

CONCORD UNIVERSITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2021 AND 2020



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**CONCORD UNIVERSITY
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INDEPENDENT AUDITORS' REPORT

Board of Governors
Concord University
Athens, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Concord University (the University), a component unit of the West Virginia Higher Education Fund, as of and for the years ended June 30, 2021 and 2020, 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 financial statements based on our audits. We did not audit the financial statements of the Concord University Foundation, Inc., the discretely presented component unit. We also did not audit the Concord University Research and Development Corporation, which is a blended component unit and represents 2% of the assets, 2% of the net position, and 3% of the revenue of the University as of June 30, 2021 and 2% of the assets 2% of the net position, and 2% of the revenue of the University as of June 30, 2020. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Concord University Foundation, Inc. and the Concord University Research and Development Corporation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Concord University Foundation Inc. were not audited in accordance with *Government Auditing Standards*.

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 unit of the University as of June 30, 2021 and 2020, 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.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 15, 2021

CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

Introduction

Concord University (the University), is pleased to present its financial statements for the years ended June 30, 2021 and 2020. The University's financial statements are presented in the format required by the Governmental Accounting Standards Board (GASB).

During the fiscal year 2003, the University adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As a result, the financial statements of The Concord University Foundation, Inc. (the Foundation) are discretely presented following the University's financial statements. The Foundation is a private nonprofit organization. No modifications have been made to the Foundation's audited financial information as it is presented herein. The Concord University Research and Development Corporation is presented as a blended component entity of the University.

Financial Highlights

In fiscal year 2021, the University's enrollment decreased by 2.06% for total full-time fall enrollment of 1,720. Total net position increased by 12.78% for the year. Net investment in capital assets decreased by .22% while unrestricted net position increased by 85.42%. Total gross tuition and fee revenue increased by 5.19% with no tuition and fee increase effective for the year ended June 30, 2021, offset by a decrease in enrollment for the fiscal year ended June 30, 2021. State appropriated funding remained unchanged from that reported for the fiscal year ended June 30, 2020.

Financial Statements

The three statements reporting the financial results of the University are the statements of net position, the statements of revenues, expenses, and changes in net position; and the statements of cash flows. Each of these statements is discussed below.

Statement of Net Position

The statement of net position presents the Assets (current and noncurrent), Deferred Outflows of Resources, Liabilities (current and noncurrent), Deferred Inflows of Resources, and Net Position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) of the University as of the end of the fiscal year. Assets denote the resources available to continue the operations of the University. Liabilities indicate how much the University owes vendors, employees, and lenders. Net Position provides a way to measure the financial position of the University.

The statement of net position is similar to a balance sheet in format. It presents information about the resources available to the University and claims against those resources. Both resources and claims are classified in a format that segregates assets that are not, or are not intended to be available within the next year for operations, and liabilities, which are not expected to be due within the next year.

Net position is displayed in three major categories:

1. *Net investment in capital assets*. This category represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent 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.

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2. *Restricted net position.* This category includes net position of which use is restricted either due to externally imposed constraints or because of restrictions imposed by law. They are further divided into two additional components – expendable and nonexpendable. Expendable restricted net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position 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.
3. *Unrestricted net position.* This category represents the resources derived primarily from tuition and fees, state appropriations, and sales and services of educational activities that are not restricted. These resources are used for transactions related to educational and general operations of the University.

Condensed Statements of Net Position
June 30, 2021, 2020, and 2019

An indicator of the short-term financial health of the University is the ratio of current assets to current liabilities (current ratio). The current ratio was 1.93 to 1 and 1.39 to 1 as of June 30, 2021 and 2020, respectively. These indicate that the University has sufficient available resources to meet its obligations.

	2021	2020	2019	Change FY 21-FY 20
Assets:				
Current Assets	\$ 12,451,023	\$ 9,325,287	\$ 9,270,884	33.52%
Noncurrent Assets	3,533,237	3,775,333	4,290,528	-6.41%
Capital Assets, Net	58,858,770	59,694,032	61,393,230	-1.40%
Total Assets	<u>74,843,030</u>	<u>72,794,652</u>	<u>74,954,642</u>	2.81%
Deferred Outflows of Resources	<u>727,776</u>	<u>697,137</u>	<u>749,087</u>	4.39%
Total Assets and Deferred Outflows	75,570,806	73,491,789	75,703,729	2.83%
Liabilities:				
Current Liabilities	6,440,248	6,713,951	5,456,261	-4.08%
Noncurrent Liabilities	18,241,551	22,350,878	25,350,616	-18.39%
Total Liabilities	<u>24,681,799</u>	<u>29,064,829</u>	<u>30,806,877</u>	-15.08%
Deferred Inflows of Resources	4,031,009	2,682,868	2,389,588	50.25%
Net Position:				
Net Investment in Capital Assets	42,433,555	42,527,187	43,387,726	-0.22%
Restricted:				
Nonexpendable	2,424,736	2,424,736	2,424,736	0.00%
Expendable	2,939,398	2,073,248	1,957,890	41.78%
Unrestricted Deficit	(939,691)	(5,281,079)	(5,263,088)	-82.21%
Total Net Position	<u>\$ 46,857,998</u>	<u>\$ 41,744,092</u>	<u>\$ 42,507,264</u>	12.25%

CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(UNAUDITED)

As of June 30, 2021, the total assets of the University had increased by 2.81% while total liabilities decreased by 15.1% from the balances as of June 30, 2020. Total asset increase is due primarily to an increase in current assets of \$3.34 million, including an increase of cash of \$2.8 million. The decrease in total liabilities is due to the following changes: unearned revenue of (\$.13) million, OPEB Liability and Pension obligations of (\$3.2) million, advances from federal sponsors of (\$.1) million and bonds payable of (\$.4) million. The net position increased by 12.25% during the same time period. Unrestricted net position increased by 82.21% for the year ended June 30, 2021.

The University's total liabilities and deferred inflows of resources were approximately \$28.7 million and \$31.7 million, respectively, as of June 30, 2021 and 2020. Noncurrent liabilities were approximately \$18.5 million and \$22.4 million, respectively, as of June 30, 2021 and 2020. The noncurrent liabilities consist of capital lease obligations, service concession agreements, advances from federal sponsors, compensated absences, OPEB liability, and other debt obligations. The University's deferred inflows of resources were approximately \$4 million and \$2.7 million as of June 30, 2021 and 2020, respectively. Deferred inflows of resources are accreted over the life of the University's service concession arrangements and for pension and OPEB related items amortized over the related recognition period.

Unrestricted net deficit comprised (2.0%) and (12.65%) of the total net position of the University as of June 30, 2021 and 2020, respectively. The unrestricted deficit amounted to approximately (\$0.9) million and (\$5.3) million as of June 30, 2021 and 2020, respectively. The increase is due to COVID-19 funding for the recovery of lost revenue and reimbursement of expenses incurred during FY 20 and 21. The COVID-19 funding accounted for approximately \$3.5 million of the increase during the year ended June 30, 2021. Approximately \$1.7 million of the increase during the year ended June 30, 2021 was related to adjustments to deferred outflows and deferred inflows for GASB 68 (pension plan) and GASB 75 (other post-employment benefits plan).

Depreciation expense has been recorded for the years ended June 30, 2021 and 2020 in the amount of approximately \$2.4 million and \$2.5 million, respectively.

The University borrowed \$375,000 from the Commission during 2017. The debt agreement has no interest charged to the University and is payable in the amount of \$25,000 per quarter beginning July 1, 2017. The debt was paid off during the year ended June 30, 2021. The funds were borrowed to replenish the capital improvement funds that were spent to repair the roof of the child development center area of Towers building during the year ended June 30, 2017.

On February 17, 2009, the University entered a capital lease arrangement for the purpose of completing major HVAC, plumbing, and electrical upgrades for various buildings that are expected to provide savings on energy consumption of an estimated 5.00% per year. The amount financed and outstanding as of June 30, 2021 and 2020 was \$1,395,915 and \$1,729,163, respectively. The capital lease is payable in monthly installments of \$33,478, or \$401,736 annually. Payments began May 17, 2011. The annual interest rate is 4.16% for a 15-year period ending April 17, 2025. The lease is collateralized by the equipment purchased from the proceeds of the financing arrangement. The project cost incurred by the University is \$4,507,783, and the related capitalized interest is \$222,087 totaling \$4,729,870. The total principal and interest to be paid during the year ending June 30, 2022 is \$349,280 and \$52,461.

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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The University adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* during fiscal year 2012. Two contracts for services met the four criteria of service concession agreements (SCAs). The SCAs were for the food service operations contract and the bookstore operations contract. For the year ended June 30, 2021, the University recorded an intangible asset of approximately \$.4 million, an accrued liability of \$0, and a deferred inflow of resources of \$0. The University recognized revenue of approximately \$.2 million from SCAs during each of the fiscal years ended June 30, 2021 and 2020 that was recorded in miscellaneous revenue on the statements of revenues, expenses, and changes in net position.

The Concord University Research and Development Corporation, a blended component unit of the University, purchased the Johnson House and Mill Street Apartments located in Athens, West Virginia with the intent of using the property for providing additional housing for the University's students. When renovations were completed, the housing units were rented to University students as a form of supplemental/nontraditional housing. The University purchased the property from the Concord University Research and Development Corporation using capital lease financing during the year ended June 30, 2012. The Concord University Research and Development Corporation paid off the mortgage note during the year ended June 30, 2021.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents revenues of the University (operating and nonoperating), the expenses of the University (operating and nonoperating), and any other revenues, expenses, gains, and losses of the University for the years ended June 30, 2021 and 2020. State appropriations, while budgeted for operations, must be reported as nonoperating revenues as required by GASB. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019	Change FY 21-FY 20
Operating Revenues	\$ 23,430,590	\$ 21,809,476	\$ 24,337,714	7.43%
Operating Expenses	<u>37,011,414</u>	<u>37,815,511</u>	<u>36,987,603</u>	-2.13%
Operating Loss	(13,580,824)	(16,006,034)	(12,649,889)	-15.15%
Nonoperating Revenues	19,027,293	15,970,199	13,433,436	19.14%
Nonoperating Expenses	<u>(709,767)</u>	<u>(727,337)</u>	<u>(722,912)</u>	-2.42%
Net Nonoperating Revenues	<u>18,317,526</u>	<u>15,242,862</u>	<u>12,710,524</u>	20.17%
Change in Net Position before Other Revenues, Expenses, Gains or Losses	4,736,702	(763,172)	60,635	-720.66%
Other Revenues, Expenses, Gains or Losses	<u>377,204</u>	<u>-</u>	<u>5,000</u>	0.00%
Change in Net Position	5,113,906	(763,172)	65,635	-770.09%
Net Position - Beginning of Year	<u>41,744,092</u>	<u>42,441,629</u>	<u>42,441,629</u>	
Net Position - End of Year	<u>\$ 46,857,998</u>	<u>\$ 41,744,092</u>	<u>\$ 42,507,264</u>	12.25%

