

WRIGHT STATE UNIVERSITY
GREENE COUNTY, OHIO

SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Wright State University
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We have reviewed the *Independent Auditor's Report* of the Wright State University, Greene County, prepared by BKD, LLP, for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wright State University is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

March 02, 2021

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WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

ANNUAL REPORT AND SINGLE AUDIT REPORTS FOR FEDERAL AWARDS

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Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 15, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 15, 2020

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The following discussion and analysis provides an overview of the financial position and activities of Wright State University (University) as of and for the years ended June 30, 2020 and 2019 with selected comparative information for the year ended June 30, 2018. The discussion contains highly summarized information and should be read in conjunction with the accompanying financial statements and footnotes, which follow this section.

Using the Annual Report

This annual report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements were prepared by management in accordance with principles established by the Governmental Accounting Standards Board (GASB). In conformance with those principles, the Wright State University Foundation (the Foundation) and the Wright State Applied Research Corporation (WSARC) have been determined to be component units of the University. The statements and selected notes for the Foundation and WSARC are discretely (separately) presented with the University's financial statements. Management's Discussion and Analysis relates only to the University and not to the Foundation or to WSARC unless specifically noted.

The Statement of Net Position presents the financial position of the University as of June 30th by reporting all assets, liabilities, deferred inflows of resources and deferred outflows of resources of the University. The University's net position is the residual after subtracting liabilities and deferred inflows of resources from the sum of assets and deferred outflows of resources. Net position is one indicator of the overall financial condition of the University.

The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.

The Statement of Cash Flows presents detailed information about cash inflows and cash outflows during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to meet cash obligations when due.

Financial Highlights for Fiscal Year Ended June 30, 2020

- In response to the COVID-19 emergency, the State of Ohio issued shelter-in-place orders and other measures that limited business operations and public gatherings. As a result, the University moved instruction to a remote delivery model in March 2020. These actions resulted in a decline in revenue from the University's auxiliary operations including housing, food, and parking services. In addition, certain athletic and entertainment events were either cancelled or postponed.
- With passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES) and Congressional appropriations toward the Higher Education Emergency Relief Fund (HEERF), the University received grant funds of \$10.1 million. Conditions of the award require 50% to be used for emergency financial aid grants to students and 50% to be used to support any institutional costs associated with significant changes to the delivery of instruction due to COVID-19. During fiscal year 2020, the University awarded \$4.5 million to students as emergency financial aid grants and was reimbursed \$1.7 million for housing, meal plan and parking refunds associated with the Spring semester. The funding is reflected in nonoperating revenue federal grants in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

- The University's net position improved \$16.4 million during fiscal year 2020. Of that amount, \$12.3 million is attributable to improvements in operations and \$4.1 million is attributable to the effects of GASB 68 & 75, pension and other postemployment benefits (OPEB).
- Overall operating revenues declined 9.8% or \$20.4 million in 2020 vs. 2019. Tuition and fee revenue (net) declined \$9.3 million, primarily the result of a decline in student headcount of 1,816 in fall 2019 from fall 2018 (15,558 to 13,742).
- Operating expenses increased \$1.8 million in 2020 over 2019, of which an \$8.0 million reduction resulting from cost cutting measures across the University was more than offset by a \$9.8 million increase attributable to pension and OPEB adjustments. This resulted in a decrease in overall performance of \$11.2 million in 2020 vs. 2019.
- Non-operating revenues/expenses increased \$.7 million in 2020 primarily due to reductions in state appropriations, gifts, and investment income more than offset by increases in state and federal grants and other, along with reduced interest expense.
- The University developed a voluntary, enhanced retirement option for retirement-eligible faculty during 2020. The plan, referred to as the Faculty Voluntary Retirement Incentive Program (FVRIP) resulted in 35 retirements.

Financial Highlights for Fiscal Year Ended June 30, 2019

- The University's net position improved \$27.6 million during fiscal year 2019. Of that amount, \$13.6 million is attributable to improvements in operations and \$14.0 million is attributable to the effects of GASB 68 & 75 (pension and OPEB).
- Overall operating revenues declined 4.2% or \$9.0 million in 2019 vs. 2018. Tuition and fee revenue (net) declined \$9.5 million, primarily the result of a decline in student headcount of 1,550 in fall 2018 from fall 2017 (17,108 to 15,558).
- Operating expenses increased \$42.3 million in 2019 over 2018, of which a \$25.5 million reduction resulting from cost cutting measures across the University was more than offset by a \$67.8 million increase attributable to pension and OPEB adjustments. This resulted in an overall decrease in performance of \$61.0 million in 2019 vs. 2018.
- Non-operating revenues/expenses declined \$5.5 million in 2019 primarily due to reductions in state appropriations, state and federal grants, gifts, and other partially offset by increases in investment income and reduced interest expense.
- The National Association of College and University Business Officers updated Advisory Guidance 18-03 in November 2018 for the Federal Perkins Loan Program close-out. The portion of the University's net position in the Perkins loan fund related to the federal government's contributions was reclassified in fiscal year 2019 to a liability. This expense of \$8.6 million displays separately on the Statement of Revenues, Expenses and Changes in Net Position.

Statement of Net Position

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 is as follows:

	2020	2019	2018
	(All dollar amounts in thousands)		
Current assets	\$ 110,356	\$ 99,646	\$ 76,220
Noncurrent assets:			
Capital assets, net	338,018	345,971	356,752
Other	27,306	29,353	21,090
Deferred outflows of resources	<u>41,663</u>	<u>66,341</u>	<u>69,553</u>
Total assets and deferred outflows	<u>517,343</u>	<u>541,311</u>	<u>523,615</u>
Current liabilities	58,536	65,042	64,901
Noncurrent liabilities	287,206	334,575	363,003
Deferred inflows of resources	<u>74,761</u>	<u>61,286</u>	<u>42,938</u>
Total liabilities and deferred inflows	<u>420,503</u>	<u>460,903</u>	<u>470,842</u>
Net position:			
Net investment in capital assets	272,090	274,794	277,923
Restricted	13,574	15,714	14,721
Unrestricted	<u>(188,824)</u>	<u>(210,100)</u>	<u>(239,871)</u>
Total net position	<u>\$ 96,840</u>	<u>\$ 80,408</u>	<u>\$ 52,773</u>

Assets and Deferred Outflows of Resources

Current assets, comprised primarily of cash and cash equivalents, student and sponsor receivables, prepaid expenses, and advanced charges increased \$10.7 million in 2020, which is primarily the result of an increase in cash and cash equivalents of \$10.3 million and receivables \$.8 million offset by reductions in advanced charges of \$.4 million. In 2019, current assets increased by \$23.4 million. Cash increased \$24.4 million during 2019, and short-term investments decreased \$.8 million.

Capital assets, net of depreciation decreased \$8.0 million in 2020 to \$338.0 million. Additions of \$13.1 million were offset by \$20.1 million in depreciation, less retirements of \$.9 million. In 2019 capital assets decreased \$10.8 million to \$346.0 million. Routine moveable equipment and library acquisitions were also made during both years.

Other noncurrent assets are comprised of restricted cash and cash equivalents, long-term investments, noncurrent student loans receivable, noncurrent prepaid expenses, and other postemployment benefit assets. Other noncurrent assets decreased \$2.0 million in 2020 due to decreases in student loan receivables of \$1.1 million and in other postemployment benefits asset of \$.7 million, as well as a decrease in restricted cash and cash equivalents of \$.3 million related to unspent bond proceeds returned in fiscal 2020. In 2019 other noncurrent assets increased \$8.3 million, due to an other postemployment benefits asset of \$9.7 million partially offset by a decrease in student loan receivables of \$1.4 million.

Deferred outflows of resources represent consumption of resources that does not require a further exchange transaction of goods and services and is applicable to a future reporting period. For 2020 deferred outflows declined \$24.7 million driven largely by the change in pension related balances from \$61.6 million to \$33.8 million. In 2019 deferred outflows of resources included unamortized loss from the refunding of debt in 2013 of \$.3 million, pension related balance of \$61.6 million, and OPEB related balance of \$4.5 million.

Total assets and deferred outflows of resources decreased \$24.0 million in 2020 as compared to an increase of \$17.7 million in 2019. These fluctuations are driven mainly by the inclusion of the pension and OPEB related accounting standards.

Liabilities and Deferred Inflow of Resources

Current liabilities are comprised of accounts payable; accrued and other liabilities; unearned revenues from both student fees and advance payments for contracts and grants; refunds, and the current portion of noncurrent liabilities. Current liabilities decreased \$6.5 million 2020 to \$58.5 million. Decreases included \$3.2 million in the current portion of noncurrent liabilities, \$1.8 million in accounts payable, \$.8 million in unearned revenue, and \$.7 million in accrued liabilities. \$3.2 million of the decrease in the current portion of noncurrent liabilities occurred in the Perkins Loan Program, as funds were returned to the federal government as required as part of the Perkins Loan Program close-out. Current liabilities were relatively unchanged at \$65.0 million in 2019 vs. 2018.

Noncurrent liabilities are comprised of unearned revenue, net pension liability, OPEB, refundable advances for Federal Perkins loans, capital lease, and other noncurrent liabilities including compensated absences, an accrual for voluntary retirement incentive programs, and the noncurrent portion of University debt. Noncurrent liabilities declined by \$47.4 million in 2020 vs. 2019 driven largely by a reduction of \$43.0 million in pension and OPEB liabilities and \$4.4 million in other noncurrent liabilities. The reduction in the pension and OPEB liabilities was primarily due to a reduction in the University's proportionate share of the pension liabilities combined with improved investment performance for both the State Teachers Retirements System of Ohio (STRS) and Ohio Public Employees Retirement System (OPERS) pension plans. The decline in other noncurrent liabilities includes \$5.9 million in bonds and notes payable and \$.5 million in compensated absences partially offset by an increase of \$2.0 million for employee severance, due to the 2020 Faculty Voluntary Retirement Program.

In 2019 these balances declined by \$28.4 million to \$334.6 million at June 30, 2019. This decrease was primarily attributable to a reduction of \$25.8 million in pension and OPEB liabilities and \$6.4 million in other noncurrent liabilities, offset by the addition of \$4.2 million for the Federal Perkins loans.

Deferred inflows of resources represent an acquisition of resources that does not require a further exchange of goods and services and is applicable to a future reporting period. In 2020 deferred inflows for pensions increased \$10.0 million, mostly attributed to adjustments related to improved investment performance for OPERS and the reduction in the University's proportionate share of the STRS pension plan balance. OPEB contributed a \$3.4 million increase to deferred inflows.

In 2019, the deferred inflows of resources related to pension increased \$3.3 million from \$36.7 million at June 30, 2018 to \$40.0 million at June 30, 2019. These increases were mostly attributed to adjustments related to the reduction in the University's proportionate share of the STRS pension plan balances. OPEB contributed a \$15.2 million increase to deferred inflows.

Net Position

Net position represents the remaining balance of the University's assets after adding deferred outflows of resources and deducting liabilities and deferred inflows of resources. The University's net position improved \$16.4 million in 2020 over 2019. The improvement during the year is attributed to \$12.3 million in operational improvements and \$4.1 million to pension and OPEB adjustments.

The University's net position improved \$27.6 million in 2019 over 2018, with \$13.6 million in operational improvements and \$14.0 million from pension and OPEB adjustments.

A more detailed summary of the University's net position as of June 30 is as follows:

	2020	2019	2018
	(All dollar amounts in thousands)		
Net investment in capital assets	\$ 272,090	\$ 274,794	\$ 277,923
Restricted expendable	13,574	15,714	14,721
Unrestricted:			
Designated	(154,075)	(160,930)	(182,098)
Undesignated	(34,749)	(49,170)	(57,773)
Total net position	<u>\$ 96,840</u>	<u>\$ 80,408</u>	<u>\$ 52,773</u>

Net investment in capital assets represents the University's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. The decline of \$2.7 million in 2020 occurred across all asset categories as depreciation expense outpaced capital improvements. Fiscal 2020 also included disposals of a few structures scheduled for demolition as well as construction in progress. In 2019 net investment in capital assets declined \$3.1 million.

Restricted expendable net position represents funds externally restricted to specific purposes, such as student loans or sponsored projects. The majority of the restricted expendable balance, excluding the OPEB asset, represents funds restricted for student loans. The decrease of \$2.1 million in 2020 is the result of a decrease of \$1.4 million in student loan funds and a decrease of \$0.7 million in other postemployment benefit. The student loan fund decreases occurred primarily in the Nursing Student Loans, \$0.5 million. In fiscal 2019, a \$9.7 million balance appeared related to OPEB for STRS for which there was a corresponding noncurrent asset. The increase of \$1.0 million in 2019 resulted from the addition of the \$9.7 million other postemployment benefit partially offset by reclassifying \$8.7 million Perkins loan program Federal contributions ultimately refundable to the government to a new liability.

Unrestricted net position represents the portion of net position that is not subject to external restrictions. The University may designate these funds internally for various academic, research, student aid, and capital purposes. Unrestricted net position increased \$21.3 million in 2020 over 2019 and increased \$29.8 million in 2019 vs. 2018 (see table below).

GASB 68 and GASB 75 have had a significant effect on the University's unrestricted net position. The cumulative impact of the implementation of the pension and OPEB standards is (\$247.3) million and (\$252.1) million for 2020 and 2019, respectively, as presented in the following table:

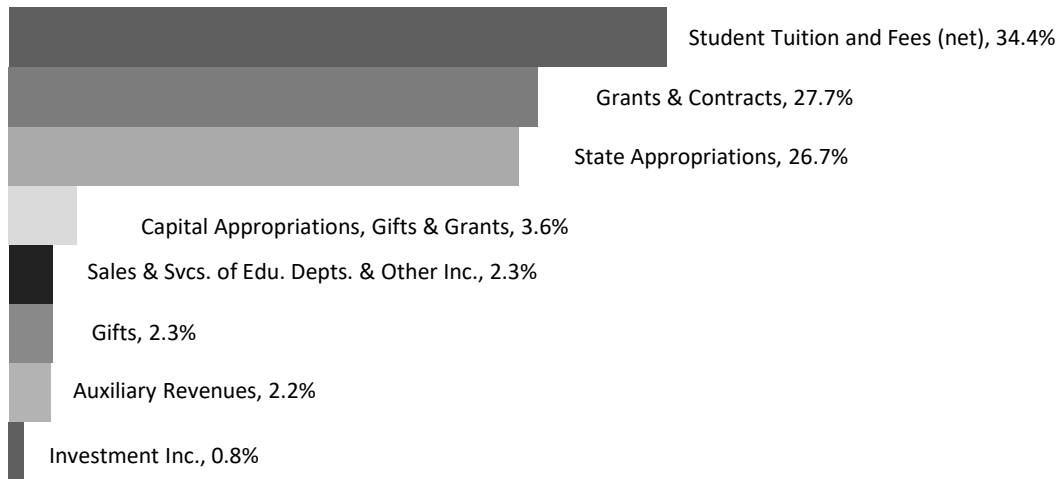
	2020	2019	2018
	<u>(All dollar amounts in thousands)</u>		
Unrestricted net position			
Balance before reporting for pensions & OPEB	\$ 58,436	\$ 42,000	\$ 16,525
Impact of implementation of pension & OPEB standards			
Deferred outflows of resources - pensions & OPEB	41,397	66,046	69,227
Net pension & OPEB liability	(213,896)	(256,860)	(282,685)
Deferred inflows of resources - pensions & OPEB	<u>(74,761)</u>	<u>(61,286)</u>	<u>(42,938)</u>
Net impact of implementation of pension & OPEB	<u>(247,260)</u>	<u>(252,100)</u>	<u>(256,396)</u>
Total unrestricted net position	<u>\$ (188,824)</u>	<u>\$ (210,100)</u>	<u>\$ (239,871)</u>

Statements of Revenues, Expenses and Changes in Net Position

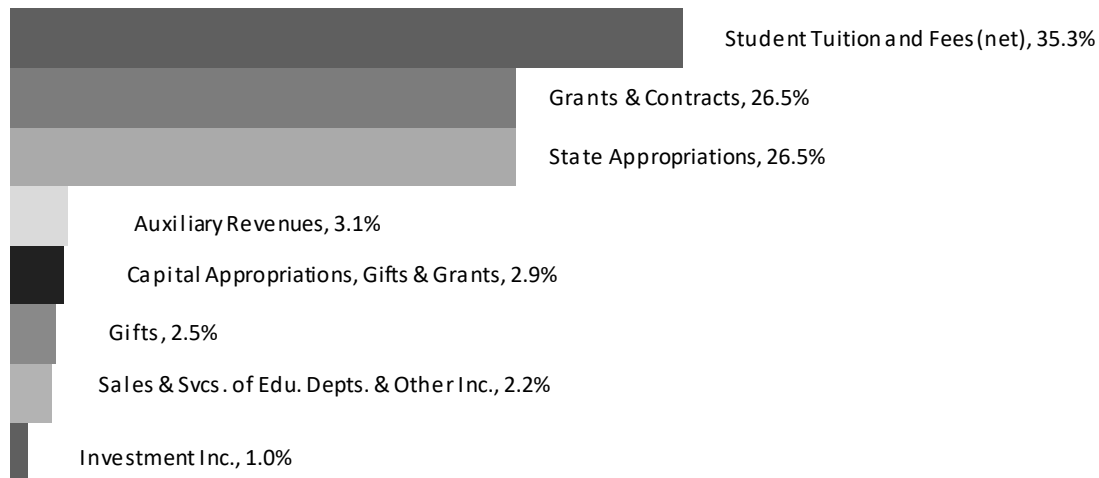
The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University. A summary of the University's revenues, expenses and changes in net position for the years ended June 30 is as follows:

	2020	2019	2018
	<u>(All dollar amounts in thousands)</u>		
Operating revenues:			
Student tuition & fees - net	\$ 111,104	\$ 120,379	\$ 129,882
Grants and contracts	62,190	69,632	69,142
Sales and services	3,670	3,826	3,953
Auxiliary enterprises	6,988	10,575	11,067
Other	<u>3,698</u>	<u>3,677</u>	<u>3,069</u>
Total	187,650	208,089	217,113
Operating expenses	<u>303,686</u>	<u>301,927</u>	<u>259,665</u>
Operating loss	(116,036)	(93,838)	(42,552)
Nonoperating revenues (expenses):			
State appropriations	86,249	90,492	91,056
Federal grants	23,008	17,676	19,618
State grants	4,028	3,201	4,384
Gifts	7,426	8,652	10,760
Investment income	2,612	3,395	2,255
Interest expense	(2,606)	(2,872)	(3,145)
Other revenue (expense)	171	(398)	757
Capital appropriations	9,087	8,388	4,268
Capital grants and gifts	2,493	1,587	1,207
Reclassification of restricted net position to a liability (termination of the Perkins Loan program)		<u>(8,648)</u>	
Total	<u>132,468</u>	<u>121,473</u>	<u>131,160</u>
Increase in net position	16,432	27,635	88,608
Net position - beginning of year	<u>80,408</u>	<u>52,773</u>	<u>(35,835)</u>
Net position - end of year	<u>\$ 96,840</u>	<u>\$ 80,408</u>	<u>\$ 52,773</u>

Revenues by source for the year ended June 30, 2020.



Revenues by source for the year ended June 30, 2019.



Operating Revenues

Overall operating revenues declined \$20.4 million or 9.8% in 2020 vs. 2019, from \$208.1 million to \$187.7 million. The largest factor was a decline in tuition and fee revenue (net) of \$9.3 million or 7.7%. Student headcount for Fall 2019 declined 1,816 from Fall 2018 (15,558 to 13,742) but was somewhat offset by an increase in tuition rates as noted below. Headcount enrollment was 17,108 in Fall 2017.

Student tuition and fees, net were \$111.1 million, \$120.4 million and \$129.9 million, in 2020, 2019, and 2018, respectively, which resulted in a 7.7% decrease from 2019 to 2020 and a 7.3% decrease from 2018 to 2019. Fee rates for continuing resident undergraduate students increased in fiscal 2020 by 2% vs. 2019. The tuition rate for the new Wright Guarantee Cohort (Cohort 2) increased by 3.5% over the rate for Cohort 1 and will remain unchanged for four years. Graduate and non-resident fee rates were unchanged

from 2019 with the exception of a 3% increase for Professional Psychology. Tuition revenue before the application of scholarships (financial aid applied to students' bills) in 2019 was down \$13.2 million, or 7.6%, from 2018.

Grants and contracts totaled \$62.2 million in 2020 vs. \$69.6 million in 2019 and \$69.1 million in 2018. Operating grants and contracts income fluctuates as individual awards begin and end, as well as the extent to which awards include capital expenditures displayed as nonoperating revenues. Combined operating and nonoperating grants and contracts income as a percent of total income increased 1.4% from 26.5% in 2019 to 27.7% in 2020.

Sales and services, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were \$3.7 million, \$3.8 million, and \$4.0 million, for the years ended June 30, 2020, 2019, and 2018, respectively. Over half of these revenues are generated by the Boonshoft School of Medicine, student health clinic, and telecommunications.

Auxiliary revenues were \$7.0 million, \$10.6 million, and \$11.1 million, for the years ended June 30, 2020, 2019, and 2018, respectively. Auxiliary enterprises are comprised of residence life and housing, bookstores, hospitality (dining and catering) services, vending, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center. In 2020, all auxiliary services experienced declines with the greatest in hospitality services and the Nutter Center due to COVID and shelter-in-place restrictions.

Other operating revenues include rebates, administrative fees, and other miscellaneous revenues. In fiscal 2020, these revenues remained relatively stable.

Nonoperating Revenues

State appropriations decreased \$4.2 million in 2020 from \$90.5 million in 2019 to \$86.2 million. This 4.7% decline was partly due to the State's COVID response in reducing State Share of Instruction. State appropriations decreased \$.6 million in 2019 from \$91.1 million in 2018. Although the accounting standards classify state appropriations as a nonoperating revenue source in the financial statements, the University continues to manage state funding as an operating revenue item because it is intended to support instructional activities.

Investment income declined \$.8 million to \$2.6 million in 2020 from \$3.4 million in 2019. The \$.8 million decrease in 2020 largely resulted from COVID market disruptions and Federal Reserve rate cuts that negatively impacted yields on working capital investments. The University experienced investment revenue of \$2.3 million in 2018. The \$1.1 million increase in 2019 was largely attributable to increased investment balances due to the University's strengthening net cash position and reduction in bank cash on hand.

Federal grants and state grants have been primarily composed of restricted funding for Pell, SEOG (Supplemental Educational Opportunity Grant), and OCOG (Ohio College Opportunity Grants) programs. In fiscal 2020, CARES Act funding was also added here, as part of the federal government's response to COVID. These grants were \$27.0 million in 2020, \$20.9 million in 2019, and \$24.0 million in 2018.

Gifts revenues, all of which are received through the Foundation, decreased \$1.3 million from \$8.7 million in 2019 to \$7.4 million in 2020. The largest decreases were in the areas of Advancement and Recruitment. Gifts decreased \$2.1 million in 2019 from \$10.8 million in 2018.

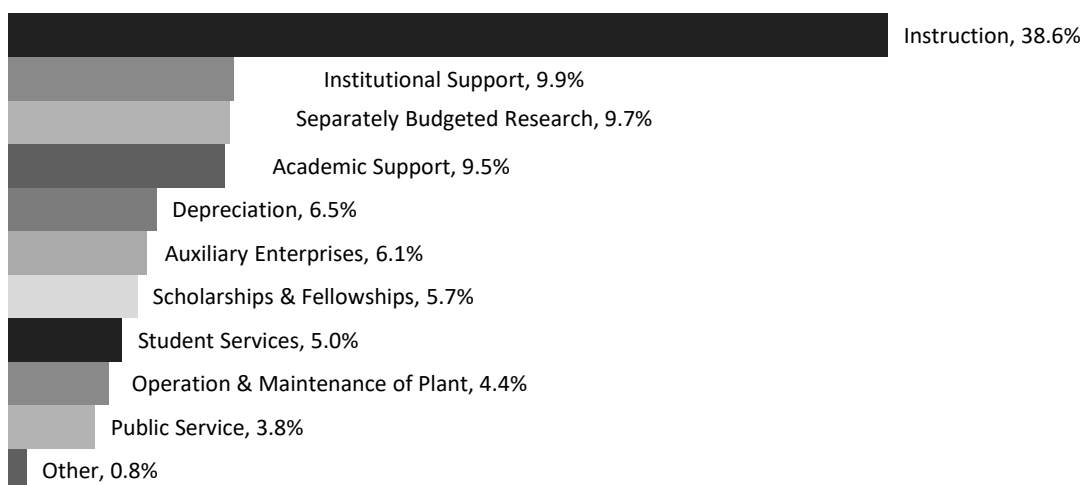
Capital Appropriations, Gifts and Grants were \$11.6 million in 2020 vs. \$10.0 million in 2019 and \$5.5 million in 2018. The change in capital appropriations is dependent on the level of authorized construction activity. Large projects in 2020 included roof renewal and replacement (\$4.3 million), instructional lab modernization and maintenance (\$1.0 million), elevator upgrades (\$1.0 million), campus energy efficiency and controls (\$.8 million), paving and grounds (\$.7 million), Lake Campus infrastructure and shoreline (\$.4 million) and Lake Campus Connector to the Andrews Building (\$.2 million).

