

**OAKWOOD UNIVERSITY
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
JUNE 30, 2021, 2020 and 2019**

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OAKWOOD UNIVERSITY
Management's Discussion of Financial Results (Unaudited)
June 30, 2020, 2019 and 2018

Introduction

The following discussion presents an overview of the consolidated financial position and financial activities of Oakwood University (the University), at June 30, 2021, 2020 and 2019 and for the years then ended (FYE 2021, FYE 2020, AND FYE 2019). This discussion was prepared by University management and should be read in conjunction with the consolidated financial statements and notes thereto, which follow.

Financial Highlights

At June 30, 2021, 2020 and 2019, the University had total consolidated assets of \$115,223,075, \$104,408,271, and \$101,474,881, respectively; total consolidated liabilities of \$21,667,855, \$19,154,713, and \$16,741,379, respectively; and consolidated net assets of \$93,555,220, \$85,253,558, and \$84,733,502, respectively. University consolidated net assets increased \$8,301,662 in FYE 2021, \$520,056 in FY 2020, and \$1,513,460 in FYE 2019.

Analysis of Financial Position and Results of Operations

Total Net Assets

The consolidated statement of net assets presents the consolidated assets, liabilities, and net assets of the University at June 30, 2021, 2020, and 2019. The consolidated net assets are displayed in two parts: without donor-imposed restrictions and with donor-imposed restrictions. Net assets without donor-imposed restrictions result from revenues that were not restricted by donors or the donor-imposed restrictions have expired; as well as capital assets purchased with net assets with donor-imposed restrictions and revenues where the satisfaction of donor stipulations was satisfied when the assets were placed into operation. Net assets with donor-imposed restrictions are contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that require the University use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the University. The consolidated statement of net assets, along with all of the University's consolidated financial statements, is prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by the University, regardless of when cash is exchanged.

Summary of Changes in Net Assets

Changes in total University net assets as reported in the consolidated statement of net assets are based on the activity presented in the consolidated statement of activities and changes in net assets. The purpose of this statement is to present the change in net assets resulting from revenues earned by the University and the expenses incurred by the University.

OAKWOOD UNIVERSITY
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Summary of Changes in Net Assets

The University's total consolidated net assets increased approximately \$8 million in fiscal 2021 primarily as a result of an increase in investment income. The following table summarizes the components of the changes in total consolidated net assets.

Condensed Consolidated Schedule of Activities and Changes in Net Assets

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	0.405799882	0.465416009	0.524407258
Operating Revenues:			
Net tuition and fees	\$ 18,229,391	21,999,794	\$ 23,316,539
Contributions, private gifts, grants, and contracts	26,453,870	24,927,053	20,834,101
Other	<u>238,859</u>	<u>342,249</u>	<u>312,015</u>
	44,922,120	47,269,096	44,462,655
Operating expenses:			
Instructional	11,111,471	12,574,417	11,789,090
Institutional	11,700,926	11,483,380	12,161,990
Scholarships	5,123,638	7,819,661	6,546,376
Other	<u>9,238,053</u>	<u>10,178,057</u>	<u>10,175,106</u>
	37,174,088	42,055,515	40,672,562
Operating income	7,748,032	5,213,581	3,790,093
Other revenues (expenses)			
Depreciation	(4,487,987)	(4,069,499)	(3,868,023)
Operation and maintenance of physical plant	(3,607,024)	(3,828,579)	(4,135,022)
Investment income	6,249,004	611,647	1,143,752
Interest expense	<u>(315,549)</u>	<u>(307,448)</u>	<u>(315,890)</u>
Other, net	<u>2,715,186</u>	<u>2,900,354</u>	<u>4,898,550</u>
Net other revenues (expenses)	553,630	(4,693,525)	(2,276,633)
Changes in net assets	8,301,662	520,056	1,513,460
Beginning net assets	<u>85,253,558</u>	<u>84,733,502</u>	<u>83,220,042</u>
Ending net assets	<u>93,555,220</u>	<u>85,253,558</u>	<u>84,733,502</u>

OAKWOOD UNIVERSITY
Management's Discussion of Financial Results (Unaudited)
June 30, 2020, 2019 and 2018

Tuition and fees trended as follows: \$23,316,539 in FYE 2019, \$21,999,794 in FYE 2020, and \$18,229,391 in FYE 2021. Additionally, tuition and fees as a percent of total operating revenues have changed over the three fiscal years as follows: to 41% in FYE 2021, 47% in FYE 2020, and 52% in FYE 2019.

The University reports its expenses on a functional classification basis. Such University functions include instruction, research, public service, academic support, student services, institutional support, scholarships, and operation and maintenance of physical plant. Expenses related to auxiliary enterprise activities are presented separately.

Statement of Cash Flows

The consolidated statement of cash flows presents information related to cash flows of the University. This statement presents cash flows by category: operating activities, investing activities, and financing activities. The net cash provided to, or used by, the University is presented by category.

Capital Assets

Total capital asset additions for the University were approximately \$4.48 million in 2021.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Oakwood University

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Oakwood University (a nonprofit organization), Oakwood Enterprise – R1, LLC, and Oakwood Farms, LLC, which comprise the consolidated statements of financial position as of June 30, 2021, 2020, and 2019, and the related consolidated statements of activities and changes in net assets 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oakwood University as of June 30, 2021, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

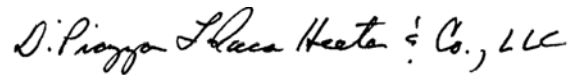
Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB's) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2021 on our consideration of Oakwood 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 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 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 Oakwood University's internal control over financial reporting and compliance.


DiPiazza LaRocca Heeter & Co., LLC
Birmingham, Alabama

October 17, 2021

OAKWOOD UNIVERSITY
Consolidated Statements of Financial Position
As of June 30, 2021, 2020, and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash and cash equivalents	\$ 11,453,138	\$ 15,457,914	\$ 16,959,667
Certificates of deposit	105,278	104,941	103,359
Contribution receivable, net	336,560	549,399	652,500
Accounts receivable, net	11,087,365	9,127,374	8,716,720
Notes receivable, net	907,705	907,705	902,304
Investments at fair value	30,267,430	24,035,644	23,444,474
Investments in real estate, net of accumulated depreciation and valuation allowance of \$240,250 in 2021, 2020 and 2019	1,681,963	1,681,963	1,681,963
Land, buildings and equipment, net	58,990,086	52,164,348	48,624,754
Deposits	284,640	284,641	286,164
Prepaid expenses and other assets	108,910	94,342	102,976
Total assets	<u>\$ 115,223,075</u>	<u>\$ 104,408,271</u>	<u>\$ 101,474,881</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	\$ 7,335,248	\$ 8,188,496	\$ 6,652,927
Deposits held for others	902,580	861,998	846,744
Bonds and notes payable	12,572,757	9,173,831	8,316,721
Advances from federal government for student loans	857,270	930,388	924,987
Total liabilities	21,667,855	19,154,713	16,741,379
Net assets:			
Without donor imposed restrictions	57,782,924	54,631,472	55,874,697
With donor imposed restrictions	35,772,296	30,622,086	28,858,805
Total net assets	<u>93,555,220</u>	<u>85,253,558</u>	<u>84,733,502</u>
Total liabilities and net assets	<u>\$ 115,223,075</u>	<u>\$ 104,408,271</u>	<u>\$ 101,474,881</u>

