation leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert sick or vacation leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and vacation leave days per month for single healthcare coverage and three days of unused sick and vacation leave days per month for family healthcare coverage.

Employees hired on or after July 1, 2001 no longer receive sick and/or vacation leave credit toward the required retiree healthcare contribution when they retire. All retirees have the option to purchase continued coverage regardless of their eligibility for premium credits.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally, 3-1/3 years of teaching service extend health insurance coverage for one year of family coverage, and five years extended health insurance for one year of family coverage. Faculty hired after July 1, 2009 no longer receive years of service credit toward insurance premiums when they retire. Faculty hired on or after July 1, 2010 receive no health insurance premium subsidy when they retire. Two groups of employees hired after July 1, 2010 will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010 who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who had an original hire date prior to July 1, 2010 may return to active employment. In those cases, the original hire date may apply.

Assumptions

The net OPEB liabilities for financial reporting purposes were determined by actuarial valuations as of June 30, 2018 and 2017, respectively, rolled forward to the measurement dates of June 30, 2019 and 2018, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost method.
- Amortization method and period: Level percentage of payroll over 20 years.
- Investment rate of return: 7.15%, net of OPEB Plan investment expense, including inflation.
- Projected salary increases: dependent on pension system ranging from 3.00% to 6.50%, including inflation.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

- Healthcare Cost Trend Rates: Trend Rate of pre-Medicare per Capita costs of 8.5% for plan year-end 2020, decreasing by .5% each year thereafter until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year 2020. 9.5% for plan year-end 2021, decreasing by .5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year-end 2031.
- Inflation rate: 2.75%.
- Discount Rate: 7.15%
- Mortality rates: based on RP-2000 Mortality Tables.

The long-term investment rate of return of 7.15% on OPEB Plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (IMB) and an expected short-term rate of return of 3.0% for assets invested with the WV Board of Treasury Investments (BTI).

Long-term pre-funding assets are invested with the IMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund, and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the BTI.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB Plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of the long-term geometric rates for each major asset class are summarized below.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Global Equity	55%	4.8%
Core Plus Fixed Income	15%	2.1%
Core Real Estate	10%	4.1%
Hedge fund	10%	2.4%
Private Equity	10%	6.8%
Cash and cash equivalents	0%	0.3%

Discount rate. The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2020 and 2019, respectively, calculated using the discount rate of 7.15%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate (in thousands):

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
June 30, 2020	$ 36,745	$ 30,788	$ 25,804
June 30, 2019	$ 45,475	$ 38,692	$ 33,038

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates. The following presents the University's proportionate share of the net OPEB liability as of June 30, 2020 and 2019, respectively, calculated using the current healthcare cost trend rates, as well as what the University's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
June 30, 2020	$ 24,826	$ 30,788	$ 38,023
June 30, 2019	$ 32,016	$ 38,692	$ 46,827

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The net OPEB liabilities at June 30, 2020 and 2019 were measured as of June 30, 2019 and 2018. The total OPEB liabilities at June 30, 2020 and 2019 were determined by an actuarial valuations as of June 30, 2018 and 2017, respectively, and rolled forward to the measurement dates.

At June 30, 2020 and 2019, respectively, the amount recognized as the University's proportionate share of the net OPEB liability was $30,788,355 and $38,692,291. At June 30, 2020 and 2019, respectively, the nonemployer contributing entity's (State of West Virginia) portion of the collective net OPEB liability was $6,300,671 and $7,996,664. At June 30, 2020 and 2019, the total net OPEB liability attributable to the University was $37,089,026 and $46,688,955, respectively.

The allocation percentage assigned to each contributing employer is based on the employer's proportionate share of employer contributions to the RHBT for the fiscal years ended June 30, 2019 and 2018, respectively. Employer contributions are recognized when due. At June 30, 2019, the University's proportion was 1.855690116%, a decrease of .052220177% from its proportion of 1.803469939% as of June 30, 2018. At June 30, 2018, the University's proportion was 1.803469939%, an increase of 0.125351278% from its proportion of 1.678118661% calculated as of June 30, 2017.

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of $1,288,095 and $3,257,825, respectively. Of this amount, $(578,486) and $813,521, respectively, was recognized as the University's proportionate share of the OPEB expense, and $1,866,581 and $2,444,304, respectively as the amount of OPEB expense attributed to special funding. The University also recognized revenue of $1,866,581 and $2,444,304, respectively, for support provided by the State.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

At June 30, 2020 and 2019, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	$ 2,612,788	$ (2,855,939)	$ 2,417,640	$ (4,522,180)
Changes in assumptions	-	(6,244,119)	-	(3,863,367)
Net difference between projected and actual investment earnings	-	(332,138)	-	(716,188)
Differences between expected and actual experience	7,597	(3,590,795)	-	(572,336)
Reallocation of opt-out employer change in proportionate share	-	(828,336)	-	-
Contributions after the measurement date	3,142,988	-	3,350,940	-
Total	$ 5,763,373	$ (13,851,327)	$ 5,768,580	$ (9,674,071)

The University will recognize the $3,142,988 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	Amortization
June 30, 2021	$ (4,406,622)
June 30, 2022	(3,912,204)
June 30, 2023	(2,349,583)
June 30, 2024	(562,563)
	$ (11,230,972)

NOTE 12 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a State institution of higher education. It receives a State appropriation to finance a portion of its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect all aspects of the University's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Commission with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain facilities of the University. Financing for these facilities was provided through revenue bonds issued by the former Board of Regents, the former University System of West Virginia, the former State College System of West Virginia, or the former Interim Governing Board (the Boards). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

NOTE 12 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The education and general capital fees (previously tuition and registration fees) of the members of the former University System of West Virginia are generally pledged as collateral for the Commission's bond indebtedness. Student fees collected by the institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. Although the bonds remain as a capital obligation of the Commission, an estimate of the obligation of each institution is reported as a long-term payable by each institution and as a receivable by the Commission.

Debt service assessed for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Principal	$ 903,723	$ 863,107
Interest	386,425	429,378
Other	76,668	71,872
Total	$ 1,366,816	$ 1,364,357

During December 2017, the Commission refunded the 2007 series system bonds. The refunding reduced the annual debt service, as well as the principal each school owed to the Commission. The amount of the debt reduction for the University in 2018 was $920,787.

During September 2016, the Commission loaned the University $800,000 from the Energy and Water Savings Revolving Loan Fund to upgrade existing systems in order to reduce future utility costs. The loan is to be repaid in four annual installments of $200,000 each over four years and is interest free.

During the year ended June 30, 2005, the Commission issued $167,000,000 of 2005 Series B 30-year Revenue Bonds to fund capital projects at various higher education institutions in the State. State lottery funds will be used to repay the debt, although the University revenues are pledged if lottery funds prove insufficient.

During August 2010, the West Virginia Development Office issued approximately $162 million of Education, Arts, Science, and Tourism (EAST) bonds. The Commission, as provided in the State Code, received 60% or $97.2 million of the proceeds to help fund various building and campus renewal projects. The University has been authorized to receive $17,600,000 of these proceeds. The West Virginia Development office is responsible for the repayment of the debt. The University has recognized $17.6 million of these funds as revenue in prior years. During 2018, these bonds were refinanced and Marshall University was authorized to receive $2,050,000 of the proceeds from the savings. As of June 30, 2020, the University has recognized $1,818,675 of these funds as capital grant revenue.

NOTE 12 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS (CONTINUED)

During December 2010, the HEPC issued $76,865,000 of the State of West Virginia Higher Education Policy Commission Revenue 2010 Series Bonds to fund HEPC Bond projects approved by the Commission. The University has been authorized to receive $25,000,000 of these proceeds to be specifically used for the construction of the new Biotechnology Development Center and Applied Engineering Complex. The University began drawing the bond proceeds for this project in FY 2012; 85% of these bond proceeds must be spent by December 2013. The University has no responsibility for repayment of this debt. As of June 30, 2020, the University has recognized $25 million of these funds as revenue.

During June 2012, the HEPC refunded a portion of the outstanding principal amount of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds 2004 Series B Lottery Revenue Bonds and received approximately $8 million in bond proceeds from the refunding. The Commission approved a list of high-priority capital projects to be funded from the bond proceeds. The University had two projects approved for this funding and entered into an agreement with the Commission to receive $462,500 of these proceeds with a 100% matching requirement. Subsequent changes to budgeted costs reduced the approved amount to $427,330. As of June 30, 2020, the University has recognized $426,725 of these funds as revenue.

NOTE 13 UNRESTRICTED NET POSITION

The University's unrestricted net position as of June 30, 2020 and 2019 include certain designated net position as follows:

	2020	2019
Designated for Auxiliaries	$ 109,564	$ 279,901
Designated for Auxiliaries Repairs and Maintenance Debt Payments, Capital Projects, and Equipment Purchases	10,946,964	12,763,887
Designated for Other Repairs and Maintenance, Debt Payments, Capital Projects, and Equipment Purchases	7,064,525	8,492,858
Undesignated	84,239,211	102,220,751
Total Unrestricted Net Position Before OPEB Liability	102,360,264	123,757,397
Less: OPEB Liability	30,788,355	38,692,291
Total Unrestricted Net Position	$ 71,571,909	$ 85,065,106

NOTE 14 RETIREMENT PLANS

Substantially all eligible employees of the University participate in either the West Virginia Teachers Retirement System (TRS) or the Teachers Insurance and Annuities Association – College Retirement Equity Funds (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable election between the TRS and TIAA-CREF. Effective July 1, 1991, the TRS was closed to new participants. Current participants in the TRS are permitted to make a onetime election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Contributions to and participation in the West Virginia Teachers' Defined Contribution Plan by University employees have not been significant to date.

Defined Contribution Benefit Plans

The TIAA-CREF is a cost-sharing defined contribution plan in which benefits are based solely upon amounts contributed, plus investment earnings. Each employee who elects to participate in this Plan is required to make a contribution equal to 6% of total annual compensation. The University matches the employees' 6% contributions. Contributions are immediately and fully vested. Employees may elect to make additional contributions to TIAA-CREF, which are not matched by the University.

Total contributions to TIAA-CREF for the years ended June 30, 2020, 2019, and 2018, were approximately $16,555,000, $15,033,000, and $13,990,000, respectively, which consisted of approximately $8,214,000, $7,453,000, and $6,937,000 from the University in 2020, 2019, and 2018, respectively, and approximately $8,340,000, $7,580,000, and $7,053,000 from covered employees in 2020, 2019, and 2018, respectively.

Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the Educators Money 401(a) Basic Retirement Plan (the Educators Money). New hires have the choice of either plan.

The Educators Money is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Each employee who elects to participate in this Plan is required to make a contribution equal to 6% of total annual compensation. The University matches the employees' 6% contributions. Contributions are immediately and fully vested. Employees may elect to make additional contributions to the Educators Money, which are not matched by the University.

Total contributions to the Educators Money for the years ended June 30, 2020, 2019, and 2018 were approximately $81,000, $373,000, and $312,000, respectively, which consisted of approximately $40,500, $186,500, and $156,000 each from the University and the covered employees in 2020, 2019, and 2018, respectively.

The University's total payroll for the years ended June 30, 2020, 2019, and 2018 was approximately $141,589,000, $136,238,000, and $130,647,000, respectively; total covered employees' salaries in the TIAA-CREF and Educators Money were approximately $121,231,000 and $673,000, respectively, in 2020, $110,084,000 and $3,105,000, respectively, in 2019, and $115,611,000 and $2,595,000, respectively, in 2018.

NOTE 14 RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan

Some employees of the University are enrolled in a defined benefit pension plan, the West Virginia Teachers' Retirement System (TRS), which is administered by the West Virginia Consolidated Public Retirement Board (CPRB).

Following is the University's pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, revenues, and the pension expense and expenditures for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Net Pension Liability	$ 2,077,711	$ 2,320,149
Deferred Outflows of Resources	366,399	434,007
Deferred Inflows of Resources	956,568	1,201,337
Revenues	638,704	551,437
Pension Expense	502,232	397,652
Contributions Made by University	283,127	300,935

TRS

Plan Description

TRS is a multiple employer defined benefit cost sharing public employee retirement system providing retirement benefits as well as death and disability benefits. It covers all full-time employees of the 55 county public school systems in the State of West Virginia and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991.

TRS is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the Plan. A copy of the report may be obtained from the TRS website at https://www.wvretirement.com/Publications.html #CAFR.

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Benefits Provided

TRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the Plan, including contribution rates, to the State Legislature.

Contributions

The funding objective of the CPRB pension trust funds is to meet long-term benefit requirements through contributions, which remain relatively level as a percent of member payroll over time, and through investment earnings. Contribution requirements are set by CPRB. A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

Member Contributions: TRS funding policy provides for member contributions based on 6% of members’ gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined.