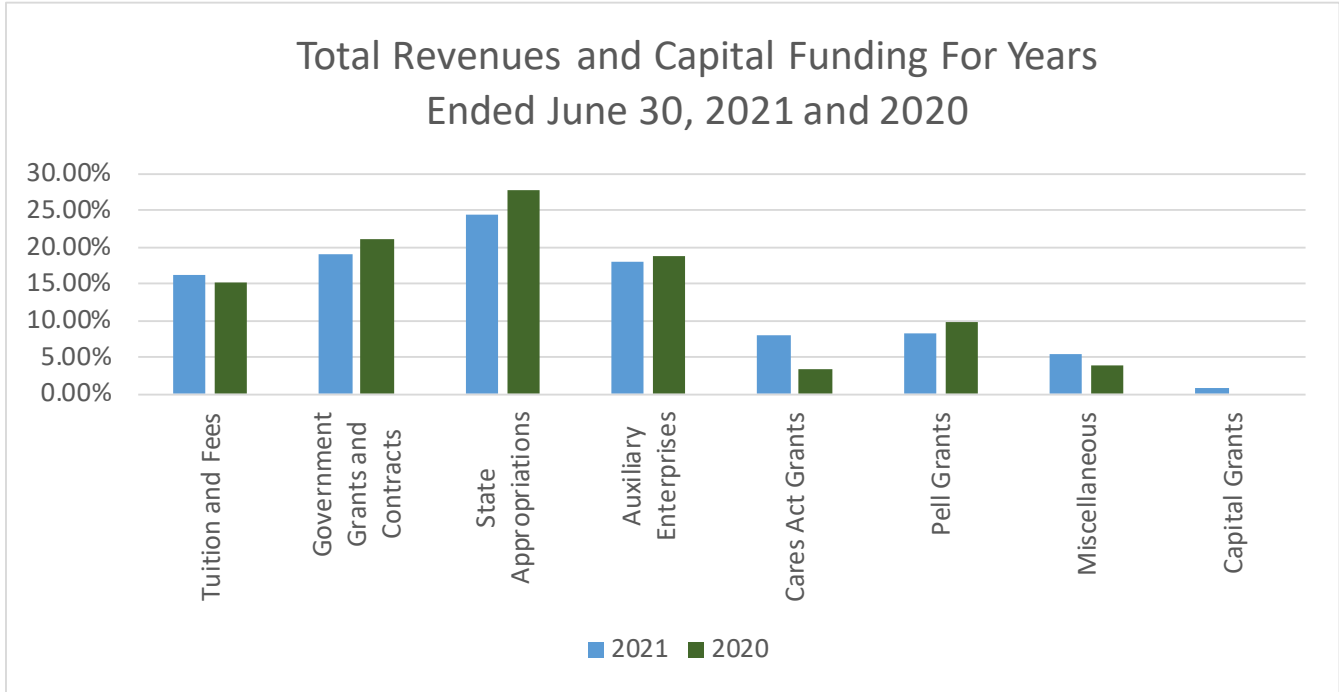
**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Major sources of revenue for the University are program and general revenues. The following is a list of the sources of the total revenue and capital funding reported for the years ended June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change FY 21-FY 20</u>
Operating Revenues (by Major Source):				
Tuition and Fees before Allowances	\$ 15,685,508	\$ 15,030,909	\$ 16,903,834	4.36%
Less:				
Institutional Scholarship Discounts and Allowances	<u>(8,891,715)</u>	<u>(9,257,092)</u>	<u>(10,047,338)</u>	-3.95%
Tuition and Fees, Net	6,793,793	5,773,817	6,856,496	17.67%
Government Grants and Contracts	8,140,943	7,973,598	8,495,962	2.10%
Interest on Student Loans Receivable	31,896	50,087	32,845	-36.32%
Sales and Services of Education Activities	2,264	1,218	1,985	85.95%
Auxiliary Enterprise Sales and Services	7,734,618	7,107,486	8,047,176	8.82%
Miscellaneous	727,076	903,271	903,250	-19.51%
Nonoperating Revenues (by Major Source):				
State Appropriations	10,476,415	10,476,415	8,552,843	0.00%
Pell Grants	3,550,254	3,651,784	4,118,482	-2.78%
Permanent Endowment Gifts				
Cares Act Grants	3,460,934	1,296,500	-	166.94%
Investment Income	1,350,725	165,079	294,009	718.23%
Payments on Behalf of University	188,965	380,421	468,102	-50.33%
Capital Funding:				
Capital Gifts from Others	<u>377,204</u>	<u>-</u>	<u>5,000</u>	100.00%
 Total Revenues and Total Revenue	 <u>\$ 42,835,087</u>	 <u>\$ 37,779,675</u>	 <u>\$ 37,776,150</u>	 13.38%

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

The following is a graphic illustration of revenues and capital funding by source and the percentage distribution of these revenues for the years ended June 30, 2021 and 2020:



The major sources of revenue include tuition and fees, government grants and contracts, state appropriations, and auxiliary revenues. State appropriations comprised 24.41% and 27.73% of the total revenue during the years ended June 30, 2021 and 2020, respectively. Gross tuition and fees accounted for 36.55% and 39.79% of total revenue for the years ended June 30, 2021 and 2020, respectively, before scholarship discounts and allowances. Auxiliary revenue increased by 8.82% and decreased by 11.68% for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, miscellaneous revenue decreased by 10.82% and increased by .002%, respectively.

The total revenue from capital funding and was \$377,204 for the year ended June 30, 2021. There was no revenue from capital funding for the year ended June 30, 2020.

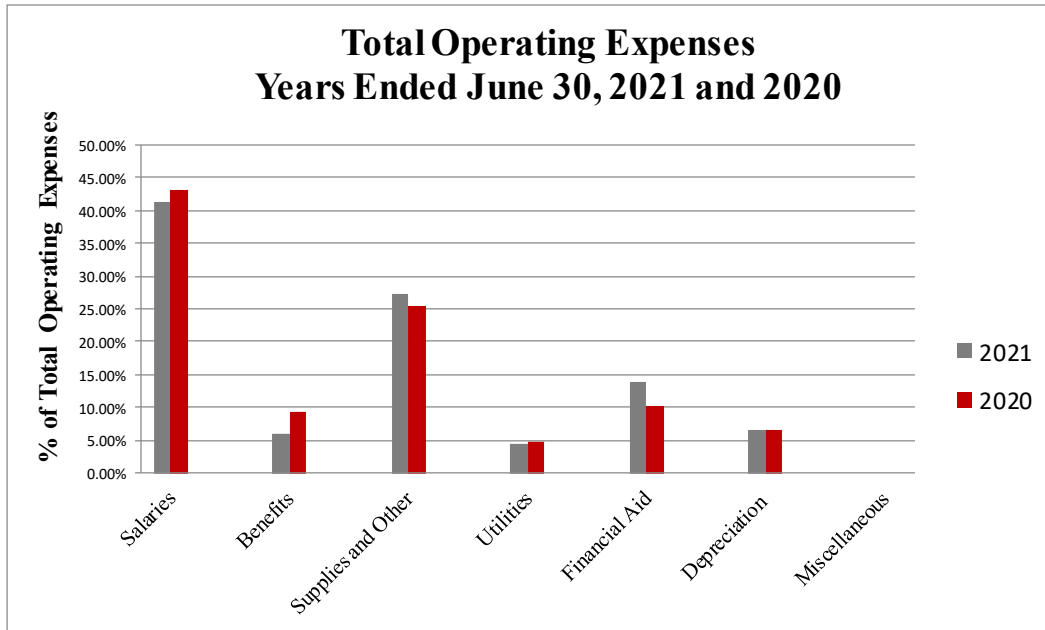
The loss before other revenues, expenses, gains, or losses for the years ended June 30, 2021 and 2020 was approximately \$13.6 million and \$16.0 million, respectively. The change in net operating loss of \$2.4 million and (\$3.4) million for the years ended June 30, 2021 and 2020, respectively. The change in net operating loss for the year ended June 30, 2021 was primarily due to funds received through the COVID-19 Aid and subsequent federal relief efforts and adjustments relating to Pension and OPEB expense, as well as other financial activities of the University. The change for the year ended June 30, 2020 was due a decline in enrollment of 6.99%. The decrease is also a result of the effects of COVID-19 on the financial activities of the University.

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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The operating expenses of the University by natural classification for the June 30 are as follows:

	2021	2020	2019	Change FY 21-FY 20
Salaries	\$ 15,332,978	\$ 16,330,324	\$ 15,811,998	-6.11%
Benefits	2,231,305	3,511,257	3,799,442	-36.45%
Supplies and Other	10,153,484	9,600,320	9,762,645	5.76%
Utilities	1,610,182	1,775,169	2,000,759	-9.29%
Student Financial Aid	5,101,710	3,883,840	3,002,972	31.36%
Depreciation	2,465,083	2,499,442	2,565,405	-1.37%
Miscellaneous	116,672	215,159	44,382	-45.77%
Total Operating Expenses	<u>\$ 37,011,414</u>	<u>\$ 37,815,511</u>	<u>\$ 36,987,603</u>	-2.13%

Salary and benefit costs together comprised 47.36% and 52.47% of the total operating expenses of the University for the years ended June 30, 2021 and 2020, respectively. Student financial aid expense totaled approximately \$5.1 and \$3.9 million and an increase of \$1.2 million from June 30, 2020. Utilities expense decreased by 9.29% to a total of approximately \$1.6 million, which remains relatively low due in part to the completion of the energy performance contract during 2014.



**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Statements 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 capital and noncapital activities 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.

The statement of cash flows is divided into five parts:

1. *Cash flows from operating activities.* This section shows the net cash used by the operating activities of the University.
2. *Cash flows from noncapital financing activities.* This section reflects the cash received and paid for nonoperating, noninvesting, and noncapital financing purposes.
3. *Cash flows from capital and related financing activities.* This section includes cash used for the acquisition and construction of capital and related items.
4. *Cash flows from investing activities.* This section shows the purchases, proceeds, and interest received from investing activities.
5. *Reconciliation of net cash used to the operating loss.* This part provides a schedule that reconciles the accrual-based operating loss and net cash flow used in operating activities.

**Condensed Statements of Cash Flows
Years Ended June 30, 2021, 2020, and 2019**

The University cash increased for the year ended June 30, 2021 by \$2,843,270. The year ended June 30, 2020 had a decrease in cash of \$669,660. The increase in cash for the year ended June 30, 2021 is primarily due to investment income and a reduction in operational expenses, as well as COVID-19 aid. The decrease in cash during the year ended June 30, 2020 is due to continued declines in enrollment.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change FY 21-FY 20</u>
Cash Provided (Used) by:				
Operating Activities	\$ (12,041,159)	\$ (13,775,108)	\$ (10,512,838)	-12.59%
Noncapital Financing Activities	16,296,237	15,302,638	12,466,696	6.49%
Capital Financing Related Activities	(2,762,533)	(2,366,405)	(2,972,307)	16.74%
Investing Activities	<u>1,350,725</u>	<u>169,215</u>	<u>292,799</u>	698.23%
Increase (Decrease) in Cash	2,843,270	(669,660)	(725,650)	-524.58%
Cash - Beginning of Year	<u>2,925,350</u>	<u>3,595,010</u>	<u>4,320,660</u>	-18.63%
Cash - End of Year	<u>\$ 5,768,620</u>	<u>\$ 2,925,350</u>	<u>\$ 3,595,010</u>	97.19%

**CONCORD UNIVERSITY
MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Capital Asset and Long-Term Debt Activity

The University's capital asset additions for the fiscal years ended June 30, 2021 and 2020 totaled approximately \$1.6 million and \$.8 million, respectively.

During the year ended June 30, 2015, the University issued \$16.5 million in bonds to renovate the North and South Towers dormitories. The debt is to be repaid over 30 years with semiannual interest payments and annual principal payments totaling \$350,000 for the year ending June 30, 2019 and \$340,000 for the year ending June 30, 2018. Total interest expense incurred during the years ended June 30, 2021 and 2020 was \$604,519 and \$683,280, respectively. The University has approximately \$14.7 million of bond issues outstanding and has not liquidated any bond issues during the fiscal year ended June 30, 2021.

Economic Outlook

Concord University's financial stability and flexibility continue to be impacted by economic conditions in southern West Virginia. The coal industry, critical to the economy of southern West Virginia, has been negatively impacted by the COVID-19 pandemic. The region's population continues to decline due to increased out-migration, high mortality rates, volatile employment, and low labor participation rates. This population decline has a direct negative effect on the number of high school graduates and other prospective college students in the region.

The COVID-19 pandemic has created economic uncertainty for the institution. Planning has involved modeling various scenarios and the likely economic impact. The University continues to implement cost-saving strategies and investments in enrollment and retention. While overall enrollment is down for fall 2021 (4.5%), first-time freshman and graduate students showed increases over fall 2020, which has been a multi-year trend.

Funding made available through the Higher Education Emergency Relief Fund (HEERF) will likely continue to benefit Concord immensely. These funds will allow the institution to offer financial assistance to students, recapture lost revenue, and make necessary technology infrastructure improvements.

The state and region are particularly vulnerable to the impact of COVID-19 pandemic due to the lack of internet access and an industry structure heavily reliant on tourism and fossil fuels. The institution is not anticipating any changes in state appropriations in FY22, but that expectation could change quickly with any significant deterioration in the state budget outlook.

Concord is monitoring its FY22 budget in order to improve cash reserves and net position. In addition to monitoring expenditures, the University is developing and modifying strategies to generate additional revenue through enrollment management, advancement efforts, and grant-writing. The University has been able to successfully address fiscal challenges over the past several years and will continue to do so in the near term.

Requests for Information

The financial report is designed to provide an overview of the finances of the University for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Concord University at Post Office Box 1000, Athens, West Virginia 24712.

