Consolidated Financial Statements and Report of Independent Certified Public Accountants

Saint Joseph's University and Subsidiary

May 31, 2020 and 2019

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Saint Joseph's University

Report on the financial statements

We have audited the accompanying consolidated financial statements of Saint Joseph's University and its subsidiary (the "University"), which comprise the consolidated statements of financial position as of May 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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 University'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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Joseph's University and its

subsidiary as of May 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Philadelphia, Pennsylvania
October 9, 2020

Saint Joseph's University and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of May 31,

	2020	2019
ASSETS		
Cash and cash equivalents	$ 87,436,027	$ 57,306,958
Short-term investments	-	25,160,657
Accounts receivable:		
Students, net	10,084,524	7,913,263
Other - third party, grants (non-student based), etc.	2,045,213	9,172,902
Pledges, net	8,179,633	11,195,556
Prepaid expenses and other	3,948,055	3,784,401
Investments	295,102,637	295,480,028
Deposits held by trustee	150,852	-
Student loans receivables, net	185,432	193,987
Property, plant and equipment, net	395,419,067	399,716,144
Total assets	$ 802,551,440	$ 809,923,896
LIABILITIES		
Accounts payable and accrued expenses	$ 21,977,273	$ 25,280,754
Deferred revenue	15,112,142	15,799,537
Student and other deposits	793,904	1,388,891
Long-term debt	212,535,030	217,038,632
Advances from government for student loans	2,793	57,748
Total liabilities	250,421,142	259,565,562
NET ASSETS		
Without donor restrictions	383,454,001	396,455,868
With donor restrictions	168,676,297	153,902,466
Total net assets	552,130,298	550,358,334
Total liabilities and net assets	$ 802,551,440	$ 809,923,896

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

Saint Joseph's University and Subsidiary

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended May 31,

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
OPERATING REVENUES						
Tuition and fees, net	$ 152,062,639	$ -	$ 152,062,639	$ 155,367,919	$ -	$ 155,367,919
Auxiliary enterprises, net	26,231,210	-	26,231,210	36,110,514	-	36,110,514
Private gifts and grants	3,236,640	5,655,701	8,892,341	3,622,103	4,748,442	8,370,545
Government grants	5,296,243	-	5,296,243	2,833,783	-	2,833,783
Endowment payout under spending formula	5,172,469	4,800,854	9,973,323	4,503,050	4,385,901	8,888,951
Investment income	1,099,221	20,221	1,119,442	1,285,176	12,531	1,297,707
Other income	8,019,581	99,877	8,119,458	9,359,276	80,000	9,439,276
Net assets released:						
Endowment payout under spending formula	4,800,854	(4,800,854)	-	4,385,901	(4,385,901)	-
Release of temporarily restricted funds	3,577,106	(3,577,106)	-	4,294,022	(4,294,022)	-
Total operating revenues	209,495,963	2,198,693	211,694,656	221,761,744	546,951	222,308,695
OPERATING EXPENSES						
Instruction	74,027,550	-	74,027,550	80,484,871	-	80,484,871
Public service	677,115	-	677,115	757,749	-	757,749
Academic support	13,380,332	-	13,380,332	13,608,995	-	13,608,995
Student services	35,485,753	-	35,485,753	37,143,078	-	37,143,078
Institutional support	45,155,838	-	45,155,838	45,743,871	-	45,743,871
Research	2,736,752	-	2,736,752	2,018,611	-	2,018,611
Auxiliary enterprises	30,450,156	-	30,450,156	34,298,518	-	34,298,518
Total operating expenses	201,913,496	-	201,913,496	214,055,693	-	214,055,693
Total change in net assets from operating activities	7,582,467	2,198,693	9,781,160	7,706,051	546,951	8,253,002
NON-OPERATING REVENUES						
Realized and unrealized losses on investments	(4,720,326)	(4,462,482)	(9,182,808)	(2,099,619)	(1,880,557)	(3,980,176)
Contributions restricted for long-term purposes	-	9,038,745	9,038,745	-	3,298,240	3,298,240
Interest rate swap	837,187	-	837,187	539,575	-	539,575
Gain (loss) on retirement of assets	(268,437)	-	(268,437)	431,733	-	431,733
Employee voluntary separation program	(8,433,883)	-	(8,433,883)	-	-	-
Net assets released from restrictions	(7,998,875)	7,998,875	-	3,248,999	(3,248,999)	-
Total change in net assets from non-operating activities	(20,584,334)	12,575,138	(8,009,196)	2,120,688	(1,831,316)	289,372
Change in net assets	(13,001,867)	14,773,831	1,771,964	9,826,739	(1,284,365)	8,542,374
Net assets, beginning of year	396,455,868	153,902,466	550,358,334	386,629,129	155,186,831	541,815,960
Net assets, end of year	$ 383,454,001	$ 168,676,297	$ 552,130,298	$ 396,455,868	$ 153,902,466	$ 550,358,334

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

Saint Joseph's University and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended May 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,771,964	$ 8,542,374
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,330,105	17,343,531
Allowance for doubtful accounts	256	212,065
Contributions restricted for long-term investments	(9,038,745)	(3,298,240)
Net realized and unrealized losses from investments	9,182,808	3,980,176
Loss on retirement of assets	268,437	(431,733)
Cumulative effect of asset retirement obligation	133,344	(808,151)
Interest rate swap	(837,187)	(539,575)
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - student	(2,171,517)	476,512
Decrease in accounts receivable - other	7,127,689	46,653
Decrease in pledges receivable	3,015,923	11,384,915
(Increase) decrease in prepaid expenses	(163,654)	7,058
Increase (decrease) in accrued expenses and other payables	(2,559,096)	32,909
Decrease in deferred revenue	(687,395)	(669,953)
Decrease in student deposits	(594,987)	(439,939)
Net cash provided by operating activities	22,777,945	35,838,602
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(16,257,262)	(81,019,229)
Proceeds from sales of investments	32,612,502	45,723,471
Depostis held by trustee	(150,852)	-
Purchase of property, plant and equipment	(13,855,787)	(13,268,110)
Proceeds from sale of property, plant and equipment	524,166	653,381
Student loans collected	8,555	882,442
Net cash provided by investing activities	2,881,322	(47,028,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	95,036,943	-
Payment for refunding bonds	(93,211,446)	-
Repayment of bonds	(5,725,996)	(5,790,039)
Payment on bond closing costs	(494,697)	-
Contributions restricted for property, plant and equipment	9,038,745	3,298,240
Payment of capital lease obligation	(118,792)	350,051
Government refund for student loans	(54,955)	(886,318)
Net cash provided by (used in) financing activities	4,469,802	(3,028,066)
NET INCREASE (DECREASE) IN CASH	30,129,069	(14,217,509)
CASH AND CASH EQUIVALENTS - beginning of year	57,306,958	71,524,467
CASH AND CASH EQUIVALENTS - end of year	$ 87,436,027	$ 57,306,958