Expenses

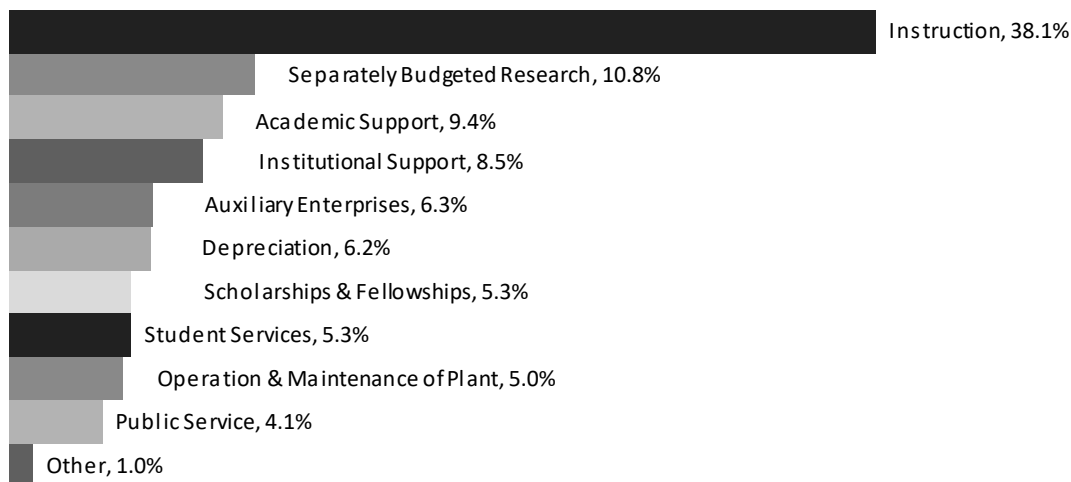
A summary of the University's expenses for the years ended June 30 is as follows:

	2020	2019	2018
	(All dollar amounts in thousands)		
Operating expenses			
Instruction and departmental research	\$ 119,868	\$ 121,606	\$ 131,563
Separately budgeted research	30,219	34,447	35,496
Public service	11,851	12,959	14,148
Academic support	29,485	29,995	35,345
Student services	15,481	16,836	17,351
Institutional support	30,647	27,067	30,853
Operation and maintenance of plant	13,549	16,070	16,952
Scholarships and fellowships	17,797	16,850	18,951
Auxiliary enterprises	18,828	20,130	20,002
Pension and OPEB	(4,143)	(13,959)	(81,734)
Depreciation	20,104	19,926	20,738
Total operating expenses	<u>303,686</u>	<u>301,927</u>	<u>259,665</u>
Nonoperating expenses			
Interest on capital asset-related debt	2,606	2,872	3,145
Other nonoperating (revenues)/expenses	<u>(171)</u>	<u>398</u>	<u>(757)</u>
Total nonoperating expenses	<u>2,435</u>	<u>3,270</u>	<u>2,388</u>
Total expenses	<u>\$ 306,121</u>	<u>\$ 305,197</u>	<u>\$ 262,053</u>

The following is a graphical illustration of expenses by function, excluding pension and OPEB, for the year ended June 30, 2020.



The following is a graphical illustration of expenses, excluding pension and OPEB and reclassification of restricted net position to a liability for Perkins Loan Program termination, by function for the year ended June 30, 2019.



Total operating expenses were \$303.7 million in 2020 vs. \$301.9 million in 2019 and \$259.7 million in 2018. Operating expenses increased \$1.8 million in 2020 over 2019, of which an \$8.0 million decrease in operations was more than offset by a \$9.8 million increase attributable to pension and OPEB adjustments. The \$42.3 million increase in 2019 was a combination of a \$25.5 million decrease in operations which was more than offset by a \$67.8 million increase attributable to pension and OPEB adjustments. Salaries and wages represent the largest part of the University's expenses at approximately half of both 2020 and 2019 total operating expenses, excluding the impact of pension and OPEB adjustment.

Nonoperating expenses chiefly relate to capital assets including interest expense on capital assets-related debt and gains/losses on the disposition of capital assets. Nonoperating expenses were \$2.4 million in 2020, \$3.3 million in 2019, and \$2.4 million in 2018. Fiscal 2020 was comprised of a decrease of \$.3 million for capital assets-related debts and a \$.6 million decrease in other nonoperating. One contributing factor for the \$.6 million decrease in 2020 other nonoperating was the \$.6 million recorded loss upon sale of the Kettering Center in 2019.

Statements of Cash Flows

The Statement of Cash Flows also provides information about the University's financial health by reporting the cash receipts (inflows) and cash payments (outflows) of the University during the year.

A summary of the Statements of Cash Flows is as follows:

	2020	2019	2018
	(All dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	\$ (99,624)	\$ (89,950)	\$ (108,209)
Noncapital financing activities	116,046	119,815	126,835
Capital and related financing activities	(9,152)	(9,599)	(11,097)
Investing activities	2,758	4,125	7,113
Net increase in cash and cash equivalents	10,028	24,391	14,642
Cash and cash equivalents-beginning of year	63,424	39,033	24,391
Cash and cash equivalents-end of year	<u>\$ 73,452</u>	<u>\$ 63,424</u>	<u>\$ 39,033</u>

Total cash and cash equivalents increased \$10.0 million in 2020 as compared to a \$24.4 million increase in 2019. Net cash outflow for operating activities increased by \$9.7 million from \$90.0 million in 2019 to \$99.7 million in 2020. Cash from operating revenues declined \$21.8 million mainly due to a reduction in

tuition receipts of \$11.9 million and a reduction in grant and contract revenue of \$5.5 million. Payments for salaries and benefits declined \$16.2 million. Payments to suppliers increased \$3.5 million. There was also an increase of \$0.9 million for scholarships and fellowships. Cash inflow for noncapital financing activities came down \$3.8 million, primarily due to a decrease of \$4.2 million in state appropriations. Cash outflow for capital and related financing activities declined \$0.5 million mostly as a result of an increase in capital appropriations and capital grants and gifts of \$3.2 million combined with a reduction in principal paid on capital debt and leases of \$2.0 million partially offset by larger outflows for purchases of capital assets of \$5.0 million. Cash inflows from investing activities declined \$1.4 million as the University continued to rely less on cash flows from investments to fund operations.

Total cash and cash equivalents increased \$24.4 million in 2019 as compared to a \$14.6 million increase in 2018. Net cash outflow for operating activities decreased by \$18.2 million from \$108.2 million in 2018 to \$90.0 million in 2019. Cash from operating revenues declined \$11.6 million mainly due to a reduction in tuition receipts. Payments for salaries and benefits declined \$20.4 million. Cash outflow for capital and related financing activities declined \$1.5 million mostly as a result of an increase in capital appropriations from the State of Ohio of \$3.2 million partially offset by larger outflows for purchases of capital assets of \$2.2 million. Cash inflows from investing activities declined \$3.0 million in fiscal 2019 as the University continued to rely less on cash flows from investments to fund operations.

Capital Assets and Debt

Capital Assets The University's investment in capital assets was \$338.0 million net of accumulated depreciation of \$369.1 million at June 30, 2020 as compared to \$346.0 million at June 30, 2019 and \$356.8 million at June 30, 2018. Depreciation expense for the years ended June 30, 2020, 2019 and 2018 was \$20.1 million, \$19.9 million and \$20.7 million, respectively.

A summary of net capital assets for the year ended June 30 is as follows:

	2020	2019	2018
	(All dollar amounts in thousands)		
Land, land improvements and infrastructure	\$ 36,428	\$ 37,413	\$ 39,414
Buildings	278,416	282,344	288,517
Machinery and equipment	11,718	13,090	14,678
Library books and publications	11,456	12,815	13,834
Construction in progress		309	309
Total capital assets - net	\$ 338,018	\$ 345,971	\$ 356,752

Depreciation expense and retirement of assets has exceeded the growth in assets over the last three years. During 2020, major projects included \$4.2 million for Roof Renewal and Replacement and \$0.9 million for Instructional Lab Modernization and Maintenances. In 2019 major projects included \$2.1 million for the Lake Campus Andrews Hall Connector and \$1.6 million at the Dayton Campus Student Union for the Veterans and Workforce Gateway project. During 2018, major projects included \$2.8 million for the Lake Campus Agriculture and Water Quality Education Center and \$1.2 million for remodeling in the Student Union, Creative Arts building and the Library. Minor construction projects and acquisitions of machinery and equipment as well as library books and publications also occurred during the year.

Debt As of June 30, 2020, bonds, lease and notes payable totaled \$66.0 million vs. \$71.8 million as of June 30, 2019 and \$79.5 million as of June 30, 2018. The 2020 balance was comprised of \$50.6 million of general obligation bonds, \$14.4 million in outstanding notes and \$1.0 million capital lease. The 2019 balance was comprised of \$54.6 million of general obligation bonds, \$16.1 million in outstanding notes and \$1.1 million capital lease. The 2018 balance of \$79.5 million includes \$60.6 million of outstanding bonds, \$17.7 million of outstanding notes and \$1.2 million capital lease. In 2018 the University entered into a capital lease of \$1.3 million for the Lake Campus Agriculture and Water Quality Education Center. On February 14, 2019, Moody's Investors Service issued a comment indicating the University's resolution of the faculty strike was credit positive, eliminating near term operational risks. On July 30, 2018, Moody's

Investors Service issued a credit opinion updating its credit analysis of the University confirming the Baa2 rating with a negative outlook.

Future Economic Factors / Concluding Thoughts

The pandemic has accentuated the challenges of declining enrollment among almost all institutions of higher education. Headcount enrollment declined 11% from 13,742 in fall 2019 to 12,234 in fall 2020 (fiscal 2021). The University's remediation efforts successfully reduced the operating expenditures by \$48 million in 2018, \$26 million in 2019, and \$8 million in 2020. An additional reduction of \$12 million in operating expenses has been targeted for fiscal 2021.

The University is leveraging its already affordable tuition through continuation of a four-year tuition guarantee program. This will promote timely graduation, increase degree completion and lower the cost of the student's degree. The guarantee program also enhances tuition revenue with each entering cohort of new students. The State of Ohio passed a biennial budget in July 2019 that included authority to increase undergraduate fees for continuing students by 2% for each year of the biennium, and to increase fees in the tuition guarantee program by 2% plus a factor for inflation in each year of the biennium. The tuition rate for the third cohort was increased by 4% and will be locked in for four years. Wright State continues to maintain its cost competitiveness by having the fourth lowest annualized full-time guaranteed undergraduate tuition rate of the fourteen public universities in Ohio.

The State of Ohio establishes a pool of funds, State Share of Instruction (SSI), to subsidize instruction at the 14 state institutions of higher education. The University's share fluctuates based on degree and course completions. While there are additional influences and factors affecting the actual allocation of the subsidy, the formula promotes the importance of the academic success of the student.

As a result of the pandemic's impact on Ohio's economy, the State reduced the SSI budget which resulted in a \$3.3 million reduction in the University's fourth quarter allocation. SSI is expected to be reduced by \$3.6 million for fiscal year 2021 however, it should be noted the reduction could be larger than anticipated should the impact of the pandemic on the state's economy worsen through the year.

Susan Edwards, Ph.D took office on January 1, 2020 as the eighth president of Wright State University and immediately aligned all operational efforts on recruitment, retention, and relationships. The importance of stabilizing enrollment and improving retention are key to economic stability and have become both more important and more challenging given the disruption to higher education resulting from the pandemic.

For Wright State, like other universities across the nation, responding to the COVID-19 pandemic was one of the most significant challenges in 2020. The University swiftly responded to the challenge by pivoting to remote instruction in the Spring while planning for the possibility of mostly remote instruction in Summer and Fall terms.

With the support of the University's Board of Trustees, President Edwards has initiated efforts focused on restructuring the administrative and academic footprint to meet the needs of the students and the region in a sustainable manner. Various administrative offices are being transformed to generate efficiencies and savings. A new health college is on the precipice of being launched and other college structures are being evaluated. The University continues its textbook affordability program that encourages faculty to use more affordable textbook options when possible, making college more affordable and improving the likelihood of student retention. Investments have been made in our infrastructure to continue to deliver the highest quality education in traditional, remote and online formats.

The higher education industry is going through a transformation accelerated by the pandemic and Wright State recognizes that challenge and is working toward continuing its tradition of excellence in this rapidly changing landscape.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 73,451,704	\$ 63,143,048
Accounts receivable (net of allowance for doubtful accounts of \$1,770,000 in 2020 and 2019)	31,593,293	29,945,314
Loans receivable (net of allowance for doubtful loans of \$3,181,000 in 2020 and \$3,170,000 in 2019)	1,780,164	2,652,586
Inventories	99,816	132,288
Prepaid expenses	1,226,605	1,130,677
Advanced charges	2,204,391	2,642,402
Total current assets	110,355,973	99,646,315
Noncurrent assets:		
Restricted cash and cash equivalents	-	281,098
Loans receivable (net of allowance for doubtful loans of \$48,000 in 2020 and \$59,000 in 2019)	4,736,454	5,861,718
Net other postemployment benefits asset	8,966,960	9,662,866
Other assets	391,562	201,975
Other long-term investments	13,211,478	13,345,266
Capital assets, net	338,018,241	345,970,979
Total noncurrent assets	365,324,695	375,323,902
Total assets	475,680,668	474,970,217
Deferred outflows of resources:		
Bond refunding	265,565	295,073
Pension related	33,802,670	61,575,460
Other postemployment benefits related	7,594,398	4,470,362
Total assets and deferred outflows of resources	\$ 517,343,301	\$ 541,311,112
Current liabilities:		
Accounts payable trade and other	\$ 8,930,701	\$ 10,779,017
Accrued liabilities	12,276,467	12,964,196
Unearned revenue	22,768,422	23,523,178
Refunds and other liabilities	909,228	941,858
Current portion of noncurrent liabilities (other than unearned revenue)	13,651,453	16,833,315
Total current liabilities	58,536,271	65,041,564
Noncurrent liabilities:		
Unearned revenue	805,403	960,605
Refundable advances for Federal Perkins loans	4,352,775	4,168,964
Net pension liability	173,751,935	215,022,234
Net other postemployment benefits liability	40,144,542	41,837,509
Other noncurrent liabilities	68,151,491	72,585,451
Total noncurrent liabilities	287,206,146	334,574,763
Deferred inflows of resources:		
Pension related	49,838,249	39,799,031
Other postemployment benefits related	24,922,371	21,487,334
Total liabilities and deferred inflows of resources	420,503,037	460,902,692
Net Position:		
Net investment in capital assets	272,089,985	274,793,760
Restricted - expendable:		
Instruction and departmental research	22,113	18,258
Separately budgeted research	1,949	148
Institutional support	762	4,310
Loans	4,582,568	6,028,916
Other postemployment benefits - STRS	8,966,960	9,662,866
Unrestricted	(188,824,073)	(210,099,838)
Total net position	96,840,264	80,408,420
Total liabilities and deferred inflows of resources and net position	\$ 517,343,301	\$ 541,311,112

The accompanying notes are an integral part of these financial statements.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$39,017,000 in 2020 and \$39,418,000 in 2019)	\$ 111,104,069	\$ 120,379,010
Federal grants and contracts	26,040,737	30,439,372
State grants and contracts	5,532,594	8,212,753
Local grants and contracts	359,161	437,185
Nongovernmental grants and contracts	30,256,967	30,542,610
Sales and services	3,670,198	3,825,656
Auxiliary enterprises sales (net of scholarship allowances of \$2,524,000 in 2020 and \$2,362,000 in 2019)	6,988,339	10,575,442
Other operating revenues	3,697,987	3,677,036
Total operating revenues	187,650,052	208,089,064
OPERATING EXPENSES		
Educational and general:		
Instruction and departmental research	119,868,048	121,606,459
Separately budgeted research	30,219,480	34,447,005
Public service	11,851,491	12,959,320
Academic support	29,485,237	29,994,949
Student services	15,480,927	16,836,463
Institutional support	30,647,039	27,066,858
Operation and maintenance of plant	13,549,354	16,069,626
Scholarships and fellowships	17,797,439	16,849,529
Total educational and general	268,899,015	275,830,209
Auxiliary enterprises	18,827,853	20,130,248
Pension and OPEB	(4,144,351)	(13,958,734)
Depreciation	20,103,640	19,925,512
Total operating expenses	303,686,157	301,927,235
Operating loss	(116,036,105)	(93,838,171)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	86,249,156	90,491,687
Federal grants	23,007,874	17,676,104
State grants	4,028,082	3,200,579
Gifts	7,426,225	8,652,000
Investment income (net of investment expenses of \$48,500 in 2020 and \$47,000 in 2019)	2,612,486	3,395,631
Interest on capital asset-related debt	(2,606,279)	(2,872,441)
Other nonoperating revenues (expenses)	170,433	(396,842)
Net nonoperating revenues	120,887,977	120,146,718
Income before other revenues, expenses, gains or losses	4,851,872	26,308,547
Capital appropriations from the State of Ohio	9,087,111	8,388,326
Capital grants and gifts	2,492,861	1,586,843
Reclassification of restricted net position to a liability (termination of Perkins Loan Program)	-	(8,648,362)
Increase in net position	16,431,844	27,635,354
NET POSITION		
Net position - beginning of year	80,408,420	52,773,066
Net position - end of year	\$ 96,840,264	\$ 80,408,420

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
Student tuition and fees	\$ 109,362,735	\$ 121,308,797
Federal, state, local, and nongovernmental grants and contracts	62,387,765	67,851,059
Sales and services of educational and other departmental activities	2,473,155	3,923,863
Payments to employees	(161,808,211)	(171,698,511)
Payments for benefits	(44,985,991)	(51,342,589)
Payments to suppliers	(59,759,605)	(56,304,250)
Payments for scholarships and fellowships	(18,344,167)	(17,435,534)
Student loans issued	(461,733)	(394,544)
Student loans collected	2,573,572	2,402,240
Student loan interest and fees collected	632,535	481,572
Auxiliary enterprise sales	8,305,463	11,258,111
Net cash (used) by operating activities	<u>(99,624,482)</u>	<u>(89,949,786)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	86,249,156	90,491,687
Direct lending receipts	76,758,356	85,892,706
Direct lending disbursements	(76,821,295)	(86,059,973)
Federal nonexchange grant - Perkins loans	(3,095,707)	(41,661)
Grants for noncapital purposes	25,320,951	20,876,683
Gifts	7,634,100	8,656,159
Net cash provided by noncapital financing activities	<u>116,045,561</u>	<u>119,815,601</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations from the State of Ohio	9,510,054	7,395,673
Capital grants and gifts received	2,492,861	1,453,986
Purchases of capital assets	(13,649,080)	(8,622,839)
Proceeds from sales of capital assets	638,437	536,828
Principal paid on capital debt and leases	(5,480,760)	(7,451,491)
Interest paid on capital debt and leases	(2,915,038)	(3,188,261)
Bond interest subsidy	251,876	276,951
Net cash (used) by capital and related financing activities	<u>(9,151,650)</u>	<u>(9,599,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	3,560,581	4,256,531
Investment income	1,230,882	2,256,448
Purchase of investments	(2,033,334)	(2,388,350)
Net cash provided by investing activities	<u>2,758,129</u>	<u>4,124,629</u>
Net Increase in Cash and Cash Equivalents	10,027,558	24,391,291
Cash and Cash Equivalents - Beginning of Year	<u>63,424,146</u>	<u>39,032,855</u>
Cash and Cash Equivalents - End of Year	<u>\$ 73,451,704</u>	<u>\$ 63,424,146</u>

The accompanying notes are an integral part of these financial statements.

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

Reconciliation of operating loss to net cash used by operating activities:

	<u>2020</u>	<u>2019</u>
Operating loss	\$ (116,036,105)	\$ (93,838,171)
Depreciation and amortization	19,812,946	19,634,817
Provision for doubtful accounts	663,703	1,179,754
(Collection) Provision for doubtful loans	(325,178)	98,354
Changes in assets and liabilities:		
Accounts receivable	(1,176,692)	(512,844)
Inventories	32,472	(5,086)
Prepaid expenses	104,072	26,060
Advanced charges	438,011	(157,729)
Other assets	(189,587)	(53,780)
Net other postemployment benefits asset	695,906	(9,662,866)
Deferred outflows of resources - pensions and OPEB	24,648,754	3,182,637
Accounts payable	(1,261,681)	910,149
Accrued liabilities	(687,729)	(989,840)
Unearned revenue	(589,756)	568,094
Compensated absences	(1,500,000)	(300,000)
Refundable advances for Federal Perkins loans	114,152	41,661
Voluntary retirement incentive	2,831,007	(3,441,154)
Refunds and other liabilities	(32,630)	(1,019,019)
Loans to students	2,322,864	1,867,682
Net liabilities - pensions and OPEB	(42,963,266)	(25,827,276)
Deferred inflows of resources - pensions and OPEB	13,474,255	18,348,771
Net cash used by operating activities	<u><u>\$ (99,624,482)</u></u>	<u><u>\$ (89,949,786)</u></u>

Noncash investing, capital, and financing activities:

Net unrealized (loss) gain in fair value of investments	\$ <u>(253,470)</u>	\$ <u>1,042,946</u>
Donated capital assets	\$ <u>-</u>	\$ <u>132,857</u>
Purchases of capital assets in accounts payable	\$ <u>1,166,077</u>	\$ <u>1,752,430</u>
Capital asset impairments/demolitions	\$ <u>467,830</u>	\$ <u>-</u>

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 2,170,778	\$ 2,156,547
Interest and dividends receivable	182,286	329,127
Pledges receivable (net)	7,205,300	5,932,900
Gifts receivable from trusts held by others	1,522,800	1,531,200
Investment in securities	121,460,627	121,738,277
Other investments	1,736,053	1,865,280
Annuity assets	816,458	841,450
Other assets	504,820	824,700
Capital assets (net)	<u>2,045,729</u>	<u>2,165,797</u>
TOTAL ASSETS	<u><u>\$ 137,644,851</u></u>	<u><u>\$ 137,385,278</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable:		
Wright State University	\$ 365,714	\$ 573,589
Trade and other	145,915	144,851
Deposits held in custody for others	2,031,782	2,113,602
Annuities payable	<u>360,800</u>	<u>374,100</u>
TOTAL LIABILITIES	<u>2,904,211</u>	<u>3,206,142</u>
NET ASSETS:		
Without donor restrictions		
Designated by Board	2,514,894	2,435,505
Undesignated	6,019,461	6,799,719
With donor restrictions		
Purpose/time restricted	76,044,982	78,266,299
Perpetually restricted	<u>50,161,303</u>	<u>46,677,613</u>
TOTAL NET ASSETS	<u>134,740,640</u>	<u>134,179,136</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 137,644,851</u></u>	<u><u>\$ 137,385,278</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2020 with comparative 2019 totals

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2020</u>	<u>Total 2019</u>
REVENUE AND OTHER SUPPORT:				
Gifts and contributions	\$ 131,126	\$ 9,918,173	\$ 10,049,299	\$ 4,423,713
Investment earnings:				
Interest and dividends	1,158,806	4,102,836	5,261,642	5,710,053
Net realized and unrealized gains	(1,045,998)	(4,402,511)	(5,448,509)	220,925
Administrative fee charged to certain restricted accounts	1,062,979	(1,062,979)	-	-
Change in value of split interest agreements	-	(45,041)	(45,041)	(22,835)
Other income (loss)	1,478	51,949	53,427	231,179
Net assets released from restrictions	7,282,954	(7,282,954)	-	-
Change in donor restrictions	10,000	(10,000)	-	-
Total revenue and other support	<u>8,601,345</u>	<u>1,269,473</u>	<u>9,870,818</u>	<u>10,563,035</u>
EXPENSES AND LOSSES:				
Program services:				
Scholarships	2,939,855	-	2,939,855	3,290,754
University programs	3,215,600	-	3,215,600	4,291,085
Athletic programs	346,725	-	346,725	257,309
Research	1,003,620	-	1,003,620	701,294
Miscellaneous grants	45,541	-	45,541	93,105
Other program expenses and losses (gains)	-	7,100	7,100	(3,900)
Fund raising	799,055	-	799,055	960,775
Management and general	951,818	-	951,818	636,294
Total expenses	<u>9,302,214</u>	<u>7,100</u>	<u>9,309,314</u>	<u>10,226,716</u>
CHANGE IN NET ASSETS	(700,869)	1,262,373	561,504	336,319
NET ASSETS				
Beginning of year	<u>9,235,224</u>	<u>124,943,912</u>	<u>134,179,136</u>	<u>133,842,817</u>
End of year	<u>\$ 8,534,355</u>	<u>\$ 126,206,285</u>	<u>\$ 134,740,640</u>	<u>\$ 134,179,136</u>

The accompanying notes are an integral part of these consolidated financial statements.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2019</u>
REVENUE AND OTHER SUPPORT:			
Gifts and contributions	\$ 137,793	\$ 4,285,920	\$ 4,423,713
Investment earnings:			
Interest and dividends	1,285,673	4,424,380	5,710,053
Net realized and unrealized gains	8,754	212,171	220,925
Administrative fee charged to certain restricted accounts	860,645	(860,645)	-
Change in value of split interest agreements	-	(22,835)	(22,835)
Other income (loss)	3,235	227,944	231,179
Net assets released from restrictions	8,492,879	(8,492,879)	-
Change in donor restrictions	-	-	-
Total revenue and other support	<u>10,788,979</u>	<u>(225,944)</u>	<u>10,563,035</u>
EXPENSES AND LOSSES:			
Program services:			
Scholarships	3,290,754	-	3,290,754
University programs	4,291,085	-	4,291,085
Athletic programs	257,309	-	257,309
Research	701,294	-	701,294
Miscellaneous grants	93,105	-	93,105
Other program expenses and losses (gains)	-	(3,900)	(3,900)
Fund raising	960,775	-	960,775
Management and general	636,294	-	636,294
Total expenses	<u>10,230,616</u>	<u>(3,900)</u>	<u>10,226,716</u>
CHANGE IN NET ASSETS	558,363	(222,044)	336,319
NET ASSETS			
Beginning of year	<u>8,676,861</u>	<u>125,165,956</u>	<u>133,842,817</u>
End of year	<u>\$ 9,235,224</u>	<u>\$ 124,943,912</u>	<u>\$ 134,179,136</u>

The accompanying notes are an integral part of these consolidated financial statements.