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 31, 2021

	Year ended June 30, 2021		
	Without donor- imposed Restrictions	With donor- imposed Restrictions	Total
REVENUES AND OTHER SUPPORT			
Tuition and fees	\$ 26,736,415	\$ -	\$ 26,736,415
Less institutional awards	8,507,024	-	8,507,024
Net student tuition and fees	<u>18,229,391</u>	<u>-</u>	<u>18,229,391</u>
Contributions, private gifts, grants and contracts	18,070,338	8,383,532	26,453,870
Interest, dividend and other investment income	419,655	301,285	720,940
Other sources	1,484,457	444,163	1,928,620
Sales and service:			
Educational activities	238,859	-	238,859
Auxiliary enterprises	6,276,190	3,098	6,279,288
Independent operations	2,213,097	-	2,213,097
Net realized and unrealized gains on investments	1,059,658	4,468,406	5,528,064
Net unrealized gain on interest rate swap	62,560	-	62,560
Net assets released from restrictions	8,449,963	(8,449,963)	-
Total revenues and other support	<u>56,504,168</u>	<u>5,150,521</u>	<u>61,654,689</u>
EXPENDITURES			
Educational and general:			
Instructional	11,111,471	-	11,111,471
Research	352,256	-	352,256
Public service	147,985	-	147,985
Academic support	4,436,483	-	4,436,483
Student services	4,301,329	-	4,301,329
Institutional support	11,700,926	-	11,700,926
Operation and maintenance of physical plant	3,607,024	-	3,607,024
Scholarships	5,123,638	-	5,123,638
Depreciation and amortization expense	4,487,987	-	4,487,987
Auxiliary enterprises	4,830,178	-	4,830,178
Independent operations	2,938,201	-	2,938,201
Interest expense	315,549	-	315,549
Total expenditures	<u>53,353,027</u>	<u>-</u>	<u>53,353,027</u>
Change in net assets	3,151,141	5,150,521	8,301,662
Net assets - beginning of year	54,631,472	30,622,086	85,253,558
Confirming transfers	311	(311)	-
Net assets - end of year	<u>\$ 57,782,924</u>	<u>\$ 35,772,296</u>	<u>\$ 93,555,220</u>

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 31, 2020

	Year ended June 30, 2020		
	Without donor- imposed Restrictions	With donor- imposed Restrictions	Total
REVENUES AND OTHER SUPPORT			
Tuition and fees	\$ 29,367,469	\$ -	\$ 29,367,469
Less institutional awards	7,367,675	-	7,367,675
Net student tuition and fees	21,999,794	-	21,999,794
Contributions, private gifts, grants and contracts	16,067,514	8,859,539	24,927,053
Interest, dividend and other investment income	415,342	285,543	700,885
Other sources	1,470,279	1,062,353	2,532,632
Sales and service:		-	
Educational activities	342,249	-	342,249
Auxiliary enterprises	7,066,531	-	7,066,531
Independent operations	961,522	-	961,522
Net realized and unrealized gains on investments	31,750	(120,988)	(89,238)
Net unrealized gain on interest rate swap	(78,134)	-	(78,134)
Net assets released from restrictions	8,128,835	(8,128,835)	-
Total revenues and other support	56,405,682	1,957,612	58,363,294
EXPENDITURES			
Educational and general:			
Instructional	12,574,417	-	12,574,417
Research	535,510	-	535,510
Public service	149,271	-	149,271
Academic support	3,927,896	-	3,927,896
Student services	5,565,380	-	5,565,380
Institutional support	11,483,380	-	11,483,380
Operation and maintenance of physical plant	3,828,579	-	3,828,579
Scholarships	7,819,661	-	7,819,661
Depreciation and amortization expense	4,069,499	-	4,069,499
Auxiliary enterprises	5,548,331	-	5,548,331
Independent operations	2,033,866	-	2,033,866
Interest expense	307,448	-	307,448
Total expenditures	57,843,238	-	57,843,238
Change in net assets	(1,437,556)	1,957,612	520,056
Net assets - beginning of year	55,874,697	28,858,805	84,733,502
Conforming transfers	194,331	(194,331)	-
Net assets - end of year	\$ 54,631,472	\$ 30,622,086	\$ 85,253,558

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 31, 2019

	Year ended June 30, 2019		
	Without donor- imposed Restrictions	With donor- imposed Restrictions	Total
REVENUES AND OTHER SUPPORT			
Tuition and fees	\$ 30,313,934	\$ -	\$ 30,313,934
Less institutional awards	6,997,395	-	6,997,395
Net student tuition and fees	<u>23,316,539</u>	<u>-</u>	<u>23,316,539</u>
Contributions, private gifts, grants and contracts	8,463,396	12,370,705	20,834,101
Interest, dividend and other investment income	606,494	286,369	892,863
Other sources	1,677,859	431,782	2,109,641
Sales and service:			
Educational activities	312,015	-	312,015
Auxiliary enterprises	8,777,956	(787)	8,777,169
Independent operations	689,005	-	689,005
Net realized and unrealized gains on investments	35,235	215,654	250,889
Net unrealized loss on interest rate swap	(102,662)	-	(102,662)
Net assets released from restrictions	11,723,107	(11,723,107)	-
Total revenues and other support	<u>55,498,944</u>	<u>1,580,616</u>	<u>57,079,560</u>
EXPENDITURES			
Educational and general:			
Instructional	11,789,090	-	11,789,090
Research	723,744	-	723,744
Public service	148,201	-	148,201
Academic support	4,213,967	-	4,213,967
Student services	5,089,194	-	5,089,194
Institutional support	12,161,990	-	12,161,990
Operation and maintenance of physical plant	4,135,022	-	4,135,022
Scholarships	6,546,376	-	6,546,376
Depreciation and amortization expense	3,868,023	-	3,868,023
Auxiliary enterprises	5,474,247	-	5,474,247
Independent operations	1,100,356	-	1,100,356
Interest expense	315,890	-	315,890
Total expenditures	<u>55,566,100</u>	<u>-</u>	<u>55,566,100</u>
Change in net assets	(67,156)	1,580,616	1,513,460
Net assets - beginning of year	<u>55,941,853</u>	<u>27,278,189</u>	<u>83,220,042</u>
Net assets - end of year	<u>\$ 55,874,697</u>	<u>\$ 28,858,805</u>	<u>\$ 84,733,502</u>

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Consolidated Statement of Cash Flows
For the Years Ended June 31, 2021, 2020, and 2019