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

NOTE A - DESCRIPTION OF BUSINESS

Founded in 1851 in the Jesuit tradition of academic excellence, Saint Joseph's University (the "University" or "SJU") is a top-ranked Catholic University that provides a rigorous, student-centered education located on a 125-acre campus in western Philadelphia and eastern Montgomery County, Pennsylvania. The University offers a wide array of academic programs designed so that each graduate enters the world with a competitive resume and global perspective. This is achieved through intense academic study led by thought-leading faculty scholars, a comprehensive campus experience and robust study abroad, service-learning, internship and co-op programs. Upon graduation, nearly 100 percent of students are employed, pursuing advanced degrees or volunteering in prestigious service programs. A member of the Atlantic 10 Conference, SJU offers 20 Division I intercollegiate men's and women's sports. The University's alumni - over 70,000 strong - provide a powerful network that spans the globe. The consolidated financial statements include the balances and activities of a controlled subsidiary (Note P).

The University has three principal academic colleges - the College of Arts and Sciences, the Erivan K. Haub School of Business, and School of Health Studies and Education. The College of Arts and Sciences offers traditionally organized four-year programs leading to the degrees of Bachelor of Arts or Bachelor of Science, graduate programs leading to Master of Arts and Master of Science degrees and an Ed.D. in Educational Leadership. In addition, the school offers more flexibly scheduled programs leading to bachelor degrees and shorter programs leading to associate degrees or certificates, as well as other opportunities for personal or career development (formerly known as The College of Professional and Liberal Studies). The Erivan K. Haub School of Business offers programs leading to degrees of Bachelor of Science, Master of Science or Master of Business Administration. The School of Health Studies and Education opened in the fall of 2019. The new school brings together and builds upon dozens of established undergraduate, graduate, doctoral and certificate programs in two rapidly changing and growing industries.

In total, the University offers over 55 undergraduate day majors, 50 minors, and over 30 degree completion and certificate programs including online options. Graduate programs include over 40 areas of study, with many programs offering both campus-based and online delivery options. Special programs include study abroad, honors program, cooperative education program, summer scholars, service-learning and faith-justice studies.

The University has entered into a planned educational affiliation with the Barnes Foundation ("Barnes"). The affiliation will further the common educational mission of both institutions, allow the use of the Gallery building by the University for its fine arts program, enhance the Barnes' existing horticulture education program with University educational resources, and broaden the educational experience for Barnes and University students. The University has created a new minor concentration of study in horticulture and has assumed responsibility of the Barnes' horticulture program.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The University's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit organizations. Under these principles, contributions or unconditional promises to give are recognized as revenues in the period that an unconditional promise to give is received at fair value, less an allowance for uncollectible pledges. Net assets, revenues, gains, expenses and losses are classified as without and with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are not subject to donor-imposed restrictions and generally result from revenues derived from providing services, receiving unrestricted contributions, receiving dividends and interest from investing in income-producing assets, and unrestricted gains and losses less expenses incurred in providing services, raising contributions and performing administrative functions. Net assets without donor restrictions may be and have been designated for specific purposes by action of the Board of Trustees.

Net Assets With Donor Restrictions - Net assets with donor restrictions result from either two scenarios: 1) contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the University pursuant to those stipulations or by law, or 2) the corpus of contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the University.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents.

Investments

The University invests in a variety of investment vehicles. In accordance with guidance on accounting for certain investments held by not-for-profit organizations, investments are recorded at fair value. Please see the detailed description of the relevant policies related to these investments in Note D to the consolidated financial statements.

Interest income, unrealized gains and losses on investments and realized gains and losses from the sale of investments are accounted for in the statements of activities in the net asset classification that holds the investments, except for income and gains and losses derived from investments of endowment and funds functioning as endowment, which are accounted for in the net asset classification designated by the donor or by law.

Property, Plant and Equipment

Land, buildings, furniture and fixtures, equipment and library books are stated at cost, or fair value at the date of donation in the case of gifts. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets; 40 to 75 years for buildings (buildings constructed or acquired subsequent to fiscal year 1990 have estimated useful lives of 50 years), 10 to 30 years for building improvements and 5 to 15 years for furniture, fixtures and equipment. The costs of repairs and minor improvements are charged to expense in the consolidated statements of activities. Upon sale or retirement, the asset cost and related accumulated depreciation is removed from the consolidated statements of financial position and the resulting gain or loss is recorded in the consolidated statements of activities.

Asset Retirement Obligation

The University determined it has legal obligations to perform certain asset retirement activities associated with constructed facilities. The total accretion expense was $135,327 and $171,568 in 2020 and 2019, respectively. The total depreciation expense was $16,221 and $23,020 in 2020 and 2019, respectively. The total asset retirement cost and obligation recognized was $479,416 and $3,373,477, respectively, for 2020 and $508,259 and $3,280,675, respectively, for 2019 and are included in property, plant and equipment and accounts payable and accrued expenses, respectively, in the consolidated statements of financial position.

Capitalized Software Costs

Software costs included in property, plant and equipment related to purchased software are capitalized and depreciated on a straight-line basis over a 5-year period.

Bond Issuance Costs

Bond issuance costs are being amortized over the life of the related debt. Bond issuance costs and accumulated amortization were $1,667,613 and $6,251,816, respectively, for May 31, 2020 and $960,783 and $3,665,217, respectively, for May 31, 2019.

Early Retirement Benefits

The University has provided early retirement benefits to certain full-time faculty and staff members. The University accrues for the present value of all future benefit payments for individuals who have accepted the University's early retirement offer. The liability is recorded in accounts payable and accrued expenses in the consolidated statements of financial position (see Note I).

Tuition and Fee Revenue

Student tuition and fees, revenue is recognized in the period the services are provided. Institutional scholarships awarded to students reduce the amount of revenue recognized. Revenue for tuition and fees for the summer terms are recognized as performance obligations are met. Because the summer academic terms span two reporting periods, a portion of the revenue for the summer terms are included in deferred revenue at May 31, 2020 and 2019.

The following table details the gross and net amounts of tuition and fees for fiscal years ended May 31:

	2020	2019
Tuition and fees	$ 251,411,819	$ 250,807,438
Less scholarships and discounts	(99,349,180)	(95,439,519)
Tuition and fees, net	$ 152,062,639	$ 155,367,919

Auxiliary Enterprises

Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary enterprises are directly related to, although not necessarily equal to, the cost of the goods or services provided.

Auxiliary enterprises revenue includes activities for student housing and dining facilities, parking services, and other miscellaneous activities. Institutional scholarships specifically defraying the cost of room and board reduces the amount of revenue recognized.