Wright State Applied Research Corporation
Statements of Financial Position
June 30, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,081,234	\$ 1,552,679
Billed accounts receivable	5,785,389	4,449,721
Unbilled accounts receivable	536,510	2,186,141
Prepaid expenses and other	93,512	64,915
Due from Wright State University	863,530	238,304
Other assets	-	300,000
Property and equipment, net	<u>3,619,905</u>	<u>3,668,530</u>
Total assets	<u>\$ 14,980,080</u>	<u>\$ 12,460,290</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 5,623,035	\$ 2,713,908
Line of credit	195	-
Due to Wright State University	2,848,335	3,620,514
Deferred revenue	<u>3,222,382</u>	<u>2,920,598</u>
Total liabilities	11,693,947	9,255,020

Net Assets Without Donor Restrictions

	<u>3,286,133</u>	<u>3,205,270</u>
Total liabilities and net assets	<u>\$ 14,980,080</u>	<u>\$ 12,460,290</u>

Wright State Applied Research Corporation

Statements of Activities Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Contract and grant revenue	\$ 30,413,203	\$ 31,074,384
Commercial revenue	4,005	204,701
Rental income	186,382	43,461
Interest and other income	824	26,033
Total revenue	<u>30,604,414</u>	<u>31,348,579</u>
Expenses		
Program services		
Direct labor	5,471,717	4,437,734
Travel	151,553	237,662
Subcontract costs	11,845,465	17,396,168
Other direct costs	6,517,932	2,562,540
Total program services expenses	<u>23,986,667</u>	<u>24,634,104</u>
Support services expenses	<u>6,536,884</u>	<u>6,587,680</u>
Total expenses	<u>30,523,551</u>	<u>31,221,784</u>
Change in Net Assets	80,863	126,795
Net assets		
Beginning of year	<u>3,205,270</u>	<u>3,078,475</u>
End of year	<u>\$ 3,286,133</u>	<u>\$ 3,205,270</u>

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

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

Organization

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University currently operates six colleges, three schools, and other individual departments on its Dayton and Lake Campuses. In June 2020, a reorganization of academic units was announced, which will consolidate the University into four colleges and one school, across the two campuses. The University's Board of Trustees consists of nine voting members, who have been appointed by the governor of the State of Ohio and two National Trustees, who have been invited as ex officio members. The Board of Trustees approves the policies and procedures by which the University is governed.

Basis of Presentation

The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Comprehensive Annual Financial Report in accordance with GASB Statement No. 14, and amended by GASB Statement Nos. 39, 61 and 80. Under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the University reports certain entities as discretely presented component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Wright State University Foundation (the Foundation) is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. The Foundation is exempt for federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation Bldg., 3640 Colonel Glenn Highway, Dayton, OH 45435.

Wright State Applied Research Corporation (WSARC) is the contracting entity for the Wright State Research Institute (WSRI), a department of the University. WSARC maintains a tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service. WSARC provides applied research services such as business development, total cost accounting and recovery, Federal Acquisition Regulations based contracting support for large contracts, security support and special facilities for classified contracts to WSU and WSRI. Complete financial statements for WSARC can be obtained by sending a request to the Wright State Applied Research Corporation, 4035 Colonel Glenn Highway, Suite 100, Beavercreek, OH 45431.

Both the Foundation and WSARC are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards that have been codified in Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's or WSARC's financial information

in the University's financial reporting entity for these differences. The Foundation and WSARC have separate and independent governing boards. The University's Board of Trustees does not provide governance or administrative oversight for the discretely presented component units. Further description and selected disclosures of the Foundation and WSARC may be found in footnotes 11 and 12.

Basis of Accounting

The University's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

Financial Statements

The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Net position

The University's financial resources are classified for accounting and reporting purposes into the following net position categories:

- Net investment in capital assets comprises total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and related debt.
- Restricted net position consists of restricted assets, deferred outflows of resources, liabilities, and deferred inflows of resources related to those assets. Expendable restricted net position is available for purposes as determined by external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This net position is not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net position for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the University's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted net position and unrestricted net position are available.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio). In addition, external investment managers may maintain balances in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

Accounts and Loans Receivable

Accounts and loans receivable are recorded net of allowances for uncollectible accounts and loans. These allowances are based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable. Accounts receivable primarily include tuition and fee charges to students, charges to grant sponsors, amounts due from the Foundation, WSARC and the State, and charges for auxiliary enterprise services provided to students, faculty and staff.

Loans receivable are mainly funds borrowed by students under various federal and other loan programs.

Investments

All investments are stated at fair value in accordance with GASB statement 72, *Fair Value Measurement and Application*. Investments of publically traded securities are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the University's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed more for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Alternative investments are generally less liquid than publically traded securities and include private equity, investments in real assets, and other strategies. These alternative investments are intended to reduce market risk, credit risk and interest rate risk. The University believes the carrying amounts of these holdings (net asset values) are reasonable estimates of the fair values as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Such difference could be material.

Inventories

Inventories - which consist principally of publications, general merchandise and other goods - are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets and Collections

Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is \$5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements. The capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a 5 year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be \$100,000 or more and the moveable capital equipment expenditures are expected to be at least \$100,000; or (2) although the construction costs are anticipated to be less than \$100,000, the total project costs, including moveable equipment, are anticipated to be at least \$200,000.

Perkins Loan Program

Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and re-loaned after collection. The Federal Perkins Loan program expired on September 30, 2017. These funds could not be re-loaned after June 30, 2018 and are

ultimately refundable to the government. A liability has been recorded, accordingly, in the accompanying Statement of Net Position, as prescribed by National Association of College and University Business Officers (NACUBO).

Compensated Absences

Compensated absences are comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

Unearned Revenue

Unearned revenue primarily consists of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of the unamortized deferred refunding balance and pension and OPEB related balances.

Deferred inflows of resources represent an acquisition of resources that apply to a future period and will not be recognized as revenue until that time. Deferred inflows in the University's financial statements are related to pension and OPEB related balances.

Revenues and Expenses

Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state appropriations, some federal and state grants, gifts, and investment income. Nearly all of the University's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital asset-related debt.

State Support

The University is a state-assisted institution of higher education which receives a student subsidy from the State of Ohio primarily based upon the number of successful degree and course completions. This subsidy is calculated annually by the Ohio Department of Higher Education, Ohio's higher education advising and coordinating board.

In addition to student subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Department of Higher Education. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Department of Higher Education turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the University's financial statements.

Cost-Sharing Defined Benefit Pension Plans

The University participates in two cost-sharing, multiple-employer defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement system of Ohio (STRS) (the Plans).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from their fiduciary net positions have been determined on the same basis as reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cost-Sharing Defined Benefit Other Postemployment Benefit Plans

The Plans also provide other postemployment benefits (OPEB) in addition to pension benefits. For purposes of measuring the net OPEB asset, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Scholarship Allowances

Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by NACUBO. Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Federal Direct loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

Income Taxes

The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

Estimates

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

Recent Accounting Pronouncements

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The following statements could be applicable to the University upon implementation in future reporting periods. The University continues to evaluate the impact of these statements.

GASB Statement No. 95 delayed the adoption of the following pronouncements by one year:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, originally effective for the University's fiscal year ended June 30, 2020, delayed to June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of the University. The focus of the criteria is generally on (1) whether the University is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, originally effective for the University's fiscal year ending June 30, 2021, delayed to June 30, 2022. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. This Statement supersedes the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, originally effective for the University's fiscal year ended June 30, 2020, delayed to June 30, 2021. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement defines a majority equity interest and specifies that a majority equity interest that meets the definition of an investment should be measured using the equity method.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, originally effective for the University's fiscal year ending June 30, 2022, delayed to June 30, 2023. This Statement provides a single method for government issuers to report conduit debt obligations and related commitments. The definition of conduit debt obligations is broadened and clarified. Under this Statement, a government issuer will be required to recognize a liability if qualitative factors indicate that it is more likely than not that it will support one or more conduit debt service payments.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, originally effective for the University's fiscal year ending June 30, 2021, delayed to June 30, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement includes a variety of topics and includes specific provisions about various previously adopted and recently issued pronouncements.

In March, 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, originally effective for the University's fiscal year ending June 30, 2021, delayed to June 30, 2022. The objective of this Statement is to address accounting and financial reporting implications from the replacement of the interbank offered rate (IBOR), resulting from global reference rate reform.

GASB Statement No. 95 delayed the adoption of the following pronouncement by eighteen months:
In June 2017, GASB issued Statement No. 87, *Leases*, originally effective for the University's fiscal year ending June 30, 2021, delayed to June 30, 2022. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This pronouncement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

As of June 30, 2020, GASB had issued the following statements, which were not delayed with the issuance of GASB Statement No. 95. These statements could be applicable to the University upon implementation in future reporting periods. The University continues to evaluate the impact of these statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the University's fiscal year ending June 30, 2023. This Statement will address issues, improve financial reporting, and provide uniform guidance on accounting and financial reporting for transactions meeting the definition of a public-private and public-public partnership arrangement (PPP) and availability payment arrangement (APA).

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the University's fiscal year ending June 30, 2023. This Statement will

improve the accounting and financial reporting by providing uniform guidance for transactions meeting the definition of a subscription-based information technology arrangement (SBITA). The Statement will require governments to report a subscription asset and subscription liability along with disclosing essential information about such arrangements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, effective for the University's fiscal year ending June 30, 2022. This Statement will enhance the information reported related to Section 457 plans and result in more consistent financial accounting for defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans.

(2) Cash, Cash Equivalents and Investments

The classifications of cash, cash equivalents and investments in the financial statements are based on criteria set forth by GASB. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, University funds on deposit in STAROhio are classified as cash equivalents in the Statements of Net Position. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in STAROhio are classified as investments.

Deposits

Under state law, the University's deposits must be secured by Federal Deposit Insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2020 and 2019, the University's bank balances are \$19,513,247 and \$11,569,713, respectively. The June 30, 2019 amount was revised for an immaterial error correction. Of these balances, \$10,537,078 and \$4,205,824, respectively, are uninsured with collateral held by pledging banks not in the University's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

	<u>2020</u>	<u>2019</u>
Petty cash	\$ 48,693	\$ 31,282
Demand deposits	8,227,924	2,420,369
Money market funds	<u>8,032,959</u>	<u>6,425,314</u>
Total	<u>\$ 16,309,576</u>	<u>\$ 8,876,965</u>

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

Investments - Fair Value

The University utilizes a discretionary model in which a fiduciary manager is responsible for investing the University's portfolio utilizing a fund of funds approach. This Investment Policy provides for the prudent investment of the University's assets in a manner which will meet three

main objectives: safety, liquidity and return on investment. The Investment Policy parallels state law which requires an amount equal to at least twenty-five percent of the University's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The University categorizes its investments within the fair value hierarchy established by generally accepting accounting principles. Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) on the measurement date in the University's principal or most advantageous market. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Some investments are valued at net asset value (NAV) and are therefore not subject to the hierarchy classification.

The fair value of University investments at June 30 is as follows:

	2020				NAV
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment in securities:					
Stocks and traded securities	\$ 1,047,564	\$ 1,047,564	\$ -	\$ -	\$ -
State Treasury Asset Reserve of Ohio (STAROhio)	57,142,128	57,142,128	-	-	-
Mutual funds:					
Fixed income	3,062,663	3,062,663	-	-	-
Alternative assets:					
Private equity partnerships	9,098,051	-	-	-	9,098,051
Total investments in securities	70,350,406	61,252,355			9,098,051
Other investments:					
Real estate	3,200	-	-	3,200	-
Total other investments	3,200	-	-	3,200	-
Total investments	<u>\$70,353,606</u>	<u>\$ 61,252,355</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$9,098,051</u>

	2019				NAV
	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment in securities:					
Stocks and traded securities	\$ 487,896	\$ 487,896	\$ -	\$ -	\$ -
State Treasury Asset Reserve of Ohio (STAROhio)	54,547,181	54,547,181	-	-	-
Mutual funds:					
Fixed income	2,970,423	2,970,423	-	-	-
Alternative assets:					
Private equity partnerships	9,883,747	-	-	-	9,883,747
Total investments in securities	67,889,247	58,005,500	-	-	9,883,747
Other investments:					
Real estate	3,200	-	-	3,200	-
Total other investments	3,200	-	-	3,200	-
Total investments	\$ 67,892,447	\$ 58,005,500	\$ -	\$ 3,200	\$ 9,883,747

The balance of deposits and investments reported above are included in the Statements of Net Position as follows:

	Year Ended June 30	
	2020	2019
Deposits	\$ 16,309,576	\$ 8,876,965
Investments	70,353,606	67,892,447
Total	\$ 86,663,182	\$ 76,769,412
Included in the Statements of Net Position		
Cash and cash equivalents	\$ 73,451,704	\$ 63,143,048
Restricted cash and cash equivalents	-	281,098
Long-term investments	13,211,478	13,345,266
Total	\$ 86,663,182	\$ 76,769,412

Balances held in STAROhio are included in the total fair value of investments for disclosure purposes. However, these balances are considered cash and cash equivalents for reporting on the Statements of Net Position.

The following presents a reconciliation of the fair value of investments reported above to the investments reported on the Statements of Net Position:

	Year Ended June 30	
	2020	2019
Total fair value of investments	\$ 70,353,606	\$ 67,892,447
State Treasury Asset		
Reserve (STAROhio)	57,142,128	54,547,181
Fair value of investments less STAROhio	<u>\$ 13,211,478</u>	<u>\$ 13,345,266</u>
Included in the Statements of Net Position		
Long-term investments	13,211,478	13,345,266
Total	<u>\$ 13,211,478</u>	<u>\$ 13,345,266</u>

Because alternative investments - hedge funds, private equity, distressed debt and private real estate – have no active market, they are valued using NAV which is based on information such as historical and current performance of the underlying assets; cash flow projections; liquidity and credit premiums required by a market participant; and financial trend analysis with respect to the individual fund manager. Furthermore the liquidity of these investments may be impacted by the lack of a present market for the interest in the funds, lock-up periods, redemption notice periods and limits to the frequency of redemptions.

The following table provides additional information for those assets valued using NAV:

	Fair Value June 30		Redemption		
	2020	2019	Redemption Frequency	Notice Period	Unfunded Commitment
Alternative assets:					
Private equity	<u>\$ 9,098,051</u>	<u>\$ 9,883,747</u>	not liquid	not liquid	<u>\$ 1,880,077</u>

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

Approximately 63% of the University's private equity fund partnership is structured as a domestic partnership in which the University is a limited partner. The investment's objective is to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers across a broad spectrum of private equity, real estate, infrastructure and real assets whose stated terms are 5 to 7 years.

The remaining 37% of the University's private equity partnership is a domestic partnership for the purpose of making private equity investments. The partnership is typically invested in venture capital, growth equity and buyout funds focusing on oil and gas exploration, technology, healthcare and telecom sectors. The investments consist of nonmarketable limited partnership interests in a select group of nonregistered private investment partnerships for long term capital appreciation.

Investments – Risks

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University. The Investment Policy has established asset allocations and

permissible asset classes in order to minimize the various risks and the probability of loss. The Investment Policy provides for a portfolio comprised of mutual funds managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940 which provides, among other things, protection in terms of concentration of risk for issuers and for industry sectors.

Interest Rate Risk

The University's Investment Policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the University's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the University's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations.

The maturities of the University's interest bearing investments at June 30 are as follows:

Investment Type	2020 Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	6-10
Bond funds	\$ 3,062,663	\$ -	\$ 3,062,663	\$ -

Investment Type	2019 Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	6-10
Bond funds	\$ 2,970,423	\$ -	\$ 2,970,423	\$ -

Credit Risk

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Credit quality information, commonly expressed in terms of credit ratings issued by nationally recognized rating organizations such as Moody's Investors Service; Standard & Poor's; or Fitch Ratings, provides a current depiction of potential variable cash flows and credit risk. The University's Investment Policy limits exposure to credit risk by limiting purchases of fixed income securities to no lower than AA for the Cash Pool and Liquidity Pool accounts. The vast majority of portfolio mutual fund holdings are required to invest in investment grade funds. The only exception to this represents those funds held as part of the high yield strategy. The allocation for this is targeted at three percent of the overall portfolio.

The University's credit risk at June 30 is as follows:

Investment Type	2020 Credit Ratings			
	Total	AAA/Aaa	AA/Aa	A
State Treasury Asset Reserve (STAROhio)	\$ 57,142,128	\$ 57,142,128	\$ -	\$ -
Bond funds	3,062,663		3,062,663	
Total	<u>\$ 60,204,791</u>	<u>\$ 57,142,128</u>	<u>\$ 3,062,663</u>	<u>\$ -</u>

Investment Type	2019 Credit Ratings			
	Total	AAA/Aaa	AA/Aa	A
State Treasury Asset Reserve (STAROhio)	\$ 54,547,181	\$ 54,547,181	\$ -	\$ -
Bond funds	2,970,423	-	722,399	2,248,024
Total	<u>\$ 57,517,604</u>	<u>\$ 54,547,181</u>	<u>\$ 722,399</u>	<u>\$ 2,248,024</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. As of June 30, 2020 and 2019, none of the University's investments were exposed to custodial, counterparty credit risk. The University's Investment Policy minimizes custodial credit risk through the use of mutual funds and other pooled asset portfolios transacted through national reputable brokerage firms protected by the Securities Investor Protection Corporation.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Investments are diversified within asset classes with the intent to minimize the risk of losses to the portfolio. As previously mentioned, concentration of credit risk is managed at the mutual fund level as required by the Investment Company Act of 1940. As of June 30, 2020 and 2019, the University has no reportable concentration of credit risk as no one single issuer constitutes more than five percent of the University's investment portfolio.

Foreign Currency Risk

Foreign currency risk relates to the possible adverse changes that exchange rates can have on the fair value of investments. The University's Investment Policy allows the fiduciary manager to invest in stocks, traded securities, and mutual funds with foreign investments as part of its Global Equity, Global Fixed Income, and Cash Equivalent Reserve asset classes. Private equity partnerships and equity mutual funds are subject to foreign currency exposures.

Restricted Cash and Cash Equivalents

The University's restricted cash and cash equivalents at June 30 are as follows:

Debt	Date Issued	Amount Issued	Amount Unspent	
			2020	2019
Unspent Debt Proceeds:				
Series 2011A	November 2011	\$ 55,240,000	\$ -	\$ -
Series 2012	November 2012	23,195,000	-	281,098
2013 Notes	February 2013	25,000,000	-	-
Total Unspent Debt Proceeds		\$ 103,435,000	\$ -	\$ 281,098
Trust Account:				
Series 2009			-	-
2013 Notes			-	-
Total Trust Account			-	-
Total Restricted Cash and Cash Equivalents			\$ -	\$ 281,098

At June 30, 2019, unspent proceeds were held in Project Fund trust accounts as provided for in the bond resolutions approved by the Board of Trustees. The unspent bond proceeds and accumulated interest earned and held by the trustee were included in demand deposits in the carrying amount of deposits as of June 30, 2019.

Investment Income (Loss)

The composition of investment income is as follows:

	Year Ended June 30	
	2020	2019
Net interest and dividend income	\$ 1,213,659	\$ 1,621,517
Realized gains on sales	1,652,300	731,168
Unrealized (losses)/gains in fair value	(253,473)	1,042,946
Total	\$ 2,612,486	\$ 3,395,631

(3) Accounts and Loans Receivable

The composition of accounts receivable at June 30 is as follows:

	2020	2019
Sponsor grants receivable	\$ 12,143,544	\$ 10,267,766
Student and student-related accounts	14,377,717	13,831,746
Wright State University Foundation	365,714	573,589
Wright State Applied Research Corporation	2,848,336	3,620,180
Interest receivable	34,636	46,773
State appropriations	1,084,375	1,507,318
Other, primarily departmental sales and services	2,508,971	1,867,942
Total	33,363,293	31,715,314
Less: Allowance for doubtful accounts	1,770,000	1,770,000
Net accounts receivable	\$ 31,593,293	\$ 29,945,314

Loans receivable consist primarily of Perkins loans and are net of an allowance for doubtful loans of \$3,229,000 at both June 30, 2020 and 2019. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

(4) Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	Balance 7/1/2019	Additions	Retirements	Transfers	Balance 6/30/2020
Land	\$ 3,326,572	\$ -	\$ (194)	\$ -	\$ 3,326,378
Land improvements and infrastructure	62,185,995	1,418,001	(363,154)	-	63,240,842
Buildings	499,946,400	7,783,443	(710,103)	-	507,019,740
Machinery and equipment	76,302,038	3,216,338	(1,518,568)	-	77,999,808
Library books and publications	55,142,605	652,601	(303,512)	-	55,491,694
Construction in progress	309,054	-	(309,054)	-	-
Total	<u>697,212,664</u>	<u>13,070,383</u>	<u>(3,204,585)</u>	<u>-</u>	<u>707,078,462</u>
Less accumulated depreciation:					
Land improvements and infrastructure	28,099,396	2,039,495	-	-	30,138,891
Buildings	217,602,612	11,552,253	(551,327)	-	228,603,538
Machinery and equipment	63,212,346	4,499,743	(1,430,266)	-	66,281,823
Library books and publications	42,327,331	2,012,149	(303,511)	-	44,035,969
Total accumulated depreciation	<u>351,241,685</u>	<u>20,103,640</u>	<u>(2,285,104)</u>	<u>-</u>	<u>369,060,221</u>
Capital assets, net	<u>\$ 345,970,979</u>	<u>\$ (7,033,257)</u>	<u>\$ (919,481)</u>	<u>\$ -</u>	<u>\$ 338,018,241</u>

	Balance 7/1/2018	Additions	Retirements	Transfers	Balance 6/30/2019
Land	\$ 3,931,772	\$ -	\$ (605,200)	\$ -	\$ 3,326,572
Land improvements and infrastructure	61,550,574	635,421	-	-	62,185,995
Buildings	495,388,216	5,916,004	(1,357,820)	-	499,946,400
Machinery and equipment	75,126,926	2,964,047	(1,788,935)	-	76,302,038
Library books and publications	54,876,643	822,842	(556,880)	-	55,142,605
Construction in progress	309,054	-	-	-	309,054
Total	<u>691,183,185</u>	<u>10,338,314</u>	<u>(4,308,835)</u>	<u>-</u>	<u>697,212,664</u>
Less accumulated depreciation:					
Land improvements and infrastructure	26,068,434	2,030,962	-	-	28,099,396
Buildings	206,870,733	11,544,624	(812,745)	-	217,602,612
Machinery and equipment	60,449,121	4,508,231	(1,745,006)	-	63,212,346
Library books and publications	41,042,516	1,841,695	(556,880)	-	42,327,331
Total accumulated depreciation	<u>334,430,804</u>	<u>19,925,512</u>	<u>(3,114,631)</u>	<u>-</u>	<u>351,241,685</u>
Capital assets, net	<u>\$ 356,752,381</u>	<u>\$ (9,587,198)</u>	<u>\$ (1,194,204)</u>	<u>\$ -</u>	<u>\$ 345,970,979</u>

Other nonoperating expenses include an impairment loss of \$309,054 for the year ended June 30, 2020, related to idle construction of the Woods Commons Building. In addition, \$158,776 was recorded as a net loss related to the demolitions of the Rockafeld House and the salt storage outbuildings for the year ended June 30, 2020.

In 2018, the University entered into an agreement with a related party, Double Bowler Properties Corp, to lease the Agriculture and Water Quality Education Center building on the University's Lake campus. The lease term is for 15 years with semiannual payments of approximately \$66,000. The University has the option to purchase the building for \$100 at the conclusion of the lease term. Accordingly, the University has accounted for the lease as a capital lease. The University contributed \$1.5 million in capital improvements to the building funded through state capital appropriations. The total cost of the building approximated \$3 million with the other \$1.5 million in capital improvements financed by the related party through a bond issuance which was purchased by the Wright State University Foundation. The total net book value of the assets associated with the project was \$2,597,640 and \$2,684,613 at June 30, 2020 and 2019, respectively. Expense associated with the capital lease was \$132,328 and \$132,864 for the years ended June 30, 2020 and 2019, respectively.