CONCORD UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,088,372	\$ 2,073,673
Cash and Cash Equivalents - Research and Development Corporation	680,248	851,677
Total Cash and Cash Equivalents	5,768,620	2,925,350
Due from the Commission	2,568	-
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$448,108 and \$656,779, Respectively	2,180,688	2,727,230
Due from Other Agencies	501,900	648,202
Amount Held at Foundation	2,543,294	1,547,022
Amount Held at Foundation - Other	956,690	761,596
Loans to Students - Current Portion	245,528	285,360
Intangible Asset - Service Concession Arrangement - Current Portion	-	257,143
Prepaid Expenses	239,921	158,556
Inventories	11,814	14,828
Total Current Assets	12,451,023	9,325,287
NONCURRENT ASSETS		
Amount Held at Foundation - Permanent Endowments	2,424,736	2,424,736
Loans to Students, Net of Allowance	958,773	1,176,895
No Hardship Pay Adjustment	149,728	173,702
Capital Assets, Net of Accumulated Depreciation	58,858,770	59,694,032
Total Noncurrent Assets	62,392,007	63,469,365
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow - Pension Related	79,859	87,599
Deferred Outflow - OPEB Related	647,917	609,538
Total Deferred Outflows	727,776	697,137
Total Assets and Deferred Outflows	\$ 75,570,806	\$ 73,491,789

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	2021	2020
CURRENT LIABILITIES		
Accounts Payable	\$ 1,433,674	\$ 1,216,691
Accrued Liabilities	2,336,410	2,326,390
Due to Other State Agencies	26,587	60,631
Unearned Revenue	1,254,807	1,384,567
Compensated Absences - Current Portion	604,650	574,337
Deposits	33,630	51,193
Accrued Service Concession Liability - Current	-	47,939
Debt Obligations Real Estate - Current Portion	-	260,955
Capital Lease Obligations - Current Portion	350,490	336,248
Debt Obligations Due to the Commission	-	75,000
Bonds Payable - Current Portion	400,000	380,000
Total Current Liabilities	6,440,248	6,713,951
NONCURRENT LIABILITIES		
Advances from Federal Sponsors	1,042,542	1,143,982
Capital Lease Obligations - Noncurrent Portion	1,042,425	1,392,915
Compensated Absences - Noncurrent Portion	336,422	320,117
Other Postemployment Benefit Liability	1,155,637	4,326,554
Net Pension Liability	347,540	405,665
Accrued Service Concession Liability	-	39,918
Debt Obligations - Bonds Payable, Net of Bonds Premium	14,316,985	14,721,727
Total Noncurrent Liabilities	18,241,551	22,350,878
	24,681,799	29,064,829
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension Related	406,655	512,049
Deferred Inflows - OPEB Related	3,624,354	2,001,533
Deferred Inflows - Service Concession Arrangement	-	169,286
Total Deferred Inflows of Resources	4,031,009	2,682,868
NET POSITION		
Net Investment in Capital Assets	42,433,555	42,527,187
Restricted for - Nonexpendable - Permanent Endowments	2,424,736	2,424,736
Restricted for - Expendable - Loans	455,496	526,400
Restricted for - Expendable	2,483,902	1,546,848
Unrestricted Deficit	(939,691)	(5,281,079)
Total Net Position	46,857,998	41,744,092
Total Liabilities, Deferred Inflows, and Net Position	\$ 75,570,806	\$ 73,491,789

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowance of \$8,891,715 and \$9,257,092 in 2021 and 2020, Respectively	\$ 6,793,793	\$ 5,773,817
Contract and Grants:		
Federal	2,889,501	1,910,326
State	4,155,013	4,303,914
Private	1,096,429	1,759,358
Interest on Student Loans Receivable	31,896	50,087
Sales and Services of Educational Activities	2,264	1,218
Auxiliary Enterprise Revenue	7,734,618	7,107,486
Miscellaneous, Net	727,076	903,271
Total Operating Revenues	23,430,590	21,809,476
OPERATING EXPENSES		
Salaries and Wages	15,332,978	16,330,324
Benefits	2,231,305	3,511,257
Supplies and Other Services	10,153,484	9,600,320
Utilities	1,610,182	1,775,169
Student Financial Aid - Scholarships and Fellowships	5,101,710	3,883,840
Depreciation	2,465,083	2,499,442
Loan Cancellations and Write-Offs	116,672	215,159
Total Operating Expenses	37,011,414	37,815,511
OPERATING LOSS	(13,580,824)	(16,006,034)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	10,476,415	10,476,415
Federal Pell Grants	3,550,254	3,651,784
Investment Income	1,350,725	165,079
Payments on Behalf of University	188,965	380,421
COVID-19 Grants	3,460,934	1,296,500
Fees Assessed by the Commission for Debt Service	(13,403)	(13,552)
Interest Expense	(694,052)	(702,853)
Other Nonoperating Expenses, Net	(2,312)	(10,932)
Net Nonoperating Revenues	18,317,526	15,242,862
INCREASE (DECREASE) IN NET POSITION BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	4,736,702	(763,172)
CAPITAL GIFTS, GRANTS, AND CONTRACTS		
Capital Gifts from Others	377,204	-
INCREASE (DECREASE) IN NET POSITION	5,113,906	(763,172)
Net Position - Beginning of Year	41,744,092	42,507,264
NET POSITION - END OF YEAR	\$ 46,857,998	\$ 41,744,092

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 16,241,197	\$ 14,672,479
Contracts and Grants	7,541,518	8,459,922
Payments to and on Behalf of Employees	(18,326,857)	(20,114,072)
Payments to Suppliers	(10,778,418)	(9,593,399)
Payments to Utilities	(1,610,182)	(1,775,169)
Payments for Scholarships and Fellowships	(13,993,425)	(13,140,932)
Loans Issued to Students	-	(460,968)
Collection of Loans to Students	156,092	67,142
Interest on Student Loans	31,896	50,087
Sales and Services of Educational Activities	2,264	1,218
Auxiliary Enterprise Receipts	7,911,287	7,101,794
Other Receipts, Net	783,469	956,790
Net Cash Used by Operating Activities	(12,041,159)	(13,775,108)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	10,476,415	10,476,415
Federal Pell Grants	3,550,254	3,651,784
Federal Cares Act Grant	3,460,934	1,296,500
Increase in Amounts Held by Foundation	(1,191,366)	(122,061)
Federal Student Loan Program - Direct Lending Receipts	8,596,120	9,244,865
Federal Student Loan Program - Direct Lending Payments	(8,596,120)	(9,244,865)
Net Cash Provided by Noncapital Financing Activities	16,296,237	15,302,638
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Grants and Gifts Received	377,204	-
Proceeds from Sale of Assets	(310,698)	-
Debt Repayments - Real Estate	(260,955)	(36,366)
Interest Payments - Real Estate	(10,923)	(12,990)
Capital Lease Principal Paid	(398,947)	(322,584)
Capital Lease Obligations Interest Paid	(86,615)	(80,270)
Purchases of Capital Assets	(991,294)	(811,158)
Principal Payments on Debt Obligations Due Commission	(75,000)	(100,000)
Interest Payments on Service Concession Arrangements	-	(1,810)
Bond Principal/Premium Paid	(384,742)	(379,708)
Bond Interest Paid	(607,160)	(607,967)
Fees Assessed by Commission	(13,403)	(13,552)
Net Cash Used by Capital Financing Activities	(2,762,533)	(2,366,405)
CASH FROM INVESTING ACTIVITIES		
Investment Income	1,350,725	169,215
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,843,270	(669,660)
Cash and Cash Equivalents - Beginning of Year	2,925,350	3,595,010
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,768,620	\$ 2,925,350

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (13,580,824)	\$ (16,006,034)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	2,465,083	2,499,442
Expenses Paid on Behalf of the University	188,965	380,421
Effects of Net Changes in Assets, Deferred Outflows of Resources (DOR), Liabilities, and Deferred Inflows of Resources (DIR):		
Accounts Receivables, Net	665,079	(31,563)
Loans to Students, Net	156,092	(178,667)
Prepaid Expenses	(81,365)	6,795
Inventories	4,916	2,497
Service Concession Arrangement	(128,282)	-
Due from Other Agencies	146,302	(634,838)
Due from Other Commission	(2,568)	-
No Hardship Pay Adjustment	23,974	36,246
Accounts Payable	216,983	(62,443)
Accrued Liabilities	10,020	166,759
Student Deposits	(17,563)	(5,692)
Due to Other State Agencies	(146,302)	59,909
Unearned Revenue	(172,797)	847,811
Compensated Absences	(46,618)	22,766
Pension Liability and Related DOR and DIR	(155,779)	(111,233)
Other Postemployment Benefits Liability and Related DOR and DIR	(1,586,475)	(767,284)
Net Cash Used by Operating Activities	\$ (12,041,159)	\$ (13,775,108)

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 820,798	\$ 728,072
Contributions Receivable	315,352	1,458,274
Dividends and Interest Receivable	620	1,214
Other Receivable	917	-
Cash Restricted for Long-Term Investment and by Agency Relationships	74,710	70,442
Investments	52,738,846	40,814,786
Inventory	2,805	3,298
Prepaid Expenses	32,479	29,381
Property and Equipment, Net	3,521	694
Funds Held for Others	685,340	556,140
	\$ 54,675,388	\$ 43,662,301
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 6,660	\$ 69,838
Amounts Held on Behalf of Others	6,327,807	5,099,332
Annuity Obligations	33,909	35,617
Total Liabilities	6,368,376	5,204,787
NET ASSETS		
Without Donor Restrictions	346,474	163,568
With Donor Restrictions	47,960,538	38,293,946
Total Net Assets	48,307,012	38,457,514
Total Liabilities and Net Assets	\$ 54,675,388	\$ 43,662,301

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Gifts and Grants	\$ 138,760	\$ 660,780	\$ 799,540
In-Kind Support	66,869	-	66,869
Interest and Dividends, Net of Related Expenses of \$138,935	(99,299)	752,773	653,474
Net Gains on Investments	-	10,050,013	10,050,013
Change in Value of Split-Interest Agreements	-	(5,192)	(5,192)
Change in Value of Funds Held in Trusts by Others	-	129,200	129,200
Net Assets Released from Restriction: Restrictions Satisfied by Payments	1,657,795	(1,657,795)	-
Administration Fees	263,187	(263,187)	-
Total Revenues and Other Support	2,027,312	9,666,592	11,693,904
EXPENSES AND SUPPORT			
University Support (Program):			
Student Support	909,843	-	909,843
Faculty and Staff Development	5,414	-	5,414
Compensation for Services	32,269	-	32,269
Other Expenses	592,122	-	592,122
Management and General	261,637	-	261,637
Fundraising	43,121	-	43,121
Total Expenses	1,844,406	-	1,844,406
CHANGE IN NET ASSETS	182,906	9,666,592	9,849,498
Net Assets - Beginning of Year	163,568	38,293,946	38,457,514
NET ASSETS - END OF YEAR	\$ 346,474	\$ 47,960,538	\$ 48,307,012

See accompanying Notes to Financial Statements.

**CONCORD UNIVERSITY
COMPONENT UNIT – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Gifts and Grants	\$ 167,815	\$ 2,317,803	\$ 2,485,618
In-Kind Support	71,005	-	71,005
Interest and Dividends, Net of Related Expenses of \$138,935	(137,817)	641,001	503,184
Net Gains on Investments	-	570,479	570,479
Change in Value of Split-Interest Agreements	-	13,078	13,078
Change in Value of Funds Held in Trusts by Others	-	5,044	5,044
Net Assets Released from Restriction:			-
Restrictions Satisfied by Payments	1,559,420	(1,559,420)	-
Administration Fees	189,754	(189,754)	-
Total Revenues and Other Support	<u>1,850,177</u>	<u>1,798,231</u>	<u>3,648,408</u>
EXPENSES AND SUPPORT			
University Support (Program):			
Student Support	923,583	-	923,583
Faculty and Staff Development	15,059	-	15,059
Compensation for Services	17,765	-	17,765
Other Expenses	997,528	-	997,528
Management and General	306,483	-	306,483
Fundraising	38,719	-	38,719
Total Expenses	<u>2,299,137</u>	<u>-</u>	<u>2,299,137</u>
CHANGE IN NET ASSETS	(448,960)	1,798,231	1,349,271
Net Assets - Beginning of Year	<u>612,528</u>	<u>36,495,715</u>	<u>37,108,243</u>
NET ASSETS - END OF YEAR	<u>\$ 163,568</u>	<u>\$ 38,293,946</u>	<u>\$ 38,457,514</u>

See accompanying Notes to Financial Statements.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION

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

The 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 institutions under its jurisdiction, the duty to develop a master plan for the institution, the power to prescribe the specific functions and institution's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at its institution.

S.B. 653 also created the West Virginia Higher Education Policy Commission (the Commission), which 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) standards, the University has included information from the Concord University Foundation, Inc. (the Foundation).

Although the University benefits from the activities of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary of the University and is not directly or indirectly controlled by the University. The Foundation has its own separate, independent Board of Directors. Moreover, the assets of the Foundation are the exclusive property of the Foundation 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. The University does not have the power or authority to, mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University. Under state law, neither the principal nor income generated by the assets of the Foundation 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 of West Virginia (the state) (or any agency thereof) should not rely upon the financial statements of the Foundation 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 as prescribed by 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.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The University is a blended component unit of the West Virginia Higher Education Fund and represents separate funds of the state of West Virginia (the state) that are not included in the state's general fund. The University is a separate entity which, along with all State institutions of higher education, the West Virginia Council of Community and Technical Colleges, and the Commission (which includes West Virginia Network for Educational Telecomputing), 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 its blended component unit, Concord University Research and Development Corporation (the Research Corporation), which was formed on July 28, 1999 as a nonprofit, nonstock corporation. The Research Corporation is included on the Blended Method as defined by GASB. The basic criterion 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. A related Foundation and Alumni Association of the University are not part of the University reporting entity and are not included in the accompanying financial statements, as the University has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the Foundation and Alumni Association under GASB.

The audited financial statements of the Concord University Foundation, Inc. are presented here as a discrete component unit with the University's financial statements for the fiscal years ended June 30, 2021 and 2020. The Foundation is presented as a discretely presented component unit because the Foundation's activities benefit the University, but the University does not control the Foundation. The Foundation is also a legally separate organization. The Foundation is a private nonprofit organization that reports under 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 Foundation's audited financial information as it is presented herein as required by GASB.

