The University of Tulsa

Independent Auditor's Reports and Consolidated Financial Statements

June 30, 2020 and 2019

BKD
CPAs & Advisors

The University of Tulsa
June 30, 2020 and 2019

Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Trustees
The University of Tulsa
Tulsa, Oklahoma

We have audited the accompanying consolidated financial statements of The University of Tulsa (the University), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

BKD, LLP

Tulsa, Oklahoma
October 28, 2020

The University of Tulsa

Consolidated Statements of Financial Position

June 30, 2020 and 2019

(In Thousands)

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	$ 31,984	$ 21,499
Accounts receivable, net	19,090	17,410
Deposits with trustee – current	3,740	3,796
Inventories	453	460
Prepaid expenses and deferred charges	2,623	3,391
Asset held for sale	1,995	-
Contributions receivable, net – current	9,108	9,321
Total current assets	68,993	55,877
Contributions receivable, net	16,272	15,114
Student loans receivable, net	5,471	6,846
Investments	506,646	531,476
Deposits with trustee	8,925	12,372
Educational plant, net	362,363	374,272
Beneficial interest in funds held by others	554,708	573,962
Total assets	$ 1,523,378	$ 1,569,919

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2020	2019
Current Liabilities		
Accounts payable	$ 4,731	$ 5,287
Accrued expenses	8,654	8,764
Notes and mortgages payable, net – current	1,010	2,749
Deposits payable	2,500	2,867
Deferred revenue	6,766	8,630
Advances under grants and contracts	6,046	5,138
Bonds payable, net – current	6,912	6,655
Postretirement benefit obligation – current	913	561
Total current liabilities	37,532	40,651
Notes and mortgages payable, net	23,329	20,750
Advances under federal loan programs	5,787	6,680
Bonds payable, net	104,442	114,857
Postretirement benefit obligation	9,025	7,218
Other noncurrent liabilities	1,078	1,707
Total liabilities	181,193	191,863
Net Assets		
Without donor restrictions	189,387	197,280
With donor restrictions	1,152,798	1,180,776
Total net assets	1,342,185	1,378,056
Total liabilities and net assets	$ 1,523,378	$ 1,569,919

The University of Tulsa
Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Student tuition and fees	$ 57,080	$ -	$ 57,080
Sales and services of educational departments and public services	8,320	-	8,320
Sales and services of auxiliary enterprises, net	24,507	-	24,507
Research services and sponsored projects	14,673	1,163	15,836
Gifts, grants, and pledges	8,455	16,915	25,370
Endowment income	10,672	16,726	27,398
Nonendowment investment loss	(13)	(3)	(16)
Distributions from beneficial interest in funds held by others	22,134	6,638	28,772
Other	3,926	-	3,926
Net assets released from restrictions	50,362	(50,362)	-
Total revenues, gains, and other support	200,116	(8,923)	191,193
Expenses			
Instruction	69,212	-	69,212
Research	19,320	-	19,320
Public services	5,956	-	5,956
Academic support	33,837	-	33,837
Student services	15,506	-	15,506
Institutional support and other	27,314	-	27,314
Auxiliary enterprises	34,266	-	34,266
Total expenses	205,411	-	205,411
Operating Loss	(5,295)	(8,923)	(14,218)
Other Income (Expense)			
Net endowment loss in excess of income designated for operations	(486)	(19,189)	(19,675)
Gifts for capital acquisitions and endowments	33	19,915	19,948
Other permanently restricted loss, net	-	(527)	(527)
Adjustment of unrecognized postretirement costs	(2,145)	-	(2,145)
Decrease in fair value of beneficial interest in funds held by others	-	(19,254)	(19,254)
Total other income (expense)	(2,598)	(19,055)	(21,653)
Decrease in Net Assets	(7,893)	(27,978)	(35,871)
Net Assets, Beginning of Year	197,280	1,180,776	1,378,056
Net Assets, End of Year	$ 189,387	$ 1,152,798	$ 1,342,185

See Notes to Consolidated Financial Statements

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Student tuition and fees	$ 57,112	$ -	$ 57,112
Sales and services of educational departments and public services	10,688	-	10,688
Sales and services of auxiliary enterprises, net	27,779	-	27,779
Research services and sponsored projects	15,504	1,149	16,653
Gifts, grants, and pledges	7,752	13,687	21,439
Endowment income	11,396	15,900	27,296
Nonendowment investment income (loss)	60	(244)	(184)
Distributions from beneficial interest in funds held by others	21,772	6,591	28,363
Other	5,052	-	5,052
Net assets released from restrictions	43,302	(43,302)	-
Total revenues, gains, and other support	200,417	(6,219)	194,198
Expenses			
Instruction	73,691	-	73,691
Research	19,048	-	19,048
Public services	7,713	-	7,713
Academic support	34,036	-	34,036
Student services	14,546	-	14,546
Institutional support and other	25,999	-	25,999
Auxiliary enterprises	37,873	-	37,873
Total expenses	212,906	-	212,906
Operating Loss	(12,489)	(6,219)	(18,708)
Other Income (Expense)			
Net endowment gain in excess of income designated for operations	589	4,783	5,372
Gifts for capital acquisitions and endowments	12	9,492	9,504
Other permanently restricted loss, net	-	(1)	(1)
Adjustment of unrecognized postretirement costs	119	-	119
Increase in fair value of beneficial interest in funds held by others	-	2,881	2,881
Total other income (expense)	720	17,155	17,875
Increase (Decrease) in Net Assets	(11,769)	10,936	(833)
Net Assets, Beginning of Year	209,049	1,169,840	1,378,889
Net Assets, End of Year	$ 197,280	$ 1,180,776	$ 1,378,056

The University of Tulsa
Consolidated Statements of Functional Expenses
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020							
	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support and Other	Auxiliary Enterprises	Total
Salaries and wages	$ 40,042	$ 8,156	$ 2,800	$ 14,129	$ 6,837	$ 9,722	$ 13,063	$ 94,749
Employee benefits	12,402	2,076	827	4,536	2,040	3,779	3,549	29,209
Professional services	1,062	1,567	246	2,255	1,443	3,334	1,515	11,422
Travel	875	272	48	471	352	103	3,212	5,333
Entertainment	206	49	60	289	537	524	386	2,051
Memberships	376	43	547	528	182	518	111	2,305
Interest	-	-	-	-	-	5,153	-	5,153
Depreciation	4,442	1,327	199	1,409	1,077	595	5,171	14,220
Operation and maintenance of physical plant	8,133	2,837	378	2,837	946	1,135	2,648	18,914
Supplies and other	1,674	2,993	851	7,383	2,092	2,451	4,611	22,055
Total expenses included in the expenses section on the statement of activities	$ 69,212	$ 19,320	$ 5,956	$ 33,837	$ 15,506	$ 27,314	$ 34,266	$ 205,411