Employer Contributions: Employers make the following contributions:

The State (including institutions of higher education) contributes:

1. 15% of gross salary of their State-employed members hired prior to July 1, 1991;
2. 15% of School Aid Formula (SAF) covered payroll of county-employed members;
3. 7.5% of SAF-covered payroll of members of the TDCRS;
4. a certain percentage of fire insurance premiums paid by State residents; and
5. under WV State code section 18-9-A-6a, beginning in fiscal year 1996, an amount determined by the State Actuary as being needed to eliminate the TRS unfunded liability within 40 years of June 30, 1994. As of June 30, 2019 and 2018, respectively, the University’s proportionate share attributable to this special funding subsidy was $604,958 and $530,603.

The University’s contributions to TRS for the years ended June 30, 2020, 2019, and 2018 were approximately $283,000, $301,000, and $338,000, respectively.

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2018 and 2017, respectively, and rolled forward to the measurement dates of June 30, 2019 and 2018, respectively. The following actuarial assumptions were used and applied to all periods included in the measurement:

- Actuarial cost method: Entry age normal cost with level percentage of payroll.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method and period: Level dollar, fixed period over 40 years, from July 1, 1995 through fiscal year 2035.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00–6.00% and non-teachers 3.00–6.50%, based on age.
- Inflation rate of 3.0%.
- Discount rate of 7.50%.
- Mortality rates based on RP-2000 Mortality Tables.
- Withdrawal rates: Teachers 0.8-35.00% and non-teachers 1.316-24.75%.
- Disability rates: 0-0.7%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Retirement rates: 15-100%.
- *Ad hoc* cost-of-living increases in pensions are periodically granted by the State Legislature. However, the retirement system makes no automatic provision for such increases.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the CPRB adopts revised assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2019 and 2018 are summarized below:

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

2020

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Domestic Equity	5.8%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	3.3%	15.0%
Real Estate	6.1%	10.0%
Private Equity	8.8%	10.0%
Hedge Funds	4.4%	10.0%

2019

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Domestic Equity	4.5%	27.5%
International Equity	8.6%	27.5%
Core Fixed Income	3.3%	15.0%
Real Estate	6.0%	10.0%
Private Equity	6.4%	10.0%
Hedge Funds	4.0%	10.0%

Discount rate. The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, TRS' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on TRS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the TRS net pension liability as of June 30, 2020 and 2019 calculated using the discount rate of 7.50%, as well as what the University's TRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
June 30, 2020	$ 2,835,879	$ 2,077,711	$ 1,429,175
June 30, 2019	$ 3,131,776	$ 2,320,149	$ 1,626,267

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the TRS net pension liability was measured as of June 30, 2019. The total pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to the measurement date. At June 30, 2019, the TRS net pension liability was measured as of June 30, 2018. The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to the measurement date.

At June 30, 2020 and 2019, the University's proportionate share of the TRS net pension liability was approximately $7,093,000 and $8,332,000, respectively. Of this amount, the University recognized approximately $2,078,000 and $2,320,000, respectively, as its proportionate share on the statement of net position. The remainder of $5,015,000 and $6,012,000, respectively, denotes the University's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and nonemployer contributing entity is based on their proportionate share of employer and nonemployer contributions to TRS for each of the fiscal years ended June 30, 2019 and 2018. Employer contributions are recognized when due. At June 30, 2019, the University's proportion was 0.069835%, a decrease of 0.004475% from its proportion of 0.074310% calculated as of June 30, 2018. At June 30, 2018, the University's proportion was 0.074310%, a decrease of 0.011474% from its proportion of 0.085784%, calculated as of June 30, 2018.

For the years ended June 30, 2020 and 2019, the University recognized TRS pension expense of $502,232 and $397,652, respectively. Of this amount, $(136,472) and $153,785, respectively, was recognized as the University's proportionate share of the TRS expense; $604,958 and $530,603, respectively, as the amount of pension expense attributable to special funding from a nonemployer contributing entity; and $33,746 and $20,834, respectively, as the amount of pension expense from a nonemployer contributing entity not attributable to a special funding situation. The University also recognized revenue of $638,704 and $551,437, respectively, for support provided by the State.

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 28,029	$ 829,041
Net Difference Between Projected and Actual Investment Earnings	-	14,947
Difference between Expected and Actual Experience	10,382	112,580
Changes in Assumptions	44,861	-
Contributions After the Measurement Date	283,127	-
Total	$ 366,399	$ 956,568

At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	$ 44,296	$ 1,033,767
Net Difference Between Projected and Actual Investment Earnings	-	120,793
Difference between Expected and Actual Experience	16,684	46,777
Changes in Assumptions	72,092	-
Contributions After the Measurement Date	300,935	-
Total	$ 434,007	$ 1,201,337

The University will recognize the $283,127 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the TRS net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in TRS pension expense as follows:

NOTE 14 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Fiscal Year Ended	Amortization
June 30, 2021	$ (206,821)
June 30, 2022	(322,133)
June 30, 2023	(267,764)
June 30, 2024	(61,108)
June 30, 2025	(15,470)
Total	$ (873,296)

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2020 and 2019.

NOTE 15 MARSHALL UNIVERSITY FOUNDATION, INC.

The Foundation is a separate nonprofit organization incorporated in the State whose purpose is to benefit the work and services of the University and its affiliated nonprofit organizations. The Foundation has a board of directors authorized to have 40 members selected by its Board members. At present, there are 34 members, including the President of the University as a nonvoting ex-officio member. In carrying out its responsibilities, the board of directors of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation. The University administration does not control the resources of the Foundation. The Foundation's financial statements are presented as a discretely presented component unit of the University's financial statements in accordance with GASB.

Total funds expended by the Foundation in support of University activities totaled $10,566,612 and $13,158,490 during the years 2020 and 2019, respectively. This support and related expenditures are recorded in the University's financial statements.

NOTE 16 BIG GREEN SCHOLARSHIP FOUNDATION, INC.

Big Green is a separate nonprofit organization incorporated in the State whose purpose is to provide scholarship aid to student athletes and program support for the University's intercollegiate athletic program. Big Green has a board of directors authorized to have 48 members selected by its Board members. The following persons are ex-officio, nonvoting members of the Board: the University Director of Athletics, the Associate Athletic Director, the Athletic Director Executive Director, Director of Athletic Development, Assistant Director of Athletic Development and the Director of External Affairs. In carrying out its responsibilities, the board of directors of Big Green is responsible for all the business of Big Green and all lawful corporate powers including the selection and removal of all officers, agents, and employees. The University administration does not control the resources of Big Green. Big Green's financial statements are presented as a discretely presented component unit of the University's financial statements in accordance with GASB.

Total funds expended by the Foundation in support of University activities totaled $3,463,589 and $3,163,182 during the years 2020 and 2019, respectively. This support and related expenditures are recorded in the University's financial statements.

NOTE 17 PROVIDENT – MARSHALL PROPERTIES L.L.C.

Provident – Marshall, a West Virginia limited liability company, was created on June 4, 2010 by its sole member, Provident Resources Group, Inc. (Provident), a Georgia nonprofit corporation and organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (the Code), as amended as a charitable organization described in Section 501(c) (3) of the Code. Provident – Marshall was created to own, operate, and maintain a 418 unit, 812 bed, student housing facility and a 123,850 square foot student recreation/wellness center located on the campus of Marshall University, located in Huntington, West Virginia (Project). On July 30, 2010, Provident – Marshall purchased the Project from MSH – Marshall and commenced operations on that date.

Provident and Provident – Marshall promote and advance education through various means, including, without limitation, the development, construction, acquisition, ownership, management, maintenance, operation, and disposition of facilities of various types, including, but not limited to, educational, research, and student housing facilities and through the provision of development, enrichment, counseling, tutoring, and other services and activities, so as to assist colleges and universities in fulfilling their education mission. The Provident – Marshall financial statements are presented as a discretely presented component unit of the University's financial statements in accordance with GASB.

NOTE 18 AFFILIATED ORGANIZATION

The University has a separately incorporated affiliated organization, Marshall Health, Inc. (formerly UP & S) (Marshall Health). Oversight responsibility for Marshall Health rests with its independent board and management not otherwise affiliated with the University. Accordingly, the financial statements of Marshall Health are not included in the accompanying financial statements under the blended component unit requirements. Marshall Health is not included in the University's accompanying financial statements under discretely presented component unit requirements as they have dual purposes (i.e., not entirely or almost entirely for the benefit of the University).

NOTE 19 CONTINGENCIES AND COMMITMENTS

The nature of the educational industry is such that, from time to time, claims will be presented against the University on account of alleged negligence, acts of discrimination, breaches of contract, or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the University would not seriously affect the financial position of the University.

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will not have a significant financial impact on the University's financial position.

The Code establishes rules and regulations for arbitrage rebates. No arbitrage rebate liabilities have been recorded in the accompanying financial statements as of June 30, 2020 and 2019.

The University owns various buildings that are known to contain asbestos. The University is not required by federal, state, or local law to remove the asbestos from its buildings. The University is required under federal environmental, health, and safety regulations to manage the presence of asbestos in its buildings in a safe manner. The University addresses its responsibility to manage the presence of asbestos in its buildings on a case-by-case basis.

Significant problems of dangerous asbestos conditions are abated as the conditions become known. The University also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe manner.

The COVID-19 pandemic may impact various parts of the operations and financial results of the University and its component units, including the method of delivery, athletics, housing and food service. Management believes that the University and its component units are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated at June 30, 2020.

NOTE 20 SERVICE CONCESSION ARRANGEMENTS

The University has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The University has identified two contracts for services that meet the four criteria of a SCA. SCAs are defined as a contract between a government and an operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still has control over the services provided, and the government retains ownership of the assets at the end of the contract. The contracts are with Sodexo America, LLC (Sodexo) and Follett Higher Education Group (Follett).

The University has a contract with Sodexo to provide food services within University facilities on the Huntington campus. These services provide the University with the best, most accurate and appropriate campus dining program that enhances the student's quality of life and is supportive of the education experience. The current contract began on August 16, 2009, and allows for nine annual renewals. Sodexo provides meal plans to students through the University as well as offering cash sales to the University community. The University receives annual commission payments from Sodexo calculated as a contractually agreed percentage of cash sales and the University pays Sodexo for the meal plans from fees collected by the University from students. In 2020 and 2019, the University received $604,302 and $681,789, respectively, in commissions from Sodexo. Sodexo made renovations that were capitalized by the University totaling $2,394,416 during 2019 as part of the agreement for the new contract that began August 16, 2019. No renovations were done in 2018. Sodexo made renovations that were capitalized by the University totaling $3,075,159 in prior years of the contract. These renovations are accreted over the remaining life of the contract and if the contract is not renewed the University will be required to pay Sodexo for the unaccreted portion of these renovations. At June 30, 2020 and 2019, the University has a deferred inflow of $3,120,501 and $2,425,686, respectively, for the unaccreted inflow for renovations, and an accrued service concession liability of $104,024 and $13,003, respectively, for estimated insurance and maintenance costs that the University will be required to pay through the end of the contract. The existing contract ends August 15, 2019 and the new contract has been awarded to Sodexo beginning August 16, 2019.

The University contracts with Follett to operate bookstores located within University facilities on the Huntington, South Charleston, and Mid-Ohio Valley campuses. These services provide the University community with a professional bookstore that will provide the highest caliber of services to Marshall University's campuses. The current contract began on July 1, 2016 and allows for nine annual renewals. The University receives annual commission payments calculated as a contractually agreed percentage of bookstore revenue. In 2020 and 2019, the University received $347,235 and $422,068, respectively, in commissions from Follett. Follett made renovations that were capitalized by the University totaling $41,596 during 2020 and $271,782 during 2019. These renovations are accreted over the remaining life of the contract and if the contract is not renewed the University will be required to pay Follett for the unaccreted portion of these renovations. At June 30, 2020 and 2019, the University has a deferred inflow of $473,673 and $511,024, respectively, for the unaccreted inflow for renovations, and an accrued service concession liability of $277,011 and $323,179, respectively, for estimated insurance and maintenance costs that the University will be required to pay through the end of the contract.