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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

- *Restricted Net Position — Expendable* – This includes resources in 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 Code*. House Bill 101 passed in March 2004 simplified the tuition and fee structure and removed the restrictions but included designations associated with auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the institution. 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.
- *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 of Governors to meet current expenses for any purpose. These resources also include resources of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Basis of Accounting

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

Cash and Cash Equivalents

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

The University maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts. The University believes that the bank is creditworthy and that it is not exposed to any significant credit risk on cash and cash equivalents.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

Cash and cash equivalents balances on deposit with the state of West Virginia Treasurer's Office (the treasurer) and deposits with the state's Board of Risk and Insurance Management (BRIM) escrow account are deposited into the WV Money Market Pool with the West Virginia Board of Treasury Investments (BTI). 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, and by provisions of bond indentures and 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 guidance. 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 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 asset 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 report can be obtained from the following address: 1900 Kanawha Boulevard East, Room E-122, Charleston, West Virginia 25305, or <http://www.wvbt.com>.

Cash in bank accounts includes deposits in the Insured Cash Sweep (ICS) program.

Cash with bond trustee is invested in U.S. Treasury Notes and government backed Money Market funds.

Cash and cash equivalents also include cash on hand.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The University's investments are managed by the Foundation.

Under accounting principles generally accepted in the United States of America, a fair value hierarchy has been established that prioritizes the inputs to valuation techniques. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level 1 – is defined as observable inputs such as quoted prices in active markets for identical assets. Level 1 assets held by the University include a certificate of deposit.

Level 2 – is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The University does not have Level 3 assets or liabilities.

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 (SLGS); 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 deposit, loans approved by the legislature and any other program investments authorized by the legislature.

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, which, 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments that are (1) externally restricted to make debt service payments, 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 a noncurrent asset in the statements of net position.

No Hardship Pay Adjustment

The state placed all employees on deferred pay effective October 1, 2014. This represents payment provided to employees who were moved from current pay to arrears pay. Since there were employees who were never on deferred pay, the University was required to make a “no hardship pay adjustment” and treat these employees as if they have already had their deferred pay paid to them. This amount will be deducted from each employee’s last paycheck when they leave state employment.

Capital Assets

Capital assets include property, plant, 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 acquisition 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, 20 years for land improvements and library books, and 3 to 10 years for furniture and equipment. The University’s capitalization threshold is \$5,000. The accompanying financial statements reflect all adjustments required by GASB.

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, orientation 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 multi-employer, cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the state of West Virginia. Details regarding this plan and its stand-alone financials 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, West Virginia 25305-0710, or <http://www.wvpeia.com>.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 1.5 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 multi-employer, cost-sharing plan sponsored by the state.

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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accounting principles generally accepted in the United States of America 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 13).

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 statements of net position. Deferred outflows related to pension were \$79,859 and \$87,599 as of June 30, 2021 and 2020, respectively. Deferred outflows related to the OPEB were \$647,917 and \$609,538 as of June 30, 2021 and 2020, respectively.

Deferred Inflows of Resources

An 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 statements of net position. Deferred inflows of resources are a result of service concession arrangements and are accreted over the life of the arrangements. Deferred inflows were \$0 and \$169,286 as of June 30, 2021 and 2020, respectively. The University also has deferred inflows relating to pensions. Deferred inflows were \$406,655 and \$512,049 as of June 30, 2021 and 2020, respectively. Deferred inflows related to the OPEB were \$3,624,354 and \$2,001,533 as of June 30, 2021 and 2020, respectively.

Risk Management

The State's Board of Risk and Insurance Management (BRIM) provides general, property and casualty, and liability coverage to the University and its employees. 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management (Continued)

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 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.

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

West Virginia had a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to private-sector employers beginning July 1, 2009 and to government employers July 1, 2010. Nearly every employer in the state who has a payroll must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

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, contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, Federal Pell grants, investment income, COVID-19 emergency aid grants, and gain on the sale of capital assets (including natural resources).
- *Other Revenues* – Other revenues consist primarily of capital grants and gifts.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net position first when practicable.

Federal Financial Assistance Programs

The University makes loans to students under the Federal Direct Loan Program. Federal Direct loans are not included as receivable on the University's statements of net position as the loans are repayable directly to the U.S. Department of Education. The University made awards of approximately \$8.6 million and \$9.2 million in 2021 and 2020, respectively, under the Federal Direct Loan Program of the U.S. Department of Education, which are not included as revenue and expense on the statements of revenues, expenses, and changes in net position.

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 2021 and 2020, the University received and disbursed approximately \$4.1 million and \$3.7 million, 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 statements of revenues, expenses, and changes in net position. A scholarship allowance is the difference between the stated charge for goods and services provided by the University and the amount that is paid by a student and/or third parties making payments on a student's 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 (NACUBO). 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 financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The University has service concession arrangements for the operation of the bookstore and food services. Renovations made to University facilities by service concession vendors are capitalized and inflows 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 governmental instrumentality under federal income tax laws and regulations of the IRS as described in Section 115 of the Internal Revenue Code (IRC).

Cash Flows

Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The GASB has 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.

In June 2018, the GASB 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 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 Statement No. 89 may have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. Statement No. 91 is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in accounting and financial reporting. The University has not yet determined the effect that the adoption of GASB Statement No. 91 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.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 asset. 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.

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:

	2021	2020
Cash on Deposit with the State Treasurer's Office/BTI	\$ 4,058,140	\$ 1,201,516
Municipal Bond Commission for the University	14,568	14,556
Cash in Bank	1,695,913	1,709,278
Total	\$ 5,768,620	\$ 2,925,350

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash held by the state treasurer includes \$4,058,140 and \$1,201,516 at June 30, 2021 and 2020, respectively, of cash for sponsored projects, loans, and other purposes.

The University cash equivalents totaling \$14,568 and \$14,556 at June 30, 2021 and 2020, respectively, are held in repurchase agreements and a business savings account, both collateralized at 110%. The collateral was held in the name of the University. Remaining cash equivalents primarily relate to amounts held in money markets.

The carrying amount of cash in bank at June 30, 2021 and 2020 is different than that with the bank primarily due to 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.

Amounts with the state treasurer as of June 30, 2021 and 2020, are comprised of three investment pools: the WV Money Market Pool, the WV Government Money Market Pool, and the WV Short-Term Bond Pool. There was \$6,718 in FY21 and \$101,058 in FY20 of unrestricted cash held for investment.

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 and does not agree to the information shown in the previous table. The difference is primarily caused by outstanding checks and items in transit:

	2021		2020	
	<u>Carry Value</u>	<u>S&P Rating</u>	<u>Carry Value</u>	<u>S&P Rating</u>
WV Money Market Pool	\$ 3,229,106	AAAm	\$ 1,074,369	AAAm
WV Government Money Market Pool	14,336	AAAm	14,556	AAAm
WV Short-Term Bond Pool	79,547	Not Rated	26,089	Not Rated
Total	<u>\$ 3,322,989</u>		<u>\$ 1,115,014</u>	

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 Short-Term Bond Pool.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Money Market Pool and the WV Government Money Market Pool and the effective duration for the WV Short-Term Bond Pool:

	2021		2020	
	<u>Carry Value</u>	<u>WAM (Days)</u>	<u>Carry Value</u>	<u>WAM (Days)</u>
WV Money Market Pool	\$ 3,229,106	45	\$ 1,074,369	44
WV Government Money Market Pool	14,336	52	14,556	50

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

	2021		2020	
	<u>Carry Value</u>	<u>Effective Duration</u>	<u>Carry Value</u>	<u>Effective Duration</u>
<u>External Pool</u>				
WV Short-Term Bond Pool	<u>\$ 79,547</u>	638	<u>\$ 26,089</u>	620

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.

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.

<u>Investment Type</u>	Carrying Value	
	<u>2021</u>	<u>2020</u>
Money Market Fund	<u>\$ 14,568</u>	<u>\$ 14,556</u>

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.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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.

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.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has no securities with foreign currency risk.

NOTE 4 INVESTMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The University had the following recurring fair value measurements comprised of investments at June 30, 2021 and 2020.

The following is a summary of the inputs used in determining the fair values of financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2021			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	(Level 1)	(Level 2)	(Level 3)	
Amounts Held at Foundation	\$ 5,924,720	\$ -	\$ 5,924,720	\$ -

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 INVESTMENTS (CONTINUED)

	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)
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Amounts Held at Foundation	\$ 4,733,354	\$ -	\$ 4,733,354	\$ -

The University's investments held by the Foundation 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.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	2021	2020
Student Tuition and Fees, Net of Allowance for Doubtful Accounts of \$344,302 and \$572,339, Respectively	\$ 427,775	\$ 1,025,108
Grants and Contracts Receivable	1,495,944	1,469,472
Other Accounts Receivable, Net of Allowance for Doubtful Accounts of \$103,806 and \$84,440, Respectively	256,969	232,650
Total	\$ 2,180,688	\$ 2,727,230

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 CAPITAL ASSETS

The following is a summary of capital asset transactions for the University for the years ended June 30:

	2021				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital Assets not Being Depreciated:					
Land	\$ 351,892	\$ 61,733	\$ -	\$ -	\$ 413,625
Construction in Progress	-	-	-	-	-
Total Capital Assets not Being Depreciated	<u>\$ 351,892</u>	<u>\$ 61,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,625</u>
Capital Assets Being Depreciated:					
Land Improvements	\$ 3,962,833	\$ 388,414	\$ (614,800)	\$ -	\$ 3,736,447
Buildings	93,995,600	662,783	-	-	94,658,383
Equipment	8,706,324	493,119	(585,155)	-	8,614,288
Software	344,794	-	-	-	344,794
Library Books	2,072,707	35,300	(14,819)	-	2,093,188
Total Other Capital Assets	<u>109,082,258</u>	<u>1,579,616</u>	<u>(1,214,774)</u>	<u>-</u>	<u>109,447,100</u>
Less: Accumulated Depreciation for:					
Land Improvements	(2,629,474)	(264,281)	604,508	-	(2,289,247)
Buildings	(39,082,914)	(1,664,470)	-	-	(40,747,384)
Equipment	(7,197,865)	(454,445)	583,919	-	(7,068,391)
Software	(282,642)	(34,688)	-	-	(317,330)
Library Books	(547,223)	(47,199)	14,819	-	(579,603)
Total Accumulated Depreciation	<u>(49,740,118)</u>	<u>(2,465,083)</u>	<u>1,203,246</u>	<u>-</u>	<u>(51,001,955)</u>
Capital Assets Being Depreciated, Net	<u>\$ 59,342,140</u>	<u>\$ (885,467)</u>	<u>\$ (11,528)</u>	<u>\$ -</u>	<u>\$ 58,445,145</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 351,892	\$ 61,733	\$ -	\$ -	\$ 413,625
Other Capital Assets	109,082,258	1,579,616	(1,214,774)	-	109,447,100
Total Cost of Capital Assets	<u>109,434,150</u>	<u>1,641,349</u>	<u>(1,214,774)</u>	<u>-</u>	<u>109,860,725</u>
Less: Accumulated Depreciation	<u>(49,740,118)</u>	<u>(2,465,083)</u>	<u>1,203,246</u>	<u>-</u>	<u>(51,001,955)</u>
Capital Assets, Net	<u>\$ 59,694,032</u>	<u>\$ (823,734)</u>	<u>\$ (11,528)</u>	<u>\$ -</u>	<u>\$ 58,858,770</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2020				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 328,892	\$ 23,000	\$ -	\$ -	\$ 351,892
Construction in Progress	816,404	-	-	(816,404)	-
Total Capital Assets not Being Depreciated	<u>\$ 1,145,296</u>	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ (816,404)</u>	<u>\$ 351,892</u>
Capital Assets Being Depreciated:					
Land Improvements	\$ 3,950,629	\$ 12,204	\$ -	\$ -	\$ 3,962,833
Buildings	92,920,517	258,679	-	816,404	93,995,600
Equipment	8,553,530	380,342	(227,548)	-	8,706,324
Software	344,794	-	-	-	344,794
Library Books	1,940,790	136,933	(5,016)	-	2,072,707
Total Other Capital Assets	<u>107,710,260</u>	<u>788,158</u>	<u>(232,564)</u>	<u>816,404</u>	<u>109,082,258</u>
Less: Accumulated Depreciation for:					
Land Improvements	(2,355,381)	(274,093)	-	-	(2,629,474)
Buildings	(37,426,235)	(1,656,679)	-	-	(39,082,914)
Equipment	(6,929,434)	(485,045)	216,614	-	(7,197,865)
Software	(247,954)	(34,688)	-	-	(282,642)
Library Books	(503,322)	(48,937)	5,036	-	(547,223)
Total Accumulated Depreciation	<u>(47,462,326)</u>	<u>(2,499,442)</u>	<u>221,650</u>	<u>-</u>	<u>(49,740,118)</u>
Capital Assets Being Depreciated, Net	<u>\$ 60,247,934</u>	<u>\$ (1,711,284)</u>	<u>\$ (10,914)</u>	<u>\$ 816,404</u>	<u>\$ 59,342,140</u>
Capital Asset Summary:					
Capital Assets not Being Depreciated	\$ 1,145,296	\$ 23,000	\$ -	\$ (816,404)	\$ 351,892
Other Capital Assets	107,710,260	788,158	(232,564)	816,404	109,082,258
Total Cost of Capital Assets	<u>108,855,556</u>	<u>811,158</u>	<u>(232,564)</u>	<u>-</u>	<u>109,434,150</u>
Less: Accumulated Depreciation	<u>(47,462,326)</u>	<u>(2,499,442)</u>	<u>221,650</u>	<u>-</u>	<u>(49,740,118)</u>
Capital Assets, Net	<u>\$ 61,393,230</u>	<u>\$ (1,688,284)</u>	<u>\$ (10,914)</u>	<u>\$ -</u>	<u>\$ 59,694,032</u>

