

BRIGHAM YOUNG UNIVERSITY – IDAHO

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REPORTS ON AUDITS OF THE FINANCIAL STATEMENTS  
For the years ended December 31, 2020 and 2019  
AND FEDERAL GRANT COMPLIANCE  
For the year ended December 31, 2020  
(As required by the Single Audit Act and OMB uniform Guidance)

EIN: 82-0207699

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## **Report of Independent Auditors**

To the Board of Trustees of Brigham Young University – Idaho

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brigham Young University – Idaho (“the University”), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors’ Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brigham Young University - Idaho as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### ***Other 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 for the year ended December 31, 2020 and supplemental schedule of financial responsibility ratios for the year ended December 31, 2020 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the financial statements. The 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 and schedule of financial responsibility ratios are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of 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.

*PriceWaterhouseCoopers LLP*

Salt Lake City, Utah  
April 30, 2021

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 39,222	\$ 53,384
Accounts receivable, net of allowances of \$617 and \$667	7,222	7,511
Inventories, prepaid expenses and other assets	6,828	5,784
Investments	298,662	269,024
Beneficial interest in trusts and pledged contributions	10,057	8,872
Land, buildings, and equipment, net	548,311	552,347
<b>Total Assets</b>	<u>\$ 910,302</u>	<u>\$ 896,922</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable, accrued liabilities, and deposits	\$ 28,005	\$ 29,521
Deferred revenue	770	768
Retirement and postretirement benefits obligation	124,470	111,042
Loans and notes payable	21,043	32,179
<b>Total Liabilities</b>	<u>174,288</u>	<u>173,510</u>
<b>Net Assets</b>		
Without donor restrictions		
Operations	50,911	61,805
Board-designated endowments	41,529	37,874
Invested in land, buildings and equipment	526,867	519,819
Total without donor restrictions	<u>619,307</u>	<u>619,498</u>
With donor restrictions		
Operations	4,829	4,328
Beneficial interest in trusts and pledged contributions	10,057	8,872
Endowments	101,821	90,714
Total with donor restrictions	<u>116,707</u>	<u>103,914</u>
<b>Total Net Assets</b>	<u>736,014</u>	<u>723,412</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 910,302</u>	<u>\$ 896,922</u>

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENT OF ACTIVITIES  
for the year ended December 31, 2020

(in thousands of dollars)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Tuition and fees, net of scholarships and grants of \$19,914	\$ 120,423		\$120,423
Appropriations from a Church affiliate	126,153		126,153
Contributions and grants	3,426	\$ 4,566	7,992
Investment income, net	25,346	11,075	36,421
Auxiliary sales	19,330		19,330
Other	46,202		46,202
Net assets released from restrictions	2,848	(2,848)	-
<b>Total Revenues and Other Support</b>	<u>343,728</u>	<u>12,793</u>	<u>356,521</u>
<b>Expenses</b>			
Education	273,340		273,340
Administration	45,171		45,171
Auxiliary	21,672		21,672
<b>Total Expenses</b>	<u>340,183</u>		<u>340,183</u>
<b>Increase in Net Assets before Retirement and Postretirement Plans Adjustment</b>	3,545	12,793	16,338
<b>Retirement and Postretirement Plans Adjustment</b>	<u>(3,736)</u>		<u>(3,736)</u>
<b>Increase (decrease) in Net Assets</b>	(191)	12,793	12,602
<b>Net Assets Beginning of Year</b>	619,498	103,914	723,412
<b>Net Assets End of Year</b>	<u>\$ 619,307</u>	<u>\$ 116,707</u>	<u>\$736,014</u>

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENT OF ACTIVITIES  
for the year ended December 31, 2019

