



BRYANT UNIVERSITY

Consolidated Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

BRYANT UNIVERSITY

Table of Contents

	Page(s)
Independent Auditors' Report	1
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3–4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6–23



KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report

The Board of Trustees
Bryant University:

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

KPMG LLP

November 2, 2021

BRYANT UNIVERSITY

Consolidated Statements of Financial Position

June 30, 2021 and 2020

(Dollars in thousands)

Assets	2021	2020
Cash	\$ 7,117	8,833
Short-term investments (note 4)	54,054	51,463
Accounts receivable, net of allowance of \$1,457 and \$1,332 at June 30, 2021 and 2020, respectively	3,124	3,059
Contributions receivable, net (note 6)	5,114	4,478
Prepaid expenses and other assets	5,103	3,348
Notes receivable, net of allowance of \$228 and \$233 at June 30, 2021 and 2020, respectively (note 7)	2,982	3,987
Long-term investments (notes 4 and 5)	246,048	198,267
Deposits held by trustees (note 4)	1	4,257
Land, buildings, and equipment, net (note 8)	225,651	229,039
Total assets	\$ 549,194	506,731
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 27,576	23,883
Deferred revenues and advance payments	9,480	15,276
Asset retirement obligation	234	320
Interest rate swaps (note 10)	9,599	12,512
Notes and bonds payable, net (note 9)	99,110	103,485
Refundable advances – U.S. government grants (note 7)	4,740	5,513
Total liabilities	150,739	160,989
Net assets:		
Without donor restrictions:		
Available for operations	39,594	33,270
Designated for long-term investment	182,078	146,667
Net investment in plant	116,444	116,711
Total without donor restrictions net assets	338,116	296,648
With donor restrictions:		
Designated for long-term investment	18,797	9,373
Donor restricted nonendowment	12,645	12,740
Donor restricted endowment (note 5)	28,897	26,981
Total donor restricted net assets	60,339	49,094
Total net assets	398,455	345,742
Total liabilities and net assets	\$ 549,194	506,731

See accompanying notes to consolidated financial statements.

BRYANT UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2021

(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2021</u>
Operating:			
Revenues:			
Tuition and fees, net of scholarships and grants of \$67,517	\$ 101,722	—	101,722
Residence and dining, net of scholarships and grants of \$1,515	<u>37,162</u>	<u>—</u>	<u>37,162</u>
Net student revenue	138,884	—	138,884
Contributions	2,156	—	2,156
Net assets released from restrictions (note 12)	2,213	—	2,213
Government grants	5,136	—	5,136
Long-term investment income used in operations	9,007	—	9,007
Short-term investment income	373	—	373
Public service	83	—	83
Auxiliary and other sources	<u>3,979</u>	<u>—</u>	<u>3,979</u>
Total operating revenues	<u>161,831</u>	<u>—</u>	<u>161,831</u>
Expenses (note 14):			
Instruction	42,565	—	42,565
Academic support	14,742	—	14,742
Research	7,328	—	7,328
Student services	34,706	—	34,706
Institutional support	24,974	—	24,974
Public service	1,575	—	1,575
Auxiliary services	<u>33,438</u>	<u>—</u>	<u>33,438</u>
Total operating expenses	<u>159,328</u>	<u>—</u>	<u>159,328</u>
Increase in net assets from operating activities	<u>2,503</u>	<u>—</u>	<u>2,503</u>
Nonoperating:			
Capital contributions	—	4,004	4,004
Net assets released from restrictions (note 12)	1,803	(4,016)	(2,213)
Long-term investment return, net	34,422	11,227	45,649
Change in fair value of interest rate swaps (note 10)	2,913	—	2,913
Other	<u>(173)</u>	<u>30</u>	<u>(143)</u>
Change in net assets from nonoperating activities	<u>38,965</u>	<u>11,245</u>	<u>50,210</u>
Change in net assets	41,468	11,245	52,713
Net assets:			
Beginning of year	<u>296,648</u>	<u>49,094</u>	<u>345,742</u>
End of year	<u>\$ 338,116</u>	<u>60,339</u>	<u>398,455</u>

See accompanying notes to consolidated financial statements.