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 8,301,662	\$ 520,056	\$ 1,513,460
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	4,487,987	4,069,499	3,868,023
Change in allowance for uncollectible contributions receivable	-	-	(377,661)
Change in allowance for uncollectible accounts receivable	204,465	97,802	-
Change in unamortized discount on contributions receivable	-	-	5,095
Net realized and unrealized (gains) losses on investments	(5,528,064)	89,238	(250,889)
Unrealized loss on interest rate swap	(62,560)	78,134	102,662
Contributions restricted for long-term investment	(699,563)	(533,087)	(1,252,092)
Changes in operating assets and liabilities:			
Contributions receivable, net	212,839	103,101	1,075,000
Accounts receivable	(2,164,456)	(508,456)	(1,939,646)
Deposits	(336)	(59)	428
Prepaid expenses and other assets	(14,568)	8,634	(91,365)
Accounts payable and accrued liabilities	(853,194)	1,536,168	1,164,758
Deposits held for others	40,582	15,254	73,127
Government advances for student loans	(73,118)	5,401	10,244
Net cash provided by operating activities	3,851,676	5,481,685	3,901,144
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investments	(641,168)	(758,542)	(2,260,670)
Purchases of land, buildings and equipment	(11,313,725)	(7,609,093)	(5,125,096)
Payments on notes receivable	-	(5,401)	(10,244)
Net cash used in investing activities	(11,954,893)	(8,373,036)	(7,396,010)

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Consolidated Statement of Cash Flows
For the Years Ended June 31, 2021, 2020, and 2019

	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Contributions restricted for investment in endowment	208,408	15,336	38,740
Contributions restricted for investment in plant	491,155	517,751	1,213,352
	699,563	533,087	1,252,092
Other financing activities:			
Proceeds from bonds and notes payable	5,000,000	2,000,000	-
Payments on notes and bonds payable	(1,601,074)	(1,142,890)	(1,023,890)
Change in annuity obligations	(48)	(599)	(349)
Total other financing activities	3,398,878	856,511	(1,024,239)
Net cash provided by financing activities	4,098,441	1,389,598	227,853
Net decrease in cash and cash equivalents	(4,004,776)	(1,501,753)	(3,267,013)
Cash and cash equivalents at beginning of year	15,457,914	16,959,667	20,226,680
Cash and cash equivalents at end of year	\$ 11,453,138	\$ 15,457,914	\$ 16,959,667
Other information:			
Cash paid for interest	\$ 315,549	\$ 394,121	\$ 315,890

The notes to the financial statements are an integral part of these statements.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Reporting Entity

Oakwood University (the University) is a non-profit organization affiliated with and under the control of the Seventh-day Adventist Church.

The University receives most of its revenue in the form of tuition, fees and other charges. It also receives substantial subsidies from various entities of the Seventh-day Adventist Church, as well as donations from the private sector and its alumni.

Oakwood Enterprise – R1, LLC (the Enterprise) was created to purchase businesses to produce unrestricted revenue. The Enterprise owns two Edible Arrangement franchises both located in Huntsville, Alabama. The Enterprise is wholly owned by the University.

Oakwood Farms, LLC was established to operate a farm and international open-air farmers' markets that will promote a healthy lifestyle based on biblical principles and in harmony with the principles of the Seventh-Day Adventist Church. The farm is located on the campus of Oakwood University and began operating during 2017.

Basis of Accounting

The consolidated financial statements of Oakwood University and Oakwood Enterprise – R1, LLC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

In August 2016, the FASB issued ASU 2016-14 Presentation of Financial Statements for Not-for-Profit Entities (Topic 958), which made targeted changes to the not-for-profit financial reporting model. Under the new standard, the existing three-category classification of net assets are replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The standard also imposed several new requirements related to reporting expenses, including providing information about expenses by their natural classification.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Financial Statement Presentation (Continued)

The University implemented ASU 2016-14 in fiscal year 2019 and has adjusted the presentation of these financial statements accordingly.

- Net assets without donor-imposed restrictions result from revenues that were not restricted by donors or the donor-imposed restrictions have expired; as well as capital assets purchased with net assets with donor-imposed restrictions and revenues where the satisfaction of donor stipulations was satisfied when the assets were placed into operation.
- Net assets with donor-imposed restrictions are contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that require the Club use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Club.

Basis of Combination

The consolidated financial statements include the accounts of Oakwood University and its wholly owned companies, Oakwood Enterprise – R1, LLC and Oakwood University Farms, LLC. All material inter-organization transactions have been eliminated in consolidation.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Unconditional promises to give are recognized as revenues in the period when the underlying promises are received by the University. Pledges are recorded at their estimated net present value.

Gifts of land, buildings, equipment, and other non-monetary assets are reported as unrestricted revenues unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how assets are to be used are reported as temporarily restricted revenues. The University reports expirations of donor restrictions on gifts of long-lived assets when the donated or acquired long-lived assets are placed in service.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Revenue Recognition (Continued)

The expiration of a donor-imposed restriction on contributions and endowment income is recognized in the period in which the restriction is satisfied and/or expires. At that time the amounts are reclassified from temporarily restricted to unrestricted net assets. Donor restrictions are satisfied when a stipulated time restriction ends or the purpose for the restriction has been fulfilled.

Contributed Services

A number of volunteers have donated time and service to the University's program operations. However, such contributed services do not meet the criteria for recognition of contributed services and, accordingly, are not reflected in the accompanying consolidated financial statements.

Cash Equivalents

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

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using the risk-free interest rate applicable to the years in which the contributions are to be received. Amortization of the discounts is included in contributions as private gifts, grants and contracts. Conditional promises to give are not included as support until the conditions are substantially met.

Accounts Receivable

Accounts receivable are primarily amounts due from students of the University for tuition and fees which are recorded at estimated net realizable value. The University establishes reserves for balances determined to be impaired or otherwise uncollectible.

Investments

Investments are carried at fair value on the consolidated statements of financial position with the unrealized gains and losses included in the consolidated statements of activities and changes in net assets. Fair value is determined from quoted market prices or market prices of similar instruments.

Investments in Real Estate

Investments in real estate are carried at cost or the estimated fair value at the date of the gift less depreciation, where applicable.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Land, Buildings and Equipment

Depreciable assets, including equipment under capital leases, are recorded at cost less accumulated depreciation. All depreciation is computed on a straight-line basis. The useful life for each depreciable asset, which approximates the economic useful life of the asset, is determined using guidance from the Working Policy of the Seventh-day Adventist Church, as follows: buildings 20 - 75 years; equipment 3 - 10 years; library collections 10 years. In accordance with the provisions of Financial Accounting Standards Board (FASB) ASC 350, *Intangibles – Goodwill and Other*, goodwill is amortized over 10 years.

Income Tax Status

The University is exempt under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements.

Uncertain Tax Positions

The University has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. As of June 30, 2021, the University had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Previous open tax years may be subject to examination by taxing authorities.

Fair Values of Financial Instruments

The University's financial instruments consist of cash, investments, accounts receivable, notes receivable, accounts payable and long-term debt. Cash, accounts receivable, notes receivable and accounts payable are stated at cost which approximates fair value. Investments are recorded at fair value.

Concentrations of Credit Risk

The University places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Fair Value of Financial Instruments

The University has adopted ASC 820, *Fair Value Measurements and Disclosures*. In accordance with ASC 820, fair value is defined as the price that the University would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Fair Value of Financial Instruments (Continued)

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the University's own assumptions in determining the fair value of investments)

See Note 5, Investments, for a summary of the inputs used as of June 30, 2021 in determining the fair value of the University's investments.