	2019							
	Instruction	**Research**	**Public Services**	**Academic Support**	**Student Services**	**Institutional Support and Other**	**Auxiliary Enterprises**	**Total**
Salaries and wages	$ 41,740	$ 7,956	$ 3,674	$ 14,364	$ 5,824	$ 8,022	$ 13,838	$ 95,418
Employee benefits	12,720	1,955	1,022	3,885	1,679	2,707	3,552	27,520
Professional services	1,155	1,165	450	1,458	1,309	2,210	1,681	9,428
Travel	1,931	508	65	460	526	187	4,053	7,730
Entertainment	358	103	127	501	609	1,049	623	3,370
Memberships	332	50	598	497	111	488	91	2,167
Interest	-	-	-	-	-	6,004	-	6,004
Depreciation	4,663	1,410	207	1,458	1,108	630	5,300	14,776
Operation and maintenance of physical plant	8,577	3,267	408	3,063	1,021	1,225	2,859	20,420
Supplies and other	2,215	2,634	1,162	8,350	2,359	3,477	5,876	26,073
Total expenses included in the expenses section on the statement of activities	$ 73,691	$ 19,048	$ 7,713	$ 34,036	$ 14,546	$ 25,999	$ 37,873	$ 212,906

The University of Tulsa
Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019
Operating Activities		
Decrease in net assets	$ (35,871)	$ (833)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	14,220	14,776
Provision for uncollectible accounts	(283)	109
Loss on disposal of educational plant	99	139
Amortization of bond issuance costs	276	213
Amortization of bond discount and premium, net	(26)	(339)
Net realized and unrealized gains on investments	(7,175)	(32,012)
Contributions restricted for endowment	(7,703)	(7,995)
Contributions received for purchases of educational plant	(12,245)	(1,484)
Change in fair value of beneficial interest in funds held by others	19,254	(2,881)
Changes in operating assets and liabilities		
Accounts receivable	(1,397)	(3,563)
Inventories	7	2
Prepaid expenses and deferred charges	768	557
Contributions receivable	(5,517)	13,087
Student loans receivable	47	258
Accounts payable	(556)	(488)
Accrued expenses	(110)	471
Deposits payable	(367)	263
Deferred revenue	(1,864)	1,019
Advances under grants and contracts	908	(1,158)
Postretirement benefit obligation	2,159	226
Other noncurrent liabilities	(1,522)	(19)
Net cash used in operating activities	(36,898)	(19,652)
Investing Activities		
Changes in deposits with trustee	3,503	(206)
Proceeds from sale of investments	101,810	88,886
Purchases of investments	(69,805)	(70,312)
Student loans collected	1,328	738
Purchases of educational plant	(4,405)	(4,935)
Net cash provided by investing activities	32,431	14,171

	2020	2019
Financing Activities		
Principal payments on notes and mortgages payable	$ (136,702)	$ (112,870)
Proceeds from issuance of notes and mortgages payable	137,532	122,670
Principal payments on bonds payable	(37,215)	(6,850)
Proceeds from issuance of bonds payable	27,155	-
Contributions received for endowment	12,275	88
Contributions received for purchases of educational plant	12,245	1,484
Bond issuance costs	(338)	-
Net cash provided by financing activities	14,952	4,522
Increase (Decrease) in Cash and Cash Equivalents	10,485	(959)
Cash and Cash Equivalents, Beginning of Year	21,499	22,458
Cash and Cash Equivalents, End of Year	$ 31,984	$ 21,499
Supplemental Cash Flows Information		
Interest paid	$ 5,132	$ 6,407

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of Tulsa is an independent comprehensive institution providing undergraduate, graduate, and professional education in a variety of multicultural programs. The University of Tulsa has an undergraduate enrollment of approximately 3,300 students and a graduate and law enrollment of approximately 1,100 students.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The University of Tulsa, The Gilcrease Museum Management Trust (the Trust), and The Oak Company (collectively, the University). The Oak Company is currently inactive, *i.e.*, no activity in 2020 and 2019, but has been used in the past to purchase property. Effective July 1, 2008, The University of Tulsa formed the Trust and entered into a Management Agreement with the City of Tulsa and the Board of Trustees of the Thomas Gilcrease Institute of American History and Art to manage and operate the Gilcrease Museum. The University has agreed that it will incorporate fundraising for the endowment and operations of the Gilcrease Museum into its fundraising efforts and will separately account for such funds and manage the investment of such funds within the University's policies. The Trust is consolidated due to The University of Tulsa's control and economic interest in it. All material intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Basis of Financial Statements

The accompanying consolidated financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

With Donor Restrictions – Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes. Such net assets also include the University's beneficial interests in irrevocable agreements held by others.

Use of Estimates

The preparation of consolidated 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Operating Loss

The operating loss reflected in the accompanying consolidated statements of activities excludes endowment gain (loss) in excess of the University's spending policy, changes in the fair value of beneficial interest in funds held by others, gifts for capital acquisitions and endowments, other permanently restricted loss, changes in donor restrictions, and other reclassifications.

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are considered to be cash and cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers. At June 30, 2020, the University's cash accounts exceeded federally insured limits by approximately $2,370.

Accounts Receivable

Accounts receivable include student accounts, grants, and other receivables. Student accounts receivable represent amounts due for tuition, fees, and room and board from currently enrolled and former students. Credit is extended to students and collateral is not required. Accounts receivable are stated at the amount of consideration due from students, which the University has an unconditional right to receive. The University provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts outstanding beyond the beginning of the semester are considered past due. Students whose accounts are not current are not allowed to enroll in classes for the following semester and a hold is placed on the account, which bars a student from receiving a transcript or diploma until the balance is paid in full. It is the University's policy to pursue collection of accounts unless the amount is legally discharged. Accounts with no payment activity in more than one year are written off as uncollectible.

Student Loans Receivable

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at estimated net realizable value. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for doubtful notes, if deemed necessary, which is based upon a review of outstanding loans, historical collection information, and existing economic conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. For the Federal Perkins Loan Program, the federal government bears the risk of loss of uncollectible loans provided the University performs required collection due diligence procedures. Delinquent loans are written off based on individual credit evaluation and specific circumstances of the student.

Deposits with Trustee

Deposits with trustee consist of the unexpended bond proceeds, debt service funds for bonds payable, and proceeds from promissory notes. These funds are invested in cash equivalents and will be used for required bond reserves or payment of debt service.

Inventories

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out basis.

Contributions

Contributions are initially recorded at fair value. Unconditional promises to give are recorded net of an allowance for doubtful receivables estimated based on such factors as prior collections history, types of contributions, and the nature of the fundraising activity. Amounts due in more than one year are recorded at net realizable discounted cash flow using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same period are recorded as with donor restrictions and then released from restrictions.

Gifts of land, buildings, and equipment and other long-lived assets are recorded at their estimated fair value on the date of gift and are reported as support without donor restrictions unless explicit donor stipulations specify how or how long the donated assets must be used, in which case the gift is reported as support with donor restrictions.

Conditional promises to give are recorded when conditions are substantially met or the likelihood of not meeting the condition is remote.

