

FISK UNIVERSITY
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2021

FISSK UNIVERSITY

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Independent Auditor's Report

Members of the Audit Committee
Board of Trustees
Fisk University
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Fisk University (the "University"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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



Members of the Audit Committee
Board of Trustees
Fisk University

Opinion

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), the Schedule of Financial Position Without Donor Restrictions, the Schedule of Activities Without Donor Restrictions, and the Financial Responsibility Supplemental Schedule are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the University's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 9, 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 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 September 24, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Nashville, Tennessee
September 24, 2021

FISK UNIVERSITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(with comparative totals for 2020)

ASSETS

	2021	2020
Cash and cash equivalents	\$ 8,726,860	\$ 4,112,198
Restricted cash	369,603	287,497
Accounts and grants receivable, net of allowance for doubtful accounts	11,247,621	9,029,479
Contributions receivable, net	14,002,132	13,204,064
Notes receivable, less allowance for doubtful accounts	39,291	39,291
Prepaid expenses and other assets	735,451	533,167
Inventory	190,731	249,325
Investments in marketable securities	24,222,320	18,830,520
Investments in art collections	33,829,450	33,829,450
Investment in affiliate	49,424,836	49,424,836
Real estate held for investment	539,952	537,950
Beneficial interests in trusts and endowments	6,581,504	5,957,226
Property and equipment, at cost, net of accumulated depreciation	25,229,713	23,122,682
Total assets	<u>\$ 175,139,464</u>	<u>\$ 159,157,685</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 1,665,549	\$ 933,444
Deposits	35,050	18,350
Deferred revenue	1,738,834	587,856
Notes payable	15,516,305	16,605,782
Capital lease obligation	-	37,493
Advances from Federal government for Perkins loan programs	272,639	211,325
Total liabilities	<u>19,228,377</u>	<u>18,394,250</u>

NET ASSETS

Without donor restrictions	104,215,405	100,375,510
With donor restrictions	51,695,682	40,387,925
Total net assets	<u>155,911,087</u>	<u>140,763,435</u>
Total liabilities and net assets	<u>\$ 175,139,464</u>	<u>\$ 159,157,685</u>

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2021	2020
Operating activities:				
Revenue and other support:				
Tuition and fees	\$ 20,004,101	\$ -	\$ 20,004,101	\$ 20,102,981
Less scholarships and fellowships	(11,231,267)	-	(11,231,267)	(12,116,109)
Net tuition and fees	8,772,834	-	8,772,834	7,986,872
Governmental grants and contracts	9,403,081	-	9,403,081	9,468,837
Private gifts and grants	6,426,358	8,270,045	14,696,403	11,395,684
Investment income, net	1,376	-	1,376	8,417
Endowment spending payout	1,113,911	-	1,113,911	1,032,540
Sales and services of auxiliary enterprises, net	3,743,719	-	3,743,719	7,570,604
Other sources	357,121	-	357,121	514,101
Net assets released from restrictions	4,540,962	(4,540,962)	-	-
Total revenue and other support	34,359,362	3,729,083	38,088,445	37,977,055
Expenses:				
Program:				
Instruction and academic support	10,534,691	-	10,534,691	10,454,011
Student services	2,591,310	-	2,591,310	2,980,604
Auxiliary services	2,205,991	-	2,205,991	2,575,178
Total program	15,331,992	-	15,331,992	16,009,793
Support:				
Institutional support	14,780,220	-	14,780,220	11,498,022
Fundraising	1,164,255	-	1,164,255	1,153,846
Total support	15,944,475	-	15,944,475	12,651,868
Total expenses	31,276,467	-	31,276,467	28,661,661
Net increase in net assets from operating activities	3,082,895	3,729,083	6,811,978	9,315,394
Non-operating activities:				
Endowment contributions	-	4,636,136	4,636,136	744,634
Investment return, net	-	4,056,449	4,056,449	865,502
Amount appropriated for endowment spending	-	(1,113,911)	(1,113,911)	(1,032,540)
Gain on art appraisal	-	-	-	18,421,500
Gain on disposal of property	757,000	-	757,000	25,818
Net increase in net assets from non-operating activities	757,000	7,578,674	8,335,674	19,024,914
Net increase in net assets	3,839,895	11,307,757	15,147,652	28,340,308
Net assets at beginning of year	100,375,510	40,387,925	140,763,435	112,423,127
Net assets at end of year	\$ 104,215,405	\$ 51,695,682	\$ 155,911,087	\$ 140,763,435

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	Instruction and Academic Support	Student Services	Auxiliary Services	Total Program Services	Institutional Support	Fundraising	Total Support	2021 Total	2020 Total
Salary and benefits	\$ 8,875,828	\$ 1,656,580	\$ 377,145	\$ 10,909,553	\$ 3,205,729	\$ 686,780	\$ 3,892,509	\$ 14,802,062	\$ 15,083,269
Depreciation and amortization	-	-	-	-	1,660,335	-	1,660,335	1,660,335	1,684,746
Auxiliary cost of sales	-	-	167,939	167,939	-	-	-	167,939	93,342
Supplies and operations	594,519	166,217	45,654	806,390	2,121,644	23,705	2,145,349	2,951,739	1,102,134
Occupancy	15,650	-	-	15,650	4,080,747	-	4,080,747	4,096,397	3,424,977
Equipment and technology	47,475	48,982	5,019	101,476	957,907	281,174	1,239,081	1,340,557	752,412
Professional and contracted services	881,979	657,106	51,634	1,590,719	928,185	49,198	977,383	2,568,102	2,252,650
Student programs and support	69,220	-	1,557,640	1,626,860	-	-	-	1,626,860	2,022,345
Student recruiting and fundraising	16,595	43,886	-	60,481	125,647	120,389	246,036	306,517	422,524
Travel and entertainment	33,425	16,055	-	49,480	9,043	3,009	12,052	61,532	837,053
Insurance expense	-	2,484	-	2,484	349,957	-	349,957	352,441	357,513
Interest and other	-	-	960	960	1,341,026	-	1,341,026	1,341,986	628,696
	<u>\$ 10,534,691</u>	<u>\$ 2,591,310</u>	<u>\$ 2,205,991</u>	<u>\$ 15,331,992</u>	<u>\$ 14,780,220</u>	<u>\$ 1,164,255</u>	<u>\$ 15,944,475</u>	<u>\$ 31,276,467</u>	<u>\$ 28,661,661</u>

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	2021	2020
Cash flows from operating activities:		
Net increase in net assets	\$ 15,147,652	\$ 28,340,308
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation expense	1,660,335	1,671,334
Amortization expense	-	13,412
Gain on investments and beneficial interests in trusts	(4,057,825)	(19,297,429)
Gain on disposal of property	(757,000)	(25,818)
Change in allowance for doubtful accounts	524,107	(5,295,377)
Endowed gifts reclassified to financing activities	(4,636,136)	(744,634)
Increase in accounts, grants and contributions receivable	(3,540,317)	(1,488,589)
Change in inventory, prepaid expenses and other assets	(143,690)	47,603
Change in accounts payable, accrued expenses and deferred revenue	1,883,083	(2,080,252)
Change in deposits	16,700	350
Net cash provided by operating activities	<u>6,096,909</u>	<u>1,140,908</u>
Cash flows from investing activities:		
Net increase in investments and beneficial interests	(1,958,253)	(350,039)
Purchase of property and equipment	(3,767,992)	(1,283,434)
Proceeds from the sale of property	757,000	800
Change in advances from Federal government	61,314	52,499
Net cash used in investing activities	<u>(4,907,931)</u>	<u>(1,580,174)</u>
Cash flows from financing activities:		
Endowed gifts reclassified from operating activities	4,636,136	744,634
Proceeds from the issuance of notes payable	4,072,000	10,468,099
Principal repayment of capital lease obligations	(37,493)	(16,184)
Principal repayment of bonds and notes payable	(5,161,477)	(6,890,689)
Net cash provided by financing activities	<u>3,509,166</u>	<u>4,305,860</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,698,144	3,866,594
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>4,399,695</u>	<u>533,101</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 9,097,839</u>	<u>\$ 4,399,695</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and equivalents	\$ 8,726,860	\$ 4,112,198
Restricted cash	<u>369,603</u>	<u>287,497</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>\$ 9,096,463</u>	<u>\$ 4,399,695</u>
<i>Supplemental disclosure and non-cash investing and financing activities :</i>		
Cash paid for interest	<u>\$ 560,437</u>	<u>\$ 543,821</u>

See accompanying notes to financial statements.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

A. DESCRIPTION OF THE ORGANIZATION

Fisk University (the “University”) is a private, not-for-profit, liberal arts institution of higher education. Founded in 1866, the University offers undergraduate and graduate degrees. The University is accredited by the Southern Association of Colleges and Schools and is a member of the United Negro College Fund.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The financial statements of the University have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Based on the existence or absence of donor-imposed restrictions, the University classifies resources into two categories: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors’ stipulations results in the release of such restrictions.