BRYANT UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2020

(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2020</u>
Operating:			
Revenues:			
Tuition and fees, net of scholarships and grants of \$65,199	\$ 102,117	—	102,117
Residence and dining, net of scholarships and grants of \$1,693	30,734	—	30,734
Net student revenue	132,851	—	132,851
Contributions	1,530	—	1,530
Net assets released from restrictions (note 12)	2,103	—	2,103
Government grants	1,703	—	1,703
Long-term investment income used in operations	8,599	—	8,599
Short-term investment income	1,621	—	1,621
Public service	92	—	92
Auxiliary and other sources	5,171	—	5,171
Total operating revenues	153,670	—	153,670
Expenses (note 14):			
Instruction	42,178	—	42,178
Academic support	15,154	—	15,154
Research	7,468	—	7,468
Student services	31,974	—	31,974
Institutional support	25,747	—	25,747
Public service	1,799	—	1,799
Auxiliary services	27,539	—	27,539
Total operating expenses	151,859	—	151,859
Increase in net assets from operating activities	1,811	—	1,811
Nonoperating:			
Capital contributions	—	5,656	5,656
Net assets released from restrictions (note 12)	1,619	(3,722)	(2,103)
Long-term investment return, net	(5,180)	776	(4,404)
Change in fair value of interest rate swaps (note 10)	(2,880)	—	(2,880)
Other	84	79	163
Change in net assets from nonoperating activities	(6,357)	2,789	(3,568)
Change in net assets	(4,546)	2,789	(1,757)
Net assets:			
Beginning of year	301,194	46,305	347,499
End of year	\$ 296,648	49,094	345,742

See accompanying notes to consolidated financial statements.

BRYANT UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 52,713	(1,757)
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	16,851	16,365
Write-off of issuance costs and premium of series 2011 bonds	—	(102)
Amortization of bond issuance cost and premium	(182)	(209)
Gift of asset	—	(24)
Change in cash held in investments	(1,377)	(840)
Net unrealized and realized gain on long-term investments	(54,070)	(3,830)
Net loss(gain) on disposal of assets	6	(59)
Contributions for property, plant, and equipment investing activities	(10)	(71)
Contributions for property, plant, and equipment financing activities	(235)	(190)
Contributions received for long-term investment	(1,918)	(2,951)
(Decrease)/increase in value of interest rate swaps	(2,913)	2,880
(Decrease) in asset remediation obligation	(86)	(1,782)
Change in working capital	(879)	9,683
Net cash provided by operating activities	<u>7,900</u>	<u>17,113</u>
Cash flows from investing activities:		
Purchase of land, buildings, and equipment	(17,315)	(28,493)
Contributions for property, plant, and equipment	10	71
Sale of land, buildings, and equipment	173	171
Capitalization of Interest	(8)	(50)
Proceeds from maturities and sales of investments	157,995	191,323
Cost of purchases of investments	(152,919)	(170,993)
Change in cash held in investments	1,377	840
Change in deposits held by bond trustees	4,256	(4,098)
Change in notes receivable, net	1,005	902
Net cash used in investing activities	<u>(5,426)</u>	<u>(10,327)</u>
Cash flows from financing activities:		
Contributions received for long-term investment	1,918	2,951
Contributions for property, plant, and equipment	235	190
Repayment of principal on notes and bonds payable	(4,193)	(4,516)
Retirement of debt issue	—	(16,225)
Proceeds from debt issuance	—	17,300
Payment of bond issue costs	—	(130)
(Decrease) in refundable advances – U.S. government grants	(773)	(1,042)
Net cash used in financing activities	<u>(2,813)</u>	<u>(1,472)</u>
Change in cash	(339)	5,314
Cash, beginning of year	<u>11,626</u>	<u>6,312</u>
Cash, end of year	\$ <u><u>11,287</u></u>	\$ <u><u>11,626</u></u>
Supplemental disclosure:		
Change in accounts payable from property, plant, and equipment	\$ (3,594)	7,468

See accompanying notes to consolidated financial statements.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(1) Description of the University

Bryant University (the University) is a private, nonsectarian, co-educational institution of higher education chartered under the laws of the State of Rhode Island, composed of a College of Business and a College of Arts and Sciences. The University was founded in 1863 and is located in Smithfield, Rhode Island, on approximately 430 acres. The University offers programs leading to bachelor's degrees in accounting, information systems and international business, each with various concentrations and minors, as well as a bachelor's of arts degree and a bachelor's of science degree, each with various majors and minors. Additionally, the University offers graduate programs leading to master's degrees in accounting, business administration, and physician assistant studies along with certificate programs in business analytics, and innovation healthcare leadership. In addition, there is also a professional MBA online program available.

The University has a wholly owned consolidated single-member LLC, BRU LLC. The purpose of the single-member LLC is to own and manage real estate and to conduct or engage in any lawful business or purpose related thereto. All significant intercompany transactions and balances have been eliminated in consolidation.