The University maintains certain collections of inexhaustible assets to 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for the University for the years ended June 30:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 1,143,982	\$ -	\$ (101,440)	\$ 1,042,542	\$ -
Capital Lease Obligations	1,729,163	-	(336,248)	1,392,915	350,490
Accrued Compensated Absences	894,454	46,618	-	941,072	604,650
Net Pension Liability	405,665	-	(58,125)	347,540	-
Other Postemployment Benefits Liability	4,326,554	-	(3,170,917)	1,155,637	-
Debt Obligation Due to the Commission	75,000	-	(75,000)	-	-
Debt Obligations - Real Estate	260,955	-	(260,955)	-	-
Accrued Service Concession Liability	87,857	-	(87,857)	-	-
Bonds Payable	15,038,333	-	(382,100)	14,656,233	400,000
Bond Premium	63,394	-	(2,642)	60,752	-
Total Long-Term Liabilities	<u>\$ 24,025,357</u>	<u>\$ 46,618</u>	<u>\$ (4,475,284)</u>	<u>\$ 19,596,691</u>	<u>\$ 1,355,140</u>
	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Advances from Federal Sponsors	\$ 1,604,949	\$ -	\$ (460,967)	\$ 1,143,982	\$ -
Capital Lease Obligations	2,051,747	-	(322,584)	1,729,163	336,248
Accrued Compensated Absences	871,688	22,766	-	894,454	574,337
Net Pension Liability	492,879	-	(87,214)	405,665	-
Other Postemployment Benefits Liability	5,625,573	-	(1,299,019)	4,326,554	-
Debt Obligation Due to the Commission	175,000	-	(100,000)	75,000	75,000
Debt Obligations - Real Estate	297,321	-	(36,366)	260,955	260,955
Accrued Service Concession Liability	173,156	-	(85,299)	87,857	47,939
Bonds Payable	15,415,400	-	(377,067)	15,038,333	380,000
Bond Premium	66,035	-	(2,641)	63,394	-
Total Long-Term Liabilities	<u>\$ 26,773,748</u>	<u>\$ 22,766</u>	<u>\$ (2,771,157)</u>	<u>\$ 24,025,357</u>	<u>\$ 1,674,479</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

On February 17, 2009, the University entered into a capital lease arrangement for the purpose of completing major HVAC, plumbing, and electrical upgrades for various buildings that are expected to provide savings of an estimated 5.00% per year on energy consumption. The original amount financed was \$4,478,698 and the amount outstanding as of June 30, 2021 was \$1,392,915. The capital lease is payable in monthly installments of \$33,478, or \$401,736 annually, with payments which began May 17, 2010. The annual interest rate is 4.16% for a 15-year period ending April 17, 2025. Future minimum capital lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 320,851	\$ 47,539
2023	364,074	37,667
2024	379,495	22,247
2025	328,495	28,536
Total	<u>\$ 1,392,915</u>	<u>\$ 135,989</u>

Bonds Payable

Bonds payable at June 30, 2021 and 2020 are summarized as follows:

	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>2021 Principal Outstanding</u>
Revenue Bonds, 2014 Series, due through 2044	2.25% - 5.00%	\$320,000 - 950,000	\$ 14,656,233
Add Unamortized Bond Premium			60,752
Total			<u>\$ 14,716,985</u>
Current			\$ 400,000
Noncurrent			14,316,985
Total			<u>\$ 14,716,985</u>
	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>2020 Principal Outstanding</u>
Revenue Bonds, 2014 Series, due through 2044	2.25% - 5.00%	\$320,000 - 950,000	\$ 15,038,333
Add Unamortized Bond Premium			63,394
Total			<u>\$ 15,101,727</u>
Current			\$ 380,000
Noncurrent			14,721,727
Total			<u>\$ 15,101,727</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

On December 1, 2014, the University issued Revenue Bonds, Series 2014 (Series 2014 Bonds) amounting to \$16,460,000. The Series 2014 Bonds were issued to (1) finance the costs to plan, design, remodel, improve, and equip certain dormitory facilities on its main campus, (2) pay capitalized interest on the Series 2014 Bonds through December 1, 2015, (3) reimburse certain previously incurred expenditures related to the project, and (4) pay the costs of issuance of the Series 2014 Bonds and related costs.

The Series 2014 Bonds are special, self-liquidating obligations of the University and are secured by and payable solely from certain pledged revenues held under the Bond Indenture (the Indenture). The Series 2014 Bonds shall not be deemed to be general obligations or debts of the state within the meaning of the Constitution of the State; neither the credit nor the taxing power of the state is pledged for the payment of the Series 2014 Bonds.

The Series 2014 Bond covenants require that the schedules of rent, charges, and fees shall at all times produce pledged revenues from the auxiliary facilities sufficient to pay operating expenses and, when combined with other monies legally available to be used for such purposes (as prescribed 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 combined with other monies legally available to be used for such purposes, each year equal at least 100% of the maximum annual debt service. For the year ended June 30, 2021, the University had gross revenues that approximated 200% of the maximum annual debt service.

The Series 2014 Bonds mature on June 1 of each year starting June 1, 2017 and continuing through June 1, 2029, on June 1, 2035, on June 1, 2039, and on June 1, 2044. Annual payments made starting after June 1, 2029 are deposited into a sinking fund and are subject to mandatory redemption prior to maturity on June 1, 2035, June 1, 2039, and June 1, 2044.

During the year ended June 30, 2021, the University paid \$382,100 in principal payments and \$604,519 in bond interest expense.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

Future debt service requirements to maturity for the Series 2014 Bonds at June 30, 2021, are as follows excluding unamortized premium of \$60,752.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 400,000	\$ 585,519	\$ 985,519
2023	420,000	565,519	985,519
2024	440,000	544,519	984,519
2025	465,000	522,519	987,519
2026	480,000	507,988	987,988
2027-2031	2,650,000	2,278,863	4,928,863
2032-2036	3,200,000	1,721,000	4,921,000
2037-2041	3,900,000	1,027,000	4,927,000
2042-2045	2,701,233	221,800	2,923,033
Total	<u>\$ 14,656,233</u>	<u>\$ 7,974,727</u>	<u>\$ 22,630,960</u>

NOTE 8 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 year ended June 30:

	<u>2021</u>	<u>2020</u>
Net OPEB Liability	\$ 1,155,637	\$ 4,326,554
Deferred Outflows of Resources	647,917	609,538
Deferred Inflow of Resources	3,624,354	2,001,553
Revenues	109,750	262,303
OPEB Expense	(994,410)	(51,003)
Employer Contributions	482,005	505,717

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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 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 nonMedicare-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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 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 for one year of single coverage, and five years extend 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 June 30, 2021 OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.
- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020 as reflected in the footnote *Reconciliation of the Total OPEB Liability between Valuation Dates*. The net effect of the assumption changes was approximately \$1,147 million.

- General/price inflation – Decrease price inflation rate from 2.75% to 2.25%.
- Discount rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75%.
- OPEB retirement – Develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage.
- Waived annuitant termination – Develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage.
- SAL conversion – Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.
- Lapse/re-entry – Develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.
- Other demographic assumptions – Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.
- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term rates 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 percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including West Virginia Investment Management Board (WV-BTI). The projected return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected returns assuming a 10-year horizon are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	6.8%
Core Plus Fixed Income	4.1%
Core Real Estate	6.1%
Hedge Funds	4.4%
Private Equity	8.8%

Discount Rate

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, 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.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Assumptions (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plan as of June 30, 2021 calculated using a discount rate that is one percentage point lower (5.65%) or one percentage point higher (7.65%) than the current rate, as well as presents the net OPEB liability of the Plan as of June 30, 2020 calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate, respectfully.

	One Percent Decrease <u>5.65% and 6.15%</u>	Current Discount Rate <u>6.65% and 7.15%</u>	One Percent Increase <u>7.65% and 8.15%</u>
Net OPEB Liability - June 30, 2021	\$ 1,648,092	\$ 1,155,637	\$ 743,387
Net OPEB Liability - June 30, 2020	\$ 5,163,614	\$ 4,326,554	\$ 3,626,076

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the University's proportionate share of the net OPEB liability as of June 30, 2021 and 2020 calculated using the healthcare cost trend rate, as well as what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	One Percent Decrease	Current Healthcare Cost Trend Rate	One Percent Increase
Net OPEB Liability - June 30, 2021	\$ 695,357	\$ 1,155,637	\$ 1,711,562
Net OPEB Liability - June 30, 2020	\$ 3,488,740	\$ 4,326,554	\$ 5,343,240

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2021 net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020, which is the measurement date. The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2021, the University's proportionate share of the net OPEB liability was \$1,411,167. Of this amount, the University recognized \$1,155,637 as its proportionate share on the statement of net position. The remainder of \$255,530 denotes the University's proportionate share of net OPEB liability attributable to the special funding.

At June 30, 2020, the University's proportionate share of the net OPEB liability was \$5,211,960. Of this amount, the University recognized \$4,326,554 as its proportionate share on the statement of net position. The remainder of \$885,406 denotes the University's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the University's proportion was 0.261638868%, an increase of 0.000866803% from its proportion of 0.260772065% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the University's proportion was 0.260772065%, a decrease of 0.001439128% from its proportion of 0.262211193% calculated as of June 30, 2018.

For the year ended June 30, 2021, the University's recognized OPEB expense of \$(994,410). Of this amount, \$(1,104,160) was recognized as the University's proportionate share of OPEB expense and \$109,750 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$109,750 for support provided by the State.

For the year ended June 30, 2020, the University's recognized OPEB expense of \$(51,003). Of this amount, \$(313,306) was recognized as the University's proportionate share of OPEB expense and \$262,303 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$262,303 for support provided by the State.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 749,294
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	78,192	196,769
Changes in Assumptions	-	2,608,514
Net Difference Between Projected and Actual Investment Earnings	87,720	-
Contributions After the Measurement Date	482,005	-
Reallocation of Opt-Out Employer Change in Proportionate Share	-	69,777
Total	<u>\$ 647,917</u>	<u>\$ 3,624,354</u>

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 504,599
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	102,753	456,399
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	-	46,674
Contributions After the Measurement Date	505,717	877,459
Reallocation of Opt-Out Employer Change in Proportionate Share	-	-
Total	<u>\$ 609,538</u>	<u>\$ 2,001,533</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The University will recognize the \$482,005 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Amortization</u>
2022	\$ (1,292,701)
2023	(1,478,516)
2024	(714,324)
2025	27,099
Total	<u>\$ (3,458,442)</u>

NOTE 9 OPERATING LEASE OBLIGATIONS

The University leases various equipment, automobiles, and facilities under operating lease agreements. Aggregate payments under these agreements were \$352,409 and \$422,617 for the years ended June 30, 2021 and 2020, respectively. Future minimum rental commitments are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 70,951
2023	67,430
2024	64,632
2025	847
Total	<u>\$ 203,860</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 STATE SYSTEM OF HIGHER EDUCATION INDEBTEDNESS

The University is a state institution of higher education, and the University receives a state appropriation to help finance 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 or the former Boards of the College and College Systems (the Boards). These obligations administered by the Commission are the direct and total responsibility of the Commission, as successor to the former Boards.

The Commission has the authority to assess each public institution of higher education for payment of debt service on these system bonds. The tuition and registration fees of the members of the former state university system 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.

The University borrowed \$375,000 from the Commission during 2017. The debt agreement has no interest charged to the University and is payable in the amount of \$25,000 per quarter beginning July 1, 2017. The University paid off this obligation during the year ended June 30, 2021. The funds were borrowed to replenish the capital improvement funds that were spent to repair the roof of the child development center area of Towers building during the year ended June 30, 2018. The University paid \$100,000 to the Commission against the debt obligation during both 2021 and 2020.

NOTE 11 SERVICE CONCESSION ARRANGEMENTS

The University has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The University has identified one contract for services that meet the criteria of a service concession arrangement (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 contract is with ARAMARK Educational Services, LLC.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

On July 1, 2011, the University entered into a service concession arrangement that engaged ARAMARK Educational Services, LLC (the contractor) to provide meals that are resold to students, faculty, staff, and guests on the campus. The term of the contract is for one year with a right of renewal for the next nine years and ended effective June 30, 2021.

The cost of the services provided to students is based on sliding scale with an estimated average cost of \$8.68 per meal for a period of 19 weeks per semester. The meals are served in the University's dining hall located in the Jerry Beasley Student Center.

The contract also requires the contractor to provide funding to be used for capital projects as determined by the University. The total funding required is \$2,250,000 and is to be paid over the term of the agreement or 10 years. The amount of funding per year began at \$180,000 in the first year and increases by \$10,000 per year over the next nine years. The University is required to provide the food service facility, service wares, and small expendable equipment to be used in the operation, IT systems, and is responsible for repairs and maintenance of the food service facility.