With donor restrictions - Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the University. Net assets with donor restrictions are designated by donors for specific purposes or are time restricted. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donors of substantially all net assets to be held in perpetuity permit the University to use a portion of the income earned on the related investments for specified purposes.

Expirations of restrictions on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between the applicable classes of net assets in the statement of activities.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

Revenue Recognition

In accordance with the adoption of Accounting Standards Update (“ASU”) 2014-09, *Revenues from Contracts with Customers*, the University identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of the consideration is probable. The University evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Performance obligations are determined based on the nature of the services provided by the University.

The University’s primary source of revenues from contracts with customers are as follows:

Tuition and Fees - Tuition and fees are derived from academic services rendered by the University. The University recognizes revenue for academic services over the applicable academic terms. Scholarships provided to students by the University are reflected as a reduction of gross tuition and fees. Tuition and fees received in advance of services are reported as deferred revenue in the statement of financial position.

Auxiliary Enterprises - Sales and services of auxiliary enterprises primarily include housing, food services, a bookstore, and other events. The University recognizes revenue for housing and food services proportionally over the applicable academic term. Fees related to housing and food received in advance of services are reported as deferred revenue in the statement of financial position. The University recognizes revenue from other sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

Other Revenue - The University recognizes revenue from other sources as the related services are provided and/or amounts are otherwise earned upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

The University’s receivables represent unconditional rights to consideration from its contracts with customers. Payment is due immediately once a customer is invoiced for tuition, fees, auxiliary services, and other sources.

The University does not present information about outstanding performance obligations as of year-end because its contracts with customers all had original terms of less than one year. The University does not have any contract assets. The University had no costs that were capitalized to obtain or to fulfill a contract with a customer.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

The University's contract liabilities are presented as a deferred revenue in the statement of financial position. Deferred revenue in any period represents the excess of customer payments received over amounts recognized as revenue on the statement of activities.

The University maintains an institutional tuitional refund policy, which provides for all, or a portion of, tuition and fees to be refunded if a student withdraws during the stated refund period. The University does not record revenue for amounts that may be refunded.

Contributions Receivable and Revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until donor stipulations are met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as contribution revenue in the appropriate net asset class. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

The University reports gifts of land, buildings, and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations regarding how long the long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, or as construction costs are incurred.

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

Grants and Contracts

The University records revenues related to grants and contracts in two portfolio categories based on the source of the funds:

Governmental Grants and Contracts - provide funding for the University largely to advance academic benefit in direct support of the University's mission. The University primarily considers these sponsored research agreements to be contributions (nonreciprocal transactions). The University recognizes grant and contract revenue associated with contributions from government sponsors as earned when the conditions are met (allowable expenses have been incurred). Additionally, occasionally a small portion of government-sponsored awards qualifies as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. The University recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Private Gifts and Grants - consist of private agencies, professional associations, private foundations, corporate foundations and corporations and may be either donors or sponsors depending on the nature, intent, and expectations of the funding they are providing. The University recognizes revenue associated with contributions from private sponsors as the conditions are met. Additionally, some private sponsor awards qualify as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. The University recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Comparative Financial Statements

The summarized financial information shown for fiscal year 2020 in the accompanying statement of financial position, statement of activities, statement of functional expenses, and statement of cash flows is included to provide a basis for comparison with fiscal year 2021.

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The more significant areas include the fair value of investments, the recovery period for buildings and equipment, the allocation of certain expenses to functional categories, the collection of contributions receivable, and the allowance for doubtful receivables. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of cash flows, the University's cash and cash equivalents include interest-bearing money market accounts and all highly liquid debt instruments with a maturity of less than three months at the date of purchase. Restricted cash balances at June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Bond reserves held by trustee - restricted cash	\$ -	\$ 30,989
Cash from Federal Perkins loan program	250,266	193,889
Other restricted cash	<u>119,337</u>	<u>62,619</u>
Total restricted cash	<u>\$369,603</u>	<u>\$287,497</u>

The University maintains cash balances in financial institutions that it considers to be high quality financial institutions.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investments in art are stated at the most recently available independently appraised values or fair value based upon an agreement to sell certain art (Note G). All gains and losses arising from the sale, collection or other disposition of investments and ordinary income derived from investments are accounted for in the net assets group owning such assets, except for income derived from investments of endowments held in perpetuity and similar funds which is accounted for as discussed in Note P. There have been no changes in methodologies used at June 30, 2021 and 2020.

Inventory

Inventory is valued at the lower of cost and net realizable value, on the first-in, first-out basis. Inventory consists mainly of books and other items sold in the University bookstore.

Investment in Affiliate

The University and its joint venture partner formed the Stieglitz Art Collection LLC, a limited liability company during June 2012. The University owns 50% of its membership interest, and accounts for the investment using the equity method of accounting. See Note G.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

Beneficial Interest in Trusts and Endowments

Beneficial interest in trusts and endowments represent arrangements in which a donor or the University establishes and funds a trust or endowment administered by an individual or organization other than the University. Beneficial interests are recorded at their fair value.

Property, Buildings and Equipment

Property, buildings and equipment are stated at cost in the accompanying balance sheet or if contributed, at estimated fair value at the time of contribution. It is the University's policy to capitalize expenditures for these items in excess of \$1,500. Library holdings have been recorded at actual cost by the University.

Depreciable assets are being depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	60 years
Improvements	50 years
Library holdings	15 years
Equipment and furniture	3 - 15 years

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell, and depreciation ceases. The University did not have any impairment of long-lived assets for the years ended June 30, 2021 and 2020.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

Allowance for Doubtful Accounts

Accounts, contributions, and notes receivable are reported net of allowances for doubtful accounts and include receivables from students for tuition and fees and loans extended under the Federal Perkins Loan Program. Upon graduation, the students have a nine-month grace period on the Perkins loan, at which time the loan will also begin accruing interest. Perkins loan amounts are then repaid through a third-party billing service. Student loans are considered past due when payment has not been received in over 30 days. The determination of the allowances for doubtful accounts is based upon an analysis of the receivables and reflects amounts, which in management's judgment, are adequate to provide for potential uncollectible accounts or losses after giving consideration to the growth and composition of the receivable balances, past collection and loss experience and current economic conditions which could influence the ability of loan recipients to repay the amounts per the loan terms. The following allowances are recorded in the accompanying balance sheets:

	<u>2021</u>	<u>2020</u>
Student accounts and grant receivables	\$2,152,449	\$1,628,342
Federal Perkins and institutional notes receivable	\$1,363,680	\$1,363,680
Contributions receivable	\$94,234	\$94,234

Deferred Revenue

Deferred revenue consists of cash receipts collected or billed prior to year-end, for services rendered after year-end. These receipts primarily pertain to upcoming semester fees, upfront lease agreement fees (See Note O) and unearned grant revenue.

Income Taxes

The University is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements. The University is not classified as a private foundation.

The University accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER MATTERS - Continued

University include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the University has determined that such tax positions do not result in an uncertainty requiring recognition.

Fair Value Measurements

Assets and liabilities recorded at fair value in the statement of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value (Note Q). Level inputs, as defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the University's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Functional Expenses

Costs of providing the University's programs are reported in the Statement of Activities on a functional basis. Program expenses include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between functional categories for program and supporting services based on estimates made by management.

New Accounting Pronouncement

During 2021, the University adopted *Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13). As a result of the adoption of ASU No. 2018-13, the University removed and modified certain Level 3 fair value disclosure requirements on fair value measurements. This standard was adopted retrospectively. The adoption of this ASU did not have an impact on the University's net assets or changes in net assets.