(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
Tuition and fees, net of scholarships and grants of \$20,013	\$ 118,593		\$ 118,593
Appropriations from a Church affiliate	136,850		136,850
Contributions and grants	3,447	\$ 4,752	8,199
Investment income, net	32,479	14,585	47,064
Auxiliary sales	25,733		25,733
Other	42,299		42,299
Net assets released from restrictions	2,506	(2,506)	-
<b>Total Revenues and Other Support</b>	<b>361,907</b>	<b>16,831</b>	<b>378,738</b>
<b>Expenses</b>			
Education	262,933		262,933
Administration	38,085		38,085
Auxiliary	24,688		24,688
<b>Total Expenses</b>	<b>325,706</b>		<b>325,706</b>
<b>Increase in Net Assets before Retirement and Postretirement Plans Adjustment</b>	<b>36,201</b>	<b>16,831</b>	<b>53,032</b>
<b>Retirement and Postretirement Plans Adjustment</b>	<b>(40,915)</b>		<b>(40,915)</b>
<b>Increase (decrease) in Net Assets</b>	<b>(4,714)</b>	<b>16,831</b>	<b>12,117</b>
<b>Net Assets Beginning of Year</b>	<b>624,212</b>	<b>87,083</b>	<b>711,295</b>
<b>Net Assets End of Year</b>	<b>\$ 619,498</b>	<b>\$ 103,914</b>	<b>\$ 723,412</b>

See notes to financial statements

BRIGHAM YOUNG UNIVERSITY – IDAHO

STATEMENTS OF CASH FLOWS  
for the years ended December 31, 2020 and 2019

(in thousands of dollars)

<b>Cash Flows from Operating Activities</b>	<b>2020</b>	<b>2019</b>
Increase in net assets	\$ 12,602	\$ 12,117
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	28,523	30,671
(Gain) loss on disposal of land, buildings and equipment	(209)	180
(Gain) on investments, net	(30,488)	(39,534)
Contributions restricted for investment in donor-restricted net assets	(2,500)	(3,094)
Investment (gain) loss restricted for reinvestment	(170)	216
Noncash contributions	(161)	(1,036)
Changes in operating assets and liabilities		
Accounts receivable	289	1,303
Inventories, prepaid expenses and other assets	(1,044)	802
Beneficial interest in trusts and pledged contributions	(1,185)	(1,658)
Accounts payable, accrued liabilities and deposits	(234)	2,840
Deferred revenue	2	(657)
Retirement and postretirement benefits obligation	13,428	42,700
Annuities payable	13	(3)
Net cash provided by operating activities	<u>18,866</u>	<u>44,847</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	76,821	21,892
Purchase of investments	(75,971)	(19,686)
Proceeds from disposal of land, buildings and equipment	766	529
Purchase of land, buildings and equipment	<u>(26,178)</u>	<u>(21,029)</u>
Net cash used in investing activities	<u>(24,562)</u>	<u>(18,294)</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for investment in donor-restricted endowments	2,500	3,094
Other financing activities		
Investment gain (loss) restricted for reinvestment	170	(216)
Payments on loans and notes payable	<u>(11,136)</u>	<u>(10,881)</u>
Net cash used by financing activities	<u>(8,466)</u>	<u>(8,003)</u>
Net (decrease) increase in cash	(14,162)	18,550
Cash, beginning of year	<u>53,384</u>	<u>34,834</u>
Cash, end of year	<u>\$ 39,222</u>	<u>\$ 53,384</u>
<b>Supplemental Data</b>		
Interest paid	\$ 484	\$ 742
Change in purchases of land, buildings and equipment in accounts payable	(1,295)	1,585

See notes to financial statements

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brigham Young University - Idaho (the University), located in Rexburg, Idaho, is a non-profit corporation affiliated with The Church of Jesus Christ of Latter-day Saints (the Church).

#### Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

University net assets are classified into two categories: Without Donor Restrictions and With Donor Restrictions, based on the absence or existence of donor-imposed time or purpose restrictions upon resources provided to the University. When donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions, and are reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the University reports the contribution as without donor restrictions.

#### Cash

Cash includes cash on hand, cash in depository institutions and cash in an interest bearing cash management account maintained with a Church affiliate (Note 7) that is available on demand and is not covered by federal depository insurance.

#### Inventories

Inventories include retail store inventory stated at the lower of cost (retail inventory method) or market and materials and supplies stated at the lower of cost (first-in, first-out method) or market.

#### Investments

Investments with readily determinable fair values are carried at fair value. Investments that have no readily determinable fair value are carried at either original cost or estimated fair value at the date of donation.