Revenues for auxiliary enterprises are recognized as performance obligations are met over the academic term. Because the summer academic terms span two reporting periods, a portion of the revenue for the summer terms are included in deferred revenue at May 31, 2020 and 2019.

The following table details the gross and net amounts of auxiliary enterprises revenue for fiscal years ended May 31:

	2020	2019
Auxiliary enterprises	$ 26,905,954	$ 36,878,982
Less scholarships and discounts	(674,744)	(768,468)
Auxiliary enterprises, net	$ 26,231,210	$ 36,110,514

Deferred Revenue

Deferred revenue represents payments received prior to the start of the academic term. The following table depicts the activities for deferred revenue related to tuition for the years ended May 31:

	2020	2019
Balance - beginning of year	$ 15,799,537	$ 16,469,490
Refunds issued	(1,678,384)	(514,385)
Revenue recognized and included in balance - beginning of year	(14,072,210)	(15,945,105)
Cash received in advance of performance	15,063,199	15,789,537
Balance - end of year	$ 15,112,142	$ 15,799,537

The balance of deferred revenue at May 31, 2020 and 2019, less any refunds issued will be recognized as revenue over the academic term beginning on September 1, 2020 and 2019, respectively, as services are rendered.

Gifts and Grants

Noncash gifts are recorded at fair value on the date of donation. Gifts of cash and other non-capital assets are reported as revenue without donor restrictions if the gifts were received with no donor restrictions or if the specified donor restrictions have been satisfied within the current fiscal year. Gifts are recorded as operating revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets beyond the current fiscal year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions.

Other sources of revenue not otherwise categorized are recognized in the fiscal year in which they were earned.

Fundraising Costs

Fundraising costs, which consist of conducting campaigns, special events and other activities involved with soliciting contributions for the years ended May 31, 2020 and 2019, were $6,105,032 and $5,685,124, respectively. These costs are recorded as institutional support expenses in the consolidated statements of activities.

Concentration of Credit Risk

Financial instruments that potentially subject SJU to concentration of credit risk consist primarily of cash and cash equivalents and certificates of deposits.

SJU has cash deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit; however, management does not believe that there is any significant risk of loss on any uninsured amounts. SJU's management has assessed the credit risk with money market funds held at May 31, 2020 and 2019 and has determined that an allowance for the potential loss due to credit risk is not necessary.

Non-operating Activities

Non-operating activities include gains and losses on investments net of the endowment spending rule, contributions restricted for property, plant and equipment, charge for employee voluntary separation program, the change in the estimated fair value of termination of the outstanding interest rate swap agreement, gain or loss on sale or retirement of assets, and the release from restriction of contributions restricted for long-term purposes that have fulfilled their purpose given by the donor.

Income Taxes

Saint Joseph's University follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Saint Joseph's University is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Saint Joseph's University has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The tax years ending June 30, 2020, 2019, 2018 and 2017 are still open to audit for both federal and state purposes. Saint Joseph's University has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

Use of Estimates

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

Risks and Uncertainties

The COVID-19 pandemic, whose effects first became known in early 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the University's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the University's consolidated financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic. The University has and will continue to make every effort to mitigate the current and future financial impacts of COVID-19.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Early application is permitted. An entity is required to apply the amendments in ASU 2016-02 under the modified-retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the balance sheet leased assets and liabilities for operating leases at each reporting date. The University is currently assessing the impact of this guidance on its consolidated financial statements.

NOTE C - UNCONDITIONAL PROMISES AND PLEDGES

The University recognizes unconditional promises and pledges as receivables and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recorded at the estimated present value of the future cash flows, net of an allowance for doubtful accounts. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. Conditional promises are recorded when donor conditions are substantially met. The University had conditional promises of $20,000,000 and $30,000,000 at May 31, 2020 and 2019, which will be recorded when donor conditions are substantially met.

Unconditional promises of gifts are included in the consolidated financial statements as pledges receivable and revenues of the appropriate net asset category. Pledges receivable over more than one year discounted to fair value of the future cash flows using a discount rate of 3.25%. There was no allowance for doubtful accounts related to pledges receivable at May 31, 2020 and 2019 as the University considers any allowance on pledges receivable to be immaterial.

The following table displays the details of net pledges receivable at May 31:

	2020	2019
In one year or less	$ 2,837,887	$ 4,372,381
Between one year and five years	5,665,359	8,171,232
Beyond five years	400,000	-
Less present value discount	(723,613)	(1,348,057)
Pledges, net	$ 8,179,633	$ 11,195,556

The following table summarizes the change in pledges receivable, net, during the years ended May 31:

	2020	2019
Balance - beginning of year	$ 11,195,556	$ 22,580,471
New pledges	5,721,156	2,662,175
Collections on pledges	(9,361,523)	(14,260,144)
Decrease in discount to present value	624,444	213,054
Balance - end of year	$ 8,179,633	$ 11,195,556

NOTE D - INVESTMENTS

The cost and fair value of the University's investments as of May 31, 2020 and 2019 are as follows:

	2020		2019	
	Cost	Fair value	Cost	Fair value
Short-term/money market	$ -	$ -	$ 25,000,040	$ 25,160,657
Investments				
Equity	129,391,996	122,545,272	123,023,931	116,276,672
Fixed income	90,741,579	89,942,646	87,058,882	86,078,458
Hedged capital	49,900,323	42,624,462	49,650,784	51,229,292
Private equity	7,551,963	14,364,970	7,275,211	16,714,624
Private realty and resources	20,477,034	23,013,169	19,752,431	22,807,153
Life income/annuity funds - equity and fixed income	1,710,508	2,612,118	1,594,898	2,373,829
Total investments	299,773,403	295,102,637	288,356,137	295,480,028
Total	$ 299,773,403	$ 295,102,637	$ 313,356,177	$ 320,640,685

The University's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the University's investment policy. The degree and concentration of credit risk varies by type of investment.

Detailed information of the fair value of assets, valued using net asset value ("NAV") or its equivalent (e.g., ownership interest in partners' capital to which a proportionate share of net assets is attributable) at May 31, 2020 and 2019 is as follows:

2020	Fair value	Unfunded commitments	Redemption frequency (if currently eligible
Total return assets			
Private equity	$ 14,064,646	$ 23,797,469	12 Years
Inflation hedges			
Private realty and resources	23,013,169	4,628,867	12 Years
All purpose hedges			
Hedged capital	42,924,785	-	90 to 365 Days
Total investments measured at NAV	$ 80,002,600	$ 28,426,336	

2019	Fair value	Unfunded commitments	Redemption frequency (if currently eligible
Total return assets			
Private equity	$ 16,714,624	$ 13,879,680	12 Years
Inflation hedges			
Private realty and resources	22,807,153	6,062,698	12 Years
All purpose hedges			
Hedged capital	51,229,292	-	90 to 365 Days
Total investments measured at NAV	$ 90,751,069	$ 19,942,378	

All investments have daily redemption, without a redemption-notification period, with the exception of the private realty and resources, which reflect limited partnership interests in a private investment fund through which distributions are anticipated on an unscheduled basis over a long term of 10 years or more and as reflected above as a 12-year period for redemptions. Additional descriptions of the investment categories used above include:

Equity - Includes investments in exchange traded funds and indices.