(5) Noncurrent Liabilities

Activity for noncurrent liabilities for the years ended June 30, 2020 and 2019 is summarized as follows:

	Balance 07/01/2019	Additions	Reductions	Ending Balance 06/30/2020	Current Portion
Bonds, notes and capital lease purchase obligations:					
General obligation bonds	\$ 54,578,756	\$ -	\$ 4,020,703	\$ 50,558,053	\$ 4,169,101
Notes payable	16,055,332	-	1,673,620	14,381,712	1,703,410
Capital lease	1,132,826	-	87,140	1,045,686	87,140
Total bonds, notes and capital lease	71,766,914	-	5,781,463	65,985,451	5,959,651
Other liabilities:					
Compensated absences	12,600,000	3,185,458	4,685,458	11,100,000	5,000,000
Refundable advances for Federal Perkins loans	8,640,865	-	2,981,555	5,659,310	1,306,535
Unearned revenue	24,483,783	124,630,171	125,540,129	23,573,825	22,768,422
Net pension liability	215,022,234	17,639,955	58,910,254	173,751,935	-
Net OPEB liability	41,837,509	9,482,671	11,175,638	40,144,542	-
Voluntary retirement incentive	579,951	3,038,536	207,529	3,410,958	1,385,267
Total other liabilities	303,164,342	157,976,791	203,500,563	257,640,570	30,460,224
Total noncurrent liabilities	\$ 374,931,256	\$ 157,976,791	\$ 209,282,026	\$ 323,626,021	\$ 36,419,875
	Balance 07/01/2018	Additions	Reductions	Ending Balance 06/30/2019	Current Portion
Bonds, notes and capital lease purchase obligations:					
General obligation bonds	\$ 60,612,489	\$ -	\$ 6,033,733	\$ 54,578,756	\$ 4,020,703
Notes payable	17,699,683	-	1,644,351	16,055,332	1,673,620
Capital lease	1,219,966	-	87,140	1,132,826	87,140
Total bonds, notes and capital lease	79,532,138	-	7,765,224	71,766,914	5,781,463
Other liabilities:					
Compensated absences	12,900,000	4,693,458	4,993,458	12,600,000	6,000,000
Refundable advances for Federal Perkins loans	-	8,640,865	-	8,640,865	4,471,901
Unearned revenue	24,235,891	129,609,751	129,361,859	24,483,783	23,523,178
Net pension liability	216,206,393	38,114,478	39,298,637	215,022,234	-
Net OPEB liability	66,480,626	8,488,170	33,131,287	41,837,509	-
Voluntary retirement incentive	4,021,105	-	3,441,154	579,951	579,951
Total other liabilities	323,844,015	189,546,722	210,226,395	303,164,342	34,575,030
Total noncurrent liabilities	\$ 403,376,153	\$ 189,546,722	\$ 217,991,619	\$ 374,931,256	\$ 40,356,493

Unearned revenue received in advance from grant and contract sponsors and for tuition and fees were \$3.8 million and \$16.1 million, respectively, for the year ended June 30, 2020 and \$4.5 million and \$17.1 million, respectively, for the year ended June 30, 2019.

The University recognized a liability in the amount of \$5,659,310 and \$8,640,865 for the refundable advances associated with the Federal Perkins Loan program expiration at June 30, 2020 and 2019, respectively. This amount reflects the federal portion of the loans due to be returned to the federal government.

Bonds payable on June 30, 2020 consist of Series 2011 and 2012 General Obligation Serial and Term bonds. Bonds payable associated with Series 2009 were fully extinguished during the fiscal year ended June 30, 2019. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2020 are as follows:

Description	Maturity Dates	Interest Rates	Outstanding Principal	Unamortized Premium	Total
Bonds payable:					
Series 2011A	2020-2031	4.00%	\$ 34,680,000	\$ 2,113,346	\$ 36,793,346
Series 2011B	2020-2023	3.25% - 3.75%	495,000		495,000
Series 2012	2020-2032	3.00% - 5.00%	12,455,000	814,707	13,269,707
Total bonds payable			\$ 47,630,000	\$ 2,928,053	\$ 50,558,053
Notes payable:					
Ohio Air Quality Development:					
Series 2013 A	2020-2024	1.78%	6,069,012	-	6,069,012
Series 2013 B	2024-2028	4.16%	8,312,700	-	8,312,700
Total notes payable			14,381,712	-	14,381,712
Capital lease	2020 - 2032	2.85%	1,045,686	-	1,045,686
Total			\$ 63,057,398	\$ 2,928,053	\$ 65,985,451

The scheduled maturities of bonds, notes, and capital lease payable for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2021	\$ 5,660,550	\$ 2,709,306	\$ 8,369,856
2022	5,680,871	2,499,306	8,180,177
2023	5,901,732	2,289,100	8,190,832
2024	5,933,141	2,068,115	8,001,256
2025	5,977,309	1,840,036	7,817,345
2026-2030	28,574,509	5,176,331	33,750,840
2031-2032	5,329,286	380,823	5,710,109
Total	\$ 63,057,398	\$ 16,963,017	\$ 80,020,415

Interest expense incurred on indebtedness for the years ended June 30, 2020 and 2019 was \$2,606,279 and \$2,872,441, respectively. Deferred outflows of resources associated with the 2012 bond issuance and refunding of the 2004 bonds were \$265,565 and \$295,073 at June 30, 2020 and 2019, respectively.

All general receipts of the University, except for state appropriations, are pledged for payment of the General Obligation Bonds. Available receipts have been pledged for the Series A and Series B notes payable. The notes payable are subordinated to the University's obligations to pay debt service on all General Obligation Bonds.

The Series 2013B Note is related to an Ohio Air Quality Development Authority Qualified Energy Conservation Bond (QECB) which is eligible for a 70% federal rebate based on the Qualified Tax Credit Rate as of the bond sale date (4.6%). The benefit of this rebate has been assigned to the University. The rebates for the 2009 Bonds and the 2013B Note were \$251,876 and \$269,021 for the years ended June 30, 2020 and 2019, respectively. The rebates were reported as Other Nonoperating Revenues and do not reduce the amount reported as interest expense for the year. Likewise, the amounts reported above for future interest expense have not been reduced by the federal rebates anticipated for future years. The University expects to receive approximately \$1.6 million in future federal rebates.

The outstanding bonds and notes payable contain provisions, that in an event of default, all principal and interest payments may become due immediately.

Related to the notes payable, in the event of (1) an acceleration of payment (2) a determination of QECB Disqualification or (3) enactment of legislation reversing the tax-exempt treatment of interest on the underlying tax-exempt bond issuances, the notes payable will be redeemed at 102%.

(6) Operating Leases

The University leases certain properties and equipment under operating lease agreements. Facilities and equipment under these agreements are not recorded on the Statements of Net Position. Rent expense for the years ended June 30, 2020 and 2019 was \$1,294,181 and \$1,483,012 respectively.

Future minimum payments for all material operating leases as of June 30, 2020, are as follows:

2021	\$ 1,409,396
2022	390,467
2023	381,885
2024	392,241
2025	443,091
Total minimum lease payments	<u>\$ 3,017,080</u>

(7) Pension Plans

Pensions and Net Pension Liability

Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that have occurred already.

GASB No. 68 requires governmental employers to report a net pension liability on the Statement of Net Position. The net pension liability represents the University's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position (assets available to pay the pension benefits). The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

GASB 68 assumes the net pension liability for each plan is solely the obligation of the employers because (1) the employers benefit from the employee services, and (2) state statute requires all funding to come from these employers. The University cannot control benefit terms or the manner in which pensions are financed; however, the University does receive the benefit of employee services in exchange for compensation including pension.

Plan Descriptions

University faculty are provided pensions through the State Teachers Retirement System of Ohio (STRS). Substantially all other University employees are provided pensions through the Ohio Public Employees Retirement System (OPERS). Both OPERS and STRS are statewide cost-sharing multiple employer defined benefit pension plans. Authority to establish and amend benefits for OPERS and STRS are authorized by Chapters 145 and 3307, respectively, of the Ohio Revised Code. Both OPERS and STRS issue publicly available financial reports. The OPERS report can be obtained at <https://www.opers.org/financial/reports.shtml>. The STRS report can be obtained at <https://www.strsoh.org/employer/publications.html#other>.

OPERS and STRS each offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

Defined Benefit Plans pay service retirement benefits using a fixed formula based on age, years of service and salary. In addition to service retirement, participants are eligible for disability and survivor benefits.

Defined Contribution Plans are member-directed, optional retirement plans available to new members. Participants allocate both member and employer contributions in investment choices provided by the plans. Retirement benefits are based on the member's account value.

Combined Plans offer features of both a defined benefit plan and a member-directed, defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit in addition to disability and survivor benefits.

Benefits Provided

OPERS and STRS defined benefit plans provide retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group.

Defined Benefit members who were eligible to retire before January 7, 2023 under law in effect prior to SB 343 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

University members in transition Group A are eligible for full retirement benefits at any age with 30 years of service or at age 65 with 5 years of service. Group B members are eligible for full benefits at age 52 with 31 years of service, at any age with 32 years of service, or at age 66 with 5 years of service. Group C members are eligible for full benefits at age 55 with 32 years of service or at age 67 with 5 years of service. Members in Groups A and B are eligible for retirement with reduced benefits at age 60 with 5 years of service credit or at age 55 with 25 or more years of service credit.

Members of Group C are eligible for reduced retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service.

Under the Traditional Plan (the defined benefit plan), the annual benefit for Groups A and B is based on 2.2% of final average salary (FAS) multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. FAS for Group C is based on the average of the five highest years of earnings over a member's career.

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both groups of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed Defined Contribution or Combined plans. Public Safety Group members of Groups A and B may file an application for full retirement benefits at age 48 or older with 25 or more years of credited service or at age 52 or older with 15 or more years of credited service. Public Safety Group C is eligible for benefits at age 52 or older with 25 years or at age 56 or older with 15 years. Those members classified as Law Enforcement officers are eligible for full retirement as follows: for Group A, at age 52 or older with 15 or more years of credited service; for Group B, at age 48 or older with 25 years or at age 52 or older with 15 years of service; and for Group C, at age 48 or older with 25 years of service or at age 56 with 15 years of service. Annual benefits under both divisions are calculated by multiplying 2.5% of FAS by the actual years of service for the first 25 years of service credit, and 2.1% of FAS for each year of service over 25 years.

In the Combined Plan, the benefit formula for the defined benefit component of the plan for University members in transition Groups A and B applies a factor of 1% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement with a reduced benefit as early as age 48 under qualifying circumstances.

Members of the Defined Benefit and Combined Plans who become disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. Law enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. Members participating in the Defined Contribution Plan are not eligible for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

After a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment of 3% is provided on the member's base benefit. Members retiring under the Combined Plan receive an annual cost-of-living adjustment of 3% on the defined benefit portion of their benefit.

STRS Benefits

Members of the Defined Benefit plan are eligible for full retirement benefits at any age with 30 years of service or at age 65 with five years of service. Age and service requirements for full retirement benefits increased effective August 1, 2015 and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Employees are eligible to retire with reduced benefits at age 60 with five years of qualifying service credit, at age 55 with 25 years of service, or with 30 years of service regardless of age. Age and service requirements for reduced retirement benefits increased effective August 1, 2015 and will continue to increase periodically until age 55 with 29 years of service on August 1, 2021.

Prior to August 1, 2015, benefits under the Defined Benefit Plan benefits were based on 2.2% of FAS for the three highest years of earnings, multiplied by years of total Ohio service credit and the percentage increased if the member has 35 or more years of contributing service credit. Effective August 1, 2015, benefits are now based on an annual amount equal to 2.2% of FAS for the five highest years of earnings, multiplied by all years of service. Under the Combined Plan, benefits are

based on the balance in the member's defined contribution account plus an annual amount equal to 1% of FAS for the three highest paid years multiplied by years of total Ohio service credit. Effective August 1, 2015, FAS is the average of the member's five highest salary years.

A Defined Benefit Plan or Combined Plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Disability benefits are determined in the same manner as retirement benefits.

Under the Defined Benefit Plan, members will receive an annual cost of living adjustment of 2% beginning on the fifth anniversary of retirement. Under the Combined Plan, a cost of living adjustment is not available on the service retirement benefit. For disability and survivor benefits, the basic benefit is increased each year by 2% of the original base benefit.

Contributions

Ohio Revised Code Chapters 145 and 3307 set the rates for employer and employee contributions for OPERS and STRS, respectively. Contribution rates can only be modified by the state legislature.

OPERS Contributions

Under OPERS, the employee contribution rate for the plan years ended December 31, 2019 and 2018 was 10% for all employees with the exception of law enforcement and public safety, which are 13% and 12%, respectively. The employer contribution rate is 14% for all employees with the exception of law enforcement and public safety, whose rate is 18.1%.

For Member-Directed Plans, for the fiscal years ended June 30, 2020 and 2019, 11.56% was paid into the member's member-directed account and the remaining 2.44% was paid to OPERS to cover unfunded liabilities, as required by state legislation. The University's contributions to OPERS were \$6,537,189 and \$7,035,326 for the fiscal years ended June 30, 2020 and 2019, respectively. The University's contributions were equal to the required contributions for each year as set by state statute.

STRS Contributions

Under STRS plans, the employee contribution rate was 14% for the years ended June 30, 2020 and 2019. Under the Combined Plan, 2.0% of the employee contributions were used to fund the defined benefit for the years ended June 30, 2020 and 2019, respectively. The employer contribution rate is 14%. Under the Defined Contribution Plan, 4.47% of the employer contribution is used to amortize the unfunded actuarial accrued liability of the defined benefit plan. The University's contributions to STRS for the years ended June 30, 2020 and 2019, respectively, were \$8,553,268 and \$8,894,034. The University's contributions were equal to the required contributions as set by state statute.

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

At June 30, 2020 and 2019, respectively, the University reported liabilities of \$173,751,935 and \$215,022,234 for its proportionate share of the OPERS and STRS net pension liabilities which were measured as of December 31, 2019 and 2018 and June 30, 2019 and 2018, respectively. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. The University's proportion of the net pension liabilities for STRS as well as the OPERS Combined Plan were based on the University's share of contributions to each plan relative to the total employer contributions received from all participating employers of each plan. The calculation of proportionate share for the Member-Directed Plan is based on employer contributions to the plan as contributions specific to purchased defined benefit annuities are identifiable only to retirees purchasing the annuities. The University's proportion of the net pension liability for the OPERS Traditional Plan was based on the combined University employer

and member contributions relative to the total combined employer and member contributions received from all participating employers and members of the plan.

Information for each plan's proportionate share and pension expense/(revenue) for the years ended June 30, 2020 and 2019 is as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2020:</u>			
Measurement date	December 31, 2019	June 30, 2019	
Proportionate share of the net pension liability	\$ 54,023,552	\$ 119,728,383	\$ 173,751,935
Proportion of the net pension liability	0.27628762%	0.54140464%	
Pension expense/(revenue)	\$ (5,165,991)	\$ 1,707,700	\$ (3,458,291)

Fiscal Year Ended 6/30/2019:

Measurement date	December 31, 2018	June 30, 2018	
Proportionate share of the net pension liability	\$ 82,801,815	\$ 132,220,419	\$ 215,022,234
Proportion of the net pension liability	0.30359392%	0.60133661%	
Pension expense/(revenue)	\$ 8,970,256	\$ (3,862,147)	\$ 5,108,109

At June 30, 2020 and 2019, the University reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2020:</u>			
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 91,588	\$ 1,180,671	\$ 1,272,259
Net effect of changes in assumptions	3,299,365	17,686,388	20,985,753
University contributions subsequent to the measurement date	2,826,972	8,553,268	11,380,240
Net effect of change in proportionate share	<u>164,418</u>	<u>-</u>	<u>164,418</u>
Total	<u>\$ 6,382,343</u>	<u>\$ 27,420,327</u>	<u>\$ 33,802,670</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 921,500	\$ 651,753	\$ 1,573,253
Net difference between projected and actual earnings on pension plan investments	11,780,270	6,869,947	18,650,217
Net effect of change in proportionate share	<u>6,141,783</u>	<u>23,472,996</u>	<u>29,614,779</u>
Total	<u>\$ 18,843,553</u>	<u>\$ 30,994,696</u>	<u>\$ 49,838,249</u>

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2019:</u>			
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 79,980	\$ 3,660,708	\$ 3,740,688
Net effect of changes in assumptions	7,524,535	26,529,583	34,054,118
Net difference between projected and actual earnings on pension plan investments	10,817,457	-	10,817,457
University contributions subsequent to the measurement date	3,056,854	8,894,034	11,950,888
Net effect of change in proportionate share	<u>108,080</u>	<u>904,229</u>	<u>1,012,309</u>
Total	<u>\$ 21,586,906</u>	<u>\$ 39,988,554</u>	<u>\$ 61,575,460</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 1,364,125	\$ 977,629	\$ 2,341,754
Net difference between projected and actual earnings on pension plan investments	-	7,089,146	7,089,146
Net effect of change in proportionate share	<u>9,071,719</u>	<u>21,296,412</u>	<u>30,368,131</u>
Total	<u>\$ 10,435,844</u>	<u>\$ 29,363,187</u>	<u>\$ 39,799,031</u>

As of June 30, 2020 and 2019, the University reported \$2,826,972 and \$3,056,854, respectively, as deferred outflows of resources related to pensions resulting from University contributions to OPERS made subsequent to the measurement date. As of June 30, 2020 and 2019, the University reported deferred outflows of resources related to pensions of \$8,553,268 and \$8,894,034, respectively, resulting from University contributions to STRS made subsequent to the measurement date. These contributions will be/(were) recognized as reductions of the net pension liabilities in the years ending/ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ (6,586,928)	\$ 1,753,178	\$ (4,833,750)
2022	(5,376,538)	(6,055,469)	(11,432,007)
2023	942,527	(6,250,345)	(5,307,818)
2024	(4,348,168)	(1,575,001)	(5,923,169)
2025	24,175	-	24,175
Thereafter	<u>56,750</u>	<u>-</u>	<u>56,750</u>
Total	<u>\$ (15,288,182)</u>	<u>\$ (12,127,637)</u>	<u>\$ (27,415,819)</u>

Actuarial Assumptions

OPERS

The total pension liabilities in the December 31, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2019:

Inflation	3.25%
Salary increases	3.25% – 10.75%, including inflation
Investment rate of return	7.2%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements back to the observation period base year of 2006 and then established the base year for males and females as 2015 and 2010, respectively.

2018:

Inflation	3.25%
Salary increases	3.25% – 10.75%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements back to the observation period base year of 2006 and then established the base year for males and females as 2015 and 2010, respectively.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period January 1, 2011 - December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The OPERS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan years ended December 31, 2019 and 2018 are summarized in the following table:

OPERS Asset Class	2019		2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25.00%	1.83%	23.00%	2.79%
Domestic equity	19.00%	5.75%	19.00%	6.21%
International equity	21.00%	7.66%	20.00%	7.83%
Real estate	10.00%	5.20%	10.00%	4.90%
Private equity	12.00%	10.70%	10.00%	10.81%
Other investments	13.00%	4.98%	18.00%	5.50%
Total	100.00%		100.00%	

STRS

The total pension liabilities in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2019:		
Inflation	2.50%	
Salary increases	2.50% – 12.50%, average, including inflation	
Investment rate of return	7.45%, net of pension plan investment expense, including inflation	

2018:		
Inflation	2.50%	
Salary increases	2.50% – 12.50%, average, including inflation	
Investment rate of return	7.45%, net of pension plan investment expense, including inflation	

Mortality rates were based on the RP-2014 Annuitant and Disabled Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The long-term expected rate of return on pension plan investments was determined by STRS's investment consultant by developing best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. The STRS Board of Trustees sets target allocations as well as minimum and maximum allowable allocations, or ranges, surrounding each asset class target. The purpose of these ranges is to appropriately and cost-effectively balance the Board's investment policy with the investment strategies pursued over shorter time periods. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan years ended June 30, 2019 and 2018 are summarized in the following table:

<u>STRS Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	21.00%	3.00%
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Real estate	10.00%	6.00%
Alternatives	17.00%	7.09%
Liquidity reserves	1.00%	2.25%
Total	<u>100.00%</u>	

Discount Rates

The discount rate used to measure the total pension liabilities for OPERS was 7.2% for the plan years ended December 31, 2019 and 2018. The discount rate used to measure the total pension liabilities for STRS was 7.45% for plan years ended June 30, 2019 and 2018. The projection of cash flows used to determine the discount rates assumed employee and University contributions will be made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the respective long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of The University's Proportionate Share of The Net Pension Liability to Changes in The Discount Rate

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the University's proportionate share of the net pension liabilities calculated using the discount rate of 7.2% for OPERS for 2020 and 2019, and 7.45% for STRS for 2020 and 2019, respectively, is compared to what the University's proportionate share of the net pension liabilities would be if calculated using a discount rate 1 percentage point lower (6.2% for OPERS and 6.45% for STRS) or 1 percentage point higher (8.2% for OPERS and 8.45% for STRS) than the current rate.

The following table provides the results of the sensitivity analysis at June 30:

	2020		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(6.20%)	(7.20%)	(8.20%)
STRS Range	(6.45%)	(7.45%)	(8.45%)
University's proportionate share:			
OPERS net pension liability	\$ 89,779,671	\$ 54,023,552	\$ 24,003,807
STRS net pension liability	174,969,693	119,728,383	72,963,784
Total	\$ 264,749,364	\$ 173,751,935	\$ 96,967,591
2019			
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(6.20%)	(7.20%)	(8.20%)
STRS Range	(6.45%)	(7.45%)	(8.45%)
University's proportionate share:			
OPERS net pension liability	\$ 122,799,199	\$ 82,801,815	\$ 49,587,763
STRS net pension liability	204,768,894	132,220,419	90,690,403
Total	\$ 327,568,093	\$ 215,022,234	\$ 140,278,166

Pension Plan Fiduciary Net Position

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at www.strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Alternative Retirement Plan (ARP) Contributions

Certain full-time University staff and faculty have the option to choose the ARP in place of OPERS or STRS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants for employees who would otherwise participate in OPERS was 10% of the employees' covered compensation for the years ended June 30, 2020 and 2019. The required rates for plan participants who would otherwise participate in STRS were 14% for the years ended June 30, 2020 and 2019. Effective July 1, 2017, the University's contributions to a participating faculty member's account and to STRS are

9.53% and 4.47% of a participant's compensation, respectively. Prior to July 1, 2017, those rates were 9.5% and 4.5%, respectively. The University's contributions to a participating staff member's account and to OPERS were 13.23% and 0.77% of a participant's compensation, respectively through December 31, 2016. Effective July 1, 2017, the contribution rates to a participating staff member's account and to OPERS are 11.56% and 2.44%, respectively. Plan participants' contributions were \$7,082,093 and \$7,226,782, and the University's contributions to the plan amounted to \$5,859,399 and \$5,996,378 for the years ended June 30, 2020 and 2019, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$1,595,327 and \$1,603,157, respectively, for the years ended June 30, 2020 and 2019, respectively. The amounts contributed to OPERS by the University on behalf of ARP participants were \$528,041 and \$550,612 for the years ended June 30, 2020 and 2019, respectively.

Payables to the Pension Plans

At June 30, 2020 and 2019, the University reported payables of \$556,000 and \$669,700 to OPERS and \$1,321,130 and \$1,365,574 to STRS Ohio for the outstanding amounts of contributions to the pension plans required for the years ended June 30, 2020 and 2019, respectively.

(8) Other Postemployment Benefits (OPEB)

Plan Descriptions

The University contributes to the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS). STRS and OPERS are statewide cost-sharing multiple-employer retirement plans that offer pension and other postemployment benefits (OPEB) covering substantially all faculty and staff. Both OPERS and STRS are administered by each plan's board of trustees appointed by the governor of Ohio or by plan member elections. The legislature of the state of Ohio maintains the authority to establish and amend benefits for both plans as authorized by Chapters 145 and 3307 of the Ohio Revised Code. Both STRS and OPERS issue publicly available financial reports. The OPERS report can be obtained at <https://www.opers.org/financial/reports.shtml>. The STRS report can be obtained at <https://www.strsoh.org/employer/publications.html#other>.

Benefits Provided

OPERS Benefits

OPERS provides post-employment health care benefits to eligible members of the Traditional and Combined pension plans with OPEB funding assets accumulated in a single health care trust (the 115 Trust.) Coverage under the current program includes hospitalization, medical expenses, and prescription drugs. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries.

Beginning in 2016, OPERS Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their Health Reimbursement Account (HRA) that can be used to reimburse eligible health care expenses.

STRS Benefits

STRS provides access to health care coverage to eligible retirees who participated in the Traditional or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and reimbursement of a portion of the Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. Pursuant to the Ohio Revised Code, the STRS Retirement Board has

discretionary authority over how much, if any, of the associated health care costs will be absorbed by the plan.