NOTE 21 CONDENSED COMPONENT UNIT INFORMATION - MURC

Condensed component unit information for MURC, the University's blended component unit, for the years ended June 30, 2020 and 2019 is as follows:

Condensed Statements of Net Position

	2020	2019
Assets		
Current Assets	$ 16,272,366	$ 10,839,916
Receivable from University	1,515,932	537,900
Capital Assets, Net	10,037,066	9,907,103
Other Assets	28,575,868	30,689,277
Total Assets	56,401,232	51,974,196
Liabilities		
Current Liabilities	16,571,170	8,633,913
Long-Term Liabilities	1,524,767	1,735,490
Total Liabilities	18,095,937	10,369,403
Net Position		
Net Investment in Capital Assets	8,739,729	8,447,597
Restricted		
Nonexpendable	15,000,000	15,000,000
Sponsored Projects	7,033,507	11,565,794
Unrestricted	7,532,059	6,591,402
Total Net Position	$ 38,305,295	$ 41,604,793

NOTE 21 CONDENSED COMPONENT UNIT INFORMATION - MURC (CONTINUED)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2020	2019
Operating Revenues		
Federal, State, Local Grants	$ 35,143,352	$ 28,115,095
Other Operating Revenues	4,736,630	5,583,539
Total Operating Revenues	39,879,982	33,698,634
Operating Expenses		
Operations	42,534,447	36,171,405
Depreciation	1,602,927	1,831,176
Total Operating Expenses	44,137,374	38,002,581
Operating Loss	(4,257,392)	(4,303,947)
Nonoperating Revenues (Expenses)		
Investment Income	1,171,756	1,641,289
Other Nonoperating Revenues (Expenses)	(213,862)	187,833
Total Nonoperating Revenues	957,894	1,829,122
Decrease in Net Position	(3,299,498)	(2,474,825)
Net Position - Beginning of Year	41,604,793	44,079,618
Net Position - End of Year	$ 38,305,295	$ 41,604,793

Condensed Statements of Cash Flows

	2020	2019
Net Cash (Used) By:		
Operating Activities	$ (1,300,330)	$ (1,995,991)
Noncapital Financing Activities	2,555,000	-
Capital Financing Activities	(2,107,770)	(764,055)
Investing Activities	2,874,761	2,500,054
Decrease in Current Cash and Cash Equivalents	2,021,661	(259,992)
Current Cash and Cash Equivalents - Beginning of Year	2,620,890	2,880,882
Current Cash and Cash Equivalents - End of Year	$ 4,642,551	$ 2,620,890

NOTE 22 SEGMENT INFORMATION

The University issues revenue bonds to finance certain of its activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries, capital fees, and other revenues pledged for repayment.

Board of Governors of Marshall University, University Revenue Bonds, Series 2011

In November 2011, the Board sold $51,910,000 of 2011 Bonds. The 2011 Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2011 Bonds are secured pursuant to a Trust Indenture dated as of November 1, 2011, between the Board and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2011 Bonds were issued on parity with the 2010 Bonds and are secured by and payable from certain revenues as defined in the Trust Indenture.

Board of Governors of Marshall University, University Refunding Revenue Bonds, Series 2010

In November 2010, the Board sold $37,140,000 of 2010 Bonds. The 2010 bonds are secured by and payable from auxiliary fees as defined in the indenture. The proceeds of the 2010 Bonds were used to (1) advance refund $40,690,000 of State of West Virginia, Higher Education Interim Governing Board, University Facilities Revenue Bonds, Series 2001A and (2) pay the costs of issuance of the 2010 Bonds.

Marshall University Board of Governors, Improvement and Refunding Revenue Bonds, Series 2020A

In April 2020, the Board sold $ 56,035,000 of 2020A series bonds. The 2020 Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020A Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020A Bonds will be used to (1) finance a portion of the costs of the construction, equipping and furnishing of a new building for the University’s Lewis College of Business along with other capital improvements approved by the issuer and (2) refund and redeem all or a portion of the 2010 and 2011 Bonds and (3) paying bond insurance premiums or other credit enhancement and (4) to pay the costs of issuance of the 2020A Bonds.

Marshall University Board of Governors, Refunding Revenue Bonds, Series 2020B

In April 2020, the Board sold $ 45,960,000 of 2020B series bonds. The 2020B Bonds were issued under the authority contained in Chapter 18, Article 18B of the Code of West Virginia, 1931, as amended, and the 2020 Bonds are secured pursuant to a Trust Indenture dated as of April 1, 2020, between the University and United Bank, Inc., Charleston, West Virginia, as the Trustee. The 2020B Bonds are secured by and payable from certain revenues as defined in the Trust Indenture. The proceeds of the 2020B Bonds will be used to (1) refund and redeem all or a portion of the 2011 Bonds, (2) pay bond insurance premiums or other credit enhancement and (3) to pay the costs of issuance of the 2020B Bonds.

NOTE 22 SEGMENT INFORMATION (CONTINUED)

Condensed accrual basis financial information for the University's segment as of June 30, 2020 and 2019 is as follows:

Condensed Schedules of Position

	2020	2019
Assets:		
Current Assets	$ 14,697,023	$ 13,441,308
Noncurrent Assets	175,283,367	140,818,651
Total Assets	189,980,389	154,259,959
Deferred Outflows of Resources	-	685,273
Total	$ 189,980,389	$ 154,945,232
Liabilities and Deferred Inflows:		
Current Liabilities	$ 4,801,486	$ 5,478,179
Noncurrent Liabilities	113,706,789	74,119,509
Total Liabilities	118,508,275	79,597,688
Deferred Inflows of Resources	3,319,280	2,624,466
Total	121,827,555	82,222,154
Net Position:		
Net Investment in Capital Assets	58,612,031	63,827,459
Restricted for Debt Service	2,039	1,732
Unrestricted	9,525,507	8,893,887
Total Net Position	68,139,577	72,723,078
Total	$ 189,967,132	$ 154,945,232

NOTE 22 SEGMENT INFORMATION (CONTINUED)

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	2020	2019
Operating:		
Operating Revenues	$ 22,894,174	$ 23,978,050
Operating Expenses	(20,129,044)	(17,754,441)
Net Operating Income	2,765,130	6,223,609
Nonoperating:		
Nonoperating Revenues	-	-
Nonoperating Expenses	(4,026,292)	(5,569,930)
Total Nonoperating	(4,026,292)	(5,569,930)
Net Revenues	(1,261,162)	653,679
Transfers from (to) from the University	(3,322,339)	(4,047,980)
Changes in Net Position	(4,583,501)	(3,394,301)
Net Position - Beginning of Year	72,723,078	76,117,379
Net Position - End of Year	$ 68,139,577	$ 72,723,078

Condensed Schedules of Cash Flows

	2020	2019
Net Cash Provided by Operating Activities	$ 9,376,471	$ 9,609,529
Net Cash Used by Capital and Related Financing	(8,006,243)	(12,519,113)
Net Increase (Decrease) in Cash and Cash Equivalents	1,370,228	(2,909,584)
Cash and Cash Equivalents - Beginning of Year	13,145,628	16,055,212
Cash and Cash Equivalents - End of Year	$ 14,515,856	$ 13,145,628

NOTE 23 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The operating expenses within both natural and functional classifications for the years ended June 30, 2020 and 2019 are as follows:

2020	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other Operating Expense	Total
Instruction	$ 70,238,251	$ 17,813,972	$ 10,440,128	$ 2,698	$ -	$ -	$ -	$ 98,495,049
Research	6,250,980	2,388,618	7,377,175	6,249	-	-	-	16,023,022
Public Service	12,147,835	2,203,979	7,563,539	77,816	-	-	-	21,993,169
Academic Support	14,131,626	3,621,535	8,777,234	440	-	-	-	26,530,835
Student Services	8,504,069	2,347,331	4,660,028	4,545	-	-	-	15,515,973
General Institutional Support	14,228,985	3,366,955	8,087,586	111,700	-	-	-	25,795,226
Operations and Maintenance of Plant	5,166,102	1,396,535	5,341,002	6,264,949	-	-	-	18,168,588
Student Financial Aid	-	-	-	-	28,952,833	-	-	28,952,833
Auxiliary Enterprises	10,921,399	3,665,346	19,057,305	2,285,262	-	-	-	35,929,312
Depreciation	-	-	-	-	-	16,435,163	-	16,435,163
Other	-	-	-	-	-	-	3,367,138	3,367,138
Total	$ 141,589,247	$ 36,804,271	$ 71,303,997	$ 8,753,659	$ 28,952,833	$ 16,435,163	$ 3,367,138	$ 307,206,308

2019	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other Operating Expense	Total
Instruction	$ 68,794,457	$ 18,606,513	$ 7,320,739	$ 1,150	$ -	$ -	$ -	$ 94,722,859
Research	6,637,129	2,672,417	5,636,631	8,258	-	-	-	14,954,435
Public Service	10,935,271	2,664,943	4,489,694	87,600	-	-	-	18,177,508
Academic Support	13,049,685	3,219,225	7,934,752	558	-	-	-	24,204,220
Student Services	8,040,737	2,131,832	6,043,185	4,169	-	-	-	16,219,923
General Institutional Support	13,433,585	2,790,484	7,132,384	161,038	-	-	-	23,517,491
Operations and Maintenance of Plant	4,578,923	1,206,755	4,702,456	6,096,777	-	-	-	16,584,911
Student Financial Aid	-	-	-	-	24,714,038	-	-	24,714,038
Auxiliary Enterprises	10,768,580	4,528,304	21,242,987	2,315,641	-	-	-	38,855,512
Depreciation	-	-	-	-	-	15,645,622	-	15,645,622
Other	-	-	-	-	-	-	225,260	225,260
Total	$ 136,238,367	$ 37,820,473	$ 64,502,828	$ 8,675,191	$ 24,714,038	$ 15,645,622	$ 225,260	$ 287,821,779

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION

The notes taken directly from the audited consolidated financial statements of the Foundation are as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of The Marshall University Foundation, Inc., its' wholly owned for profit subsidiary, Marshall Services Corporation, and the supporting organizations of The Marshall University Foundation, Inc.: the Marshall University Real Estate Foundation, Inc. and the Marshall University Alumni Association. Intercompany transactions and balances have been eliminated in consolidation.

NATURE OF ACTIVITIES

The Marshall University Foundation, Inc. ("Foundation") was established in January, 1947 as a non-profit, tax-exempt, educational corporation to solicit, receive, manage and administer gifts on behalf of Marshall University. It is a public charity under Section 501(c)(3) of the Internal Revenue Code. The Foundation receives the majority of its support and revenue from gifts, contributions, and return on investments.

The Marshall University Real Estate Foundation, Inc ("MUREF") was established in June, 2008 as a non-profit, tax-exempt educational corporation established to operate exclusively for the benefit of, to perform functions of, or to carry out the purpose of the Foundation. It is a public charity under Section 501(c)(3) of the Internal Revenue Code. The Real Estate Foundation receives the majority of its support and revenue from rental income.

Marshall Services Corporation was established in October, 2012 to enter into a joint venture called INTO Marshall, LLC to operate an international student center and provide marketing and student recruitment for the benefit of Marshall University. The Marshall Service Corporation has not received any income due to losses sustained by INTO Marshall, LLC. The Marshall Service Corporation entered into a Wind-Down Agreement in February, 2020 to effect an orderly wind-down of the INTO Marshall, LLC joint venture.

Marshall University Alumni Association is a public charity under Section 501(c)(3) of the Internal Revenue Code dedicated to advancing the goals and objectives of the Marshall University Foundation, Inc. and Marshall University by coordinating and conducting activities among the alumni. The Alumni Association receives the majority of its support and revenue from gifts and contributions.

PUBLIC SUPPORT AND REVENUE

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. Contributions that are received with donor stipulations that limit the use of the donated assets are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of use restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT REVENUE
Grant revenue is recognized when the resource provider makes a promise to give to the Foundation that is, in substance, unconditional. Conditional grant awards are recognized as revenue as the conditions of the resource provider are met. Conditional grant revenue received in advance of satisfying the resource providers' conditions is recorded as refundable advances. Grant revenue that is not restricted by the resource provider is recorded as increases in net assets without donor restrictions. Grant revenue that is restricted by the resource provider is reported as increases in net assets with donor restrictions. When a restrictions expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

ESTIMATES
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS
The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS
Investments are reported in the consolidated financial statements at fair value. The current year increase or decrease in fair value over book value is recognized currently in the consolidated statement of activities. The Foundation uses a number of valuation techniques to value its investments which are described in Note 18. The majority of the investment funds are pooled into three categories - Operating Pool, Project Pool and Endowment Pool. The total investment return consists of interest and dividend income, realized gains and losses, net of related investment expenses. Unrealized gains and losses are reported in the other income (loss) section of the consolidated statements of activities.

PROPERTY AND EQUIPMENT
Property and equipment purchased for use by the Foundation is capitalized at cost and property and equipment contributed to the Foundation for its use is capitalized at fair value at the date of the gift. Property and equipment is depreciated over the estimated useful life of the asset which ranges from three to forty years using the straight-line method. Property and equipment purchased for Marshall University departments is expensed when received and immediately donated to the University by The Marshall University Foundation, Inc.

OTHER ASSETS
Other assets consist of donated works of art and musical instruments which do not meet the definition of a collection and, in 2019, a life interest in real estate that have all been recorded at their estimated fair values at the date of donation. The life interest in real estate was sold in 2020.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COLLECTIONS

The Foundation capitalizes collections. The Foundation received The Touma Museum of Medicine on behalf of the Joan C. Edwards School of Medicine ("JCESOM"). The collection is held for public exhibition, education and research in furtherance of public service rather than for financial gain; will be protected, kept unencumbered, cared for and preserved, and will be maintained intact. The Touma Museum is managed by the JCESOM and is carried at the fair value at the date of contribution. New additions to the collection may be received by the Foundation if items are accepted by the JCESOM.

BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

ADVERTISING COSTS

Advertising costs totaling \$51,433 and \$68,984 for 2020 and 2019, respectively are charged to operations when incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on payment experience, age of the receivable, and other specifics of the account. Once it is determined by management that the account will not be collectible, it is charged off as bad debt.