Short-Term Investments/Money Market - Includes TIFF Short-Term Fund assets held in cash, treasury securities, bank certificates of deposits or bankers' acceptances, and commercial paper with maturities of less than one year, or money market funds with similar holdings.

Fixed Income - Includes investments held in bond funds to hedge against inflation and equity market declines. This includes investments in U.S. bonds as well as non-U.S. bonds.

Hedged Capital - Includes investments in duration hedged debt and related swaps and collateral held by hedge fund managers to support investments in derivative securities.

Private Equity - Includes limited partnership interests in four private investment funds offered by TIFF with an investment focus on venture capital, buyout opportunities and natural resources.

Private Realty and Resources - Includes limited partnership investments focused on real estate and natural resource investments.

Life Income/Annuity Funds - Includes investments in fixed income and charitable gift annuities.

Investment return reflected in the consolidated statements of activities is comprised of the following as of May 31:

2020	Without donor restrictions	With donor restrictions	Total
Dividends and interest on endowment, net of fees	$ 3,738,017	$ 2,039,208	$ 5,777,225
Net realized and unrealized gain on endowment	(2,514,622)	(2,530,145)	(5,044,767)
Gain on endowment investments	1,223,395	(490,937)	732,458
Interest on other investments, net of fees	1,099,221	20,221	1,119,442
Net realized and unrealized gain on other investments	(771,252)	829,309	58,057
Total income on endowed and other investments	1,551,364	358,593	1,909,957
Investment return designated for current operations:			
Interest on other investments	(1,099,221)	(20,221)	(1,119,442)
Endowment payout under spending formula	(5,172,469)	(4,800,854)	(9,973,323)
Investment loss net of amounts designated for current operations	$ (4,720,326)	$ (4,462,482)	$ (9,182,808)

2019	Without donor restrictions	With donor restrictions	Total
Dividends and interest on endowment, net of fees	$ 799,617	$ 855,558	$ 1,655,175
Net realized and unrealized gain on endowment	1,433,343	1,635,976	3,069,319
Gain on endowment investments	2,232,960	2,491,534	4,724,494
Interest on other investments, net of fees	1,285,176	12,531	1,297,707
Net realized and unrealized gain on other investments	170,471	13,810	184,281
Total income on endowed and other investments	3,688,607	2,517,875	6,206,482
Investment return designated for current operations:			
Interest on other investments	(1,285,176)	(12,531)	(1,297,707)
Endowment payout under spending formula	(4,503,050)	(4,385,901)	(8,888,951)
Investment loss net of amounts designated for current operations	$ (2,099,619)	$ (1,880,557)	$ (3,980,176)

The University's endowment funds represent $293,803,373 and $294,286,969 of the University's total investment portfolio of $295,102,637 and $295,480,068 at May 31, 2020 and 2019, respectively.

Endowment Investment and Spending Policies

The University has adopted investment and spending policies for endowment assets to provide long-term capital appreciation to supply funds for the specified purposes for which the original endowed gifts were given (e.g., scholarships, endowed chairs, operations, etc.). The time horizon for the endowment is perpetuity. The assets of the University are managed accordingly by external professional investment managers or invested in professionally managed funds, including funds of funds or managers of managers. The appointment of such managers or funds is the responsibility of the Finance and Audit Committee. Investment managers have full discretion over their investment programs, subject to appropriate constraints reflected in the University's guidelines or in the applicable investment management contracts. The primary objective of the investment managers is to maximize return, however, consideration of socially responsible investments and those that generate a positive social impact to promote the common good are an integral part of the decision making process when investing in new pooled funds.

The long-term objective of the University is to achieve a total return equivalent to or greater than the expected return. The expected return is the sum of the annual spending rate, the long-term inflation rate, and any growth factor which the Finance and Audit Committee may deem appropriate. The spending rate for the years ended May 31, 2020 and 2019 was 4%. The annual spending rate is the percentage of the average market value of the trailing twelve calendar quarter balances of the Endowment Fund. In 2020 and 2019, the endowment payout under the spending formula totaled $9,973,323 and $8,888,951, respectively. To the extent that current yield is inadequate to meet the spending rule, a portion of cumulative realized net gains is available for current use. Reclassifications between restrictions resulted from management review of classifications in the current year.

Funds with Deficiencies - From time to time, due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets maintain or exceed the level required. U.S. GAAP requires the aggregate amount of deficiencies to be reported as a reduction to net assets without donor restrictions in the consolidated statements of activities. At May 31, 2020, funds with deficiencies had a fair value of $8,691,541 while the original gift was $8,805,217. There were no funds with deficiencies at May 31, 2019. Subsequent investment gains are used to restore the balance up to the fair value of the original gift. Subsequent gains above the original amount are recorded as net assets with donor restrictions.

Endowment net asset composition by type of fund as of May 31, is as follows:

2020	Without donor restrictions	With donor restrictions	Total
Endowment funds	$ -	$ 140,990,060	$ 140,990,060
Funds with deficiencies	2,532	111,144	113,676
Board-designated funds:			
Maguire Campus project	63,592,505	-	63,592,505
Scholarship, quasi- and other endowment funds	89,107,032	-	89,107,032
Subtotal board-designated funds	152,699,537	-	152,699,537
Total endowment funds	$ 152,702,069	$ 141,101,204	$ 293,803,273

2019	Without donor restrictions	With donor restrictions	Total
Endowment funds	$ -	$ 129,745,732	$ 129,745,732
Board-designated funds:			
Maguire Campus project	64,587,039	-	64,587,039
Scholarship, quasi- and other endowment funds	99,954,198	-	99,954,198
Subtotal board-designated funds	164,541,237	-	164,541,237
Total endowment funds	$ 164,541,237	$ 129,745,732	$ 294,286,969

Changes in endowment net assets for the years ended May 31, were as follows:

2020	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 164,541,237	$ 129,745,732	$ 294,286,969
Interest and dividends, net of expenses	3,738,017	2,039,208	5,777,225
Net realized and unrealized gains	(2,514,622)	(2,530,145)	(5,044,767)
Contributions	971,530	7,671,963	8,643,493
Amounts appropriated for expenditure	(5,172,469)	(4,800,854)	(9,973,323)
Funds with deficiencies	2,532	111,144	113,676
Reclassification between restrictions	(8,864,156)	8,864,156	-
Endowment net assets, end of year	$ 152,702,069	$ 141,101,204	$ 293,803,273

2019	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 160,891,252	$ 119,439,736	$ 280,330,988
Interest and dividends, net of expenses	799,617	855,558	1,655,175
Net realized and unrealized gains	1,433,343	1,635,976	3,069,319
Contributions	5,920,075	12,200,363	18,120,438
Amounts appropriated for expenditure	(4,503,050)	(4,385,901)	(8,888,951)
Endowment net assets, end of year	$ 164,541,237	$ 129,745,732	$ 294,286,969

NOTE E - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

As defined in Accounting Standards Codification ("ASC") 820, fair value is based on the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities to which the University has the ability to access at the measurement date. Instruments categorized as Level 1 primarily consist of a broadly traded range of equity funds;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 are investments in the TIFF Short-Term Fund and an interest rate swap; and

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques which require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the assets or liabilities. The University had no financial assets or liabilities whose values are based on Level 3 inputs as of May 31, 2020 and 2019.