All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Additionally, Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows OPERS and STRS Ohio to recover part of the cost for providing prescription coverage since all eligible health care plans include creditable prescription drug coverage.

Contributions

The Ohio state legislature as authorized by Chapters 145 and 3307 of the Ohio Revised Code has the authority to establish and amend the contribution requirements of the University for OPERS and STRS. Under Ohio law, funds to pay health care costs are permitted but not mandated to be deducted from employer contributions.

OPERS Contributions

Under OPERS, the statutorily required employee contribution rate for the plan years ended December 31, 2019 and 2018 was 10% of their annual pay with the exception of law enforcement and public safety, which were 13% and 12%, respectively. The University's statutorily required contribution rate including pensions and OPEB for the fiscal years ended June 30, 2020 and 2019 was 14% of annual payroll with the exception of law enforcement and public safety, whose rate was 18.1%, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was an effective rate of 0.0% for the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, contributions to the OPEB Plan from the University were \$0.

STRS Contributions

The STRS statutorily required employer and employee contribution rate was 14% of covered payroll for each party for the years ended June 30, 2020 and 2019, respectively. Of the 14% employer contribution rate, no contribution amounts were allocated to postemployment health care for 2020 or 2019.

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

At June 30, 2020 and 2019, respectively, the University reported liabilities of \$40,144,542 and \$41,837,509 for its proportionate share of the OPERS net OPEB liabilities measured as of December 31, 2019. At June 30, 2020 and 2019, respectively, the University reported assets of \$8,966,960 and \$9,662,866 for its proportionate share of the STRS net OPEB assets measured as of June 30, 2019. The total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by actuarial valuations as of those respective dates. The University's proportions of the net OPEB assets/liabilities for OPERS and STRS were based on actual University employer contributions to the Plans during the respective measurement periods in relation to total employer contributions to the Plans for the same periods.

Information for each plan's proportionate share and pension expense/(revenue) for the years ended June 30, 2020 and 2019 is as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2020:</u>			
Measurement date	December 31, 2019	June 30, 2019	
Proportionate share of the net OPEB liability/(asset)	\$ 40,144,542	\$ (8,966,960)	\$ 31,177,582
Proportion of the net OPEB liability/(asset)	0.29063716%	0.54140463%	
Pension expense/(revenue)	\$ 1,523,965	\$ (2,210,025)	\$ (686,060)

Fiscal Year Ended 6/30/2019:

Measurement date	December 31, 2018	June 30, 2018	
Proportionate share of the net OPEB liability/(asset)	\$ 41,837,509	\$ (9,662,866)	\$ 32,174,643
Proportion of the net OPEB liability/(asset)	0.32089788%	0.60133661%	
Pension expense/(revenue)	\$ 2,205,384	\$ (21,272,227)	\$ (19,066,843)

At June 30, 2020 and 2019, the University reports deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2020:</u>			
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 1,361	\$ 1,022,273	\$ 1,023,634
Net effect of changes in assumptions	<u>6,382,281</u>	<u>188,483</u>	<u>6,570,764</u>
Total	<u>\$ 6,383,642</u>	<u>\$ 1,210,756</u>	<u>\$ 7,594,398</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 3,676,837	\$ 502,965	\$ 4,179,802
Net effect of changes in assumptions		11,086,085	11,086,085
Net difference between projected and actual earnings on OPEB plan investments	2,082,038	705,735	2,787,773
Net effect of change in proportionate share	<u>4,162,743</u>	<u>2,705,968</u>	<u>6,868,711</u>
Total	<u>\$ 9,921,618</u>	<u>\$ 15,000,753</u>	<u>\$ 24,922,371</u>

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<u>Fiscal Year Ended 6/30/2019:</u>			
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 16,228	\$ 1,277,842	\$ 1,294,070
Net effect of changes in assumptions	1,541,548	-	1,541,548
Net difference between projected and actual earnings on OPEB plan investments	<u>1,634,744</u>	<u>-</u>	<u>1,634,744</u>
Total	<u>\$ 3,192,520</u>	<u>\$ 1,277,842</u>	<u>\$ 4,470,362</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 113,518	\$ 562,990	\$ 676,508
Net effect of changes in assumptions	-	13,374,627	13,374,627
Net difference between projected and actual earnings on OPEB plan investments	-	1,203,326	1,203,326
Net effect of change in proportionate share	<u>3,400,046</u>	<u>2,832,827</u>	<u>6,232,873</u>
Total	<u>\$ 3,513,564</u>	<u>\$ 17,973,770</u>	<u>\$ 21,487,334</u>

At June 30, 2020, the University reported no deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021, as no portion of the employer contributions to OPERS or STRS were allocated to health care. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020, will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ (2,130,030)	\$ (2,971,055)	\$ (5,101,085)
2022	(627,203)	(2,971,054)	(3,598,257)
2023	92,742	(2,687,206)	(2,594,464)
2024	(873,485)	(2,599,265)	(3,472,750)
2025	-	(2,529,650)	(2,529,650)
Thereafter	<u>-</u>	<u>(31,767)</u>	<u>(31,767)</u>
Total	<u>\$ (3,537,976)</u>	<u>\$ (13,789,997)</u>	<u>\$ (17,327,973)</u>

Actuarial Assumptions

OPERS

The total OPEB liabilities in the December 31, 2018 and 2017 actuarial valuations rolled forward to the measurement dates of December 31, 2019 and 2018 were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2019:

Inflation	3.25%
Salary increases	3.25% - 10.75%, including inflation
Health care cost trend rates	10.5% for 2020, decreasing 0.70% per year to an ultimate rate of 3.50% for 2030 and later years

Investment rate of return 6.00%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Employees and Healthy Annuitant Mortality tables, as appropriate with adjustments for mortality improvements based on the MP-2015 mortality improvement scale.

2018:

Inflation 3.25%
 Salary increases 3.25% - 10.75%, including inflation
 Health care cost trend rates 10.0 for 2019, decreasing 0.675% per year to an ultimate rate of 3.25% for 2029 and later years
 Investment rate of return 6.00%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Employees and Healthy Annuitant Mortality tables, as appropriate with adjustments for mortality improvements based on the MP-2015 mortality improvement scale.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of a five year period actuarial experience study ended December 31, 2015.

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

OPERS Asset Class	2019		2018	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	36.00%	1.53%	34.00%	2.42%
Domestic equity	21.00%	5.75%	21.00%	6.21%
REITs	6.00%	5.69%	6.00%	5.98%
International equity	23.00%	7.66%	22.00%	7.83%
Other investments	14.00%	4.90%	17.00%	5.57%
Total	100.00%		100.00%	

STRS

The total OPEB assets/liabilities in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

2019:

Inflation 2.50%
 Salary increases 12.50% at age 20 to 2.50% at age 65
 Health care cost trend rates 4.93% - 9.62% initial, 4.0% ultimate
 Investment rate of return 7.45%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Annuitant Mortality and Disabled Mortality tables, as appropriate with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of a five year period actuarial experience study ended June 30, 2016.

2018:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Health care cost trend rates	-5.23% - 9.62% initial, 4.0% ultimate
Investment rate of return	7.45%, net of OPEB Plan investment expense, including inflation

Mortality rates were based on the RP-2014 Annuitant Mortality and Disabled Mortality tables, as appropriate with adjustments for mortality improvements based on improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of a five year period actuarial experience study ended June 30, 2016.

The long-term expected rate of return on OPEB Plan investments was determined by STRS Ohio's investment consultant by developing an estimate range of investment return based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class for the plan years ended June 30, 2019 and 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	28.00%	7.35%
International equities	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
Total	<u>100.00%</u>	

Discount Rate

The discount rates used to measure the total OPEB liabilities were 3.16% and 3.96% for OPERS for the plan years ended December 31, 2019 and 2018, respectively. The discount rate used to measure the total pension assets/liabilities for STRS was 7.45% for STRS for the plan years ended June 30, 2019 and 2018, respectively.

For OPERS, single discount rates of 3.16% and 3.96% were used to measure the OPEB liabilities on the measurement dates of December 31, 2019 and 2018, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine the discount rate assumed that participating employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these

assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

For STRS, a single discount rate of 7.45% was used to measure the OPEB assets/liabilities on the measurement dates of June 30, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rates assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the University's Proportionate Share of the Net OPEB (Asset)/Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The University's proportionate share of the net OPEB (asset)/liability has been calculated using the discount rates of 3.16% and 3.96% for OPERS and 7.45% for STRS for the years ended June 30, 2020 and 2019, respectively. The following presents the University's proportionate share of the net OPEB (asset)/liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

	2020		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(2.16%)	(3.16%)	(4.16%)
STRS Range	(6.45%)	(7.45%)	(8.45%)
University's proportionate share:			
OPERS net OPEB liability	\$ 52,535,573	\$ 40,144,542	\$ 30,223,358
STRS net OPEB asset	(7,456,560)	(8,966,960)	(10,072,941)
Total	<u>\$ 45,079,013</u>	<u>\$ 31,177,582</u>	<u>\$ 20,150,417</u>
	2019		
	1% Decrease	Current Discount Rate	1% Increase
OPERS Range	(2.96%)	(3.96%)	(4.96%)
STRS Range	(6.45%)	(7.45%)	(8.45%)
University's proportionate share:			
OPERS net OPEB liability	\$ 53,525,766	\$ 41,837,509	\$ 32,542,254
STRS net OPEB asset	(8,281,981)	(9,662,866)	(10,823,434)
Total	<u>\$ 45,243,785</u>	<u>\$ 32,174,643</u>	<u>\$ 21,718,820</u>

The University's proportionate share of the net OPEB (asset)/liability has been calculated using health care trend rates of 10.50% and 10% for OPERS and a range of 4.93 to 9.62% and -5.23% to 9.62% for STRS for the years ended June 30, 2020 and 2019, respectively. The following presents the University's proportionate share of the net OPEB (asset)/liability calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

		2020		
		1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's proportionate share:				
OPERS net OPEB liability	\$	38,959,911	\$ 40,144,542	\$ 41,314,072
STRS net OPEB asset		<u>(10,168,120)</u>	<u>(8,966,960)</u>	<u>(7,495,828)</u>
Total	\$	<u>28,791,791</u>	\$ <u>31,177,582</u>	\$ <u>33,818,244</u>
		2019		
		1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's proportionate share:				
OPERS net OPEB liability	\$	40,214,922	\$ 41,837,509	\$ 43,706,291
STRS net OPEB asset		<u>(10,757,918)</u>	<u>(9,662,866)</u>	<u>(8,550,754)</u>
Total	\$	<u>29,457,004</u>	\$ <u>32,174,643</u>	\$ <u>35,155,537</u>

OPEB Plans' Fiduciary Net Position

Detailed information about OPERS and STRS fiduciary net position is available in the separately issued financial reports. Financial reports for OPERS may be obtained online at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642. Financial reports for STRS may be obtained at www.strsoh.org or by writing to State Teachers Retirement System of Ohio, Attn: Chief Financial Officer, 275 E. Broad St., Columbus, OH 43215-3771.

Payables to the OPEB Plans

At June 30, 2020 and 2019, the University reported no payables to OPERS and STRS for the outstanding amounts of contributions to the OPEB plans required for the year ended June 30, 2020 and 2019.

(9) Commitments and Contingencies

At June 30, 2020, the University is committed under contractual obligations for:

Capital expenditures	\$ 3,733,020
Non-capital goods and services	<u>11,034,783</u>
Total contractual commitments	<u>\$ 14,767,803</u>

These commitments are being funded from the following sources:

State appropriations requested and approved	\$ 2,830,487
University funds	<u>11,937,316</u>
Total sources	<u>\$ 14,767,803</u>

The University is presently involved as a defendant or codefendant in various matters of litigation. The University is also subject to various federal and/or state investigations and audits. The University's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

In 2015, Wright State University became the subject of a federal investigation regarding H-1B visa violations. Settlement costs of \$1,000,000 were accrued as of June 30, 2018. A non-prosecution agreement, requiring three equal payments of the settlement over three years, was signed during fiscal year 2019. The final payment of the settlement was made in July 2020.

Due to the global outbreak resulting from the spread of the SARS-CoV-2 virus, a pandemic was declared by the World Health organization and a national emergency was declared by the President of the United States in March 2020. Accordingly, the State of Ohio has issued shelter-in-place orders and other measures around public gatherings and business operations to slow the spread of the virus. The University has moved the majority of classes and staff to an off-campus, remote model. As a result, spring semester housing, meal and parking refunds of \$1,715,005 were issued during the year-ended June 30, 2020. Certain athletic and entertainment events have also been either cancelled or postponed.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the University. No impairments related to COVID-19 have been recognized as of June 30, 2020. However, due to significant uncertainty surrounding the situation, management's judgement regarding this treatment could change in future periods. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

During the year ended June 30, 2020, the University was appropriated federal grant funds of \$10,140,846 from the Congressional Higher Education Emergency Relief Fund (HEERF), a subset of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Conditions of the award require 50% to be used for emergency financial aid grants to students and 50% to be used to support any institutional costs associated with significant changes to the delivery of instruction due to COVID-19. During the year ended June 30, 2020, the University awarded \$4,470,584 to students as emergency financial aid grants and was reimbursed \$1,715,005 for housing, meal plan and parking refunds associated with the spring semester. The funding is reflected in nonoperating revenue federal grants in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

The Federal Perkins loan program expired on September 30, 2017. The University recognized a liability of \$5,659,310 and \$8,640,865 for the federal portion of the program due to be returned to the federal government at June 30, 2020 and 2019, respectively. This amount excludes institutional capital contributions included in outstanding Perkins loans in the amount of \$1,018,342, which is reflected as part of the University's net position. Guidance issued by the Department of Education (DE) describes the methods for institutions to liquidate their loan portfolio and return funds to DE. Institutions may continue to service their loans or assign them at any time in the future. However, when an institution assigns a loan to DE it loses all rights and title to the loan, including the institutional capital contribution contained in the assigned amount.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the University's coverage amounts. There has been no significant change in coverage from last year.

The University is self-insured for all employee health care benefits with Anthem, Delta Dental, and Vision Service Plan as the third party administrators. Under the terms of the policy, the University is billed for actual claims on a weekly or monthly basis. In addition, liabilities for estimates of

outstanding claims and claims incurred but not reported under self-insurance programs have been recorded in accrued liabilities.

Changes in the self-insured health care liabilities for the past three fiscal years are as follows:

	2020	2019	2018
Liability at beginning of fiscal year	\$ 1,615,000	\$ 2,430,000	\$ 2,175,000
Current year claims including changes in estimates	23,698,161	26,320,602	31,616,746
Claim payments	(23,788,161)	(27,135,602)	(31,361,746)
Liability at end of fiscal year	<u>\$ 1,525,000</u>	<u>\$ 1,615,000</u>	<u>\$ 2,430,000</u>

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year-end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the Statements of Revenues, Expenses and Changes in Net Position.

Collective Bargaining Agreements

Chapter 4117 of the Ohio Revised Code constitutes collective bargaining law for employees in the state of Ohio. The University is a party to collective bargaining agreements with the American Association of University Professors (AAUP); one representing tenure eligible and tenured faculty and another representing non-tenure eligible faculty. These contracts have been renegotiated and expire June 30, 2023. The University is a party to collective bargaining agreements with the Fraternal Order of Police Ohio Labor Council; one representing non-supervisory on-campus police officers and sergeants and another representing communication center operators. These contracts have been renegotiated and expire on June 30, 2022. Additionally, the University is a party to a collective bargaining agreement with the International Brotherhood of Teamsters Local 957 which covers skilled, semi-skilled and labor employees. The agreement was extended to June 30, 2019 and is currently being renegotiated.

The University's affiliation agreement with WSARC will expire on October 23, 2020. Both parties continue to negotiate the terms of their relationship, if any, upon expiration of this agreement. The future arrangement between the University and WSARC is unknown at this time.

(10) Operating Expenses by Natural Classification

The University reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by natural classification for the University for the years ended June 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Salaries	\$164,095,179	\$168,472,863
Benefits	45,251,698	49,768,269
Contracted services	16,087,616	14,304,665
Supplies	8,030,464	7,775,864
Repairs & maintenance	12,331,989	14,107,554
Scholarships & fellowships	18,698,562	17,528,020
Other operating	23,231,360	24,003,222
Subtotal	<u>287,726,868</u>	<u>295,960,457</u>
Pension and OPEB	(4,144,351)	(13,958,734)
Depreciation	20,103,640	19,925,512
Total operating expenses	<u>\$303,686,157</u>	<u>\$301,927,235</u>

(11) Selected Disclosures of the Wright State University Foundation (a component unit)

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating “gifts” and “capital grants and gifts” in the accompanying financial statements. Following are selected disclosures from the Wright State University Foundation, Inc. financial statements.

A. Summary of Significant Accounting Policies

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board (“FASB”) is the accepted standards setting body for establishing accounting principles generally accepted in the United States (“GAAP”). The following is a summary of the Foundation’s significant accounting and reporting policies presented to assist the reader in interpreting the consolidated financial statements and other data in this report.

Principles of Consolidation:

The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned limited liability company subsidiary Fairborn Office Property LLC. The consolidated entities are collectively referred to as “the Foundation”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Cash and Equivalents:

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash equivalent holdings in its investment portfolios that have resulted from recent security sales that will used to purchase other long-term securities.

Pledges Receivable:

Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Payments on pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

Gifts Receivable from Trusts Held by Others:

Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

Investment in Securities:

Investments in debt and equity securities and private placement bonds are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity, distressed debt and limited partnerships for which there is no ready market, are recorded at net asset value (NAV), as a

practical expedient, to determine fair value of the investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statements of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statements of activities. Investments are managed by professional investment managers. Investment return is net of direct and indirect investment expenses.

Annuity Assets/Payable:

Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

Capital Assets:

Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of \$5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2020 and 2019, management has concluded that they are unaware of any impairments to be recorded.

Deposits Held in Custody for Others:

These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of net investment earnings.

Functional Allocation of Expenses:

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs paid by the Foundation that relate to operations of the University's Advancement Division are classified as fund raising expenses. Costs specific to the operation of the Foundation as an independent entity are classified as management and general expenses.

Net Assets:

The Foundation's net assets are classified into two categories: (1) net assets without donor restriction, which include gifts made with no donor-imposed restrictions and (2) net assets with donor restrictions, which include donor-imposed restrictions that will be satisfied in the future, as well as donor-imposed restrictions that the assets be maintained in perpetuity (endowments).

The net assets without donor restrictions consist of operating funds available for any purpose authorized by the Board of Trustees. Included in these net assets without donor restrictions are

funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse its decision to designate these net assets.

Net assets with donor restriction consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Also categorized as net assets with donor restrictions are unspent gains on donor designated endowment gifts by virtue of the Foundation's spending policy. This policy, which was approved by the Board of Trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the Board of Trustees in fiscal year 2011. The objective of this policy is to allow significantly large donor restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Net assets with donor restriction that are perpetual in nature consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Gifts and Contributions:

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts with or without restriction</i> Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i> Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of

land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Investment Earnings:

Interest and dividends from endowment investments are credited to restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's Board of Trustees. Realized gains or losses are determined based on the average cost method.

Net Assets Released from Restrictions:

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Federal Income Taxes:

The Foundation has been approved under the Internal Revenue Code Section 501(c)(3) as a nonprofit organization exempt from federal taxes on its normal activities. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction. Fairborn Office Property LLC is a disregarded entity for tax purposes.

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

The Foundation does not have any tax benefits recorded at June 30, 2020 and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2020 and 2019.

Transfers Between Fair Value Hierarchy Levels:

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Subsequent Events:

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2020. Management has performed their analysis through October 14, 2020, the date the consolidated financial statements were available to be issued.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations

and cash flows of the Foundation. Potential effects include but are not limited to declines in the fair value of investments, realizability of pledge receivables, and declines in contributions and gifts. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time.

Estimates:

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

Changes in Accounting Principle:

Revenue Recognition

As of July 1, 2019, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers not completed at July 1, 2019.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Foundation expects to be entitled in exchange for those goods or services.

The amount to which the Foundation expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

The adoption has no impact on overall change in net assets or net cash provided by operating activities.

Contributions Received and Contributions Made

As of July 1, 2019, the Foundation adopted the FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, (ASU 2018-08) using a modified prospective method of adoption to all agreements that were not completed as of July 1, 2019.

The intent of ASU 2018-08 is to assist an organization in evaluating whether transactions are considered nonreciprocal transactions and should be accounted for as contributions, or if the transactions are considered reciprocal and should be accounted for as exchange transactions. Additionally, the revised guidance helps entities evaluate whether a contribution is conditional or unconditional.

The adoption has no impact on overall change in net assets or net cash provided by operating activities.

B. Business and Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2020, the Foundation's cash accounts exceeded federally insured limits by approximately \$2,038,000.

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. The investment manager is subject to the Foundation's investment policy, approved by the Board of Trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on

providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

C. Fair Value of Financial Instruments

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Net Asset Value: Alternative to fair value hierarchy using net asset value practical expedient as defined by Accounting Standards Codification 820, Fair Value Measurement.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2020 and 2019.

	Fair Value Measurements at June 30, 2020 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,522,800	\$ -	\$ 1,522,800
Investment in securities:					
Mutual funds:					
Equity	65,539,312	-	-	-	65,539,312
Fixed income	38,137,690	-	-	-	38,137,690
Alternative assets:					
Hedge funds	-	-	-	10,080,873	10,080,873
Private equity	-	-	-	5,289,680	5,289,680
Distressed debt	-	-	-	2,413,072	2,413,072
Total investment in securities	103,677,002	-	-	17,783,625	121,460,627
Other investments:					
Limited partnerships	-	-	-	412,053	412,053
Private placement bonds	-	-	1,324,000	-	1,324,000
Total other investments	-	-	1,324,000	412,053	1,736,053
Other assets - equity	261,835	-	-	-	261,835
Annuity assets					
Cash and equivalents	15,679	-	-	-	15,679
Mutual funds-securities	800,779	-	-	-	800,779
Total annuity assets	816,458	-	-	-	816,458
Total	\$ 104,755,295	\$ -	\$ 2,846,800	\$ 18,195,678	\$ 125,797,773

	Fair Value Measurements at June 30, 2019 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,531,200	\$ -	\$ 1,531,200
Investment in securities:					
Mutual funds:					
Equity	59,037,233	-	-	-	59,037,233
Fixed income	42,726,913	-	-	-	42,726,913
Alternative assets:					
Hedge funds	-	-	-	10,409,875	10,409,875
Private equity	-	-	-	5,853,059	5,853,059
Distressed debt	-	-	-	3,711,197	3,711,197
Total investment in securities	101,764,146	-	-	19,974,131	121,738,277
Other investments:					
Limited partnerships	-	-	-	450,280	450,280
Private placement bonds	-	-	1,415,000	-	1,415,000
Total other investments	-	-	1,415,000	450,280	1,865,280
Other assets - equity	339,069	-	-	-	339,069
Annuity assets					
Cash and equivalents	37,480	-	-	-	37,480
Mutual funds-securities	803,970	-	-	-	803,970
Total annuity assets	841,450	-	-	-	841,450
Total	\$ 102,944,665	\$ -	\$ 2,946,200	\$ 20,424,411	\$ 126,315,276

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2020. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments in securities, annuity assets, and other assets - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Gifts receivable from trusts held by others - Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the Foundation's finance office. The finance office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The finance office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2020 and 2019:

	2020	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	\$ 1,531,200	\$ 1,415,000
Redemptions	-	(91,000)
Change in value of split interest agreements	(8,400)	-
Ending balance, June 30	<u>\$ 1,522,800</u>	<u>\$ 1,324,000</u>

	2019	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	\$ 1,529,900	\$ 1,596,000
Redemptions	-	(181,000)
Change in value of split interest agreements	1,300	-
Ending balance, June 30	<u>\$ 1,531,200</u>	<u>\$ 1,415,000</u>

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs).

Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the “outsourced chief investment officer” model of portfolio administration, as described in Note 3. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions, as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

With respect to hedge funds and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations.

The Foundation’s hedge fund allocation is invested in a “fund of funds” structured as an offshore company. The fund’s investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds’ investment positions. The Foundation is no longer subject to the fund’s initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2020, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

Approximately 20% of the Foundation’s private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital

contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2020, the Foundation's total capital commitment of \$3,500,000 was 71.4% (\$2,498,908) funded. The fund made return-of-capital distributions during the year and no further capital calls were received. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The balance of the Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to continue the investment policy of the first fund, but seeks more diversification, shorter duration and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2020, the Foundation's total capital commitment of \$6,400,000 was 74.9% (\$4,793,368) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2020. The fund's lockup period of three years, ended in August 2018. However, upon recommendation of the fund manager and in order to enhance the fund's performance, the Foundation agreed to a further three-year lockup period which will end in April 2022. Once the lockup period is over, liquidations may be requested on a semi-annual basis with a 95 days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. There are no unfunded capital commitments with respect to these investments. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, these investments are generally considered illiquid. The valuation of this investment is based on NAV.