The University has a Wholly Foreign Owned Enterprise, Bryant China (H.K.) Limited, which is a consolidated, private LLC incorporated in Hong Kong, China. The purpose of Bryant China (H.K.) Limited is to provide program services to the Bryant Zhuhai academic program, located in Guangdong Province, China. This program has a unique collaboration with the Beijing Institute of Technology Zhuhai to provide a four-year joint undergraduate degree program which mirrors Bryant's nationally recognized curriculum vigor, quality of faculty and is taught in English. All significant intercompany transactions and balances have been eliminated in consolidation.

Risks and Uncertainties - Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. Although it is not possible to determine the pandemic's ultimate length, severity, or impacts on the economy or the University's finances, the University could experience material adverse effects posed by the risks, or our stakeholders' perceptions of the risks, related to COVID-19. As a result of the pandemic, beginning in March 2020, the University suspended in-person education and other campus-based activities, resulting in foregone revenues, the most significant of which resulted from the refunding of a portion of residence and dining revenues. Although the University incurred certain incremental costs due to the pandemic, including transitioning to online education and work environments, it also took certain steps resulting in reductions in recurring costs, such as travel, utilities, and certain benefits.

In the fall 2020, the University reopened its campus with a hybrid flex model for instructional delivery. Additionally, students were able to also reside on campus with campus housing operating at normal capacity. The University expended significant time, effort and monetary resources on COVID-19 remediation and compliance with health and safety measures to ensure that students were able to successfully complete both semesters of academic work and residential activities without any interruption due to pandemic related issues. The University was also awarded substantial grants by the Department of Education under the CARES-HEERF, CRRSAA and the ARP program to utilize towards assisting students who faced financial hardships during the pandemic, as well as to cover for some of the COVID-19 related costs and loss of revenue that the University faced during the pandemic.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The pandemic could impact the University's future costs of its operations, and the generation of certain revenue from enrollment, campus housing, international activities, and other operating activities, as well as from financial markets and fundraising. The full extent of the impact of COVID-19 on the University will depend on the length and extent of the pandemic, which is dependent on emerging medical treatments and any health and safety regulations the University is required to follow.

(2) Summary of Significant Accounting Policies

The accompanying consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

(a) Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. The Board of Trustees has designated from net assets without donor restrictions, net assets for the endowment. The University's policy is to designate gifts without donor restrictions at the discretion of the Board of Trustees.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the applicable classes of net assets.

Unconditional contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as without donor restrictions. Promises to give that are scheduled to be received after the consolidated statements of financial position dates are shown as increases in with donor restrictions and are released to without donor restrictions when the purpose and/or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The University reports contributions of land, buildings, or equipment as without donor restrictions unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as without donor restrictions provided the

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

long-lived assets are placed in service in the same reporting period. Otherwise, the contributions are reported as with donor restrictions until the assets are acquired and placed in service.

Unconditional promises to give that are receivable as of the end of the fiscal year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is expected to be received. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any.

(b) Cash and Short-Term Investments

The University considers all bank deposits, money market funds, investments with original maturity dates of three months or less and a time deposit having daily liquidity to be cash and short-term investments, except those held as long-term investments and deposits held by trustees.

The following table provides a reconciliation of cash within the consolidated statements of financial position that sums to the total of such amounts as shown in the consolidated statements of cash flows as of June 30:

	<u>2021</u>	<u>2020</u>
Cash as reported in the consolidated statements of financial position	\$ 7,117	8,833
Cash included in long-term investments on the consolidated statements of financial position	<u>4,170</u>	<u>2,793</u>
Total cash as shown on the consolidated statements of cash flow	<u>\$ 11,287</u>	<u>11,626</u>

(c) Investments

Investments are reported at fair value. If an investment is held directly by the University and an active market with quoted prices exists, the University reports the fair value as the market price of the security. The University also holds shares or units in nonmarketable securities including alternative investments such as private partnership, venture capital, hedge funds, and real assets strategies. Such alternative investment funds may hold securities or other financial instruments for which a readily determinable market exists and are priced accordingly. In addition, such funds may hold assets which require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The three levels of the fair value hierarchy are:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the University has the ability to access at measurement date.
- Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market, and significant professional judgment in determining the fair value assigned to such assets or liabilities.

Investments in funds that are not considered to have a readily determinable fair value are valued at net asset value (NAV) as a practical expedient or its equivalent are not included in the three levels described above.