Investments at NAV

In determining fair value, the University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considering counterparty credit risk in its assessment of fair value.

Money Market Funds and Equity Funds - Valued at the quoted NAV per share as determined by the funds' investment advisors based on the fair value of the underlying investments. Investments in alternative investment instruments (TIFF Equity Partners, TIFF Realty & Resources and various hedge funds) reflect updated valuations of the underlying funds as determined by the funds' investment advisors. Life income and annuity investments are stated at fair value and include assets held by the University on which investment income is paid to designated beneficiaries until death, at which time the assets may be used by the University as designated by the donor. Investments received as gifts are recorded at fair value on the date of the gift. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Certain investments have been pooled to allow the investment managers greater flexibility in managing the portfolios. Income from pooled investments is allocated to separate accounts on a percentage basis.

Student Loans Receivable A reasonable estimate of the fair value of loan receivables from students under government loan programs and refundable federal student loans could not be made because the loans are not readily saleable. These loans are recorded at cost, less an allowance for doubtful accounts (see Note F).

Bonds Payable - The fair value of the University's bonds payable approximates $208.1 million and $221.7 million at May 31, 2020 and 2019, respectively. The fair value of bonds is estimated based on quoted market prices for the same or similar issues or is estimated using discounted cash flow analyses. The University considers these valuation inputs to be Level 2 inputs in the fair value hierarchy. The market prices utilized reflect the rate that the University would have to pay to a credit-worthy third party to assume its obligation and do not reflect an additional liability to the University (see Note J).

Financial assets and liabilities carried at fair value as of May 31, 2020 and 2019 are classified in the tables below in one of the categories described above.

2020	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Investments at NAV	Balance as of May 31, 2020
Assets				
Deposits Held by Trustee	$ 150,852	$ -	$ -	$ 150,852
Investments:				
Equity	122,545,272	-	-	122,545,272
Fixed income	89,942,646	-	-	89,942,646
Hedged capital	-	-	42,624,462	42,624,462
Private equity	-	-	14,364,970	14,364,970
Private realty and resources	-	-	23,013,169	23,013,169
Life income/annuity funds - equity and fixed income	-	-	2,612,118	2,612,118
Total investments	212,487,918	-	82,614,719	295,102,637
Total assets	$ 212,638,770	$ -	$ 82,614,719	$ 295,253,489

2019	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Investments at NAV	Balance as of May 31, 2019
Assets				
Short-term investments:				
Short-term/money market	$ 25,160,657	$ -	$ -	$ 25,160,657
Investments:				
Equity	116,276,672	-	-	116,276,672
Fixed income	86,078,458	-	-	86,078,458
Hedged capital	-	-	51,229,292	51,229,292
Private equity	-	-	16,714,624	16,714,624
Private realty and resources	-	-	22,807,153	22,807,153
Life income/annuity funds - equity and fixed income	2,373,829	-	-	2,373,829
Total investments	204,728,959	-	90,751,069	295,480,028
Total assets	$ 229,889,616	$ -	$ 90,751,069	$ 320,640,685
Liabilities				
Interest rate swap	$ -	$ 1,293,002	$ -	$ 1,293,002
Total liabilities	$ -	$ 1,293,002	$ -	$ 1,293,002

NOTE F - STUDENT LOANS RECEIVABLE

Student loans, which are disbursed based on financial need, consist of loans granted by the University under federal government loan programs. Upon the earlier of graduation or no longer having full-time student status, the students have a grace period, which varies by loan type, until repayment of loans is required. Student loans begin accruing interest at the expiration of the grace period. Student loans, which are uncollateralized and carry default risk, are repaid directly to the University.

The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $2,793 and $57,748 at May 31, 2020 and 2019, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

At May 31, 2020 and 2019, student loans consisted of Federal Government Loan Program: Perkins of $185,432 and $193,987, respectively.

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Further, the University does not evaluate the credit quality of student loans receivable after the initial approval and calculation of the loans. Student loans are considered past due when payment has not been received in over 30 days, and accrual of interest ceases when the amount due has been outstanding for 90 days or more. When student loans receivable are deemed uncollectible, an allowance for doubtful accounts is established.

In management's judgment, there was no need to record an allowance for doubtful accounts for student loans receivable as of May 31, 2020 and 2019. The University is currently in the process of liquidating all loans to the Department of Education.

The University considers the age of the amounts outstanding in determining the collectability of student loans receivable. The aging of student loans receivable at May 31, 2020 is as follows:

	< 30 Days	30-59 Days	60-89 Days	> 90 Days	Total
Student loans receivable, net	$ -	$ -	$ -	$ 185,432	$ 185,432

NOTE G - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment balances are as follows at May 31:

	2020	2019
Land and land improvements	$ 61,372,847	$ 59,805,390
Buildings and improvements	505,939,321	503,145,581
Capital lease - equipment	1,362,954	1,590,715
Furniture and fixtures, equipment, software and library books	68,621,700	64,992,262
Construction in progress	8,951,537	4,750,375
	646,248,359	634,284,323
Less accumulated depreciation	(250,829,292)	(234,568,179)
Property, plant and equipment, net	$ 395,419,067	$ 399,716,144

Depreciation expense for the years ended May 31, 2020 and 2019 was $17,319,719 and $17,243,926, respectively.

NOTE H - SHORT-TERM BANK BORROWINGS

The University has a line of credit with PNC Bank ("PNC") totaling $50,000,000 and $25,000,000 as of May 31, 2020 and 2019, respectively. The line of credit is secured by the University's unrestricted revenues and has an expiration date of January 23, 2021. The line of credit bears interest at a "Prime Rate" as determined by PNC (this rate is not tied to any external rate) or at a rate of LIBOR plus sixty (60) basis points. The rate paid is based on the interest rate option selected by the University. There were no amounts outstanding at May 31, 2020 or 2019.