Net Asset Value Investment (NAV)

For certain investments measured using net asset value (NAV) as the practical expedient for fair value, ASC 2015-07 exempts the inclusion of these investments from the categorization within the fair value hierarchy established by ASC 820. The University's commingled private investment accounts use NAV as a practical expedient of fair value.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are typically restricted by donors for specific purposes or include time restrictions and are due as follows:

	June 30, 2021	
	Donor- Restricted	Total
Less than one year	\$ 838,670	\$ 838,670
One to five years	468,000	468,000
More than five years	-	-
	\$ 1,306,670	\$ 1,306,670
Unamortized discount		(726,357)
Allowance for uncollectible contributions receivable		(243,753)
Net contributions receivable		\$ 336,560

	June 30, 2020	
	Donor- Restricted	Total
Less than one year	\$ 786,669	\$ 786,669
One to five years	585,000	585,000
More than five years	-	-
	\$ 1,371,669	\$ 1,371,669
Unamortized discount		(160,601)
Allowance for uncollectible contributions receivable		(661,669)
Net contributions receivable		\$ 549,399

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are typically restricted by donors for specific purposes or include time restrictions and are due as follows:

	June 30, 2019	
	Donor- Restricted	Total
Less than one year	\$ 841,669	\$ 841,669
One to five years	585,000	585,000
More than five years	-	-
	\$ 1,426,669	\$ 1,426,669
Unamortized discount		(112,500)
Allowance for uncollectible contributions receivable		(661,669)
Net contributions receivable		\$ 652,500

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	June 30		
	2021	2020	2019
Students' accounts	\$ 12,436,774	\$ 10,292,601	\$ 10,398,578
Less allowance for doubtful accounts	(4,635,201)	(4,430,736)	(4,332,934)
	7,801,573	5,861,865	6,065,644
Other accounts receivable	3,209,312	3,187,056	2,574,251
Loans to faculty and staff	76,480	78,453	76,825
	\$ 11,087,365	\$ 9,127,374	\$ 8,716,720

The University does not require security or other collateral from students or faculty.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 4 - NOTES RECEIVABLE

Notes receivable consisted of the following:

	June 30		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Notes receivable from students	\$ 6,965	\$ 6,965	\$ 6,965
Less allowance from doubtful accounts	<u>(6,965)</u>	<u>(6,965)</u>	<u>(6,965)</u>
	-	-	-
Receivable from students under the National Direct Student Loan program (loan criteria and interest rates are governed by the program)	916,387	916,387	910,986
Less allowance for doubtful accounts	<u>(8,682)</u>	<u>(8,682)</u>	<u>(8,682)</u>
	<u><u>\$ 907,705</u></u>	<u><u>\$ 907,705</u></u>	<u><u>\$ 902,304</u></u>

NOTE 5 – INVESTMENTS

The components of the University's investment portfolio, recorded at market, were as follows:

	June 30		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Mutual funds	\$ 24,029,059	\$ 18,007,955	\$ 17,779,423
Common stocks	211,860	178,689	157,577
Commingled private investments	<u>6,026,511</u>	<u>5,849,000</u>	<u>5,507,474</u>
	<u><u>\$ 30,267,430</u></u>	<u><u>\$ 24,035,644</u></u>	<u><u>\$ 23,444,474</u></u>

The University recognized \$16,954, \$15,024, and \$12,162 in investment expense in 2021, 2020 and 2019, respectively.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 5 – INVESTMENTS – Continued

The following is a summary of the inputs used as of June 30, 2021 in valuing the University's investments carried at fair value:

	<u>June 30, 2021</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Mutual funds	\$ 24,029,059	\$ 24,029,059	\$ -	\$ -
Common stocks	<u>211,860</u>	<u>211,860</u>	<u>-</u>	<u>-</u>
Total investments in the fair value hierarchy	\$ 24,240,919	\$ <u>24,240,919</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at net asset value *	<u>6,026,511</u>			
Total investments	<u>30,267,430</u>			

The following is a summary of the inputs used as of June 30, 2020 in valuing the University's investments carried at fair value:

	<u>June 30, 2020</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Mutual funds	\$ 18,007,955	\$ 18,007,955	\$ -	\$ -
Common stocks	<u>178,689</u>	<u>178,689</u>	<u>-</u>	<u>-</u>
Total investments in the fair value hierarchy	\$ 18,186,644	\$ <u>18,186,644</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at net asset value *	<u>5,849,000</u>			
Total investments	<u>24,035,644</u>			

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 5 – INVESTMENTS – Continued

The following is a summary of the inputs used as of June 30, 2019 in valuing the University’s investments carried at fair value:

	<u>June 30, 2019</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Mutual funds	\$ 17,779,423	\$ 17,779,423	\$ -	\$ -
Common stocks	<u>157,577</u>	<u>157,577</u>	<u>-</u>	<u>-</u>
Total investments in the fair value hierarchy	\$ 17,937,000	\$ <u>17,937,000</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at net asset value *	<u>5,507,474</u>			
Total investments	<u>23,444,474</u>			

The following is a summary of significant valuation techniques for assets and liabilities measured at fair value on a recurring basis:

Level 1 measurements

Mutual funds: Comprised of pools of funds managed by an investment company that invests in stocks, bonds or other assets. Valuation is based on unadjusted quoted prices for identical assets that the University can access.

Common stocks: Comprised of actively traded exchange listed U.S. and international equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the University can access.

Level 2 measurements

Fixed income securities:

Corporate, including privately placed: The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads. Also included are privately placed securities valued using a discounted cash flow model that is widely accepted in the financial services industry and uses market observable inputs and inputs derived principally from, or corroborated by, observable market data. The primary inputs to the discounted cash flow model include an interest rate yield curve, as well as published credit spreads for similar assets in markets that are not active that incorporate the credit quality and industry sector of the issuer.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 5 – INVESTMENTS

Level 2 measurements (Continued)

Equity securities:

Comprise commingled private investments. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads.

Net Asset Value Investment (NAV)

The University’s commingled private investments are included in multi-strategy bond funds which seek income by diversifying assets among several fixed-income sectors. Valuation of the commingled private investments is based on each account’s daily NAV which is computed using the latest sales price on the last business day of the year reported by the principal securities exchange on which the underlying security issue is traded. The University has the ability to redeem its investment with the investee at NAV at the measurement date.