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NOTES TO FINANCIAL STATEMENTS
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C. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 8,726,860	\$ 4,112,198
Restricted cash	369,603	287,497
Accounts and grants receivable, net of allowance for doubtful accounts	11,247,621	9,029,479
Contributions receivable, net	14,002,132	13,204,064
Notes receivable, less allowance for doubtful accounts	39,291	39,291
Investments in marketable securities	24,222,320	18,830,520
Investments in art collections	33,829,450	33,829,450
Investment in affiliate	49,424,836	49,424,836
Beneficial interests in trusts and endowments	<u>6,581,504</u>	<u>5,957,226</u>
Total financial assets	148,443,617	134,714,561
Less assets unavailable for general expenditures within one year:		
Restricted cash	369,603	287,497
Contributions receivable, net of amounts without donor restrictions due within one year	4,315,887	5,256,960
Notes receivable, net of allowance for doubtful accounts restricted for the Federal Perkins Loan program	39,291	39,291
Investment in affiliate	49,424,836	49,424,836
Restricted by donor with purpose restrictions	18,701,544	11,088,850
Donor restricted endowment funds held in perpetuity	<u>28,678,251</u>	<u>24,042,115</u>
Total assets unavailable for general expenditures within one year	<u>101,529,412</u>	<u>90,139,549</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 46,914,205</u>	<u>\$ 44,575,012</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and is not available for general expenditure. Additionally, the University is supported by grants and restricted contributions. Because a grantor or donor's restriction requires resources to be used in a

FISK UNIVERSITY
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C. LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

particular manner or in a future period, the University must maintain sufficient resources to meet those responsibilities to its grantors and donors. Thus, financial assets may not be available for general expenditure within one year. As part of the University's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash is held in interest bearing bank accounts and certificates of deposit. The University also has a line-of-credit with a maximum borrowing limit of approximately \$16.5 million, which is available for use in operations as needed. The line of credit is secured by endowment investments totaling \$24,222,320.

D. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable, net consisted of the following at June 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Student receivables	\$ 6,675,841	\$ 5,569,307
Government grants receivables	5,253,303	4,175,944
Private grant receivables	1,366,598	798,848
Other receivables	<u>104,328</u>	<u>113,722</u>
	13,400,070	10,658,121
Less allowance for doubtful accounts	<u>(2,152,449)</u>	<u>(1,628,342)</u>
	<u>\$ 11,247,621</u>	<u>\$ 9,029,479</u>

E. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 4,179,201	\$ 3,153,190
One year to five years	5,729,419	4,919,287
More than five years	<u>4,661,082</u>	<u>5,696,981</u>
	14,569,702	13,769,458
Less allowance for uncollectible pledges and unamortized discount	<u>(567,570)</u>	<u>(565,394)</u>
	<u>\$ 14,002,132</u>	<u>\$ 13,204,064</u>

The discount rate used to determine the present value of contributions receivable is 2.04% and 1.18% at June 30, 2021 and 2020, respectively.

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F. NOTES RECEIVABLE

Notes receivable at June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Notes receivable - students	\$ 1,402,971	\$ 1,402,971
Less allowance for doubtful notes	<u>(1,363,680)</u>	<u>(1,363,680)</u>
	<u>\$ 39,291</u>	<u>\$ 39,291</u>

Notes receivable from students represents loans from the University's Perkins Loan program. The University is in the process of liquidating their loan portfolio with the U.S. Department of Education (see Note L).

G. INVESTMENTS

At June 30, 2021 and 2020, investments, stated at market value, are comprised of the following significant classifications:

	<u>2021</u>	<u>2020</u>
Certificates of deposit and money market funds	\$ 1,579,200	\$ 588,667
Mutual bond and stock funds:		
Equities	10,761,970	7,433,248
Fixed income	10,313,579	9,560,026
Mutual funds	<u>1,567,571</u>	<u>1,248,579</u>
	<u>\$24,222,320</u>	<u>\$18,830,520</u>

The return (investment income, gains and losses) on investments in marketable securities was 13.47% and 4.77% based on the average market value of such investments for fiscal years 2021 and 2020, respectively.

The University's collections of art held for investment are stated at the most recently available independently appraised values. Investments in art collections totaled \$33,829,450 at June 30, 2021 and 2020. The market for art is volatile and it is possible that appraised values could change materially. In fiscal year 2020, the University had 31 pieces from their art collection reappraised resulting in a \$18,421,500 gain on investments in art work. The collections consist of paintings, photographs, sculptures and various other pieces.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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G. INVESTMENTS - Continued

The University has a 50% membership interest in the Stieglitz Art Collection LLC (“LLC”), whose sole asset is the Alfred Stieglitz art collection. The operating agreement of the LLC provides for periodic rotation and display of the art collection between the University and the other 50% member, Crystal Bridges Museum of American Art. The University’s investment in the LLC is accounted for using the equity method of accounting, whereby the University’s share of the operations of the LLC are recorded in the statements of activities. The net equity of the LLC totaled \$98,849,672 at June 30, 2021 and 2020.

The University also has a beneficial interest in a permanent endowment fund with a not-for-profit foundation established to benefit the display and care for the collection at the University’s gallery (Note H).

H. BENEFICIAL INTERESTS IN TRUSTS AND ENDOWMENTS

During 2021 and 2020, the University received interest and dividends of \$144,964 and \$110,397 respectively, on funds held in a trust and in an endowment fund (Note G). These funds total \$6,581,504 and \$5,957,226 at June 30, 2021 and 2020, respectively. These funds are held by a financial institution and a foundation for the benefit of the University for various purposes and have been recorded in the University’s financial statements as beneficial interests in trusts and endowments.

I. PROPERTY, BUILDINGS AND EQUIPMENT

A summary of property and equipment at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 515,241	\$ 314,438
Buildings and equipment	60,398,378	59,319,969
Equipment and furniture	31,840,235	31,219,830
Library books	2,028,117	2,028,117
Construction in progress	<u>2,547,609</u>	<u>679,860</u>
	97,329,580	93,562,214
Less: Accumulated depreciation	<u>(72,099,867)</u>	<u>(70,439,532)</u>
Property and equipment, net	<u>\$ 25,229,713</u>	<u>\$ 23,122,682</u>

Depreciation expense totaled \$1,660,335 and \$1,671,334 for the years ended June 30, 2021 and 2020, respectively. Estimated costs to complete construction at June 30, 2021 are approximately \$4 million for the Roland G. Parrish Center for Career Planning and Development. These buildings have been partially funded by \$3,120,000 in contributions.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. PROPERTY, BUILDINGS AND EQUIPMENT - Continued

During fiscal year 2021, the University suffered damage to several buildings stemming from a tornado. Insurance proceeds of \$750,000 were received in fiscal year 2021 for repair and restoration of damage. Clean up costs and repairs through the end of fiscal year 2021 were expensed. These proceeds are included in gain on disposal of assets in the Statement of Activities. Additional proceeds are expected with repairs being completed in fiscal year 2022.

J. NOTES PAYABLE AND OBLIGATIONS UNDER CAPITAL LEASE

Notes Payable

The University has a note payable with a financial institution due in monthly payments of principal and interest of \$25,168 through August 2021. The note payable bears interest at 7.47% and is collateralized by real estate. The outstanding balance was \$-0- and \$336,438 at June 30, 2021 and 2020, respectively.

During fiscal year 2015, the University entered into a revolving line-of-credit with a bank which has a maximum available borrowing limit of \$16,480,297. Interest at LIBOR plus 1.25% (1.65% and 2.25% at June 30, 2021 and 2020, respectively) on the outstanding balance is paid monthly. The line-of-credit does not provide for a maturity date and repayment of the outstanding balance is at the discretion of the University. The outstanding balance was \$3,002,601 and \$7,391,378 at June 30, 2021 and 2020, respectively, and is collateralized by the investments of the University.

In October 2019, the University entered into a note payable agreement with an insurance company, totaling \$79,510. The University made a cash payment of \$34,189 at the time the note was executed and made monthly interest and principal payments of \$5,165, as required under the agreement. The note payable carried an interest rate of 5.1% annually and matured in August 2020. In September 2020, the University entered into a new note agreement with the insurance company, totaling \$50,369. The note payable bears an interest rate of 5.75% annually, with monthly principal payments of \$5,759 and a maturity date of July 1, 2021. The balance of the notes payable was \$4,947 and \$57,821 as of June 30, 2021 and 2020, respectively.

