



**FAIRFIELD UNIVERSITY**

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

# FAIRFIELD UNIVERSITY

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KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Trustees  
Fairfield University:

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

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

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

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

### *Opinion*

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

**KPMG LLP**

September 30, 2021

**FAIRFIELD UNIVERSITY**  
 Statements of Financial Position  
 June 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 87,771,456	76,579,531
Accounts receivable – students, less allowance for doubtful collections of \$2,455,016 in 2021 and \$2,292,486 in 2020	726,419	390,775
Student loans, less allowance for doubtful collections of \$185,381 in 2021 and \$143,494 in 2020	1,395,529	1,890,552
Contributions receivable, net	29,534,242	37,015,242
Other assets	6,400,038	4,545,737
Deposits with bond trustees	18,732,215	758,457
Investments	468,733,365	364,675,554
Land, buildings, and equipment, net	461,729,658	455,803,973
Total assets	\$ 1,075,022,921	941,659,821
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 31,940,614	22,122,812
Accrued compensation	18,360,866	14,719,963
Deferred revenue	9,041,756	17,957,569
Government grants refundable – student loans	1,752,346	2,049,330
Long-term debt, net	277,629,683	265,733,563
Total liabilities	338,725,265	322,583,237
Net assets:		
Without donor restrictions	378,566,883	338,254,777
With donor restrictions	357,730,773	280,821,807
Total net assets	736,297,656	619,076,584
Total liabilities and net assets	\$ 1,075,022,921	941,659,821

See accompanying notes to financial statements.

**FAIRFIELD UNIVERSITY**

Statement of Activities

Year ended June 30, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>2021 Total</b>
<b>Operating revenues:</b>			
Net tuition and fees (net of financial aid of \$97,686,832)	\$ 161,167,304	—	161,167,304
Government grants and contracts	2,562,692	2,397,260	4,959,952
Contributions	3,774,593	9,500,860	13,275,453
Investment return designated for current operations	9,248,442	7,217,094	16,465,536
Departmental and other revenues	2,334,568	—	2,334,568
Net assets released from restrictions	12,836,741	(12,836,741)	—
Total educational and general	191,924,340	6,278,473	198,202,813
Auxiliary services	44,453,849	—	44,453,849
Total operating revenues	236,378,189	6,278,473	242,656,662
<b>Operating expenses:</b>			
<b>Educational and general service:</b>			
Instruction	79,445,757	—	79,445,757
Research	777,996	—	777,996
Public service	1,780,622	—	1,780,622
Academic support	16,750,968	—	16,750,968
Institutional support	53,737,615	—	53,737,615
Student services	34,969,152	—	34,969,152
Total educational and general services	187,462,110	—	187,462,110
Auxiliary services	40,959,335	—	40,959,335
Total operating expenses	228,421,445	—	228,421,445
Increase in net assets from operations	7,956,744	6,278,473	14,235,217
<b>Nonoperating activities:</b>			
Contributions for nonoperating purposes	20,977	7,033,300	7,054,277
Investment return in excess of amounts designated for current operations	37,890,380	64,401,151	102,291,531
Loss on disposals of fixed assets	(3,300,800)	—	(3,300,800)
Other nonoperating expenses	(3,281,103)	115,180	(3,165,923)
Gain on extinguishment of debt	139,089	—	139,089
Change in value of split-interest agreements	(10,463)	(21,856)	(32,319)
Nonoperating net assets released from restrictions	897,282	(897,282)	—
Total nonoperating activities	32,355,362	70,630,493	102,985,855
Increase in net assets	40,312,106	76,908,966	117,221,072
<b>Net assets:</b>			
Beginning of year	338,254,777	280,821,807	619,076,584
End of year	\$ 378,566,883	357,730,773	736,297,656

See accompanying notes to financial statements.

**FAIRFIELD UNIVERSITY**

Statement of Activities

Year ended June 30, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>2020 Total</b>
<b>Operating revenues:</b>			
Net tuition and fees (net of financial aid of \$93,000,271)	\$ 155,466,974	—	155,466,974
Government grants and contracts	2,453,778	2,492,688	4,946,466
Contributions	2,920,765	6,145,448	9,066,213
Investment return designated for current operations	5,693,107	6,901,733	12,594,840
Departmental and other revenues	3,232,867	—	3,232,867
Net assets released from restrictions	12,008,879	(12,008,879)	—
Total educational and general	181,776,370	3,530,990	185,307,360
Auxiliary services	42,436,342	—	42,436,342
Total operating revenues	224,212,712	3,530,990	227,743,702
<b>Operating expenses:</b>			
Educational and general service:			
Instruction	79,998,115	—	79,998,115
Research	991,942	—	991,942
Public service	1,527,233	—	1,527,233
Academic support	17,019,556	—	17,019,556
Institutional support	47,745,388	—	47,745,388
Student services	35,725,180	—	35,725,180
Total educational and general services	183,007,414	—	183,007,414
Auxiliary services	37,995,682	—	37,995,682
Total operating expenses	221,003,096	—	221,003,096
Increase in net assets from operations	3,209,616	3,530,990	6,740,606
<b>Nonoperating activities:</b>			
Contributions for nonoperating purposes	—	28,525,939	28,525,939
Investment return less than amounts designated for current operations	(10,738,384)	(16,162,422)	(26,900,806)
Loss on disposals of fixed assets	(39,799)	—	(39,799)
Other nonoperating expenses	(2,913,785)	1,389	(2,912,396)
Change in value of split-interest agreements	(11,649)	(106,594)	(118,243)
Nonoperating net assets released from restrictions	38,646,141	(38,646,141)	—
Total nonoperating activities	24,942,524	(26,387,829)	(1,445,305)
Increase (decrease) in net assets	28,152,140	(22,856,839)	5,295,301
<b>Net assets:</b>			
Beginning of year	310,102,637	303,678,646	613,781,283
End of year	\$ 338,254,777	280,821,807	619,076,584

See accompanying notes to financial statements.