The line of credit has a $100,000 sub-limit for letters of credit. The letter of credit bears interest at a "Prime Rate" as determined by PNC (this rate is not tied to any external rate) or at a rate of LIBOR plus sixty (60) basis points. The rate paid is based on the interest rate option selected by the University. This letter of credit expired on January 9, 2019 and was not renewed by the University.

NOTE I - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are as follows at May 31:

	2020	2019
Accounts payable	$ 3,150,471	$ 3,372,793
Accrued payroll	11,971,776	12,046,707
Early retirement benefits	537,282	1,081,757
Asset retirement obligation	3,373,477	3,280,675
Interest rate swap	-	1,293,002
Other accrued expenses	2,944,267	4,205,823
Total	$ 21,977,273	$ 25,280,757

NOTE J - LONG-TERM DEBT

Long-term debt outstanding is as follows at May 31:

Description	Contractual maturity	Interest rate %	Type	2020	2019
Revenue Bonds, Series 2020B	2024	1..65	Fixed	$ 13,645,000	$ -
Revenue Bonds, Series 2020A excluding unamortized premium of $9,918,721 in 2020 and $0 in 2019	2045	4.0	Fixed	73,690,000	-
Revenue Bonds, Series 2016	2030	1.71	Fixed	-	18,462,980
Revenue Bonds, Series 2015B	2031	1.9-2.3	Variable	-	35,615,371
Revenue Bonds, Series 2015A	2036	1.9-2.3	Variable	-	31,500,000
Revenue Bonds, Series 2013B excluding unamortized premium of $0 in 2020 and $491,241 in 2019	2033	2.50-5.13	Fixed	-	14,640,000
Revenue Bonds, Series 2010A excluding unamortized premium of $1,752,838 in 2020 and $1,871,502 in 2019	2040	2.00-5.00	Fixed	116,040,000	116,465,000
Capital leases				460,345	597,137
Subtotal				203,835,345	217,280,488
Bond issuance cost, net of accumulated amortization				(2,735,281)	(2,586,599)
Premium				11,671,557	2,362,743
Discount				(236,591)	-
Total				$ 212,535,030	$ 217,056,632

The aggregate principal amounts due for each of the years ended May 31 are as follows:

2021	$ 2,761,771
2022	2,850,783
2023	2,872,147
2024	4,715,496
2025	896,295
Thereafter	189,738,853
	$ 203,835,345

The University has pledged and granted future unrestricted revenues to collateralize the annual principal and interest payments. In addition, the University is subject to certain restrictions with regard to maintaining net revenues plus other available funds of the University equal to 110% of the maximum annual debt service of all long-term indebtedness and demonstrating a debt service coverage ratio of 1.25 to 1.00 prior to the issuance of additional indebtedness. The University was in compliance with the loan covenants at May 31, 2020 and 2019.

Revenue Bonds, Series 2020B

On March 18, 2020, the University settled on the issuance of $13.6 million of Series B of 2020 fixed rate bonds ("Series 2020B") issued through the Pennsylvania Higher Educational Facilities Authority (the "Authority"). Proceeds of the bond issue were used to (a) refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2013 ("Series 2013"). The Series 2020B bonds have been rated A- by Standard and Poor's.

Interest payments are made on a semi-annual basis every May 1st and November 1st beginning with May 1, 2020 through November 1, 2023. Principal payments are made on an annual basis beginning November 1, 2020 through 2023. Annual principal payments range from $0.8 million to $2.8 million.

Revenue Bonds, Series 2020A

On March 18, 2020, the University settled on the issuance of $73.7 million of Series 2020A tax-exempt fixed rate bonds ("Series 2020A") issued through the Authority. Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2016 ("Series 2016"), 2015B ("Series 2015B"), and 2015A ("Series 2015A"). This fixed 4.0% rate debt has a call option on November 1, 2029. The Series 2020A bonds have been rated A- by Standard and Poor's.

Interest payments are made on a semi-annual basis every May 1st and November 1st beginning with May 1, 2020 through November 1, 2045. Principal payments are made on an annual basis beginning November 1, 2038 through 2045. Annual principal payments range from $2.2 million to $11.5 million.

Revenue Bonds, Series 2016

On July 29, 2016, the University settled on the issuance of $21.8 million of Series 2016 fixed rate bonds ("Series 2016") issued through the Authority. Proceeds of the bond issue were used to refund the Fortier II, LLC's PAID Series A and B of 2003 directly to the debt holders upon the University's termination of the ground lease with Fortier II, LLC. The Series 2016 bonds have been issued as a fixed rate direct placement note with TD Bank, N.A. This fixed 1.71% rate debt has a seven-year mandatory put option. The Series 2016 bonds were not rated at issuance, but were purchased directly under a purchase agreement with T.D. Bank, N.A.

Series 2016 was refunded on March 18, 2020 with the issuance of Series 2020A.

Revenue Bonds, Series 2015B

On April 30, 2015, the University settled on the issuance of $38.5 million of Series B of 2015 variable rate bonds ("Series 2015B") issued through the Authority. Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2010B ("Series 2010B") and 2013A ("Series 2013A"). The Series 2015B bonds were not rated at issuance, but were purchased directly under a purchase agreement with TD Bank.

The Series 2015B bonds have been issued as a variable rate direct placement note with TD Bank. This is a floating rate debt with a seven-year mandatory put option. Interest is calculated at 67% of one month LIBOR plus 74.2 basis points. Interest payments are made on a monthly basis beginning on June 1, 2015.

On May 8, 2015, the University entered into an interest rate cap agreement with TD Bank related to the issuance of the Series 2015B bonds. Under the terms of the interest rate cap agreement, the University paid a fixed premium of $305,000 to cap the interest rate at 4% on the Series 2015B bonds effective May 8, 2015 through the termination date of September 1, 2022.

Series 2015B along with the interest rate cap agreement was refunded on March 18, 2020 with the issuance of Series 2020A.

Revenue Bonds, Series 2015A

On April 30, 2015, the University settled on the issuance of $35.9 million of Series A of 2015 variable rate bonds ("Series 2015A") issued through the Authority. Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2008A ("Series 2008A"). The Series 2015A bonds were not rated at issuance, but were purchased directly under a purchase agreement with U.S. Bank.

The Series 2015A bonds have been issued as a variable rate direct placement note with U.S. Bank. This is a floating rate debt with a five-year mandatory put option. Interest is calculated at 67% of one month LIBOR plus 60 basis points. Interest payments are made on a monthly basis beginning on June 1, 2015.

Series 2015A was refunded on March 18, 2020 with the issuance of Series 2020A.