#### Beneficial Interest in Trusts and Pledged Contributions

The University is named as a beneficiary of certain irrevocable trusts. Donors have also made pledges to contribute to the University. Revenues and assets included in the financial statements are based on the net present value of expected proceeds from those trusts and pledged contributions.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### Land, Buildings and Equipment

Land, buildings and equipment are stated at acquisition cost or at estimated fair value at time of donation. Gifts of long-lived assets are treated as support without donor restrictions unless explicit donor restrictions specify otherwise. Depreciation is computed using the straight-line method and the following useful lives:

Buildings	30-60 years
Improvements	5-20 years
Furniture, fixtures and equipment	5-15 years
Library books	7-25 years

#### Collections

The University maintains several collections, which are not reported for financial statement purposes. These collections include works of art, natural history (living and artifacts), and other similar objects. Collections are held for public exhibition, education and research in furtherance of the University's goal to provide public service. Proceeds from the sale of collection items are held and used to acquire other collection items that are expensed at the time of purchase or for the direct care of existing collections. Various University departments have the responsibility to control, preserve and protect these collections.

#### Revenue Recognition

Tuition and fees revenue is received from students enrolled in degree or continuing education programs. Revenue is recognized within the year in which educational services are provided and is recorded net of scholarships and grants. Payments received in advance of providing services are recorded as deferred revenue.

Appropriations revenue is provided from a Church affiliate (Note 7) to support education, auxiliary and administrative activities. Appropriations revenue is recorded when received, or as costs are incurred for Church affiliate-funded projects.

Contributions and grants revenue includes monetary gifts or gifts-in-kind to support university operations, student aid, and capital projects. Unconditional promises to give to the University are recognized when the promise is formally acknowledged. Conditional promises to give to the University are recognized when the conditions on which they depend are substantially met. Contributions are recorded at fair value at the time gifts are received. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. Grants and contracts awarded by governmental and private entities are generally considered nonreciprocal transactions. Resources provided benefit the University, the funding entity's mission, or the public at large. Revenue is recognized according to the conditions of the agreement, usually as qualifying expenditures are incurred and

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

conditions are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Auxiliary sales revenue results from furnishing goods or services to students, faculty, staff, or to the general public. Auxiliary enterprises are managed to operate as self-supporting activities. Auxiliary sales revenue includes dining, housing, student medical services, store sales, event ticket sales, sponsorships, Church affiliate education services and other services. Revenues are recognized at the time of sale or over the life of the contract as performance obligations are met. Amounts received in advance are recorded as deferred revenues. Auxiliary enterprises may also be supported by appropriations, contributions, and investment income.

#### Fair Value Measurements

Certain financial instruments, presented in investments, and retirement and postretirement plan assets are carried at fair value, as discussed in Notes 9 and 10, respectively.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on assumptions that market participants would use, including consideration of non-performance risk.

In determining fair value, the University uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors, including the type of instrument, whether the instrument is traded in active markets, and other characteristics particular to the investment. Equity and fixed income portfolio investments are valued at fair value, based upon the underlying investments, using the net asset values provided by a Church affiliate (Note 7). Equity securities are valued at the closing price reported on the active market on which the securities are traded. Fixed income securities are generally valued using pricing models maximizing the use of observable inputs. Real estate is valued at fair value as of the date of the gift, based on appraisals.

The University assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical assets or liabilities in an active market. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Transfers between levels occur when there is a change in the observability of significant inputs. This may occur between Level 1 and Level 2 when the availability of quoted prices changes, or when market activity significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with observable market data. The University recognizes all transfers at the end of each reporting period.

#### Accounting for Retirement and Postretirement Plans

The University recognizes the over/under funded status of retirement and postretirement plans in the statement of financial position. For retirement plans, funding status is measured as the difference between the fair value of plan assets and the projected benefit obligation. For postretirement plans, funding status is measured as the difference between the fair value of plan assets and the accumulated postretirement benefit obligation.

The University also recognizes all previously unrecognized actuarial gains and losses, prior service cost, and transition liability in net assets without donor restrictions and provides all required additional disclosure.