**FAIRFIELD UNIVERSITY**

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Increase in net assets	\$ 117,221,072	5,295,301
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	23,618,770	20,613,081
Provision for losses on accounts receivable	546,906	1,710,877
Net loss on disposal of fixed assets	3,300,800	39,799
Contributions for nonoperating purposes	(7,033,300)	(28,525,939)
Realized and unrealized (gains) losses on investments, net	(110,785,963)	26,728,323
Gain on extinguishment of debt	(139,089)	—
Changes in operating assets and liabilities:		
Contributions receivable	(909,567)	4,742,854
Student accounts receivable	(570,716)	(1,125,730)
Other assets	(1,854,301)	1,029,460
Accounts payable and other accrued liabilities and accrued compensation	11,216,027	(333,665)
Deferred revenue	(8,915,813)	2,928,656
Government grants refundable – student loans	(296,984)	(391,559)
Net cash provided by operating activities	25,397,842	32,711,458
Cash flows from investing activities:		
Proceeds from sale of investments	31,607,741	61,422,631
Purchase of investments	(36,252,630)	(60,627,439)
Purchase of buildings and equipment	(34,429,059)	(51,186,680)
Proceeds from sale of assets	23,050	29,930
Accruals for the acquisition of buildings and equipment	2,317,572	(8,064,751)
Collection of student loan repayments	453,136	551,508
Net cash used in investing activities	(36,280,190)	(57,874,801)
Cash flows from financing activities:		
Cash proceeds from contributions restricted for:		
Endowment	3,770,928	2,433,872
Capital	11,382,992	22,660,146
Net proceeds from long-term borrowing	28,355,033	—
Principal payments from refinancing and retirement of debt	(6,865,000)	—
Bond issuance costs incurred	(466,705)	—
Payment of long-term debt principal	(7,502,258)	(6,420,391)
(Increase) decrease in deposits with bond trustees	(17,973,758)	24,368,821
Net cash provided by financing activities	10,701,232	43,042,448
Net (decrease) increase in cash and cash equivalents	(181,116)	17,879,105
Cash, cash equivalents, and restricted cash:		
Beginning of year	98,519,935	80,640,830
End of year	\$ 98,338,819	98,519,935
Reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the amounts above:		
Cash and cash equivalents	\$ 87,771,456	76,579,531
Restricted cash included in investments	10,567,363	21,940,404
Total cash, cash equivalents, and restricted cash shown above	\$ 98,338,819	98,519,935
Supplemental disclosure of cash flow information:		
Interest paid on debt	\$ 11,701,997	11,425,167

See accompanying notes to financial statements.

**FAIRFIELD UNIVERSITY**  
Notes to Financial Statements  
June 30, 2021 and 2020

**(1) Summary of Significant Accounting Policies**

**(a) Background**

Founded in 1942, Fairfield University is a private, Jesuit institution that provides undergraduate, graduate, and continuing studies in five distinct schools to its students. The accompanying financial statements, which include the accounts of Fairfield University and its Preparatory School (the University), which together are a 501(c)(3) tax-exempt institution, have been prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America (GAAP).

**(b) Basis of Presentation**

*(i) General*

Net assets, revenues, 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 comprised the following:

- Undesignated net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired
- Designated net assets by action of the Board of Trustees

Net assets with donor restrictions comprised the following:

- Net assets subject to donor-imposed stipulations that will be met by actions of the University or the passage of time.
- Net assets subject to donor-imposed stipulations that they be maintained permanently by the University. Generally, the donor of these assets permits the University to use all or part of the return on the related investments.

Revenues are reported as increases in net assets without donor restrictions unless their use 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 or the stipulated time period has elapsed, are reported as net assets released from restrictions. Donor contributions restricted for capital expenditures are released to net assets without donor restrictions when the assets are placed in service.

*(ii) Contributions Receivable*

Contributions, including unconditional promises to give, are recognized as revenues in the period received at their fair value. Unconditional promises to give that are scheduled to be received after the date of the statements of financial position are shown as increases in net assets with donor restrictions and are released to net assets without donor restrictions when the purpose and time



## FAIRFIELD UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted based upon a risk-adjusted interest rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met. At June 30, 2021 and 2020, the University did not have any conditional promises to give in the form of measurable performance-related or other barriers and right of return that have not been reflected on the accompanying financial statements.