On December 20, 2019, the University executed a promissory note with the Reinvestment Fund Inc. (the "Reinvestment Fund"), a Pennsylvania non-profit corporation, for a principal sum of \$6,320,000. The obligation requires monthly payments of \$38,805 through January 2045. The note payable bears interest at 5.42% and is collateralized by real estate. The proceeds from the note were used to pay off the Series 2000 Bond, and pay down the revolving line-of-credit and accounts payable balances. On August 3, 2020, the University executed a promissory note with the Reinvestment Fund, for a principal sum of \$3,880,000. The obligation requires monthly payments of \$20,932 through September 1, 2045. The note payable bears interest at 4.15% and is collateralized by real estate. The proceeds from the note were used to refinance certain existing indebtedness of the University. The balance of the notes payable was \$9,958,757 and \$6,270,145 as of June 30, 2021 and 2020, respectively.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

J. NOTES PAYABLE AND OBLIGATIONS UNDER CAPITAL LEASE - Continued

On April 20, 2020, the University received loan proceeds in the amount of \$2,550,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the University uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the University terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. In August 2021, the PPP loan was forgiven by the lender.

The maturities of notes payable, excluding the forgiven PPP loan, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 228,635
2023	235,049
2024	245,701
2025	259,496
2026	272,708
Thereafter	<u>11,724,716</u>
	<u>\$12,966,305</u>

Capital Lease Obligations

The University leases certain information technology and computer equipment with a cost of \$82,887 from an equipment financing company. This lease has been recorded in the accounts of the University as a capital lease. Under the terms of the agreement, the obligation is due in monthly payments of principal and interest of \$1,967 which includes interest at a rate of 6.84%. The monthly payments began in March 2018 and came to expiration in March 2021. The balance of the capital lease obligation was \$-0- and \$37,493 at June 30, 2021 and 2020, respectively.

K. RETIREMENT PLAN

The University sponsors a defined contribution retirement plan covering employees who meet certain eligibility requirements. The University’s contributions to the plan are discretionary. The University made \$165,411 and \$197,016 in contributions to the plan during the years ended June 30, 2021 and 2020, respectively.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

L. COMMITMENTS AND CONTINGENCIES

Litigation

The University is subject to various claims and legal actions, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such matters will not have a material adverse effect on the University's financial position or results of operations.

Federal Student Financial Aid

In fiscal year 2017, the University was issued a provisional certification on their Program Participation Agreement from the Department of Education (the "DOE"). The provisional certification is granted for a limited period to permit the University to continue their participation in Federal Student Financial Aid ("Financial Aid") programs. The provisional certification expired on December 31, 2019. The University received a second provisional approval, after its submittal of reapplication, for which the provisional approval is set to expire September 30, 2022. During the period of provisional certification, the University could be subject to revocation for cause. If the DOE revokes the certification, the DOE could suspend the University's participation in the Financial Aid programs, which could affect the University's ability to operate in the long-term.

Federal and State Funds

All Federal and State funds received by the University are subject to audit by the applicable governmental agencies and they can assess liabilities against the University, limit, suspend or terminate the University's participation in the various programs. Audits of certain major Federal programs have indicated that the University may not have fully complied with certain regulations governing the administration of certain programs. The ultimate outcome of these matters is not known at this time. However, the University is in the process of responding to the Federal government and believes that the resultant liability or loss of funding, if any, would not be material to its ongoing operations.

Federal Perkins Loan Program

Funds provided by the United States government under the Federal Perkins loan program are loaned to qualified students based on financial need and may be re-loaned after collection through September 2018, when the program ended. If the program had been liquidated, the potential liability under this program to the Federal government would be \$272,639 and \$211,325 as of June 30, 2021 and 2020, respectively. In fiscal year 2020, the University began procedures to liquidate the loan portfolio with the Department of Education and expects to fully liquidate the loan portfolio in fiscal year 2022.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

L. COMMITMENTS AND CONTINGENCIES - Continued

Collective Bargaining Agreement

The University has a collective bargaining agreement covering certain of its full-time, regular clerical and technical employees.

M. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose at June 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Time Restrictions:		
Contributions receivable	\$ 4,315,887	\$ 5,256,960
Purposes:		
Scholarships	5,894,595	3,983,904
Building construction and renovation	1,654,460	2,873,369
Endowment fund; scholarships and art	5,008,232	2,065,694
Other	6,144,257	2,165,883
Investment in perpetuity, the income of which is expendable to support scholarships and art	<u>28,678,251</u>	<u>24,042,115</u>
	<u>\$51,695,682</u>	<u>\$40,387,925</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Purposes:		
Scholarships	\$ 867,567	\$1,369,207
Building construction and renovation	1,319,598	50,292
Other	<u>2,353,797</u>	<u>434,171</u>
	<u>\$4,540,962</u>	<u>\$1,853,670</u>

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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N. ADVERTISING EXPENSES

The University expenses advertising expenses as incurred. During the years ended June 30, 2021 and 2020, the University incurred advertising costs in the amounts of \$33,663 and \$52,573, respectively.

O. OPERATING LEASES

Lessee

The University leases certain equipment under non-cancelable operating leases which expire at various dates through January 2025. Rent expense under these lease arrangements amounted to \$76,227 and \$89,811 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 56,816
2023	53,251
2024	46,632
2025	<u>22,444</u>
	<u>\$179,143</u>

Lessor

On August 13, 2020, the University executed an Educational Broadband Service Long-Term de facto lease agreement with TDI Spectrum Acquisition Sub, LLC, a Delaware limited liability company ("Clearwire"). The lease agreement allows Clearwire to lease the University's radio channel capacity for a 10-year period, with two optional 10-year renewals. Clearwire agreed to pay the University \$1,000,000 upfront and monthly fees starting at \$33,000 that are increased by 2% annually. The University elected to amortize the \$1,000,000 upfront fee on a straight-line basis over the initial 10-year term and has a remaining amortized balance of \$916,667 as of June 30, 2021. The University uses the straight-line method to record escalating rent payments and has deferred rent totaling \$31,341 as of June 30, 2021. These amounts are reported as deferred revenue in the Statement of Financial Position.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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O. OPERATING LEASES – Continued

Future minimum lease receivables, including interest required under the operating lease, are as follows.:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 402,600
2023	410,652
2024	418,865
2025	427,242
2026	435,787
Thereafter	<u>1,910,943</u>
	<u>\$4,006,089</u>

P. ENDOWMENT

ASC 958 *Not-for-Profit Organizations* provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and requires additional disclosures about an organization’s endowment funds. The University’s endowment consists of individual donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the University has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent endowment is classified as donor restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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P. ENDOWMENT - Continued

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

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

The composition of net assets by type of endowment fund at June 30, 2021 and 2020, includes net assets with donor restrictions that are perpetual in nature totaling \$28,678,251 and \$24,042,115, respectively.

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

	<u>2021</u>		
	<u>With Donor Restrictions</u>		
	<u>Purpose/Time</u> <u>Restrictions</u>	<u>Perpetual in</u> <u>Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,065,694	\$24,042,115	\$ 26,107,809
Investment return, net	4,056,449	-	4,056,449
Contributions	-	4,636,136	4,636,136
Appropriation of endowment assets for expenditure	<u>(1,113,911)</u>	<u>-</u>	<u>(1,113,911)</u>
Endowment net assets, end of year	<u>\$ 5,008,232</u>	<u>\$28,678,251</u>	<u>\$ 33,686,483</u>

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

	<u>2020</u>		
	<u>With Donor Restrictions</u>		
	<u>Purpose/Time</u> <u>Restrictions</u>	<u>Perpetual in</u> <u>Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,232,732	\$23,297,481	\$ 25,530,213
Investment return, net	865,502	-	865,502
Contributions	-	744,634	744,634
Appropriation of endowment assets for expenditure	<u>(1,032,540)</u>	<u>-</u>	<u>(1,032,540)</u>
Endowment net assets, end of year	<u>\$ 2,065,694</u>	<u>\$24,042,115</u>	<u>\$ 26,107,809</u>

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

P. ENDOWMENT - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the University to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

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 University must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested with the objective of outperforming the S&P 500 by 50 basis points per annum, net of fees, with comparable or lower risks. The University expects its endowment funds, over time, to provide an average rate of return of at least 4% above inflation. Actual returns in any given year may vary from this amount. At June 30, 2021 and 2020, endowment assets consist of investments in marketable securities and beneficial interests in trusts and endowments.

Strategies Employed for Achieving Objectives

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 places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University's current policy of appropriating for distribution annually from its endowment funds is at the discretion of the Board of Trustees, based on each year's institutional objectives, not to exceed 6% of the previous 12-calendar quarter's average market values. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at an average rate of 1% to 3% annually. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Q. FAIR VALUE OF FINANCIAL INSTRUMENTS

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on the University's assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at June 30, 2021 and 2020:

				Fair Value Measurements at Reporting Date Using		
	Carrying Amount	Estimated Fair Value	Measured at Fair Value	(Level 1)	(Level 2)	(Level 3)
2021:						
Assets:						
Investments in marketable securities:						
Certificates of deposit and money market funds	\$ 1,579,200	\$ 1,579,200	\$ 1,579,200	\$ 1,579,200	\$ -	\$ -
Mutual bond and stock funds:						
Equities	10,761,970	10,761,970	10,761,970	10,761,970	-	-
Fixed income	10,313,579	10,313,579	10,313,579	10,313,579	-	-
Mutual funds	<u>1,567,571</u>	<u>1,567,571</u>	<u>1,567,571</u>	<u>1,567,571</u>	<u>-</u>	<u>-</u>
	24,222,320	24,222,320	24,222,320	24,222,320	-	-
Investments in art collections	33,829,450	33,829,450	33,829,450	-	-	33,829,450
Real estate held for investment	539,952	539,952	539,952	-	-	539,952
Beneficial interests in trusts and endowments	6,581,504	6,581,504	6,581,504	-	6,581,504	-
Liabilities:						
Notes payable	15,516,305	15,516,305	-	-	-	-

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Q. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

				Fair Value Measurements at Reporting Date Using		
	Carrying <u>Amount</u>	Estimated <u>Fair Value</u>	Measured at Fair <u>Value</u>	(Level 1)	(Level 2)	(Level 3)
<u>2020:</u>						
Assets:						
Investments in marketable securities:						
Certificates of deposit and money market funds	\$ 588,667	\$ 588,667	\$ 588,667	\$ 588,667	\$ -	\$ -
Mutual bond and stock funds:						
Equities	7,433,248	7,433,248	7,433,248	7,433,248	-	-
Fixed income	9,560,026	9,560,026	9,560,026	9,560,026	-	-
Mutual funds	<u>1,248,579</u>	<u>1,248,579</u>	<u>1,248,579</u>	<u>1,248,579</u>	-	-
	18,830,520	18,830,520	18,830,520	18,830,520	-	-
Investments in art collections	33,829,450	33,829,450	33,829,450	-	-	33,829,450
Real estate held for investment	537,950	537,950	537,950	-	-	537,950
Beneficial interests in trusts and endowments	5,957,226	5,957,226	5,957,226	-	5,957,226	-
Liabilities:						
Notes payable	16,605,782	18,128,716	-	-	-	-
Capital lease obligation	37,493	37,493	-	-	-	-

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Q. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Transfers, purchases, and issuance of Level 3 assets for the year ended June 30, 2021 and 2020, are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Real Estate Held for Investment	Investment in Art Collections
<u>2021</u>		
Purchase of real estate	\$ <u>2,002</u>	\$ <u>-</u>
<u>2020</u>		
Art gifts	\$ <u>-</u>	\$ <u>180,000</u>

There were no transfers between Level 2 and Level 3 investments during the year ending June 30, 2021 and 2020.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, cash equivalents, and restricted cash, receivables, accounts payable and accrued expenses, deferred revenue and advances from the Federal government

The carrying values of these items approximate their fair values due to the short maturities of these instruments.

Investments in marketable securities, art collections and real estate and beneficial interests in trusts and endowments

Fair values are based on quoted market prices, where available, and on certain Level 2 and 3 inputs. The carrying amounts and the fair values of the University's investments and beneficial interests in trusts and endowments are presented in Notes G and H, respectively.

Bank lines-of-credit, notes payable and bonds payable

For debt instruments with variable interest rates, the fair value approximates the carrying value. For fixed rate debt, fair value was estimated using discounted cash flow analyses based on the University's current incremental borrowing rates for similar types of borrowing arrangements.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

R. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the University to concentrations of credit risk consist principally of cash and investments held by the University. Cash at June 30, 2021 and 2020, includes demand deposits at high quality financial institutions. The deposits possess credit risk to the extent they exceed federally insured limits; however, the University does not anticipate nonperformance by the various financial institutions and investees. The exposure to concentrations of credit risk relative to securities is dependent on the University's investment objectives and policies. An accounting risk also extends to receivables, net of allowances, which are uncollateralized.

S. SCHOLARSHIPS AND FELLOWSHIPS

Scholarships and fellowships provided for tuition and fees for the year ended June 30, 2021 and 2020 consisted of scholarships from institutional sources and funded sources from grants, endowments, and other sources as follows:

	<u>2021</u>	<u>2020</u>
Institutional sources	\$ 8,897,225	\$ 7,990,382
Funded sources	<u>2,334,042</u>	<u>4,125,727</u>
Total	<u>\$11,231,267</u>	<u>\$12,116,109</u>

T. REVENUE FROM CONTRACTS WITH CUSTOMERS

The University's primary source of revenue from contracts with customers are from tuition and fees, auxiliary enterprises revenue, certain grants classified as exchange transactions, and other sources of revenue as presented in the statements of activities and changes in net assets.

A summary of revenue from contracts with customers related to gross tuition and fees for the year ended June 30, 2021 and 2020 disaggregated by the major classification of student type is as follows:

<u>Student Classifications</u>	<u>2021</u>	<u>2020</u>
Undergraduate tuition	\$16,920,773	\$17,195,450
Graduate tuition	604,187	878,975
Fees	<u>2,479,141</u>	<u>2,028,556</u>
Total gross tuition and fees	<u>\$20,004,101</u>	<u>\$20,102,981</u>

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

T. REVENUE FROM CONTRACTS WITH CUSTOMERS - Continued

A summary of revenue from contracts with customers related to auxiliary enterprises revenue for the years ended June 30, 2021 and 2020 disaggregated by type is as follows:

<u>Auxiliary Revenue Classification</u>	<u>2021</u>	<u>2020</u>
Housing	\$1,625,995	\$3,978,396
Dining services	1,201,439	2,845,745
Bookstore sales	165,210	429,998
Rental income	398,227	42,319
Other auxiliary income	<u>286,099</u>	<u>274,146</u>
Total auxiliary enterprises revenue	<u>\$3,676,970</u>	<u>\$7,570,604</u>

A summary of revenue from contracts with customers related to other sources for the years ended June 30, 2021 and 2020 disaggregated by type is as follows:

<u>Other Sources Revenue Classification</u>	<u>2021</u>	<u>2020</u>
Cell tower revenue	\$164,319	\$260,102
Jubilee Singers	7,825	91,659
Miscellaneous income	<u>184,977</u>	<u>162,340</u>
Total other sources	<u>\$357,121</u>	<u>\$514,101</u>

There were no revenue from contracts with customers related to grants classified as exchange transactions for the years ended June 30, 2021 and 2020.

U. RELATED PARTIES

Members of the Board of Trustees have made contributions to the University for various purposes. During fiscal year 2021 and 2020, contributions from the Board of Trustees totaled \$455,830 and \$380,000, respectively. At June 30, 2021 and 2020, the balance of contributions due from Board members is \$2,798,750 and \$3,485,250 respectively. These contributions are included in contributions receivable.

V. RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. RISKS AND UNCERTAINTIES - Continued

The full impact of the pandemic continues to evolve as of the date of this report and has affected the University's operational and financial performance due to the impact on its students, contributors, and employees and vendors, which is the result of various restrictions put in place by governments to curtail the spread of the coronavirus as well as due to developments such as social distancing and shelter-in-place directives. In order to assist in the mitigation of the negative impact on its operational and financial performance, the University applied for and received grants totaling \$2,167,725 and \$2,127,154, respectively during the year ending June 30, 2021 and 2020, respectively, from the U.S. Department of Education through the Higher Education Emergency Relief Fund (the "HEERF"). Additionally, in fiscal year 2020, the University received financing from the Small Business Administration (the "SBA") totaling \$2,550,000 through the Paycheck Protection Program (the "Program"). Under the Program, the loan is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. Management utilized the loan proceeds for purposes that qualify the loan for forgiveness under the Program, and the loan was ultimately forgiven in fiscal year 2022. See Note J for details regarding this loan.