In July 2017, the Foundation purchased private placement bonds issued in support of the construction of an academic building at the University's Lake Campus. The bonds were issued by the Toledo Port Authority on behalf of Double Bowler, Inc., the University's real estate management arm, which owns the property. The bonds are to be liquidated with proceeds of a lease between the University and Double Bowler for use of the building. Bond interest payments are due semiannually on December 1 and June 1, with principal payments also due on June 1. Principal and interest payments for FY20 were received during the year ended June 30, 2020, and amounted to \$91,000 and \$40,328, respectively.

D. Pledges Receivable

Pledges receivable at June 30, 2020 and 2019, by fund type, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 6,505	\$ 2,986,263	\$ 2,992,768
One to five years	-	3,051,649	3,051,649
Six years or greater	-	1,979,470	1,979,470
Gross pledges receivable	6,505	8,017,382	8,023,887
Present value discount	(5)	(762,082)	(762,087)
Allowance for uncollectible pledges	-	(56,500)	(56,500)
Pledges receivable (net)	<u>\$ 6,500</u>	<u>\$ 7,198,800</u>	<u>\$ 7,205,300</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 8,088	\$ 3,276,030	\$ 3,284,118
One to five years	-	1,533,865	1,533,865
Six years or greater	-	1,979,470	1,979,470
Gross pledges receivable	8,088	6,789,365	6,797,453
Present value discount	(88)	(815,065)	(815,153)
Allowance for uncollectible pledges	-	(49,400)	(49,400)
Pledges receivable (net)	<u>\$ 8,000</u>	<u>\$ 5,924,900</u>	<u>\$ 5,932,900</u>

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.29% to 3.34%.

E. Gifts Receivable from Trusts Held by Others

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balances at June 30, 2020 and 2019, are \$1,522,800 and \$1,531,200, respectively, and are included in net assets with donor restrictions.

F. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Equity	\$ 65,539,312	\$ 59,037,233
Fixed income	38,137,690	42,726,913
Alternative assets	<u>17,783,625</u>	<u>19,974,131</u>
Totals	<u>\$ 121,460,627</u>	<u>\$ 121,738,277</u>

Net realized gains/(losses) on sales of investments were (\$165,790) and \$86,550 for the years ended June 30, 2020 and 2019, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains/(losses) amounted to (\$5,282,719) and \$134,375 for the years ended June 30, 2020 and 2019, respectively.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

G. Other Assets

In July of 2012, the Foundation, along with the University of Dayton, purchased an option to acquire real property owned by the Miami Valley Research Foundation (MVRF) in Greene County, Ohio. The Foundation's share of the option price was \$250,000. The renewable option agreement is valid for a period of two years, after which the option payment is returned to the Foundation without interest accruing. The option further provides that the MVRF may prematurely terminate the agreement and return the option payment along with a 5% annual premium. The option expired in June 2014, but was renewed through June 9, 2020 by both parties. MVRF returned the option price to the Foundation upon expiration of the option in FY20.

Also, included in other assets are unrestricted funds set aside for a specific group of University students to invest to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2020 and 2019 was \$261,835 and \$339,069, respectively. Earnings (losses) generated from the project are included in other income. Total net losses for 2020 and 2019 amounted to (\$77,234) and (\$36,333), respectively.

H. Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	2020		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	<u>28,632</u>	<u>-</u>	<u>28,632</u>
Total capital assets	<u>2,845,763</u>	<u>-</u>	<u>2,845,763</u>
Less accumulated depreciation:			
Buildings and improvements	653,374	118,028	771,402
Machinery and equipment	<u>26,590</u>	<u>2,042</u>	<u>28,632</u>
Total accumulated depreciation	<u>679,964</u>	<u>120,070</u>	<u>800,034</u>
Capital assets, net	<u>\$ 2,165,799</u>	<u>\$ (120,070)</u>	<u>\$ 2,045,729</u>
	2019		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	<u>28,632</u>	<u>-</u>	<u>28,632</u>
Total capital assets	<u>2,845,763</u>	<u>-</u>	<u>2,845,763</u>
Less accumulated depreciation:			
Buildings and improvements	535,353	118,021	653,374
Machinery and equipment	<u>22,499</u>	<u>4,091</u>	<u>26,590</u>
Total accumulated depreciation	<u>557,852</u>	<u>122,112</u>	<u>679,964</u>
Capital assets, net	<u>\$ 2,287,911</u>	<u>\$ (122,112)</u>	<u>\$ 2,165,799</u>

I. Debt Guaranty

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated ("STEM") guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM's fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2020, no amounts have been recognized as a liability under the financial guaranty in the Foundation's consolidated statements of financial position, as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

J. Endowment Composition

The Foundation's endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, 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.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 56,233,941	\$ 56,233,941
Board-designated funds	602,383	34,809,326	35,411,709
Totals	<u>\$ 602,383</u>	<u>\$ 91,043,267</u>	<u>\$ 91,645,650</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 55,421,270	\$ 55,421,270
Board-designated funds	581,179	37,009,227	37,590,406
Totals	<u>\$ 581,179</u>	<u>\$ 92,430,497</u>	<u>\$ 93,011,676</u>

Changes in endowment net assets for the years ended June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 581,179	\$ 92,430,497	\$ 93,011,676
Investment return			
Investment income (net)	-	4,053,253	4,053,253
Net appreciation (depreciation)	-	(4,316,267)	(4,316,267)
Total investment return	<u>-</u>	<u>(263,014)</u>	<u>(263,014)</u>
Contributions	-	3,526,810	3,526,810
Change in value of split interest agreements	-	(36,641)	(36,641)
Other income	-	24,666	24,666
Change in donor restrictions	25,000	23,978	48,978
Net assets released from restrictions	24,704	-	24,704
Appropriation of assets for expenditure	(28,500)	(4,663,029)	(4,691,529)
Net assets, end of year	<u>\$ 602,383</u>	<u>\$ 91,043,267</u>	<u>\$ 91,645,650</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 529,906	\$ 91,782,385	\$ 92,312,291
Investment return			
Investment income (net)	-	4,150,318	4,150,318
Net appreciation (depreciation)	46,750	99,664	146,414
Total investment return	<u>46,750</u>	<u>4,249,982</u>	<u>4,296,732</u>
Contributions	-	731,469	731,469
Change in value of split interest agreements	-	(24,135)	(24,135)
Other income	-	78,678	78,678
Change in donor restrictions	-	22,999	22,999
Net assets released from restrictions	33,467	-	33,467
Appropriation of assets for expenditure	<u>(28,944)</u>	<u>(4,410,881)</u>	<u>(4,439,825)</u>
Net assets, end of year	<u>\$ 581,179</u>	<u>\$ 92,430,497</u>	<u>\$ 93,011,676</u>

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations, including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, while not permanently restricted, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return of 5% over inflation without

exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2020 and 2019, the spending rates for the Foundation were 4.00% and 4.50%, respectively, of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Such amounts totaled \$427,210 and \$52,749 as of June 30, 2020 and 2019, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2020 and 2019.

The reserve policy further stipulates that in those years in which the net assets without donor restrictions of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. No transfer is required if the reserve amount is greater than \$1 million. Since the value of the reserve exceeded \$1 million in fiscal years 2020 and 2019, no such transfers were required.

12) Selected Disclosures of the Wright State University Applied Research Corporation (a component unit)

Wright State Applied Research Corporation (WSARC) was incorporated on July 26, 2004, as Wright Center of Innovation for Advanced Data Management and Analysis, Inc. (WCI) to deliver solutions that improve the performance and decision-making of individuals and teams by integrating human factors design with innovative visualization and computing technologies. On March 30, 2011, WCI changed its name to Wright State Applied Research Corporation. WSARC is the contracting entity for the Wright State Research Institute, a department of Wright State University (University). WSARC was also granted tax-exempt status according to the provisions of Section 501(c)(3) of the Internal Revenue Service on July 26, 2004.

WSARC is governed by a board of directors (Board). The Board includes the University president (or his/her designee), two individuals appointed by the University president, a representative of the University's board of trustees and a maximum of nine elected directors who are independent and unrelated to the University. WSARC is a discretely presented component unit of the University.

A. Summary of Significant Accounting Policies

Basis of Accounting

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

Contract and Grant Revenue and Accounts and Notes Receivable

WSARC's principal revenue is derived from sponsored research contracts, which are primarily cost plus fixed fee in nature. Sponsored research contracts are agreements for specific research, which is performed for a sponsor. WSARC recognizes sponsored research contract revenue prorated based upon the costs incurred on each sponsored research contract. The prorated revenue closely approximates the percentage of work completed for each contract. Contract and grant revenue consists primarily of government funding for 2020 and 2019.

Accounts receivable are reflected for both billed and unbilled amounts based upon the work completed for a particular grant or contract. WSARC uses the allowance method to estimate uncollectible accounts and notes receivable in these two categories. The allowances, if any, are based on prior experience and management's analysis of specific contracts. Interest is not charged on any past due balances. As of June 30, 2020 and 2019, there was an allowance recorded of \$3,006 and \$20,000, respectively.

Cash and Cash Equivalents

WSARC considers all demand deposits, certificates of deposit, and money market funds with an original maturity of three months or less to be cash and cash equivalents. WSARC maintains cash balances at banks and the accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2020 and 2019, WSARC had uninsured deposits of approximately \$4,384,000 and \$1,409,000, respectively.

Liquidity and Availability

All financial assets are available for general expenditures within one year of June 30, 2020 and 2019 and amounted to \$11,266,663 and \$8,426,845, respectively. The June 30, 2019 amount was revised for an immaterial error correction.

WSARC manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient liquidity to provide reasonable assurance that long-term obligations will be discharged. WSARC monitors liquidity and cash flows on an on-going basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

Property and Equipment

Property and equipment with an original purchase price or donated value of \$5,000 or greater is capitalized at cost for purchased assets and at fair value for donated assets. The straight-line method of depreciation is used over the assets' estimated useful lives (three to seven years for most assets, up to 40 years for buildings and improvements).

Impairment of Long-Lived Assets

WSARC continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision. In evaluating whether these long-lived assets are recoverable, WSARC estimates the sum of the expected future cash flows, undiscounted and without interest charge derived from such assets over their remaining useful life. Management believes that there was no impairment of long-lived assets for the years ended June 30, 2020 and 2019.

Deferred Revenue

Cash received in advance of being earned is recorded as deferred revenue. In the subsequent period, when the revenue recognition criteria are met, revenue is recognized and the deferred revenue is reduced accordingly. The state of Ohio appropriated funds to WSARC for projects and activities that commenced in 2016. At June 30, 2020 and 2019, the balance of deferred revenue relating to the state appropriation is \$3,184,857 and \$2,877,733, respectively.

Net Assets

Under accounting principles generally accepted in the United States of America, WSARC is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or are designated for use by WSARC's Board of Directors.
- Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of WSARC and/or the passage of time or restricted in perpetuity.

As of June 30, 2020 and 2019, there are no donor restrictions on any of the net assets of WSARC and, therefore, all net assets are reflected as without donor restrictions.

University Support of WSARC

University employees provide operational, technical and administrative functions for WSARC. These services are recorded as expenses as incurred by WSARC.

Income Tax

WSARC has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (Code), as an organization described in Sections 501(c)(3) and 170(b)(1)(A)(ii) of the Code. However, WSARC is subject to federal income tax on any unrelated business taxable income.

WSARC files tax returns in the U.S. federal jurisdiction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WSARC's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Contingencies

WSARC receives significant assistance from numerous federal and state agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the sponsor. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

WSARC is subject to investigations by government agencies which may have adverse financial or operational impacts upon final resolution. The expected time of final resolution and any potential impacts of these investigations on WSARC are unknown at this time.

WSARC is periodically involved as a defendant or codefendant in various matters of litigation. Management believes that the ultimate disposition of any current matters would not have a material adverse effect upon the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and support services categories based on estimated time spent by personnel and other methods.

Subsequent Events

Subsequent events have been evaluated through October 13, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of WSARC. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

In December 2019, WSARC's board of directors approved actions to plan discussions with the University in early 2020 about the future relationship between WSARC and the University once the existing affiliation agreement with the University expires on October 23, 2020 as well as to pursue affiliations with other universities. Subsequent to June 30, 2020, WSARC extended offers of employment to all of the University employees supporting WSARC business. The WSARC Board and the University are in negotiations to establish the terms of their relationship upon the expiration of the affiliation agreement. The financial effects of this negotiation and the future arrangement with the University is unknown at this time. However, it is acknowledged that the overwhelming majority of WSARC revenue for the year ended June 30, 2020 resulted from contracts with unaffiliated organizations, and only 6% is associated with University grants or programs.

B. Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 751,085	\$ 751,085
Software for projects	703,049	703,049
Computers and hardware	2,375,889	2,360,639
Buildings and building improvements	2,551,679	2,167,474
Furniture and fixtures	1,328,680	1,301,124
Truck trailer	520,904	520,904
Equipment	<u>1,011,644</u>	<u>1,011,644</u>
	9,242,930	8,815,919
Less accumulated depreciation	<u>5,623,025</u>	<u>5,147,389</u>
	<u>\$ 3,619,905</u>	<u>\$ 3,668,530</u>

C. Other Assets

On June 26, 2015, WSARC converted a \$300,000 note receivable from the Miami Valley Research Foundation into an option to purchase a proportionate share of approximately 125 acres of land located in Greene County, Ohio. The \$300,000 consideration was returned to WSARC during the year ended June 30, 2020.

D. Line of Credit

In February 2020, WSARC established a \$2,000,000 revolving line of credit with a bank expiring in February 2021. The line is collateralized by substantially all of the WSARC's assets. Interest is payable monthly at the one-month LIBOR rate plus an applicable margin (rate was 2.75% at June 30, 2020). WSARC is required to meet certain covenants contained in its debt agreement. At June 30, 2020, management is not aware of any violations of the covenants. At June 30, 2020, WSARC owed \$195 on the line of credit. In September 2020, the bank placed a restriction on additional borrowings from the line of credit following a University inquiry into the board of directors action to approve the establishment of the line of credit.

E. Related Parties

In accordance with a shared services agreement, WSARC is responsible for reimbursing the University for subsequent direct and certain indirect costs incurred by the University related to sponsored research contracts managed by WSARC. Total expenses recorded related to the University were \$10,141,666 and \$11,261,220 for the years ended June 30, 2020 and 2019, respectively. In addition, WSARC recognizes revenue for space leased to the University in WSARC's building on a month-to-month basis and reimbursement of WSARC expenses incurred on University grants. Total revenue recorded from the University was \$1,920,272 and \$2,015,178 for the years ended June 30, 2020 and 2019, respectively. The balances owed to and due from the University at June 30, 2020 and 2019, respectively, are stated below.

	<u>2020</u>	<u>2019</u>
Due to Wright State University	<u>\$ 2,848,335</u>	<u>\$ 3,620,514</u>
Due from Wright State University	<u>\$ 863,530</u>	<u>\$ 238,304</u>

F. Note Receivable

WSARC issued a note receivable to Advanced Technical Intelligence Center for Human Capital Development (ATIC) on December 1, 2016, for \$1,404,119. The note bears interest at a per annum rate of 1.29%. Monthly installment payments of \$2,500 are due until the earlier of December 31, 2021, or the date ATIC sells its real property located in Greene County, Ohio, at which time the

entire then-remaining principal balance and accrued and unpaid interest are due in full. In 2018, the note became due upon ATIC selling certain real property and is in default on the note. The parties have entered into a forbearance agreement whereby WSARC has agreed to forbear exercising its rights and remedies under the note in exchange for ATIC agreeing to certain terms and conditions including a payment schedule during the forbearance period which expired on October 1, 2020. At June 30, 2020 and 2019, principal amounts of approximately \$1,112,000 and \$1,125,000 were outstanding on this note, respectively. At June 30, 2020 and 2019, the allowance related to this note was approximately \$1,112,000 and \$1,125,000, respectively.

G. Operating Lease

WSARC leased approximately 19,000 square feet of office building space in 2018 in direct support of a US Government contract. All costs related to this office space are fully reimbursable under the terms of the contract including the \$472,000 annual lease cost. In May 2019, WSARC proposed a follow-on contract resulting in an award which required the acquisition of additional leased space of approximately 20,000 sq. ft. The initial term of the lease agreement ends in September 2022 with two options to extend through June 2023 and May 2024, respectively. All lease payments in 2022 through 2024 and option years align with the base and option years of the contract. There is an additional building lease in 2020.

Future lease payments associated with this lease will also be fully reimbursed as a part of the new government contact are as follows:

2021	\$	1,909,005
2022		900,221
2023		900,221
2024		825,202

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE
OPERS NET PENSION LIABILITY AND CONTRIBUTIONS**

(Dollar amounts in thousands)

(Percentages rounded to thousandths)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 ⁽¹⁾</u>
University's proportion of the net pension liability (asset) ⁽²⁾	0.276%	0.304%	0.350%	0.421%	0.444%	0.455%
University's proportionate share of the net pension liability (asset) ⁽²⁾	\$ 54,024	\$ 82,802	\$ 54,473	\$ 95,392	\$ 76,754	\$ 54,649
OPERS fiduciary net position as a percentage of the total pension liability ⁽²⁾	82.443%	74.909%	84.854%	77.386%	81.192%	86.533%
University's covered-employee payroll ⁽²⁾	\$ 44,343	\$ 46,830	\$ 52,295	\$ 61,511	\$ 62,769	\$ 61,994
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll ⁽²⁾	121.832%	176.814%	104.165%	155.081%	122.280%	88.152%
Statutorily required contribution ⁽³⁾	\$ 6,537	\$ 7,035	\$ 7,498	\$ 8,315	\$ 9,035	\$ 9,046
Contributions in relation to the statutorily required contribution ⁽³⁾	\$ <u>6,537</u>	\$ <u>7,035</u>	\$ <u>7,498</u>	\$ <u>8,315</u>	\$ <u>9,035</u>	\$ <u>9,046</u>
Annual contribution deficiency (excess) ⁽³⁾	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
University's covered-employee payroll ⁽³⁾	\$ 42,650	\$ 46,018	\$ 48,994	\$ 57,571	\$ 62,672	\$ 62,945
Contributions as a percentage of covered-employee payroll ⁽³⁾	15.327%	15.287%	15.304%	14.443%	14.416%	14.371%

(1) Information prior to 2015 is not available

*(2) Amount presented determined as of the OPERS December 31st fiscal year end occurring
during the respective university June 30th fiscal year-end*

(3) Amount presented determined as of the respective University June 30th fiscal year-end

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE
STRS NET PENSION LIABILITY AND CONTRIBUTIONS**

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 ⁽¹⁾</u>
University's proportion of the net pension liability (asset) ⁽²⁾	0.541%	0.601%	0.681%	0.726%	0.729%	0.713%
University's proportionate share of the net pension liability (asset) ⁽²⁾	\$ 119,728	\$ 132,220	\$ 161,733	\$ 242,899	\$ 201,492	\$ 173,487
STRS fiduciary net position as a percentage of the total pension liability ⁽²⁾	77.398%	77.310%	75.288%	66.778%	72.088%	74.707%
University's covered-employee payroll ⁽²⁾	\$ 51,953	\$ 56,101	\$ 61,792	\$ 63,346	\$ 63,798	\$ 61,581
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll ⁽²⁾	230.454%	235.682%	261.738%	383.448%	315.828%	281.722%
Statutorily required contribution ⁽³⁾	\$ 8,553	\$ 8,894	\$ 9,571	\$ 10,531	\$ 10,739	\$ 10,757
Contributions in relation to the statutorily required contribution ⁽³⁾	\$ <u>8,553</u>	\$ <u>8,894</u>	\$ <u>9,571</u>	\$ <u>10,531</u>	\$ <u>10,739</u>	\$ <u>10,757</u>
Annual contribution deficiency (excess) ⁽³⁾	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
University's covered-employee payroll ⁽³⁾	\$ 49,761	\$ 52,118	\$ 56,186	\$ 62,056	\$ 63,321	\$ 64,347
Contributions as a percentage of covered-employee payroll ⁽³⁾	17.188%	17.065%	17.034%	16.970%	16.960%	16.717%

(1) Information prior to 2015 is not available

(2) Amount presented determined as of the STRS June 30th fiscal year-end occurring one year prior to the respective university June 30th fiscal year-end

(3) Amount presented determined as of the respective University June 30th fiscal year-end

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE
OPERS NET OPEB LIABILITY AND CONTRIBUTIONS**

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	<u>2020</u>	<u>2019</u>	<u>2018 ⁽¹⁾</u>
University's proportion of the net OPEB liability (asset) ⁽²⁾	0.291%	0.321%	0.368%
University's proportionate share of the net OPEB liability (asset) ⁽²⁾	\$ 40,145	\$ 41,838	\$ 39,917
OPERS fiduciary net position as a percentage of the total OPEB liability ⁽²⁾	47.80%	46.33%	54.14%
University's covered-employee payroll ⁽²⁾	\$ 44,343	\$ 46,830	\$ 52,295
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll ⁽²⁾	90.533%	89.340%	76.330%
Statutorily required contribution ⁽³⁾	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution ⁽³⁾	\$ <u>-</u>	\$ <u>-</u>	\$ <u>305,775</u>
Annual contribution deficiency (excess) ⁽³⁾	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(305,775)</u></u>
University's covered-employee payroll ⁽³⁾	\$ 42,650	46,018	48,994
Contributions as a percentage of covered-employee payroll ⁽³⁾	0.000%	0.000%	0.624%

(1) Information prior to 2018 is not available

*(2) Amount presented determined as of the OPERS December 31st fiscal year end occurring
during the respective university June 30th fiscal year-end*

(3) Amount presented determined as of the respective University June 30th fiscal year-end

**SCHEDULE OF THE WRIGHT STATE UNIVERSITY'S PROPORTIONATE SHARE OF THE
STRS NET OPEB LIABILITY (ASSET) AND CONTRIBUTIONS**

(Dollar amounts in thousands)
(Percentages rounded to thousandths)

	<u>2020</u>	<u>2019</u>	<u>2018 ⁽¹⁾</u>
University's proportion of the net OPEB liability (asset) ⁽²⁾	0.541%	0.601%	0.681%
University's proportionate share of the net OPEB liability (asset) ⁽²⁾	\$ (8,967)	\$ (9,663)	\$ 26,564
STRS fiduciary net position as a percentage of the total OPEB liability ⁽²⁾	174.743%	175.996%	47.114%
University's covered-employee payroll ⁽²⁾	\$ 51,953	56,101	61,792
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll ⁽²⁾	-17.260%	-17.224%	42.989%
Statutorily required contribution ⁽³⁾	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution ⁽³⁾	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Annual contribution deficiency (excess) ⁽³⁾	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
University's covered-employee payroll ⁽³⁾	\$ 49,761	52,118	56,186
Contributions as a percentage of covered-employee payroll ⁽³⁾	0.000%	0.000%	0.000%

(1) Information prior to 2018 is not available

*(2) Amount presented determined as of the STRS June 30th fiscal year-end occurring one year
prior to the respective university June 30th fiscal year-end*

(3) Amount presented determined as of the respective University June 30th fiscal year-end

Notes to Required Supplementary Information

Changes of Benefit Terms

The following pension plan change was implemented by STRS effective July 1, 2017:

1. The cost of living adjustment (COLA) was reduced to zero.

The following pension plan changes were implemented by STRS effective January 1, 2019:

1. The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service.
2. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020

The following OPEB plan changes were implemented by STRS effective January 1, 2020:

3. The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service.
4. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020, and the Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan.
5. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The following OPEB changes were approved by the OPERS board on January 15, 2020 affecting the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan effective January 1, 2022. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability:

1. Base allowances and eligibility for Medicare retirees were changed.
2. OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances are being replaced, similar to the program for Medicare retirees.

Changes of Assumptions

Net pension and OPEB amounts beginning with the 2016 plan year for OPERS were impacted by the following assumption changes:

1. The long-term pension investment return assumption was reduced from 8.0% to 7.5%.
2. There was a change in mortality tables for both pension benefits and health care coverage.
3. In 2018, the long-term pension investment return assumption was reduced from 7.5% to 7.2% and the long-term health care investment return assumption from 6.5% to 6.0%.

OPEB amounts reported in the 2017 plan year for STRS reflect the following assumption changes:

1. The discount rate was increased from 3.26% to 4.13%.
2. The long term expected rate of return was reduced from 7.75% to 7.45%.
3. Valuation year per capita health care costs were updated, and the salary scale was modified.
4. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
5. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

OPEB amounts beginning with the 2018 plan year for STRS were impacted by the following assumption changes:

1. The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB).
2. Valuation year per capita health care costs were updated.

OPEB amounts beginning with the 2019 plan year for OPERS were impacted by the following assumption changes based on an experience study for the five year period ending December 31, 2015:

1. The discount rate was decreased from the single discount rate of 3.96% to a single discount rate of 3.16%.
2. Health care cost trend rate changed from 10.0% initial rate and 3.25% ultimate rate in 2029 to 10.5% initial rate and 3.5% ultimate rate in 2030.

OPEB amounts reported in the 2019 plan year for STRS include the following change of assumptions based upon an experience study for five year period ending June 30, 2016:

Health care cost trend rates for 2019 valuation ranging from 4.9% to 9.6% initially and a 4.0% ultimate rate compared to prior year health care cost trend rates for 2018 valuation ranging from -5.2% to 9.6% initially and 4% ultimate rate.