#### Income Tax Status

The University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The University is exempt from state income tax under Title 63 of the Idaho Code. Accordingly, no provision for income taxes is made in the financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The University's liquidity needs are met from the following sources: tuition and fees received, monthly Church affiliate appropriations for operations, funding for Church affiliate-supported capital projects as costs are incurred, and contributions received by the University through Philanthropies, also a Church affiliate (Note 7), and grants from federal and state agencies and others. In order to meet additional liquidity needs, the University may redeem investments from its investment portfolios on a monthly basis with a minimum notice period of 5 business days. Excess cash from daily operational needs is managed in cash accounts held by Church affiliates. Excess cash that is not projected to be needed for 90 days or greater is invested in the University's investment portfolios. The investment portfolios are diversified as designated by the University's Investment Committee (the Committee).

The table below presents the University's financial assets, reduced by amounts unavailable for general use within one year because of contractual or donor-imposed restrictions, or internal designations. Amounts unavailable include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if management approves that action. The following table presents the availability of financial assets as of December 31, 2020 and 2019 (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Cash	\$ 39,222	\$ 53,384
Accounts and notes receivable, net, exchange transactions	3,510	3,970
Accounts and notes receivable, net, non-exchange transactions	3,712	3,541
Investments	298,662	269,024
Beneficial interest in trusts and pledged contributions, net	10,057	8,872
Total financial assets	<u>355,163</u>	<u>338,791</u>
Less those unavailable for general expenditure within one year:		
Other investments and other assets	1,340	1,339
Beneficial interest in trusts and pledged contributions, net	9,374	8,112
Board designated endowments, net of projected payout	39,764	36,264
Endowments, net of projected payout	<u>97,495</u>	<u>86,859</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$207,190</u>	<u>\$206,217</u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 3. INVESTMENTS

Investments primarily consist of unitized interests in investment pools managed by a Church affiliate (Note 7). Investments as of December 31, 2020 and 2019 are as follows (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Investments at fair value:		
Equity portfolios, domestic	\$ 158,415	\$ 103,660
Equity portfolios, international	40,308	55,648
Fixed income portfolios, domestic	<u>98,599</u>	<u>108,377</u>
Total investments at fair value	<u>297,322</u>	<u>267,685</u>
Other investments carried at cost or estimated value at the date of donation:		
Real estate	1,119	1,119
Other assets	<u>221</u>	<u>220</u>
Total other investments	<u>1,340</u>	<u>1,339</u>
Total investments	<u><u>\$ 298,662</u></u>	<u><u>\$ 269,024</u></u>

### 4. BENEFICIAL INTEREST IN TRUSTS AND PLEDGED CONTRIBUTIONS

The University is named as a beneficiary or remainderman for a number of irrevocable charitable trusts. Most of these trusts are administered by a Church affiliate (Note 7). Expected receipts from these trusts and unconditional promises to give as of December 31, 2020 and 2019, respectively, (determined using discount rates ranging from approximately 1 to 3 percent), are as follows (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 683	\$ 760
One to five years	2,508	2,244
More than five years	<u>6,866</u>	<u>5,868</u>
Total beneficial interest in trusts and pledged contributions	<u><u>\$ 10,057</u></u>	<u><u>\$ 8,872</u></u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 5. LAND, BUILDINGS AND EQUIPMENT

As of December 31, 2020 and 2019, land, buildings and equipment included (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Land, buildings and improvements	\$ 711,269	\$ 703,074
Furniture, fixtures and equipment	117,881	119,800
Library books and other	2,033	1,907
Construction in progress	<u>24,218</u>	<u>14,039</u>
	855,401	838,820
Less accumulated depreciation	<u>307,090</u>	<u>286,473</u>
Total land, buildings and equipment, net	<u><u>\$ 548,311</u></u>	<u><u>\$ 552,347</u></u>

### 6. LOANS AND NOTES PAYABLE

Loans and notes payable consist of an unsecured loan extended by a Church affiliate (Note 7) to the University for the acquisition of housing-related facilities. This loan bears interest at a rate of 2 percent. The loan will mature in 2057.