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net consisted of the following:

	June 30		
	2021	2020	2019
Land and improvements	\$ 5,592,910	\$ 5,592,910	\$ 5,574,447
Buildings	83,255,727	74,286,480	70,590,141
Equipment	35,967,615	33,754,226	32,561,718
Goodwill	791,487	791,487	791,487
Farm	3,972,587	3,841,498	1,137,922
	129,580,326	118,266,601	110,655,715
Less accumulated depreciation	(70,590,240)	(66,102,252)	(62,030,961)
	\$ 58,990,086	\$ 52,164,348	\$ 48,624,754

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 7 - BONDS PAYABLE

On December 1, 2002, the University issued \$2,800,000 of variable/fixed rate revenue bonds, maturing on December 1, 2022. The bonds were issued through the Educational Building Authority of the City of Huntsville. The proceeds of the bonds were used to fund the purchase of the assets of West Oaks Apartments Corporation (see Note 1). Variable/fixed rate revenue bonds in the amount of \$2,100,000 issued by West Oaks Apartments Corporation in January 31, 2001 were redeemed with a portion of the proceeds of the \$2,800,000 bonds. The bonds initially bear interest at a variable rate, to be determined on a weekly basis, but may be converted to a fixed rate. Interest on the bonds is payable monthly. As of March 15, 2021, this bond was paid in full.

These bonds are redeemable bonds; therefore, Oakwood was required to obtain a letter of credit as security to guarantee Oakwood's ability to repurchase the bonds in the absence of a third-party purchaser. The repayment terms of the letter of credit expired on December 1, 2015. The bonds require Oakwood to pay any arbitrage rebate to the Internal Revenue Service to maintain the bonds' tax-exempt status. The amount, if any, of rebate required is not considered material in relation to these consolidated financial statements. The bonds are secured by a first mortgage on the West Oaks Apartments, including land, personal property and fixtures and the assignment of all rents and leases from the property, in addition to the letter of credit described above.

On November 20, 2006, the University issued \$7,000,000 of variable rate revenue bonds. The proceeds of the bonds were used to fund the construction of Holland Residential Hall. In December 2010, the University issued \$6,080,000 of variable rate revenue refunding bonds maturing December 1, 2026. The proceeds of these bonds were used to retire the 2006 revenue bonds and pay issuance costs of the 2010 series bonds. The bonds were issued through the Educational Building Authority of the City of Huntsville. The bonds bear interest at a variable rate.

To hedge their cash flow related to the variable interest payments on the bond note, the University entered into an interest rate swap agreement, dated March 13, 2007, with the bank swapping the variable rate payments on the bonds for a fixed rate payment. During December of 2017, the University issued a 4,050,000 fixed rate Series 2017 tax exempt bond maturing December 2026. The proceeds of the bond were used to refinance the outstanding principal balance of the 2010 series variable rate bonds. The bond was issued through the Educational Building Authority of the City of Huntsville. The bond bears interest at a fixed rate of 2.84%. Interest on the bond is payable monthly. Simultaneous with the issuance of the tax-exempt bond, the University received a taxable, fixed rate loan from Branch Banking and Trust Company ("BB&T") for the purpose of paying a fee to SunTrust Bank in connection with the termination of the interest rate hedging agreement that was terminated upon the redemption of the series 2010 bonds. The loan bears interest at 0.38%. Interest on the loan is payable monthly.

On June 1, 2013, the University issued \$6,200,000 of variable rate revenue bonds. The proceeds of the bonds were used to fund the renovation of Carter Hall. The bonds were issued through the Educational Building Authority of the City of Huntsville. The bonds bear interest at a variable rate. Interest on the bonds is payable monthly. The bonds are secured by a security interest in all of the pledged revenues of the University.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 7 - BONDS PAYABLE (Continued)

Management believes it is prudent to limit the variability of its interest payments. To meet this objective, management entered into an interest rate swap to manage fluctuations in cash flows resulting from interest rate risk. The interest rate swap is accounted for as a cash flow hedge, as defined in the applicable accounting guidance for derivative instruments and hedging. The interest rate swap changes the variable-rate cash flow exposure of the variable-rate long term debt obligation to fixed-rate cash flows by entering into a receivable-variable, pay-fixed interest rate swap. Under the interest rate swap, the University receives variable interest payments and makes fixed interest payments at an interest rate of 1.91%, thereby creating fixed-rate long term debt. The interest rate swap does not qualify for the “shortcut” method of accounting for hedges, therefore, the fair value of the interest rate swap (\$62,560 at June 30, 2021) is recorded in accounts payable and accrued liabilities as a reduction of the liability from prior years.

In October of 2019, the University obtained a promissory note totaling \$2,000,000 with BB&T Bank for the construction of a building for the operations of Oakwood University Farms, LLC. The note bears interest at One Month LIBOR plus 1.35% per annum, which shall be adjusted monthly on the first day of each LIBOR Interest Period. Principal payments are due on the first day of each month beginning December 1, 2019 and ending December 1, 2029. The note also included a double negative pledge agreement with BB&T Bank.

In January of 2021, the University obtained a construction loan totaling \$5,000,000 with BB&T Bank (now Truist Bank) for the construction of the Community Action Center and renovations of Peterson Hall. The note bears interest at the Adjusted LIBOR rate and will be computed and charged for the actual number of days elapsed on the basis of a 360-day year. Principal payments are due on the first day of each month beginning August 1, 2021 and ending January 1, 2026

Principal on bonds and notes payable is due, as follows:

2022	\$ 2,104,399
2023	2,217,589
2024	2,238,452
2025	2,260,651
2026	1,820,179
2027 and thereafter	<u>1,931,487</u>
	<u>\$ 12,572,757</u>

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 8 - DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS

These plans are defined by the Financial Accounting Standards Board as a multi-employer plan. As such, it is not required, nor is it possible, to determine the actuarial present value of accumulated benefits or plan net assets for employees of the University apart from other plan participants. However, based on the latest actuarial valuation of the Seventh-day Adventist Retirement Plan of the North American Division, as of December 31, 1998, the actuarially computed value of accumulated plan benefits exceeded the estimated market value of plan assets for that plan. No actuarial valuation has been obtained for the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division.

The North American Division Committee voted to freeze the accrual of service credit in these plans effective December 31, 1999, except for employees who chose the career completion option, and to start a new defined contribution plan effective January 1, 2000. The University is scheduled to continue making contributions (at a reduced rate) to the frozen plans after December 31, 1999. Certain employees will continue to be eligible for future benefits under these plans.

Defined Contribution Plan

Effective January 1, 2000, the University participates in a defined contribution retirement plan known as "The Adventist Retirement Plans." This plan, which covers substantially all employees of the University, is administered by the General Conference and is exempt from the Employee Retirement Income Security Act of 1974 as a multiple-employer plan of a church-related agency. The University contributed \$1,117,872, \$1,012,296, and \$1,183,087 to the plan for the years ended June 30, 2021, 2020 and 2019, respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of the employee's voluntary contributions. Investment management of the accumulated contributions designated for each employee is provided under an agreement between the General Conference and Empower Retirement.

NOTE 9 - AFFILIATED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS

The following is a summary of organizations which are affiliated with the University:

Organizations	Nature and Purpose
North American Division of Seventh-day Adventists	Unincorporated organization established for the purpose of conducting and/ or coordinating various religious activities in its area. Certain officers of the North American Division serve on the University's board.
North American Division Corporation of Seventh-day Adventists	Legal corporation which conducts various activities in a fiduciary capacity.

For the years ended June 30, 2021, 2020 and 2019, the North American Division and its subsidiaries contributed operating and capital subsidies to the University totaling \$7,685,699 (\$1,330,860 NAD and \$6,354,839 Regional Constituents), \$7,609,228, \$7,138,398, respectively.