Net investment returns are reported in the statements of activities and consists of dividends, interest, and net gains (losses).

(d) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment increases the uncertainty in those estimates.

(e) Land, Buildings, and Equipment

Land, constructed and purchased property, and equipment are carried at historical cost. Long-lived fixed assets, with the exception of land, are depreciated using the straight-line method over their estimated useful lives, which range from two to forty years.

(f) Revenues from Contracts with Customers

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised good or service is transferred to a customer. Revenue from student tuition and fees, residence, and dining services are reflected net of reductions from institutional student aid and is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Aid in excess of a student's tuition and fees is reflected as a reduction of residence and dining charges.

Students' advance payments for tuition, room, and board and advances for other programs and agreements are deferred and then reported as revenues without donor restrictions when earned.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(g) Tax Status

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. BRU LLC is a wholly owned single-member LLC, a disregarded entity for tax purposes. Bryant China (H.K.) Limited is a foreign corporation for tax purposes. Any tax liability of BRU LLC or Bryant China (H.K.) Limited is reported by the University. The University believes it has taken no significant uncertain tax positions.

(h) Operations

The consolidated statements of activities report the changes in assets from operating and nonoperating activities. Operating revenues without donor restrictions consist of those items attributable to the University's primary mission of providing education. It includes investment earnings on the University's operating funds. Investment earnings on the University's long-term investments without donor restrictions and all realized and unrealized gains and losses, net of the amount appropriated for operations, are classified as nonoperating. Net assets released from restrictions for capital purposes are also classified as nonoperating. Additionally, operating revenues without donor restrictions include contributions received related to annual fund support, while all other contributions and related capital campaign fundraising expenses are classified as nonoperating. Changes in the fair values of the University's interest rate swaps are classified as nonoperating.

(i) Asset Retirement Obligations

The fair value of a liability for legal obligations associated with asset retirements is recognized in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligations is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of activities. The University had an asset retirement obligation of \$234 and \$320 as of June 30, 2021 and 2020, respectively.

(j) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize most leases in the statement of financial position, increasing reported assets and liabilities. This ASU was developed to provide financial statement users with more information about an entity's leasing activities and will require changes in processes and internal controls. The ASU became effective for the University for the year ended June 30, 2021. The University's adoption of the ASU did not have a material effect on its financial statements.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(3) Liquidity and Availability

	<u>2021</u>	<u>2020</u>
Financial assets available to meet general expenditures over the next 12 months:		
Cash	\$ 5,645	7,425
Short-term investments	54,054	51,463
Accounts receivable, net	2,037	1,977
Contributions receivable, net	207	246
Long-term investments	15,753	14,980
Board designations:		
Endowment appropriation for upcoming fiscal year	<u>9,193</u>	<u>9,007</u>
Total financial assets to meet general expenditures over the next 12 months	<u>\$ 86,889</u>	<u>85,098</u>

The University had a quasi-endowment of \$182,078 and \$146,667 as of June 30, 2021 and 2020, respectively. Although the University does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, additional quasi-endowment funds could be drawn upon in the event of an unanticipated liquidity need, with Board approval.

(4) Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the University's Trustees Investment Committee that oversees the University's investments.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged, private partnership, and natural resource strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Private partnership and natural resource funds generally employ buyout, venture capital, and debt related strategies and often require the estimation of fair values by the fund managers in the absence of readily determinable market values.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds that are not considered to have a readily determinable fair value are generally reported at the net asset value (NAV) reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold by an amount different from NAV. As of June 30, 2021 and June 30, 2020, the University had no specific plans or intentions to sell investments at amounts different than NAV. The University's assets at June 30, 2021 that are reported at fair value are summarized in the following table by their fair value hierarchy classification:

	<u>June 30, 2021</u>	<u>Level 1</u>
Short-term investments:		
Investments at fair value:		
Cash equivalents	\$ 54,053	54,053
Fixed income	<u>1</u>	<u>1</u>
Total short-term investments at fair value	<u>54,054</u>	<u>54,054</u>
Deposits held by trustees:		
Cash and cash equivalents	<u>1</u>	<u>1</u>
Total deposits held by trustees at fair value	<u>1</u>	<u>1</u>
Long-term investments:		
Investments at fair value:		
U.S. equities	19,172	19,172
Non-U.S. equities	52,704	52,704
Fixed income	41,691	41,691
Inflation hedging	4,809	4,809
Cash and cash equivalents	<u>13,244</u>	<u>13,244</u>
Total long-term investments at fair value	131,620	131,620
Investments measured at NAV as a practical expedient	<u>114,428</u>	—
Total investments and deposits held by trustees	\$ <u><u>300,103</u></u>	<u><u>185,675</u></u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Investments at NAV as of June 30, 2021:

	<u>Redemption frequency</u>	<u>Notice</u>	<u>Amount</u>
Equity funds	Monthly	30 Days	\$ 4,878
Hedge funds	Monthly	11–61 Days	3,725
Hedge funds	Quarterly	60–100 Days	65,351
Private equity	Illiquid	Illiquid	6,337
Venture	Illiquid	Illiquid	19,191
Opportunistic	Illiquid	Illiquid	7,739
Real estate	Illiquid	Illiquid	3,708
Natural resources	Illiquid	Illiquid	3,499
			<u>114,428</u>
Total			\$ <u><u>114,428</u></u>

The University's assets at June 30, 2020 that are reported at fair value are summarized in the following table by their fair value hierarchy classification:

	<u>June 30, 2020</u>	<u>Level 1</u>
Short-term investments:		
Investments at fair value:		
Cash equivalents	\$ 42,453	42,453
Fixed income	<u>9,010</u>	<u>9,010</u>
Total short-term investments at fair value	<u>51,463</u>	<u>51,463</u>
Deposits held by trustees:		
Cash and cash equivalents	<u>4,257</u>	<u>4,257</u>
Total deposits held by trustees at fair value	<u>4,257</u>	<u>4,257</u>
Long-term investments:		
Investments at fair value:		
U.S. equities	17,521	17,521
Non-U.S. equities	52,313	52,313
Fixed income	36,555	36,555
Inflation hedging	5,557	5,557
Cash and cash equivalents	<u>3,491</u>	<u>3,491</u>
Total long-term investments at fair value	115,437	115,437
Investments measured at NAV as a practical expedient	<u>82,830</u>	—
Total investments and deposits held by trustees	\$ <u><u>253,987</u></u>	<u><u>171,157</u></u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Investments at NAV as of June 30, 2020:

	<u>Redemption frequency</u>	<u>Notice</u>	<u>Amount</u>
Equity funds	Monthly	30 Days	\$ 3,971
Hedge funds	Monthly	11–61 Days	3,885
Hedge funds	Quarterly	60–100 Days	48,514
Private equity	Illiquid	Illiquid	4,184
Venture	Illiquid	Illiquid	10,446
Opportunistic	Illiquid	Illiquid	5,947
Real estate	Illiquid	Illiquid	3,267
Natural resources	Illiquid	Illiquid	<u>2,616</u>
Total			\$ <u><u>82,830</u></u>

Under the terms of certain limited partnership agreements, the University is obligated to remit additional funding periodically as capital or liquidity calls are exercised by investment managers. The University had outstanding commitments to such limited partnerships of \$18,416 as of June 30, 2021.

The limited partnerships with redemption lock-up periods have various terms and may provide for extensions of one to three years. Some of the partnership agreements allow for multiple extensions.

The expirations of the private partnerships' and natural resource funds' redemption lock-up periods are summarized in the table below:

	<u>Amount</u>
Fiscal year:	
2022	\$ 4,901
2023	2,816
2024	401
2025	285
Thereafter	<u>32,071</u>
Total	\$ <u><u>40,474</u></u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Aggregate investment liquidity is presented below at fair value based on redemption or sale period at June 30:

	<u>2021</u>	<u>2020</u>
Investment redemption or sale period:		
Daily	\$ 149,355	134,986
Weekly	13,171	10,505
Bi-monthly	—	12,484
Monthly	31,752	21,038
Quarterly	65,351	48,514
Illiquid	40,474	26,460
	<u>\$ 300,103</u>	<u>253,987</u>

(5) Endowment

The University's endowment consists of 174 individual funds established for a variety of purposes, including both donor-restricted endowment funds (true endowment) and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the State of Rhode Island (the Act) requires 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 University retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) changes to the endowment made in accordance with the direction of the applicable donor gift instrument for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) The duration and preservation of the fund; 2) The purpose of the University and the donor-restricted endowment fund; 3) General economic conditions; 4) The possible effect of inflation and deflation; 5) The expected total return from income and the appreciation of investments; 6) Other resources of the University; and 7) The investment policies of the University.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Endowment net asset composition by type of fund consists of the following at June 30, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment	\$ 182,078	—	182,078
Donor-restricted endowment:			
Donor-restricted gifts required to be maintained in perpetuity by the donor	—	28,373	28,373
Accumulated gains	—	18,797	18,797
Total endowed net assets	\$ <u>182,078</u>	<u>47,170</u>	<u>229,248</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 146,667	35,763	182,430
Investment return	42,854	10,988	53,842
Contributions	—	1,918	1,918
Transfers	—	65	65
Distributions for operating purposes	<u>(7,443)</u>	<u>(1,564)</u>	<u>(9,007)</u>
Endowment net assets, June 30, 2021	\$ <u>182,078</u>	<u>47,170</u>	<u>229,248</u>