Subsequent Events

1. According to OPERS, subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education Direct Programs -				
Federal Supplemental Educational Opportunity Grant	84.007			\$ 819,791
Federal Direct Loan Program	84.268			76,821,295
Federal Work Study Program	84.033			506,136
Federal Perkins Loan Program	84.038			8,402,382
Federal Pell Grant Program	84.063			15,863,651
Total U.S. Department of Education Direct Programs				<u>102,413,255</u>
U.S. Department of Health and Human Services Direct Programs -				
Health Professions Student Loans	93.342			11,014
Loans for Disadvantaged Students	93.342			62,074
Nurse Faculty Loan Program	93.264			41,058
Nursing Student Loans	93.364			962,368
Primary Care Loans	93.342			514,613
Total U.S. Department of Health and Human Services Direct Programs				<u>1,591,127</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				<u>104,004,382</u>

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER				
U.S. Department of Agriculture, Prime -				
The Extent of Attack Determinants of Susceptibility and Tolerance of Cultivated Olive O	10.025			\$ 18,592
U.S. Department of Agriculture, Subcontract -				
Immune Evasion in Aquatic Rhabdoviral Pathogens	10.001	University of Toledo	F-2018-10	112,312
Nutrient and Sediment Retention Potential of a Saturated Buffer in Grand Lake St Marys	10.923	Ohio Farm Bureau Federation, Inc.	2020-0162-01	10,128
Total U.S. Department of Agriculture, Subcontract				122,440
Total U.S. Department of Agriculture				141,032
U.S. Agency for International Development, Subcontract -				
Identification of Electrophysiological Markers for Early Diagnosis of Amyotrophic Later	98.001	National Academy of Sciences	NAS SUBAWARD# 2000009148	65,996
U.S. Department of Commerce, Subcontract -				
Assessing Nitrogen Dynamics in a Closed Integrated Aquaponics System	11.417	The Ohio State University	60074860; RF01600229	10,682
First Comprehensive Survey of Benthic Microbial Diversity of Lake Erie: implications f	11.417	The Ohio State University	60074490	9,450
Knauss Marine Policy Fellowship	11.417	The Ohio State University	60065123; RF01535032	34,944
Rapid Mobilization to Establish Baseline Conditions and Assess Post-treatment Effects o	11.417	The Ohio State University	60076664	1,054
Total U.S. Department of Commerce				56,130
U.S. Department of Defense, Prime -				
A Holistic Automatic Deep Understanding and Protection of Technical Documents	12.300			103,716
Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent	12.300			137,686
Cerebral Hemodynamic Studies of Hypoxia and Fatigue	12.340			302,758
Collaborative Research: Defects and Dopants in Critical Wide Band Gap Semiconductors	47.049			78,281
Collaborative Research: Optimizing Trauma Care Network Design	47.041			23,548
Comprehensive Learning Objectives for Warfighter Needs	12.800			1,388,450
Evaluation of a Brief Marriage Intervention for Internal Behavioral Health Consultants	12.420			36,848
Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)	12.800			2,742,257
Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationsh	12.420			182,670
Low Vacuum Field Emission Scanning Electron Microscope (LVFESEM + EBSD + STEM) and a Lo	12.800			937,468
Maximizing the Collective Intelligence of a Network Using Novel Measures of Socio-Cogni	12.431			30,622
Precision High Intensity Training through Epigenetics (PHITE)	12.300			1,105,705
Real-Time Detection of Cellular Respiratory Bio-Markers of Early Stage Infections	12.420			38,614
Recovering the Sources of Individual Differences Unduly-named Errors (ReSIDUE)	12.910			498,348
Revolutionary Intelligence and Influence Technologies (RIIT)	12.800			299,719
Science Technology and Research for Exploiting Sensor Systems (STRESS)	12.800			2,101,735
Sensor and Information Research Center for Understanding Systems (SIRCUS)	12.800			503,363
Support for the 20th International Symposium on Aviation Psychology	47.075			(13,574)
Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)	12.800			477,066
The Role of Dynamic Representational Networks in Expertise in Visual Scene Recognition	12.300			91,444
Toward Undifferentiated Cognitive Agents: Determining Gaps in Comprehension	12.800			120,251
Up-Armoring At-Risk Military Couples	12.800			268,643
WSARC - AFRL ACE-EM	12.800			62,569
WSARC - AMP 101 FY19	12.800			6,373
WSARC - APEX	12.615			3,608,357
WSARC - ATHENA	12.800			188,885
WSARC - ATHENA 2 - TO 01	12.800			7,701,734
WSARC - CBRNE Classes FY19	12.800			6,649
WSARC-F0002-F0004- Option 1	12.800			316,853
WSARC - GATAR	12.800			79,728
WSARC - GATE	12.800			1,804
WSARC - HIVE	12.800			122,847
WSARC - HMT	12.800			6,630,477
WSARC - i6	11.020			4,780
WSARC - LEAP	12.910			160,062
WSARC - MIDLE	12.800			4,576
WSARC - SCAMP	12.910			1,042,191
WSARC - STEM Outreach	12.800			47,562
WSARC - Tech Warrior Bridge	12.800			1,469,581
WSARC - USAM-AMP101 Class FY20	12.800			6,317
WSARC - USAM-ATLS Class FY19	12.800			11,580
WSARC - USAM-ATLS FY20	12.800			10,499
WSARC - USAM-CBRNE FY20	12.800			8,649
Total U.S. Department of Defense, Prime				32,947,691
U.S. Department of Defense, Subcontract -				
A Hierarchical and Extendable Component-based Simulation Tool for Aircraft Thermal Mana	12.300	CFD Research Corporation	20190610; N68335-19-C-0733	20,289
A Thermo-fluids Analysis of Aircraft Thermal Energy Management and Precision Airdrop	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-17-5-OC-AFRL	28,401
A Thermo-Fluids Analysis of Aircraft Thermal Energy Management and Precision Airdrop 2	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-17-5-OC-AFRL2	49,679
Adaptive Goal-Driven Autonomous Agents	12.300	Lehigh University	543675-78001	55,179
Additively Manufactured Embedded Electronics	12.800	Southwestern Ohio Council for Higher Education	RY24-WSU-19-8-AFRL2 MOD 01	26,051
Advanced Analog to Digital Converter (ADC) for GPS Receivers Phase II SBIR	12.800	RBS Technologies, LLC	WSU-2018-1009-1	43,446
Advanced Ladar Technology and Research (ALTAR): Algorithm and Simulation Support for La	12.800	Leidos, Inc.	P010125637 TASK# P010125637-2	29,689
Advanced Power Density Improvements to Electrical Generation Systems	12.300	Spectral Energies, LLC	N68335-19-C-0494	39,334

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
U.S. Department of Defense, Subcontract (Continued) -				
Aeromechanical Investigation of Turbine Engine High Speed Compressors	12.800	Universal Technology Corporation	16-7900-0003-02-C5	\$ 12,196
Aerospace Propulsion Outreach Program - Thrust Vectoring	12.800	Universal Technology Corporation	SUB 142411-16F2639-1948C8 MOD3	6,235
Airman Decision Making and Interface REsearch (ADMIRE)	12.800	Ball Aerospace	PO#20P0016C MOD 1	25,895
Application of Human Operator Information Models-HOIM-for Research on Non-Invasive Brain ASSET 3 Support	12.800	InfoSciTex Corp	FPH02-S014 - TO 0003 -PO153078	1,301
Bi Static MASINT and GEOINT R&D	12.420	University of Maryland	1000001081, 1701766	8,141
Broadband Multi-Mode Terahertz Imaging for Detection of Corrosion and Defects under Hul	12.800	Riverside Research	DRC.11287-054.RR001822.20	89,544
CFD Analysis of a Celestial Icosahedron Shaped Vacuum Lighter than Air Vehicle	12.800	Princeton Nanotechnology Systems (PNTS)	PO #PNTS-120709-1	429
Collaborative Communication Interruption Management System (C-CIMS)	12.800	MacAulay-Brown, Inc.	FA8075-14-D0019.DSC3150-03MOD1	3,838
Compact Thermal Management System for Laser Systems	12.800	Ball Aerospace	PO# 18P0246C CHG 3	37,968
CTRA - AQUEOUS-PREP	12.800	Spectral Energies, LLC	N68335-18-C-0544	315
Design and Fabrication of an External Combustor for a JetCat Turbojet Engine	12.800	University of Maryland	SR00005274; 1802254	4,977
Development of a Vehicle Level Integration Tool for Aircraft Energy Management	12.800	Universal Technology Corporation	SUB 18-7900-0008-38-C8	(1,414)
Development of a Vehicle Level Integration Tool for Aircraft Energy Management	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ37-WSU-18-9-AFRL MOD 1	10,426
Electrical and Optical Characterization	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ37-WSU-189-AFRL2	29,761
Electron Optics Analyses towards Fundamental Understanding of Functional Thin Film Mate	12.800	Wyle Laboratories	A10552.0005.S002, PO#APSC02040	406,994
Environmental Compensation Algorithms for Real-time Air Quality Sensors	12.800	Universal Energy Systems Inc. (UES Inc.)	S-114-050-001	9,951
EPOC: Efficient Power Controller for Small Unmanned Air Vehicles	12.800	Universal Energy Systems Inc. (UES Inc.)	SUB NO. S-158-200-001	40,557
Exploring an Expanded Theory of Multimedia Learning for Supporting Distributed Learning	12.800	Intelligent Automation, Inc.	2377-1; FA8650-18-P-2128	17
Growth and Characterization of Multiferroic Materials	12.800	Arizona State University	ASUB00000270 AMENDMENT 02	50,874
High Impact Technologies	12.800	Azimuth Corporation	SUB 238-5404-WSU P0238-004-001	19,596
High-Fidelity Multi-Physics for Aerospace Vehicle Design Optimization	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-15-1-AFRL-OC1	13,116
Hypersonic Onboard Power and Thermal Management System	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ-WSU-17-6-OC-AFRL	(1,820)
Machine Learning Controls for Reconfigurable Transceiver Array	12.800	Special Power Services	PRIME FA864920P0586	15,144
Mechanistic Interpretations of Hypobaria and Hyperoxia using Omic Technology	12.800	Southwestern Ohio Council for Higher Education	RY13-WSU-20-5-AFRL2-FE	8,568
Metabolomics Analyses of Fecal Extracts in a ð€™Humanizedð€™ Microbiome Mouse Model of Toxi	12.800	Henry M. Jackson Foundation	SUBAWARD #4330, PO#940849	(946)
Object Physics for Exploitation and Recognition Advancements Opera TO2	12.800	Henry M. Jackson Foundation	SUB AWARD# 3748; PO# 900681	63,377
Optimization of Human Capital Program Human Attribute Taxonomy Development	12.800	Leidos, Inc.	P010151904-2 MOD 4	17,055
Passenger and Baggage Simulation for Synthetic Image Generation (PASSIG)	97.108	Bowling Green State University	10010243-WSU	51,216
Performance Understanding for Layered Sensing Exploitation: Valuable Insights Through A	12.800	Innovision LLC	FULLY EXECUTED 6/10/19	28,260
Phase II: AF181029 Intelligent Robust Controller for Hybrid Electric UAVs	12.800	InfoSciTex Corp	FPH66-S005 TO02: PO#171467	38,415
Power and Thermal Management System for Hypersonic Vehicles	12.800	Intelligent Automation, Inc.	2528-1; FA8650-20-C-2306	15,568
Power/Thermal Management of Hypersonic Air Vehicles	12.800	Acumentrics	PO 207355	(28,944)
Probabilistic Design Criteria for Decision Making with Uncertainty	12.800	Southwestern Ohio Council for Higher Education	RQ9-WSU-19-7-AFRL2	32,417
Stochastic Metamodeling for Design Validation	12.800	University of Dayton	RSC17010	24,174
Test and Evaluation of Reliability of Human-Machine Systems via Simulation	12.800	Dayton Area Graduate Studies Institute (DAGSI)	RQ30-WSU-16-3-AFRL	20,774
Training for Resilient Cyber Physical Systems Design Development and Testing (TENSILITY	12.800	MacAulay-Brown, Inc.	DSC3150-02	40,755
Trust Calibration and Human-Machine Teaming	12.800	Knowledge Based Systems, Inc.	2017-WSU-SUBCONTRACT	95,678
Vibration Bending Fatigue Properties of Additively Manufactured Nickel-Based Superalloy	12.800	Systems Research and Applications International	SRAS002156-1, PROJ 14843-001	768
WSARC-ACT 3	12.800	Universal Technology Corporation	142411-0000003-19-02-C11 MOD 4	19,416
WSARC-Adapt Learn & Assess App	12.800	SPG Institute		22,418
WSARC-Autonomous Models & Agent	12.800	L3		110,749
WSARC-DARPA M2T	12.800	L3		4,807
WSARC-HIRT - TO13 Program	12.800	Leidos		136,176
WSARC-IDIQ	12.800	Ball		47,733
WSARC-ISAA	12.800	Riverside Research		169,450
WSARC-KBR	12.800	Ball		37,654
WSARC-PRIDE	12.800	KBR		167,274
WSARC-RAST	12.800	Knexus Research		80,793
WSARC-Secure LVC in Pers Recov	12.800	Infoscitex		600,390
WSARC-Soar Technology Inc	12.800	L3		11,689
WSARC-Stork 2.0	12.910	Soar Technology		18,497
WSARC-TAHMT	12.800	MTSI		8,063
WSARC-TALONS	12.800	SRA		17,493
WSARC-TTAS	12.910	Navatek		39,722
WSARC-Unmanned Air System	12.800	MacB		26,110
WSARC-Vigilant Spirit	12.800	CRG		664
		IST		25,675
Total U.S. Department of Defense, Subcontract				<u>3,028,017</u>
Total U.S. Department of Defense				<u>35,975,708</u>
U.S. Department of Education, Subcontract -				
Facilitating Transfer of Mathematical Knowledge from Classroom to Real Life	84.305A	The Ohio State University	60041905-WSU	372
Intelligent Diagnostic Assessment Platform for School Statistics Education	84.305A	University of Notre Dame	203469WSU	58,308
Total U.S. Department of Education				<u>58,680</u>
U.S. Department of Energy, Subcontract -				
Development and Application of a Hydrothermal Atomic Force Microscope	81.049	Oak Ridge National Laboratory	4000114518	10,269
Mechanisms of Complex Atomic- to Pore-Scale Geochemical Processes	81.049	Oak Ridge National Laboratory	4000172654	53,025
Total U.S. Department of Energy				<u>63,294</u>
U.S. Environmental Protection Agency, Prime -				
A Soil Bulk Density Metric to Improve Level 2 Assessments of Wetland Condition	66.461			<u>18,194</u>

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
U.S. Environmental Protection Agency, Subcontract -				
Nutrient and Sediment Retent. Potent. by Cntrld Pond and Riparian Tile Buffer Sys.	66.469	Ohio EPA	PROJ WRIGHT-FDSEDM14	\$ 3,630
Total U.S. Environmental Protection Agency				<u>21,824</u>
U.S. Department of Health and Human Services, Prime -				
A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse	93.279			443,665
Cell Type-Specific Roles of Calpain-2 in Formation of Peripheral Myelinated Nerves	93.853			47,551
Characterizing Fentanyl Outbreaks: Ethnographic and Forensic Perspectives	93.279			(3,871)
Crystal in the Gem City: Characterizing a Methamphetamine Outbreak in the Area of a Hig	93.279			65,918
Determining if there is a Primary Myopathy in Huntington's Disease	93.853			144,135
Differential Clearance of Pyroglutamate Abeta through Arachnoid and Meningeal Lymphatic	93.866			259,441
Discovery of Germline Genes and Regulatory Networks in Planarians	93.865			10,191
Disruption of Excitable Axonal Domains by Glucose Metabolite Methylglyoxal	93.853			348,696
DNA Damage Response Kinase Signaling in Non-Replicating Human Cells and Tissues	93.859			327,939
Dual Targeting Redox-active Gold(I) Therapeutics	93.395			156,281
eDarkTrends: monitoring cryptomarkets to identify emerging trends of illicit synthetic	93.279			127,027
Environmental Pro-Oxidation Stressors and Immunosuppression	93.113			4,655
ERK3 Kinase Signaling in Lung Cancer	93.396			253,517
Exosomes from miR-primed endothelial progenitor cells for treating ischemic stroke	93.853			375,190
Gene Regulatory Functions for the Nuclear Speckle Protein SON	93.859			101,886
K-Ras Plasma Membrane Interactions: A Tractable Therapeutic Target	93.396			153,578
Managing Dementia through a Multisensory Smart Phone Application to Support Aging in PI	93.879			130,389
Mechanisms of Neuroinflammatory Burden Following Early-life Stress	93.865			16,730
Mechanisms of Replication - Dependent Microsatellite Instability in Human Disease	93.859			253,929
Mechanisms Underlying Excitability Regulation of Motoneuron Types in ALS	93.853			401,939
Microvesicles as a Novel Transmitter for UVB-Induced Bioactive Products	93.846			104,321
Novel Approaches to Therapy of Muscle Ion Channelopathies	93.846			260,369
Photodynamic Therapy-Induced Immune Modulation: Mechanisms and Influence on Therapeutic	93.846			41,806
Platelet Activating Factor and Epidermal Cytotoxicity	93.837			4,998
Platelet Activating Factor and Epidermal Cytotoxicity	93.839			238,709
Pre-mRNA Processing Factors Maintain Normal Mitosis	93.859			46,272
Prevention of Adenovirus Pathogenesis Through Downregulation of the Apical Adenovirus R	93.855			186,763
Real-time Assessment of Dialogue in Motivational Interviewing training (ReadMI)	93.226			90,782
Reduced Motoneuron Excitability in Sepsis	93.853			310,790
Role of Calcineurin Isoforms in Renal Regulation of Blood Pressure	93.847			246,978
Role of Slc12a5 in Insulin Secretion and Glucose Homeostasis	93.847			126,267
SCH: kHealth: Semantic Multisensory Mobile Approach to Personalized Asthma Care	93.865			26,576
Signaling Mechanism of the DNA Replication Checkpoint	93.859			212,854
Sodium Influx Assay for Measurement of TRPM7 Channel Activity in Intact Cells	93.855			20,906
The Offender Reentry Program	93.243			45,027
TRPM7 and Cellular pH	93.855			210,622
Wounding Therapy and Photocarcinogenesis	93.866			26,275
Total U.S. Department of Health and Human Services, Prime				<u>5,819,101</u>
U.S. Department of Health and Human Services, Subcontract -				
A Cloud-based System for Scalable Privacy-preserving and Interactive Immune Repertoire	93.855	IMMUDX	AWARD LETTER DATED 1/28/2019	55,347
African Ancestry Genomic Psychiatry Project	93.242	State Univ New York Research Foundation	1129280-72487	99,723
Blood Flow Velocimetry Using Digital Subtraction Angiography	93.837	Radiation Monitoring Devices, Inc.	2R44HL132664-02 (RMD C19-09)	69,613
Clozapine for Cannabis Use Disorder in Schizophrenia	93.279	Dartmouth College	R855	2
Comparing Interventions for Opioid Dependent Patients Presenting in Medical EDs	93.279	New York Univ Schl of Medicine	15-A0-00-005065-01	5,207
CTRA - RICODIFY	93.36	Syneos Health, LLC	PROTOCOL SMT19969/C005	13,776
DCOP Fiscal Agency Federal	93.395	Dayton Clinical Oncology Program (DCOP)	5UG1CA189957-05	67,909
DCOP Fiscal Agency Federal Fall 2019	93.399	Dayton Clinical Oncology Program (DCOP)	2UG1CA189957-06	356,790
Developing Statistical Methods for Analyzing Somatic Mutations	93.393	Fred Hutchinson Cancer Research Center	0001006381; 223368	11,642
Development and Validation of a Virtual Airway Skill Trainer (VAST)	93.838	Rensselaer Polytechnic Institute	A12577 PO154691	(785)
Intestinal Epithelial Cell Regulation of Allergic Inflammation at Distant Sites	93.847	The Ohio State University	60047886 PO# RF01432240	(20,204)
MISTIE III A Phase III Randomized Open Label 500-Subject Clinical Trial of Minimally In	93.853	Johns Hopkins University	2003084709/NCT00961532	(1)
Modeling Social Behavior for Healthcare Utilization and Outcomes in Depression	93.242	Cornell University	SUB 183637	429
Optimizing HEALing in Ohio Communities	93.279	University of Cincinnati	012159-003; L204500112087	14,652
Pharmacokinetics of Oral L-citrulline in Infants at High Risk of Developing Pulmonary H	93.838	University of Utah	1004741-03 PO U000230459	18,908
Pharmacometric Modeling and Simulation for Evaluation of Bioequivalence for Leuprolide	93.103	University of Utah	PO U000227794, 10038480-01	7,021
Pharmacometric Modeling of Immunosuppressants for Evaluation of Bioequivalence Criteria	93.103	University of Utah	PO U000227795, 10035588-01	3,745
Platelet-Oriented Inhibition in New TIA (POINT)	93.061	EMMES Corporation	POINT STUDY	1
SCH: INT: Collaborative Research: Development and Analysis of Integrative Models for Ch	93.213	Northwestern University	SP0050754-PROJ0014203 A02	51,285
Shear forces regulate endothelial and fibroblast cross talk via inflammation to produce	93.837	William Marsh Rice University	SUB R23161 AMEND 2	88,495
Strengthening Middle School Science and Health Education by Linking Grade-Level Inquiry	93.859	Curators of the University of Missouri	C00054701-1	22,483
The Learning and Working During the Transition to Adulthood Rehabilitation Research and	93.433	University of Massachusetts Worcester	WA00767827/OSP2017118	(3,983)
The Maternal-Fetal Adiponectin Differential and Fetal Fat Deposition	93.847	UC San Diego	PO# 91932772	9,089
Updating Skeletal Maturity Methods for U.S. Children	93.846	Curators of the University of Missouri	C00054285-1	7,961
Total U.S. Department of Health and Human Services, Subcontract				<u>879,105</u>
Total U.S. Department of Health and Human Services				<u>6,698,206</u>
U.S. Department of Interior, Subcontract -				
Maumee River Sediments as a Nitrogen Source or Sink to Lake Erie: the Competing Roles o	15.805	The Ohio State University	60066106; RF01525235	24,499
Mercury Analysis of Environmental Samples - Federal Sources	15.608	More Than One Source of Support	BRI INVOICES	266
Total U.S. Department of Interior				<u>24,765</u>