Revenue Bonds, Series 2013B

On August 7, 2013, the University settled on the issuance of $26.3 million of Series B of 2013 fixed rate bonds ("Series 2013B") issued through the Authority. Proceeds of the bond issue were used to (a) refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2003 ("Series 2003") and a partial refunding of the Authority's Saint Joseph's University Revenue Bonds Series A of 2013 ("Series 2013A"), as well as, (b) the payment of costs of issuance of the Series 2013B Bonds. In addition, remaining proceeds are being used for, and (c) renovations and construction costs for property acquired at 5800 City Avenue. The Series 2013B bonds have been rated A and A- by Fitch and Standard and Poor's, respectively. There were no changes to these ratings as of May 31, 2020.

Series 2013B was refunded on March 18, 2020 with the issuance of Series 2020B. Under the terms of the refunding, future principal and interest payments due to bond holders through November 1, 2023 are held with an escrow agent, Bank of New York Mellon, and will be paid directly by the agent. Upon this issuance, the Series 2013B will no longer be outstanding under the indenture.

Revenue Bonds, Series 2010A

On October 1, 2010, the University settled on the issuance of $119.5 million of Series A of 2010 fixed rate bonds ("Series 2010A") issued through the Authority. Proceeds from the bond issue were used to (a) refund the Authority's Saint Joseph's University Revenue Bonds, Series B of 2008 ("Series 2008B"), and (b) the payment of the costs of issuance of the Series 2010A bonds. In addition, remaining proceeds were used for (c) the construction and equipping of a residence facility for approximately 410 students to be located on the University's campus and (d) the renovation of existing classroom facilities and financing of additional miscellaneous capital expenditures on the University's campus. The Series 2010A bonds have been rated A and A- by Fitch and Standard and Poor's, respectively. There were no changes to these ratings as of May 31, 2020.

Interest payments are made on a semiannual basis that began on May 1, 2011. Principal repayment on the bonds is scheduled with annual installments from November 1, 2011 through November 1, 2040. Principal payments range from $0.3 million to $12.9 million. The bonds are also subject to optional redemption by the University. The University exercised its right to redemption on August 3, 2020 (Note Q).

Interest Rate Swap Agreement

The University used variable-rate debt to finance the construction and acquisition of property, plant, and equipment. On July 7, 2009, the University entered into an interest rate swap agreement related to the 2008A bonds with Barclays Bank, PLC ("Barclays"). The swap agreement was used to manage the interest cost and risk associated with its variable rate long-term debt, with the resulting effect of converting this debt to synthetic fixed rate debt. Under the terms of the swap agreement, the University pays a fixed rate of 4.1775% on a notional amount of $39,725,000 and receives a floating rate through the termination date of July 15, 2036, unless terminated earlier in accordance with provisions of the agreement. The floating rate used for the interest rate swap is 67% of the 30-day LIBOR, or 100% of the Municipal Swap Index if the 30-day LIBOR is less than 3%. On April 30, 2015, the interest rate swap agreement with Barclays was amended when the 2015A bonds were issued to refund the 2008A bonds. The fixed rate paid by the University was reduced to 3.9575%.

The estimated value of terminating the outstanding swap as of May 31, 2019 was a cost to the University of $1,293,002. On March 18, 2020, the University terminated the swap agreement. The non-operating section of the consolidated statements of activities includes the cost of terminating the swap agreement and the change in the estimated value of terminating the swap outstanding and as of May 31, 2020 and 2019, respectively.

NOTE K - NET ASSETS

The composition of net assets is as follows for the years ended May 31:

	2020	2019
Without donor restrictions	$ 383,454,001	$ 396,455,868
With donor restrictions for time or purpose:		
Contributions and endowment income for instruction, research and support	66,049,675	61,372,614
Contributions and endowment income for property, plant and equipment	8,010,253	6,350,330
	74,059,928	67,722,944
With donor restrictions in perpetuity	94,616,369	86,179,522
Total net assets	$ 552,130,298	$ 550,358,334

NOTE L - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the University's financial assets as of May 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are unavailable when illiquid or not convertible to cash within one year. Other considerations of illiquid assets are perpetual endowments and accumulated earnings net of appropriations within one year, amounts restricted by donors for specific activities, amounts limited by the University's Board of Trustees for capital and operating purposes, and student loans receivable. The University considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for current operating activities to be available to meet cash needs for general expenditures. The University considers all expenditures related to its operating activities that are incurred in the course of the normal business operations of the University to be general expenditures.

	2020
Financial assets:	
Cash and cash equivalents	$ 87,436,027
Accounts receivable	20,309,370
Investments	295,102,637
Deposits held by trustee	150,852
Student loan receivable, net	185,432
Total financial assets	403,184,318
Less financial assets unavailable for general expenditure within one year:	
Receivables scheduled to be collected in more than one year	(5,341,746)
Student loan receivable restricted for financial aid purposes	(185,432)
Deposits held by trustee	(150,852)
Donor-imposed restrictions:	
Endowment, net of appropriations for next fiscal year	(282,515,521)
Accumulated unspent revenue for scholarships, programs, etc.	(17,249,907)
Financial assets available to meet cash needs for general expenditure within one year	$ 97,740,860

The University's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. In addition to financial assets available to meet general expenditures over the next year, the University's goal is to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

In the event of an unanticipated liquidity need, the University could draw upon $50,000,000 of an available line of credit (Note H).

NOTE M - EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The University's primary activity is academic instruction and support. Facilities operation and maintenance, interest, and depreciation are allocated among functional classifications based on usage of space, square footage, building costs, and usage of debt proceeds. All other costs are charged directly to the appropriate functional category.

Expenses by natural and functional classification are as follows for the years ended May 31:

2020	Instruction	Public service	Academic supply	Student services	Instructional support	Research	Auxiliary enterprises	Total
Salaries and benefits	$ 56,820,978	$ 318,785	$ 7,512,888	$ 19,973,016	$ 24,141,778	$ 1,338,398	$ 3,249,003	$ 113,354,846
Supplies and purchased services	12,318,333	352,785	2,926,590	12,041,515	15,115,643	1,352,558	15,052,971	59,160,395
Utilities	1,130,661	-	238,841	311,279	191,339	-	2,039,660	3,911,780
Interest	1,258,428	-	365,350	608,917	1,783,040	-	4,140,635	8,156,370
Depreciation and amortization	2,499,150	5,545	2,336,663	2,551,026	3,924,038	45,796	5,967,887	17,330,105
Total expenses	$ 74,027,550	$ 677,115	$ 13,380,332	$ 35,485,753	$ 45,155,838	$ 2,736,752	$ 30,450,156	$ 201,913,496