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Donor-imposed program restrictions on temporarily restricted net assets were satisfied as follows:

	June 30		
	2021	2020	2019
Purpose restricted contributions used for:			
Research	\$ 237,662	\$ 423,881	\$ 574,458
Academic support	692,552	539,551	747,530
Public service	82,749	71,530	27,507
Instructional support	208,772	263,438	250,996
Institutional support	406,040	400,346	4,380,157
Scholarship and fellowships	3,509,823	4,626,234	4,310,318
Student services	343,411	539,753	526,973
Operation and maintenance of physical plant	2,964,376	1,264,102	905,168
Auxiliary enterprises	674	-	-
Independent operations	3,904	-	-
	<u>\$ 8,449,963</u>	<u>\$ 8,128,835</u>	<u>\$ 11,723,107</u>

NOTE 11 - NATURE AND AMOUNT OF NET ASSETS WITH DONOR-IMPOSED RESTRICTIONS

Temporarily restricted net assets are available for the following purposes or periods:

	June 30		
	2021	2020	2019
Purpose restricted contributions used for:			
Research	\$ 466,584	\$ 258,357	\$ 249,367
Academic support	(227,546)	246,806	85,685
Public service	613,689	695,869	785,772
Instructional support	130,485	427,573	196,576
Institutional support	14,181,395	5,934,609	7,652,766
Scholarship	2,999,984	5,169,056	2,769,889
Physical plant	11,042,856	12,995,904	11,923,733
Student services	57,056	365,480	643,396
	<u>\$ 29,264,503</u>	<u>\$ 26,093,654</u>	<u>\$ 24,307,184</u>

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
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NOTE 11 - NATURE AND AMOUNT OF NET ASSETS WITH DONOR-IMPOSED RESTRICTIONS
- Continued

Permanently restricted net assets are available for the following purposes or periods:

	June 30		
	2021	2020	2019
Physical plant	\$ -	\$ -	\$ -
Scholarships	5,497,029	4,307,028	4,120,212
Institutional support	1,010,764	221,404	431,409
	\$ 6,507,793	\$ 4,528,432	\$ 4,551,621

NOTE 12 - COMMITMENTS

The University had an available line of credit with BB&T Bank amounting to \$1,700,000. As of June 30, 2021, 2020 and 2019, there were no outstanding balances on the line.

NOTE 13 – LIQUIDITY AND AVAILABILITY

Operating liquidity comes from cash and cash equivalents and is monitored quarterly to ensure that the University’s expenses are paid in a timely manner. Operating surpluses are placed in cash and cash equivalents or certificates of deposit and used as approved by the Board in the University’s annual budget.

The following table details the University’s financial assets available for operating expenses within one year of the statement of financial position date:

<u>Financial Assets</u>	
Cash and cash equivalents	\$ 11,461,863
Accounts receivable	7,801,573
Investments at fair value	30,267,430
Total financial assets - June 30, 2021	49,530,866
Accounts payable	(7,335,248)
Less donor-imposed restrictions	(35,772,296)
Total financial assets available to meet operating expenses within one year at June 30, 2021	\$ 6,423,322

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact or delay anticipated future contributions and other funding. Other financial impacts could occur and are uncertain at this time.

NOTE 15 – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that the provisions of ASU No. 2016-02 will have on the Organization's consolidated financial statements.

In November 2016, the FASB issued a standard on Restricted Cash. This standard requires the Consolidated Statements of Cash Flows explain the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents during a fiscal year. It is also required that this total be reconciled to the amounts reported on the Consolidated Statements of Financial Position and that the nature of the restrictions be disclosed. The University had no cash considered to be restricted as of June 30, 2021 and 2020, respectively.

NOTE 16 – FINANCIAL RESPONSIBILITY STANDARDS

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the Institution, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2020:

OAKWOOD UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2021, 2020 and 2019

NOTE 16 – FINANCIAL RESPONSIBILITY STANDARDS (Continued)

<u>Required input per standards</u>	<u>Ratio uses</u>	<u>Input amount</u>	<u>Related financial statement amount not used as ratio input on supplementary schedule</u>
Change in net assets without donor restrictions	Net income	3,151,452	
Change in net assets without donor restrictions (operating)	N/A		3,151,141
Other revenue (confirming transfers)	N/A		311
PP&E Pre-Implementation	Primary	41,246,902	
PP&E Post-Implementation with outstanding debt	Primary	6,562,745	
PP&E Post-Implementation without outstanding debt	Primary	11,180,439	
Total property, plant & equipment, net	N/A		58,990,086
Long-term debt for long-term purposes pre-implementation	Primary	5,849,125	
Long-term debt for long-term purposes post-implementation	Primary	6,723,632	
Total long-term debt	N/A		12,572,757
Inputs directly from the consolidated statement of activities and changes in net assets:			
Total revenues and other support	Net income	56,504,168	
Other revenue (confirming transfers)	Net income	<u>311</u>	
Total revenues and gains without donor restrictions	Net income	56,504,479	

SUPPLEMENTARY INFORMATION

OAKWOOD UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
STUDENT FINANCIAL AID – CLUSTER		
U.S. Department of Education		
Federal Pell Grant Program	84.063	\$ 3,039,844
Federal Supplemental Educational Opportunity Grant Program	84.007	393,501
Federal Work-Study Program	84.033	36,623
TEACH Grant	84.379	-
Federal Direct Student Loan Program	84.268	9,070,505
Total Student Financial Aid Cluster		12,540,473
OTHER PROGRAMS		
U.S. Department of Education:		
Strengthening Historically Black Colleges and Universities Program	84.031B	2,172,574
Minority Science and Engineering Improvement Program	84.120	84,991
	Subtotal	2,257,565
National Science Foundation:		
Established Program to Stimulate Competitive Research		15,732
Nanacollodal Laser		120,832
Alabama ADVANCE Partnership		37,419
Alabama Louis Stokes Alliance for Minority Participation	47.076	60,832
	Subtotal	234,815
National Institutes of Health:		
Instrumentation for Research and Education		113,959
Mentored Experience in Research, Instruction, and Teaching Program	93.859	15,123
	Subtotal	129,082
COVID-19 Education Stabilization Fund:		
OU Higher Education Emergency Relief Fund Program	84.425	1,325,667
OU Emergency Relief Student Costs – P425E201426	84.425	2,073,470
OU Emergency Relief Institutional Costs – P425F201426	84.425	-
OU Emergency Relief HBCU – P425J200051	84.425	2,252,150
	Subtotal	5,651,287
Total Other Programs		8,320,396
Total Expenditures of Federal Awards		\$ 20,860,869

The accompanying notes are an integral part of this schedule.

OAKWOOD UNIVERSITY
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Oakwood University (the University) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The University has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OAKWOOD UNIVERSITY
Schedule of Financial Responsibility Data
For the Year Ended June 30, 2021

<u>Location in financial statements or related notes</u>	<u>Financial element</u>	<u>GAAP financial statement line item or disclosure</u>	<u>Amount used as ratio input</u>
<u>Primary Reserve Ratio: Expendable Net Assets</u>			
Statement of financial position	Net assets without donor restrictions	57,782,924	57,782,924
Statement of financial position	Net assets with donor restrictions	35,772,296	35,772,296
Note 16, Financial Responsibility Standards	PP&E Pre-Implementation		41,246,902
Note 16, Financial Responsibility Standards	PP&E Post-Implementation with outstanding debt		6,562,745
Note 16, Financial Responsibility Standards	PP&E Post-Implementation without outstanding debt		11,180,439
Note 16, Financial Responsibility Standards	Long-term debt for long-term purposes pre-implementation		5,849,125
Note 16, Financial Responsibility Standards	Long-term debt for long-term purposes post-implementation		6,723,632
<u>Primary Reserve Ratio: Expenses and Losses</u>			
Statement of activities	Total expenses and losses without donor restrictions	53,353,027	53,353,027
<u>Equity Ratio: Modified Net Assets</u>			
Statement of financial position	Net assets without donor restrictions	57,782,924	57,782,924
Statement of financial position	Net assets with donor restrictions	35,772,296	35,772,296
Statement of financial position	Total assets	115,223,075	115,223,075
<u>Net Income Ratio:</u>			
Note 16, Financial Responsibility Standards	Change in net assets without donor restrictions		3,151,452
Note 16, Financial Responsibility Standards	Total revenues and gains without donor restrictions		56,504,479



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

To the Board of Trustees of
Oakwood University

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 consolidated financial statements of Oakwood University (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2021.

Internal Control Over Financial Reporting

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

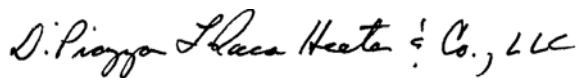
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Oakwood University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DiPiazza LaRocca Heeter & Co., LLC
Birmingham, Alabama

October 17, 2021



510 Office Park Drive • Suite 100
Birmingham, AL 35223
205.871.9973

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
Oakwood University

Report on Compliance for Each Major Federal Program

We have audited Oakwood University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oakwood University's major federal programs for the year ended June 30, 2021. Oakwood University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oakwood University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oakwood University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oakwood University's compliance.

Opinion on Each Major Federal Program

In our opinion, Oakwood University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Oakwood University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oakwood University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oakwood University's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DiPiazza LaRocca Heeter & Co., LLC

DiPiazza LaRocca Heeter & Co., LLC
Birmingham, Alabama

October 17, 2021

OAKWOOD UNIVERSITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified	
	Yes	No
Internal control over financial reporting:		
Material weakness(es) identified?		X
Significant deficiencies identified not considered to be material weaknesses?		X
Noncompliance material to financial statements noted?		X

Federal Awards Section

	Yes	No
Internal control over major programs:		
Material weakness(es) identified?		X
Significant deficiencies identified not considered to be material weaknesses?		X
Type of auditor's report on compliance for major programs:	Unmodified	
	Yes	No
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance		X

OAKWOOD UNIVERSITY
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Part I - Summary of Auditor's Results (Continued)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.063, 84.007, 84.033, 84.268 84.379, 84.031B, 84.425	Student Financial Aid Cluster, COVID-19 Education Stabilization

Dollar threshold used to determine Type
A programs:

\$750,000

Yes **No**

Auditee qualified as low-risk auditee?

X

OAKWOOD UNIVERSITY
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Part II - Financial Statement Findings Section

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Federal program information:

None noted

Criteria or specific requirement (including statutory, regulatory or other citation):

Condition:

Effects:

Recommendation:

Management's response

OAKWOOD UNIVERSITY
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Part III - Federal Award Findings and Questioned Costs Section

Federal program information:

None noted

Criteria or specific requirement (including statutory, regulatory or other citation):

Condition:

Effects:

Recommendation:

Management's response

OAKWOOD UNIVERSITY
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Part IV - Prior Year Federal Award Findings and Questioned Costs Section

Federal program information:

None noted

Criteria or specific requirement (including statutory, regulatory or other citation):

Condition:

Effects:

Recommendation:

Management's response



INDEPENDENT PERKINS PROGRAM LIQUIDATION AUDIT REPORT

Report on Perkins Program Liquidation

The Independent Perkins Program Liquidation for the Oakwood University (the University) presents the results of the audit performed by DiPiazza LaRocca Heeter & Co., LLC (DLHC). The purpose of the audit was to determine whether the University administered the Title IV program in accordance with selected requirements of the Higher Education Act of 1965, as amended (HEA). We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, we evaluated the University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2021. Additionally, we evaluated the University's compliance with requirements and procedures described in the Federal Student Aid Electronic Announcement entitled Federal Perkins Loan Liquidation Procedures for the explicit purpose of closing the University's Federal Perkins Loan Program. Our review covered the period July 1, 2020 through June 30, 2021.

Audit Results

The University complied with the requirements governing the return of Title IV funds and Title IV disbursements, GAPS, and Cash Management and Administrative Capability listed in Section II of the U.S. Department of Education's Audit Guide. Based on the evidence we reviewed, the University had internal controls in place to ensure accurate award calculations, timing of Title IV disbursements, calculation of unearned Title IV funds for withdrawn students, and the return of Title IV funds.

Federal Perkins Loan Program Liquidation – Verification

As of June 30, 2021, the University had completed steps 1-5 of the Federal Perkins Loan Program liquidation procedures with the award year ending June 30, 2021. As part of our compliance attestation examination of the Title IV Student Financial Assistance Programs, we have examined the University's assertions that it had complied with specific requirements applicable to the Federal Perkins Loan Program, including procedures set forth in the electronic announcement titled, Federal Perkins Loan Liquidation Procedures. Based on this examination, DLHC believes that the information shown below is accurately stated.

Specifically, DLHC verified the following:

1. All loans for borrowers in the portfolio have been accounted for.
 - a. There were 625 borrowers whose loans were fully retired. None of these loans were purchased by the University.
 - b. There were 572 borrowers whose loans were assigned and accepted by the Department. DLHC validated that the computed accumulated interest charged on these loans was accurately calculated.

2. The service cancellation data on Section A and all of the data on Section C or Part III of the University's latest submitted FISAP for award year ending June 30, 2021.
 - a. The service cancellation data in Section A was accurately reported upon our review of the University's records.
 - b. The data in Section C was accurately reported upon our review of the University's records. The final FISAP closeout form was completed on line on October 31, 2020 and reflected 59 borrowers whose loans were assigned and accepted by the Department.
3. The federal capital contribution (FCC).
 - a. The FCC was accurately reported upon review of the University's records.
4. The institutional capital contribution (ICC).
 - a. The ICC was accurately reported upon review of the University's records.
5. Overall cash on hand as of June 30, 2021 was \$0.
 - a. The reported cash on hand was verified against the University's ledger for the Fund.

Determining Share Distributions

The U.S. Department of Education's Federal share of a University's revolving fund was calculated using the following formula:

$$\frac{(\text{Net FCC})}{(\text{Net FCC} + \text{Net ICC})} \times \text{Cash on hand} = \text{Final Capital Distribution}$$

Definitions and Numerical Explanation:

FCC: Federal capital contribution added to the fund by the U.S. Department of Education over a period of time. As of October 1, 2020, the FCC was \$511,520.

