

FISK UNIVERSITY
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2022

FISS UNIVERSITY

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fisk University (the "University") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 are 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 Schedule of Expenditures of Federal Awards, the Schedule of Financial Position Without Donor Restrictions, the Schedule of Activities Without Donor Restrictions, and the Financial Responsibility Supplemental Schedule are 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 November 18, 2022, 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
November 18, 2022

FISK UNIVERSITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(with comparative totals for 2021)

ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 7,722,825 | \$ 8,726,860 |
| Restricted cash | 464,759 | 369,603 |
| Accounts and grants receivable, net of allowance for doubtful accounts | 15,894,751 | 11,247,621 |
| Contributions receivable, net | 13,880,471 | 14,002,132 |
| Notes receivable, less allowance for doubtful accounts | 39,291 | 39,291 |
| Prepaid expenses and other assets | 642,571 | 735,451 |
| Inventory | 154,862 | 190,731 |
| Investments in marketable securities | 21,300,546 | 24,222,320 |
| Investments in art collections | 33,852,250 | 33,829,450 |
| Investment in affiliate | 49,424,836 | 49,424,836 |
| Real estate held for investment | 541,734 | 539,952 |
| Beneficial interests in trusts and endowments | 5,552,544 | 6,581,504 |
| Property and equipment, at cost, net of accumulated depreciation | <u>32,213,553</u> | <u>25,229,713</u> |
| Total assets | <u><u>\$ 181,684,993</u></u> | <u><u>\$ 175,139,464</u></u> |

LIABILITIES

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued expenses | 97,288 | 1,665,549 |
| Deposits | 70,050 | 35,050 |
| Deferred revenue | 5,556,664 | 1,738,834 |
| Notes payable | 12,455,168 | 15,516,305 |
| Advances from Federal government for Perkins loan programs | <u>293,700</u> | <u>272,639</u> |
| Total liabilities | <u>18,472,870</u> | <u>19,228,377</u> |

NET ASSETS

| | | |
|----------------------------------|------------------------------|------------------------------|
| Without donor restrictions | 113,974,290 | 104,215,405 |
| With donor restrictions | <u>49,237,833</u> | <u>51,695,682</u> |
| Total net assets | <u>163,212,123</u> | <u>155,911,087</u> |
| Total liabilities and net assets | <u><u>\$ 181,684,993</u></u> | <u><u>\$ 175,139,464</u></u> |

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(with comparative totals for 2021)

| | | | Totals | |
|--|-------------------------------|----------------------------|----------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | 2022 | 2021 |
| Operating activities: | | | | |
| Revenue and other support: | | | | |
| Tuition and fees | \$ 22,005,176 | \$ - | \$ 22,005,176 | \$ 20,004,101 |
| Less scholarships and fellowships | (13,873,416) | - | (13,873,416) | (11,231,267) |
| Net tuition and fees | 8,131,760 | - | 8,131,760 | 8,772,834 |
| Governmental grants and contracts | 14,569,723 | - | 14,569,723 | 9,403,081 |
| Private gifts and grants | 3,398,995 | 6,485,420 | 9,884,415 | 14,696,403 |
| Investment income, net | 36,921 | - | 36,921 | 1,376 |
| Endowment spending payout | 1,221,587 | - | 1,221,587 | 1,113,911 |
| Sales and services of auxiliary enterprises, net | 8,044,843 | - | 8,044,843 | 3,743,719 |
| Other sources | 555,695 | - | 555,695 | 357,121 |
| Net assets released from restrictions | 6,328,911 | (6,328,911) | - | - |
| Total revenue and other support | 42,288,435 | 156,509 | 42,444,944 | 38,088,445 |
| Expenses: | | | | |
| Program: | | | | |
| Instruction and academic support | 12,476,714 | - | 12,476,714 | 10,534,691 |
| Student services | 3,304,124 | - | 3,304,124 | 2,591,310 |
| Auxiliary services | 3,215,457 | - | 3,215,457 | 2,205,991 |
| Total program | 18,996,295 | - | 18,996,295 | 15,331,992 |
| Support: | | | | |
| Institutional support | 14,265,188 | - | 14,265,188 | 14,780,220 |
| Fundraising | 1,317,608 | - | 1,317,608 | 1,164,255 |
| Total support | 15,582,796 | - | 15,582,796 | 15,944,475 |
| Total expenses | 34,579,091 | - | 34,579,091 | 31,276,467 |
| Net increase in net assets from operating activities | 7,709,344 | 156,509 | 7,865,853 | 6,811,978 |
| Non-operating activities: | | | | |
| Endowment contributions | - | 2,065,644 | 2,065,644 | 4,636,136 |
| Investment (loss) gain, net | - | (3,458,415) | (3,458,415) | 4,056,449 |
| Amount appropriated for endowment spending | - | (1,221,587) | (1,221,587) | (1,113,911) |
| Gain on disposal of property | 2,049,541 | - | 2,049,541 | 757,000 |
| Net increase in net assets from non-operating activities | 2,049,541 | (2,614,358) | (564,817) | 8,335,674 |
| Net increase (decrease) in net assets | 9,758,885 | (2,457,849) | 7,301,036 | 15,147,652 |
| Net assets at beginning of year | 104,215,405 | 51,695,682 | 155,911,087 | 140,763,435 |
| Net assets at end of year | \$ 113,974,290 | \$ 49,237,833 | \$ 163,212,123 | \$ 155,911,087 |

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(with comparative totals for 2021)

| | Instruction and Academic Support | Student Services | Auxiliary Services | Total Program Services | Institutional Support | Fundraising | Total Support | 2022 Total | 2021 Total |
|--------------------------------------|-------------------------------------|---------------------|-----------------------|---------------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|
| Salary and benefits | \$ 9,810,857 | \$ 1,874,256 | \$ 380,149 | \$ 12,065,262 | \$ 2,449,271 | \$ 844,390 | \$ 3,293,661 | \$ 15,358,923 | \$ 14,802,062 |
| Depreciation and amortization | - | - | - | - | 1,504,810 | - | 1,504,810 | 1,504,810 | 1,660,335 |
| Auxiliary cost of sales | - | - | 178,266 | 178,266 | - | - | - | 178,266 | 167,939 |
| Supplies and operations | 988,157 | 236,029 | 53,286 | 1,277,472 | 418,994 | 44,962 | 463,956 | 1,741,428 | 2,951,739 |
| Occupancy | 70,047 | 4,251 | - | 74,298 | 5,667,917 | 5,040 | 5,672,957 | 5,747,255 | 4,041,200 |
| Equipment and technology | 185,924 | 45,518 | 10,453 | 241,895 | 1,331,795 | 122,792 | 1,454,587 | 1,696,482 | 1,340,557 |
| Professional and contracted services | 1,037,194 | 665,080 | (3,444) | 1,698,830 | 994,351 | 115,720 | 1,110,071 | 2,808,901 | 2,568,102 |
| Student programs and support | 143,444 | - | 2,592,878 | 2,736,322 | 8,250 | - | 8,250 | 2,744,572 | 1,626,860 |
| Student recruiting and fundraising | 46,989 | 24,440 | 2,799 | 74,228 | 27,810 | 163,668 | 191,478 | 265,706 | 306,517 |
| Travel and entertainment | 192,299 | 306,029 | - | 498,328 | 57,656 | 18,495 | 76,151 | 574,479 | 61,532 |
| Insurance expense | 1,384 | 148,246 | - | 149,630 | 563,426 | - | 563,426 | 713,056 | 352,441 |
| Interest and other | 419 | 275 | 1,070 | 1,764 | 1,240,908 | 2,541 | 1,243,449 | 1,245,213 | 1,397,183 |
| | <u>\$ 12,476,714</u> | <u>\$ 3,304,124</u> | <u>\$ 3,215,457</u> | <u>\$ 18,996,295</u> | <u>\$ 14,265,188</u> | <u>\$ 1,317,608</u> | <u>\$ 15,582,796</u> | <u>\$ 34,579,091</u> | <u>\$ 31,276,467</u> |

See accompanying notes to financial statements.

FISK UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(with comparative totals for 2021)

| | 2022 | 2021 |
|--|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Net increase in net assets | \$ 7,301,036 | \$ 15,147,652 |
| Adjustments to reconcile net increase in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 1,504,810 | 1,660,335 |
| Loss (gain) on investments and beneficial interests in trusts | 3,421,494 | (4,057,825) |
| Gain on disposal of property | (2,049,541) | (757,000) |
| Change in allowance for doubtful accounts | 55,125 | 524,107 |
| Endowed gifts reclassified to financing activities | (2,065,644) | (4,636,136) |
| Increase in accounts, grants and contributions receivable | (4,580,594) | (3,540,317) |
| Change in inventory, prepaid expenses and other assets | 128,749 | (143,690) |
| Change in accounts payable, accrued expenses and deferred revenue | 2,249,569 | 1,883,083 |
| Change in deposits | 35,000 | 16,700 |
| Net cash provided by operating activities | <u>6,000,004</u> | <u>6,096,909</u> |
| Cash flows from investing activities: | | |
| Net decrease (increase) in investments and beneficial interests | 507,066 | (1,959,629) |
| Purchase of property and equipment | (8,491,058) | (3,767,992) |
| Proceeds from the sale of property | 2,049,541 | 757,000 |
| Change in advances from Federal government | 21,061 | 61,314 |
| Net cash used in investing activities | <u>(5,913,390)</u> | <u>(4,909,307)</u> |
| Cash flows from financing activities: | | |
| Endowed gifts reclassified from operating activities | 2,065,644 | 4,636,136 |
| Proceeds from the issuance of notes payable | 4,000,000 | 4,072,000 |
| Principal repayment of capital lease obligations | - | (37,493) |
| Principal repayment of bonds and notes payable | (7,061,137) | (5,161,477) |
| Net cash (used in) provided by financing activities | <u>(995,493)</u> | <u>3,509,166</u> |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (908,879) | 4,696,768 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year | <u>9,096,463</u> | <u>4,399,695</u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year | <u><u>\$ 8,187,584</u></u> | <u><u>\$ 9,096,463</u></u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH: | | |
| Cash and equivalents | \$ 7,722,825 | \$ 8,726,860 |
| Restricted cash | <u>464,759</u> | <u>369,603</u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | <u><u>\$ 8,187,584</u></u> | <u><u>\$ 9,096,463</u></u> |
| <i>Supplemental disclosure and non-cash investing and financing activities :</i> | | |
| Cash paid for interest | <u><u>\$ 558,845</u></u> | <u><u>\$ 560,437</u></u> |

See accompanying notes to financial statements.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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 2021 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 2022.

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, 2022

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, 2022 and 2021, are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Cash from Federal Perkins loan program | \$271,475 | \$250,266 |
| Other restricted cash | <u>193,284</u> | <u>119,337</u> |
| Total restricted cash | <u>\$464,759</u> | <u>\$369,603</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, 2022 and 2021.

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, 2022

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, 2022 and 2021.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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>2022</u> | <u>2021</u> |
|---|-------------|-------------|
| Student accounts and grant receivables | \$2,207,574 | \$2,152,449 |
| 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, 2022

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.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 7,722,825 | \$ 8,726,860 |
| Restricted cash | 464,759 | 369,603 |
| Accounts and grants receivable, net of allowance for doubtful accounts | 15,894,751 | 11,247,621 |
| Contributions receivable, net | 13,880,471 | 14,002,132 |
| Notes receivable, less allowance for doubtful accounts | 39,291 | 39,291 |
| Investments in marketable securities | 21,300,546 | 24,222,320 |
| Investments in art collections | 33,852,250 | 33,829,450 |
| Investment in affiliate | 49,424,836 | 49,424,836 |
| Beneficial interests in trusts and endowments | <u>5,552,544</u> | <u>6,581,504</u> |
| Total financial assets | 148,132,273 | 148,443,617 |
| Less assets unavailable for general expenditures within one year: | | |
| Restricted cash | 464,759 | 369,603 |
| Contributions receivable, net of amounts without donor restrictions due within one year | 3,988,031 | 4,315,887 |
| 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 | 14,505,907 | 18,701,544 |
| Donor restricted endowment funds held in perpetuity | <u>30,743,895</u> | <u>28,678,251</u> |
| Total assets unavailable for general expenditures within one year | <u>99,166,718</u> | <u>101,529,412</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 48,965,555</u> | <u>\$ 46,914,205</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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

D. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable, net consisted of the following at June 30, 2022 and 2021, respectively:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|----------------------|----------------------|
| Student receivables | \$ 7,807,311 | \$ 6,675,841 |
| Government grants receivables | 8,281,345 | 5,253,303 |
| Private grant receivables | 1,909,341 | 1,366,598 |
| Other receivables | <u>104,328</u> | <u>104,328</u> |
| | 18,102,325 | 13,400,070 |
| Less allowance for doubtful accounts | <u>(2,207,574)</u> | <u>(2,152,449)</u> |
| | <u>\$ 15,894,751</u> | <u>\$ 11,247,621</u> |

E. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2022 and 2021, consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Unconditional promises expected to be collected in: | | |
| Less than one year | \$ 4,641,500 | \$ 4,179,201 |
| One year to five years | 5,195,543 | 5,729,419 |
| More than five years | <u>4,928,532</u> | <u>4,662,082</u> |
| | 14,765,575 | 14,569,702 |
| Less allowance for uncollectible pledges and unamortized discount | <u>(885,104)</u> | <u>(567,570)</u> |
| | <u>\$ 13,880,471</u> | <u>\$ 14,002,132</u> |

The discount rate used to determine the present value of contributions receivable is 3.49% and 2.04% at June 30, 2022 and 2021, respectively.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

F. NOTES RECEIVABLE

Notes receivable at June 30, 2022 and 2021, consisted of the following:

| | <u>2022</u> | <u>2021</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, 2022 and 2021, investments, stated at market value, are comprised of the following significant classifications:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Certificates of deposit and money market funds | \$ 447,192 | \$ 1,579,200 |
| Mutual bond and stock funds: | | |
| Equities | 9,088,246 | 10,761,970 |
| Fixed income | 9,499,512 | 10,313,579 |
| Mutual funds | 1,579,451 | 1,567,571 |
| Private equity | <u>686,145</u> | <u>-</u> |
| | <u>\$21,300,546</u> | <u>\$24,222,320</u> |

The return (investment income, gains and losses) on investments in marketable securities was (10.55%) and 13.47% based on the average market value of such investments for fiscal years 2022 and 2021, 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 \$33,852,250 and \$33,829,450 at June 30, 2022 and 2021, respectively. The market for art is volatile and it is possible that appraised values could change materially. The collections consist of paintings, photographs, sculptures and various other pieces.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 and 2021.

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 2022 and 2021, the University received interest and dividends of \$154,303 and \$144,964 respectively, on funds held in a trust and in an endowment fund (Note G). These funds total \$5,552,544 and \$6,581,504 at June 30, 2022 and 2021, 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, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|----------------------|----------------------|
| Land and improvements | \$ 515,241 | \$ 515,241 |
| Buildings and equipment | 60,398,378 | 60,398,378 |
| Equipment and furniture | 32,003,177 | 31,840,235 |
| Library books | 2,028,117 | 2,028,117 |
| Construction in progress | <u>10,873,317</u> | <u>2,547,609</u> |
| | 105,818,230 | 97,329,580 |
| Less: Accumulated depreciation | <u>(73,604,677)</u> | <u>(72,099,867)</u> |
| Property and equipment, net | <u>\$ 32,213,553</u> | <u>\$ 25,229,713</u> |

Depreciation expense totaled \$1,504,810 and \$1,660,335 for the years ended June 30, 2022 and 2021, respectively. Estimated costs to complete construction at June 30, 2022 are approximately \$17,500,000 for various projects on campus. A portion of the construction has been funded by \$4,605,427 in contributions.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. PROPERTY, BUILDINGS AND EQUIPMENT - Continued

During fiscal year 2021, the University suffered damage to several buildings stemming from a tornado. Insurance proceeds of \$2,049,541 and \$757,000 were received in fiscal year 2022 and 2021, respectively, for repair and restoration of damage. Clean up costs and repairs through the end of fiscal year 2022 were expensed. These proceeds are included in gain on disposal of assets in the Statement of Activities.

J. NOTES PAYABLE

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% June 30, 2021) on the outstanding balance is paid monthly. The line of credit was paid in full and closed on June 3, 2022. The outstanding balance was \$3,002,601 at June 30, 2021, and was collateralized by the investments of the University.

In September 2020, the University entered into a note agreement with an 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 note payable was \$4,947 as of June 30, 2021, and was paid in full during fiscal year 2022.

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 \$9,715,364 and \$9,958,757 as of June 30, 2022 and 2021, respectively.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

J. NOTES PAYABLE - 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.

On March 16, 2021, the University entered into a non-revolving construction line of credit loan with the Tennessee Rural Development Fund, LLC. 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. The outstanding balance was \$2,739,804 and \$-0- at June 30, 2022 and 2021, respectively

The maturities of notes payable, are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|---------------------|
| 2023 | \$ 215,345 |
| 2024 | 245,701 |
| 2025 | 259,496 |
| 2026 | 272,708 |
| 2027 | 286,605 |
| Thereafter | <u>11,175,313</u> |
| | <u>\$12,455,168</u> |

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 \$172,924 and \$165,411 in contributions to the plan during the years ended June 30, 2022 and 2021, respectively.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 December 31, 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 \$293,700 and \$272,639 as of June 30, 2022 and 2021, 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 2023.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 and 2021, respectively:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Time Restrictions: | | |
| Contributions receivable | \$ 3,988,032 | \$ 4,315,887 |
| Purposes: | | |
| Scholarships | 5,633,027 | 5,894,595 |
| Building construction and renovation | 1,073,395 | 1,654,460 |
| Endowment fund; scholarships and art | 333,650 | 5,008,232 |
| Other | 7,465,834 | 6,144,257 |
| Investment in perpetuity, the income of which is expendable to support scholarships and art | <u>30,743,895</u> | <u>28,678,251</u> |
| | <u>\$49,237,833</u> | <u>\$51,695,682</u> |

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

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|--------------------|--------------------|
| Purposes: | | |
| Scholarships | \$1,643,817 | \$ 867,567 |
| Building construction and renovation | 3,391,441 | 1,319,598 |
| Other | <u>1,293,653</u> | <u>2,353,797</u> |
| | <u>\$6,328,911</u> | <u>\$4,540,962</u> |

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

N. ADVERTISING EXPENSES

The University expenses advertising expenses as incurred. During the years ended June 30, 2022 and 2021, the University incurred advertising costs in the amounts of \$49,465 and \$33,663, 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 \$108,811 and \$76,227 for the years ended June 30, 2022 and 2021, 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, 2022, are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|------------------|
| 2023 | \$ 53,251 |
| 2024 | 46,632 |
| 2025 | <u>22,444</u> |
| | <u>\$122,327</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 \$816,667, and \$916,667 as of June 30, 2022 and 2021, respectively. The University uses the straight-line method to record escalating rent payments and has deferred rent totaling \$31,788 and \$31,341 as of June 30, 2022 and 2021, respectively. These amounts are reported as deferred revenue in the Statement of Financial Position.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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> |
|-----------------------------|--------------------|
| 2023 | \$ 410,652 |
| 2024 | 418,865 |
| 2025 | 427,242 |
| 2026 | 435,787 |
| 2027 | 444,503 |
| Thereafter | <u>1,466,440</u> |
| | <u>\$3,603,489</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
JUNE 30, 2022

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, 2022 and 2021, includes net assets with donor restrictions that are perpetual in nature totaling \$30,743,895 and \$28,678,251, respectively.

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

| | <u>2022</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 | \$ 5,008,232 | \$28,678,251 | \$ 33,686,483 |
| Investment loss, net | (3,458,415) | - | (3,458,415) |
| Contributions | - | 2,065,644 | 2,065,644 |
| Appropriation of endowment assets for expenditure | (1,221,587) | - | (1,221,587) |
| Reclassifications and other | <u>5,420</u> | <u>-</u> | <u>5,420</u> |
| Endowment net assets, end of year | <u>\$ 333,650</u> | <u>\$30,743,895</u> | <u>\$ 31,077,545</u> |

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> |

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 and 2021.

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, 2022 and 2021, 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, 2022

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, 2022 and 2021:

| | | | | Fair Value Measurements at Reporting Date Using | | |
|---|--------------------|-------------------------|------------------------------|--|-----------|------------|
| | Carrying Amount | Estimated Fair Value | Measured at Fair Value | (Level 1) | (Level 2) | (Level 3) |
| 2022: | | | | | | |
| Assets: | | | | | | |
| Investments in marketable securities: | | | | | | |
| Certificates of deposit and money market funds | \$ 447,192 | \$ 447,192 | \$ 447,192 | \$ 447,192 | \$ - | \$ - |
| Mutual bond and stock funds: | | | | | | |
| Equities | 9,088,246 | 9,088,246 | 9,088,246 | 9,088,246 | - | - |
| Fixed income | 9,499,512 | 9,499,512 | 9,499,512 | 9,449,512 | - | - |
| Mutual funds | 1,579,451 | 1,579,451 | 1,579,451 | 1,579,451 | - | - |
| Private equity | 686,145 | 686,145 | 686,145 | N/A | N/A | N/A |
| | 21,300,546 | 21,300,546 | 21,300,546 | 20,614,401 | - | 686,145 |
| Investments in art collections | 33,852,250 | 33,852,250 | 33,852,250 | - | - | 33,852,250 |
| Real estate held for investment | 541,734 | 541,734 | 541,734 | - | - | 541,734 |
| Beneficial interests in trusts and endowments | 5,552,544 | 5,552,544 | 5,552,544 | - | 5,552,544 | - |
| Liabilities: | | | | | | |
| Notes payable | 12,455,168 | 12,455,168 | - | - | - | - |

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Q. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

| | | | | Fair Value Measurements at Reporting Date Using | | |
|---|--------------------|-------------------------|------------------------------|--|-----------|------------|
| | Carrying Amount | Estimated Fair Value | Measured at Fair Value | (Level 1) | (Level 2) | (Level 3) |
| <u>2021:</u> | | | | | | |
| 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> | - | - |
| | 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 | - | - | - | - |

Transfers, purchases, and issuance of Level 3 assets for the year ended June 30, 2022 and 2021, are as follows:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|-------------------------|--|
| | Real Estate Held for Investment |
| <u>2022</u> | |
| Purchase of real estate | <u>\$1,782</u> |
| <u>2021</u> | |
| Purchase of real estate | <u>\$2,002</u> |

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Q. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

There were no transfers between Level 2 and Level 3 investments during the year ending June 30, 2022 and 2021.

Investments valued at net asset value per share as of June 30, 2022 were private equity investments with an aggregate carrying value of \$686,145 for which there were unfunded commitments totaling \$313,855. The redemption notice period for unfunded commitments is for up to 5 years and the redemption frequency is at the general partners discretion pending approval of the University's management.

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, private equity, 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. Private equity interests are valued at the net asset values allocated to the University at the measurement date. Investments carried at net asset value are not required to be categorized within the fair value hierarchy. 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, 2022

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, 2022 and 2021, 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, 2022 and 2021 consisted of scholarships from institutional sources and funded sources from grants, endowments, and other sources as follows:

| | <u>2022</u> | <u>2021</u> |
|-----------------------|---------------------|---------------------|
| Institutional sources | \$ 9,798,831 | \$ 8,897,225 |
| Funded sources | <u>4,074,585</u> | <u>2,334,042</u> |
| Total | <u>\$13,873,416</u> | <u>\$11,231,267</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, 2022 and 2021 disaggregated by the major classification of student type is as follows:

| <u>Student Classifications</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------|---------------------|---------------------|
| Undergraduate tuition | \$18,500,827 | \$16,920,773 |
| Graduate tuition | 530,577 | 604,187 |
| Fees | <u>2,973,772</u> | <u>2,479,141</u> |
| Total gross tuition and fees | <u>\$22,005,176</u> | <u>\$20,004,101</u> |

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 and 2021 disaggregated by type is as follows:

| <u>Auxiliary Revenue Classification</u> | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Housing | \$4,354,709 | \$1,625,995 |
| Dining services | 3,203,584 | 1,201,439 |
| Bookstore sales | 262,609 | 165,210 |
| Rental income | 146,743 | 398,227 |
| Other auxiliary income | <u>77,198</u> | <u>286,099</u> |
| Total auxiliary enterprises revenue | <u>\$8,044,843</u> | <u>\$3,676,970</u> |

A summary of revenue from contracts with customers related to other sources for the years ended June 30, 2022 and 2021 disaggregated by type is as follows:

| <u>Other Sources Revenue Classification</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Cell tower revenue | \$402,025 | \$164,319 |
| Jubilee Singers | 82,444 | 7,825 |
| Miscellaneous income | <u>71,226</u> | <u>184,977</u> |
| Total other sources | <u>\$555,695</u> | <u>\$357,121</u> |

There were no revenue from contracts with customers related to grants classified as exchange transactions for the years ended June 30, 2022 and 2021.

U. RELATED PARTIES

Members of the Board of Trustees have made contributions to the University for various purposes. During fiscal year 2022 and 2021, contributions from the Board of Trustees totaled \$707,907 and \$455,830, respectively. At June 30, 2022 and 2021, the balance of contributions due from Board members is \$2,014,583 and \$2,798,750 respectively. These contributions are included in contributions receivable.

FISK UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

V. SUBSEQUENT EVENTS

On August 18, 2022, the University entered into a capital project loan agreement with Rice Capital Access Program, LLC (the “Lender”). The promissory note includes a Series A 2022-2 Bond with a maximum principal amount of \$12,000,000 and a Series A-2022-3 Bond with a maximum principal amount of \$22,250,000 has a maximum principal amount of \$34,250,000. The notes carry a variable interest rate and matures on December, 1, 2051.

The University has evaluated subsequent events through November 18, 2022, 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, 2022

ASSETS

| | Operations | Plant, Plant Related Debt and Other Non-Operating Assets | Total Without Donor Restrictions |
|---|----------------------|--|-------------------------------------|
| Cash and cash equivalents | \$ 7,722,825 | \$ - | \$ 7,722,825 |
| Accounts and grants receivable, net of allowance for doubtful accounts | 6,078,547 | - | 6,078,547 |
| Contributions receivable, net | 1,006,887 | - | 1,006,887 |
| Notes receivable, less allowance for doubtful accounts | 39,291 | - | 39,291 |
| Prepaid expenses and other assets | 642,571 | - | 642,571 |
| Inventory | 154,862 | - | 154,862 |
| Investments in marketable securities | 769,804 | - | 769,804 |
| Investments in art collections | - | 33,852,250 | 33,852,250 |
| Investment in affiliate | - | 49,424,836 | 49,424,836 |
| Real estate held for investment | - | 541,734 | 541,734 |
| Property and equipment, at cost, net of accumulated depreciation | - | 32,213,553 | 32,213,553 |
| Total assets | <u>\$ 16,414,787</u> | <u>\$ 116,032,373</u> | <u>\$ 132,447,160</u> |

LIABILITIES AND NET ASSETS

| | | | |
|--|----------------------|-----------------------|-----------------------|
| Accounts payable and accrued expenses | 97,288 | - | \$ 97,288 |
| Deposits | 70,050 | - | 70,050 |
| Deferred revenue | 5,556,664 | - | 5,556,664 |
| Notes payable | 526,996 | 11,928,172 | 12,455,168 |
| Advances from Federal government for Perkins loan programs | 293,700 | - | 293,700 |
| Total liabilities | <u>6,544,698</u> | <u>11,928,172</u> | <u>18,472,870</u> |
| Net assets without donor restrictions | <u>9,870,089</u> | <u>104,104,201</u> | <u>113,974,290</u> |
| Total liabilities and net assets | <u>\$ 16,414,787</u> | <u>\$ 116,032,373</u> | <u>\$ 132,447,160</u> |

See independent auditor's report.

FISK UNIVERSITY
SCHEDULE OF ACTIVITIES WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2022

| | Operations | Plant, Plant Related Debt and Other Non-Operating Assets | Total Without Donor Restrictions |
|---|--------------|--|-------------------------------------|
| Operating activities: | | | |
| Revenue and other support: | | | |
| Tuition and fees | 22,005,176 | \$ - | \$ 22,005,176 |
| Less scholarships and fellowships | (13,873,416) | - | (13,873,416) |
| Net tuition and fees | 8,131,760 | - | 8,131,760 |
| Governmental grants and contracts | 14,569,723 | - | 14,569,723 |
| Private gifts and grants | 3,398,995 | - | 3,398,995 |
| Investment income, net | 36,921 | - | 36,921 |
| Endowment spending payout | 1,221,587 | - | 1,221,587 |
| Sales and services of auxiliary enterprises, net | 8,044,843 | - | 8,044,843 |
| Other sources | 555,695 | - | 555,695 |
| Net assets released from restrictions | 6,328,911 | - | 6,328,911 |
| Total revenue and other support | 42,288,435 | - | 42,288,435 |
| Expenses: | | | |
| Program: | | | |
| Instruction and academic support | 12,476,714 | - | 12,476,714 |
| Student services | 3,304,124 | - | 3,304,124 |
| Auxiliary services | 3,215,457 | - | 3,215,457 |
| Total program | 18,996,295 | - | 18,996,295 |
| Support: | | | |
| Institutional support | 14,265,188 | - | 14,265,188 |
| Fundraising | 1,317,608 | - | 1,317,608 |
| Total support | 15,582,796 | - | 15,582,796 |
| Total expenses | 34,579,091 | - | 34,579,091 |
| Less: Expenses related to plant, plant related debt, and other non-operating assets | | | |
| Depreciation | (1,504,810) | 1,504,810 | - |
| Interest | (558,845) | 558,845 | - |
| Repairs and maintenance | (2,881,488) | 2,881,488 | - |
| | 29,633,948 | 4,945,143 | 34,579,091 |
| Net increase (decrease) in net assets without donor restrictions from operating activities | 12,654,487 | (4,945,143) | 7,709,344 |
| Non-operating activities: | | | |
| Gain on sale of property | - | 2,049,541 | 2,049,541 |
| Net increase in net assets without donor restrictions from non-operating activities | - | 2,049,541 | 2,049,541 |
| Net increase in net assets without donor restrictions | 12,654,487 | (2,895,602) | 9,758,885 |
| Operating assets utilized for plant related expenses | (10,314,579) | 10,314,579 | - |
| Net assets at beginning of year | 7,530,181 | 96,685,224 | 104,215,405 |
| Net assets at end of year | \$ 9,870,089 | \$ 104,104,201 | \$ 113,974,290 |

See independent auditor's report.

FISK UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

| Grantor/Pass-Through Grantor/Program Title | Assistance Listing 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 | \$ 46,822 |
| PSU IIRM-URA | 12.300 | N/A | 72,406 |
| | | | <u>119,228</u> |
| Multifunctional Materials for Air & Liquidation Protection (4) | 12.630 | W911SR-14-2 | <u>19,453</u> |
| Total U.S. Department of Defense | | | <u>138,681</u> |
| <u>National Aeronautics and Space Administration</u> | | | |
| Vanderbilt Subcontract Space Grant-College and Fellowship (1) | 43.001 | 21603-S5 | <u>7,107</u> |
| Development of Advanced APbX3 (APX) Perovskites as Room Temperature Semiconductor Detectors for Neutron and Gamma | 43.008 | N/A | <u>50,000</u> |
| Total Natunal Aeronautics and Space Administration | | | <u>57,107</u> |
| <u>National Science Foundation</u> | | | |
| Implementation Award | 47.076 | N/A | 265,364 |
| Infusion of Computational-Biological Content | 47.076 | N/A | 196,004 |
| Regional Centers in Broadening Participation | 47.076 | N/A | 334,276 |
| Uncovering the Role of Germline-Specific Mage- B2 Protein | 47.076 | N/A | 8,749 |
| Assuring the Integration of Mathematics | 47.076 | N/A | 38,565 |
| CREST - 2016-2021 | 47.076 | N/A | 448,823 |
| Research Initiation Award | 47.076 | N/A | (1,000) |
| HBCU - TIP Infusing Machine Learning | 47.076 | N/A | 46,170 |
| HBCU - UP: RIA/Solution and ID Novel | 47.076 | N/A | (237,467) |
| Collaborative Research - AGEP Transform | 47.076 | N/A | 147,947 |
| Targeted Infusion Project | 47.076 | N/A | 123,371 |
| CREST Center for Biological Signatures | 47.076 | N/A | 391,065 |
| ECR: BCSEr Capcity STEM Ed Rscr | 47.076 | N/A | 65,760 |
| GO-FAAR | 47.076 | N/A | 126 |
| Inv Factors Influence African American Students | 47.076 | N/A | 44,296 |
| Implementation Award | 47.076 | N/A | 66,055 |
| HBCU UP TIP 2013: Biomath | 47.076 | N/A | 576 |
| TLSAMP - TN State University | 47.076 | N/A | 2,000 |
| | | | <u>1,940,680</u> |
| Total National Science Foundation | | | <u>1,940,680</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, 2022

| Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------------|--|--------------|
| <u>U.S. Department of Energy</u> | | | |
| Exploring Partnership to Build Trajectories into STEM Teaching Professions | 81.117 | N/A | 9,060 |
| High Energy Resolution Mixed-Halide Elposolite Scintillators (2) | 81.117 | HDTRA-20 | 368,585 |
| High Performance Scintillator for Gamma Ray Spectroscopy (2) | 81.117 | DE-SC0015733 | 39,293 |
| Total U.S. Department of Energy | | | 416,938 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| University of Cincinnati - UT/PBT Chemicals Community Awareness (3) | 93.142 | 2445ES006184-24 | 1,526 |
| Total U.S. Department of Health and Human Services | | | 1,526 |
| <u>National Institute of Health</u> | | | |
| UIUC Know ENG BD2K Center | 93.310 | N/A | 15,742 |
| Bridge to the Doctorate at University of Illinois at Urbana-Champaign (5) | 93.859 | 1T32GM142518-01 | 35,643 |
| MARC UG Student Training | 93.859 | N/A | 150,761 |
| Fisk - Vanderbilt Biomedical Bridge (1) | 93.859 | 1R25GM107754-01 | 294,458 |
| | | | 480,862 |
| Total National Institute of Health | | | 496,604 |
| Total Research and Development Cluster | | | 3,051,536 |
| Student Financial Aid Cluster | | | |
| <u>U.S. Department of Education</u> | | | |
| Federal Supplemental Education Opportunity Grants | 84.007 | N/A | 337,476 |
| Federal Direct Loans | 84.268 | N/A | 6,254,447 |
| Federal Perkins Loans | 84.038 | N/A | 1,402,971 |
| Federal Work Study | 84.033 | N/A | 163,951 |
| Federal Pell Grants | 84.063 | N/A | 2,515,571 |
| Total U.S. Department of Education | | | 10,674,416 |
| Total Student Financial Aid Cluster | | | 10,674,416 |
| Title III Strengthening Historically Black Colleges and Universities Program (HBCU) | | | |
| | 84.031B | N/A | 2,557,234 |

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, 2022

| Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------------|--|----------------------|
| <u>U.S. Department of Education - Continued</u> | | | |
| Lead Program | 84.042A | N/A | <u>403,257</u> |
| *Higher Education Emergency Relief Fund | | | |
| Student Portion | 84.425E | N/A | 692,586 |
| Institution Portion | 84.425F | N/A | 2,654,465 |
| Historically Black Colleges and Universities | 84.425J | N/A | <u>686,915</u> |
| Total U.S. Department of Education | | | <u>4,033,966</u> |
| Total Higher Education Emergency Relief Fund | | | <u>4,033,966</u> |
| Other Federal Programs | | | |
| Graduate's Degree Programs at Historically Black Colleges and Universities | 84.382G | N/A | <u>425,994</u> |
| Total U.S. Department of Education | | | <u>18,094,867</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 21,146,403</u> |

* - denotes major program

(1) - Passed through Vanderbilt University

(2) - Passed through Capesym, Inc.

(3) - Passed through University of Cincinnati

(4) - Passed through MSRDC

(5) - Passed through the University of Illinois

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, 2022

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, 2022, 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, 2022, 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 | \$6,254,447 |

FISK UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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, 2022 totaled \$22,028.

E. SUBRECIPIENTS

The University passed through \$-0- to sub recipients in 2022.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2022

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 | \$ 30,743,895 |
| 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 | 5,552,544 |
| Total annuities, term endowments, life income funds, and beneficial interests with donor restrictions | <u>5,552,544</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>(4,615,147)</u> |
| c. Balance Pre-implementation property, plant and equipment, net | <u>18,897,417</u> |
| 4. Debt Financed Post-implementation property, plant and equipment, net | |
| Long-lived assets acquired with debt subsequent to June 30, 2019 | 569,734 |
| 5. Construction in progress - acquired subsequent to June 30, 2019 | 10,763,033 |
| 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>1,983,369</u> |
| 7. Total Property, Plant and Equipment, net - June 30, 2022 | <u>32,213,553</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>(3,353,273)</u> |
| c. Balance Pre-implementation debt | <u>9,715,364</u> |
| 9. Allowable post-implementation debt used for capitalized long-lived assets | - |
| 10. Construction in progress (CIP) financed with post-implementation debt | 2,739,804 |
| 11. Long-term debt not for the purchase of property, plant and equipment or liability greater than asset value | <u>-</u> |
| | <u>\$ 12,455,168</u> |

See independent auditor's report.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2022

Primary Reserve Ratio:

Expendable Net Assets:

| | | |
|--|--|-------------|
| 1 Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions | 113,974,290 |
| 2 Statement of Financial Position - Net assets with donor restrictions | Net assets with donor restrictions | 49,237,833 |
| 3 Statement of Financial Position - Contributions receivable, net and Related Parties footnote disclosure | Unsecured related party receivables | 2,014,583 |
| 4 Statement of Financial Position and Supplemental Disclosures Property, plant and equipment, net, Line 7 | Property, plant and equipment, net | 32,213,553 |
| 5 Supplemental Disclosures Property, plant and equipment, net, Line 3c | Property, plant and equipment pre-implementation | 18,897,417 |
| 6 Supplemental Disclosures Property, plant and equipment, net, Line 4 | Property, plant and equipment post-implementation with outstanding debt for original purchase | 569,734 |
| 7 Supplemental Disclosures Property, plant and equipment, net, Line 6a | Property, plant and equipment post-implementation without outstanding debt for original purchase | 1,983,369 |
| 8 Supplemental Disclosures Property, plant and equipment, net, Line 5 | Construction in progress | 10,763,033 |
| 9 Supplemental Disclosures - Note payable and Line of Credit for long-term purposes (current and long-term) | Long-term debt - for long term purposes | 12,455,168 |
| 10 Statement of Financial Position and Supplement Disclosures, Line 8c | Long-term debt - for long term purposes pre-implementation | 9,715,364 |
| 11 Statement of Financial Position and Supplement Disclosures, Line 9 | Long-term debt - for long term puposes post-implementation | - |
| 12 Statement of Financial Position and Supplement Disclosures, Line 10 | Long-term debt - for construction in progress | 2,739,804 |
| 13 Supplemental Disclosure - term endowments and beneficial interest with donor restrictions, Line 2 | Term endowments and beneficial interest with donor restrictions | 5,552,544 |
| 14 Supplemental Disclosure - term endowments, Line 2b | Term endowments | - |
| 15 Supplemental Disclosure - beneficial interests, Line 2d | Beneficial interests | 5,552,544 |
| 16 Supplemental Disclosure - Net assets with donor restrictions, restricted in perpetuity Line 1 | Net assets with donor restrictions: restricted in perpetuity | 30,743,895 |
| 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 | 34,579,091 |
| 18 Statement of Activities - Non-operating - Investment return appropriated for spending, investment return, net of spending | Non-Operating and Net Investment Loss | 4,680,002 |

See independent auditor's report.

FISK UNIVERSITY
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2022

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 113,974,290
Net assets with donor restrictions 49,237,833
Intangible assets -
Unsecured related party receivables 2,014,583

Modified Assets:

23 Statement of Financial Position - Total Assets Total Assets 181,684,993
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 2,014,583

Net Income Ratio

27 Statement of Activities - Change in Net Change in Net Assets Without Donor
Assets Without Donor Restrictions Restrictions 9,758,885
28 Statement of Activities - Total Operating
Revenue and Other Additions, net assets
released from restrictions, gains on
property and art Total Revenue and Gains 44,337,976



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") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

Report on 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 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 or significant deficiencies may exist that were not identified.



Members of the Audit Committee
Board of Trustees
Fisk University

Report on 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
November 18, 2022



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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fisk University's (the "University") compliance with the types of compliance requirements identified as subject to audit 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, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



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 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Members of the Audit Committee
Board of Trustees
Fisk University

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
November 18, 2022

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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? X Yes 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 |
|---|----------------------------|---|---------------------------------|
| Higher Education Emergency Relief Fund: 84.425E 84.425F 84.425J | Department of Education | Student Portion Institution Portion Historically Black Colleges and Universities | 692,586 2,654,465 686,915 |
| Various | Various | Research and Development Cluster | 3,051,536 |

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

\$750,000

Auditee qualified as low-risk auditee

 X Yes No

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2022

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

ITEM # 2022-001 CASH MANAGEMENT

Higher Education Emergency Relief Funding
Assistance Listing No. 84.425E and 84.425F
U.S. Department of Education

Criteria

For CRRSAA HEERF II and ARP HEERF III, the Certification and Agreements and/or Supplemental Agreements requires that Student Aid Portion (ALN 84.425E) should be disbursed within 15 calendar days of the drawdown from ED's G5 grants system and Institutional Aid Portion, (a)(2), and (a)(3) funds (all other ALNs) should be disbursed within 3 calendar days of the drawdown from G5. For lost revenue, the "obligation" occurs on the date the institution completes its estimate of its amount of lost revenue after the estimation period.

Condition and Context

The University did not disbursement certain Student Aid Portion within the 15-calendar day threshold and (a)(2) drawdown funding within the 3-calendar day threshold.

Questioned Cost

None

Cause

The University made drawdowns of funding without having allowable expenditures designated to match the drawdown within the required timeframe.

Effect

The University was not in compliance with the cash management requirement of the HEERF agreements.

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2022

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2022-001 CASH MANAGEMENT

Higher Education Emergency Relief Funding
Assistance Listing No. 84.425E and 84.425F
U.S. Department of Education

Recommendation

We recommend the University to consistently adhere to the disbursement timing requirements of the grant. We recommend the University to drawdown HEERF funding when the University has allowable expenditures that have occurred or are going to occur within the 3 or 15-day calendar threshold.

Views of Responsible Officials and Planned Corrective Action

The University concurs with the finding and will adhere to the disbursement timing requirements of the HEERF II and HEERF III awards in accordance with the Certification and Agreements and/or Supplemental Agreements. To ensure compliance with the 3-day or 15-day calendar threshold, funds will be drawn down at the time of, or after the occurrence of the allowable expenditures.

ITEM # 2022-002 REPORTING

Higher Education Emergency Relief Funding
Assistance Listing No. 84.425F and 84.425J
U.S. Department of Education

Criteria

For the Quarterly Public Reporting for (a)(1) Institutional Portion, (a)(2), and (a)(3) funds (Assistance Listings 84.425F, 84.425J, 84.425K, 84.425L, 84.425M, 84.425N, 84.425S, 84.425T as applicable), an institution must be both timely and accurate in publicly posting its Quarterly Reporting Form from October 30, 2020, onward.

Condition and Context

The University had inaccurate reporting in the Quarterly Reporting Form posted in each quarter of the fiscal year. The reports did not match the program expenditures details provided by management.

Questioned Cost

None

FISK UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2022

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - Continued

ITEM # 2022-002 REPORTING

Higher Education Emergency Relief Funding
Assistance Listing No. 84.425F and 84.425J
U.S. Department of Education

Cause

The University did not reconcile the Quarterly Reporting Forms to the program expenditure details.

Effect

The University was not in compliance with the quarterly reporting requirement of the HEERF agreements.

Recommendation

We recommend that the University reconcile all reporting forms to the internal expenditure records, to ensure reporting is timely and accurate for each HEERF program.

Views of Responsible Officials and Planned Corrective Action

The University concurs with the finding. To ensure reporting forms are reconciled to internal expenditure records to ensure timely and accurate reporting for each HEERF program, a second level review by conducted by the Associate VP of Finance prior to the report being submitted.

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 |
|----------------------------------|--------------------------------|---|
| 2021-001 | Direct Loan Reporting | Corrected |
| 2021-002 | Direct Loan Reconciliations | Corrected |
| 2021-003 | Enrollment Status Reporting | Corrected |
| 2021-004 | Satisfactory Academic Progress | Corrected |
| 2021-005 | Reporting | Repeated, See 2022-001 |

Management's Corrective Action Plan

2022-001

CASH MANAGEMENT

Corrective Action

The University concurs with the finding and will adhere to the disbursement timing requirements of the HEERF II and HEERF III awards in accordance with the Certification and Agreements and/or Supplemental Agreements. To ensure compliance with the 3-day or 15-day calendar threshold, funds will be drawn down at the time of, or after the occurrence of the allowable expenditures.

Anticipated

Completion Date June 30, 2023

Name of Contact
Person

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

2022-002

REPORTING

Corrective Action

The University concurs with the finding. To ensure reporting forms are reconciled to internal expenditure records to ensure timely and accurate reporting for each HEERF program, a second level review by conducted by the Associate VP of Finance prior to the report being submitted.

Anticipated

Completion Date June 30, 2023

Name of Contact

Person

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