Investments

The University's investments in common stocks and mutual funds with readily determinable fair values and investments in debt securities, including corporate obligations, commercial paper, and U.S. Treasury obligations, are reported at fair value in the accompanying consolidated statements of financial position. Nonmarketable investments in hedge funds and private equities are recorded at net asset value (NAV) reported by the sponsor or manager of the investor entity, as a practical expedient, to determine fair value of the investments. Other investments are reported at amounts that are not materially different from their fair value.

The University's investments are exposed to various risks, such as fluctuating interest rates, credit quality, overall market volatility, and uncertainty regarding the time required to realize returns from alternative investments that are not traded in public markets. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of activities. Significant fluctuations in fair values could occur from year to year, and the amounts the University will ultimately realize could differ materially.

Income and gains or losses on investments are generally reported as follows:

- Increases in net assets with donor restrictions if the terms of the gift that gave rise to the investment or applicable law require income and gains or losses be added to the principal of a permanent endowment

- Other investment return is reflected in the accompanying consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions

Educational Plant

Plant facilities, including library books, are stated at cost less accumulated depreciation or, if received as a gift, at fair value or appraised value at the date received less accumulated depreciation. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Generally, improvements, renovations, and equipment purchases in excess of $5 are capitalized.

Depreciation is recognized on a straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements	10–20 years
Furniture, fixtures, equipment, and library books	5–20 years

The University records impairments to its educational plant when, and if, it becomes probable that the carrying value of these assets will not be fully recovered over the estimated lives of the assets. Impairments, if any, are recorded to reduce the carrying value of the asset to the net realizable value determined by management based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were required during the years ended June 30, 2020 or 2019.

Beneficial Interest in Funds Held by Others

Beneficial interest in funds held by others represents amounts held for the beneficial interest of the University under irrevocable perpetual agreements between donors and third-party trustees or agents. The University's interest is recorded at the fair value of the net assets of the funds held by others, with net increases or decreases in net assets being reported as changes to net assets with donor restrictions. The amounts the University will ultimately realize could differ materially and significant fluctuations in fair values could occur from year to year.

Advances Under Grants and Contracts

Grants and contracts consist primarily of contractual agreements with governmental and private entities for the performance of research services and other sponsored programs. Revenues are generally recognized as the University meets the conditions prescribed by the grant agreement by performing the contracted services or incurring expenses eligible for reimbursement. Advances are generally considered refundable in the unlikely event specified services are not performed.

Advances Under Federal Loan Programs

Funds provided by the U.S. government primarily under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned upon collection. These funds are ultimately refundable to the government. No new loans are allowed under this program after fiscal year 2018.

Tuition and Auxiliary Enterprises Revenue, Tuition Discounts, Financial Aid, and Deferred Revenue

Tuition revenue is recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration to which the University expects to be entitled in exchange for providing tuition and auxiliary services, which include housing and dining, athletics, and other revenue. The University determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships and other price concessions provided to students. Tuition discounts granted to employees and their dependents are recorded as compensation expense in the appropriate functional expense classification. Deferred revenue, primarily tuition, includes those payments received before services or products are provided by the University.

Collections, Works of Art, and Historical Treasures

The University's collections, which were acquired through purchases and contributions since the University's inception, are not recognized as assets on the accompanying consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the accompanying consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The University's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Certain collection items are subject to requirements that proceeds from their sales are to be used to acquire other items for collections.

Expenses and Other Activity

Expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions for which donor-imposed conditions are met are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Net assets released from restrictions represent satisfaction of purpose restrictions or passage of the stipulated time period on expenditures made pursuant to donor specifications. Investment income, contributions, and distributions restricted for scholarships and financial aid are released from restrictions as awards are made by the University in accordance with its policies governing the administration of financial aid and the requirements of donors.

The costs of providing the various programs and supporting activities of the University have been summarized on a functional basis in the accompanying consolidated statements of activities. The accompanying consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated based on total personnel costs or other systematic bases. Fundraising expense incurred was $6,779 and $7,103 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes

The University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as the University maintains its tax exemption, it will not be subject to income tax. However, the University is subject to federal income tax on any unrelated business taxable income.

Revisions

Certain immaterial revisions have been made to the 2019 consolidated financial statements to reclassify approximately $3,200 of life income funds from restricted for operating purposes to restricted perpetually. These revisions only impacted *Note 7* and had no effect on the previously reported change in net assets.

Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the change in net assets.

(In Thousands)

Subsequent Events

Subsequent events have been evaluated through October 28, 2020, which is the date the consolidated financial statements were issued.

Note 2: Receivables

Accounts receivable at June 30 consisted of the following:

	2020	2019
Current		
Student tuition and fees, net of allowance for doubtful accounts; 2020 – $1,259, 2019 – $1,770	$ 8,529	$ 7,640
Student loans, net of allowance for doubtful accounts; 2020 – $163, 2019 – $139	1,496	1,024
Government receivables	388	333
Accrued interest	225	585
Federal and nonfederal research receivables	5,649	4,891
Other receivables	2,803	2,937
	$ 19,090	$ 17,410
Noncurrent		
Student loans, net of allowance for doubtful accounts; 2020 – $524, 2019 – $831	$ 5,471	$ 6,846

The aging of the student loan portfolio as of June 30 is presented as follows:

	Not in Repayment	Current	Less than 240 Days Past Due	Greater than 240 Days, but Less than 2 Years Past Due	Greater than 2 Years, but Less than 5 Years Past Due	Greater than 5 Years Past Due	Total
2020							
Federal Perkins loans	$ 2,430	$ 3,997	$ 205	$ 277	$ 361	$ 384	$ 7,654
As a percentage of total loan portfolio	31.7%	52.2%	2.7%	3.6%	4.7%	5.0%	
2019							
Federal Perkins loans	$ 3,668	$ 3,898	$ 356	$ 195	$ 467	$ 256	$ 8,840
As a percentage of total loan portfolio	41.5%	44.1%	4.0%	2.2%	5.3%	2.9%	

(In Thousands)

The allowance for estimated losses on loans as of June 30:

	Federal Perkins Loans	
	2020	**2019**
Allowance for loans collectively evaluated for impairment	$ 687	$ 970
Loans collectively evaluated for impairment	7,654	8,840
Allowance as a percentage of loans collectively evaluated for impairment	9%	11%

The following presents the recorded investment by credit quality indicator as of June 30:

	Federal Perkins Loans	
	2020	**2019**
Performing	$ 6,427	$ 7,566
Nonperforming	1,227	1,274
	$ 7,654	$ 8,840

For student loans, the credit quality indicator is performance determined by delinquency status and, for federal Perkins loans, origination and servicing of the loan. Delinquency status is updated monthly by the University's third-party loan servicer. Federal Perkins loans that are originated and serviced properly under U.S. Department of Education regulations can be assigned to the U.S. Department of Education when deemed no longer collectible. The University believes that all Perkins loan balances were originated properly and have been serviced in accordance with U.S. Department of Education regulations.