2019	Instruction	Public service	Academic supply	Student services	Instructional support	Research	Auxiliary enterprises	Total
Salaries and benefits	$ 58,653,648	$ 316,233	$ 7,570,024	$ 21,854,218	$ 23,088,594	$ 1,074,457	$ 3,267,008	$ 115,824,182
Supplies and purchased services	16,583,703	431,458	2,992,722	11,665,360	16,801,498	897,734	18,061,834	67,434,309
Utilities	1,303,938	-	274,765	357,248	220,072	-	2,298,712	4,454,735
Interest	1,399,934	-	406,432	677,387	1,908,949	-	4,606,234	8,998,936
Depreciation and amortization	2,543,648	10,058	2,365,052	2,588,865	3,724,758	46,420	6,064,730	17,343,531
Total expenses	$ 80,484,871	$ 757,749	$ 13,608,995	$ 37,143,078	$ 45,743,871	$ 2,018,611	$ 34,298,518	$ 214,055,693

NOTE N - RETIREMENT PLAN

The University has a contributory post-retirement benefit plan for all full-time employees under which the University makes annual contributions for the benefit of the participant to either the Teachers Insurance Annuity Association of America – College Retirement Equities Fund ("TIAA-CREF"). The University contributed 3% in 2020 and 2019 of an eligible employee's salary irrespective of the employee's contribution and matched the employee's contributions up to an additional 7% of their salary. Total retirement plan expense was $6,472,267 and $6,502,236 in 2020 and 2019, respectively.

NOTE O - COMMITMENTS AND CONTINGENCIES

The University leases certain facilities, transportation vehicles, machinery, and equipment under non-cancelable operating leases which expire at various dates through 2023. Rent expense under such arrangements was $2,420,191 and $2,466,576 in 2020 and 2019, respectively. Future minimum rental payments under existing operating leases are as follows:

Year ending June 30,	
2021	$ 2,173,820
2022	1,880,010
2023	1,867,010
	$ 5,920,840

Various lawsuits, claims and other contingencies arise in the ordinary course of the University's educational activities. While the ultimate disposition of the aforementioned contingencies is not determinable at this time, management believes that any liability resulting therefrom will not materially affect the financial position of the University as of May 31, 2020.

NOTE P - RELATED PARTY TRANSACTIONS

Delaware Valley Educational Telecommunications Network

In 1986, the University entered into an agreement with a 501(c)(3) tax-exempt organization, The Source for Learning, Inc., to form a Pennsylvania nonprofit corporation, Delaware Valley Educational Telecommunications Network ("DVETN"). In 2009, DVETN submitted an application to the Internal Revenue Service ("IRS") to have its tax-exempt status as a 501(c)(4) organization recognized by the IRS retroactive to the date of its formation in 1986. DVETN was granted tax-exempt status as a 501(c)(4) organization.

DVETN has received approval from the Federal Communications Commission ("FCC") for two educational broadband service channels. DVETN has entered into an agreement to lease the excess capacity of these channels to Clearwire Spectrum Holdings II, LLC (acquired by Sprint in November 2013). The agreement, which commenced in January 2008, is for a term of 30 years. Revenue under this agreement is being recognized on a pro-rata basis over the lease term, with 75% being provided to the University and the remaining 25% being provided to The Source for Learning, Inc.

DVETN is governed by a three-person board, two members from the University and one member from The Source for Learning, Inc. The University has a controlling interest in DVETN and has included DVETN's balances and activities in the consolidated financial statements. All intercompany balances have been eliminated in consolidation. As of May 31, 2020 and 2019, respectively, $115,718 and $115,306 in cash and cash equivalents, $378,711 and $236,101 in advance to non-controlling affiliate (included in prepaid expenses), $115,718 and $115,306 in accounts payable and accrued expenses, and $378,711 and $236,101 in deferred revenue are included in the University's consolidated financial statements.

DVETN's revenues and expenses are reflected in other income and institutional support, respectively, in the University's consolidated statements of activities. As DVETN did not have any net assets attributable to the noncontrolling affiliate at May 31, 2020 and 2019, the noncontrolling interest did not have any impact on the University's net assets. Amounts attributable to the controlling and noncontrolling interest for the years ended May 31, 2020 and 2019 are as follows:

2020	Total	Controlling interest	Noncontrolling interest
Net assets, beginning balance	$ -	$ -	$ -
Revenues	1,650,612	1,237,959	412,653
Expenses	(1,650,612)	(1,237,959)	(412,653)
Net assets, ending balance	$ -	$ -	$ -

2019	Total	Controlling interest	Noncontrolling interest
Net assets, beginning balance	$ -	$ -	$ -
Revenues	1,650,612	1,237,959	412,653
Expenses	(1,650,612)	(1,237,959)	(412,653)
Net assets, ending balance	$ -	$ -	$ -

Food Marketing Educational Foundation

In 1962, the University established the Academy of Food Marketing (the "Academy"), to assist the University in fundraising and providing other services for the University's Department of Food Marketing. In order to better define the efforts of the Academy and to enable industry representatives on the Board of the Academy to function more independently of the University, the Food Marketing Educational Foundation (the "Foundation") was incorporated as a Pennsylvania nonprofit corporation on October 29, 1993. The Foundation was organized to function as an independent fundraising arm in support of food marketing education and related activities of the Food Marketing Education Program (the "Program") of the Haub School of Business ("HSB") at the University and to ensure that funds raised for the Program by the Foundation are used exclusively for the purposes of the Program. The Foundation raises funds through events for members of the food and allied industries.

The Foundation has entered into a Memorandum of Understanding ("MOU") with the University providing for, among other things, the Foundation's use of certain University facilities and services, and the Foundation's financial support of the Academy of Food Marketing, a unit of the University. The current MOU became effective June 1, 2012. Members of the Foundation's Board of Governors are also members of the Board of Governors of the Academy.

The University bills the Foundation at the completion of the University's fiscal year for the net amount due to the University from the Foundation for expenses related to the Academy. Included in other receivables as of May 31, 2020 and 2019 are $326,668 and $431,077, respectively, for this payment. There is no allowance recorded as of May 31, 2020 and 2019.

All endowment funds raised by the Academy between its inception and the formation of the Foundation are held and managed by the University. The net amount billed to the Foundation reflects the endowment release from these investments as revenue. As of May 31, 2020 and 2019, the endowment held by the University on behalf of the Academy was $10.5 million and $10.6 million, respectively.

NOTE Q - SUBSEQUENT EVENTS

On August 3, 2020, the University settled on the issuance of $98.9 million of Series C of 2020 fixed rate bonds ("Series 2020C") issued through the Pennsylvania Higher Educational Facilities Authority (the "Authority"). Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Bonds of 2010A ("Series 2010A"). The Series 2020C bonds have been rated A- by Standard and Poor's. Interest payments are made on a semi-annual basis every August 1st and November 1st beginning with November 1, 2020 through 2040. Principal payments are made on an annual basis beginning November 1, 2020 through 2040. Annual principal payments range from $0.4 million to $12.8 million.

The University has evaluated subsequent events through October 9, 2020, and has determined that there are no subsequent events requiring adjustment or disclosure in the consolidated financial statements other than the item noted above.