FUNDS HELD IN CUSTODY FOR OTHERS

The Foundation holds and invests funds for Marshall University under an agency agreement. The investments and other funds are reported as assets, while the corresponding liability is reported as funds held in custody for others.

RECLASSIFICATIONS

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHANGE IN ACCOUNTING POLICIES

The Foundation adopted the provisions of ASU 2016-01, *Financial Instruments-Overall* (Topic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities* during the year ended June 30, 2020. The implementation of this standard resulted in certain changes to the financial statement presentation including that the presentation of unrealized gains and losses on investments are to be reported as other income (loss). It also eliminated the requirement to disclose fair value of financial instruments measured at amortized cost for entities that are not public business entities. The adoption of this accounting standard did not have an impact on the Foundation's financial position or change in its net assets and has been applied retrospectively to all periods presented.

The Foundation adopted the provisions of ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* during the year ended June 30, 2020. The update provides additional guidance for distinguishing whether grants and similar contracts with resource providers are exchange or nonexchange transactions and, therefore, assisting in evaluation whether the transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance. The update also provides additional guidance for determining whether the transactions considered to be contributions are conditional or unconditional. The adoption of this update was applied on a modified prospective basis wherein, in the first set of financial statements following the effective date, the amendments were applied to all agreements that were not completed as of the effective date and all agreements entered into after the effective date. The adoption of this update had the effect of increasing gifts and contributions in the consolidated statements of activities and decreasing deferred revenue in the consolidated statements of financial position by $580,501 in 2020.

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY

As of June 30, 2020 and 2019, financial assets and liquid resources available within one year for general expenditures were as follows:

		2020		2019
Financial assets available				
Cash and cash equivalents	$	4,910,745	$	1,730,219
Unconditional promises to give, net		6,056		12,203
Other receivables		248,180		1,449
Total financial assets available within one year	$	5,164,981	$	1,743,871

In addition, as of June 30, 2020 and 2019, the Foundation had $7,092,023 and $8,092,063, respectively, of board-designated endowments that, with the board's approval, could be made available for operations.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2020 and 2019 are comprised of the following:

		2020		2019
Cash and overnight repurchase agreements	$	13,322,717	$	10,987,444
Short-term investments		77,015,953		9,893,289
TOTAL	$	90,338,670	$	20,880,733

NOTE 4 – INVESTMENTS

Investments as of June 30, 2020 and 2019 are summarized as follows:

		2020 Fair Value		2019 Fair Value
Fixed income	$	32,645,376	$	30,998,564
Equities		58,114,863		102,834,094
Other		58,970,793		86,457,735
TOTAL	$	149,731,032	$	220,290,393

See Note 18 for further breakdown by each individual investment or group of investments that represent a significant concentration of market risk.

The following summarizes the investment return for the years ended June 30, 2020 and 2019 inclusive of income on cash equivalents, perpetual trusts, the investments described above:

		2020		2019
Investment Income:				
Interest and dividends	$	518,128	$	464,134
Realized gain		18,731,129		1,136,493
Investment fees		(338,179)		(172,428)
Net investment return	$	18,911,078	$	1,428,199
Other Income (Loss):				
Unrealized (losses) gains	$	(25,761,933)	$	7,214,625

Gain or loss on sale of investments is determined by utilizing the average cost method.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 5 - NOTES PAYABLE

On November 14, 2012, Marshall Services Corporation entered into a memorandum of understanding with the Marshall University Research Corporation to provide a $300,000 loan to use for its initial capital contribution to INTO MARSHALL, LLC, a West Virginia limited liability company, and to defray the formation, start-up and initial administrative costs of Marshall Services Corporation.

Payments on the loan including interest on the outstanding balance at a rate of 5% per annum, compounded annually, are to be paid from any profits, distributions, dividends, or payments that Marshall Services Corporation receives from INTO MARSHALL, LLC after the payment of any taxes and reasonable and customary operating and administrative expenses of Marshall Services Corporation. No interest or principal payments were made on the loan during the years ended June 30, 2020 and 2019. The outstanding loan balance totaled $300,000 at June 30, 2020 and 2019. With the wind-down of INTO Marshall, LLC, Marshall Services Corporation does not anticipate any income or distributions from the joint venture to fund the repayment of the loan.

In April 2020, the Foundation applied for, and received, a SBA Paycheck Protection Program loan made available under the America CARES Act. This loan is forgivable if used for the limited purposes in accordance with the SBA requirements. Forgiveness is not automatic but must be requested. The Foundation did utilize the loan proceeds in accordance with the SBA requirements and will submit the necessary request for forgiveness. The Foundation has elected to report the loan as a financial liability in accordance with FASB ASC470. The outstanding loan balance totaled $376,000 at June 30, 2020.

Interest expense on notes payable charged to operation was $20,520 and $19,543 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - PROMISES TO GIVE

Unconditional promises to give at June 30, 2020 and 2019 are as follows:

	2020	2019
Receivable in less than one year	$ 7,621,029	$ 7,196,478
Receivable in one to five years	8,691,371	9,208,528
Receivable in more than five years	14,631,905	15,799,135
Total unconditional promises to give	30,944,305	32,204,141
Less discounts to net present value	(2,221,093)	(2,349,800)
Less allowance for uncollectible promises	(4,259,841)	(4,325,212)
Net unconditional promises to give	$ 24,463,371	$ 25,529,129

Discount rates used on long-term promises to give ranged from 0.25% to 3.75% for fiscal years ending June 30, 2020 and 2019.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 7 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2020 and 2019:

	2020	2019
Land	$ 2,442,000	$ 2,442,000
Buildings	12,323,230	12,323,230
Office equipment	1,137,557	1,142,675
	15,902,787	15,907,905
Less: Accumulated depreciation	(4,248,853)	(3,903,305)
Property and equipment, net	$ 11,653,934	$ 12,004,600

Depreciation expense charged to operations was $382,375 and $422,018 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 - CONTINGENT ASSETS

The Foundation is the beneficiary of various whole life insurance policies. Proceeds payable to the Foundation upon the demise of the insured parties totaled approximately $1,849,818 and $1,807,619 at June 30, 2020 and June 30, 2019.

NOTE 9 - INCOME TAXES

The Foundation is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Foundation does, however, engage in some activities that are considered by the Internal Revenue Service to be unrelated business activities and therefore subject to unrelated business tax at the prevailing corporate rates. The Foundation's income tax expense for the fiscal years ended June 30, 2020 and 2019 totaled $-0-.

The Foundation's subsidiary, Marshall Services Corporation, is a for-profit entity and, therefore, is subject to federal and state income taxation. The company files its own federal and state income tax returns. Marshall Services Corporation incurred a net loss in its operations for 2020 and 2019 and, therefore, no income tax expense (benefit) is recognized in the accompanying consolidated financial statements.

The supporting organization of the Foundation, the Marshall University Real Estate Foundation, Inc, is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The MUREF has not engaged in activities that are considered by the Internal Revenue Service to be unrelated business activities, and consequently has no activity subject to unrelated business tax at prevailing corporate rates. MUREF's income tax for the fiscal years ended June 30, 2020 and 2019 totaled $0.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 9 - INCOME TAXES (CONTINUED)

The supporting organization of the Foundation, the Marshall University Alumni Association is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The MUAA has not engaged in activities that are considered by the Internal Revenue Service to be unrelated business activities, and consequently has no activity subject to unrelated business tax at prevailing corporate rates. MUAA's income tax for the fiscal years ended June 30, 2020 and 2019 totaled $0.

Management evaluates all of its material tax positions and they have determined there is no impact to the entity's consolidated financial statements related to uncertain tax positions. As a result, no amounts have been recognized or incurred, inclusive of penalties and interest, related to unrecognized tax benefits.

Management believes the Foundation, its subsidiary, and supporting organizations are no longer subject to income tax examinations for years prior to 2017.

NOTE 10 - CHARITABLE GIFT ANNUITIES

As of June 30, 2020 and 2019, the Foundation had liabilities under irrevocable charitable gift annuities. The Foundation agrees to pay to the donors' quarterly annuity payments until the donors' deaths. Based on the donors' life expectancy and the IRS discount rate (0.6% at June 30, 2020), the present value of future liabilities expected to be paid by the Foundation to the beneficiaries totaled $596,177 and $426,031 as of June 30, 2020 and 2019, respectively.

Assets received under these split interest agreements are recognized at fair market value at the date of receipt. The assets have been deposited in the Foundation's regular cash and investment accounts. The difference between the fair value of the assets received and the present value of the future distributions to the donors is recorded as contribution revenue.

Contribution revenue net of change in valuation of charitable gift annuities totaled $153,951 and $45,013 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 - CHARITABLE REMAINDER TRUSTS

The Foundation is named as the residual beneficiary of charitable remainder unitrusts. Under the terms of the unitrusts, a primary beneficiary receives annual distributions of a certain percentage of the net fair market value of the trust as of the first day of the taxable year. At the death of the primary beneficiary the Foundation receives all of the principal and income of the trust. Because these unitrusts are administered by third-party trustees, the Foundation records this as a contribution receivable and contribution revenue for the present value of the future benefits expected to be received from the trusts. The present value is calculated based on IRS actuarial formulas based on the primary beneficiary's life expectancy utilizing a rate of 0.6% at June 30, 2020. At June 30, 2020 and 2019, the contribution receivable from the remainder trusts totaled $462,765 and $509,863 respectively.

Contribution revenue net of change in valuation of charitable remainder trusts totaled $(47,098) and $(299,655) for the years ended June 30, 2020 and 2019, respectively.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 12 - PERPETUAL TRUSTS HELD BY THIRD PARTIES

The Foundation is the beneficiary of numerous perpetual trusts. The assets of the perpetual trusts are held by third parties. The Foundation has an irrevocable right to receive the income earned from the trust assets in perpetuity.

The Foundation records its beneficial interest in the perpetual trust assets at fair market value with a corresponding entry to contribution revenue with donor restrictions. At June 30, 2020 and 2019, the beneficial interest in perpetual trusts totaled $9,575,421 and $9,843,712, respectively.

The change in the beneficial interest in perpetual trust assets is recorded in investment income with donor restrictions in the accompanying consolidated financial statements and totaled $(268,291) and $266,350 for the years ended June 30, 2020 and 2019, respectively.

NOTE 13 - NET ASSETS

Net assets with donor restrictions at June 30, 2020 and 2019 were comprised as follows:

Periods after June 30,	2020	2019
Purpose restrictions		
Academic assistance	$ 54,866,647	$ 61,639,265
Student assistance	11,395,566	15,327,835
Fundraising	229,445	285,629
Management and General	16,231	29,800
Held in perpetuity		
Collection, Touma Museum	1,494,273	1,351,095
Perpetual and remainder trusts	10,038,186	10,353,575
Endowments	127,038,570	122,001,830
Total net assets with donor restrictions	$ 205,078,918	$ 210,989,029

Net assets were released from donor restrictions during the years ended June 30, 2020 and 2019 by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restrictions accomplished:

	2020	2019
Academic assistance	$ 4,883,180	$ 7,867,836
Student assistance	5,452,115	4,903,744
Fundraising	94,052	88,388
Management and general	8,750	24,494
Total	$ 10,438,097	$ 12,884,462

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 13 - NET ASSETS (CONTINUED)

Net assets without donor restrictions at June 30, 2020 and 2019 were comprised as follows:

	2020	2019
Board-designated endowments	$ 7,092,023	$ 8,092,063
Investment in property and equipment	9,678,048	9,991,888
Undesignated	(37,019)	482,626
Total net assets without donor restrictions	$ 16,733,052	$ 18,566,577

NOTE 14 - CONCENTRATIONS OF CREDIT RISK

The Foundation receives pledges from alumni as well as other individuals and companies. The pledges are unsecured. Unconditional promises to give are recorded net of an allowance for bad debts of $ 4,259,841 and $4,325,212 at June 30, 2020 and 2019, respectively.

The Foundation maintains substantially all of its cash balances with six financial institutions. At June 30, 2020 and 2019, balances at these financial institutions exceeded the amounts insured by the Federal Deposit Insurance Corporation and collateralized by securities pledged by the respective financial institutions by $ 10,029,668 and $7,850,135 respectively.

NOTE 15 - RETIREMENT PLAN AND DEFERRED COMPENSATION PLAN

Retirement Plan

The Foundation sponsors a defined contribution pension plan that covers all full-time employees and certain other employees. Full-time employees are eligible for participation on the first day of employment. Employees hired on a part-time, temporary or irregular basis for less than 1,000 hours a year are eligible for participation only if credited with 1,000 hours or more of service (including paid absence) during any 12-consecutive calendar month period commencing with his or her date of employment or any anniversary date, in which event he or she becomes an eligible employee as of the beginning of the 12 month period during which he or she was credited with at least 1,000 hours of service. Eligible employee does not include a person whose employment is incidental to his or her educational program.