Repayments of fund capital to Federal government: As of October 1, 2020, repayments of fund capital to the Federal Government was \$40,282.

Net FCC: FCC minus repayments of fund capital to Federal government. As of October 1, 2020, net FCC was \$471,238.

ICC: University capital contribution added to the fund by the University over a period of time was \$67,887 as of October 1, 2020.

Repayments of fund capital to school: As of October 1, 2020, repayments of fund capital to school was \$1,709.

Net ICC: ICC minus repayments of Fund capital to school. As of October 1, 2020, net ICC was \$66,178.

Cash on hand: This amount is the cash the University still has on hand or in depository for the Federal Perkins Loan Program, including any funds returned to the fund for the purpose of purchasing unassignable loans. As of June 30, 2021, this amount was \$0.

Results of Share Calculation Amount Returned to the Department

$$\frac{\$471,238}{\$537,416} \times \$83,383 = \$73,119 \text{ Final Capital Contribution}$$

The final capital contribution from the University was made in accordance with Title IV, Part C, Section 466(c) of the Higher Education Act of 1965, as amended (HEA). We have verified that the federal share of the University's Federal Perkins Loan revolving fund was \$73,119 and the amount owed to the Department. This amount was returned on October 21, 2020. The remaining cash on hand as reported on the October 1, 2020 FISAP is \$0.

Objective, Scope and Methodology:

The audit objective was to determine whether the University administered Title IV programs in accordance with selected requirements of the HEA. Specifically, we evaluated the University's compliance with requirements for the purpose of liquidating its Federal Perkins Loan Program fund for the period July 1, 2020 through June 30, 2021.

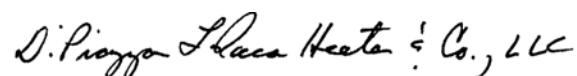
To accomplish our objectives, DLHC:

- Reviewed requirements in the HEA, regulations and Departmental guidance applicable to the audit objectives;
- Completed the financial statement audit and a compliance audit of the University's federal major programs for the fiscal year ended June 30, 2017 and issued our reports thereon;
- Interviewed the Manager, Fiscal Services and other school officials;
- Obtained an understanding of the University's policies and procedures regarding the administration of the Federal Perkins Loan Program
- Reviewed the University's Perkins Loan general ledger for the audit period; and
- Analyzed the FISAP data reporting and derived the return of final capital contribution according to the overtime calculation of cash on hand.

Conclusion

We have verified the University's Federal Perkins Loan account, records and Part III of the Fiscal Operations Report (FISAP) and believe the data was accurately reported. We do not find any substantial discrepancies with the reported data; the discrepancies noted above in our verification of the latest FISAP were accounted for in the verification detail above. It is our opinion the University will not need to amend the latest submitted FISAP and can proceed with submitting a final FISAP to the Department.

This report is intended solely for the information and use of the University's management, Board of Trustees, others within the entity, the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.



DiPiazza LaRocca Heeter & Co., LLC
Birmingham, AL

October 17, 2021

OTHER FINANCIAL INFORMATION

**OAKWOOD UNIVERSITY
OAKWOOD ENTERPRISE - R1, LLC
AND OAKWOOD FARMS, LLC
Consolidating Schedule of Financial Position
June 30, 2021**

	Oakwood University	Oakwood University Farm	Elimination Entries	Consolidated Totals
ASSETS				
Cash and cash equivalents	\$ 11,334,873	\$ 118,265	\$ -	\$ 11,453,138
Certificates of deposit	105,278	-	-	105,278
Contribution receivable, net	336,560	-	-	336,560
Accounts receivable, net	16,628,323	(3,394)	(5,537,564)	11,087,365
Notes receivable, net	907,705	-	-	907,705
Investments at fair value	30,267,430	-	-	30,267,430
Investment in subsidiary	-	-	-	-
Investments in real estate, net of accumulated depreciation and valuation allowance of \$240,250 in 2020, 2019 and 2018	1,681,963	-	-	1,681,963
Land, buildings and equipment, net	55,341,475	3,648,611	-	58,990,086
Deposits	284,640	-	-	284,640
Prepaid expenses and other assets	7,059	101,851	-	108,910
Total assets	\$ 116,895,306	\$ 3,865,333	\$ (5,537,564)	\$ 115,223,075
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,795,187	\$ 4,077,625	\$ (5,537,564)	\$ 7,335,248
Deposits held for others	902,580	-	-	902,580
Bonds payable	10,849,125	1,723,632	-	12,572,757
Advances from federal government for student loans	857,270	-	-	857,270
Total liabilities	21,404,162	5,801,257	(5,537,564)	21,667,855
Net Assets:				
Without donor-imposed restrictions	59,718,848	(1,935,924)	-	57,782,924
With donor imposed restrictions	35,772,296	-	-	35,772,296
Total net assets	95,491,144	(1,935,924)	-	93,555,220
Total liabilities and net assets	\$ 116,895,306	\$ 3,865,333	\$ (5,537,564)	\$ 115,223,075

See auditor's report.

**OAKWOOD UNIVERSITY
OAKWOOD ENTERPRISE - R1, LLC
AND OAKWOOD FARMS, LLC**
Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Oakwood University	Oakwood University Farm	Consolidated Totals
REVENUES AND OTHER SUPPORT			
Tuition and fees	\$ 26,736,415	\$ -	\$ 26,736,415
Less institutional awards	8,507,024	-	8,507,024
Net student tuition and fees	18,229,391	-	18,229,391
Contributions, private gifts, grants and contracts	26,452,320	1,550	26,453,870
Interest, dividend and other investment income	720,940	-	720,940
Other sources	1,928,211	409	1,928,620
Sales and service:			
Educational activities	238,859	-	238,859
Auxiliary enterprises	6,279,288	-	6,279,288
Independent operations	1,281,254	931,843	2,213,097
Net realized and unrealized gains on investments	5,528,064	-	5,528,064
Net unrealized loss on interest rate swap	62,560	-	62,560
Total revenues and other support	60,720,887	933,802	61,654,689
EXPENDITURES			
Educational and general:			
Instructional	11,111,471	-	11,111,471
Research	352,256	-	352,256
Public service	147,985	-	147,985
Academic support	4,436,483	-	4,436,483
Student services	4,301,329	-	4,301,329
Institutional support	11,700,926	-	11,700,926
Operation and maintenance of physical plant	3,607,024	-	3,607,024
Scholarships	5,123,638	-	5,123,638
Depreciation and amortization expense	4,330,665	157,322	4,487,987
Auxiliary enterprises	4,830,178	-	4,830,178
Independent operations	1,155,050	1,783,151	2,938,201
Interest expense	287,975	27,574	315,549
Total expenditures	51,384,980	1,968,047	53,353,027
Change in net assets	9,335,907	(1,034,245)	8,301,662
Net assets - beginning of year	86,155,237	(901,679)	85,253,558
Net assets - end of year	\$ 95,491,144	\$ (1,935,924)	\$ 93,555,220

See auditor's report.