Endowment net asset composition by type of fund consists of the following at June 30, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment	\$ 146,667	—	146,667
Donor-restricted endowment:			
Donor-restricted gifts required to be maintained in perpetuity by the donor	—	26,390	26,390
Accumulated gains	—	9,373	9,373
Total endowed net assets	\$ <u>146,667</u>	<u>35,763</u>	<u>182,430</u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 150,616	33,420	184,036
Investment return	3,277	765	4,042
Contributions	—	2,951	2,951
Transfers	(50)	50	—
Distributions for operating purposes	<u>(7,176)</u>	<u>(1,423)</u>	<u>(8,599)</u>
Endowment net assets, June 30, 2020	\$ <u>146,667</u>	<u>35,763</u>	<u>182,430</u>

Long-term investments:

	<u>2021</u>	<u>2020</u>
Endowment assets	\$ 229,267	182,430
Investments not part of endowment	<u>16,781</u>	<u>15,837</u>
Total long-term investments	\$ <u>246,048</u>	<u>198,267</u>

(b) Endowment Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). These deficits resulted from unfavorable market fluctuations that generally occurred shortly after the investment of newly established endowments, and authorized distributions that were deemed prudent. The University has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021, no funds were underwater, and as of June 30, 2020, funds with an original gift value of \$1,154 were underwater by \$21. These unrealized losses have been recorded as reductions in net assets with donor restrictions. Future market gains will be used to restore this reduction in net assets.

(c) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to support the educational mission of the University by providing a reliable source of funds for current and future use. The financial objective is to provide a level of support consistent with the endowment's purchasing power being maintained or enhanced over time. It is expected that professional management and portfolio diversification will reduce volatility and assure a reasonably consistent level of return. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds. The primary investment objective of the management of the endowment fund is to maintain and grow the fund's real value by generating average annual real returns that meet or exceed the spending rate, after inflation,

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

management fees, and administrative costs. Consistent with this goal, the Board of Trustees and the Investment Committee intend that the endowment fund be managed to maximize total returns consistent with prudent levels of risk, reduce portfolio risk through asset allocation and diversification, and outperform each of the capital markets in which assets are invested. The University expects its endowment fund, over time, to provide an average rate of return of 6% annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee is responsible for establishing an asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio in light of the endowment's needs for liquidity, preservation of purchasing power, and risk tolerances.

The University targets a diversified asset allocation that places emphasis on investments in domestic and international equities, fixed income, hedge funds and alternative investments such as private equity, venture capital, natural resource, and real estate, as well as cash equivalents, to achieve its long-term return objectives within prudent risk constraints. The Investment Committee periodically reviews the policy portfolio's asset allocation for possible rebalancing.

Under the University's endowment investment spending policy, up to 5% of the endowment investments' trailing twelve-quarter average market value is appropriated for expenditure.

(6) Contributions Receivable

Contributions receivable consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 1,578	1,014
One to five years	4,978	4,742
Less discount and allowance for uncollectible contributions	<u>(1,442)</u>	<u>(1,278)</u>
Contributions receivable, net	<u>\$ 5,114</u>	<u>4,478</u>

The risk adjusted discount rate, which ranged from 0.193% to 2.75%, is utilized in determining the fair value of such contributions receivable.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(7) Notes Receivable

Notes receivable include funds advanced to the University by the U.S. government under the Federal Perkins Loan Program (the Program). Under federal law, the authority for schools to make new loans, under the Program, ended on September 30, 2017, and final distributions were permitted through June 30, 2018.

(8) Land, Buildings, and Equipment

The University's land, buildings, and equipment are composed of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 389,205	370,333
Furniture, equipment, and other assets	53,157	52,877
Land and improvements	26,230	30,043
Construction in progress	<u>2,954</u>	<u>12,949</u>
	471,546	466,202
Less accumulated depreciation	<u>(245,895)</u>	<u>(237,163)</u>
Land, buildings, and equipment, net	<u>\$ 225,651</u>	<u>229,039</u>

Depreciation expense was \$16,851 and \$16,365 for the years ended June 30, 2021 and 2020, respectively.

(9) Notes and Bonds Payable

Notes and bonds payable outstanding as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Variable rate, RIHEBC, 2008 Series, due in varying amounts to 2035	\$ 42,375	44,290
3.000%–5.000%, RIHEBC, 2014 Series, due in varying amounts to 2044	41,100	42,075
1.960%, RIHEBC, 2019 Series, due in varying amounts to 2031	<u>15,356</u>	<u>16,659</u>
Subtotal bonds payable	98,831	103,024
Add unamortized bond premium	474	710
Less bond issuance costs	<u>(195)</u>	<u>(249)</u>
Notes and bonds payable, net	<u>\$ 99,110</u>	<u>103,485</u>

Cash paid for interest was \$4,071 and \$4,449 for the years ended June 30, 2021 and 2020, respectively.

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Scheduled annual principal repayments of bonds payable are as follows:

Fiscal year:		
2022	\$	4,369
2023		4,495
2024		4,677
2025		4,860
2026		4,998
Thereafter		<u>75,432</u>
Total principal payments	\$	<u>98,831</u>

In June 2008, the University entered into an agreement with Rhode Island Health and Educational Building Corporation (RIHEBC), which provided for the issuance of \$50,420 variable rate, Higher Education Facility Revenue Refunding Bonds, due in varying principal payments or sinking fund payments to June 1, 2035. They are a general obligation of the University, requiring a pledge of tuition and admission fees received in each fiscal year. The bond series is backed by a \$43,030 direct-pay Letter of Credit agreement with a bank, which expires on December 21, 2021. The University signed a commitment letter on October 18, 2021 for the renewal of the direct-pay Letter of Credit which extended the expiration to December 1, 2026. The purpose of issuing the 2008 debt was to refund the 2005 and 2007 variable rate bonds including certain expenses incurred in connection with the issuance. The interest rate was 0.05% and 0.15% for the years ended June 30, 2021 and 2020, respectively.

In June 2014, the University entered into an agreement with RIHEBC, which provided for the issuance of \$47,095 Higher Education Facility Revenue Bonds, Series 2014 Bonds, due in varying principal payments or sinking fund payments to June 1, 2044. These bonds are a general obligation of the University, requiring a pledge of tuition and admission fees received in each fiscal year. The proceeds were utilized to finance several construction projects.

In December 2019, the University entered into an agreement with RIHEBC, which provided for the issuance of \$17,300 Higher Education Facility Revenue Bonds, Series 2019 Bonds, due in varying principal payments or sinking fund payments to December 6, 2031. These bonds are a general obligation of the University, requiring a pledge of tuition and admission fees received in each fiscal year. The proceeds were utilized to finance several construction projects.

The University entered into a revolving credit agreement with a bank on July 1, 2020 for a revolving line of credit in the aggregate principal amount of \$10,000. During fiscal year 2021, the principal balance outstanding remained zero. The line of credit expired on June 29, 2021.

The University's bond and letter of credit agreements contain certain covenants.

(10) Interest Rate Swaps

The University has three interest rate swaps, the purpose of which is to swap the variable rate on the underlying debt issued in June 2008 for fixed rates. Counterparty payments will continue through June 1,

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

2035. The liability, representing a negative fair value of all three swap agreements, has been recorded as a net liability without donor restrictions on the consolidated statements of financial position for the years ended June 30, 2021 and 2020 in the amount of \$9,599 and \$12,512, respectively.

The University entered into these agreements to hedge cash flows attributable to interest payments on the debt issues and does not use such instruments for speculative purposes. The instruments' fair values and changes therein must be measured in the University's net assets. The values of the swap instruments represent the estimated benefit or cost to the University to cancel the agreements at the reporting date, and are based on option pricing models that consider risks and market factors.

Counterparty	Issue date	Effective date	Expiration/ termination date	Remaining notional amount	Swap fixed rate	Fair value at June 30 asset (liability)		
						2021	2020	
Wells Fargo Bank, N.A.	11/24/08	11/24/08	06/01/35	\$ 26,550,000	3.793 %	(6,099)	(7,947)	
Barclays Bank, PLC	11/24/08	11/24/08	06/01/35	9,200,000	3.790	(2,110)	(2,750)	
Barclays Bank, PLC	11/24/08	11/24/08	06/01/35	6,400,000	3.856	(1,390)	(1,815)	
Totals						\$	<u>(9,599)</u>	<u>(12,512)</u>

Since the swap fair values are based predominantly on observable inputs that are corroborated by market data, they are categorized as Level 2 for purposes of valuation disclosure.

(11) Donor Restricted Net Assets

Donor restricted net assets consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributions receivable, net	\$ 5,114	4,478
Other receivables	—	58
Purpose restrictions:		
Scholarships	22,770	21,144
Instruction	7,445	7,519
Academic support	1,145	997
Student services	2,862	2,407
Public service	718	1,013
Building and facilities	395	267
Other capital campaign	1,093	1,838
Cumulative endowment appreciation	18,797	9,373
Total purpose restrictions	<u>55,225</u>	<u>44,558</u>
Total donor restricted	\$ <u>60,339</u>	<u>49,094</u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(12) Net Assets Released from Restrictions

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

	<u>2021</u>	<u>2020</u>
Buildings, facilities and other	\$ 1,803	1,619
Scholarships and other programs	<u>2,213</u>	<u>2,103</u>
Total net assets released from restrictions	<u>\$ 4,016</u>	<u>3,722</u>

(13) Retirement Plan

The University has a defined contribution retirement plan (the Plan) for eligible full-time academic, administrative and service personnel. The Plan is designed in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the University and the participants to the Teachers' Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and the Fidelity Service Company, the Plan's investment custodians, based on participant elections. The University's expense under the Plan was \$4,609 and \$5,003 for the years ended June 30, 2021 and 2020, respectively.

(14) Natural and Functional Classification of Operating Expenses

The consolidated financial statements report certain expenditures that are attributable to one or more program or supporting functions of the University. These expenditures include depreciation, amortization, and interest which are all allocated based on square footage. In addition, total fundraising expenses were \$3,146 and \$3,266 for the years ended June 30, 2021 and 2020, respectively. Operating expenses, by their natural classification, were as follows for the years ended June 30, 2021 and 2020:

	<u>Instruction</u>	<u>Academic support</u>	<u>Research</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Public service</u>	<u>Auxiliary services</u>	<u>2021 Total</u>
Salaries and wages	\$ 26,640	7,784	5,095	14,365	11,807	661	3,428	69,780
Fringe benefits	7,800	2,697	2,011	4,495	4,147	199	1,206	22,555
Depreciation	2,192	841	84	3,752	977	153	8,852	16,851
Purchased services	1,538	625	—	1,449	1,682	115	931	6,340
Food service	—	—	—	44	—	—	10,384	10,428
Interest and amortization	527	195	—	869	226	35	2,051	3,903
Covid-19	982	363	—	1,619	421	66	3,819	7,270
CARES Act Student Grant	—	—	—	2,161	—	—	—	2,161
Other	<u>2,886</u>	<u>2,237</u>	<u>138</u>	<u>5,952</u>	<u>5,714</u>	<u>346</u>	<u>2,767</u>	<u>20,040</u>
Total operating expenses	\$ <u>42,565</u>	<u>14,742</u>	<u>7,328</u>	<u>34,706</u>	<u>24,974</u>	<u>1,575</u>	<u>33,438</u>	<u>159,328</u>

BRYANT UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

	<u>Instruction</u>	<u>Academic support</u>	<u>Research</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Public service</u>	<u>Auxiliary services</u>	<u>2020 Total</u>
Salaries and wages	\$ 24,846	8,206	5,428	14,383	12,201	769	3,225	69,058
Fringe benefits	7,106	2,631	1,885	4,206	4,069	248	1,034	21,179
Depreciation	2,122	817	88	3,644	948	148	8,598	16,365
Purchased services	3,338	591	—	1,465	2,156	80	1,496	9,126
Food service	—	—	—	34	—	—	8,136	8,170
Interest and amortization	569	210	—	938	244	38	2,212	4,211
Covid-19	24	9	—	40	10	2	94	179
Other	4,173	2,690	67	7,264	6,119	514	2,744	23,571
Total operating expenses	\$ <u>42,178</u>	<u>15,154</u>	<u>7,468</u>	<u>31,974</u>	<u>25,747</u>	<u>1,799</u>	<u>27,539</u>	<u>151,859</u>

(15) Subsequent Events

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events subsequent to June 30, 2021 and through November 2, 2021, the date on which the consolidated financial statements were issued. The University concluded that no material subsequent events have occurred.