WRIGHT STATE UNIVERSITY

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YEAR ENDED JUNE 30, 2020

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RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
National Aeronautics and Space Administration, Subcontract -				
2020 SAE Baja Raider Racing	43.001	Ohio Space Grant Consortium	OSGC LETTER DATED 11/19/19	\$ 3,058
2020 Solar Splash	43.001	Ohio Space Grant Consortium	OSGC CHECK#3061	1,142
Creating Surgical Capabilities for Exploration Space Flight	43.003	Baylor College of Medicine	PO# 7000000567	3,234
In-Process Monitoring of Additive Manufacturing	43.001	Universal Technology Corporation	17-7615-00-C1	28
MAVEN Mission	43.001	University of Colorado	PO 1000013110 REF 1546525	231,462
OSGC Summer 2019 Research Internship	43.001	Ohio Space Grant Consortium	OSGC- LETTER DTD 6/18/19	14,600
OSGC Summer 2019 Research Internship	43.001	Ohio Space Grant Consortium	OSGC-LETTER DTD 5/31/19	9,001
SAE Aerodesign FY2019	43.001	Ohio Space Grant Consortium	CK#2069 DTD 11/01/18	918
Total National Aeronautics and Space Administration				263,443
National Endowment for the Humanities, Subcontract -				
Vetusta Monumenta: A Digital Antiquarian Edition	45.161	Curators of the University of Missouri	C00057491-1	2,856
National Science Foundation, Prime -				
Collaborative Proposal Developing a Battery of Interdisciplinary Methods for the Study	47.041			2,258
Collaborative Proposal: RTD-based Relaxation Oscillators (RTD-RO) to Increase Output Po	47.041			194
Collaborative Research: Determining the fundamental cognitive properties of decision m	47.075			75,487
Collaborative Research: Dimensions US-Biota SÃ£o Paulo: Chemically Mediated Multi-trop	47.074			13,668
Collaborative Research: IUJRCR Center for Surveillance Research - Phase II	47.041			48,868
Collaborative Research: Characterizing Active Learning Environments in Physics	47.076			15,456
Collaborative Research: Cyanobacteria; Nitrogen Cycling; and Export Production in the L	47.050			28,582
Collaborative Research: Data-driven integration of biological with in-silico experiment	47.074			25,603
Collaborative Research: Engaged Student Learning: Re-conceptualizing and Evaluating a C	47.076			11,144
Collaborative Research: Examining the Role of Nitrogen Exchange in the Formation of Alg	47.074			27,088
Contribution of Hemodynamic Shear Stress Abnormalities to Calcific Bicuspid Aortic Valv	47.041			(1,245)
EAGER Collaborative: >100 GHz Optical Clocking using Self-Modulation of Co-Tunneling Li	47.041			36,518
EAGER: Bio-Inspired Low Probability of Detection Secure RF Waveform Design	47.041			65,787
EAGER: Novel Bio-inspired 3D Hybrid Materials for Surface-Active Devices	47.041			16,061
IIS: Medium: Context-Aware Harrassment Detection on Social Media	47.070			(2,381)
Intergovernmental Personnel Act (IPA) assignment of Dr. Tamera Schneider from Wright St	47.075			10,742
MRI: Acquisition of a CytoViva System for Highly Interdisciplinary Research and Educati	47.041			(18)
Nutrients and Harmful Algal Bloom Activity on Lake Anna	47.070			11,916
RAPID: Collaborative Research: Faculty Social Networks Supporting Crisis Transitions	47.076			15,225
Regulated Sialylation Modulates Cardiac Excitability and Conduction	47.074			(271)
REU Site: Data-Driven Cyber Security Research	47.070			1,140
REU Site: Undergraduate Research in Intelligent Autonomous Vehicles	47.041			58,598
RI: Student Travel Program for the 2018 International Conference on Case-Based Reasonin	47.041			303
S&AS: INT: Collaborative: Goal-driven Marine Autonomy with Application to Fisheries Sc	47.070			114,777
The PIPELINE Network: Supporting the Development of Physics Innovation and Entrepreneu	47.076			12,697
WSU Students ASK: A Success & Scholarship Program for Students Applying Scientific Knowl	47.076			175,215
Total National Science Foundation, Prime				763,412
National Science Foundation, Subcontract -				
Ohio LSAMP Alliance	47.076	The Ohio State University	SUB 60072135 PRIME 1817314	37,251
Research Initiation Award: Search for the Epigenomic Mechanisms of Paternal Inheritance	47.076	Central State University	8511-001	4,411
USF Funds - Regulated Sialylation Modulates Cardiac Excitability and Conduction	47.074	University of South Florida	CK#743324; IOS-1660928	7,032
Total National Science Foundation, Subcontract				48,694
Total National Science Foundation				812,106
U.S. Department of Transportation, Prime -				
Development and Valid. of a Standard Color Palette and Updates to the FAA Color Std.	20.108			27,555
U.S. Department of Transportation, Subcontract -				
Intelligent Modeling of Vehicle Firmware	20.614	Transportation Research Center, Inc.	SRA EXECUTED 1/31/18; PO# 9015	1,222
Mission-oriented Intelligent Firmware Modeling	20.614	Transportation Research Center, Inc.	SRA EXECUTED 9/13/19, 693JJ918	81,774
Total U.S. Department of Transportation, Subcontract				82,996
Total U.S. Department of Transportation				110,551
U.S. Department of Veterans Administration, Prime -				
Dayton VA Medical Center IPA Agreement - Tamer Abdelrehim	64.115			11,625
Dayton Veterans Affairs Medical Center IPA Agreement - Knisely	64.115			70,360
Dayton Veterans Affairs Medical Center IPA Agreement - Williams	64.115			49,108
Dayton Veterans Affairs Medical Center IPA Agreement Cates	64.115			24,500
Laboratory Animal Resources Care	64.115			8,574
Laboratory Animal Resources Care 2019-2023	64.115			10,806
Veterans Affairs Medical Center IPA Agreement - Zhelay	64.115			39,130
Total U.S. Department of Veterans Administration				214,103
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				44,508,694

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MEDICAID CLUSTER				
An Interactive Game for Cultural Proficiency Training Featuring Virtual Reality Immersi	93.778	The Ohio State University	60072602; RF01579739	\$ 352,193
An Interactive Game for Cultural Proficiency Training Featuring Virtual Reality Immersi	93.778	The Ohio State University	PROJ 60068340; PO# RF01542698	24,224
MEDTAPP Diabetes Consortium	93.778	Case Western Reserve University	RESS14856; ODM202016	34,646
MEDTAPP Diabetes Quality Improvement Project (QIP)	93.778	Case Western Reserve University	G-2021-05-0069 (ODM202017)	3,831
MEDTAPP Diabetes Quality Improvement Project (QIP)	93.778	Case Western Reserve University	RESS14889, G-2021-05-0069	1,901
MEDTAPP Ohio Cardiovascular Disease Value Collaboration	93.778	Case Western Reserve University	RESS13444	39,108
Virtual Reality: Educating Medicaid Providers on Health Disparities	93.778	University of Cincinnati	012351-002; 1905OH5ADM	1,554
Wright MAT Train the Trainer Project	93.778	Ohio Department of Mental Health and Addiction Services	2000501	15,000
TOTAL MEDICAID CLUSTER				472,457
477 CLUSTER				
Kinship Navigator Consortium FY 2020	93.558	Montgomery County Dept of Job and Family Services	RESOLUTION 20-0321; CE# 000091	44,332
TOTAL 477 CLUSTER				44,332
U.S. Department of Defense, Prime -				
Support for ASM International Teacher's Materials Camp in the Dayton Metro Region	12.800			12,600
The Dayton Metro Plan for Economic Diversity Phase II	12.614			710,493
Total U.S. Department of Defense, Prime				723,093
U.S. Department of Defense, Subcontract -				
Science Mathematics and Research for Transformation (SMART) Defense Scholarship Program	12.800	LMI	LETTERS DATED 7/01/20	32,955
Wright Brothers Institute Operations	12.800	Wright Brothers Institute Inc. (The)	WBSC 7255 WSU-TE	73,327
Total U.S. Department of Defense, Subcontract				106,282
Total U.S. Department of Defense				829,375
U.S. Department of Education, Prime -				
ACHIEVE: A Chance to Have and Improve the Experience and Value of Education	84.335			205,435
COVID-19 Higher Education Emergency Relief Fund - Institutional	84.425F			1,715,005
COVID-19 Higher Education Emergency Relief Fund - Student	84.425E			4,470,584
Total U.S. Department of Education, Prime				6,391,024
U.S. Department of Education, Subcontract -				
GEAR UP Scholarship Program	84.334	Ohio Department of Higher Education	EMAIL 9/18/19	12,300
Support for Position of Senior Associate Director SCTAI Conrad FY2020	84.048	Ohio Department of Higher Education	BOR01-000006745	64,008
Support for Position of Senior Associate Director SCTAI FY2020	84.048	Ohio Department of Higher Education	BOR01-000006655	15,827
Support for Position of Senior Associate Director SCTAI FY2020	84.048	Ohio Department of Higher Education	BOR01-000006746	74,817
Total U.S. Department of Education, Subcontract				166,952
Total U.S. Department of Education				6,557,976
U.S. Department of Health and Human Services, Prime -				
Accelerating Primary Care Transformation Wright (APCT-Wright)	93.884			389,540
Day-TREE	93.243			375,513
Disability and Rehabilitation Research Program	93.433			327,580
Enhancing ICS Project with Montgomery County Syringe Exchange Program	93.243			38,773
Montgomery County Offender Reentry Program	93.243			59,527
Peer Movement Project (PMP)	93.243			227,932
Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women at	93.243			389,399
Virtual Office Space (VOS): Improving Employment Opportunities for Individuals FY20-21	93.433			87,681
Wright MAT	93.243			79,584
Wright State University Veteran's Bachelor of Science Nursing Program	93.359			71,654
Total U.S. Department of Health and Human Services, Prime				2,047,183
U.S. Department of Health and Human Services, Subcontract -				
2018-2021 SAMHSA-funded MHAT Evaluation	93.243	Mt Olive Baptist Church	RSP SIGNED 7/16/19	8,806
Addressing the Opioid Epidemic Through an All-Ohio Collaborative Medical School Trainin	93.788	NEOMED	G0261-E	49,999
CHA/CHNA Report Template and Guidance	93.193	Prelbe County General Health District	AGREEMENT EFFECTIVE 12/01/18	974
Child Welfare Workforce Professional Education Program FY20/FY21	93.658	Ohio Department of Job and Family Services	G-2021-06-0242 JFS010000024610	99,579
Dayton Police Department Mental Health Awareness Training Grant	93.243	City of Dayton Office of Management and Budget	RESOLUTION 6372-18	18,700
GPRA Training Data Collection and Reporting for the Ohio Medication Assisted Treatment	93.243	Ohio Department of Mental Health and Addiction Services	1900774	26,549
GPRA Training/Data Collection and Reporting for the Ohio Medication Assisted Treatment	93.243	Ohio Department of Mental Health and Addiction Services	2000487	57,277
GPRA Training/Data Collection/Reporting for the Ohio State Opioid Response (SOR) Projec	93.788	Ohio Department of Mental Health and Addiction Services	1900839	110,016
GPRA Training/Data Collection/Reporting for the Ohio State Opioid Response (SOR) Projec	93.788	Ohio Department of Mental Health and Addiction Services	2000486	423,549
High School Outreach for Substance Abuse Prevention and Education	93.879	University of Iowa	S00884-01	1,457
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability	93.958	Ohio Department of Mental Health and Addiction Services	ALLOCC20203455	67,242
Ohio's Coordinating Center of Excellence in Mental Health/Intellectual Disability (SAMH	93.958	Ohio Department of Mental Health and Addiction Services	AWARD NOTIFICATION 8/10/18	3,559
PECE-PACT- Parents Early Childhood Education-Positive Action Choices Training FY2019	93.959	Montgomery County ADAMH Services Board	BOARD RESOLUTION#18-063	1,688.00
PECE-PACT- Parents Early Childhood Education-Positive Action Choices Training FY2020	93.959	Montgomery County ADAMH Services Board	BOARD RESOLUTION#19-025	50,736
Project Save Evaluation	93.243	Montgomery County ADAMH Services Board	BOARD RESOLUTION #17-064	8,929

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services, Subcontract - (Continued)				
Project Save Evaluation 19-20	93.243	Montgomery County ADAMH Services Board	BOARD RESOLUTION #17-064	\$ 26,153
Southwest Ohio Prevention Coordinator FY 2020-2021	93.590	Ohio Department of Job and Family Services	G-2021-22-0191; JFS01000023953	37,735
Southwest Ohio Regional Prevention Coordinator FY18/FY19	93.590	Ohio Department of Job and Family Services	G-1819-22-0245; JFS01-22252	(19)
The Warriors Supporting Wellness (WSW) Project	93.243	Montgomery County ADAMH Services Board	TRACKING NO. 18-085	1,731
The Warriors Supporting Wellness (WSW) Project 2019-2021	93.243	Montgomery County ADAMH Services Board	TRACKING NUMBER 18-085	8,806
Western Ohio Wright SBIRT (WOWS)	93.788	Ohio Department of Mental Health and Addiction Services	1900741	<u>84,611</u>
Total U.S. Department of Health and Human Services, Subcontract				<u>1,088,077</u>
Total U.S. Department of Health and Human Services				<u>3,135,260</u>
U.S. Department of Justice, Prime -				
Building Coordinated Community Response to Address Sexual Assault/Domestic & Dating Vio	16.525			<u>51,823</u>
U.S. Department of Justice, Subcontract -				
Continuation of Wrap Around Victim Services	16.575	Ohio Office of the Attorney General	2020-VOCA-132922085	70,327
Ensuring Wraparound Survivor Support Through the Integration of Awareness and Response	16.575	Ohio Office of the Attorney General	2019-VOCA-132136872	<u>25,121</u>
Total U.S. Department of Justice, Subcontract				<u>95,448</u>
Total U.S. Department of Justice				<u>147,271</u>
National Aeronautics and Space Administration, Subcontract -				
Ohio Space Grant Consortium Campus Allocation Funds 19-20	43.001	Ohio Space Grant Consortium	OSGC CHECK 2113	2,199
Ohio Space Grant Consortium MS Fellowship FY19-20	43.001	Ohio Space Grant Consortium	OSGC CHECK#3034	20,536
OSGC Travel Allocation Funds 2018-2019	43.001	Ohio Space Grant Consortium	OSGC CHECK 2022	1,769
State of Ohio STEM/Education Scholarships and Fellowship	43.001	Ohio Space Grant Consortium	OSGC CHECK#003084	<u>14,082</u>
Total National Aeronautics and Space Administration				<u>38,586</u>
Institute of Museum and Library Services, Subcontract -				
Conservation Treatment of Wright Brothers Collection Artifacts	45.310	State Library of Ohio	PROJECT # VII-38-19	<u>2,685</u>
National Endowment for the Humanities, Subcontract -				
Veterans Across the Spectrum: Transition to Transformation	45.129	Ohio Humanities Council	ME19-038	<u>5,036</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 159,746,054</u>

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**YEAR ENDED JUNE 30, 2020**

Subtotals of CFDA's with Multiple Awards

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Air Force Defense Research Sciences Program	12.800	\$ 118,882
Crime Victim Assistance	16.575	95,448
Science	43.001	38,586
Career and Technical Education -- Basic Grants to States	84.048	154,652
COVID-19 Higher Education Emergency Relief Fund - Student	84.425E	4,470,584
COVID-19 Higher Education Emergency Relief Fund - Institutional	84.425F	1,715,005
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1,327,678
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	415,261
Community-Based Child Abuse Prevention Grants	93.590	37,716
Medical Assistance Program	93.778	94,485
Opioid STR	93.788	668,175
Medical Library Assistance	93.879	1,457
Block Grants for Community Mental Health Services	93.958	70,802
Block Grants for Prevention and Treatment of Substance Abuse	93.959	52,424

WRIGHT STATE UNIVERSITY

A Component Unit of the State of Ohio
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Schedule of Amounts Passed-Through to Subrecipients

Subrecipient Name	CFDA		Program Title	Total Federal
	Number			Expenditures
361 Interactive LLC	12.800	WSARC-HMT		\$ 468,632
361 Interactive LLC	12.800	WSARC-KBR		48,505
361 Interactive LLC Total				517,136
4.669 Evaluation & Planni	12.800	WSARC-SCAMP		40,056
Analytic Services Inc.	12.800	WSARC-SCAMP		171,423
Applied Information Scien	12.800	WSARC-HMT		626,378
Aptima Inc	12.800	WSARC-HMT		1,515
Arizona State University	93.279	A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse		40,502
BALL Aerospace & Tech Crp	12.800	WSARC-HMT		1,379,066
Brisk Computing LLC	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)		99,990
BRITE Energy Innovators	12.800	WSARC-APEX		351,912
C H Smith & Associates LLC	93.590	Southwest Ohio Prevention Coordinator FY 2020-2021		850
CAL Analytics	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)		297,102
Cal Poly Pomona Foundation, Inc.	93.853	Determining if there is a Primary Myopathy in Huntington's Disease		38,463
Cardio Simulation	12.800	WSARC-Tech Warrior Bridge		14,673
Cherry Street Services Inc	93.242	African Ancestry Genomic Psychiatry Project		6,125
Columbia University	93.279	A Natural History Study of Buprenorphine Diversion Self-Treatment and Use of Drug Abuse		24,846
David L. Post	20.108	Development and Validation of a Standard Color Palette and Updates to the FAA Color Sta		16,461
Dayton Aerospace, Inc	12.800	WSARC-APEX		26,646
Emory University	93.847	Role of Calcineurin Isoforms in Renal Regulation of Blood Pressure		8,717
Emory University	93.853	Disruption of Excitable Axonal Domains by Glucose Metabolite Methylglyoxal		92,702
Emory University Total				101,419
FL Inst.of Human & Machin	12.800	WSARC-Tech Warrior Bridge		414,304
Galisteo Consulting Group	12.800	WSARC-HMT		113,889
Heyman, Richard E.	12.800	Up-Armoring At-Risk Military Couples		124,532
Human Solutions Inc	20.108	Development and Validation of a Standard Color Palette and Updates to the FAA Color Sta		8,805
Indiana University	12.300	Alternate Tinnitus Management Techniques Developed Using Blood-Oxygen-Level-Dependent M		94,885
Indiana University	93.837	Platelet Activating Factor and Epidermal Cytotoxicity		16,205
Indiana University	93.866	Wounding Therapy and Photocarcinogenesis		2,550
Indiana University Total				113,640
InfoSciTex	12.800	WSARC-HMT		282,281
Intuidex, Inc	12.800	WSARC-HMT		72,277
Kairos Research LLC	12.800	WSARC-SCAMP		41,340
Kairos Research LLC	12.910	Recovering the Sources of Individual Differences Unduly-named Errors (ReSIDUE)		253,311
Kairos Research LLC Total				294,651
Kansas State University	12.800	Toward Undifferentiated Cognitive Agents: Determining Gaps in Comprehension		87,278
Kansas State University	12.910	Recovering the Sources of Individual Differences Unduly-named Errors (ReSIDUE)		75,658
Kansas State University Total				162,936
Mahidol University	93.279	eDarkTrends: monitoring cryptomarkets to identify emerging trends of illicit synthetic		1,265
Mile Two, LLC	12.800	WSARC-HMT		159,247
MonDay Community Correctional Insti	93.243	The Offender Reentry Program		34,269
Montgomery County Coroner's Office	93.279	Crystal in the Gem City: Characterizing a Methamphetamine Outbreak in the Area of a Hig		9,978
Mount Olive Baptist Church	93.243	Sisterline: Substance Abuse Treatment and HIV Prevention for African-American Women at		76,500
New York University	12.420	Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationsh		113,687
Nexalogy Nevirons Inc.	12.800	WSARC-HMT		25,463
Ohio Aerospace Institute	12.800	WSARC-APEX		94,841
Oklahoma State University	12.800	Sensor and Information Research Center for Understanding Systems SIRCUS		14,579
OSI Federal Technologies	12.800	WSARC-HMT		17,429
PatchPlus Consulting, Inc	12.800	WSARC-HMT		152,866
Radiance Technologies	12.800	WSARC-HMT		281,631
Resilient Cognitive Solut	12.800	WSARC-HMT		596,304
Rush University Medical Center	93.866	Differential Clearance of Pyroglutamate Abeta through Arachnoid and Meningeal Lymphatic		28,828
SRA International Inc	12.800	WSARC-HMT		176,990
Strategic Analysis Enterp	12.800	WSARC-HMT		197,552
The Design Knowledge Comp	12.800	WSARC-HMT		171,380
The Ohio State University	12.800	Sensor and Information Research Center for Understanding Systems SIRCUS		110,589
The Ohio State University	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)		190,344
The Ohio State University	12.800	WSARC-HMT		222,967
The Ohio State University Total				523,899
The Research Foundation for SUNY	12.420	Lesbian/Gay and Bisexual Couples in the Military: A Post-DADT Examination of Relationsh		14,007
The Salk Institute for Biological Studies	12.300	Precision High Intensity Training through Epigenetics (PHITE)		417,535
The University of Michigan	12.800	Sensor and Information Research Center for Understanding Systems SIRCUS		65,889
University of Alabama at Birmingham	12.300	Precision High Intensity Training through Epigenetics (PHITE)		407,421
University of Arizona	12.800	Synthesis Exploitation Analysis and Belief for Autonomous Sensor Systems (SEABASS)		77,955
University of Dayton	12.800	Interactions with Semi-Autonomous Remotely Piloted Vehicles (RPA)		380,709
University of Dayton	12.800	WSARC-HMT		274,970
University of Dayton Total				655,679
University of Pennsylvania	12.800	Sensor and Information Research Center for Understanding Systems SIRCUS		183,534
University of South Carolina	93.279	eDarkTrends: monitoring cryptomarkets to identify emerging trends of illicit synthetic		103,315
University of Texas at Austin	93.395	Dual Targeting Redox-active Gold(I) Therapeutics		14,485
Worcester Polytechnic Institute	47.076	The PIPELINE Network: Supporting the Development of Physics Innovation and Entrepreneur		6,127
Grand Total				\$ 9,964,535

WRIGHT STATE UNIVERSITY
A Component Unit of the State of Ohio
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared using the accrual basis of accounting in accordance with the format as set forth in 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*, issued by the United States Office of Management and Budget. The Schedule reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2020. 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 position or cash flows of the University.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Federal Direct Student Loans processed by the University
- Outstanding balances of federal loan programs administered by the University
- Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) Subpart F, *Audit Requirements*. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

In addition, the discretely presented component unit Wright State Applied Research Corporation is included in the University's financial statements and schedule of expenditures of federal awards.

The University did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

B. FEDERAL DIRECT STUDENT LOANS

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan program (CFDA Number 84.268). Therefore only new loans made during the year are reflected in the schedule.

C. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the University and balances and transactions relating to the programs are included in the University's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule.

Total loan balances outstanding of the U.S. Department of Education and the U.S. Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

	CFDA Number	Outstanding Balance at June 30, 2020
Federal Perkins Loan Program	84.038	\$ 6,657,943
Nurse Faculty Loan Program	93.264	30,766
Health Professions Student Loans	93.342	11,014
Loans for Disadvantaged Students	93.342	48,765
Nursing Student Loan Program	93.364	806,576
Primary Care Loans	93.342	350,468

D. PERSONAL PROTECTIVE EQUIPMENT (PPE) (Unaudited)

The University received donated PPE during the year with an approximate fair market value of \$2,000.

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Wright State University (University), collectively a component unit of the State of Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

University's Response to Findings

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of This Report

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

BKD, LLP

Cincinnati, Ohio
October 15, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
Wright State University
Dayton, Ohio

Report on Compliance for Each Major Federal Program

We have audited Wright State University's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The 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 the 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 the 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 the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control Over Compliance

Management of the 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 the 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 the 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 a 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.

BKD, LLP

Cincinnati, Ohio
February 26, 2021

Wright State University
A Component Unit of the State of Ohio
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268, 93.264, 93.342, 93.364
COVID-19 Higher Education Emergency Relief Funds	84.425E, 84.425F

Wright State University
A Component Unit of the State of Ohio
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

8. The threshold used to distinguish between Type A and Type B programs was \$3,000,000.

9. The University qualified as a low-risk auditee? Yes No

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2020-001	<p><i>Criteria or Specific Requirement</i> - Management is responsible for establishing and maintaining effective control over financial reporting, including preparing annual financial statements in accordance with generally accepted accounting principles.</p> <p><i>Condition</i> - Management had not implemented effective internal controls over financial reporting.</p> <p>During our audit, we identified the following items:</p> <p style="padding-left: 20px;"><i>Unearned Tuition Revenue</i></p> <p>Management’s calculation of unearned tuition revenue contained an error resulting in an audit adjustment of approximately \$2.98 million to increase student tuition and fees revenue.</p> <p style="padding-left: 20px;"><i>Deferred Inflows of Resources - Pension</i></p> <p>Management’s calculation of deferred inflows of resources – pension contained errors resulting in a posted audit adjustment of approximately \$2.75 million to decrease pension expense and a passed audit adjustment of approximately \$1.18 million to increase pension expense.</p> <p style="padding-left: 20px;"><i>Legal Accruals</i></p> <p>Management’s accrual for outstanding legal matters was overstated by \$200,000 for a matter that was closed prior to year-end.</p> <p>These errors were not detected in management’s review of the account reconciliations or journal entries.</p> <p><i>Effect</i> - The financial statements could have been materially misstated due to lack of establishing and maintaining effective control over financial reporting.</p> <p><i>Cause</i> - Review of certain transactions was not effective.</p> <p><i>Recommendation</i> - We recommend management implement processes and controls to:</p> <ul style="list-style-type: none"> • Effectively review all statement of net position accounts • Effectively review all journal entries and supporting worksheets • Review and update legal accruals with general counsel’s office including documenting counsel’s assessment of the likelihood of outcome of all matters

Wright State University
A Component Unit of the State of Ohio
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	<p>Action Plan - The Office of the Controller (OOC) recognizes the importance of both regular and year-end monitoring as it relates to the items noted within this finding. The OOC will review its technology infrastructure, seeking opportunities to automate reconciliations and reporting and evaluate investments needed. In addition, the OOC will evaluate the distribution of work load within the General Accounting function, exploring options for increasing both internal and external capacity. The OOC will also add procedures to more closely analyze variances and relate them to their underlying drivers.</p>

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Wright State University
A Component Unit of the State of Ohio
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Reference Number	Summary of Finding	Status
2019-001	<p>Federal Program - U.S Department of Education - Student Financial Assistance Cluster CFDA No. 84.268, Federal Direct Student Loan Program CFDA No. 84.063, Federal Pell Grant Program Program Year 2018-2019 Award Numbers - P268K, P063P</p> <p>Special Tests and Provisions - Management is responsible for reporting changes in student status to the National Student Loan Data System for Students (NSLDS). Changes in enrollment must be reported within 30 days. However, if a roster file is expected within 60 days, management may report the status changes via that roster. (34 CFR 685.309b) Student status changes for four students in a sample of 40 students, were not reported accurately and/or timely to the NSLDS.</p>	Resolved
2019-002	<p>Federal Program - Research and Development Cluster CFDA Number - Various Sponsoring Agency - All Research and Development Sponsor Award Number - Various Award Period - Various</p> <p>Allowable Costs/Cost Principles - Management is responsible for ensuring charges to Federal awards for salaries and wages are based on records that accurately reflect the work performed, including support for the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. (2 CFR 200.430(i)) Management reported that established time and effort certification procedures had not been completed during the year.</p>	Remediation in process

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OHIO AUDITOR OF STATE KEITH FABER



WRIGHT STATE UNIVERSITY

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/16/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov