



**BUCKNELL UNIVERSITY**

Consolidated Financial Statements  
including  
Information on Federal Awards

June 30, 2021

(with comparative information as of June 30, 2020)

(With Independent Auditors' Reports Thereon)

# BUCKNELL UNIVERSITY

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KPMG LLP  
Suite 1000  
30 North Third Street  
Harrisburg, PA 17101

## Independent Auditors' Report

The Board of Trustees  
Bucknell University:

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Bucknell University and its subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 Bucknell University and its subsidiaries as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



*Report on Summarized Comparative Information*

We have previously audited the 2020 consolidated financial statements of Bucknell University and its subsidiaries, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of Bucknell University and its subsidiaries' 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 Bucknell University and its subsidiaries' 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 Bucknell University and its subsidiaries' internal control over financial reporting and compliance.

KPMG LLP

Harrisburg, Pennsylvania  
October 21, 2021

**BUCKNELL UNIVERSITY**

## Consolidated Statement of Financial Position

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 92,065	72,418
Inventories, prepaid expenses, and other assets	3,969	3,040
Accounts and other receivables, net	4,283	2,951
Contributions receivable, net	40,157	46,862
Loans and notes receivable, net	1,391	1,886
Investments	1,137,401	898,838
Funds held in trust by others	16,922	13,902
Property and equipment, net	403,677	390,886
Total assets	<u>\$ 1,699,865</u>	<u>1,430,783</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 34,694	32,154
Deferred revenue and student deposits	8,840	13,969
Funds held for the accounts of others	3,468	2,835
Postretirement healthcare	75,080	81,763
Annuities payable	14,202	14,085
Advances from federal government	1,543	1,799
Long-term debt	169,689	174,431
Total liabilities	<u>307,516</u>	<u>321,036</u>
Net assets:		
Without donor restriction	580,477	468,535
With donor restriction	811,872	641,212
Total net assets	<u>1,392,349</u>	<u>1,109,747</u>
Total liabilities and net assets	<u>\$ 1,699,865</u>	<u>1,430,783</u>

See accompanying notes to consolidated financial statements.

**BUCKNELL UNIVERSITY**

Consolidated Statement of Activities

June 30, 2021

(with comparative information for the year ended June 30, 2020)

(In thousands)

	2021			2020 Total
	Without donor restriction	With donor restriction	Total	
Operating revenue:				
Net tuition and fees	\$ 143,399	—	143,399	146,818
Sales and services of auxiliary enterprises	38,650	—	38,650	32,026
Grants and contracts	4,754	—	4,754	4,667
Higher Education Emergency Relief Funds	3,952	—	3,952	1,946
Gifts and contributions	3,375	8,380	11,755	11,997
Interest income	504	—	504	1,251
Net investment income	21,071	26,542	47,613	45,546
Other	2,713	—	2,713	3,409
Net assets released from restrictions	32,146	(32,146)	—	—
Total operating revenue	250,564	2,776	253,340	247,660
Operating expenses:				
Compensation and benefits	145,017	—	145,017	151,204
Purchased services and supplies	59,132	—	59,132	54,345
Depreciation	26,084	—	26,084	24,533
Interest	6,246	—	6,246	5,048
Total operating expenses	236,479	—	236,479	235,130
Change in net assets from operating revenue, net of expenses	14,085	2,776	16,861	12,530
Nonoperating activities:				
Investment return, net of amount designated for current operations	81,573	158,672	240,245	(42,364)
Gifts and grants for capital or endowment	844	17,837	18,681	12,688
Change in present value of split interest obligations	(15)	(1,806)	(1,821)	(193)
Realized loss on defeasance of debt	—	—	—	(702)
Net actuarial gain (loss) on post-retiree healthcare obligations	10,541	—	10,541	(2,861)
Net periodic benefit costs other than service costs	(1,916)	—	(1,916)	(2,432)
Other gains	11	—	11	63
Net assets released from restriction or whose restrictions have changed	6,819	(6,819)	—	—
Change in net assets from nonoperating activities	97,857	167,884	265,741	(35,801)
Change in net assets	111,942	170,660	282,602	(23,271)
Net assets, beginning of year	468,535	641,212	1,109,747	1,133,018
Net assets, end of year	\$ 580,477	811,872	1,392,349	1,109,747

See accompanying notes to consolidated financial statements.

**BUCKNELL UNIVERSITY**

Consolidated Statement of Cash Flows

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 282,602	(23,271)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Postretiree (gains) losses other than net periodic expense	(10,541)	2,861
Amortization of net bond premium	(343)	(3,347)
Depreciation	26,084	24,533
(Gain)/loss on debt defeasance	—	702
Loss on disposal of fixed assets	95	50
Contributions restricted for long-term investment	(17,837)	(12,600)
Net investment (appreciation)/depreciation	(281,416)	1,315
Changes in asset and liabilities:		
Inventories, prepaid expenses, and other assets	(929)	766
Accounts and other receivables	(1,186)	137
Accounts payable and other liabilities	(3,581)	2,461
Postretirement healthcare	3,858	3,411
Net cash used in operating activities	<u>(3,194)</u>	<u>(2,982)</u>
Cash flows from investing activities:		
Sales of investments	430,085	397,668
Purchases of investments	(395,438)	(346,301)
Loans and notes collected	349	351
Purchase of property and equipment	(37,601)	(39,391)
Net cash provided by investing activities	<u>(2,605)</u>	<u>12,327</u>
Cash flows from financing activities:		
Payment of long-term debt obligations	(4,399)	(30,123)
Proceeds from issuance of debt	—	69,385
Receipts under annuity liability arrangements	17	—
Payments to annuitants	(1,721)	(1,842)
Gifts and grants received for capital or endowment	20,057	15,827
Net cash provided by financing activities	<u>13,954</u>	<u>53,247</u>
Net increase in cash and cash equivalents	8,155	62,592
Cash and cash equivalents – beginning of year	<u>88,403</u>	<u>25,811</u>
Cash and cash equivalents – end of year	\$ <u>96,558</u>	\$ <u>88,403</u>
Non-cash securities donated	\$ 4,485	11,910
Interest paid	6,128	5,976
Cash & cash equivalents from balance sheet	\$ 92,065	72,418
Cash & cash equivalents reserved for long term investments	4,493	15,985
	\$ <u>96,558</u>	\$ <u>88,403</u>

See accompanying notes to consolidated financial statements.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

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

Bucknell University is a private, not-for-profit institution of higher education in Lewisburg, Pennsylvania. Bucknell University provides education services at the graduate and undergraduate levels within its three Colleges: The College of Arts and Sciences, The College of Engineering and The Freeman College of Management. These consolidated financial statements include Bucknell University, Bison Ventures, Inc., a wholly owned subsidiary formed in May 2009, and Bucknell Real Estate, Inc., a tax-exempt title holding company formed in October 2010 (collectively, the University). All significant intercompany balances have been eliminated in preparing these consolidated financial statements (financial statements).

The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

##### (a) Basis of Presentation

The financial statements of the University have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make certain estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Financial reporting standards require that net assets, revenue, gains, and losses be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

*With Donor Restriction* – Net assets with donor restriction are subject to donor-imposed stipulations that they are either maintained in perpetuity or that they will be met either by actions of the University and/or the passage of time.

*Without Donor Restriction* – Net assets that are not subject to donor-imposed stipulations. A portion of these net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Revenue from sources other than contributions and investment returns on donor restricted endowments is reported as increases in net assets without donor restriction. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restriction to net assets without donor restriction.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

Nonoperating activities include the following:

- Endowment investment income earned in excess of the University's spending policy;
- Gifts and grants restricted or designated for capital expenditures or long-term investment (e.g., endowment gifts);
- Split-interest agreements' net investment earnings and other gains or losses primarily related to annuity liabilities determined at net present value;
- Other gains or losses such as sale, exchange, disposal, or retirement of long lived assets (e.g., property and equipment) or long term liabilities (e.g., notes payable);
- Actuarial gains or losses and net periodic benefit costs other than service costs of the postretirement healthcare plan.

#### **(b) Fair Value**

The University accounts for its investments and funds held in trust by others at fair value; however, as permitted by GAAP, the University has not elected fair value accounting for any assets (accounts, loans, notes, and contributions receivable) or liabilities (long-term debt, postretirement healthcare obligations, and annuities payable) that are not otherwise required to be measured at fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy for fair value measurements is based on the transparency of inputs to the valuation of an asset or liability.

Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the University. Unobservable inputs reflect the University's view of assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. That information includes, but is not limited to, the recent audited financial statements of the respective alternative investment funds, financial information of underlying securities of the respective funds provided by the fund manager, and review of the performance data of similar funds or investments.

Each investment and funds held in trust by others are assigned a level based upon the observability of the inputs, which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below:

- Level 1: Quoted or published prices in active markets for identical financial instruments.
- Level 2: Other significant observable inputs, including quoted prices for similar financial instruments, interest rates, credit spreads, etc.
- Level 3: Significant unobservable inputs. This category includes financial instruments whose fair value requires significant management judgment or estimation.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

The University's policy is to recognize the transfers in or transfers out of Level 3 (or any other Level) on the date circumstances have changed or the defined event has occurred.

In certain cases, the inputs to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which fair value level is based on the lowest level of input that is significant to the fair value measurement of the specific alternative investment fund or fund held in trust by others.

The classification of investments in the fair value levels described above is not necessarily an indication of the degree of risks, liquidity, or price volatility.

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

Cash and cash equivalents include cash on deposit with financial institutions and other highly liquid investments with original maturities of three months or less except those held for long-term investment purposes.

#### **(d) Investments**

Investments are recorded at estimated fair value as described in note 1(b) and note 3. Because certain investments are not readily marketable, their net asset value per share or equivalent has been used as a practical expedient to fair value and is subject to additional uncertainty. Therefore, values realized upon disposition may vary significantly from currently reported values.

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment fair values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amount reported in the consolidated statement of financial position.

With respect to investments that do not have a readily determinable fair value and for which it is industry practice for the investee to calculate and regularly report in its financial statements a net asset value per share (or its equivalent), the University, as a practical expedient, estimates fair value using the net asset value per share as reported by the investee. The University considers whether adjustment to the most recent net asset value per share is necessary if the net asset value per share obtained from the investee is not as of the University's financial statement date, if the University has plans to sell the investment in the short term, or if the investee's investment assets are not valued at fair value on a recurring basis.

#### **(e) Funds Held in Trust by Others**

Funds held in trust by others are for the benefit of the University based on the terms of the irrevocable trusts. These funds are neither in the possession, nor under the control, of the University. Such terms provide that the University a) is to receive annually the investment income earned by the funds that are held in trust or b) is to receive a remainder interest in the trust. The present values of the estimated future cash flows from the trust are recognized as assets and contribution income at the dates the trust is established. Investment income distributions from the trust are recorded as investment income and the carrying value of the assets is adjusted for the changes in the estimates of future receipts. Funds held in trust by others are carried at fair value as described in note 1(b) and note 3.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

#### **(f) Property and Equipment**

Property and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation of the University's property and equipment is computed using a straight-line method over 15 to 50 years for buildings and improvements and 3 to 10 years for equipment, furniture, fixtures, and library books. As permitted by generally accepted accounting principles, the University does not capitalize works of art, historical artifacts, and collectibles, which are principally acquired by donation.

Property and equipment, at cost, includes capitalized interest, when applicable. Interest is capitalized during the period required to ready the asset for its intended use, expenditures for the asset are being paid, and interest costs are incurred.

#### **(g) Split-Interest Agreements and Annuities Payable**

The University's split-interest agreements with donors consist primarily of charitable gift annuities, life income funds, and charitable trusts for which the University serves as trustee. Principally all assets held in these trusts are included in investments. Contribution revenue is recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, changes in the estimated present value of future cash outflows, and other changes in the estimates of future benefits. The annuities payable represent the net present value of future cash outflows over the annuitant's life expectancy as required by the annuity agreements.

The University uses the applicable federal rate at the time of the gift as the basis for determining discount rates in recording annuity obligations at net present value for charitable gift annuities, life income funds, and charitable trusts for which the University serves as trustee. Discount rates for determining the net present value of annuities payable as of June 30, 2021 and 2020 ranged from 0.6% to 7.0% and 1.2% to 7.0% respectively.

#### **(h) Advances from Federal Government for Student Loans**

Funds provided by the U.S. government under the Federal Perkins Loan Program (Perkins) are loaned to qualified students and may be reloaned after collections. These funds, excluding University required matching funds to Perkins, are ultimately refundable to the U.S. government and are reported as a liability.

#### **(i) Debt – Original Issue Premium or Discount**

A premium or discount (including the costs of issuance such as underwriting, bond rating, and legal) resulting from the issuance of long-term debt (typically the difference between the par amount of University Revenue Bonds and similar instruments versus the proceeds received) is amortized to interest expense over the life of the debt instrument using the interest rate method.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

#### **(j) Revenue Recognition**

##### *Tuition and Fees*

Student tuition and fees are recognized as revenue during the year the related academic services are rendered. Discounts in the form of scholarships and financial aid grants, including those funded by the endowment and gifts, are reported as a reduction of tuition and fee revenue.

Student tuition and fees received in advance of services to be rendered are categorized as deferred revenue. Deferred revenue amounts for tuition prepayment plans, student deposits, and summer terms are shown in note 12(b).

##### *Auxiliary Enterprises*

Auxiliary services furnish goods and services to students, faculty, staff, and in some cases, the general public. Fee charges are directly related to the cost of goods provided or services rendered and are recognized accordingly. Revenues and expenses from auxiliary enterprises are reported as changes in net assets without donor restrictions.

Auxiliary enterprise revenues include activities for residence halls, dining services, athletics and the University bookstore. Over 95% of undergraduate students reside on campus and participate in a University provided dining plan. Student housing and dining charges are recognized as revenue during the academic year the services are rendered.

##### *Contributions*

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement.

Unconditional contributions of cash and other assets, including contributions receivable (unconditional promises to give) are recorded as revenue based upon any donor imposed restrictions, on the date of the donor's commitment or gift. Noncash contributions are recorded at the estimated fair value at the date of the gift. Contributions receivable are recorded at the estimated present value, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and reported in accordance with donor-imposed restrictions, if any. Allowance is made for uncollectible contributions based upon management's judgement and analysis of the creditworthiness of the donor(s), past collection experience, and other relevant factors.

Unconditional contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purposed restrictions are reported as revenue with donor restriction. The donor restricted net assets resulting from these contributions are released to net assets without donor restriction when the donor imposed restrictions are met or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as revenue with donor restrictions.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

#### *Grant Revenue*

Grants and contracts awarded by federal and other sponsors are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses or activities occur.

#### **(k) Self-insurance**

The University is primarily self-insured for healthcare fringe benefits of active employees and under age 65 retirees. Certain claims in excess of maximum amounts on a per claim and aggregate claim basis are insured under stop loss policies. The University includes a liability in accounts payable and accrued expenses for unpaid claims and an estimate for claims incurred but not reported.

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

Bucknell University, recognized by the Internal Revenue Service as a not-for-profit educational institution, qualifies under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose. Bison Ventures, Inc., a wholly owned for-profit, taxable subsidiary, operates a bookstore in Lewisburg, Pennsylvania. Bucknell Real Estate, Inc., a title holding company formed for the benefit of Bucknell University, qualifies under Section 501(c)(2) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose.

The University records income tax liabilities and assets using a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The University does not believe that there are any unrecognized tax benefits or costs that should be recorded in the financial statements. The University is subject to routine audits by taxing jurisdictions and provision for audit adjustments, if any, is included in the financial statements when estimable.

#### **(m) Prior Year Comparative Information**

The financial statements include certain prior year comparative information summarized in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

#### **(n) New Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

Additionally, in 2018 through 2020, the FASB issued the following Topic 842-related ASUs:

- 2018-01, Land Easement Practical Expedient for Transition to Topic 842, which clarifies the applicability of Topic 842 to land easements and provides an optional transition practical expedient for existing land easements.
- 2018-10, Codification Improvements to Topic 842, Leases, which makes certain technical corrections to Topic 842.
- 2018-11, Leases (Topic 842): Targeted Improvements, which allows companies to adopt Topic 842 without revising comparative period reporting or disclosures and provides an optional practical expedient to lessors to not separate lease and non-lease components of a contract if certain criteria are met.
- 2019-01, Leases (Topic 842): Codification Improvements, which provides guidance for certain lessors on determining the fair value of an underlying asset in a lease and on the cash flow statement presentation of lease payments received. ASU 2019-01 also clarifies disclosures required in interim periods after adoption of ASU 2016-02 in the year of adoption.
- 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Effective Dates, which defers the effective date of ASU 2016-02 and all related Topic 842 ASUs by one year to January 1, 2021, with early adoption permitted.
- 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities, which further defers the effective date of ASU 2016-02 and all related Topic 842 ASUs by one year to January 1, 2022, with early adoption permitted.

The ASUs issued in 2016-02 and subsequently in 2018 and 2019 for Topic 842 did not have a material effect on the University's year ended June 30, 2021 consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements in Topic 820. The ASU removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, including the policy for timing of transfers between levels; the description of valuation processes for Level 3 fair value measurements.

The University adopted ASU 2018-13 as of July 1, 2020 but it did not have a material effect on the University's consolidated financial statements.

#### **(o) Subsequent Events**

Management has evaluated subsequent events through October 21, 2021, the date the financial statements were issued and identified no matters requiring disclosure.

**BUCKNELL UNIVERSITY**

Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

**(2) Receivables**

**(a) Accounts, Notes, and Loans Receivable**

Accounts, notes, and loans receivable as of June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Accounts and other receivables:		
Students	\$ 1,535	147
Other	428	906
Less allowance for doubtful accounts	<u>(430)</u>	<u>(325)</u>
	1,533	728
Accrued grants/contracts revenue	<u>2,750</u>	<u>2,223</u>
Total	\$ <u><u>4,283</u></u>	\$ <u><u>2,951</u></u>
Loans and notes receivable:		
Student loans	\$ 1,396	1,751
Employee loans	221	361
Less allowance for doubtful accounts	<u>(226)</u>	<u>(226)</u>
Total	\$ <u><u>1,391</u></u>	\$ <u><u>1,886</u></u>

**(b) Contributions Receivable**

The net present value of contributions receivable as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected:		
One year or less	\$ 722	15,062
Over one year to five years	34,489	28,959
Over five years	<u>7,653</u>	<u>6,299</u>
	42,864	50,320
Less allowance for uncollectible contributions	<u>(2,707)</u>	<u>(3,458)</u>
Total contributions receivable	\$ <u><u>40,157</u></u>	\$ <u><u>46,862</u></u>

Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to the initial measurement because the discount rate selected for each contribution receivable remains constant over time.

Discount rates used to determine net present values of contributions receivable as of June 30, 2021 and 2020 ranged from 1.4% to 6.5%. The discount to present value amounted to approximately \$7,079 and \$7,873 at June 30, 2021 and 2020, respectively.

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**(3) Investments and Funds Held in Trust by Others**

**(a) Investment Fair Value Accounting and Reporting**

The following tables present fair value information at June 30, 2021 and 2020 of the University's investments and funds held in trust by others:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Short-term investments	\$ 17,940	—	—	—	17,940
Fixed income	46,420	214	—	—	46,634
Public equity	143,149	—	—	—	143,149
Commingled bond fund	—	—	—	65,263	65,263
Commingled equity	—	—	—	359,913	359,913
Alternative strategies	—	—	—	92,432	92,432
Real estate	—	—	—	63,223	63,223
Private credit	—	—	—	58,788	58,788
Private equity	—	—	9,018	280,651	289,669
Other	—	—	390	—	390
Total investments	<u>\$ 207,509</u>	<u>214</u>	<u>9,408</u>	<u>920,270</u>	<u>1,137,401</u>
Funds held in trust by others	\$ —	—	16,922	—	16,922

  

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Short-term investments	\$ 40,256	—	—	—	40,256
Fixed income	58,402	339	—	—	58,741
Public equity	93,591	—	—	—	93,591
Commingled bond fund	—	—	—	46,663	46,663
Commingled equity	—	—	—	237,306	237,306
Alternative strategies	—	—	—	147,469	147,469
Real estate	—	—	—	42,928	42,928
Private credit	—	—	—	36,148	36,148
Private equity	—	—	7,330	187,329	194,659
Other	—	—	1,077	—	1,077
Total investments	<u>\$ 192,249</u>	<u>339</u>	<u>8,407</u>	<u>697,843</u>	<u>898,838</u>
Funds held in trust by others	\$ —	—	13,902	—	13,902

Investments reported at net asset value (NAV), as described in note 1(d), are excluded from the three-level hierarchy. The University has used an estimate of fair value of commingled equity funds and alternative investments based on the net asset value per share of the respective investment fund. These investments are redeemable, generally at each month, calendar quarter-end or anniversary date, at net asset value, under the terms of the underlying investment agreements or subscription documents. However, it is possible that these redemption rights may be restricted in the future. At June 30, 2021 and 2020, \$59,003 and \$1,438 respectively, of certain redeemable alternative funds were restricted from redemption due to limitation placed by the investment fund managers such as

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stated lock-up periods for recent investments made (usually within the last year) or due to investment funds that segregate certain underlying securities as currently nonredeemable (e.g., side pocket investments).

Private equity, real estate, and private credit investments generally are not redeemable at net asset value until the underlying partnership or limited liability corporation dissolves or the underlying investments of the vehicle are sold. The expected remaining lives for these private investments range from one to fifteen years. Most of the underlying investments in these private investments are ownership interests in closely held companies or assets and are not readily marketable. Although a secondary market may exist from time to time for private funds, individual transactions are typically not observable. When such secondary market transactions do occur, they may occur at amounts that differ from the reported net asset value. It is therefore, reasonably possible that if the University were to sell these investments in the secondary market, buyers may require a discount to the reported fair value and the discount could be significant.

The University has commitments to various limited partnerships. Outstanding commitments at June 30, 2021 and 2020 are displayed as follows:

	<b>2021</b>	<b>2020</b>
	<b>Outstanding</b>	<b>Outstanding</b>
	<b>commitments</b>	<b>commitments</b>
	<u>                    </u>	<u>                    </u>
Real estate	\$ 39,762	46,269
Private credit	53,544	36,322
Private equity	<u>113,476</u>	<u>131,837</u>
	<u>\$ 206,782</u>	<u>214,428</u>

The following tables present a reconciliation of investments in which significant unobservable inputs (Level 3) were used to determine fair value:

	<b>Balance at</b>	<b>Acquisitions/</b>	<b>Sales,</b>	<b>Net</b>	<b>Balance at</b>
	<b>June 30, 2020</b>	<b>purchases</b>	<b>redemptions,</b>	<b>appreciation</b>	<b>June 30, 2021</b>
	<u>                    </u>	<u>                    </u>	<u>or distributions</u>	<u>(depreciation)</u>	<u>                    </u>
Investments:					
Private equity	\$ 7,330	—	(814)	2,502	9,018
Other investments	1,077	—	(687)	—	390
Funds held in trust by others	13,902	—	(339)	3,359	16,922

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	<u>Balance at June 30, 2019</u>	<u>Acquisitions/ purchases</u>	<u>Sales, redemptions, or distributions</u>	<u>Net appreciation (depreciation)</u>	<u>Balance at June 30, 2020</u>
Investments:					
Private equity	\$ 9,877	—	(315)	(2,232)	7,330
Other investments	1,141	—	(64)	—	1,077
Funds held in trust by others	14,001	—	(352)	253	13,902

**(b) Purposes and designations**

The following is a summary of the purpose or designation of investments and funds held in trust by others:

	<u>June 30, 2021</u>			<u>June 30, 2020</u>
	<u>Funds held in trust</u>			
	<u>Investments</u>	<u>by others</u>	<u>Total</u>	<u>Total</u>
Endowment	\$ 1,097,747	7,869	1,105,616	844,765
Split interest	24,433	9,053	33,486	29,502
Held for capital projects	12,781	—	12,781	31,676
Operations	2,440	—	2,440	6,797
Total	\$ <u>1,137,401</u>	<u>16,922</u>	<u>1,154,323</u>	<u>912,740</u>

**(c) Additional Investment and Investment Income Information**

Unless precluded by donor restriction, endowment funds are pooled and collectively managed on a unitized basis. Each individual endowment fund subscribes to or disposes of units in the pool using the estimated fair value at the end of the preceding quarter such subscription or disposition occurs.

Net appreciation includes unrealized and realized gains and losses on specific investment securities owned by the University as well as the University's share of net investment return on mutual funds, private funds, redeemable alternative funds, and net appreciation or depreciation of funds held in trust by others.

Investment expenses include those investment custody fees, internal and external investment advisory costs, and investment management fees incurred for services rendered for the sole benefit of the University. Investment expenses incurred directly by mutual funds and alternative investment funds that are contracted by the respective fund managers are included in the University's share of the respective fund's net investment return and are not reported separately as investment expenses by the University.

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Investment income is presented in the consolidated statement of activities as follows:

	<u>2021</u>	<u>2020</u>
Endowment return available for operations	\$ 47,613	45,546
Endowment investment income and net appreciation	281,083	3,165
Endowment income withdrawn for operations	<u>(47,613)</u>	<u>(45,546)</u>
Net endowment income provided	233,470	(42,381)
Other gains – principally related to split interest agreements	<u>6,775</u>	<u>17</u>
Net investment income – nonoperating	<u>240,245</u>	<u>(42,364)</u>
Total investment return	<u>\$ 287,858</u>	<u>3,182</u>

#### **(d) Endowment Accounting and Reporting**

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

#### **(e) Interpretation of Relevant Law Regarding Donor Endowments and Spending Policy**

The Board of Trustees has interpreted Commonwealth of Pennsylvania law as requiring donor-restricted endowments, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. Unless otherwise stated in the gift instruments, the assets in an endowment fund are donor-restricted until appropriated for expenditure in a manner consistent with the standard of prudence described in relevant law.

Commonwealth of Pennsylvania law permits the University to allocate to income each year a portion of endowment net realized gains based on a minimum of 2% and a maximum of 7% of a three-year or more moving average of the market value of the endowed assets. Unless the terms of a gift instrument state otherwise, accumulated endowment net realized gains may, therefore, eventually be spent over time by the University. As a result, net appreciation of donor endowments is recorded in the financial statements as net assets with donor restriction.

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The University's endowment spending policy allows for the spending of pooled endowment earnings determined at 4.5% of a 12-quarter moving average of the fair value of pooled assets. Should the determined spendable amount not provide for a 2.0% increment over the previous fiscal year spendable amount, the determined amount may be further adjusted to the 2.0% incremental level, but not exceeding 5.5% of the 12-quarter moving average of the fair value of pooled assets. In accordance with this policy, the rate for each of the years ended June 30, 2021 and 2020 was 5.45% and 5.50% respectively, of the applicable 12-quarter moving average of the fair value of pooled endowment assets.

**(f) Summary of Endowment Balances and Activity by Net Asset Classification**

Endowment net assets consisted of the following at June 30, 2021 and 2020:

	<b>June 30, 2021</b>		
	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Donor-restricted endowments	\$ —	721,919	721,919
Board-designated endowments	383,697	—	383,697
Total endowment net assets	<u>\$ 383,697</u>	<u>721,919</u>	<u>1,105,616</u>

	<b>June 30, 2020</b>		
	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
Donor-restricted endowments	\$ —	547,606	547,606
Board-designated endowments	297,159	—	297,159
Total endowment net assets	<u>\$ 297,159</u>	<u>547,606</u>	<u>844,765</u>

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Net endowment assets with donor restriction:		
Endowments restricted by donor in perpetuity	\$ 358,189	333,988
Endowments restricted by donor that permit, with restrictions, future expenditure	7,515	7,515
Accumulated investment gains on donor restricted endowments	<u>356,215</u>	<u>206,103</u>
	<u>\$ 721,919</u>	<u>547,606</u>

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

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets June 30, 2020	\$ 297,159	547,606	844,765
Contributions received	84	22,021	22,105
Proceeds from expired split-interest agreements	—	331	331
Transfers	4,941	4	4,945
	<u>5,025</u>	<u>22,356</u>	<u>27,381</u>
Investment return	102,584	178,499	281,083
Endowment spending distribution	<u>(21,071)</u>	<u>(26,542)</u>	<u>(47,613)</u>
Endowment net assets June 30, 2021	\$ <u>383,697</u>	<u>721,919</u>	<u>1,105,616</u>

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

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets June 30, 2019	\$ 310,285	556,550	866,835
Contributions received	87	17,835	17,922
Proceeds from expired split-interest agreements	—	1,320	1,320
Transfers	1,069	—	1,069
	<u>1,156</u>	<u>19,155</u>	<u>20,311</u>
Investment return	7,019	(3,854)	3,165
Endowment spending distribution	<u>(21,301)</u>	<u>(24,245)</u>	<u>(45,546)</u>
Endowment net assets June 30, 2020	\$ <u>297,159</u>	<u>547,606</u>	<u>844,765</u>

**(g) Donor Endowment Funds with Fair Values Less than Contributed Value**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the original value of gifts donated. Deficiencies of this nature that are reported in net assets with donor restriction were \$0 and \$3,099 as of June 30, 2021 and 2020, respectively. Subsequent gains that restore the fair value of the assets of the endowment fund to the original value will be classified as an increase in net assets with donor restriction.

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#### **(h) Endowment Investment Return Objectives and Risk Parameters**

The University 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 organizations must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The long-term return objective, as approved by the Board of Trustees, is to produce an inflation-adjusted rate of return measured over rolling ten-year periods that exceeds the endowment spending policy. The University maintains a diversified asset allocation that places emphasis on generating an acceptable level of return given a prudent level of risk.

Risk may take the form of investment concentration, volatility, illiquidity, or other dimensions, and is monitored to ensure the incremental risks are appropriate for the given level of incremental returns.

To satisfy its long-term rate-of-return objectives the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that is divided into four asset groups: growth, hybrid, real estate, and low-volatility assets. Growth assets (principally publically traded equity securities and mutual funds and certain private alternative investment funds) are intended to produce equity-like returns, while hybrid assets (principally redeemable alternative investment funds) are meant to produce returns that are less correlated with growth assets. Real estate assets (principally private real estate funds) are expected to provide both current income and capital appreciation. Lastly, low-volatility assets (principally fixed-income investments) should produce modest returns in most environments and provide stability for the endowment.

The ranges for these asset classes, as approved by the Board of Trustees in October 2019, are as follows:

	<u>Range</u>
Growth assets	50%–85%
Hybrid assets	10–50
Real estate assets	0–20
Low-volatility assets	0–20

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**(4) Property and Equipment, Net**

Property and equipment as of June 30 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 5,583	5,326
Buildings and improvements	605,232	554,928
Equipment, furniture, and fixtures	144,960	141,561
Library books and materials	50,820	50,660
Construction in progress	4,751	23,198
	<u>811,346</u>	<u>775,673</u>
Less accumulated depreciation:		
Buildings and improvements	230,219	211,106
Equipment, furniture, and fixtures	128,011	124,844
Library books and materials	49,439	48,837
	<u>407,669</u>	<u>384,787</u>
Property and equipment, net	<u>\$ 403,677</u>	<u>390,886</u>

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**(5) Long-term Debt**

The table below summarizes long-term debt obligations as of June 30, 2021 and 2020:

	2021	2020
Note payable, 2.7%, final maturity 2033	\$ 557	596
Note payable, 3.12%, final maturity 2050	39,170	40,000
Total notes payable	39,727	40,596
Union county higher education facilities financing authority:		
Tax-exempt revenue bonds:		
Series 2002 B, variable, final maturity April 1, 2022	540	1,060
Series 2013 A, 2.0%-5.0%, final maturity April 1, 2022	2,115	5,125
Series 2015 A, 2.9%, final maturity February 1, 2045	25,000	25,000
Series 2015 B, 3.0%-5.0%, final maturity April 1, 2033	21,960	21,960
Taxable revenue bonds:		
Series 2015 C, 4.9%-5.0%, final maturity April 1, 2045	50,000	50,000
Series 2020, 3.12%, final maturity April 1, 2042	29,400	29,400
Total University revenue bonds outstanding – principal	129,015	132,545
Total bonds and notes payable	168,742	173,141
Unamortized bond premium and issue costs, net	947	1,290
Total long-term debt, net	\$ 169,689	174,431

The original premium (discount), which includes debt issuance costs, is amortized to interest expense over the term of the bonds using the interest rate method.

**(a) Bonds Payable**

The University Revenue Bonds unless otherwise noted as taxable, are subject to Internal Revenue Code requirements to ensure interest paid to bondholders by the University qualifies as interest exempt from federal income tax.

In 2002, the University entered into various agreements with the Union County Higher Educational Facilities Financing Authority (Authority) that provided issuance of \$7,890 University Variable Rate Revenue Bonds, Series 2002B. The Series 2002B bonds bear variable rate interest (0.02% and 0.01% at June 30, 2021 and 2020, respectively) as determined by the remarketing agent. The Series 2002B bonds are callable at any time in whole or in part by the Authority upon direction of the University. The Series 2002B bonds are remarketed weekly by the remarketing agent. The University must provide

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funds required to purchase tendered Series 2002B bonds should weekly remarketing proceeds be insufficient to pay the selling bondholders.

In April 2012, the University entered into various agreements with the Authority that provided for the issuance of University Revenue Bonds, Series 2012A, at a par value of \$26,715. The proceeds of the bonds were used for the construction of academic and other facilities as well as improvements to existing facilities. In June 2020, the University issued the Series 2020 taxable bonds placing a portion of those proceeds, along with certain funds held by the 2012 Bond Trustee, into an irrevocable trust with an independent Escrow Agent in order to advance refund the Series 2012A bonds. The 2021 Escrow Fund is held by the Escrow Agent separate and apart from other funds of the University. The amount deposited into the escrow account was determined through an independent valuation and verification to be sufficient to pay the principal and interest of the refunded bonds when due, through and including the applicable maturity date or redemption date.

This advanced refunding released the University from all further obligations under the 2012 Loan Agreement in respect of the principal or redemption price of and interest on the Refunded Bonds. There was a nonoperating loss of \$702 recorded in connection with this defeasance for the year ended June 2020. On July 1, 2020, the Escrow Agent purchased U.S. Government Obligations – State and Local Government Series (SLGS) in the amount of \$29,232, returning the remaining \$84 to the University, as per the escrow deposit agreement.

In April 2013, the University entered into various agreements with the Authority that provided for the issuance of \$14,630 University Revenue Bonds, Series 2013A. The proceeds of the bonds were used to redeem the Series 2002A bonds. These bonds are not subject to call or early redemption.

In 2015, the University entered into various agreements with the Authority that provided issuance of the following University Revenue Bonds: Series 2015A, Series 2015B, and Series 2015C (taxable). The Series 2015 A, B, and C bonds were issued to finance the cost of student housing, academic, and other building construction and renovations.

The Series 2015A bond, issued in January 2015, was purchased by a financial institution and is callable at the purchaser's option, at par, on February 1, 2035. In January 2020, the interest rate was modified from 2.9% to 2.55%. The original principal amount of \$25,000, as well as all other terms and conditions of the original agreement, remain unchanged.

In June 2020, the University entered into various agreements with the Authority that provided for the issuance of \$29,400 University Revenue Bonds, Series 2020 (taxable). The proceeds of the bonds were used to advance refund the Series 2012A Bonds and pay bond issue costs. As stated above, a portion of the proceeds were placed into an irrevocable escrow account with an independent escrow agent. The Series 2020 taxable Bonds contain a provision allowing the conversion to tax-exempt bonds at an equivalent rate of 2.465% on January 15, 2022.

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#### **(b) Note Payable**

In December 2009, the University entered into a loan agreement with the Borough of Lewisburg, Pennsylvania. The loan bears interest at 2.7%, requires annual debt service payments of \$55, and matures in 2033.

In June 2020, the University entered into a loan agreement with a financial institution. The loan bears interest at 3.12% and matures in 2050. The proceeds are to be used to finance capital projects and for general corporate purposes.

#### **(c) Future Principal Maturities**

Principal maturities of bonds and notes payable, exclusive of net premium are as follows:

2022	\$	3,540
2023		4,456
2024		4,612
2025		4,783
2026		4,955
Thereafter		<u>146,396</u>
	\$	<u><u>168,742</u></u>

#### **(d) Line of Credit**

In June 2020, the University restructured its line-of-credit arrangement with a local bank increasing the amount from \$20,000 to \$30,000. This short-term borrowing facility is renewable annually and carries an interest rate on outstanding borrowings of the one-month London InterBank Offered Rate (approximately 0.10% at June 30, 2021 plus 1.45%). No amounts were borrowed under this facility during the years ended June 30, 2021 and 2020.

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**(6) Composition of Net Assets**

	June 30, 2021				2020
	Without donor restriction	With donor restriction Appreciation or time	Perpetual	Total	Total
Endowment funds:					
Scholarships and financial aid	\$ 5,122	156,753	196,770	358,645	270,499
Instruction and academic programs	11,395	88,865	106,017	206,277	156,789
Library and related services	9	71,631	7,765	79,405	62,414
Facilities and capital improvements	13,126	16,640	7,100	36,866	28,711
Athletics	587	6,017	20,458	27,062	20,830
Other university activities	353,458	23,824	20,079	397,361	305,522
	<u>383,697</u>	<u>363,730</u>	<u>358,189</u>	<u>1,105,616</u>	<u>844,765</u>
Contributions receivable restricted for:					
Donor endowments	—	—	30,064	30,064	35,804
Other university purposes	—	10,093	—	10,093	11,058
	—	10,093	30,064	40,157	46,862
Split interest agreements	1,735	9,691	6,924	18,350	14,487
Other net assets	195,045	32,366	815	228,226	203,633
Total net assets	<u>\$ 580,477</u>	<u>415,880</u>	<u>395,992</u>	<u>1,392,349</u>	<u>1,109,747</u>

**(7) Defined-Contribution Retirement Plan**

Retirement benefits for faculty and staff provided under the University's defined contribution retirement program are administered by TIAA. The University's policy is to pay its share of contributions (which is 10% of eligible salaries and wages) to the plan each month; there are no unfunded benefits. University contributions to the plan were \$9,192 and \$9,215 for the years ended June 30, 2021 and 2020, respectively.

**(8) Postretirement Healthcare Benefits**

Certain current and former employees are covered by a postretirement healthcare plan. The University accrues the cost of these postretirement benefits over the employee's service period. Participants must have 15 years of continuous service after the later of: a) age 47 or b) date of hire to be eligible for postretirement healthcare benefits. Those benefits are limited per participant to a multiple of calendar year 2006 healthcare premiums. Furthermore, most participants retiring after September 1, 2006 are required to contribute up to 25% of retiree healthcare premiums. The percent of retiree co-payment is based on the participant's annual salary at the time of retirement.

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The following table sets forth the plan's funded status and amounts recognized in the University's consolidated statement of financial position at June 30:

	<u>2021</u>	<u>2020</u>
Change in benefit obligation during the year:		
Benefit obligation at beginning of year	\$ 81,763	75,491
Service cost	4,359	3,659
Interest cost	1,916	2,432
Benefit payments	(2,417)	(2,680)
Actuarial gain	<u>(10,541)</u>	<u>2,861</u>
Benefit obligation at end of year	\$ <u>75,080</u>	<u>81,763</u>
Change in plan assets during the year:		
Fair value of plan assets at beginning of year	\$ —	—
Employer contributions	2,417	2,680
Benefit payments	<u>(2,417)</u>	<u>(2,680)</u>
Fair value of plan assets at end of year	\$ <u>—</u>	<u>—</u>
	<u>2021</u>	<u>2020</u>
Net periodic benefit cost recognized for the year:		
Operating expense:		
Service cost	\$ 4,359	3,659
Nonoperating expense:		
Interest cost	<u>1,916</u>	<u>2,432</u>
Total periodic benefit costs	\$ <u>6,275</u>	<u>6,091</u>
Effect of a 1% increase in medical cost trend rate:		
Change in total service cost and interest cost	\$ 1,047	968
Change in benefit obligation	9,427	8,922
Effect of a 1% decrease in medical cost trend rate:		
Change in total service cost and interest cost	\$ (676)	(809)
Change in benefit obligation	(6,518)	(7,804)

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(with comparative information as of June 30, 2020)

(In thousands)

The following table sets forth the assumptions used in determining the plan's funded status and the amounts recognized in the University's financial statements at June 30:

	<u>2021</u>	<u>2020</u>
Weighted average assumptions for the year:		
Discount rate	2.39 %	3.29 %
Initial healthcare cost trend rate	6.00	6.50
Ultimate healthcare cost trend rate	5.00	5.00
Years remaining to attain ultimate healthcare trend rate	3	4
Weighted average assumptions at year end:		
Discount rate	2.59 %	2.39 %
Initial healthcare cost trend rate	6.00	6.00
Ultimate healthcare cost trend rate	5.00	5.00
Years remaining to attain ultimate healthcare trend rate	3	3
Measurement date	June 30	June 30
Mortality table	PRI-2012 White Collar Scale MP-2020	PRI-2012 White Collar Scale MP-2019

Expected cash outflow information for fiscal years ending after June 30, 2021:

Year ending June 30:	
2022	\$ 2,915
2023	2,995
2024	3,063
2025	3,262
2026	3,471
2027–2031	20,721

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

Additionally, the following items were recognized during the years ended June 30, 2021 and 2020 are presented in the consolidated statement of activities as nonoperating activities:

	<u>2021</u>	<u>2020</u>
Nonoperating activities include:		
Net actuarial gain during the year	\$ 10,541	(2,861)
Total nonoperating gain activities related to retiree healthcare	\$ <u>10,541</u>	<u>(2,861)</u>

Amounts recognized in net assets without donor restriction in the consolidated statement of financial position include the following:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Unrecognized actuarial gain (loss)	\$ 7,075	(3,467)

No actuarial gain or loss requires amortization during the year ending June 30, 2021.

#### **(9) Commitment and Contingencies**

The University has a contingent liability as guarantor of a portion of certain faculty and administrative employees' mortgages and loans. The portion of these outstanding mortgages and loans that is being guaranteed by the University amounts to \$900 and \$882 and June 30, 2021 and 2020, respectively. No guaranteed mortgages were in default as of June 30, 2021 and 2020.

Amounts received and expended by the University under various federal and state programs are subject to audit by governmental entities. In the opinion of management, audit adjustments, if any, will not have a significant effect on the consolidated financial position of the University.

The University is obligated for certain future payments under construction and similar agreements of approximately \$5,666 at June 30, 2021.

The University is party to various litigation and other claims in the ordinary course of business. It is the opinion of management, as advised by legal counsel, that these matters will not have a material effect on the financial statements of the University.

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

#### (10) Related-Party Transactions

The President of the University and another member of the University's Board of Trustees serve on the board of directors, with the President serving as chair of that board, of a healthcare system providing certain health insurance services and other healthcare services to the University. Amounts paid to the healthcare organization and its affiliates for these services totaled \$3,893 and \$4,110 for the years ended June 30, 2021 and 2020, respectively.

In addition, the University and the healthcare system engage in certain programs whereby the University's faculty, staff and students, with the healthcare system's physicians and researchers, participate in academic and research endeavors consistent with the University's mission.

#### (11) Operating Expenses

The composition of operating expenses by natural and functional classification for June 30, 2021 and 2020 are as follows:

	Year Ended June 30, 2021						
	Programs				Institutional support		
	Academic and educational	Student services	Research and public service	Auxiliary	Administration	Fundraising	Total
Compensation and benefits	\$ 87,714	23,415	2,263	7,476	18,495	5,654	145,017
Purchases services and supplies	13,475	9,823	1,613	15,944	16,915	1,362	59,132
Depreciation	9,873	5,191	—	9,962	652	406	26,084
Interest on indebtedness	1,070	271	—	2,966	1,939	—	6,246
Total	<u>\$ 112,132</u>	<u>38,700</u>	<u>3,876</u>	<u>36,348</u>	<u>38,001</u>	<u>7,422</u>	<u>236,479</u>
Net periodic benefit costs reported in nonoperating activities	\$ 1,189	310	—	99	243	75	1,916

  

	Year Ended June 30, 2020						
	Programs				Institutional support		
	Academic and educational	Student services	Research and public service	Auxiliary	Administration	Fundraising	Total
Compensation and benefits	\$ 90,435	24,088	2,035	7,710	18,965	7,971	151,204
Purchases services and supplies	16,887	15,529	1,322	13,189	5,382	2,036	54,345
Depreciation	9,420	4,830	—	9,270	606	407	24,533
Interest on indebtedness	1,066	267	—	3,017	698	—	5,048
Total	<u>\$ 117,808</u>	<u>44,714</u>	<u>3,357</u>	<u>33,186</u>	<u>25,651</u>	<u>10,414</u>	<u>235,130</u>
Net periodic benefit costs reported in nonoperating activities	\$ 1,487	387	—	124	305	129	2,432

**BUCKNELL UNIVERSITY**

Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

**(12) Revenue from Contracts with Students**

**(a) Net Tuition Revenue**

Revenue from contracts with customers comprises revenue from students for tuition, fees, housing, and meal plans. For purposes of reporting on revenue from contracts with customers under U.S. GAAP, the University refers to customers as students. Transaction prices are based on a standard University fee schedule. In some cases transaction price for tuition is reduced by tuition discounts in the form of institutional financial aid awards that vary by student based on merit, need, or other qualifications. Revenue is recognized and presented in the consolidated financial statements net of any such tuition discounts.

The composition of net tuition revenue for June 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Tuition and fees	\$ 212,653	209,058
Less scholarship discounts	(69,254)	(62,240)
Net tuition and fees	\$ 143,399	146,818
Auxiliary revenues:		
Campus housing	\$ 27,740	22,301
Student meal plans	9,722	7,501
Total auxiliary revenue from students	\$ 37,462	29,802

**(b) Deferred Revenue and Student Deposits**

Contract liabilities arise when payment is received in advance of the satisfaction of performance obligations. The University had contract liabilities to students, reported as deferred revenue, comprising of deposits and prepayments for future academic terms and services for which performance obligations have not yet been satisfied. The balances of contract liabilities arising from contracts with students as of June 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Student deposits and prepayments	\$ 4,193	8,960
Student dining plans	2,447	2,829
Grants, contracts, and other	2,200	2,180
Total	\$ 8,840	13,969

## BUCKNELL UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands)

#### (13) Liquidity and Available Resources

The University's cash flows have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and transfers from the endowment. The University actively manages its resources to be available to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital construction as they become due. Cash and investments in excess of immediate requirements are invested in short-term investments such as interest bearing accounts, fixed income mutual funds, and US Government Treasury and Agency bills and bonds. As further described in note 5(d), the University has a line of credit in place of \$30,000 (no amounts borrowed at June 30, 2021) to further supplement cash flows, if necessary. As of June 30, 2021, existing financial assets and liquidity resources available within one year were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 92,065	72,418
Accounts and other receivables, net	4,283	2,951
Investments	<u>15,221</u>	<u>38,473</u>
Total financial assets available within one year	111,569	113,842
Liquidity resources:		
Endowment payout for use over the next 12 months	46,502	47,533
Unsecured line of credit	<u>30,000</u>	<u>30,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 188,071</u>	<u>191,375</u>

**BUCKNELL UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal program	CFDA Number	Pass-Through Entity	Direct Award or Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed to Subrecipients
Student Financial Aid Cluster:					
Department of Education:					
Federal Supplemental Educational Opportunity Grants	84.007	—	Direct	\$ 553,912	—
Federal Work-Study Program	84.033	—	Direct	178,911	—
Federal Perkins Loan Program	84.038	—	Direct	1,752,200	—
Federal Pell Grant Program	84.063	—	Direct	1,849,287	—
Federal Direct Student Loans	84.268	—	Direct	14,125,462	—
Total Student Financial Aid Cluster				<u>18,459,772</u>	<u>—</u>
Research and Development Cluster:					
Department of Agriculture					
Partnership Agreements	10.699	—	Direct	3,780	—
Department of Defense					
Basic and Applied Scientific Research	12.300	—	Direct	27,724	—
Department of the Interior					
Great Apes Conservation Fund	15.629	—	Direct	442	442
Assistance to State Water Resources Research Institutes	15.805	The Pennsylvania State University	G16AP00079	9,526	—
National Land Remote Sensing Education Outreach and Research	15.815	California University of Pennsylvania	AV18-PA-01	1,201	—
Total Department of the Interior				<u>11,169</u>	<u>442</u>
Department of Transportation					
Highway Research and Development Program	20.200	Virginia Polytechnic Institute and State University	DTFH61-13-H-00024	97,977	—
National Aeronautics and Space Administration					
National Aeronautics and Space Administration, Other	43.RD	Space Telescope Science Institute	HST-GO-15201.002-A	51,014	—
National Aeronautics and Space Administration, Other	43.RD	Space Telescope Science Institute	HST-GO-15238.005-A	31,399	—
National Aeronautics and Space Administration, Other	43.RD	Space Telescope Science Institute	HST-GO-15628.002-A	132,163	—
Total CFDA 43.RD				<u>214,576</u>	<u>—</u>
Science	43.001	—	Direct	84,480	—
Education	43.008	Auburn University	80NSSC20K0992	60,487	37,793
Total National Aeronautics and Space Administration				<u>359,543</u>	<u>37,793</u>

**BUCKNELL UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal program	CFDA Number	Pass-Through Entity	Direct Award or Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed to Subrecipients
National Endowment for the Humanities Promotion of the Humanities Fellowships and Stipends	45.160	—	Direct	\$ 8,400	—
National Science Foundation					
Engineering	47.041	—	Direct	113,576	12,334
Mathematical and Physical Sciences	47.049	—	Direct	333,110	—
Geosciences	47.050	—	Direct	24,564	—
Computer and Information Science and Engineering	47.070	—	Direct	134,690	—
Biological Sciences	47.074	—	Direct	105,801	—
Biological Sciences (COVID-19)	47.074	—	Direct	156,283	—
Total CFDA 47.074				<u>262,084</u>	—
Social, Behavioral, and Economic Sciences	47.075	—	Direct	36,071	—
Social, Behavioral, and Economic Sciences	47.075	The Pennsylvania State University	BCS-1917937	24,747	—
Total CFDA 47.075				60,818	—
Education and Human Resources	47.076	—	Direct	426,656	8,168
Education and Human Resources	47.076	Lehigh University	HRD-1464048	8,020	—
Total CFDA 47.076				<u>434,676</u>	<u>8,168</u>
Total National Science Foundation				<u>1,363,518</u>	<u>20,502</u>
Department of Energy					
Renewable Energy Research and Development	81.087	Duke University	DE-EE0008518	17,685	—
Department of Health and Human Services					
Cardiovascular Diseases Research	93.837	Partners HealthCare System Inc. - Massachusetts General Hospital	5R01HL128168-05	31,320	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Harvard University	5R01DK110559-05	14,923	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Harvard University	5R01DK110559-06	10,595	—
Total CFDA 93.847				<u>25,518</u>	—
Allergy and Infectious Diseases Research	93.855	—	Direct	74,327	—
Total Department of Health and Human Services				<u>131,165</u>	—
Total Research and Development Cluster				<u>2,020,961</u>	<u>58,737</u>

**BUCKNELL UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

<u>Federal program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity</u>	<u>Direct Award or Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed to Subrecipients</u>
Other Programs:					
Department of Agriculture Rural Business Development Grant	10.351	—	Direct	\$ 11,842	—
Department of the Treasury Coronavirus Relief Fund (COVID-19)	21.019	Pennsylvania Higher Education Assistance Agency	23-1693362	25,001	—
National Endowment for the Arts Promotion of the Arts – Partnership Agreements (COVID-19)	45.025	Mid Atlantic Arts Foundation	1855974-61-19	5,791	—
Small Business Administration Small Business Development Centers (COVID-19)	59.037	Kutztown University	SBAHQ20C0042	17,619	—
Small Business Development Centers	59.037	Kutztown University	SBAHQ21B0084	1,442	—
Small Business Development Centers	59.037	Kutztown University	SBAHQ20B0057	176,619	—
Total CFDA 59.037				<u>195,680</u>	<u>—</u>
Total Small Business Administration				<u>195,680</u>	<u>—</u>
Department of Education					
GEER Funds for Postsecondary Education (COVID-19)	84.524C	—	Direct	74,299	—
Education Stabilization Fund (COVID-19)	84.425E	—	Direct	3,417,428	—
Education Stabilization Fund (COVID-19)	84.425F	—	Direct	3,952,249	—
Total CFDA 84.425				<u>7,369,677</u>	<u>—</u>
Total Department of Education				<u>7,443,976</u>	<u>—</u>
Total Other Programs				<u>7,682,290</u>	<u>—</u>
Total Expenditures of Federal Awards				<u>\$ 28,163,023</u>	<u>58,737</u>

See accompanying notes to schedule of expenditures of federal awards.

## **BUCKNELL UNIVERSITY**

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

#### **(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the expenditures of Bucknell University's (the University) federal financial assistance programs for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule represents only a portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the University. Negative amounts on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **(2) Summary of Significant Accounting Policies**

The Schedule is presented using the accrual basis of accounting, which is consistent with the University's consolidated financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **(3) Federal Perkins Loan Program**

The University administers and accounts for all aspects of the Federal Perkins Loan Program. Therefore, the University's consolidated financial statements include the program's balances and transactions. The balance of loans outstanding under the loan program at June 30, 2021 was \$1,397,309. The amount presented on the Schedule is the beginning balance of the loans outstanding at July 1, 2020 plus the amount of the loans issued \$0 during the fiscal year ended June 30, 2021. No administrative cost allowance was claimed for the Federal Perkins Loan Program for the year ended June 30, 2021.

#### **(4) Federal Direct Loans**

For the Federal Direct Loan Programs, the University is responsible only for the performance of certain administrative duties; therefore, the loan balances and transactions for those programs are not included in the University's consolidated financial statements. It is not practical to determine the loan balances outstanding to students under this program as of June 30, 2021.

#### **(5) Indirect Costs**

The University has a federally negotiated indirect cost rate and therefore may not elect to use the de minimus 10% indirect cost rate.



KPMG LLP  
Suite 1000  
30 North Third Street  
Harrisburg, PA 17101

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

The Board of Trustees  
Bucknell University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Bucknell University and its subsidiaries (Bucknell University), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 21, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Bucknell 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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bucknell University's internal control. Accordingly, we do not express an opinion on the effectiveness of Bucknell 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bucknell University's consolidated financial statements are free from 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*.



**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 Bucknell University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bucknell University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Harrisburg, Pennsylvania  
October 21, 2021



KPMG LLP  
Suite 1000  
30 North Third Street  
Harrisburg, PA 17101

## **Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Trustees  
Bucknell University:

### **Report on Compliance for Each Major Federal Program**

We have audited Bucknell University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bucknell University's major federal programs for the year ended June 30, 2021. Bucknell University's major federal program is identified in the summary of auditors' 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of Bucknell 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 Bucknell 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 Bucknell University's compliance.

#### *Opinion on Each Major Federal Program*

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

### **Report on Internal Control Over Compliance**

Management of Bucknell 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 Bucknell University's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance



for its 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 Bucknell 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Bucknell University and its subsidiaries as of and for the year ended June 30, 2021, and have issued our report thereon dated October 21, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**KPMG LLP**

Harrisburg, Pennsylvania  
January 21, 2022

**BUCKNELL UNIVERSITY**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2021

**(1) Summary of Auditors' Results**

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **None Reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major program:

<b>Program</b>	<b>CFDA #</b>
Education Stabilization Fund (COVID-19)	84.425E, 84.425F

- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$844,891**
- i. Auditee qualified as a low-risk auditee: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

None