The asset and related liability are recorded at the net present value using a 5.0% interest rate over a 10-year term. For the year ended June 30, 2021, the amount recorded as an intangible asset was \$0, with an accrued liability of \$0, due to contract expiration. For the year ended June 30, 2020, the amount recorded as an intangible asset was approximately \$.3 million, with an accrued liability of approximately \$.09 million. This resulted in a deferred inflow of resources of approximately \$.02 million. The University received a total of \$0 and \$.2 million from the contractor during the years ended June 30, 2021 and 2020, respectively. The University paid equipment, repairs, and maintenance costs of \$87,857 and \$38,002 during the years ended June 30, 2021 and 2020, respectively. The University recognized revenue for the year ended June 30, 2021 of \$192,020 and \$215,709 for the year ended June 30, 2020 recorded in the miscellaneous revenue line item on the statements of revenues, expenses, and changes in net position. The revenue inflow is recognized as the difference between the payments received from the contractor, net of interest income and expense incurred by the University, net of interest expense. The net payments are applied to calculate the value of the deferred inflows and outflows of the arrangement which are then discounted to represent the net present value of the inflows. The difference between the inflows and outflows represents the revenue recognized for the service concession arrangement. As of June 30, 2021 and 2020, the net balance of the deferred inflows was \$0 and \$169,286, respectively.

The contract also requires that a commission be paid to the University by the contractor based on a percentage of gross sales from certain products sold by the contractor. The rate of the commission paid ranges from a low of 5% to a high of 40% dependent upon the category of operations. The University recognized \$12,115 and \$41,713 in commissions during the years ended June 30, 2021 and 2020, respectively.

The University retains ownership of the facility and any equipment purchased for the operations except those denoted as belonging to the contractor.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 UNRESTRICTED NET POSITION

The University did not have any designated unrestricted net position as of June 30, 2021 or 2020.

	<u>2021</u>	<u>2020</u>
Total Unrestricted Net Position and Temporarily Restricted Expendable Net Position before OPEB Liability		
OPEB Liability	\$ 215,946	\$ (954,525)
Less: OPEB Liability	<u>1,155,637</u>	<u>4,326,554</u>
Total Unrestricted Net Position (Deficit)	<u>\$ (939,691)</u>	<u>\$ (5,281,079)</u>

NOTE 13 RETIREMENT PLANS

Substantially all full-time employees of the University participate in either the West Virginia Teachers' Retirement System (the TRS) or the Teachers' Insurance and Annuities Association-College Retirement Equities Fund (the TIAA-CREF). Previously, upon fulltime employment, all employees were required to make an irrevocable selection 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 one-time 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 Benefit Pension 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, 2021 and 2020, respectively:

Summary by Financial Statement Line Items

	<u>2021</u>	<u>2020</u>
Net Pension Liability	\$ 347,540	\$ 405,665
Deferred Outflows of Resources	79,859	87,599
Deferred Inflow of Resources	406,655	512,049
Pension Expense	(40,999)	9,373
Employer Contributions	30,164	44,580

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 RETIREMENT PLANS (CONTINUED)

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 (the State) 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>.

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 five 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.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Contributions (Continued)

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 Teachers Defined Contribution Retirement System (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, 2020 and 2019, the University's proportionate share attributable to this special funding subsidy was \$79,215 and \$118,118, respectively.

The University's contributions to TRS for the years ended June 30, 2021, 2020, and 2019, were \$30,164, \$44,580, and \$107,708, respectively.

Assumptions

The total pension liabilities for financial reporting purposes were determined by actuarial valuations as of July 1, 2019 and 2018 and rolled forward to June 30, 2020 and 2019, 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, 1994 through fiscal year 2034.
- Investment rate of return of 7.50%, net of pension plan administrative and investment expenses.
- Projected salary increases: Teachers 3.00-6.16% and non-teachers 3.00-6.75%, based on age.
- Inflation rate of 3.00%.
- Discount rate of 7.50%.
- Mortality rates based on Pub-2010 Mortality Tables.
- Withdrawal rates: State 7.00-35.00% and Nonstate 2.33-18.00%.
- Disability rates: 0.004-0.563%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

- 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, 2014 to June 30, 2019. 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 the 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 real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2020 and 2019, are summarized below.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.5%	27.5%
International Equity	7.0%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	10.0%

Best estimates of the long-term arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of June 30, 2019 is summarized below:

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

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Assumptions (Continued)

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. In the event of benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 2.79% is to be used to discount the benefit payments not covered by the plan's fiduciary net position. The rate equals the S&P Municipal Bond 20-Year High Grade Rate Index at June 30, 2019.

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, 2021 and 2020 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 (8.5%) than the current rate (dollars in thousands).

	One Percent Decrease (6.5%)	Current Rate (7.5%)	One Percent Increase (8.5%)
Net Pension Liability - June 30, 2021	\$ 469	\$ 348	\$ 244
Net Pension Liability - June 30, 2020	\$ 554	\$ 406	\$ 279

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

The June 30, 2021 TRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The June 30, 2020 TRS net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 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, 2021, the University's proportionate share of the TRS net pension liability was \$1,102,675. Of this amount, the University recognized \$347,540 as its proportionate share on the statement of net position. The remainder of \$755,135 denotes the University's proportionate share of net pension liability attributable to the special funding.

At June 30, 2020, the University's proportionate share of the TRS net pension liability was \$1,385,041. Of this amount, the University recognized \$405,665 as its proportionate share on the statement of net position. The remainder of \$979,376 denotes the University's proportionate share of net pension liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to TRS for each of the fiscal years ended June 30, 2020 and 2019. Employer contributions are recognized when due. At the June 30, 2020 measurement date, the University's proportion was 0.010790%, a decrease of 0.002845% from its proportion of 0.013635% calculated as of June 30, 2019. At the June 30, 2019 measurement date, the University's proportion was 0.013635%, a decrease of 0.002151% from its proportion of 0.015786% calculated as of June 30, 2018.

For the year ended June 30, 2021, the University recognized TRS pension expense of \$(40,999). Of this amount, \$(120,214) was recognized as the University's proportionate share of the TRS expense and \$79,215 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$79,215 for support provided by the State.

For the year ended June 30, 2020, the University recognized TRS pension expense of \$9,373. Of this amount, \$(108,745) was recognized as the University's proportionate share of the TRS expense and \$118,118 as the amount of pension expense attributable to special funding from a non-employer contributing entity. The University also recognized revenue of \$118,118 for support provided by the State.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 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, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to the TRS pension are as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 15,755	\$ 399,024
Difference Between Expected and Actual Experience	7,986	7,631
Net Difference Between Projected and Actual Investment Earnings	21,057	-
Changes in Assumptions	4,897	-
Contributions After the Measurement Date	30,164	-
Total	<u>\$ 79,859</u>	<u>\$ 406,655</u>
	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	\$ 32,166	\$ 487,151
Difference Between Expected and Actual Experience	2,027	13,865
Net Difference Between Projected and Actual Investment Earnings	-	11,033
Changes in Assumptions	8,759	-
Contributions After the Measurement Date	44,647	-
Total	<u>\$ 87,599</u>	<u>\$ 512,049</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 RETIREMENT PLANS (CONTINUED)

TRS (Continued)

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

The University will recognize the \$30,164 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, 2022. 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 (dollars in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ 140
2023	138
2024	73
2025	6
Total	<u>\$ 357</u>

Payables to the Pension Plan

The University did not report any amounts payable for normal contributions to the TRS as of June 30, 2021 and 2020.

Defined Contribution Benefit Plan

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

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 (Educators Money). New hires have the choice of either plan. As of June 30, 2021, no employees were enrolled in the Educators Money 401(a) basic retirement plan.

Total contributions to the TIAA-CREF for the years ended June 30, 2021, 2020, and 2019, were \$1,633,144, \$1,701,484, and \$1,748,834, respectively, which consisted of contributions of \$816,572, \$850,742, and \$874,417 from the University and \$816,572, \$850,742, and \$874,417, from the covered employees, respectively.

The University's total payroll for the years ended June 30, 2021, 2020, and 2019 was \$14,951,064, \$15,984,874, and \$15,614,434, respectively. Total covered employees' salaries in the TRS and TIAA-CREF were \$13,609,526 and \$30,164; and \$14,475,411 and \$44,580; and \$13,613,460 and \$59,253, respectively, in 2021, 2020, and 2019.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 AMOUNT HELD AT FOUNDATION

The amount held at the Foundation represents funds transferred from the Eminent Scholars and Marsh Permanent Endowment funds to the Concord University Foundation, Inc. for the purpose of investing these funds. The Eminent Scholar funds may be used to fund the academic division chair positions as decided by the University. The Marsh Endowment was a gift of a permanent endowment in the amount of \$2.7 million from Dr. Joseph Marsh to completely restore to its original specifications and conditions the Casavant Freres pipe organ and the practice organ, as well as maintain the organs and carillon donated by Dr. Marsh in 1979. The endowment earnings will also be used to hire instructors for the pipe organ and the Carillon bells. The principal of the endowment may be used to fund the cost of the repairs.

NOTE 15 CONCORD UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION

Concord University Research and Development Corporation (the Research Corporation) is a blended component unit of the University. Based on the Research Corporation's audited financial statements as of June 30, 2021 and 2020, condensed financial statements can be found below. The statements are shown under FASB but have been converted to GASB for inclusion.

**Concord University Research and Development Corporation
Condensed Statements of Financial Position
June 30, 2021 and 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 680,431	\$ 782,518
Grants Receivable	405,403	327,934
Accounts Receivable, Net of Allowance	78,006	51,963
Related Party Receivables	259,828	173,621
Other Current Assets	1,397	646
Net Investment in Sales Type Lease, Current	56,692	-
Total Current Assets	1,481,757	1,336,682
Capital Assets, Net	111,300	157,742
Net Investment in Sales Type Lease	263,220	-
Other Noncurrent Assets	-	7,325
Total Assets	<u>\$ 1,856,277</u>	<u>\$ 1,501,749</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 71,522	\$ 82,007
Refundable Advances and Unearned Revenue	41,056	97,599
Related Party Payables	15,697	20,476
Amounts Held on Behalf of Others	733,350	685,716
Total Liabilities	861,625	885,798
NET ASSETS		
Without Donor Restrictions	994,652	615,951
Total Liabilities and Net Assets	<u>\$ 1,856,277</u>	<u>\$ 1,501,749</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 15 CONCORD UNIVERSITY RESEARCH AND DEVELOPMENT CORPORATION
(CONTINUED)**

**Concord University Research and Development Corporation
Condensed Statements of Activities
Years Ended June 30, 2021 and 2020**

	2021	2020
REVENUES		
Grants	\$ 499,013	\$ 418,898
Other	578,266	361,067
Total Revenues Without Donor Restriction	1,077,279	779,965
EXPENSES		
Program Services	474,299	365,338
Support Services	327,008	283,396
Total Expenses Without Donor Restrictions	801,307	648,734
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	275,972	131,231
Payment on Behalf of Concord University	(170,485)	-
Sale of Leased Asset in Exchange for Net Investment in the Lease	329,089	-
Donations to Concord University	(55,875)	(47,634)
CHANGE IN NET ASSETS	378,701	83,597
Net Assets - Beginning of Year	615,951	532,354
NET ASSETS - END OF YEAR	\$ 994,652	\$ 615,951

Complete financial statements for the Research Corporation can be obtained from John Galatic, Executive Director, Concord University Research and Development Corporation, PO Box 1000, Athens, West Virginia 24712.

NOTE 16 FOUNDATION

The Foundation is a separate nonprofit organization incorporated in the state and has as its purpose, “. . . to aid, strengthen and further in every proper and useful way, the work and services of the University and its affiliated nonprofit organizations . . .” Oversight of the Foundation is the responsibility of a separate and independently elected Board of Directors, not otherwise affiliated with the University. 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. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University’s financial statements in accordance with GASB Statement No. 39.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 16 FOUNDATION (CONTINUED)

Based on the Foundation's audited financial statements as of June 30, 2021 and 2020, the Foundation's net assets (including unrealized gains) totaled \$48,307,012 and \$38,457,514, respectively. Complete financial statements for the Foundation can be obtained from Dr. Charles Becker, Vice President for Business & Finance at Concord University Foundation, PO Box 1000, Athens, West Virginia 24712.

During the years ended June 30, 2021 and 2020, the Foundation contributed approximately \$909,843 and \$923,583, respectively, to the University for scholarships and other student support.

NOTE 17 AFFILIATED ORGANIZATION (UNAUDITED)

The University has a separately incorporated affiliated organization, the Concord University Alumni Association. Oversight responsibility for this entity rests with an independent board and management not otherwise affiliated with the University. Accordingly, the financial statements of this organization are not included in the accompanying financial statements under the blended component unit requirements. They are not included in the University's accompanying financial statements, they (1) are not material or (2) have dual purposes (i.e., not entirely or almost entirely for the benefit of the University).

NOTE 18 CONTINGENCIES

The nature of the educational industry is such that, from time-to-time, claims will be presented against colleges on account of alleged negligence, acts of discrimination, breach 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 impact seriously on the financial status 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 University owns various buildings which 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 condition. 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 condition becomes known.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 18 CONTINGENCIES (CONTINUED)

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 condition.

The COVID-19 pandemic may impact various parts of the operations and financial results of the University and its component units, including 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, 2021.

NOTE 19 COMMITMENTS

During the year ended June 30, 2018, the University entered into a Technology Subscription Contract with Helios Energy, LLC to provide improved lighting systems for the campus that will reduce energy consumption and related costs for electricity. The University has agreed to pay Helios Energy, LLC a monthly payment of \$17,639, or \$211,668 annually for the next seven years. Payments begin when all light fixtures have been placed in campus buildings and other service areas and monitoring systems are operable.

Upon completion of the terms of the contract, the University may purchase the light fixtures at the then fair market value, may contract with Helios Energy, LLC to continue the service contract or Helios Energy, LLC may remove the light fixtures. The light fixtures are not the responsibility of the University with regard to maintenance and repairs but the University is required to name Helios Energy, LLC as an additional insured party on the University's general liability insurance policy. Future payments under the contract are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 211,668
2023	211,668
2024	211,668
2025	211,668
2026	211,668
Total	<u>\$ 1,058,340</u>

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 20 NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

These tables represent operating expenses within both natural and functional classifications for the years ended June 30:

	2021							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Loan Cancellations and Write-Offs	
Instruction	\$ 7,880,331	\$ 906,742	\$ 805,663	\$ 463	\$ -	\$ -	\$ -	\$ 9,593,199
Research	251,854	26,180	166,429	129	-	-	-	444,592
Public Service	321,650	44,877	993,217	2,574	-	-	-	1,362,318
Academic Support	650,344	117,733	469,245	245	-	-	-	1,237,567
Student Services	1,407,436	209,268	622,724	1,623	-	-	-	2,241,051
General Institutional Support	2,314,623	431,479	1,363,305	1,000	-	-	-	4,110,406
Operations and Maintenance of Plant	428,955	82,945	530,535	754,623	-	-	-	1,797,058
Student Financial Aid	-	-	-	-	5,101,710	-	-	5,101,710
Auxiliary Enterprises	2,077,786	412,082	5,202,365	849,525	-	-	-	8,541,758
Depreciation	-	-	-	-	-	2,465,083	-	2,465,083
Other	-	-	-	-	-	-	116,672	116,672
Total	<u>\$ 15,332,978</u>	<u>\$ 2,231,305</u>	<u>\$ 10,153,483</u>	<u>\$ 1,610,182</u>	<u>\$ 5,101,710</u>	<u>\$ 2,465,083</u>	<u>\$ 116,672</u>	<u>\$ 37,011,414</u>

	2020							Total
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Loan Cancellations and Write-Offs	
Instruction	\$ 8,334,070	\$ 1,461,374	\$ 698,768	\$ 437	\$ -	\$ -	\$ -	\$ 10,494,649
Research	10,576	1,320	74,684	-	-	-	-	86,580
Public Service	563,105	77,276	1,225,967	11,669	-	-	-	1,878,017
Academic Support	768,893	206,560	380,781	521	-	-	-	1,356,755
Student Services	1,614,569	403,195	818,622	742	-	-	-	2,837,128
General Institutional Support	2,564,627	709,689	1,642,500	282,251	-	-	-	5,199,067
Operations and Maintenance of Plant	509,421	154,769	943,864	597,404	-	-	-	2,205,458
Student Financial Aid	-	-	-	-	3,883,840	-	-	3,883,840
Auxiliary Enterprises	1,965,063	497,074	3,815,134	882,145	-	-	-	7,159,416
Depreciation	-	-	-	-	-	2,499,442	-	2,499,442
Other	-	-	-	-	-	-	215,159	215,159
Total	<u>\$ 16,330,324</u>	<u>\$ 3,511,257</u>	<u>\$ 9,600,320</u>	<u>\$ 1,775,169</u>	<u>\$ 3,883,840</u>	<u>\$ 2,499,442</u>	<u>\$ 215,159</u>	<u>\$ 37,815,511</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED**

The following are the notes taken directly from the Foundation's financial statements:

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Concord University Foundation, Inc. (the Foundation) is a public charity that solicits and administers gifts on behalf of Concord University (the University). The Foundation administers endowed funds established by donors for the benefit of the University. Founded in 1976 as a 501(c)(3) nonprofit organization, the Foundation is managed by an independent, volunteer governing board.

The significant accounting policies followed by the Foundation are described below:

Basis of Financial Statement Presentation and Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

The accompanying financial statements present information regarding the Foundation's financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Board-designated endowment funds are not subject to donor restrictions and are included in net assets without donor restrictions. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Financial Statement Presentation and Accounting (Continued)

Net Assets with Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in assets as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or fewer to be cash and cash equivalents. At June 30, 2021 and 2020, cash equivalents of \$895,508 and \$798,814, respectively, consisted primarily of U.S. Treasury Securities, government agency discount notes, collateralized repurchase agreements, Federal Deposit Insurance Corporation (FDIC) insured bank deposits, and government money market funds.

Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as cash restricted for long-term investment and by agency relationships.

The Foundation follows the common cash management practice of consolidating certain of its operating cash and cash equivalent accounts into one account, which includes various designated and restricted current operating and plant accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account. When this occurs, the activity is accounted for by maintaining receivables and payables between the net asset classes. This may also cause the individual fund cash balances to be shown as negative if monies are due from another fund. The Foundation has sufficient unrestricted funds not included in the consolidated account to cover the designated or restricted monies spent.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. The fair value of investments in equities, bonds, U.S. Government Securities, and short-term assets is determined by reference to quoted market prices and other relevant information generated by market transactions. Net unrealized and realized gains and losses are reflected in the statement of activities.

Mineral rights are stated at cost at the date of acquisition or at the fair value at the date of the gift and are evaluated for impairments in subsequent periods.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Income, and realized and unrealized net gains, on investments of endowment and similar net asset classes are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As changes in net assets without donor restrictions in all other cases.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or at fair value at the date of gift, less accumulated depreciation and amortization. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals and replacements, and equipment costing over \$1,000 are capitalized. Maintenance and repairs are charged to operations as incurred.

The University capitalizes interest costs as part of the construction cost of buildings where it relates to the financing of major projects under development.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Split-Interest Agreements

The Foundation participates in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the Foundation or to a trust in which the Foundation shares benefits with other beneficiaries. Generally, the Foundation accounts for these agreements by recording its share of the related assets at fair value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities.

If the Foundation holds the assets or is the trustee, the assets are included in investments and the liabilities are included in trust and annuity obligations. If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in contributions receivable. If the donor establishes a perpetual trust with a third party as trustee (the Foundation will never receive the principal of the trust), the assets less related liabilities are included in funds held in trust by others. The fair value of funds held in trust by others is determined by the present value of estimated future cash flows.

Assets related to charitable gift annuities for the years ended June 30, 2021 and 2020 are included in investments and amounted to approximately \$124,550 and \$108,000, respectively.

In addition, the Foundation is the beneficiary of a charitable remainder trust for which the Foundation has not recorded an interest since the annuity obligation exceeds the fair value of the assets. Should the trust obtain investment returns above the discount rate or the lead beneficiaries die before their life expectancies, the Foundation may realize benefits from the trust.

Amounts Held on Behalf of Others

Amounts held on behalf of others represents assets held by the Foundation as an agent for other organizations. These funds are custodial by nature and do not involve measurement of operations; therefore, the related assets are included in “investments” and “cash restricted for long-term investments and by agency relationships” and related obligations are included in “amounts held on behalf of others” in the accompanying financial statements.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions

Contributions of cash and other assets, including unconditional promises to give or contributions receivable, are recognized as contribution revenue without donor restrictions or with donor restrictions depending on the existence or nature of donor stipulations. Contributions designated for future periods or restricted by the donor for a specific purpose are reported as contributions with donor restrictions.

Contributions of long-lived assets with no donor-imposed time restrictions are reported as contributions without donor restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as revenues in net assets with donor restrictions. Those restrictions are considered to be released when the long-lived assets are placed in service.

Unconditional promises to give that are expected to be collected in future years are recorded at fair value (pursuant to the fair value option included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, which is determined by discounting the estimated future cash flows at rates that reflect, among other things, market interest rates and the contributors' overall credit standing. The discounts on those amounts are computed using estimated discount rates at the measurement date applicable to the years in which the promises to give are expected to be received.

Conditional promises to give are not recognized until the conditions are substantially met.

Donated Services

Donated professional services contributed by the University are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of the gift. Total donated professional services for the years ended June 30, 2021 and 2020 were approximately \$25,530 and \$28,000, respectively. The value of donated volunteer services is not reflected in the accompanying financial statements, since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Foundation's fundraising campaigns.

Donated Rent

Use of the facilities contributed by the University are reflected as contributions in the accompanying financial statements at their estimated fair values in the period in which the contributions are received. Total donated rent for the years ended June 30, 2021 and 2020 was \$41,339 and \$43,056, respectively.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Nature of Operations and Summary of Significant Accounting Policies (Continued)

Advertising Costs

The Foundation follows the policy of charging advertising costs to expense as incurred.

Inventory

Inventory is measured at the lower of cost and net realizable value. Inventory consist of art prints purchased in bulk for fundraising.

Credit Risk Concentrations

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. The Foundation places its temporary cash investments with high-credit, quality financial institutions. At times throughout the year, a portion of the Foundation's bank deposits may be in excess of federally insured limits. Concentration of credit risk for marketable securities is limited by the Foundation's policy of diversification of investments.

Functional Reporting

Expenses are reported on a functional basis that discloses the purposes for which the expenses have been incurred. A brief description of each of the functional classifications follows:

- **University Support** – Funds expended primarily to provide support services for Concord University. It includes scholarships awarded to the students and the provision of services that directly assist the academic functions, such as faculty development, as well as capital projects.
- **Management and General** – Expenses incurred principally for (1) central executive-level activities concerned with management of day-to-day operations and long-range planning, (2) legal and fiscal operations, and (3) administrative data processing.
- **Fundraising** – Expenses related to community and alumni relations, including development and fundraising.

Income Taxes

The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, is not subject to taxes on income derived from its exempt activities. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Contributions Receivable

Contributions receivable consisted of the following:

	2021	2020
Expected to be Collected in:		
Less than One Year	\$ 26,671	\$ 1,226,182
One to Five Years	300,000	250,000
Subtotal	326,671	1,476,182
Less:		
Discount to Net Present Value at 2.91%	(11,319)	(17,908)
Total	\$ 315,352	\$ 1,458,274

Included in contributions receivable is a \$1 million pledge of which \$250,000 is still outstanding. The pledge was received in connection with the University Point project and is payable upon the death of the donor. An irrevocable pledge in the amount of \$100,000 was received for the renovation of the University's Alexander Fine Arts Center to be received in annual installments of \$25,000 of which \$75,000 is outstanding as of June 30, 2021.

Conditional promises to give to the Foundation are not recorded until the condition is met at which time a receivable will be recorded.

Investments

Long-term investments consisted of the following at June 30:

	2021		2020	
Government Obligations	\$ 11,912,227	22.58%	\$ 8,740,701	21.42%
Corporate Equities	3,800	0.00	3,800	0.01
Mutual Funds:				
Diversifying Asset	38,410,904	0.73	31,659,365	77.57
Money Markets	2,408,712	0.05	407,717	0.99
CDRS	-	0.00	-	0.00
Real Estate Securities	-	0.00	-	0.00
Mineral Rights and Other	3,203	0.00	3,203	0.01
Total	\$ 52,738,846	100.00%	\$ 40,814,786	100.00%

Government obligations consist principally of obligations of the U.S. Treasury and agencies. Corporate obligations are concentrated in the financial services, utility, and communications sectors. Corporate equities are diversified, with no significant industry concentrations. Mutual funds are concentrated in the bonds, international funds, mid cap, and large cap sectors.

The Foundation has various investment vehicles that have carrying values that fluctuate with the financial markets. As a result, the value of such investments may have declined from year-end values and that decline could be material.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Administrative Fees

The Foundation’s Board adopted a policy to charge an administrative fee of 1.19% of the market value of each permanently endowed fund, measured as of June 30 of each year. Administrative fees charged to the funds are reported as net assets released from restrictions in the accompanying state of activities.