Contributions receivable at June 30 consisted of the following:

	2020			2019		
	Less than 1 Year	**1–5 Years**	**More than 5 Years**	**Less than 1 Year**	**1–5 Years**	**More than 5 Years**
Unconditional promises	$ 9,824	$ 18,505	$ 1,187	$ 10,053	$ 16,711	$ 1,766
Less unamortized discount and allowance for doubtful accounts	(716)	(3,028)	(392)	(732)	(2,774)	(589)
	$ 9,108	$ 15,477	$ 795	$ 9,321	$ 13,937	$ 1,177

Contributions that are expected to be received in more than one year have been discounted to present value using a rate of 5%.

(In Thousands)

Note 3: Endowment Investments, Investments, and Investments Held by Others

The fair value of investments at June 30 consisted of the following:

	2020	2019
Beneficial interest in funds held by others	$ 554,708	$ 573,962
Endowment investments	500,543	524,318
Nonendowment investments	6,103	7,158
	$ 1,061,354	$ 1,105,438

Investments are classified in the accompanying consolidated statements of financial position as follows:

	2020	2019
Investments	$ 506,646	$ 531,476
Beneficial interest in funds held by others	554,708	573,962
	$ 1,061,354	$ 1,105,438

At June 30, the fair value of endowment assets, including beneficial interest in funds held by others for the University's benefit, consisted of the following:

	2020	2019
Beneficial interest in funds held by others		
J.A. and Leta M. Chapman 1949 Trust	$ 41,417	$ 42,721
J.A. and Leta M. Chapman Charitable Trust	308,316	318,418
Leta McFarlin Chapman Memorial Trust	154,446	160,575
Pauline McFarlin Walter Memorial Trust	39,028	40,607
Jay P. Walker Charitable Trust	4,944	5,030
Virginia Mayo Ownby Memorial Trust	3,251	3,154
Doris K. Catlett Trust	1,745	1,793
Other	1,561	1,664
	554,708	573,962
Other endowment assets		
Cash and cash equivalents	16,074	15,440
Contributions receivable	11,294	15,738
Investments	500,543	524,318
Total endowment assets	$ 1,082,619	$ 1,129,458

Endowment investments include perpetual endowments included in net assets with donor restrictions; gifts, gains, and term endowments included in net assets with donor restrictions; and designated endowments and related gains included in net assets without donor restrictions.

The University's endowments consist of 811 individual funds established for a variety of purposes, as well as the beneficial interest in 15 funds managed by outside trustees or agents to function as endowments. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles (GAAP), 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.

Interpretation of Relevant Laws

The University interprets the *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as 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 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 that is not classified as a permanent endowment is classified as net assets with donor restrictions until these amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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 University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were $1,443 and $0 as of June 30, 2020 and 2019, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted perpetual contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

In accordance with the terms of donor gift instruments, the University is permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair value of the original amount of the gift.

Strategies Employed for Achieving Objectives

Certain of the University's external investment managers are authorized to use specified derivative financial instruments in managing the assets under their control, subject to restrictions and limitations adopted by the Board of Trustees. From time to time, the managers may enter into forward currency contracts to hedge currency exchange risk on investments in foreign securities and other future contracts to adjust asset allocation for a more efficient portfolio. The managers settle these contracts on a net basis and, accordingly, the cash requirements are substantially less than the contract amounts. Changes in the fair value of the derivative contracts are included in investment income and are not significant for the years ended June 30, 2020 or 2019.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University's spending policy has two components. The first component uses the previous year's spending rate and adjusts it for inflation, which is defined as the previous calendar year's Consumer Price Index increase plus 1%. This component is 70% of the calculation. The second component uses the average endowment market value as of September 30 and December 31 of the preceding year and multiplies the result by a fixed percentage. This percentage was 5% for the years ended June 30, 2020 and 2019. The second component is the remaining 30% of the calculation.

In establishing this policy, the University considered the long-term expected return on its endowments. Accordingly, over the long term, the University expects the current spending policy to allow its endowments to grow at or near the inflation rate, as represented by the Consumer Price Index, before the effect of new gifts. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

The annual withdrawal includes amounts for operations and amounts utilized in accordance with the terms of donor-restricted and board-designated endowments.

(In Thousands)

Endowment net asset composition by type of fund as of June 30 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2020			
Pure endowment funds	$ -	$ 493,768	$ 493,768
Quasi-endowment funds	7,263	25,041	32,304
Term endowment funds	-	1,839	1,839
Beneficial interest in funds held by others	-	554,708	554,708
	$ 7,263	$ 1,075,356	$ 1,082,619
2019			
Pure endowment funds	$ -	$ 501,338	$ 501,338
Quasi-endowment funds	9,943	42,288	52,231
Term endowment funds	-	1,927	1,927
Beneficial interest in funds held by others	-	573,962	573,962
	$ 9,943	$ 1,119,515	$ 1,129,458

Quasi-endowment funds include donor-restricted contributions that have been designated by the Board of Trustees as endowment net assets.

(In Thousands)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	$ 10,345	$ 1,104,276	$ 1,114,621
Investment return			
Investment loss, net of fees	(23)	(1,118)	(1,141)
Net realized and unrealized appreciation	11,894	24,796	36,690
Reclassification for funds with deficiencies	114	(114)	-
Total investment return	11,985	23,564	35,549
Transfers	(1,002)	(340)	(1,342)
Contributions	11	7,915	7,926
Distributions from beneficial interest in funds held by others	21,772	6,591	28,363
Use of endowment assets for expenditures			
Annual transfer for operations	(33,168)	(22,491)	(55,659)
Endowment net assets, June 30, 2019	9,943	1,119,515	1,129,458
Investment return			
Investment loss, net of fees	(24)	(1,362)	(1,386)
Net realized and unrealized appreciation (depreciation)	10,210	(20,355)	(10,145)
Total investment return	10,186	(21,717)	(11,531)
Transfers	(2,227)	(12,883)	(15,110)
Contributions	33	7,167	7,200
Distributions from beneficial interest in funds held by others	22,134	6,638	28,772
Use of endowment assets for expenditures			
Annual transfer for operations	(32,806)	(23,364)	(56,170)
Endowment net assets, June 30, 2020	$ 7,263	$ 1,075,356	$ 1,082,619

(In Thousands)

Beneficial interest in funds held by others is a resource that is neither in the possession of, nor under the control of, the University. It is held and administered by external fiscal agents with the income distributed to the University according to the terms of the gift instruments. Only the distributions from these funds are expendable.