The amounts of future principal payments as of December 31, 2020 are (in thousands of dollars):

Year ending December 31,	
2021	\$ 1,209
2022	1,233
2023	1,258
2024	1,284
2025	1,309
2026 and thereafter	<u>14,750</u>
Total loans and notes payable to a Church affiliate	<u><u>\$ 21,043</u></u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 7. RELATED PARTIES

The University operates under the direction of a Board of Trustees (the Board) composed of General Authorities and other officers of the Church. The University is provided certain accounting and other management services and is also included in the property and liability insurance programs of Church affiliates, all at no cost to the University.

The following table presents balances due to and from or administered through Church affiliates, and activities with or processed by Church affiliates, included in the financial statements as of and for the years ended December 31, 2020 and 2019 (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Cash	\$ 26,263	\$ 40,275
Accounts receivable	2,912	2,236
Investments	298,662	269,024
Beneficial interest in trusts and pledged contributions	6,257	4,937
Accounts payable, accrued liabilities and deposits	3,259	3,259
Retirement and postretirement benefits obligation	124,470	111,042
Loans and notes payable	21,043	32,179
Appropriations:		
Operations	104,027	97,794
Capital expenditures	22,126	39,056
Contributions processed from donors	7,992	8,199
Investment income, net	36,421	47,064
Other revenue:		
Interest	382	514
Services	25,336	25,404
Expenses:		
Benefit plans	60,298	90,138
Products and services	3,091	2,922
Interest	410	737

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTES TO FINANCIAL STATEMENTS

#### 8. ENDOWMENTS

The University's endowment fund consists of individual donor-restricted endowment funds and funds designated by the Board to function as endowments (board-designated endowments). The net assets associated with endowment funds, including board-designated endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board has interpreted the adopted Idaho "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restriction, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the remaining portion of the donor-restricted endowment fund, until those amounts are allocated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to allocate or accumulate endowment funds:

- The 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 appreciation of investments
- Other resources of the University
- The investment policies of the University

When the Board designates funds without donor restrictions to function as endowments, they remain classified as net assets without donor restrictions. When the Board designates donor-restricted non-endowment funds to function as endowments, they are classified as net assets with donor restrictions. Board-designated endowments are used to fund management priorities as approved by the board. Also, from time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts creating a deficit (underwater endowment funds).

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 8. ENDOWMENTS, Continued

The following tables present the University's endowment net asset composition, changes, and classifications as of and for the indicated years (in thousands of dollars):

#### Changes in Endowment Net Assets for the year ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 37,874	\$ 90,714	\$ 128,588
Investment income, net	5,265	12,685	17,950
Contributions and other revenue	-	2,269	2,269
Appropriation for expenditure	(1,610)	(3,847)	(5,457)
Endowment net assets, end of year	<u>\$ 41,529</u>	<u>\$ 101,821</u>	<u>\$ 143,350</u>

#### Changes in Endowment Net Assets for the year ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 32,515	\$ 75,789	\$ 108,304
Investment income, net	6,740	15,900	22,640
Contributions and other revenue	-	2,240	2,240
Appropriation for expenditure	(1,381)	(3,215)	(4,596)
Endowment net assets, end of year	<u>\$ 37,874</u>	<u>\$ 90,714</u>	<u>\$ 128,588</u>

#### Description of Endowment Net Assets With Donor Restrictions

	2020	2019
The portion of perpetual endowment funds required to be retained permanently either by explicit donor stipulation or UPMIFA	\$ 62,591	\$ 60,151
The portion of perpetual endowments subject to a time restriction under UPMIFA, net of underwater amount		
Without purpose restrictions	-	-
With purpose restrictions	141	129
Term endowment funds	<u>39,089</u>	<u>30,434</u>
Total endowment funds classified as net assets with donor restrictions	<u>\$ 101,821</u>	<u>\$ 90,714</u>

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTES TO FINANCIAL STATEMENTS

#### 8. ENDOWMENTS, Continued

##### Endowment Funds with Deficits (Underwater Endowments)

As of December 31, 2020 and 2019 there were no endowments with deficits.