While expected to be temporary, the University cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the University's results of future operations, financial position, and liquidity in fiscal year 2022.

W. SUBSEQUENT EVENTS

On March 16, 2021, the University entered into a Non-revolving construction line of credit loan with the Tennessee Rural Development Fund, LLC (the "Lender" & "TRDF"). The line of credit has a maximum principal amount of \$4,000,000 carrying a prime rate of interest minus 2.00% with a minimum rate of 2%. and matures on March 16, 2028. The line of credit is to be used to construct the Roland G. Parrish Center for Career Planning and Development building. On August 3, 2021, the University made its first draw on the loan for an amount of \$365,806.

In August, 2021, the University was notified by Regions Bank, the University SBA Paycheck Protection Program "PPP" Lender that the PPP Loan (as noted in Note J) received on April 20, 2020 of \$2,550,000 has been fully forgiven.

In July 2021, the University paid the revolving-line-of-credit in full.

The University has evaluated subsequent events through September 24, 2021, the issuance date of the University's financial statements, and have determined that with the exception of the aforementioned events, there are no other subsequent events that require disclosure.

SUPPLEMENTAL INFORMATION

FISK UNIVERSITY
SCHEDULE OF FINANCIAL POSITION WITHOUT DONOR RESTRICTIONS
JUNE 30, 2021

ASSETS

	Operations	Plant, Plant Related Debt and Other Non-Operating Assets	Total Without Donor Restrictions
Cash and cash equivalents	\$ 8,726,860	\$ -	\$ 8,726,860
Accounts and grants receivable, net of allowance for doubtful accounts	3,477,124	-	3,477,124
Contributions receivable, net	1,167,105	-	1,167,105
Notes receivable, less allowance for doubtful accounts	39,291	-	39,291
Prepaid expenses and other assets	735,451	-	735,451
Inventory	190,731	-	190,731
Investments in marketable securities	83,269	-	83,269
Investments in art collections	-	33,829,450	33,829,450
Investment in affiliate	-	49,424,836	49,424,836
Real estate held for investment	-	539,952	539,952
Property and equipment, at cost, net of accumulated depreciation	-	25,229,713	25,229,713
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 14,419,831</u>	<u>\$ 109,023,951</u>	<u>\$ 123,443,782</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 1,665,549	\$ -	\$ 1,665,549
Deposits	35,050	-	35,050
Deferred revenue	1,738,834	-	1,738,834
Notes payable	3,177,578	12,338,727	15,516,305
Advances from Federal government for Perkins loan programs	272,639	-	272,639
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,889,650</u>	<u>12,338,727</u>	<u>19,228,377</u>
	<u> </u>	<u> </u>	<u> </u>
Net assets without donor restrictions	<u>7,530,181</u>	<u>96,685,224</u>	<u>104,215,405</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 14,419,831</u>	<u>\$ 109,023,951</u>	<u>\$ 123,443,782</u>

See independent auditor's report.

FISK UNIVERSITY
SCHEDULE OF ACTIVITIES WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2021

	Operations	Plant, Plant Related Debt and Other Non-Operating Assets	Total Without Donor Restrictions
Operating activities:			
Revenue and other support:			
Tuition and fees	\$ 20,004,101	\$ -	\$ 20,004,101
Less scholarships and fellowships	(11,231,267)	-	(11,231,267)
Net tuition and fees	8,772,834	-	8,772,834
Governmental grants and contracts	9,403,081	-	9,403,081
Private gifts and grants	6,426,358	-	6,426,358
Investment income, net	1,376	-	1,376
Endowment spending payout	1,113,911	-	1,113,911
Sales and services of auxiliary enterprises, net	3,743,719	-	3,743,719
Other sources	357,121	-	357,121
Net assets released from restrictions	4,540,962	-	4,540,962
Total revenue and other support	34,359,362	-	34,359,362
Expenses:			
Program:			
Instruction and academic support	10,534,691	-	10,534,691
Student services	2,591,310	-	2,591,310
Auxiliary services	2,205,991	-	2,205,991
Total program	15,331,992	-	15,331,992
Support:			
Institutional support	14,780,220	-	14,780,220
Fundraising	1,164,255	-	1,164,255
Total support	15,944,475	-	15,944,475
Total expenses	31,276,467	-	31,276,467
Less: Expenses related to plant, plant related debt, and other non-operating assets			
Depreciation	(1,660,335)	1,660,335	-
Interest	(560,437)	560,437	-
Repairs and maintenance	(2,771,339)	2,771,339	-
	26,284,356	4,992,111	31,276,467
Net increase (decrease) in net assets without donor restrictions from operating activities	8,075,006	(4,992,111)	3,082,895
Non-operating activities:			
Gain on sale of property	-	757,000	757,000
Net increase in net assets without donor restrictions from non-operating activities	-	757,000	757,000
Net increase in net assets without donor restrictions	8,075,006	(4,235,111)	3,839,895
Operating assets utilized for plant related expenses	(7,723,931)	7,723,931	-
Net assets at beginning of year	7,179,106	93,196,404	100,375,510
Net assets at end of year	\$ 7,530,181	\$ 96,685,224	\$ 104,215,405

See independent auditor's report.

FISK UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
Research and Development Cluster			
<u>U.S. Department of Defense</u>			
Smart Separators with Imbedded Sensors	12.300	N/A	\$ 78,246
PSU IIRM-URA	12.300	N/A	95,340
			<u>173,586</u>
Innovative Halides Crystals for Dide-Pumped-Eye-Safe Lasers	12.431	N/A	<u>49,400</u>
Multifunctional Materials for Air and Liquid Protection	12.630	W911SR-14-2-001	<u>12,504</u>
Total U.S. Department of Defense			<u>235,490</u>
<u>National Aeronautics and Space Administration</u>			
Vanderbilt Subcontract Space Grant-College and Fellowship (1)	43.001	21603-S5	<u>291</u>
Total National Aeronautics and Space Administration			<u>291</u>
<u>National Science Foundation</u>			
Career: SusChEM	47.049	N/A	<u>200</u>
Implementation Award	47.076	N/A	239,366
Infusion of Computational-Biological Content	47.076	N/A	297,447
Regional Centers in Broadening Participation	47.076	N/A	432,970
Uncovering the Role of Germline-Specific Mage-B2 Protein	47.076	N/A	55,976
Assuring the Integration of Mathematics	47.076	N/A	30,639
CREST - 2016-2021	47.076	N/A	1,373,316
Research Initiation Award	47.076	N/A	1,000
HBCU - TIP Infusing Machine Learning	47.076	N/A	112,812
HBCU - UP: RIA/Solution and ID Novel	47.076	N/A	137,443
Collaborative Research - AGEP Transform	47.076	N/A	18,804
Targeted Infusion Project	47.076	N/A	118,511
NSF – Graduate Opportunities at Fisk	47.076	N/A	28,094
TLSAMP - TN State University	47.076	N/A	20,537
			<u>2,866,915</u>
Total National Science Foundation			<u>2,867,115</u>

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

FISK UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED JUNE 30, 2021

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Energy</u>			
High Performance Scintillator for Gamma Ray Spectroscopy (2)	81.117	DE-SC0015733	363,902
Development of Novel Scintillators	81.123	N/A	90,886
Total U.S. Department of Energy			454,788
<u>U.S. Department of Health and Human Services</u>			
University of Cincinnati - UT/PBT Chemicals Community Awareness (3)	93.142	2445ES006184-24	39,364
Total U.S. Department of Health and Human Services			39,364
<u>National Institute of Health</u>			
UIUC Know ENG BD2K Center	93.310	N/A	58,564
MARC UG Student Training	93.859	N/A	89,407
Fisk - Vanderbilt Biomedical Bridge (1)	93.859	1R25GM107754-01	259,050
			348,457
Total National Institute of Health			407,021
Total Research and Development Cluster			4,004,069
*Student Financial Aid Cluster			
<u>U.S. Department of Education</u>			
Federal Supplemental Education Opportunity Grants	84.007	N/A	188,920
Federal Direct Loans	84.268	N/A	5,757,170
Federal Perkins Loans	84.038	N/A	1,402,971
Federal Work Study	84.033	N/A	21,520
Federal Pell Grants	84.063	N/A	2,174,822
Total U.S. Department of Education			9,545,403
Total Student Financial Aid Cluster			9,545,403
Title III Strengthening Historically Black Colleges and Universities Program (HBCU)	84.031B	N/A	1,966,312

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

FISK UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED JUNE 30, 2021

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Education - Continued</u>			
Lead Program	84.042A	N/A	<u>175,401</u>
Higher Education Emergency Relief Fund			
Student Portion	84.425E	N/A	212,600
Historically Black Colleges and Universities	84.425J	N/A	<u>1,955,125</u>
Total U.S. Department of Education			<u>2,167,725</u>
Total Higher Education Emergency Relief Fund			<u>2,167,725</u>
Other Federal Programs			
Graduate's Degree Programs at Historically Black Colleges and Universities	84.382G	N/A	<u>189,327</u>
Total U.S. Department of Education			<u>14,044,168</u>
<u>Department of Health and Human Services</u>			
Substance Abuse and Mental Health Services (1)	92.243	UNIV59489	<u>42,325</u>
Total Department of Health and Human Services			<u>42,325</u>
Total Expenditures of Federal Awards			<u>\$ 18,090,562</u>

* - denotes major program

(1) - Passed through Vanderbilt University

(2) - Passed through Capesym, Inc.

(3) - Passed through University of Cincinnati

See independent auditor's report.
The accompanying notes are an integral part of this schedule.

FISK UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

A. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards 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), on the accrual basis of accounting.

The University has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

B. PERKINS LOANS (CFDA NO. 84.038)

The University administers the Perkins loan program. This loan program is part of the student financial aid program cluster for reporting purposes and related loan balances are reported in notes receivable, net, in the financial statements. The outstanding balance of Perkins loans at June 30, 2021, was:

	<u>CFDA Number</u>	<u>Outstanding Balance</u>
Federal Perkins Loans	84.038	\$1,402,971

C. FEDERAL DIRECT LOANS (CFDA NO. 84.268)

During the fiscal year ending June 30, 2021, the University processed the following amount of new loans under the Federal Direct Loans program (which includes subsidized and unsubsidized Stafford Loans, and Parents' Loans for Undergraduate and Graduate Students):

	<u>CFDA Number</u>	<u>Disbursements</u>
Federal Direct Loans	84.268	\$5,757,170

FISK UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

D. ADMINISTRATIVE COSTS AND MATCHING

The University has received a waiver from the U.S. Department of Education and is not required to provide an institutional matching for certain Title IV programs.

The University is allowed to take up to 5% of campus-based programs as an administrative allowance. Administrative costs charged to Title IV programs by the University for the year ended June 30, 2021 totaled \$23,224.

E. SUBRECIPIENTS

The University passed through \$-0- to sub recipients in 2021.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2021

The Department of Education issued regulations regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America, but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

Net Assets

1. Net assets with donor restrictions: restricted in perpetuity	\$ 28,678,251
2. Other net assets with donor restrictions (not-restricted- in perpetuity):	
a. Annuities with donor restrictions	-
b. Term endowments	-
c. Life income funds (trusts)	-
d. Beneficial interest in assets held by others	6,581,504
Total annuities, term endowments, life income funds, and beneficial interests with donor restrictions	<u>6,581,504</u>

Property, Plant and Equipment, net

3. Pre-implementation property, plant and equipment, net (PP&E, net)	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2019 financial statements)	23,512,564
b. Less subsequent depreciation and disposals	<u>(3,272,972)</u>
c. Balance Pre-implementation property, plant and equipment, net	<u>20,239,592</u>
4. Debt Financed Post-implementation property, plant and equipment, net	
Long-lived assets acquired with debt subsequent to June 30, 2019	606,002
5. Construction in progress - acquired subsequent to June 30, 2019	2,437,325
6. Post-implementation property, plant and equipment, net, acquired without debt:	
a. Long-lived assets acquired without use of debt subsequent to June 30, 2019	<u>1,946,794</u>
7. Total Property, Plant and Equipment, net - June 30, 2021	<u>25,229,713</u>

Debt to be excluded from expendable net assets

8. Pre-implementation debt:	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2019):	13,068,637
b. Less subsequent debt repayments (net of def costs)	<u>(1,927,064)</u>
c. Balance Pre-implementation debt	<u>11,141,573</u>
9. Allowable post-implementation debt used for capitalized long-lived assets	627,578
10. Construction in progress (CIP) financed with post-implementation debt	569,576
11. Long-term debt not for the purchase of property, plant and equipment or liability greater than asset value	<u>3,177,578</u>
	<u>\$ 15,516,305</u>

See independent auditor's report.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2021

Primary Reserve Ratio:

Expendable Net Assets:

1 Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	104,215,405
2 Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	51,695,682
3 Statement of Financial Position - Contributions receivable, net and Related Parties footnote disclosure	Unsecured related party receivables	2,798,750
4 Statement of Financial Position and Supplemental Disclosures Property, plant and equipment, net, Line 7	Property, plant and equipment, net	25,229,713
5 Supplemental Disclosures Property, plant and equipment, net, Line 3c	Property, plant and equipment pre-implementation	20,239,592
6 Supplemental Disclosures Property, plant and equipment, net, Line 4	Property, plant and equipment post-implementation with outstanding debt for original purchase	606,002
7 Supplemental Disclosures Property, plant and equipment, net, Line 6a	Property, plant and equipment post-implementation without outstanding debt for original purchase	1,946,794
8 Supplemental Disclosures Property, plant and equipment, net, Line 5	Construction in progress	2,437,325
9 Supplemental Disclosures - Note payable and Line of Credit for long-term purposes (current and long-term)	Long-term debt - for long term purposes	12,338,727
10 Statement of Financial Position and Supplement Disclosures, Line 8c	Long-term debt - for long term purposes pre-implementation	11,141,573
11 Statement of Financial Position and Supplement Disclosures, Line 9	Long-term debt - for long term puposes post-implementation	627,578
12 Statement of Financial Position and Supplement Disclosures, Line 10	Long-term debt - for construction in progress	569,576
13 Supplemental Disclosure - term endowments and beneficial interest with donor restrictions, Line 2	Term endowments and beneficial interest with donor restrictions	6,581,504
14 Supplemental Disclosure - term endowments, Line 2b	Term endowments	-
15 Supplemental Disclosure - beneficial interests, Line 2d	Beneficial interests	6,581,504
16 Supplemental Disclosure - Net assets with donor restrictions, restricted in perpetuity Line 1	Net assets with donor restrictions: restricted in perpetuity	28,678,251
Total Expenses and Losses		
17 Statement of Activities - Total operating expenses and total depreciation from non-operating activities	Total expenses without donor restrictions - taken directly from Statement of Activities	31,276,467
18 Statement of Activities - Non-operating - Investment return appropriated for spending, investment return, net of spending	Non-Operating and Net Investment Loss	-

See independent auditor's report.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2021

Equity Ratio:

Statement of Financial Position - Net
19 Assets without Donor Restrictions
Statement of Financial Position - Net
20 Assets with Donor Restrictions
21 None noted
Statement of Financial Position -
Contributions receivable, net and Related
22 Parties footnote disclosure

Modified Net Assets:

Net assets without donor restrictions 104,215,405
Net assets with donor restrictions 51,695,682
Intangible assets -
Unsecured related party receivables 2,798,750

Modified Assets:

23 Statement of Financial Position - Total Assets Total Assets 175,139,464
Lease right-of-use asset pre-
24 None noted implementation -
25 None noted Intangible assets -
Statement of Financial Position -
Contributions receivable, net and Related
26 Parties footnote disclosure Unsecured related party receivables 2,798,750

Net Income Ratio

27 Statement of Activities - Change in Net Change in Net Assets Without Donor
Assets Without Donor Restrictions Restrictions 3,839,895
28 Statement of Activities - Total Operating
Revenue and Other Additions, net assets
released from restrictions, gains on
property and art Total Revenue and Gains 35,116,362



Independent Auditor's 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*

Members of the Audit Committee
Board of Trustees
Fisk University
Nashville, Tennessee

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 financial statements of Fisk University (the "University"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.



Members of the Audit Committee
Board of Trustees
Fisk University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's 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 the 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 the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
September 24, 2021



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance

Members of the Audit Committee
Board of Trustees
Fisk University
Nashville, Tennessee

Report on Compliance for the Major Federal Program

We have audited Fisk University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-004. Our opinion on the major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.



Members of the Audit Committee
Board of Trustees
Fisk University

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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.

Nashville, Tennessee
September 24, 2021

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a) of the Uniform Guidance?

 X Yes No

Major Programs

CFDA Number	Grantor	Name of Federal Program	Amount Expended
SFA Cluster:			
84.063	Department of Education	Pell Grants	\$2,174,822
84.038		Perkins Loans	1,402,971
84.033		Work Study	21,520
84.007		Supplemental Educational Opportunity Grants	188,920
84.268		Direct Student Loans	5,757,170

Dollar threshold used to distinguish between type A and type B program

\$750,000

Auditee qualified as low-risk auditee

 Yes X No

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

ITEM # 2021-001

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Criteria

The University is required to report amounts awarded and disbursed to students for Direct Loans to the Department of Education within 15 days of disbursement.

Condition and Context

The University did not properly report the amount of Direct loans awarded within the 15-day requirement for five out of twenty-nine students tested to the Department of Education through the Common Origination and Disbursement (COD) records.

Questioned Cost

None.

Cause

A bug in the University's software, CAMS, caused several records to change to "False" when reported through the COD system, and had to be manually changed. Due to turnover and other reasons, the manual changes did not occur timely, which caused the University to not properly report Direct loans awarded to students within the applicable time limits.

Effect

The University is not in compliance with reporting Direct loans awarded to students through the COD System on a timely basis.

Recommendation

We are aware the University is in the process of changing to a different software, which will help the University process federal aid more efficiently. In the meantime, we recommend the University consistently review Direct Loan reporting to ensure corrections can be made timely, if needed, and amounts disbursed to students for Direct loan awards are timely reported to the Department of Education.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2021-001

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Views of Responsible Officials and Planned Corrective Actions

The University concurs with the finding and will adhere to the 15-day reporting requirement for federal student loans by sending the disbursement file to the Department of Education, then disbursing the aid to the student accounts. The Direct Loan Disbursement Detail and CAMS Transfer reports will be used to reconcile. The summaries generated by each report will allow the University to transfer aid with accuracy prior to the 15-day reporting deadline.

ITEM # 2021-002

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Criteria

The University is required to reconcile Direct Loans between the Department of Education system ("SAS") and the University's internal records on a monthly basis.

Condition and Context

The University was unable to provide two of the three monthly direct loan reconciliations requested for review. Due to turnover, it is unknown if the reconciliations were performed.

Questioned Cost

None

Cause

The above finding resulted primarily due to the student financial aid office not properly retaining documentation records.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2021-002

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Effect

The University was not in compliance with Federal Direct Loan program requirement of maintaining monthly reconciliation between the Direct Loan system and the University's internal records. Therefore, we could not ascertain that the University was reconciling records in a timely and accurate manner.

Recommendation

We recommend the University consistently adhere to its procedures to ensure monthly reconciliations are performed and documentation retention requirements are met.

Views of Responsible Officials and Planned Corrective Actions

The University concurs with the finding. However, it is believed that the reconciliations were performed, but staff turnover prohibited the ability to locate the files. Monthly reconciliations are being conducted and steps are in place to ensure that files are maintained on a Financial Aid shared drive so that staff turnover does not preclude file access in the future.

ITEM # 2021-003

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Criteria

The University is required to report changes in student enrollment status, the effective date of the status, and the anticipated completion date to the National Student Loan Data System ("NSLDS") within 30 days, however if a roster file is expected within 60 days, a 60-day time frame is allowable.

Condition and Context

The University did not properly report changes in student enrollment status for two of the four student status changes tested within the allowable timeframe.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2021-003

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Questioned Cost

None.

Cause

The University had a lack of oversight over reporting of student enrollment status changes to the National Student Loan Data System.

Effect

The University is not in compliance with reporting student enrollment data to the National Student Loan Data System

Recommendation

We recommend the University consistently adhere to its a system to ensure that student enrollment data is properly reported in the allowable timeframe.

Views of Responsible Officials and Planned Corrective Actions

The University concurs with the finding. The Registrar will review and assess the NSLDS reporting process and implement steps to ensure compliance with proper reporting in the allowable timeframe.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2021-004

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Criteria

For a student to be eligible for Title IV funds, a student must make satisfactory academic progress, and University must have a reasonable policy for monitoring that progress. The University's policy must include an academic progress evaluation at the end of each payment period for students in programs lasting one year or less.

Condition and Context

The University's policy is to evaluate student's satisfactory academic progress ("SAP") at the end of each semester (Fall, Spring and Summer). The University informs students by email of their SAP status, at the end of each semester. For one of the forty students tested that received Title IV funds, the student did not meet SAP and was not informed by the University of their SAP status

Questioned Cost

None

Cause

The above finding resulted primarily due to the student financial aid office not properly reviewing the student's academic progress and informing the students of their SAP status in accordance with the University's policy.

Effect

The University did not comply with their academic satisfactory policy, as required by the Federal Student Aid Program.

Recommendation

We recommend the University consistently adhere to its procedures to ensure the University complies with its policy of informing students of their satisfactory academic performance.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2021-004

Federal Student Aid Cluster
CFDA No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.379
U.S. Department of Education

Views of Responsible Officials and Planned Corrective Actions

The University concurs with the finding. Once grades are finalized for the applicable term, the Satisfactory Academic Progress (SAP) report will be generated to identify students who should be placed on SAP warning or probation, and the students will be notified accordingly.

FISK UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

IV. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Federal Award Findings and Questioned Costs

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2020-001	Direct Loan Reporting	Repeated; see #2021-001
2020-002	Aggregate Federal Direct Loans	Corrected
2020-003	Pell Grant Reporting	Corrected
2020-004	Federal Direct Loan Eligibility	Corrected
2020-005	Federal Student Aid Eligibility	Corrected



Corrective Action Plan

2021-001 DIRECT LOAN REPORTING

Corrective Action

The University concurs with the finding and will adhere to the 15-day reporting requirement for federal student loans by sending the disbursement file to the Department of Education, then disbursing the aid to the student accounts. The Direct Loan Disbursement Detail and CAMS Transfer reports will be used to reconcile. The summaries generated by each report will allow the University to transfer aid with accuracy prior to the 15-day reporting deadline.

Anticipated

Completion Date June 30, 2022

Name of Contact

Person Norman Jones, Vice President for Finance and CFO
Fisk University
(615) 329-8500



Corrective Action Plan, cont.

2021-002

DIRECT LOAN RECONCILIATIONS

Corrective Action

The University concurs with the finding. However, it is believed that the reconciliations were performed, but staff turnover prohibited the ability to locate the files. Monthly reconciliations are being conducted and steps are in place to ensure that files are maintained on a Financial Aid shared drive so that staff turnover does not preclude file access in the future.

Anticipated

Completion Date June 30, 2022

Name of Contact

Person

Norman Jones, Vice President for Finance and CFO
Fisk University
(615) 329-8500



Corrective Action Plan, cont.

2021-003

ENROLLMENT STATUS REPORTING

Corrective Action

The University concurs with the finding. The Registrar will review and assess the NSLDS reporting process and implement steps to ensure compliance with proper reporting in the allowable timeframe.

Anticipated

Completion Date June 30, 2022

Name of Contact

Person Norman Jones, Vice President for Finance and CFO
Fisk University
(615) 329-8500



Corrective Action Plan, cont.

2021-004

SATISFACTORY ACADEMIC PROGRESS

Corrective Action

The University concurs with the finding. Once grades are finalized for the applicable term, the Satisfactory Academic Progress (SAP) report will be generated to identify students who should be placed on SAP warning or probation, and the students will be notified accordingly.

Anticipated

Completion Date June 30, 2022

Name of Contact

Person Norman Jones, Vice President for Finance and CFO
Fisk University
(615) 329-8500