Investment return on beneficial interest in funds held by others is as follows, including as a percentage of the prior year's ending balance of the beneficial interest:

	2020		2019	
Beneficial interest in funds held by others				
Distributions of income	$ 28,772	5.0%	$ 28,363	5.0%
Increase (decrease) in fair value	(19,254)	-3.4%	2,881	0.5%
Total investment return on beneficial interest in funds held by others	$ 9,518	1.6%	$ 31,244	5.5%

Note 4: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Level 2 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 for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

(In Thousands)

Recurring Measurements

The following table presents the University's assets that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions, as of June 30:

		Fair Value Measurements			Unfunded	Redemption	Days'
	Total	Level 1	Level 2	Level 3	Commitments	or Liquidation	Notice
2020							
Cash and cash equivalents	$ 12,680	$ 12,680	$ -	$ -	N/A	N/A	N/A
Fixed income	29,042	29,042	-	-	N/A	N/A	N/A
Equities	6,297	6,297	-	-	N/A	N/A	N/A
Mutual funds	1,449	1,449	-	-	N/A	N/A	N/A
Real estate measured at NAV (A)	1,627	-	-	-	None	Illiquid	Illiquid
Private equities measured at NAV (A)	169,700	-	-	-	$ 141,873	Illiquid	Illiquid
Hedge funds							
Equity long/short measured at NAV (A)	144,600	-	-	-	None	Daily/Quarterly	10 to 120
Multistrategy measured at NAV (A)	150,388	-	-	-	None	Monthly	90
Life income	2,943	-	2,943	-	N/A	N/A	N/A
Life insurance	585	-	585	-	N/A	N/A	N/A
Beneficial interest in funds held by others	554,708	-	-	554,708	N/A	N/A	N/A
	$ 1,074,019	$ 49,468	$ 3,528	$ 554,708			
2019							
Cash and cash equivalents	$ 16,529	$ 16,529	$ -	$ -	N/A	N/A	N/A
Fixed income	15,725	15,725	-	-	N/A	N/A	N/A
Equities	9,604	9,604	-	-	N/A	N/A	N/A
Mutual funds	1,647	1,647	-	-	N/A	N/A	N/A
Real estate measured at NAV (A)	1,644	-	-	-	None	Illiquid	Illiquid
Private equities measured at NAV (A)	165,018	-	-	-	$ 103,755	Illiquid	Illiquid
Hedge funds							
Equity long/short measured at NAV (A)	172,130	-	-	-	None	Daily/Quarterly	10 to 120
Fixed-income strategies measured at NAV (A)	8,028	-	-	-	None	Subject to lockup	60 to 90
Multistrategy measured at NAV (A)	153,521	-	-	-	None	Monthly	90
Life income	3,217	-	3,217	-	N/A	N/A	N/A
Life insurance	581	-	581	-	N/A	N/A	N/A
Beneficial interest in funds held by others	573,962	-	-	573,962	N/A	N/A	N/A
	$ 1,121,606	$ 43,505	$ 3,798	$ 573,962			

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

(In Thousands)

Alternative investments measured at NAV per share include:

- **Real Estate** – This category primarily includes producing and nonproducing mineral interests of property in Texas and New Mexico.

- **Private Equities** – This category includes investments made primarily through private investment funds. The private investment funds may invest in real estate, oil and gas, venture capital, and private equity, among others. Generally, these investments cannot be redeemed. Instead, the nature of the investments in this category is that distributions are received through the liquidation of underlying assets of the funds. This is expected to occur as investments are liquidated or the fund is dissolved.

- **Hedge Funds – Equity Long/Short** – This category includes investments made primarily through private investment funds but also includes investments in securities and derivative contracts. The private investment funds may employ leverage, sell securities short, purchase and sell options, and invest in futures contracts. Investors may redeem daily to quarterly with 10 to 120 days' notice.

- **Hedge Funds – Fixed-Income Strategies** – This category includes investments made through private investment funds. The private investment funds primarily invest in fixed income and related markets. Subject to lockup, investors may redeem with 60 to 90 days' notice.

- **Hedge Funds – Multistrategy** – This category includes investments made primarily through private investment funds. The private investment funds invest across multiple sectors, including long/short equity, long-biased equity, and credit. The private investment funds may employ leverage, sell securities short, purchase and sell options, and invest in futures contracts. Investors may redeem monthly with 90 days' notice.

The University's assets measured at fair value are reported in the accompanying consolidated statements of financial position as of June 30:

	2020	2019
Deposits with trustee – current	$ 3,740	$ 3,796
Investments	506,646	531,476
Deposits with trustee	8,925	12,372
Beneficial interest in funds held by others	554,708	573,962
	$ 1,074,019	$ 1,121,606

Following is a description of the valuation methodologies and inputs used for assets and liabilities 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 and liabilities 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.

(In Thousands)

Investments

When quoted market prices are available in an active market, investments 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 investments 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 investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Beneficial Interest in Funds Held by Others

Fair value is estimated at the University's percentage of the fair value of the underlying assets held in trust. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

Balance, July 1, 2018	$	570,081
Acquisitions		1,000
Net appreciation		2,881
Balance, June 30, 2019		573,962
Net depreciation		(19,254)
Balance, June 30, 2020	$	554,708
The amount of total net gains for the year ended June 30, 2019, included in changes in net assets that is attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2019	$	2,881
The amount of total net losses for the year ended June 30, 2020, included in changes in net assets that is attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2020	$	(19,254)

(In Thousands)

Uncertainty of Fair Value Measurements

The following is a description of the uncertainty of the fair value measurement at the reporting date from the use of significant unobservable inputs, whether those inputs reasonably could have been different at the reporting date, the inter-relationships among the unobservable inputs used in the recurring fair value measurement, and how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

Beneficial Interest in Funds Held by Others

The significant unobservable inputs used in the fair value measurement of the University's beneficial interest in funds held by others are discount rates and market return rates. The discount rate is the interest rate utilized to discount future cash flows in a present value cash flow calculation. The discount rate used often represents the return market participants would demand on similar assets. Therefore, significant increases (decreases) in the discount used would result in (lower) higher fair value measurements.

Note 5: Educational Plant

Net investment in educational plant consisted of the following:

	2020	2019
Land and improvements	$ 83,158	$ 82,002
Buildings and leasehold improvements	431,647	433,899
Furniture, fixtures, and equipment	61,043	58,361
Library books	40,141	39,944
	615,989	614,206
Less accumulated depreciation	253,626	239,934
	$ 362,363	$ 374,272

Depreciation expense was $14,220 and $14,776 for the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, the University elected to put an off-campus building not related to academic operations up for sale. This building, with a net book value of $1,995, is shown as asset held for sale on the accompanying consolidated statements of financial position at June 30, 2020. The University intends to have the sale of this building completed by June 30, 2021.

Note 6: Bonds, Notes, and Mortgages Payable

Bonds

Bonds payable consisted of the following at June 30:

- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2009 (the 2009 Series Bonds)
- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2011 (the 2011 Series Bonds)
- TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2013 (the 2013 Series Bonds)
- TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2015 (the 2015 Series Bonds)
- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2017 (the 2017 Series Bonds)
- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2019 (the 2019 Series Bonds)

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2009 Dated February 12, 2009

The proceeds from these bonds were used to advance refund $33,445 in aggregate principal amount of the 1996B Series Bonds maturing October 1, 2022 through 2026 and 2000B Series Bonds maturing October 1, 2009 through 2032.

The 2009 Series Bonds maturing October 1 in each of the years 2023 and 2027 (the Term Bonds) were subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

The 2009 Series Bonds were refunded by the issuance of the TIA Revenue Refunding Bonds (The University of Tulsa) Series 2019 in August 2019.