Contributions to the plan are based on a percentage of salary as follows:

Employer	6%
Employee	6%

Pension expense for the fiscal years ended June 30, 2020 and 2019 was $116,821 and $111,276, respectively.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 15 - RETIREMENT PLAN AND DEFERRED COMPENSATION PLAN (CONTINUED)

Deferred Compensation

The Foundation has a deferred compensation agreement with a key employee under Section 457(b) of the Internal Revenue Code. During the years ended June 30, 2020 and 2019, the Foundation's contribution under the deferred compensation plan was $7,500 for each year. The deferred compensation liability is included in accrued vacation, wages and deferred compensation and totaled $ 141,045 and $123,609 for the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 16 – FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. The expenses are directly charged to the programs and supporting services benefited as follows: salaries and wages as well as the related employee benefits based on job descriptions of the employees; professional fees based on the types of services provided; computer expenses based on the department benefiting from the charge; travel based on the purpose of the travel expense; hospitality based on the nature of the activity; property and equipment related expenses based on the location and usage of the related asset; and program support based on the nature of the activity being funded.

NOTE 17 - DONATED SERVICES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fund raising activities. No amounts have been recognized in the consolidated statement of activities because the criteria for recognition under the Not-For-Profit Topic of the FASB Accounting Standards Codification have not been satisfied.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS

The Foundation determines the fair values of its financial instruments based on the fair value hierarchy established by the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification which specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions. The three levels of the fair value hierarchy based on these two types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in an active market for identical assets and liabilities at the measurement date.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The hierarchy requires the use of observable market data when available. When determining fair value measurements, the Foundation utilizes active and observable market prices for identical assets and liabilities whenever possible and classifies such items as Level 1. When identical assets and liabilities are not traded in active markets, the Foundation utilizes market observable data for similar assets and liabilities in an active market, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market and classifies such items as Level 2. When observable data is not available, the Foundation uses alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. Items valued using such internally generated valuation techniques are based on the lowest level of input that is significant to the valuation.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Contributions Receivable				
From Remainder Trusts	$ 462,765	$ 462,765	$ -0-	$ -0-
Beneficial Interest In				
Perpetual Trusts	9,575,421	9,575,421	-0-	-0-
Investments				
Fixed Income				
Commingled Global Fixed*	21,450,531	-0-	-0-	-0-
U.S. Government Bonds	55,500	55,500	-0-	-0-
Domestic Mutual Funds	336,230	336,230	-0-	-0-
International Mutual Funds	10,803,115	10,803,115	-0-	-0-
Total Fixed Income	32,645,376	11,194,845	-0-	-0-
Equities				
Publicly Traded Equity	657	657	-0-	-0-
Domestic Mutual Funds	652,468	652,468	-0-	-0-
International Mutual Funds	11,724,503	11,724,503	-0-	-0-
Commingled Global				
Equity*	45,728,985	-0-	-0-	-0-
Other	8,250	8,250	-0-	-0-
Total Equities	58,114,863	12,385,878	-0-	-0-
Other				
Commingled Hedge Funds*	33,776,325	-0-	-0-	-0-
Commingled				
Real Asset Fund*	5,163,232	-0-	-0-	-0-
Public Real Assets	48,043	48,043	-0-	-0-
Private Capital				
Commingled Private				
Capital Fund*	16,437,588	-0-	-0-	-0-
Private Equity*	1,502,499	-0-	-0-	-0-
Natural Resources*	301,435	-0-	-0-	-0-
Venture*	1,635,292	-0-	-0-	-0-
Distressed Debt*	106,379	-0-	-0-	-0-
Total Other	58,970,793	48,043	-0-	-0-
Total Assets	$ 159,769,218	$ 33,666,952	$ -0-	$ -0-

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS (CONTINUED)

* In accordance with Subtopic 820-10, 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 presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Contributions Receivable				
From Remainder Trusts	$ 509,863	$ 509,863	$ -0-	$ -0-
Beneficial Interest In				
Perpetual Trusts	9,843,712	9,843,712	-0-	-0-
Investments				
Fixed Income				
Commingled Global Fixed*	29,567,121	-0-	-0-	-0-
U.S. Government Bonds	55,500	55,500	-0-	-0-
Domestic Mutual Funds	280,619	280,619	-0-	-0-
International Mutual Funds	1,095,324	1,095,324	-0-	-0-
Total Fixed Income	30,998,564	1,431,443	-0-	-0-
Equities				
Publicly Traded Equity	8,436	8,436	-0-	-0-
Domestic Mutual Funds	495,927	495,927	-0-	-0-
International Mutual Funds	102,776	102,776	-0-	-0-
Commingled Global				
Equity*	102,218,705	-0-	-0-	-0-
Other	8,250	8,250	-0-	-0-
Total Equities	102,834,094	615,389	-0-	-0-
Other				
Commingled Hedge Funds*	41,304,054	-0-	-0-	-0-
Commingled Real				
Asset Fund*	23,981,189	-0-	-0-	-0-
Public Real Assets	25,690	25,690	-0-	-0-
Private Capital				
Commingled Private				
Capital Fund*	16,316,058	-0-	-0-	-0-
Private Equity*	1,771,599	-0-	-0-	-0-
Natural Resources*	471,303	-0-	-0-	-0-
Venture*	2,272,398	-0-	-0-	-0-

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS (CONTINUED)

Distressed Debt*	$ 315,444	$ -0-	$ -0-	$ -0-
Total Other	86,457,735	25,690	-0-	-0-
Total Assets	$ 230,643,968	$ 12,426,097	$ -0-	$ -0-

* In accordance with Subtopic 820-10, 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 presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

Fair values of liabilities measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LIABILITIES				
Annuity payment liability	$ 596,177	$ 599,177	$ -0-	$ -0-
Total Liabilities	$ 599,177	$ 599,177	$ -0-	$ -0-

Fair values of liabilities measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LIABILITIES				
Annuity payment liability	$ 426,031	$ 426,031	$ -0-	$ -0-
Total Liabilities	$ 426,031	$ 426,031	$ -0-	$ -0-

The Foundation utilizes the services of independent third parties (banks and investment managers) to value their instruments on a recurring basis. The following describes the valuation methodologies used to measure different financial instruments at fair value on a recurring basis:

Contributions Receivable from Remainder Trusts
The Foundation uses quoted market prices of the underlying investments of contributions receivable from remainder trusts adjusted for the present value of the future benefits expected to be received utilizing IRS actuarial formulas and, therefore, they are included in Level 1. The quoted market prices are provided by an independent third-party bank. The underlying investments consist principally of cash equivalents, equities, fixed income, alternative assets, and mutual funds.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Perpetual Trusts
The Foundation uses quoted market prices of the underlying investments of beneficial interest in perpetual trusts and, therefore, they are included in Level 1. The quoted market prices are provided by independent third-party banks. The underlying investments consists principally of cash equivalents, equities, fixed income, alternative assets, diversified strategies, and mutual funds.

Investments
The Foundation uses quoted market prices in an active market when available. These investments consist principally of equities and fixed income securities and are included in Level 1. The quoted market prices are provided by independent third-party banks and brokers. The Foundation had no Level 2 or Level 3 investments at June 30, 2020 and 2019.

Additional disclosures for the Foundation's investments for which fair value is measured using the net asset value per share practical expedient, as required by ASC 820 including the liquidity terms and conditions of the External Funds, are included in Note 19 of the consolidated financial statements. The total fair value of the External Funds valued using the practical expedient that are not included in the fair value hierarchy table is \$126,102,266 and \$218,217,871 at June 30, 2020 and June 30, 2019, respectively.

Annuity Payment Liability
The Foundation uses quoted market prices of the underlying investments of annuity payment liability adjusted for the present value of the expected future annuity payments utilizing IRS actuarial formulas and, therefore, they are included in Level 1. The quoted market prices are provided by an independent third-party bank. The underlying investments consist principally of cash equivalents, domestic and international mutual funds, and real estate investment trusts.

Fair values of assets measured on a nonrecurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Other assets	$ 16,525	$ -0-	$ 16,525	$ -0-
Collections	1,494,273	-0-	1,494,273	-0-
Total assets	$ 1,510,798	$ -0-	$ 1,510,798	$ -0-

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 18 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a nonrecurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Other assets	$ 66,525	$ -0-	$ 66,525	$ -0-
Collections	1,351,095	-0-	1,351,095	-0-
Total assets	$ 1,417,620	$ -0-	$ 1,417,620	$ -0-

The following describes the valuation methodologies used to measure nonfinancial instruments at fair value on a nonrecurring basis:

Other Assets: Other assets consists of donated works of art, musical instruments, and in 2019 a life interest in real property. Such assets are carried on the consolidated statement of financial position at their estimated fair values at the date of donation. Fair value is determined by independent appraisals.

Collections: Collections consist of the donated Touma Museum of Medicine. These assets are carried on the consolidated statement of financial position at their estimated fair value at the date of donation. Fair value is determined by an independent appraisal.

NOTE 19 – ASSETS MEASURED AT NET ASSET VALUE PER SHARE

The Foundation invests in External Funds including those for which fair value is measured at the net asset per share as a practical expedient per ASC 820. The Foundation's investment in External Funds may involve varying degrees of illiquidity and varying time periods to fund commitments to certain investments.

The following table summarizes liquidity for the External Funds which are not private equity:

Asset Class	Withdrawal Frequency	Notice Period
Commingled Global Fixed Income	Daily, Quarterly	1 Day, 90 Day
Commingled Global Equity	Daily, Weekly, Monthly	1 Day, 5 Day, 5 Day
Commingled Hedge Funds	Daily, Quarterly	1 Day, 90 Day

Commingled Global Fixed Income: This class includes investments in commingled funds that invest in foreign and domestic debt, including exposure to global sovereign bonds, opportunistic and high-yield instruments, and U.S. TIPS, and TALF. These funds attempt to meet or exceed the Barclays U.S Aggregate Bond Index. External Funds that are not private equity in nature provide for liquidity on varying schedules. Certain funds have initial lock-up period ranging from three to four years and provide quarterly liquidity thereafter with a 90-day notice. The balance of the External Funds that are not private equity are available daily with a one-day notice.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 19 – ASSETS MEASURED AT NET ASSET VALUE PER SHARE (CONTINUED)

Commingled Global Equity: This class includes investments in commingled funds that invest primarily in U.S. or foreign equities, and which attempt to meet or exceed the return of specific equity indices, including the MSCI All Country World Total Return Net Index (ACWI) in the aggregate. External Funds that are not private equity in nature provide for liquidity on varying schedules. Certain funds provide liquidity on a weekly or monthly basis with a 5-day notice. The balance of the External Funds that are not private equity are available daily with a one-day notice.

Commingled Hedge Funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to produce attractive returns with moderate to low correlations to equity and credit markets, to generate fixed income like volatility, and to be opportunistic during periods of market duress. The objective is pursued by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to, equity long/short, event driven, relative value, directional, macro, and quantitative methods. External Funds that are not private equity in nature provide for liquidity on varying schedules. Certain funds provide quarterly liquidity after a one year lock-up with 90-day notice. The balance of the External Funds that are not private equity are available daily with a one-day notice.

Certain External Funds include private equity investments ("PE Funds") which are illiquid in nature and typically cannot be redeemed. Commitments to PE Funds are typically funded through capital calls. The following table provides details about the inception, commitment and uncalled portion of the commitments to these illiquid PE Funds.

Asset Class	Inception	Commitment	Uncalled Commitment	Redemption
Commingled Real Assets	2014, 2016	$ 11,000,000	$ 6,749,940	Illiquid
Commingled Private Capital	2013, 2015, 2016, 2018	22,500,000	12,381,146	Illiquid
Private Equity	2007, 2010, 2011	3,300,000	285,450	Illiquid
Natural Resources	2008	1,000,000	29,000	Illiquid
Venture	2007, 2010	1,800,000	62,000	Illiquid
Distressed Debt	2006, 2008	2,500,000	382,100	Illiquid

Commingled Real Assets: This class includes investments in commingled funds that invest primarily in illiquid real assets with the objective of providing an inflation hedge, diversification in assets with low or negative correlation to other assets, and attractive risk adjusted returns. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to real estate, energy, infrastructure, credit strategies, and asset backed securities. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 to 10 years.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 19 – ASSETS MEASURED AT NET ASSET VALUE PER SHARE (CONTINUED)

Commingled Private Capital: This class includes investments in commingled funds that invest primarily in illiquid private capital with the objective of providing enhanced returns, diversification through investments with low correlations to other assets, and access to private companies. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to buyouts, growth equity, venture capital, and opportunistic credit. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 to 11 years.

Private Equity: This class includes investments in funds that invest primarily in a diversified group of both U.S. and foreign private equity investments with the objective of providing enhanced returns, diversification through investments with low correlations to other assets, and access to private companies. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to equity securities, warrants, and other options that are not generally actively traded. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 to 3 years

Natural Resources: This class includes investments in funds that invest primarily in natural gas and oil, power, and other natural resource opportunities with the objective of providing long-term capital appreciation and superior risk-adjusted returns. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to equity securities, and property acquisition that are not generally actively traded. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 year.