##### Return and Risk Objectives

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy endowment assets are invested in a manner that is intended to yield a long-term rate of return of approximately 6.0 percent annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

##### Strategies Employed for Achieving Investment Objectives

To achieve 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 gains) and current yield (interest and dividends). The University targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

##### Relationship of Spending Policy to Investment Objectives

The Committee determines the method to allocate endowment funds for expenditure. The allocation amount is determined as of the end of the year, one year prior to when it becomes available for expenditure, and is approved up to 4.25 percent of the preceding twelve quarters' average ending fair value. In establishing this method, the Committee considered the range of the expected long-term rate of return on the investment of the University's endowment funds. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at an average of 1.75 percent annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts. Depending upon market conditions and the needs and available resources of the University, allocations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 9. FINANCIAL INSTRUMENTS AT FAIR VALUE

Certain financial instruments of the University, which are presented in investments, are reported at fair value and are either categorized into a three-level hierarchy based on the nature of the inputs to the valuation technique, or presented as investments measured at net asset value per share as discussed in Note 1. The following tables present these financial instruments as of December 31, 2020 and 2019 (in thousands of dollars):

Fair Value Measurements as of December 31, 2020				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments measured at net asset value per share	N/A	N/A	N/A	\$ 297,322
Total investments	-	-	-	297,322
Beneficial interest in trusts	-	-	\$ 9,035	9,035
Total assets carried at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,035</u>	<u>\$ 306,357</u>

Fair Value Measurements as of December 31, 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments measured at net asset value per share	N/A	N/A	N/A	\$ 267,685
Total investments	-	-	-	267,685
Beneficial interest in trusts	-	-	\$ 7,866	7,866
Total assets carried at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,866</u>	<u>\$ 275,551</u>

The fair value of the beneficial interests in trusts is based upon the income approach. Significant inputs include the fair value of the trust assets, the discount rate, the annual amounts paid to the donor, and the estimated date of payout (Note 4).

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 9. FINANCIAL INSTRUMENTS AT FAIR VALUE, Continued

Investments measured at net asset value per share consist of unitized interests in investment pools managed by a Church affiliate (Note 7). The University has no unfunded commitments, and may redeem these investments on a once monthly basis, at the month-end net asset value, with a minimum notice period of 5 business days. The following table presents the fair value of these investments, as of December 31, 2020 and 2019 (in thousands of dollars):

	Fair Value Measurements of Investments Measured at Net Asset Value Per Share	
	2020	2019
Equity portfolios, domestic	\$ 158,415	\$ 103,660
Equity portfolios, international	40,308	55,648
Fixed income portfolios, domestic	98,599	108,377
Total investments measured at net asset value per share	<u>\$ 297,322</u>	<u>\$ 267,685</u>

Domestic and international equity portfolios consist of funds that invest in the common stock of either large, mid, or small-cap companies and are generally designed to either replicate the performance of an index or outperform an index through active security selection. Fixed income portfolios consist of funds that invest in either U.S. government or corporate debt securities, each with a targeted duration.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS

The University is a participating employer within the Master Retirement Plan administered by a Church affiliate (Note 7). The retirement plan is a noncontributory defined benefit plan that covers substantially all full-time employees of the University hired before January 1, 2021. Effective January 1, 2021, new-hire full-time employees will be eligible to participate in an expanded defined contribution retirement plan. Those employees are not eligible to participate in the Master Retirement Plan.

The University is also a participating employer within the Retiree Medical and Life Plan, administered by a Church affiliate. Through this plan, the University provides a postretirement benefit plan that provides a fixed monthly dollar benefit toward the purchase of medical and life insurance for retired employees. Participating retirees pay the difference between the fixed amounts and the total premium rates. The University recognizes the estimated cost of these postretirement benefits during the years employees provide service. At the time the University adopted this method, it elected to recognize the cumulative effect of the postretirement benefit obligation over a period of twenty years.

Retirement and postretirement plan information presented below represents the University's proportionate share of the Master Retirement Plan and the Retiree Medical and Life Plan (the Plans), respectively.

The following table presents the funding status and the related amounts recognized in the Statements of Financial Position as of December 31, 2020 and 2019 (in thousands of dollars):

	Retirement Plan		Postretirement Plan	
	2020	2019	2020	2019
Fair value of plan assets	\$ 451,124	\$ 398,568	\$ 49,290	\$ 43,363
Benefit obligation	(551,344)	(483,957)	(73,540)	(69,016)
Amount under funded	<u>\$ (100,220)</u>	<u>\$ (85,389)</u>	<u>\$ (24,250)</u>	<u>\$ (25,653)</u>

The accumulated benefit obligation for the retirement plan was \$466,811,000 and \$409,287,000 as of December 31, 2020 and 2019, respectively.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The following table presents information relating to the retirement and postretirement plans as of and for the years ended December 31, 2020 and 2019 (in thousands of dollars):

	Retirement Plan		Postretirement Plan	
	2020	2019	2020	2019
<b>Selected changes in plan assets:</b>				
Employer contributions	\$ 12,500	\$ 13,500	\$ 2,379	\$ 2,024
Plan participants' contributions	N/A	N/A	N/A	N/A
Benefits paid	15,113	14,075	1,847	1,779
<b>Accumulated amounts reflected in the Statements of Financial Position:</b>				
Net loss	\$ 116,704	\$ 110,298	\$ 11,191	\$ 13,553
Prior service cost	649	782	865	1,039
Amount in net assets without donor restrictions	117,353	111,080	12,056	14,592
(Prepaid) accrued retirement/postretirement cost	(17,133)	(25,691)	12,194	11,061
Retirement/postretirement liability	<u>\$ 100,220</u>	<u>\$ 85,389</u>	<u>\$ 24,250</u>	<u>\$ 25,653</u>
<b>Periodic benefit cost and other amounts recognized in net assets without donor restrictions reflected in the Statements of Activities:</b>				
Benefit cost*	<u>\$ 21,059</u>	<u>\$ 13,788</u>	<u>\$ 3,512</u>	<u>\$ 3,522</u>
Net loss (gain)	6,405	40,954	(2,363)	267
Prior service (credit) cost	<u>(133)</u>	<u>(133)</u>	<u>(173)</u>	<u>(173)</u>
Other amounts recognized in net assets without donor restrictions	<u>6,272</u>	<u>40,821</u>	<u>(2,536)</u>	<u>94</u>
Total benefit cost and other amounts recognized in net assets without donor restrictions	<u>\$ 27,331</u>	<u>\$ 54,609</u>	<u>\$ 976</u>	<u>\$ 3,616</u>

\* Benefit cost is comprised of service cost of \$18,023,000 and components other than service cost of \$3,036,000 for the retirement plan, and a service cost of \$2,669,000 and components other than service cost of \$842,000 for the postretirement plan.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The Plans experience demographic changes from assumptions used during the prior year and could have benefit obligation transfers between related entity participants in the Plans. The Plans also include assumptions for discount rate, mortality, and benefit payments that changed. For the pension plan the termination rate changed. For the postretirement plan, assumptions for base cost and trend also changed. The table below shows the effect upon plan (gains) and losses for the year ended December 31, 2020 due to demographic and assumption changes:

	Retirement Plan Effect on benefit obligation	Postretirement Plan Effect on benefit obligation
Demographic changes		
Obligation transfer*	(0.3%)	0.0%
Demographic data	0.2%	(0.0%)
Total demographic change	(0.1%)	(0.0%)
Assumption changes		
Discount rate	12.3%	11.8%
Mortality projection	(0.9%)	(0.3%)
Termination rate	(1.2%)	N/A
Base cost and trend	N/A	(8.2%)
Benefit payments*	0.0%	0.5%
Total assumption change	10.0%	2.8%

\* These amounts may not be directly reflected in the liability loss amount.

For the years ended December 31, 2020 and 2019, the following weighted-average assumptions were used in accounting for the Plans:

	Retirement Plan		Postretirement Plan	
	2020	2019	2020	2019
Benefit obligation:				
Discount rate	2.40%	3.10%	2.40%	3.10%
Rate of compensation increase	4.29%	4.30%	N/A	N/A
Net periodic benefit cost:				
Discount rate	3.10%	4.20%	3.10%	4.20%
Expected return on plan assets	5.00%	5.00%	5.00%	5.00%
Rate of compensation increase	4.29%	3.93%	N/A	N/A