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2011 Dated March 3, 2011

The proceeds from these bonds were used to advance refund $19,130 in aggregate principal amount of the 1996A Series Bonds maturing October 1, 2022, and to fund capital projects.

The 2011 Series Bonds maturing October 1 in each of the years 2021, 2026, and 2030 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

(In Thousands)

Maturities, interest rates, and outstanding principal amounts at June 30, 2020, are as follows:

Term Bond, due October 1, 2021	4.00%	$	7,265
Serial Bond, due October 1, 2022	5.00%		2,895
Term Bond, due October 1, 2026	5.00%		2,305
Term Bond, due October 1, 2030	5.25%		2,815
Unamortized bond issuance costs			(72)
Unamortized net bond discount/premiums			(49)
2011 Series Bonds		$	15,159

TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2013 Dated November 7, 2013

The proceeds from these bonds were used to build a student dormitory to house approximately 330 students. The bonds were issued in parity with the 2006 Series Bonds and are secured by future housing fee revenues from the new dormitory as well as the existing apartments.

The 2013 Series Bonds maturing October 1 in each of the years 2033 and 2038 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

Maturities, interest rates, and outstanding principal amounts at June 30, 2020, are as follows:

Serial Bond, due October 1, 2020	4.00%	$	965
Serial Bond, due October 1, 2021	4.00%		1,005
Serial Bond, due October 1, 2022	3.00%		1,045
Serial Bond, due October 1, 2023	5.00%		1,075
Serial Bond, due October 1, 2024	5.00%		1,130
Serial Bond, due October 1, 2025	5.00%		1,185
Serial Bond, due October 1, 2026	3.75%		1,245
Serial Bond, due October 1, 2027	4.00%		1,290
Term Bond, due October 1, 2033	4.50%		9,010
Term Bond, due October 1, 2038	4.75%		9,615
Unamortized bond issuance costs			(262)
Unamortized net bond discount/premiums			(349)
2013 Series Bonds		$	26,954

(In Thousands)

TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2015 Dated November 5, 2015

The proceeds from these bonds were used to advance refund $27,935 in aggregate principal amount of the 2006 Series Bonds maturing October 1, 2015 through 2037. The bonds are secured by future revenues from the apartments built with the 2006 Series Bond proceeds.

The 2015 Series Bonds maturing October 1 in each of the years 2034 and 2037 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

Maturities, interest rates, and outstanding principal amounts at June 30, 2020, are as follows:

Serial Bond, due October 1, 2020	3.00%	$	1,040
Serial Bond, due October 1, 2021	3.00%		1,070
Serial Bond, due October 1, 2022	3.00%		1,100
Serial Bond, due October 1, 2023	3.00%		1,135
Serial Bond, due October 1, 2024	3.00%		1,170
Serial Bond, due October 1, 2025	3.00%		1,210
Serial Bond, due October 1, 2026	3.00%		1,240
Serial Bond, due October 1, 2027	3.13%		1,280
Serial Bond, due October 1, 2028	3.25%		1,320
Serial Bond, due October 1, 2029	3.25%		1,360
Serial Bond, due October 1, 2030	3.38%		1,410
Term Bond, due October 1, 2034	3.75%		6,155
Term Bond, due October 1, 2037	4.00%		5,260
Unamortized bond issuance costs			(266)
Unamortized net bond discount/premiums			(109)
2015 Series Bonds		$	24,375

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2017 Dated December 14, 2017

The proceeds from these bonds were used to advance refund $20,715 in aggregate principal amount of the 2006 Series Bonds maturing October 1, 2018 through 2031.

The 2017 Series Bonds maturing October 1 in 2031 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

(In Thousands)

Maturities, interest rates, and outstanding principal amounts at June 30, 2020, are as follows:

Serial Bond, due October 1, 2020	5.00%	$	1,075
Serial Bond, due October 1, 2021	5.00%		1,110
Serial Bond, due October 1, 2022	5.00%		1,325
Serial Bond, due October 1, 2023	5.00%		1,395
Serial Bond, due October 1, 2024	5.00%		1,460
Serial Bond, due October 1, 2025	5.00%		1,450
Term Bond, due October 1, 2031	5.00%		7,505
Term Bond, due October 1, 2031	3.85%		2,060
Unamortized bond issuance costs			(295)
Unamortized net bond discount/premiums			964
2017 Series Bonds		$	18,049

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2019 Dated August 1, 2019

The proceeds from these bonds were used to advance refund $27,155 in aggregate principal amount of the 2009 Series Bonds maturing October 1, 2019 through 2027.

Maturities, interest rates, and outstanding principal amounts at June 30, 2020 are as follows:

Serial Bond, due October 1, 2020	2.25%	$	240
Serial Bond, due April 1, 2021	2.25%		240
Serial Bond, due October 1, 2021	2.25%		250
Serial Bond, due April 1, 2022	2.25%		250
Serial Bond, due October 1, 2022	2.25%		1,395
Serial Bond, due April 1, 2023	2.25%		1,390
Serial Bond, due October 1, 2023	2.25%		2,310
Serial Bond, due April 1, 2024	2.25%		2,310
Serial Bond, due October 1, 2024	2.25%		2,390
Serial Bond, due April 1, 2025	2.25%		2,395
Serial Bond, due October 1, 2025	2.25%		2,440
Serial Bond, due April 1, 2026	2.25%		2,440
Serial Bond, due October 1, 2026	2.25%		2,490
Serial Bond, due April 1, 2027	2.25%		2,490
Serial Bond, due October 1, 2027	2.25%		4,125
Deferred bond issuance costs			(338)
2019 Series Bonds		$	26,817

(In Thousands)

Total bonds outstanding at June 30 are as follows:

	2020	2019
2009 Series Bonds	$ -	$ 30,497
2011 Series Bonds	15,159	18,488
2013 Series Bonds	26,954	27,883
2015 Series Bonds	24,375	25,368
2017 Series Bonds	18,049	19,276
2019 Series Bonds	26,817	-
Total bonds	111,354	121,512
Less current portion	6,912	6,655
Total long-term portion	$ 104,442	$ 114,857

The annual sinking fund redemption requirements for the bonds are as follows:

	2011 Series	2013 Series	2015 Series	2017 Series	Total
2021	$ 3,555	$ -	$ -	$ -	$ 3,555
2022	3,710	-	-	-	3,710
2023	-	-	-	-	-
2024	535	-	-	-	535
2025	560	-	-	-	560
2026–2030	3,265	2,745	-	5,960	11,970
2031–2035	760	8,015	6,155	3,605	18,535
2036–2039	-	7,865	5,260	-	13,125
	$ 12,385	$ 18,625	$ 11,415	$ 9,565	$ 51,990

The University is subject to various financial and related covenants contained in the bond agreements.

The University is in compliance with the alternate calculation of the available funds ratio requirement, as defined in the bond agreements, at June 30, 2020 and 2019.

(In Thousands)

Notes and Mortgages Payable

Notes and mortgages payable consisted of the following at June 30:

	2020	2019
The University has purchased certain properties adjacent to its campus for student apartment housing and other uses. The related note and mortgage matures during 2022 and bears interest at 3.09%. The note is secured by the related property	$ 663	$ 2,178
Promissory note payable in monthly installments of $119 to the Bank of Oklahoma with interest due monthly at the One-Month London InterBank Offered Rate (LIBOR) plus 1.45% multiplied by 65% (1.06% and 2.50% at June 30, 2020 and 2019, respectively). The note matures in December 2020. Note proceeds are being used for campus technology infrastructure improvements. The University's obligation to make the loan payments on this note is subordinated to its payment obligations on its 2009 and 2011 Series Bonds	714	2,143
Revolving line of credit with the Bank of Oklahoma for up to $75,000; interest is due monthly at the One-Month LIBOR plus 2.00% (2.18% and 4.40% at June 30, 2020 and 2019, respectively); the line of credit is unsecured; due July 2022	22,968	19,195
Unamortized debt issuance cost	(6)	(17)
	24,339	23,499
Less current portion	1,010	2,749
	$ 23,329	$ 20,750

Total interest costs incurred on indebtedness during the years ended June 30, 2020 and 2019, were $5,153 and $6,004, respectively.

(In Thousands)

Required maturities of all long-term debt, including bonds payable, at June 30, 2020, are as follows:

2021	$ 8,131
2022	30,674
2023	9,200
2024	8,760
2025	9,105
Thereafter	70,605
	136,475
Unamortized debt issuance costs	(1,239)
Unamortized net bond discount/premiums	457
	$ 135,693

Note 7: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2020	2019
Restricted for time or purpose		
Capital construction	$ 16,405	$ 6,026
Operating	83,062	93,639
Perpetual	1,054,774	1,081,111
Underwater endowments	(1,443)	-
	$ 1,152,798	$ 1,180,776

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 are designated for the following purposes or periods:

	2020	2019
Undesignated	$ (222,164)	$ (96,124)
Designated by the Board for operating reserve	49,441	39,344
Designated by the Board for endowment	7,263	9,943
Invested in property and equipment, net of related debt	354,847	244,117
	$ 189,387	$ 197,280

Note 8: Revenue Recognition

Tuition and Auxiliary Services Revenue

Revenue from contracts with students for tuition and auxiliary services is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and housing, food, and other services. These amounts are due from students, third-party payers, and others and include variable consideration for institutional scholarships and awards.

Revenue is recognized as performance obligations are satisfied over time, which is ratably over the academic term. Generally, the University bills students prior to the beginning of the semester, and student accounts receivable are due in full before classes begin.

Refunds are issued in the case of withdrawals either before the semester begins or early in the semester. Because of the timing of the published refund schedule, all refunds are recognized before the end of the fiscal year.

Tuition and auxiliary services revenue are considered to be separate performance obligations. The University allocates the fees charged to students to tuition and housing, food, and other services based on standalone charges to students for tuition and those services besides housing. The University uses the adjusted market assessment approach to estimate the standalone selling price for housing.

Sponsored Research Revenue

The University receives sponsored research funding from various governmental, corporate, and other private sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization’s mission, or the public at large.

Revenues from exchange (reciprocal) transactions are recognized as performance obligations are satisfied over time, which in most cases are as related costs are incurred.

Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of a barrier to entitlement or a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Sales and Services of Educational Departments and Public Services and Other Revenue

Performance obligations are determined based on the nature of the goods or services provided by the University in accordance with the contract. Sales and services of educational departments revenue and public services revenue relate mostly to miscellaneous sales from the University and Gilcrease Museum. These revenues are recognized as sales occur or services are performed as these goods or services were transferred at a point in time and the University does not believe it is required to provide additional goods or services related to that sale. Revenue recognized at a point in time is not significant. Any other revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The University believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Transaction Price and Recognition

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit-based aid. The University determines the estimates of explicit price concessions based on its discount policies and merit awards. The University determines its estimates of implicit price concessions based on its historical collection experience with each type of student or customer. From time to time, the University will incur student credit balances and student deposits, which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenue and are recorded as liabilities until they are refunded. No material liabilities existed at June 30, 2020 or 2019.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, the University has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction and housing to students. The performance obligations for these contracts are generally completed when the academic term is completed.

During the years ended June 30, 2020 and 2019, the University recognized revenue of $12,617 and $12,051, respectively, that was recognized as a contract liability at the beginning of the year. This liability is included in deferred revenue and advances under grants and contracts on the accompanying consolidated statements of financial position.

The University expects to recognize revenue of $12,405 of tuition and auxiliary services revenue in fiscal year 2021 when the summer 2020 academic term is completed.

(In Thousands)

The University's net tuition and fees are comprised of the following components for the years ended June 30:

	2020	2019
Student tuition and fees	$ 163,514	$ 155,854
University-funded scholarships	(73,555)	(67,983)
University-funded athletic scholarships	(15,797)	(14,826)
Scholarships funded by other sources	(17,082)	(15,933)
Student tuition and fees, net of student financial aid	$ 57,080	$ 57,112

The University has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the various service lines.

Disaggregation of Revenue

The composition of revenue by material revenue category for the years ended June 30 is as follows:

	2020	2019
Student tuition and fees	$ 57,080	$ 57,112
Sales and services of educational departments and public services		
Gilcrease Museum	$ 3,687	$ 3,876
University School	2,519	2,284
Petroleum Abstracts	-	1,746
Other	2,114	2,782
	$ 8,320	$ 10,688
Sales and services of auxiliary enterprises, net		
Student housing and dining	$ 14,624	$ 16,250
Athletics	9,669	11,222
Other	214	307
	$ 24,507	$ 27,779
Research services and sponsored projects		
Federal	$ 6,839	$ 5,943
State	763	534
Private	8,234	10,176
	$ 15,836	$ 16,653

Financing Component

The University has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from students and third parties for the effects of a significant financing component due to the University's expectation that the period between the time the service is provided to a student and the time the student or a third-party payer pays for that service will be one year or less.

Additionally, some sponsored research revenue contracts require more than one year to complete. In these cases, the financing component is not deemed to be material.

Note 9: Retirement Plans

Full-time faculty and staff are eligible after specified periods of employment to participate in a contributory retirement and annuity program through the Teachers Insurance and Annuity Association and the College Retirement Equities Funds (TIAA/CREF). The University has no liability other than annual contributions. Annual contributions are based upon a percentage of employee compensation. Individual contracts are issued under the program and there is immediate vesting of both the University's and employees' contributions. University contributions to this program were $6,522 and $6,866 during the years ended June 30, 2020 and 2019, respectively.

Note 10: Postretirement Benefits

Employees who retire and have met minimum service requirements are eligible to receive postretirement benefits in the form of health insurance coverage for themselves and their dependents until they reach the age of 70. The University recognizes postretirement benefits on an accrual basis as employees perform services to earn such benefits.

(In Thousands)

The University uses a June 30 measurement date for the postretirement benefit plan. The following table sets forth the funded status of the postretirement benefit plan at June 30:

	2020		2019	
Accumulated postretirement benefit obligation				
Retirees	$	3,339	$	1,434
Fully eligible plan participants		1,459		1,786
Other active plan participants		5,140		4,559
Accumulated postretirement benefits		9,938		7,779
Plan assets, at fair value		-		-
Accumulated postretirement benefit obligation in excess of plan assets		9,938		7,779
Current portion of postretirement benefit accrual		(913)		(561)
Total long-term portion of postretirement benefit accrual	$	9,025	$	7,218
Amounts recognized in nonoperating activities				
Net actuarial gain (loss)	$	(2,145)	$	119
Net gain (loss) recognized in nonoperating activities	$	(2,145)	$	119

Postretirement benefit expense for the year ended June 30, 2020, was $436 and included $485 service cost, $249 interest cost, and $298 amortization gains. Postretirement benefit expense for the year ended June 30, 2019, was $454 and included $469 service cost, $298 interest cost, and $313 amortization gains.

Benefits paid to participants during 2020 and 2019 were $422 and $349, respectively.

For measurement purposes, a 6.5% annual rate of increase in the per capita cost of covered medical care benefits was assumed for the year ended June 30, 2020; the rate was assumed to decrease 0.25% per year to 4.5% for 2028 and remain at that level thereafter. The medical care cost trend rate assumption has an effect on the amounts reported. To illustrate, increasing the assumed medical care cost trend by 1.0% each year would increase the accumulated postretirement benefit obligation as of June 30, 2020, by $814 and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the year ended June 30, 2021, by $92; decreasing the assumed medical care cost trend by 1.0% each year would decrease the accumulated postretirement benefit obligation as of June 30, 2020, by $719 and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the year ended June 30, 2021, by $80.

The weighted-discount rate used in determining the accumulated postretirement benefit obligation was 2.36% and 3.32% for the years ended June 30, 2020 and 2019, respectively.

(In Thousands)

Gross benefit payments, which reflect expected future service, are expected to be paid as follows:

2021	$	924
2022	$	842
2023	$	793
2024	$	754
2025	$	837
2026–2030	$	3,523

Contributions expected to be paid to the plan are consistent with the benefits above.

(In Thousands)

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or board designations limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

	2020	2019
Total financial assets	$ 1,155,944	$ 1,191,796
Externally imposed restrictions		
Beneficial interest in funds held by others	554,708	573,962
Deposits with trustee	12,665	16,168
Endowment investments	468,239	472,087
Nonendowment investments	6,103	7,158
Other endowment assets		
Cash and cash equivalents	16,074	15,440
Contributions receivable	11,294	15,738
Net financial assets after externally imposed restrictions	86,861	91,243
Internal designations		
Quasi-endowments	32,304	52,231
Other noncurrent assets		
Contributions receivable	8,501	5,665
Student loans receivable, net	5,471	6,846
Financial assets available to meet cash needs for general expenditures within one year	40,585	26,501
Funding available from line of credit to meet cash needs for general expenditures within one year	52,032	55,805
Total financial assets and line of credit available to meet cash needs for general expenditures within one year	$ 92,617	$ 82,306

The University receives significant contributions restricted by donors and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2020 and 2019, restricted contributions of $5,585 and $3,032, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The University's endowment funds consist of donor-restricted endowments and funds designated by the Board of Trustees as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

The quasi-endowment funds with donor restrictions of $32,304 and $52,231 at June 30, 2020 and 2019, respectively, are subject to an annual spending rate described in *Note 3*. In addition to the spending rate to be allocated in fiscal year 2021, the Board of Trustees approved an additional $12,129 to be spent as part of the annual budget. The remaining amount could be made available if necessary. To help manage unanticipated liquidity needs, the University has a committed line of credit in the amount of $75,000. As of June 30, 2020 and 2019, $52,032 and $55,805, respectively, of the line of credit remained available to draw down.

The University does not have a formal liquidity policy. However, the University forecasts and monitors its future cash flows on a monthly basis in order to ensure continued prudent levels of liquidity.

Note 12: Commitments, Contingencies, and Concentrations

The University is subject to various legal proceedings and claims that arise in the ordinary course of business. Management of the University believes the amount of ultimate liability with respect to these actions will be immaterial.

Certain land included in educational plant may not be sold, assigned, conveyed, leased, or transferred without prior approval of the Tulsa Development Authority (TDA). In addition, the land may not be used for any purposes other than those purposes specified in the Urban Renewal Plan agreed to by TDA and the University.

The University conducts certain programs pursuant to grants and contracts funded and subject to audit by various federal and state agencies. Amounts questioned as a result of audits, if any, may result in reimbursements to these governmental agencies. Management of the University believes the amounts questioned, if any, will be immaterial.

The University began participation in the Federal Direct Student Loan Program (the Program) as mandated by the *Health Education Reconciliation Act of 2010* effective July 1, 2010. The total amount loaned under the Program during the years ended June 30, 2020 and 2019, was $24,035 and $22,458, respectively, and is not included in the accompanying consolidated financial statements. The University performs certain administrative functions in accordance with federal regulations. If the University fails to perform these functions, it may be liable to the federal government for a portion of the outstanding loans. Management of the University believes that it has satisfactorily administered this program and that the University's liability, if any, will be immaterial.

(In Thousands)

The University leases space for academic and administrative purposes under noncancellable operating leases. Minimum future payments under these lease agreements as of June 30, 2020, are summarized by fiscal year as follows:

2021	$	957
2022		972
2023		988
2024		1,004
2025		933
2026		355
	$	5,209

Approximately 22% of gifts, grants, and pledges were received from one donor in 2020.

Note 13: Conditional Gifts

The University has received the following conditional promises to give at June 30, 2020 and 2019 that are not recognized in the financial statements.

		2020		2019
Institutional costs allocation under Section 18004(a)(1) of the CARES Act	$	1,323	$	-
Contingent on research costs incurred				
Federal agencies		8,153		6,602
Private nonprofit organizations		79		206
State agencies		435		413
Private for-profit organizations		252		206
	$	10,242	$	7,427

Note 14: Future Changes in Accounting Principles

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statement of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for public entities (including conduit debt obligors) for annual periods beginning after December 15, 2019 (the University's year ending June 30, 2021), and any interim periods within annual reporting periods that begin after December 15, 2019. The University is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Note 15: COVID-19 Pandemic

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In response, the University made significant changes to its operations, including a transition of all in-person classes to online learning, and refunded approximately $2,300 of room and board charges to students during the 2020 spring semester. In addition, the University received grants of $1,322 through the Higher Education Emergency Relief Fund (HEERF) to be paid to students. In addition, as of year-end, the University was awarded but had not yet received or expended an additional $1,322 to be used to cover institutional costs associated with significant changes to the delivery of instruction due to COVID-19.

As a result of the spread of COVID-19, economic uncertainties have arisen that may continue to negatively affect the consolidated financial position, results of operations, and cash flows of the University. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.