#### *(iii) Measure of Operations*

The statements of activities report the change in net assets from operating and nonoperating activities separately. For this purpose, operations include operating revenues consisting of those items attributable to the University's educational programs or research conducted by the academic departments, and operating expenses include the costs of providing University programs and other activities. Investment return on the University's long-term investments in excess of (less than) the amount appropriated under the University's spending plan, as discussed in note 8; donor contributions restricted for capital expenditures, other nonoperating expenses, and certain other unusual or nonrecurring items are reported as nonoperating activities. Additionally, nonoperating activities consist of contributions that are not in direct support of the annual operating budget. This measure of operations is different from cash flows from operating activities reported in the statements of cash flows, which include the cash effects of all transactions and other events (including certain nonoperating items) that enter into the determination of the change in net assets.

#### **(c) Cash and Cash Equivalents**

The University has several bank accounts at June 30, 2021 and 2020 containing balances, which exceed FDIC limits. The University believes that no significant risk exists at June 30, 2021 with respect to these balances. The University has cash equivalents held for reinvestment and are highly liquid in nature and have original maturities at the time of purchase of three months or less. Cash equivalents include cash held in money market accounts for operating and reinvestment purposes held by long-term investment managers and deposits with bond trustees. Cash equivalents exclude deposits held with bond trustees held for construction purposes. Cash equivalents are valued at one dollar per share in the money market fund and one dollar plus earned interest in certificates of deposit. These assets are categorized as Level 1.

#### **(d) Deposits with Bond Trustees**

Deposits with bond trustees are directly owned investments in government money market funds related to the Connecticut Health and Educational Facility Authority (CHEFA) Revenue Bonds, Series P and T. These investments are valued based upon market price quotations and categorized as Level 1.

## FAIRFIELD UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

**(e) Accounts and Student Loans Receivable**

Accounts and student loans receivable are stated net of allowances for doubtful accounts. Student loans receivable are principally amounts due from students under federally sponsored loan programs, which are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

**(f) Fair Value Accounting**

The University records its applicable assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are as follows:

- Level 1 Inputs that reflect unadjusted quoted or published prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active
- Level 3 Inputs that are unobservable

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes "observable" requires significant judgment. The University considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

## FAIRFIELD UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest-level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, the University separates the marketable investment portfolio and other fair valued assets and liabilities into the following categories: cash equivalents, certificates of deposit, fixed income, corporate stocks, equity funds, bond investment funds, and deposits with bond trustees.

The University utilizes the "practical expedient" to estimate the fair value of investments in various investment funds that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with, GAAP whereby there is limited market activity. The practical expedient is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP.

The University performs additional procedures, including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The University has assessed factors, including, but not limited to, managers' compliance with fair value measurement standard, price transparency, and valuation procedures in place; the ability to redeem at NAV at the measurement date; and existence of certain redemption restrictions at the measurement date.

#### **(g) Investments**

Investments are reported in the financial statements at fair value. Quoted or published market prices are used to value short-term investments, fixed-income securities, corporate stocks, equity funds, and bond investment fund. Values for investments in limited partnerships, which are generally subject to certain withdrawal restrictions, are provided by the general partner and may be based on appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of the valuation for the University's investments in investment partnerships and for certain underlying investments held by the investment partnerships, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on average cost.

##### *(i) Corporate Stocks*

Corporate stocks include investments in actively traded equity securities and exchange-traded funds, which are listed on a national exchange are valued at the last price quoted by the exchange and are generally categorized as Level 1. The fair values of other equity securities are based upon market price quotations and are generally categorized as Level 1.

## FAIRFIELD UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

*(ii) Fixed-Income Securities*

Fixed-income securities include investments in various U.S. Treasury instruments, corporate debt, structured products (such as mortgage-backed securities, asset-backed securities, and bank debt). Fixed-income securities values are estimated based upon market price quotations and are generally categorized as Level 2.

*(iii) Bond Investment Fund (Registered)*

Bonds in investment fund include a mutual fund (registered under the Investors' 1940 Act). Mutual funds are principally invested in fixed income securities and trade in over the counter markets. The fair value is based upon published prices and are generally categorized as Level 1.

*(iv) Private Equity and Other*

Private equity and other include equity positions in a variety of private equity funds with various strategies, private real estate funds that hold real property holdings, and direct investments in real estate funds through partnership interests. These securities are valued by the investment managers and the NAVs are recorded under GAAP utilizing the practical expedient.

*(v) Equity Funds (Registered and Nonregistered)*

Equities in investment funds include mutual funds (registered under the Investors' 1940 Act) and hedge funds (nonregistered under the Investors' 1940 Act). Mutual funds are principally invested in exchange-traded securities, have readily determinable fair values, and are generally categorized as Level 1. The hedge funds are invested principally in exchange-traded and over-the-counter securities. The University utilizes the NAV practical expedient for nonregistered hedge fund investments fair value.

*(vi) Hedge Fund of Funds*

Hedge fund of funds are nonregistered funds whereby the investment managers are investing in various underlying hedge funds that principally invest in exchange-traded and over-the-counter securities. These securities are valued by the investment manager and NAVs are recorded under GAAP utilizing the practical expedient.

***(h) Land, Buildings, and Equipment***

Land, buildings, and equipment, net is stated at cost less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (40–60 years), building improvements (15–30 years), and equipment and library books (3–7 years). Depreciation expense is \$25,174,980 and \$22,282,847 for the years ended June 30, 2021 and 2020, respectively. Conditional asset retirement obligations included in accrued liabilities are \$2,194,911 and \$2,207,048 as of June 30, 2021 and 2020, respectively.

***(i) Student Services Revenue Recognition***

The University recognizes revenues from student tuition and fees and room and board revenues in the fiscal year in which the academic programs and residential services are delivered. Institutional scholarships awarded to students reduce the amount of tuition and fees revenue recognized. Room and board revenues are reported in auxiliary services in the accompanying statements of activities.

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### Notes to Financial Statements

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Payments for tuition and fees and residential services are due prior to the start of the academic term in accordance with the University's due dates. Generally, students who adjust their course load or withdraw completely within five weeks of the academic term may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Student advance payments for tuition, room, and board are deferred and then recorded as revenue without donor restrictions when earned.

#### **(j) Government Grants and Contracts**

Revenues associated with government grants for educational purposes and contracts are recognized as the related direct costs are incurred and are accounted for in net assets without donor restrictions. The University records reimbursement of indirect costs relating to such grants and contracts at authorized rates for each fiscal year as revenue without donor restrictions.

In response to COVID-19, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) on December 27, 2020, and the American Rescue Plan (ARP) on March 11, 2021. The University recognized \$1,692,000 and \$1,564,000 in grant revenue in fiscal years 2021 and 2020, respectively, as a result of the CARES and CRRSAA Acts. The funds were used to award COVID-19 relief aid to students, as well as, to offset costs incurred by the University related to COVID-19, including adjustments to room and board.

The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There remains considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and as such, the University is unable to determine if it will have a material impact to its operations.

#### **(k) Government Grants Refundable – Student Loans**

Funds provided by the U.S. government under the Federal Health Professions Student Loan program are loaned to qualified students and may be reloaned after collection. These funds, in addition to funds provided under the Federal Perkins Loan and Federal Nursing Loan programs, are ultimately refundable to the U.S. government and are presented in the accompanying statements of financial position as a liability.

#### **(l) Tax Status**

The University is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The University recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The University evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2021 and 2020, the University has not identified or provided for any such positions.

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Notes to Financial Statements  
June 30, 2021 and 2020

**(m) New Authoritative Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This guidance, effective for the University's fiscal year ended June 30, 2021, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments on the statements of financial position and disclose key information about leasing arrangements. The adoption of ASU No. 2016-02 did not have a material impact on the University's financial statements.

**(n) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimate is the valuation of investments. Actual results could differ from those estimates.

**(o) Subsequent Events**

The University evaluated events and transactions subsequent to the statements of financial position date of June 30, 2021 and through September 30, 2021, which is the date that the University's financial statements were available to be issued, and determined that, except as otherwise disclosed in these financial statements, there were no additional matters requiring disclosure.

**(2) Functional and Natural Classification of Expenses**

The University's primary program service is instruction. Expenses reported as research, public service, academic support, auxiliary services, and student services are incurred in support of this primary program activity.

The University allocates expenses relating to the operation and maintenance of plant, depreciation, and interest using building square footage based on functional use.

Included in institutional support expenses are fundraising costs of \$5,604,878 and \$6,539,319 in fiscal years 2021 and 2020, respectively.

Institutional support expenses include approximately \$8.6 million of expenses in fiscal year 2021, (net of \$794,258 reimbursements from FEMA and the State of Connecticut), for COVID-19 related costs for testing, PPE, cleaning and disinfecting of campus facilities, and quarantining of students that were close contacts of students testing positive for COVID-19.

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Notes to Financial Statements  
June 30, 2021 and 2020

The composition of expenses for the years ended June 30, 2021 and 2020 (in thousands) is as follows:

	June 30, 2021							Total 2021
	Instruction	Research	Public service	Academic support	Institutional support	Student services	Auxiliary services	
Compensation	\$ 50,483	472	666	8,387	22,075	14,578	5,208	101,869
Benefits and payroll taxes	11,596	—	369	2,353	11,729	4,141	681	30,869
Food and beverage	9	2	—	16	443	413	13,145	14,028
Utilities	1,207	—	—	521	265	891	1,883	4,767
Study abroad tuition and housing	330	—	—	—	—	—	—	330
Professional fees and consulting	1,462	16	604	460	4,743	1,072	152	8,509
Other services	1,548	7	11	722	4,388	695	328	7,699
Materials and supplies	3,495	43	27	1,867	5,611	3,525	5,838	20,406
Travel and team transportation	67	4	11	125	170	1,017	73	1,467
Other	450	234	93	117	2,565	2,184	225	5,868
Depreciation	6,065	—	—	1,505	1,191	4,448	9,255	22,464
Interest	2,734	—	—	678	557	2,005	4,171	10,145
<b>Total operating expenses</b>	<b>79,446</b>	<b>778</b>	<b>1,781</b>	<b>16,751</b>	<b>53,737</b>	<b>34,969</b>	<b>40,959</b>	<b>228,421</b>
Total nonoperating expenses	—	13	—	—	2,437	—	716	3,166
<b>Total expenses</b>	<b>\$ 79,446</b>	<b>791</b>	<b>1,781</b>	<b>16,751</b>	<b>56,174</b>	<b>34,969</b>	<b>41,675</b>	<b>231,587</b>

  

	June 30, 2020							Total 2020
	Instruction	Research	Public service	Academic support	Institutional support	Student services	Auxiliary services	
Compensation	\$ 48,654	425	640	7,963	19,488	14,487	5,366	97,023
Benefits and payroll taxes	11,934	61	534	2,400	11,948	4,545	999	32,421
Food and beverage	186	4	13	118	560	600	10,474	11,955
Utilities	918	—	—	494	230	756	1,624	4,022
Study abroad tuition and housing	5,575	—	—	—	—	—	—	5,575
Professional fees and consulting	796	12	140	747	3,691	1,159	121	6,666
Other services	547	9	18	882	4,670	857	357	7,340
Materials and supplies	2,702	73	89	1,751	1,898	3,340	5,449	15,302
Travel and team transportation	617	43	53	324	418	1,928	114	3,497
Other	821	365	40	31	3,126	2,082	770	7,235
Depreciation	4,912	—	—	1,556	1,152	4,022	8,570	20,212
Interest	2,336	—	—	754	564	1,949	4,152	9,755
<b>Total operating expenses</b>	<b>79,998</b>	<b>992</b>	<b>1,527</b>	<b>17,020</b>	<b>47,745</b>	<b>35,725</b>	<b>37,996</b>	<b>221,003</b>
Total nonoperating expenses	504	203	—	160	760	412	873	2,912
<b>Total expenses</b>	<b>\$ 80,502</b>	<b>1,195</b>	<b>1,527</b>	<b>17,180</b>	<b>48,505</b>	<b>36,137</b>	<b>38,869</b>	<b>223,915</b>

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**(3) Contributions Receivable**

Contributions receivable at June 30, 2021 and 2020 are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
2021	\$ —	17,514,360
2022	14,023,382	9,336,484
2023	9,940,363	7,355,798
2024	2,433,008	1,439,110
2025	2,195,810	602,954
2026	859,453	224,513
Thereafter	<u>1,418,426</u>	<u>1,358,426</u>
	30,870,442	37,831,645
Less:		
Present value discount (at rates ranging from 1.29% to 3.73%)	(866,253)	(616,403)
Allowance for doubtful collections	<u>(469,947)</u>	<u>(200,000)</u>
Contributions receivable, net	<u>\$ 29,534,242</u>	<u>\$ 37,015,242</u>

Amounts receivable from three donors represented 44% and 58% of gross contributions receivable for the years ended June 30, 2021 and 2020, respectively. During 2021 and 2020, 15% and 38%, respectively, of gross contributions revenue was recognized from three donors in each year.

**(4) Investments**

The following tables present the University's investments that were measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	<u>Assets at fair value as of June 30, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Cash equivalents held for reinvestment	\$ 10,567,363	—	10,567,363
Certificates of deposit	4,000,000	—	4,000,000
Fixed income	—	7,834,538	7,834,538
Corporate stocks	217,303,320	—	217,303,320
Equity funds	83,556,056	—	83,556,056
Bond investment fund	<u>43,158,798</u>	<u>—</u>	<u>43,158,798</u>
	<u>\$ 358,585,537</u>	<u>7,834,538</u>	366,420,075
Investment funds:			
Measured at NAV (or its equivalent)			<u>102,313,290</u>
Total investments			<u>\$ 468,733,365</u>



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				<b>Assets at fair value as of June 30, 2020</b>		
				<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investments:						
Cash equivalents held for reinvestment	\$	21,940,404		—		21,940,404
Certificates of deposit		7,500,000		—		7,500,000
Fixed income		—		6,400,611		6,400,611
Corporate stocks		154,474,939		—		154,474,939
Equity funds		55,003,878		—		55,003,878
Bond investment fund		41,804,448		—		41,804,448
				<u>\$ 280,723,669</u>	<u>6,400,611</u>	<u>287,124,280</u>
Investment funds:						
Measured at NAV (or its equivalent)						<u>77,551,274</u>
Total investments						<u>\$ 364,675,554</u>

The University uses the NAV to determine the fair value of all the investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments in other investment companies by major category:

June 30, 2021							
Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments	Timing of draw down commitments	Redemption terms	
Private equity and other							
Equity positions in funds with various strategies and private real estate funds and partnerships holding real estate	\$ 31,976,167	21	1–12 years	\$ 40,590,084	2–3 years	N/A*	
Equity funds (nonregistered)							
Equities in investment funds (nonregistered)	22,484,311	2	N/A	150,000	N/A	Annually with 60 days w ritten notice	
Hedge fund of funds							
Investment in various underlying hedge funds principally invested in exchange traded and over the counter securities	<u>47,852,812</u>	<u>1</u>	N/A	<u>—</u>	N/A	On last day of quarter with 90 days w ritten notice. Restrictions may limit w ithdraw al to 25%.	
				<u>\$ 102,313,290</u>	<u>\$ 40,740,084</u>		

\* These funds are in private equity structure, w ith no ability to be redeemed.

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		June 30, 2020					
	Strategy	NAV in funds	Number of funds	Remaining life	Amount of unfunded commitments	Timing of draw down commitments	Redemption terms
Private equity and other	Equity positions in funds with various strategies and private real estate funds and partnerships holding real estate	\$ 19,305,369	22	1–13 years	\$ 40,571,609	2–3 years	NA*
Equity funds (nonregistered)	Equities in investment funds (nonregistered)	19,484,897	4	NA	110,000	NA	Annually with 60 days written notice
Hedge fund of funds	Investment in various underlying hedge funds principally invested in exchange traded and over the counter securities	<u>38,761,008</u>	<u>1</u>	NA	<u>—</u>	NA	Ranges between monthly with 35 days written notice to annually with 95 days
		<u>\$ 77,551,274</u>	<u>27</u>		<u>\$ 40,681,609</u>		

\* These funds are in private equity structure, with no ability to be redeemed.

**(5) Land, Buildings, and Equipment**

The University's investments in land, buildings, and equipment, net are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. Land, buildings, and equipment, net at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 23,131,959	22,575,007
Buildings	632,157,631	619,813,595
Equipment and library books	85,364,896	79,524,027
Construction in progress	<u>17,221,652</u>	<u>15,662,983</u>
	757,876,138	737,575,612
Less accumulated depreciation	<u>(296,146,480)</u>	<u>(281,771,639)</u>
Land, buildings, and equipment, net	<u>\$ 461,729,658</u>	<u>455,803,973</u>

At June 30, 2021 and 2020, construction in progress represents ongoing construction costs associated with new construction and improvements to various University facilities on campus.

At June 30, 2021 and 2020, net investment in plant included in net assets without donor restrictions totaled \$187,545,745 and \$182,867,733, respectively. The 2021 results include a loss on disposal of fixed assets of \$3,300,800 relating to the refurbishment of campus facilities.

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**(6) Long-Term Debt**

Bonds and notes payable at June 30, 2021 and 2020 consisted of the following:

Type of financing	Average interest rate	June 30, 2021		June 30, 2020	
		Unamortized amounts	Outstanding balances*	Unamortized amounts	Outstanding balances*
CHEFA Bonds 2010-P, due 2028	4.42	\$ —	—	161,508	7,026,508
CHEFA Bonds 2016-Q-1, due 2046	4.16	5,314,436	51,914,436	5,527,013	52,127,013
CHEFA Bonds 2016-Q-2, due 2034	2.96	1,469,807	16,154,808	1,582,870	17,297,870
CHEFA Bonds 2017-R, due 2047	3.75	3,168,525	120,513,525	3,331,956	120,676,956
CHEFA Bonds 2018-S, due 2034	2.92	4,790,391	61,275,391	5,609,921	67,474,921
CHEFA Bonds 2020-T, due 2055	3.42	2,357,024	26,652,674	—	—
Capital Leases, due 2025	Variable	—	1,118,849	—	1,130,295
		<u>\$ 17,100,183</u>	<u>277,629,683</u>	<u>16,213,268</u>	<u>265,733,563</u>

\* For the CHEFA bonds, amounts are net of unamortized premiums and bond issuance costs.

The above listed CHEFA bonds financed for various campus facilities are payable in annual installments on a graduating scale.

The premiums will be amortized as reductions in interest expense over the remaining life of the bonds. The University amortized \$1,556,210 and \$1,669,766 of debt premiums and bond issuance costs to interest expense in the years ended June 30, 2021 and 2020, respectively.

The Series P bonds were issued in March 2010 to refund the outstanding balance of the Series H bonds. The Series Q-1 bonds were issued in February 2016 and the proceeds were used for the renovation and expansion of the Health Sciences Building and other various University facilities on campus. The Series Q-2 bonds were issued in March 2016 to advance refund a portion of the Series M bonds. The Series R bonds were issued in December 2017 to advance refund the outstanding balance of Series O bonds and to generate funds for the construction of a new resident hall facility and the renovation of dormitory and academic facilities. The Series S bonds were issued in April 2018 to refund the outstanding balance of Series M and N bonds. The Series T bonds were issued in September 2020 to refund the outstanding balance of Series P and to generate funds for the construction of a new convocation center and renovate various campus facilities.

Interest expense and amortization of bond premium for the years ended June 30, 2021 and 2020 was \$10,145,786 and \$9,755,400, respectively.

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The aggregate amount of principal due with respect to long-term debt (not including unamortized premiums and bond issuance costs) within each of the five fiscal years subsequent to June 30, 2021 and in total thereafter is as follows:

2022	\$	7,791,299
2023		8,156,299
2024		8,402,091
2025		8,567,219
2026		8,970,000
Thereafter		<u>218,642,592</u>
		260,529,500
Plus unamortized premiums		19,073,360
Less unamortization bond issuance costs		<u>(1,973,177)</u>
	\$	<u><u>277,629,683</u></u>

**(7) Retirement Benefits**

The University has a 403(b) defined-contribution retirement plan, which covers substantially all of its employees, other than those of the Jesuit Community, and which is funded through direct payments to the Teachers' Insurance and Annuity Association and College Retirement Equities Fund for the purchase of individual annuities. For each eligible employee, the University generally contributes an amount equal to between 8% and 10% of the employee's salary or base compensation and the employee contributes 2.5%. With respect to faculty and administrative members of the Jesuit Community, an equivalent between 8% and 10% of their salaries are paid directly to the Jesuit Community. The University contribution was lowered to 3.5%, in response to COVID-19, effective September 1, 2020 and was reinstated to pre-COVID-19 levels on July 1, 2021. Retirement contributions paid by the University and charged to operations for the years ended June 30, 2021 and 2020 were \$3,247,647 and \$6,416,190, respectively.

**(8) Endowment Funds**

Connecticut adopted the Uniform Management of Institutional Funds Act effective October 1, 2007 (CUPMIFA). This pronouncement requires disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds).

The University's endowment is an aggregation of gifts provided by donors with the requirement they be held in perpetuity to generate earnings now and in future years to support the University's programs of instruction, research, and public service. Funds are also designated by the Board of Trustees to function as endowment. Earnings from endowment investments support scholarships, chairs, professorships, fellowships, basic research, as well as academic and public service programs. The endowment should provide stability since the principal is invested and earnings are generated year after year. 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.

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To accomplish these goals, 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 primary investment objective of the endowment is to attain an average annual total return in excess of the spending rate (currently at 3.25% of the average fair market value of total endowment assets for the preceding twelve quarters, prior to the special appropriation of \$4.4 million to fund strategic initiatives in fiscal year 2021); over the long term, defined as rolling five-year periods that should be achieved within acceptable risk levels, while avoiding large short-term declines in market value. Actual returns in any given year may vary from this amount. The University targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

The Board of Trustees, after consideration of the factors provided in CUPMIFA, approved a policy that, absent specific donor-imposed directions; University management may decide to spend a portion of or the entire spending amount on funds which are underwater. For the years ended June 30, 2021 and 2020, funds were distributed in total according to the spending formula. Although CUPMIFA permits prudent spending from the individual underwater endowments, the Board of Trustees chose not to spend from those funds, if applicable, but to fund this spending from the University board-designated quasi-endowment. As of June 30, 2021, there were 2 endowments with an original value of \$260,591 that were underwater. As of June 30, 2021, the fair value of those endowments was \$117,437, and the underwater amount was \$143,154. As of June 30, 2020, the fair value of those endowments was \$7,500,797, there were 48 underwater endowments (original value \$8,130,353) and the underwater amount was \$629,556.

Assets of the endowment and quasi-endowment are pooled on a market value basis, with each individual asset subscribing to or disposing of units on the basis of the market value per unit at the end of the quarter within which the transaction takes place.

At June 30, 2021, the endowment net asset composition by type of fund consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ —	283,428,232	283,428,232
Board-designated funds	<u>181,175,932</u>	<u>—</u>	<u>181,175,932</u>
Total endowment funds	<u>\$ 181,175,932</u>	<u>283,428,232</u>	<u>464,604,164</u>

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Changes in endowment net assets for the fiscal year ended June 30, 2021 consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2020	\$ 141,184,585	215,867,340	357,051,925
Investment return:			
Investment income	3,126,225	4,668,348	7,794,573
Realized and unrealized gains, net	<u>43,616,849</u>	<u>67,070,342</u>	<u>110,687,191</u>
Total investment return	46,743,074	71,738,690	118,481,764
Contributions/transfers	2,189,772	3,094,183	5,283,955
Appropriation of endowment assets for expenditure	(8,941,499)	(7,217,040)	(16,158,539)
Other changes:			
Change in value split-interest agreement	<u>—</u>	<u>(54,941)</u>	<u>(54,941)</u>
Endowment net assets at June 30, 2021	<u>\$ 181,175,932</u>	<u>283,428,232</u>	<u>464,604,164</u>

At June 30, 2020, the endowment net asset composition by type of fund consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ —	215,867,340	215,867,340
Board-designated funds	<u>141,184,585</u>	<u>—</u>	<u>141,184,585</u>
Total endowment funds	<u>\$ 141,184,585</u>	<u>215,867,340</u>	<u>357,051,925</u>

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Changes in endowment net assets for the fiscal year ended June 30, 2020 consisted of the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2019	\$ 151,914,581	230,535,937	382,450,518
Investment return:			
Investment income	4,559,763	7,018,382	11,578,145
Realized and unrealized losses, net	<u>(10,693,775)</u>	<u>(16,195,422)</u>	<u>(26,889,197)</u>
Total investment return	(6,134,012)	(9,177,040)	(15,311,052)
Contributions/transfers	—	1,543,618	1,543,618
Appropriation of endowment assets for expenditure	(4,595,984)	(6,893,974)	(11,489,958)
Other changes:			
Change in value split-interest agreement	<u>—</u>	<u>(141,201)</u>	<u>(141,201)</u>
Endowment net assets at June 30, 2020	<u>\$ 141,184,585</u>	<u>215,867,340</u>	<u>357,051,925</u>

**(9) Net Assets**

Net assets without donor restrictions at June 30, 2021 and 2020 were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Board-designated endowment	\$ 181,175,932	141,184,585
Net investment in plant	187,545,745	182,867,733
Undesignated	<u>9,845,206</u>	<u>14,202,459</u>
Total net assets without donor restrictions	<u>\$ 378,566,883</u>	<u>338,254,777</u>

Net assets with donor restrictions at June 30, 2021 and 2020 were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Time or purpose, primarily for capital, mission related programs and scholarships	\$ 74,302,541	64,954,467
Perpetual in nature, primarily for scholarships	168,344,799	164,406,942
Accumulated return on donor-restricted endowment, net, primarily for scholarships	<u>115,083,433</u>	<u>51,460,398</u>
Total net assets with donor restrictions	<u>\$ 357,730,773</u>	<u>280,821,807</u>

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**(10) Student Financial Aid**

Student financial aid reported in the statements of activities as a reduction of tuition and fees were funded in fiscal years 2021 and 2020 from the following revenue sources:

	<u>2021</u>	<u>2020</u>
Institutional operating funds	\$ 91,177,272	86,931,935
Endowment distribution	4,158,615	4,530,960
Contributions	1,622,414	856,067
Government grants	<u>728,531</u>	<u>681,309</u>
Total student financial aid	<u>\$ 97,686,832</u>	<u>93,000,271</u>

**(11) Liquidity and Availability of Resources**

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, including capital. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as other services undertaken to support mission-related activities, including scheduled principal payments on debt and capital construction costs not financed with debt. The University includes in this analysis, the amount of funds authorized by the Board of Trustees to be distributed from the endowment. Student loans receivable are not considered to be available to meet general expenditures since principal and interest collected on these loans are used to make new loans.

In addition to financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not otherwise covered by donor-restricted resources. Refer to the statements of cash flows, which identifies the sources and uses of the University's cash and shows positive cash flows from operations for fiscal years 2021 and 2020.



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At June 30, 2021 and 2020, available financial assets and liquidity resources within one year were as follows:

	<u>Total financial assets at June 30, 2021</u>	<u>Less financial assets not available at June 30, 2021</u>	<u>Planned endowment drawdown in 2022</u>	<u>Total</u>
Financial assets available:				
Cash, cash equivalents, and restricted cash	\$ 87,771,456	(52,556,498)	—	35,214,958
Accounts receivable, net	726,419	—	—	726,419
Contribution receivable, net due within 1 year or less	14,023,382	(7,598,156)	—	6,425,226
Payout on donor-restricted endowments	—	—	7,556,677	7,556,677
Payout on board-designated endowments	—	—	4,776,241	4,776,241
Investments not subject to donor restrictions or board designations	<u>4,000,000</u>	<u>(4,000,000)</u>	<u>—</u>	<u>—</u>
Total financial assets available	106,521,257	(64,154,654)	12,332,918	54,699,521
Liquidity resources:				
Bank line of credit (no balance outstanding at June 30, 2021)	<u>40,000,000</u>	<u>—</u>	<u>—</u>	<u>40,000,000</u>
Total financial assets and other liquidity resources	<u>\$ 146,521,257</u>	<u>(64,154,654)</u>	<u>12,332,918</u>	<u>94,699,521</u>

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	<u>Total financial assets at June 30, 2020</u>	<u>Less financial assets not available at June 30, 2020</u>	<u>Planned endowment drawdown in 2021</u>	<u>Total</u>
Financial assets available:				
Cash and cash equivalents	\$ 76,579,531	(43,276,938)	—	33,302,593
Accounts receivable, net	390,775	—	—	390,775
Contribution receivable, net due within 1 year or less	17,514,360	(8,349,418)	—	9,164,942
Payout on donor-restricted endowments	—	—	7,367,705	7,367,705
Payout on board-designated endowments	—	—	4,423,360	4,423,360
Investments not subject to donor restrictions or board designations	<u>7,500,000</u>	<u>(7,500,000)</u>	<u>—</u>	<u>—</u>
Total financial assets available	101,984,666	(59,126,356)	11,791,065	54,649,375
Liquidity resources:				
Bank line of credit (no balance outstanding at June 30, 2020)	<u>20,000,000</u>	<u>—</u>	<u>—</u>	<u>20,000,000</u>
Total financial assets and other liquidity resources	<u>\$ 121,984,666</u>	<u>(59,126,356)</u>	<u>11,791,065</u>	<u>74,649,375</u>

In addition, at June 30, 2021 and 2020, the University had \$181,175,932 and \$141,184,585, respectively, of board-designated endowment funds that, with board approval, could be made available for operations.

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**(12) Operating Leases**

The University has various lease agreements, for the bookstore, printers, copiers, and other types of similar equipment, with obligations that extend through 2025. Future minimum rental payments at June 30, 2021, under agreements classified as operating leases with terms in excess of one year, are as follows:

2022		\$	264,378
2023			28,245
2024			28,128
2025			6,974
	Payments	\$	327,725

Subsequent to June 30, 2021, the University renewed the facility lease for the University bookstore for a period of 10 years. The annual lease payments are \$658,350 in years 1 through 5 and \$724,185 in years 6 through 10.

**(13) Commitments and Contingencies**

At June 30, 2021, the University had a line of credit agreement, which allows for borrowings up to \$20,000,000. The agreement expires on January 23, 2022. Interest on any borrowings is at the LIBOR rate plus 0.80%. In the event publication of the LIBOR rate ceases to be published, the agreement will be amended to replace the LIBOR rate with a LIBOR Successor Rate. There is an unused commitment fee of 0.30% per annum. There were no borrowings during the year or outstanding at June 30, 2021 or 2020.

At June 30, 2021, the University had a second line of credit agreement, which also allows for borrowings up to \$20,000,000. The agreement expires on September 30, 2023. Interest on any borrowings is at the LIBOR rate plus 1.35%. In the event publication of the LIBOR rate ceases to be published, the agreement will be amended to replace the LIBOR rate with a LIBOR Successor Rate. There is an unused commitment fee of 0.375% per annum. There were no borrowings during the year or outstanding at June 30, 2021.

The University has entered into construction-related commitments of approximately \$42,000,000 as of June 30, 2021.

The University is involved in various legal actions arising in the normal course of operations. The University is of the opinion that the resolution of these matters will not have a significant effect on the financial condition of the University.