Venture Capital: This class includes investments in funds that invest primarily in emerging growth companies with the objective of obtaining long-term growth capital and superior risk-adjusted returns. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to early stage information technology, and late stage healthcare technology that are not generally actively traded. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 year.

Distressed Debt: This class includes investments in funds that invest primarily in a diverse set of debt investments across the U.S. and globally with the objective of providing enhanced returns in a variety of credit environments. This class achieves its objective by allocating to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to restructured debt, stressed debt, distressed debt, "special situation" and mezzanine debt. There is no provision for redemption during the life of these funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated, estimated at June 30, 2020 to be over the next 1 to 7 years.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 20 - ENDOWMENTS

The Marshall University Foundation, Inc.'s endowment consists of approximately 1,037 funds established for the benefit of the students of Marshall University through both scholarship assistance and supplemental support of various university departments and endeavors. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by Type of Fund as of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -0-	$ 127,805,707	$ 127,805,707
Board-designated endowment funds	7,092,023	-0-	7,092,023
Total funds	$ 7,092,023	$ 127,805,707	$ 134,897,730

Endowment Net Asset Composition by Type of Fund as of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -0-	$ 132,088,821	$ 132,088,821
Board-designated endowment funds	8,092,063	-0-	8,092,063
Total funds	$ 8,092,063	$ 132,088,821	$ 140,180,884

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 8,092,063	$ 132,088,821	$ 140,180,884
Investment return:			
Investment income	(180)	(3,539)	(3,719)
Fees	(9,413)	(165,560)	(174,973)
Realized & unrealized gain (loss)	(397,266)	(6,193,797)	(6,591,063)
Total investment return	(406,859)	(6,362,896)	(6,769,755)

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 20 - ENDOWMENTS (CONTINUED)

	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 650,939	$ 9,466,364	$ 10,117,303
Appropriation of endowment assets for expenditure	(422,176)	(8,208,526)	(8,630,702)
Other changes:			
Transfers in endowment classification	(821,944)	821,944	-0-
Endowment net assets, end of year	$ 7,092,023	$ 127,805,707	$ 134,897,730

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 8,024,534	$ 119,866,356	$ 127,890,890
Investment return:			
Investment income	(3,751)	(58,208)	(61,959)
Fees	(1,814)	(27,487)	(29,301)
Realized & unrealized gain (loss)	454,881	7,000,395	7,455,276
Total investment return	449,316	6,914,700	7,364,016
Contributions	14,343	12,524,413	12,538,756
Appropriation of endowment assets for expenditure	(511,878)	(7,100,900)	(7,612,778)
Other changes:			
Transfers in endowment classification	115,748	(115,748)	-0-
Endowment net assets, end of year	$ 8,092,063	$ 132,088,821	$ 140,180,884

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 20 - ENDOWMENTS (CONTINUED)

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Organization to retain as a fund of perpetual duration (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of $100,237,101, fair values of $96,884,719, and deficiencies of $3,352,382 were reported in net assets with donor restrictions. At June 30, 2019, there were no deficiencies to report in net assets with donor restrictions.

Interpretation of Relevant Law
The state in which the Foundation operates, the State of West Virginia, has enacted the Uniform Prudent Management of Institutional Funds Act. The Board of Directors have interpreted this law as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified 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, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions are deficiencies associated with funds where the value of the fund has fallen below the original value of the gift. In accordance with the law, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purpose of the Foundation and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation, and
- The investment policy of the Foundation

Objective of the Endowment
The objective of the Endowment is to ensure that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment. This will be accomplished through a carefully planned and executed long-term investment program. The objective of the investment program is to enhance the Endowment's long-term viability by maximizing the value of the Endowment with a prudent level of risk.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 20 - ENDOWMENTS (CONTINUED)

Performance Goals

On an annualized, net-of-fees basis, the return of the Endowment over the long term (at least a full market cycle) will be expected to:

- Equal or exceed the spending rate plus inflation over a market cycle; and,
- Equal or exceed the average return of appropriate capital market indices weighed by the asset allocation target percentages over rolling five-year periods; and,
- Equal or exceed the average return of a universe of similarly sized Endowment Funds as reported in a published study (NACUBO-TIAA Study of Endowments).

Performance goals are based upon a long-term investment horizon, therefore, interim fluctuations should be viewed with appropriate perspective.

Investment Philosophy

The Endowment has a long-term investment horizon, and allocates its assets accordingly. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinate of the Endowment's investment performance.

The assets will be managed on a total return basis. While the Endowment recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the participant's best interest on a risk-adjusted basis.

Risk management of the investment program is focused on understanding both the investment and operational risks to which the Endowment is exposed. The objective is to minimize risks and require appropriate compensation for investment risks which the Endowment is willing to accept.

Investment Program Policy

It is the policy of the investment program to invest according to an asset allocation strategy that is designed to meet the goals of the Endowment Investment Objective. The strategy will be based on a number of factors, including:

- The relationship between current and projected assets of the Endowment and its spending requirements
- The maintenance of sufficient liquidity to meet spending payments
- Historical and expected long-term capital market risk and return behaviors

The policy provides for diversification of assets in an effort to maximize the investment return and manage the risk of the Endowment consistent with the market conditions. Asset allocation modeling will assist in identifying asset classes the Endowment will use and the percentages each class represents in the total fund.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 20 - ENDOWMENTS (CONTINUED)

Investment Program Strategy

As a result of the above policy, the Investment Committee of the Foundation has adopted the following asset allocation targets and ranges:

Asset Class	Minimum Weight	Target Weight	Maximum Weight
Growth Assets	50%	70%	90%
Credit Assets	0%	8%	12%
Inflation Sensitive Assets	5%	16%	20%
Risk Mitigation Assets	5%	6%	25%

The Endowment seeks to attain an annual average total return over a full market cycle (typically 5-7 years) in excess of a policy benchmark that is composed of a blend of two broad-based indices:

70% weight of the MSCI All Country World Return Net Index from Morgan Stanley Capital International (the "MSCI ACWI"); and

30% weight of the Barclays U.S. Aggregate Bond Index (the "Barclays U.S. Agg").

Management implemented the asset allocation policy through the use of qualified external professional investment managers. The external investment managers have full discretion and authority for determining investment strategy, security selection and timing subject to the Policy guidelines and any other guidelines specific to their portfolio.

Spending Policy

Balancing the investment of endowments for Intergenerational Equity with the current programmatic needs supported by the endowments, The Marshall University Foundation, Inc.'s spending policy is designed to comply with the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the WV legislature in June, 2008.

UPMIFA provides for the prudent management of endowments for both investment and spending. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Foundation.

The spending allocation for the endowment pool is applied ratably to the underlying funds in the endowment pool. The spending allocation is calculated for the total endowment pool based on the following formula:

- The twelve-quarter moving average of the market value of the endowment times 4 percent (4%),
- Measured with the quarter ending September 30 for the following fiscal year.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 21 - EQUITY INVESTMENT IN JOINT VENTURE

Marshall Services Corporation owns a 50% interest in INTO MARSHALL, LLC. The investment is accounted for under the equity method of accounting, whereby the initial investment of $250,000 is adjusted for profit or loss and distributions. The equity investment is carried at $0 at June 30, 2020 and 2019 as the joint venture's accumulated losses are in excess of the initial capital contribution. Marshall Services Corporation does not anticipate any income or distributions from the wind-down of the joint venture, and anticipates completing the wind-down during the 2021 fiscal year.

NOTE 22 – FUNDS HELD IN CUSTODY FOR OTHERS

The Foundation invests funds for Marshall University. These investments are held in an agency relationship, therefore, assets and liabilities are always equal and no net assets are reported. The liability for agency investments was $73,509,009 and $73,329,905 at June 30, 2020 and June 30, 2019, respectively.

NOTE 23 – LEASES

In October, 2011, the MUREF entered into a rental agreement with Marshall University to lease space in the Art Warehouse for university operations. The MUREF is to receive rent of $9,565 per month for the period from October 1, 2011 through October 1, 2020. The lease is classified as an operating lease.

Following is a summary of property on or held for lease at June 30, 2020 and 2019:

		2020		2019
Land	$	800,000	$	800,000
Building		1,500,000		1,500,000
Total		2,300,000		2,300,000
Less: Accumulated Depreciation		(328,125)		(290,625)
Net	$	1,971,875	$	2,009,375

Future annual minimum lease payments receivable from this operating lease for years subsequent to June 30, 2020 are as follows:

Year Ending June 30,		Amount
2021	$	28,695
TOTAL	$	28,695

Rental revenue for years ended June 30, 2020 and 2019 total $114,780 each year.

NOTE 24 COMPONENT UNIT DISCLOSURES – FOUNDATION (CONTINUED)

NOTE 24 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to June 30, 2020 through September 29, 2020 (the date the financial statements were available to be issued) for possible adjustment to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

In March 2020, the World Health Organization declared the outbreak of a novel corona virus (COVID-19) as a pandemic which continues to spread throughout the United States. In response, on March 16, 2020 the Governor of West Virginia declared a State of Emergency and issued an order to close all nonessential businesses. These business closures have had a significant impact on the economy of the State of West Virginia as many of the employees of these nonessential businesses have been furloughed. The extent of the impact of the COVID-19 on operations will depend on future certain developments, which are highly uncertain and cannot be predicted with confidence, including the effect of giving from our donors and the volatility of the stock market. As such, the effect of COVID-19 on our financial condition and results of operations cannot be determined.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL

The notes taken directly from the audited consolidated financial statements of Provident Marshall are as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Provident Group – Marshall Properties, L.L.C. (Company), a West Virginia limited liability company, was created on June 4, 2010, by its sole member, Provident Resources Group, Inc. (Provident), a Georgia nonprofit corporation and organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (Code), as amended as a charitable organization described in Section 501(c)(3) of the Code. The Company was created to own, operate and maintain a 417-unit, 810 bed student housing facility and a 123,850 square foot student recreation/wellness center located on the campus of Marshall University, located in Huntington, West Virginia (Project). On July 30, 2010, the Company purchased the facilities and commenced rental operations on that date.

Mission: Provident and the Company promote and advance education through various means, including, without limitation, the development, construction, acquisition, ownership, management, maintenance, operation and disposition of facilities of various types, including, but not limited to, educational, research and student housing facilities and through the provision of development, enrichment, counseling, tutoring and other services and activities, so as to assist colleges and universities in fulfilling their educational mission.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Assets Held by Trustee: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000 per financial institution. Additionally, for purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company has not incurred any losses from the deposits.

In accordance with the loan agreement and trust indenture, the Company is required to fund monthly amounts into reserve accounts for debt service, and repair and replacements, which are held by the trustee. As of June 30, 2020 and 2019, such balances consisted of cash and cash equivalents. Such funds may be released, as approved by the trustee, as needed, by the Company for construction, major repairs and betterments. Assets required to fund the current portion of such payments are included in current assets.

Cash, cash equivalents, and assets held by trustee reported within the balance sheets sum to the total of the same such amounts as shown in the statements of cash flows.

Accounts Receivable: Accounts receivable are stated at the amount billed to tenants and others. Charges are ordinarily due on the first day of the semester. Charges that are past due more than one semester are considered delinquent. The Company does not accrue interest on any of its accounts receivable.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is determined by management based on the Company's historical losses, specific circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Rental and membership fee revenue are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing tenant occupancy and access to the wellness center. These amounts are due from tenants and members. Generally, the Company bills the tenants and members at the beginning of the academic period in advance of providing services. These amounts are due from tenants generally prior to the tenant receiving access to their assigned room or from members prior to members receiving access to the wellness center. Revenue is recognized as performance obligations are satisfied. Amounts received in advance of providing services is recognized as deferred revenue. As of June 30, 2020 and 2019, the amount of deferred revenue was $247,104 and $438,767.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual time incurred in relation to total expected period of occupancy and use of facilities. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to tenant occupancy and use of facilities.

The Company measures the performance obligation throughout the residency agreement term and contract term based on the member agreements. Revenue for performance obligations satisfied at a point in time, which is immaterial, is recognized when goods or services are provided.

The Company determines the transaction price based on standard charges for goods and services provided to eligible tenants and members, which are fixed per the terms of the residence agreements. All tenant service revenues are from eligible tenants and all wellness center service revenues are from members.

Deferred Revenue: Rental payments or membership fees received in advance are deferred until earned and are included in accrued expenses and other current liabilities in the balance sheets.

Income Taxes: The net income or loss of the Company, a disregarded entity for federal income tax purposes, is reported by its sole member, Provident. Accordingly, no provision or benefit for federal income taxes is included in the accompanying financial statements.

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more likely than not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2020 and 2019.

The Company is not subject to examination by U.S. federal taxing authorities for years before 2017 and for all state income taxes before 2017. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Company would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of June 30, 2020 and 2019.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified, with no effect on net assets or change in net assets, to conform to the current year presentation.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COVID-19 Risk Factors: On March 11, 2020, the World Health Organization made the assessment that COVID-19 was a global health pandemic. Measures taken by federal, state, and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown.