Property and Equipment

Property and equipment at June 30 consists of the following:

	2021	2020
Equipment and Software	\$ 8,631	\$ 4,926
Less: Accumulated Depreciation	(5,110)	(4,232)
Total	\$ 3,521	\$ 694

Funds Held In Trust by Others

Funds held in trust by others, consisting of the assets of trusts established under (1) the will of Maxine Poe administered by a foundation and (2) a charitable remainder trust established by Wald Wheeler and administered by a bank. The Foundation is the income beneficiary of the Poe trust and the income is recorded as revenues with donor restrictions. The Wheeler Trust specifies 6% annual distributions are payable year by year over the lives of two beneficiaries with remaining value to be distributed to the Foundation upon their deaths.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Financial Assets and Liquidity Resources

The following represents the Foundation's financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and Cash Equivalents	\$ 820,798	\$ 728,072
Contributions Receivable, Net	315,352	1,458,274
Dividends and Interest Receivable	1,537	1,214
Cash Restricted for Long-Term Investment and by Agency Relationships	74,710	70,442
Investments	<u>52,738,846</u>	<u>40,814,786</u>
Total Financial Assets	<u>53,951,243</u>	<u>43,072,788</u>
Less Amounts Not Available to be Used Within One Year:		
Endowments and Accumulated Earnings Subject to Appropriation Beyond One Year	44,094,597	35,333,017
Board-Designated Endowment	65,497	426,913
Contributions Receivable Collectible Beyond One Year	294,227	232,092
Cash Restricted for Long-Term Investment and by Agency Relationship	74,710	70,442
Total	<u>44,529,031</u>	<u>36,062,464</u>
Financial Assets Available to Meet General Expenditures Over the Next Fiscal Year	<u>\$ 9,422,212</u>	<u>\$ 7,010,324</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Net Assets

Net assets as of June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions:		
Board-Designated Endowment Funds	\$ 65,497	\$ 56,739
Undesignated	280,977	106,829
Subtotal	<u>346,474</u>	<u>163,568</u>
With Donor Restrictions:		
Subject to Expenditure for Specific Purpose and Time		
Business Department	2,361,711	1,384,272
Faculty Development	401,246	229,903
University Point Alumni Center	939,828	411,975
Student Support	14,879,752	9,682,637
Subtotal	<u>18,582,537</u>	<u>11,708,787</u>
Permanent Endowment Funds:		
Restricted in Perpetuity, the Income from which is		
Expendable to Support the Students of the University	16,728,732	16,241,327
Bonner Scholar's Program	12,649,269	10,343,832
Subtotal	<u>29,378,001</u>	<u>26,585,159</u>
Total With Donor Restrictions	<u>47,960,538</u>	<u>38,293,946</u>
Total Net Assets	<u>\$ 48,307,012</u>	<u>\$ 38,457,514</u>

The Bonner Scholar's Program stipulates that scholarships and other expenses are to be provided to a certain number of students. The permanent endowment amount of this program is to consist of the original endowment plus or minus investment earnings less the cost of scholarships and other expense provided to the stipulated number of students.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Operating Expenses

The tables below present expenses by both their nature and function for the fiscal years ended June 30, 2021 and 2020.

	Program							Total
	Faculty						Fundraising	
	Student Support	and Staff Development	Compensation for Services	Other Expenses	Management and General	and General		
<u>June 30, 2021</u>	\$	\$	\$	\$	\$	\$	\$	
Compensation	-	-	32,269	-	85,929	13,829	132,027	
Scholarships and Grants	909,843	-	-	-	-	-	909,843	
Professional Services	-	-	-	-	43,601	-	43,601	
Travel and Conferences	-	-	-	-	417	1,488	1,905	
Office Space	-	-	-	-	75,849	-	75,849	
Office Expenses	-	-	-	-	45,881	-	45,881	
Other	-	-	-	592,122	9,082	2,420	603,624	
Depreciation	-	-	-	-	878	-	878	
Advertising	-	-	-	-	-	1,384	1,384	
Campaign Expenses	-	-	-	-	-	24,000	24,000	
Faculty and Staff Development	-	5,414	-	-	-	-	5,414	
Total	<u>\$ 909,843</u>	<u>\$ 5,414</u>	<u>\$ 32,269</u>	<u>\$ 592,122</u>	<u>\$ 261,637</u>	<u>\$ 43,121</u>	<u>\$ 1,844,406</u>	

	Program							Total
	Faculty						Fundraising	
	Student Support	and Staff Development	Compensation for Services	Other Expenses	Management and General	and General		
<u>June 30, 2020</u>	\$	\$	\$	\$	\$	\$	\$	
Compensation	-	-	17,765	-	108,573	11,040	137,378	
Scholarships and Grants	923,583	-	-	-	-	-	923,583	
Professional Services	-	-	-	-	51,072	-	51,072	
Travel and Conferences	-	5,835	-	-	17,753	-	23,588	
Office Space	-	-	-	-	81,617	-	81,617	
Office Expenses	-	-	-	-	37,539	-	37,539	
Other	-	-	-	997,528	9,483	618	1,007,629	
Depreciation	-	-	-	-	446	-	446	
Advertising	-	-	-	-	-	2,075	2,075	
Campaign Expenses	-	-	-	-	-	24,986	24,986	
Faculty and Staff Development	-	9,224	-	-	-	-	9,224	
Total	<u>\$ 923,583</u>	<u>\$ 15,059</u>	<u>\$ 17,765</u>	<u>\$ 997,528</u>	<u>\$ 306,483</u>	<u>\$ 38,719</u>	<u>\$ 2,299,137</u>	

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Endowment

Net Asset Classifications of Institutional Funds

The Foundation holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the state of West Virginia. “Endowment” is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the Foundation’s activities. The Foundation’s endowment consists of individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the Foundation adopted the provisions of authoritative accounting guidance for the net asset classification of donor restricted endowment funds for an organization that is subject to UPMIFA and also required related financial statement disclosures.

Interpretation of UPMIFA

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds, which include (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 of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted “true” endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 fund; (2) the purposes of the Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation; and (7) the investment policies of the Foundation.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Endowment (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment committee recognizes that unsupervised assets will probably be subjected to an inflationary loss of purchasing power; therefore the funds should be managed in a way that will minimize the effect of inflation. Fixed income-like investments will be used to reduce volatility of the overall portfolio while providing a predictable stream of income.

The Foundation has adopted the following strategic asset allocation:

<u>Asset Class</u>	<u>Asset Allocation Range</u>
U. S. Equity	30-50%
International Equity, Developed Markets	10-20%
Fixed Income	20-50%
Cash	0-5%
International Equity, Emerging Markets	0-10%
Alternative Investments: Liquid Strategies	0-20%
Alternative Investments: Private Strategies	0-10%

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Endowment (Continued)

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. The annual target spending rate of the Foundation is currently 4% of the 12-quarter rolling average of the market value of the funds, calculated as of June 30 of the year immediately preceding the beginning of the Foundation’s fiscal year. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2021, no funds were “underwater.” As of June 30, 2020, funds with fair value of \$687,878 and an original gift value of \$717,082 were “underwater” by \$29,204.

Endowment net assets consist of the following at June 30:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ 44,094,597	\$ 44,094,597	\$ -	\$ 35,333,017	\$ 35,333,017
Board-Designated Endowment Funds	65,497	-	65,497	56,739	-	56,739
Total	<u>\$ 65,497</u>	<u>\$ 44,094,597</u>	<u>\$ 44,160,094</u>	<u>\$ 56,739</u>	<u>\$ 35,333,017</u>	<u>\$ 35,389,756</u>

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION, INCORPORATED (CONTINUED)

Endowment (Continued)

Changes in endowment net assets for the year ended June 30 are as follows:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning	\$ 56,739	\$ 35,333,017	\$ 35,389,756	\$ 405,825	\$ 34,955,349	\$ 35,361,174
Investment Return						
Investment Income	9,899	410,706	420,605	51,937	451,247	503,184
Realized and Unrealized Gains (Losses)	-	9,322,413	9,322,413	-	570,479	570,479
Total Investment Return	9,899	9,733,119	9,743,018	51,937	1,021,726	1,073,663
Contributions	-	63,607	63,607	-	2,317,803	2,317,803
Appropriations for Expenditures	(1,141)	(1,035,146)	(1,036,287)	(401,023)	(2,961,861)	(3,362,884)
Endowment Net Assets, Ending	<u>\$ 65,497</u>	<u>\$ 44,094,597</u>	<u>\$ 44,160,094</u>	<u>\$ 56,739</u>	<u>\$ 35,333,017</u>	<u>\$ 35,389,756</u>

Fair Value Measurements

Fair Value Hierarchy

ASC Topic 820 establishes a three-tier 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) and lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

**CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Fair Value Measurements (Continued)

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used in determining the fair values of financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2021				2020			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Recurring Fair Value Measurements:								
Government Obligations	\$ 11,912,227	\$ 11,912,227	\$ -	\$ -	\$ 8,740,701	\$ 8,740,701	\$ -	\$ -
Corporate Equities	3,800	3,800	-	-	3,800	3,800	-	-
Mutual Funds-								
Diversifying Asset	38,410,904	38,410,904	-	-	31,659,365	31,659,365	-	-
Money Markets	2,408,712	2,408,712	-	-	407,717	407,717	-	-
Total	52,735,643	52,735,643	-	-	40,811,583	40,811,583	-	-
Funds Held in Trust by Others	685,340	-	685,340	-	556,140	-	556,140	-
Nonrecurring Fair Value Measurements:								
Mineral Rights and Other	3,203	-	3,203	-	3,203	-	3,203	-
Total Financial Assets	<u>\$ 53,424,186</u>	<u>\$ 52,735,643</u>	<u>\$ 688,543</u>	<u>\$ -</u>	<u>\$ 41,370,926</u>	<u>\$ 40,811,583</u>	<u>\$ 559,343</u>	<u>\$ -</u>

The fair value of investments in government obligations, corporate equities, mutual funds, and real estate securities are publicly traded securities is determined based upon quoted market prices. The fair value of cash and cash equivalents approximates cost due to the short-term nature. Funds held in trust by others are recognized based on quoted market prices of the assets in the trust. The fair value of mineral rights and other is determined by obtain of receipt of the gift and evaluated for impairment in subsequent periods.

Related Parties

The Foundation's investment advisor, Clearstead Advisors, LLC, has limited power of attorney and trade authorization of approximately \$44.5 million in investment funds held by Fidelity Investment.

CONCORD UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 21 COMPONENT UNIT DISCLOSURES – CONCORD UNIVERSITY FOUNDATION,
INCORPORATED (CONTINUED)**

Revenue Recognition

In the current year, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)* and ASU 2018-08, *Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. Topic 958 clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance (e.g., ASU 2014-09, *Revenue from Contracts with Customers*).

There have been no significant changes to the amount or timing of our revenue recognition as a result of the adoption of either standard. As a result, the amount and timing of revenues remain materially unchanged.

Pending Pronouncements
Lease Accounting

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of 12 months or fewer) in the statements of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU 2016-02 will be effective for the Foundation on July 1, 2022, and will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. The Foundation is currently evaluating the impact this guidance will have on its financial statements and disclosures.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2021 financial statements through October 5, 2021, the date the financial statements were available to be issued.

CONCORD UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2021 AND 2020

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	University's Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2020	0.010790%	\$ 348	\$ 755	\$ 1,103	\$ 201	173%	70.89%
June 30, 2019	0.013635	406	979	1,385	297	137	72.64
June 30, 2018	0.015786	493	1,277	1,770	485	102	71.20
June 30, 2017	0.026241	907	2,005	2,912	720	126	67.85
June 30, 2016	0.035737	1,469	2,798	4,267	760	193	61.42
June 30, 2015	0.033051	1,145	2,660	3,805	1,102	104	66.25
June 30, 2014	0.039108	1,349	3,048	4,397	1,144	118	65.95

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, 2020	\$ 45	\$ 30	\$ 15	\$ 201	14.93%
June 30, 2019	66	45	21	297	15.15
June 30, 2018	70	108	(38)	485	22.27
June 30, 2017	109	107	2	720	14.86
June 30, 2016	139	134	5	760	17.63
June 30, 2015	150	150	-	1,102	13.61
June 30, 2014	178	180	(2)	1,144	15.73

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 Year Ended June 30, 2021

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Information, if necessary, can be obtained from the CPRB Comprehensive Annual Financial Report.

CONCORD UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (RSI) (UNAUDITED)
SCHEDULES OF PROPORTIONATE SHARE OF OPEB LIABILITY AND CONTRIBUTIONS
JUNE 30, 2021 AND 2020

Schedule of Proportionate Share of Net OPEB Liability (In Thousands)

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	University's Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
June 30, 2020	0.261638868%	\$ 1,156	\$ 256	\$ 1,412	\$ 9,290	12.44%	73.49%
June 30, 2019	0.260772065	4,327	885	5,212	9,657	44.81	39.69
June 30, 2018	0.262111930	5,626	1,163	6,789	9,183	12.66	30.98
June 30, 2017	0.254863297	6,267	1,287	7,554	9,147	14.07	25.10

Schedule of Employer Contributions (In Thousands)

Measurement Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
June 30, 2020	\$ 506	\$ 482	\$ 24	\$ 9,290	5.19%
June 30, 2019	537	506	31	9,657	5.24
June 30, 2018	532	432	100	9,183	4.70
June 30, 2017	573	432	141	9,147	4.72

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 Year Ended June 30, 2021

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. Information, if necessary, can be obtained from the CPRB Comprehensive Ammia; Fomamcoa; Report..peia.gov.



**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***

Board of Governors
Concord University
Athens, 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 unit of Concord University (the University), a component unit of the West Virginia Higher Education Policy Fund, as of and for the year ended June 30, 2021, 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, 2021. Our report includes a reference to other auditors who audited the financial statements of the Concord University Foundation, Inc. and the Concord University Research and Development Corporation, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the Concord University Research and Development Corporation. The financial statements of the Concord University Foundation, Inc. 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 Concord University's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Concord University's internal control. Accordingly, we do not express an opinion on the effectiveness of Concord 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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 Concord University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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

Plymouth Meeting, Pennsylvania
October 15, 2021

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