The outbreak of COVID-19 has also caused disruption in operations for institutions of higher education. In an effort to minimize the spread of COVID-19 on its campus, the University, in March, suspended all in person instruction and transitioned to online instruction for the balance of the spring semester and summer term. For the fall 2020 semester, the University implemented a hybrid delivery system, utilizing online and in-person instruction. The Company provides on-campus housing primarily for students and staff of the University, thus the outbreak of COVID-19 adversely impacted the ability of the Company to conduct its operations and the cost of operations.

A prolonged and widespread health crisis could adversely affect the U.S. economy, resulting in an economic downturn that could negatively impact higher education and ultimately affect demand for service offerings. In this scenario, the Company's financial outlook could be negatively impacted.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis of subsequent events through October 7, 2020, the date the financial statements were issued.

NOTE 2 - REVENUE BONDS PAYABLE

	Fixed/ Variable Rate	Fiscal Year Maturity	Interest Rate	2020	2019
Cabell County Series 2010A senior tax-exempt revenue bonds payable secured by a $80,711,596 letter of credit set to expire on January 30, 2023	Variable (LIBOR x 70%)	July 1, 2039	0.14% and 1.94% respectively	$ 77,480,000	$ 78,295,000
Cabell County Series 2010B subordinate tax-exempt revenue bonds payable	Fixed	July 1, 2039	7.50%	8,736,000	8,736,000
				86,216,000	87,031,000
Unamortized discount on Series 2010A bonds underlying the bonds payable				(228,666)	(246,117)
Unamortized deferred financing costs				(551,409)	(593,588)
				85,435,925	86,191,295
Less current maturities				76,878,925	982,000
				$ 8,557,000	$ 85,209,295

The bonds are collateralized by the letter of credit, which is collateralized by all the assets of the Company.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 2 - REVENUE BONDS PAYABLE (Continued)

Aggregate annual maturities of the revenue bonds payable at June 30, 2020, are as follows:

2021	$ 77,659,000
2022	193,000
2023	207,000
2024	223,000
2025	238,000
Thereafter	7,696,000
	$ 86,216,000

Principal and interest on the Series 2010B bonds are payable solely out of available surplus cash in accordance with the trust indenture. The Series 2010A and Series 2010B bonds are subject to certain mandatory and optional redemption and tender provisions as stated in the trust indenture. As of June 30, 2020 and 2019, Series 2010A bonds are still outstanding, therefore such provisions are not applicable to the Series 2010B bonds. Since the bonds are subject to optional tender by the owners in accordance with the trust indenture, any tendered bonds are remarketed by the Remarketing Agent pursuant to the trust indenture and the Remarketing Agreement. In the event the Remarketing Agent is unable to remarket the bonds, they become demand obligations and require immediate repayment.

Pursuant to the loan agreement, reimbursement agreement, trust indenture and ground lease, the Company is subject to certain financial covenants, reporting covenants, and other requirements. At June 30, 2020, management believes the Company was not in compliance with the debt service coverage ratio covenant. This constitutes an event of default based on the terms of the Reimbursement Agreement and Series A senior bond payable is presented as current. See Note 7 for management's plan for continuing operations. At June 30, 2019, management believes the Company was in compliance with all covenants.

NOTE 3 - DERIVATIVES

In connection with the issuance of the senior variable rate tax-exempt revenue bonds, the Company entered into an interest rate swap agreement with Deutsche Bank AG, New York Branch (Counterparty).

Interest Rate Swap Not Designated as a Hedge: Summary information about the interest rate swap not designated as a hedge as of June 30, 2020 and 2019, is as follows:

	2020	2019
Notional amounts	$ 77,480,000	$ 78,295,000
Weighted average pay rates (fixed)	3.728%	3.728%
Weighted average receive rates (LIBOR x 70%)	1.020%	1.643%
Weighted average maturity	8 years	9 years

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 3 – DERIVATIVES (Continued)

Derivative Fair Value: The following table presents the net amounts recorded in the statements of operations relating to the interest rate swap:

	Amounts Recognized	
	2020	2019
Unrealized loss on interest rate swap agreement	$ (4,603,730)	$ (3,672,308)
Interest expense - senior bonds payable	2,083,891	1,615,187

The net settlements on the interest rate swap agreement are included in the interest expense - senior bonds payable line above.

The following table reflects the fair value and location in the balance sheets of the interest rate swap:

	2020	2019
Current liabilities		
Interest rate swap agreement, current portion	$ 19,409,239	$ 1,818,960
Long-term liabilities		
Interest rate swap agreement, net of current portion	-	12,986,549

Though management has no intention to do so, the interest rate swap agreement can be terminated early.

NOTE 4 - RELATED PARTY TRANSACTIONS

Provident receives a fee from the Company to cover corporate administrative overhead costs. For the years ended June 30, 2020 and 2019, corporate administrative overhead costs, which are included in management fees in the statements of income, were $208,779 and $203,866, respectively. Per the trust indenture, the Company has deferred a portion of the corporate administrative overhead costs as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, $39,330 and $39,714, respectively, remained outstanding.

NOTE 5 - MANAGEMENT AGREEMENT

The Company's housing facility is managed by Capstone On Campus Management, LLC, an unaffiliated management agent. The management fee was $190,309 and $186,924 for the years ended June 30, 2020 and 2019, respectively. The management agreement is for a period of fifteen years beginning on July 30, 2010. The management agreement may be terminated for cause in accordance with the provisions of the management agreement. Per the trust indenture, the Company has deferred a portion of the management fee as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, $71,366 and $70,096, respectively, remains outstanding.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 5 - MANAGEMENT AGREEMENT (Continued)

The Company's wellness center is managed by Centers, LLC, an unaffiliated management agent. The management fee was $261,589 and $256,964 for the years ended June 30, 2020 and 2019, respectively. The management agreement is for a period of fifteen years beginning on July 30, 2010. The management agreement may be terminated for cause in accordance with the provisions of the management agreement. Per the trust indenture, the Company has deferred a portion of the management fee as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, $81,804 and $96,451, respectively, remains outstanding.

NOTE 6 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described below:

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The fair value of the interest rate swap agreement, which is provided directly by the Counterparty, is based on the expected cash flows over the life of the trade of the instrument and was estimated using the closing mid-market rate/price environment at June 30 (Level 2). The interest rate swap agreement trades in less liquid markets with limited pricing information available, and as such, the fair value for the interest rate swap agreement is inherently more difficult.

The fair value provided may differ from actual trade prices as a result of various factors, including (but not limited to) market liquidity, interest rates, credit spreads, position size, transaction and financing costs, hedging costs and risks and uses of capital, as well as certain assumptions regarding past, present and future market conditions. As a result, it is possible that a different valuation model could produce a materially different estimate of fair value. No other assets or liabilities as of June 30, 2020 and 2019, were valued using Level 2.

The total amount of losses for the years ended June 30, 2020 and 2019, included in expenses attributable to the change in unrealized losses relating to liabilities still held at June 30, 2020 and 2019, was $4,603,730 and $3,672,308, respectively.

NOTE 25 COMPONENT UNIT DISCLOSURES – PROVIDENT MARSHALL (CONTINUED)

NOTE 7 - MANAGEMENT'S PLAN FOR CONTINUING OPERATIONS

The Company does not believe it is in compliance with the debt service coverage ratio requirement of the Reimbursement Agreement as of June 30, 2020. As no remediation has taken place, all obligations are classified as current obligations as well as the related interest and interest rate swap agreement. Based on this, the Company has substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are issued.

The outbreak of COVID-19 has caused disruption in operations for institutions of higher education. In an effort to minimize the spread of COVID-19 on its campus, the University, in March, suspended all in person instruction and transitioned to online instruction for the balance of the spring semester and summer term. On June 25, 2020, the University unveiled a Return-to-Campus plan addressing all aspects of returning to on-site instruction for the fall 2020 semester. Although, freshman and sophomore students are still required to live on campus for two years under this current plan, the global pandemic may adversely impact the demand for in-person higher education and enrollment may decrease overall which will affect the ability of the Company to conduct its operations and/or the cost of operations.

While the Company feels this disruption will be temporary, there is considerable uncertainty as to whether, and when, the University will re-institute in-person instruction to the same level as before the COVID-19 outbreak. These uncertainties cast substantial doubt on the Company's ability to meet its financial covenants and continue as a going concern through the period ending twelve months from the date of this report.

The Company will continue to work with the University and other stakeholders to develop solutions and strategies for addressing these financial and operational challenges, though the outcome of these matters cannot be predicted at this time.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC.

The notes taken directly from the audited consolidated financial statements of the Big Green Scholarship Foundation are as follows:

Note 1 – Summary of Significant Accounting Policies:

A. Business Operations and Basis of Presentation

Big Green Scholarship Foundation, Inc. (the Foundation), provides scholarship aid to student athletes and program support for Marshall University's (Marshall) intercollegiate athletic program. In 2019-2020, Marshall sponsored sixteen varsity sports (six men and ten women), and provided for approximately 399 athletes, equivalent to approximately 230 full scholarships. The Foundation's main sources of revenue are contributions, endowments, and special fundraising events.

The Foundation follows the accrual method of accounting and its accounting and reporting policies conform to accounting principles generally accepted in the United States of America. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reporting in the financial statements and accompanying notes. Actual results could differ from these estimates. The following is a summary of the more significant accounting and reporting policies.

B. Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash on hand and deposits with banking institutions either in checking or other accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2020, have been fully secured by federal depository insurance or adequate collateral.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. At June 30, 2020, the Foundation had net assets both with donor restrictions and without donor restrictions.

D. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued):

E. Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the Statement of Financial Position as net assets without donor restrictions and net assets with donor restrictions based on the absence or existence and type of donor-imposed restrictions. During the fiscal year ended June 30, 2019, the Foundation introduced a "Capital Fund" to the financial statements. This fund will be used to capture the activity from the "Herd Rises" campaign, which is a fund-raising campaign that will provide financial assistance to capital projects for Marshall's athletic facilities.

F. Combined Financial Statements

The financial statements include the accounts of the Foundation. In addition, the Booster Club accounts of the Foundation represent the various related Marshall intercollegiate sports Booster Clubs, which encourage and promote support for their respective intercollegiate teams at Marshall. The Branch Entity Club accounts of the Foundation represent various support groups in different geographical areas, which support and promote the Foundation and Marshall.

G. Investments

Investments in marketable securities with readily determinable values are stated at fair value. Investment income, expense, gains, and losses are reported as changes in net assets without donor restrictions in the reporting period in which the activity is recognized.

H. Investment Pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued):

I. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction(s) expire in the fiscal year in which the contributions are recognized. Depending on the restriction, other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made, currently by pool of pledges, which range from 7.5% to 75%.

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

J. Deferred Revenue

Income for subsequent year special events held by the Foundation, Branch, or Booster Clubs is deferred and recognized in the period in which the special event is going to occur.

K. Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

L. Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code.

The Foundation's Form 990, Return of Foundation Exempt from Income Tax, for the fiscal years 2019, 2018, and 2017 are subject to examination by the IRS, generally three years after they were filed.

M. Property and Equipment

Property and equipment is recorded at estimated fair market value at date of donation or cost if purchased. Depreciation is computed on the straight-line method and is based on useful lives ranging from 3 to 5 years.

N. Advertising Costs

The Foundation expenses their advertising costs as they are incurred. Advertising costs for the year ended June 30, 2020 and 2019 were $51,518 and $48,161, respectively.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 2 – Liquidity:

The following reflects the Foundation's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial assets at June 30, 2020	$ 11,478,984
Less those unavailable for general expenditures within one year, due to:	
Contractual, timing, or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(276,205)
Subject to appropriation and satisfaction of donor restrictions	(8,764,287)
Board designations:	
Quasi-endowment fund, primarily for long-term investing	(105,828)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,332,664

As part of its liquidity management, the Foundation invests cash in excess of daily requirements in short-term investments, typically in a sweep account with interest with a bank. For further, qualitative discussions on the Foundation's liquidity and investment policies, please see Note 6.

Note 3 – Investments:

Investments, valued at fair market value as of June 30, 2020 and 2019, are summarized as follows:

	2020	2019
Cash and Cash Equivalents	$ 34,493	$ 48,097
Corporate Stock	930,450	844,766
Other	18,995	-
Mutual Funds:		
Bond Funds	2,452,850	2,442,368
Equity Funds	5,433,327	5,515,852
Multi-strategy Equity Funds	453,989	490,122
Multi-strategy Bond Funds	213,591	235,535
Total Mutual Funds	8,553,757	8,683,877
Total Investments	$ 9,537,695	$ 9,576,740

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 3 – Investments (Cont.):

The following schedule summarizes investment return and its classification in the Statement of Activities for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends	$ 338,886	$ 392,089
Unrealized gain/(loss)	(226,335)	88,762
Investment fees	(41,231)	(40,037)
Total investment return	$ 71,320	$ 440,814

Note 4 – Fair Value Measurements:

Fair value of assets measured on a recurring basis at June 30, 2020 and 2019, are as follows:

June 30, 2020	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 34,493	$ 34,493	$ -	$ -
Corporate Stock	930,450	930,450	-	-
Other	18,995	18,995	-	-
Mutual Funds	8,553,757	8,553,757	-	-
Total	$ 9,537,695	$ 9,537,695	$ -	$ -

June 30, 2019	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 48,097	$ 48,097	$ -	$ -
Corporate Stock	844,766	844,766	-	-
Mutual Funds	8,683,877	8,683,877	-	-
Total	$ 9,576,740	$ 9,576,740	$ -	$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on unobservable inputs. There were no Level 2 or Level 3 inputs for the fiscal years ended June 30, 2020 and 2019.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 5 – Promises to Give:

Promises to give at June 30, 2020, were as follows:

Description	Amount
Pledges due in less than one year	$ 1,525,640
Pledges due in one to five years	1,595,822
Total pledges receivable	3,121,462
Less: Discounts to present value, discounted at 2% annually	(189,523)
Less: Allowance for uncollectible pledges	(262,092)
Total promises to give	$ 2,669,847

As of June 30, 2020, $361,809 (net of allowances and present value discounts) represented promises to the Foundation's endowment fund. This income is used for scholarships and other support of the Marshall University Athletic Department.

As of June 30, 2020, $1,672,292 (net of allowances and present value discounts) represented promises to the Foundation's capital fund. This income is used for scholarships and capital improvements for the Marshall University Athletic Department.

Note 6 – Endowments:

A. Board-Designated Endowments

As of June 30, 2020, the Board of Trustees had designated $105,828 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

B. Donor-Restricted Endowments

The Foundation's endowment consists of approximately 158 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, 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.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 6 – Endowments (Continued):

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation, and (7) the Foundation's investment policies.

C. Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 6 – Endowments (Continued):

D. Spending Policy

The Foundation has a policy of appropriating for distribution each year only the net appreciation and income from the corpus of the endowment fund, based on a need to fund operations, if deemed necessary by the Board of Trustees. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation's current spending policy is based off of the average of the value of the endowment account at the end of 12 previous quarters, then multiplied by 4.5%. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	$ -	$ 8,764,287	$ 8,764,287
Board-designated endowment funds	105,828	-	105,828
Total	$ 105,828	$ 8,764,287	$ 8,870,115

Changes in endowment net assets as of June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ 104,223	$ 8,746,869	$ 8,851,092
Contributions	2,500	251,836	254,336
Investment income	3,808	323,128	326,936
Net appreciation (depreciation)	(2,203)	(207,410)	(209,613)
Amounts appropriated for expenditure	(2,500)	(350,136)	(352,636)
Endowment net assets, end of year	$ 105,828	$ 8,764,287	$ 8,870,115

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 7 – Donated Facilities, Services, and Other Items:

Donated facilities, services, and other items are recognized as contributions if the facilities, services, or other items (a) create, enhance, or allow the use of nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated facilities, services, and other items are valued at the rate the provider or owner would charge a recipient for similar facility usage, services, or other items.

The value of donated facilities, services, and other items included in the financial statements and the corresponding expenses for the fiscal year ended June 30, 2020, are as follows:

Facilities, Services, and Other Items	Value
Courtesy cars	$ 170,000
Facility equipment	22,985
Housing	83,500
Meals	8,790
Medical	142,656
Promotions	13,838
Travel	20,050
Total	$ 461,819

Note 8 – Property and Equipment:

Property and equipment at June 30, 2020 and 2019, are presented at their net book value. The property and equipment consists of vehicles. Property and equipment balances, by fund, for the fiscal year ended June 30, 2020, are as follows:

	June 30, 2019 Balance	Additions	Disposals	June 30, 2020 Balance
Operating Fund				
Vehicles	$ 35,970	$ -	$ -	$ 35,970
Less: Accumulated depreciation	(29,512)	(2,500)	-	(32,012)
Total Operating Fund	6,458	(2,500)	-	3,958
Booster Club				
Vehicles	53,881	-	-	53,881
Less: Accumulated depreciation	(53,881)	-	-	(53,881)
Total Booster Club	-	-	-	-
Total property and equipment	$ 6,458	$ (2,500)	$ -	$ 3,958

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 8 – Property and Equipment (Continued):

Depreciation expense for the year was charged to the following funds:

Fund		Amount
Operating	$	2,500
Booster		-
Total depreciation	$	2,500

Note 9 – Endowment Investment Fees:

The Foundation's investments policy requires the management fees to be paid out of interest and dividends which are considered without donor restrictions even though the investments are considered with donor restrictions. Total endowment investment fees paid for the fiscal year ended June 30, 2020 were $41,231.

Note 10 – Debt:

The Foundation has a 4.95% interest-bearing, eleven-year note that is payable in quarterly installments of $94,150 that is secured by an agreement between Marshall and Marshall's athletics marketing firm, IMG. The note has an outstanding balance of $266,284 at June 30, 2020, all of which is classified as short-term debt. The note was obtained in order to finance facility improvements for the Marshall University Athletic Department. In the agreement with IMG, the firm will make payments to Marshall for the improvements and Marshall has agreed to the assignment of payments from IMG to the Foundation for this note. This note will reach full maturity in fiscal year 2021.

The Foundation has an interest-bearing, eight-year note, which allowed the Foundation to access $1,700,000 of principal to assist with the financing of facility improvements for the Marshall University Athletic Department football stadium. The interest rate on the note will be fixed at 2.43% through July 15, 2018, at which time the rate will be adjusted to the current market rate, not to exceed 5.00% for the remaining two years. As of June 30, 2020, the interest for the note was 5.00%. The note is secured by an agreement between Marshall and individual donors for long-term leases for sky deck level suites at the Marshall University Athletic Department football stadium. The note has an outstanding balance of $157,670 at June 30, 2020, all of which is classified as short-term debt. This note will reach full maturity in fiscal year 2021.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 10 – Debt (Continued):

The future scheduled maturities of notes payable are:

For years ending June 30:	Amount
2021	$ 423,954
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total	$ 423,954

Note 11 – Financial Instruments:

A. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of the aforementioned cash investments and pledges receivable. Concentrations of credit risk with respect to pledges receivable are due to the large number of contributors and their dispersion across an economically depressed geographic area. A change in the economic climate could alter the collections of the current receivables and could affect the ability to raise funds for future campaigns.

B. Fair Value of Financial Instruments

The Foundation has a number of financial instruments consisting of cash, pledges receivable and contributions receivable, money market funds, and marketable securities. The Foundation estimates that the fair value of these financial instruments at June 30, 2020, does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position.

Note 12 – Risk Management:

The Foundation is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors, and omissions; injuries to employees; employees' health and life; and natural disasters. The Foundation manages these risks of loss through the purchase of various insurance policies.

Note 13 – Revenue Concentrations:

During the fiscal year ended June 30, 2020, a large portion of the Foundation's revenue consisted of monies given by individual donors. The amounts of contributions from these donors are dependent upon the populous, alumni, and friends of Marshall. Future levels of contributions are dependent upon these individuals.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 14 – Leases:

In October, 2016 (during the fiscal year ended June 30, 2017), the Foundation entered into a noncancelable five-year operating lease for office space. The lease contains a renewal option for five additional years at the completion of the first term. The lessor is required to pay all maintenance, utility, and property tax costs. Rental expense for this lease consisted of $24,465 for the year ended June 30, 2020.

Future minimum lease payments under this operating lease is:

For years ending June 30:	Amount
2021	$ 6,116
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total	$ 6,116

Note 15 – Beneficial Interest in a Charitable Remainder Trust:

In September 2004, a donor designated the Foundation as the sole beneficiary of their charitable remainder trust. The trust agreement calls for the balance of the trust to be distributed to the beneficiary upon the recipient's death. The trust had a fair value at the date of designation of $798,778 which was recorded as a contribution with donor restrictions based on ASC 958. For the fiscal year ended June 30, 2020, the trust incurred a loss of $58,077 and the fair value of the Foundation's beneficial interest in the trust was $667,580.

Note 16 – Other Receivables:

As discussed in Note 10, the Foundation has two interest-bearing notes that were obtained to finance improvements to facilities of the Marshall University Athletic Department.

A. General Facility Improvements

A note has been placed in the Foundation's name for operational purposes and the payments on the note will be made by an outside Foundation, Marshall's athletics marketing firm, IMG. As the facility improvements allow IMG to market the Marshall University Athletic Department, IMG has agreed to pay this debt on behalf of the Foundation. IMG has an agreement with the Marshall University Athletic Department for this arrangement and the Marshall University Athletic Department has agreed to assign the payments from IMG to the Foundation to pay this obligation. Due to this assignment, the Foundation will have a receivable on the Statement of Financial Position.

NOTE 26 COMPONENT UNIT DISCLOSURES – BIG GREEN SCHOLARSHIP FOUNDATION, INC. (CONTINUED)

Note 16 – Other Receivables (Continued):

B. Football Stadium Sky Suite Additions

A note has been placed in the Foundation's name for operational purposes and the payments on the note will be made by the Marshall University Athletic Department. As the addition of sky suites to the football stadium supports the Marshall University Athletic Department and allows for added fund-raising opportunities for the Foundation, Marshall has agreed to pay this debt on behalf of the Foundation. Individual donors have lease agreements with the Marshall University Athletic Department for this arrangement and the Marshall University Athletic Department has agreed to assign the payments from the donors to the Foundation for this obligation. Due to this assignment, the Foundation will have a receivable on the Statement of Financial Position.

Note 17 – Risks and Uncertainties:

As of June 30, 2020, local, U.S., and world governments continue to encourage self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the Foundation as of September 4, 2020, the Foundation, among other things, has made adjustments to its operations to mitigate the impact of COVID-19.

Note 18 – Subsequent Events:

The Foundation has evaluated all subsequent events through September 4, 2020, the date the financial statements were available to be issued.

MARSHALL UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2020 AND 2019
(UNAUDITED)

Schedule of Proportionate Share of TRS Net Pension Liability
(In Thousands)

Measurement Date	University's Proportionate Share as a Percentage of Net Pension Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.114986%	$ 3,967	$ 8,963	$ 12,930	$ 3,562	111%	65.95%
June 30, 2015	0.109047%	$ 3,779	$ 8,622	$ 12,401	$ 2,844	133%	66.25%
June 30, 2016	0.111053%	$ 4,564	$ 8,693	$ 13,257	$ 2,545	179%	61.42%
June 30, 2017	0.085784%	$ 2,963	$ 6,554	$ 9,517	$ 2,254	131%	67.85%
June 30, 2018	0.074310%	$ 2,320	$ 6,012	$ 8,332	$ 2,050	113%	30.98%
June 30, 2019	0.069835%	$ 2,078	$ 5,015	$ 7,093	$ 2,127	98%	29.29%

Schedule of Employer Contributions
(In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2014	$ 149	$ 151	$ (2)	$ 3,562	4.18%
June 30, 2015	$ 280	$ 303	$ (23)	$ 2,844	9.85%
June 30, 2016	$ 334	$ 368	$ (34)	$ 2,545	13.12%
June 30, 2017	$ 430	$ 339	$ 91	$ 2,254	20.81%
June 30, 2018	$ 350	$ 301	$ 49	$ 2,050	18.98%
June 30, 2019	$ 336	$ 283	$ 53	$ 2,127	14.15%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Years Ended June 30, 2020 and 2019

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only six years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

MARSHALL UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS
JUNE 30, 2020 AND 2019
(UNAUDITED)

Measurement Date	University's Proportionate Share as a Percentage of Net OPEB Liability	University's Proportionate Share	State's Proportionate Share	Total Proportionate Share	University's Covered Employee Payroll	University's Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2017	1.678119%	$ 41,265	$ 8,475	$ 49,740	$ 37,137	111%	25.10%
June 30, 2018	1.803470%	$ 38,692	$ 7,996	$ 46,688	$ 37,243	104%	30.98%
June 30, 2019	1.855690%	$ 30,788	$ 6,300	$ 37,088	$ 380,145	81%	39.69%

Schedule of Employer Contributions
(In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a Percentage of Covered Payroll
June 30, 2017	$ 3,447	$ 3,447	$ -	$ 37,137	9.28%
June 30, 2018	$ 3,685	$ 3,350	$ 335	$ 37,243	9.89%
June 30, 2019	$ 3,823	$ 3,143	$ 680	$ 38,045	8.26%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Years Ended June 30, 2020 and 2019

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only three years reported in the required supplementary information, there is no additional information to include in notes. Information, if necessary, can be obtained from the RHBT financial statements.

CliftonLarsonAllen LLP
CLAconnect.com

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

Governing Board
Marshall University
Huntington, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Marshall University (the University) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the Marshall University Research Corporation (MURC), the Marshall University Foundation, Inc. (the Foundation), Provident Group – Marshall Properties L.L.C. (Provident – Marshall), and the Big Green Scholarship Foundation, Inc. (Big Green), as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the MURC. The financial statements of the Foundation, Provident – Marshall, and Big Green were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2020