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTES TO FINANCIAL STATEMENTS

#### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

Postretirement benefits are fixed dollar amounts, primarily for the purchase of health and life insurance, which might be adjusted in the future. For December 31, 2020 valuations, a 6.4% (5.9% for Medicare supplement) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2021. The rate was assumed to decrease gradually to 5.7% (6.0% for Medicare supplement) by 2030 and will continue to decrease until the rate reaches the ultimate level in 2076 of 3.9% (3.9% for Medicare supplement). For December 31, 2019 valuations, a 6.8% (6.5% for Medicare supplement) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2020. The rate was assumed to decrease gradually to 5.7% (6.0% for Medicare supplement) by 2029 and will continue to decrease until the rate reaches the ultimate level in 2076 at 3.9% (3.9% for Medicare supplement).

According to investment policy, the Plans have established long-term strategic asset allocation targets and ranges, as shown below.

For 2020 and 2019, the 5.0% expected long-term return assumption on plan assets, shown below, was based primarily on forecasted returns for the next ten years by asset category, weighted by the asset allocation target.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The asset classes were updated in August 2020 as follows.

	2020 Long-Term Target		Expected Return	
	Target	Range	Weighting	Category Return
Asset category:				
Domestic equity securities	20%	10-30%	20%	5.11%
International equity securities	10%	5-20%	10%	5.70%
Fixed Income	25%	15-40%	25%	2.50%
Real estate	12%	5-20%	12%	6.00%
Private equities	15%	5-20%	15%	7.50%
Non-investment grade debt	10%	0-15%	10%	4.10%
Multi-assets	5%	0-10%	5%	3.50%
Real assets	3%	0-10%	3%	3.75%
Value from active management				0.25%
Weighted-average return				5.00%

In 2019 and through August 2020, the asset classes were defined as follows:

	Asset Allocation		Expected Return	
	Target	Range	Weighting	Category Return
Asset category:				
Domestic equity securities	20%	10-30%	20%	5.11%
International equity securities	10%	5-20%	10%	5.70%
Fixed Income	25%	15-40%	25%	2.50%
Real estate	10%	5-20%	10%	6.00%
Private equities	15%	5-20%	15%	7.50%
Non-investment grade debt	10%	0-15%	10%	4.10%
Multi-assets	5%	0-10%	5%	3.50%
Real assets	5%	0-10%	5%	3.75%
Value from active management				0.25%
Weighted-average return				5.00%

The Plans set long-term strategic asset allocation target ranges and then use tactical asset allocation and active management with the intent of providing additional return. The investment policies have been designed to provide for the potential of reasonable long-term performance, yet control the magnitude of risk by setting policy ranges for asset allocation, domestic equity capitalization weighting, domestic equity active management exposure, derivatives exposure, and fixed-income quality.

The financial instruments of the Plans are reported at fair value and are either categorized into a three-level hierarchy based on the nature of the inputs to the valuation technique, or presented as investments measured at net asset value per share as described in Note 1.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The tables below present the fair value of the Master Retirement Plan assets as of December 31, 2020 and 2019 (in thousands of dollars), of which the University's share was 5.88% and 5.88% as of the respective dates:

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, net of accruals	\$ 50,380	\$ -	\$ -	\$ 50,380
Investments:				
U.S. government securities	-	18,953	-	18,953
Corporate debt securities	-	400,641	23,760	424,401
Mutual funds	1,676,136	-	-	1,676,136
Common stocks	1,082,276	-	5,025	1,087,301
Preferred stocks	18,658	1,292	3,652	23,602
Government agency mortgage-backed securities	-	400,900	-	400,900
Private mortgage-backed securities	-	148,387	6,646	155,033
Derivatives	-	13,190	18	13,208
Investments measured at net asset value per share	N/A	N/A	N/A	3,820,126
Net Master Retirement Plan assets	<u>\$ 2,827,450</u>	<u>\$ 983,363</u>	<u>\$ 39,101</u>	<u>\$ 7,670,040</u>

	Fair Value Measurements as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, net of accruals	\$ 69,220	\$ -	\$ -	\$ 69,220
Investments:				
U.S. government securities	-	61,398	-	61,398
Corporate debt securities, domestic	-	338,696	26,455	365,151
Corporate debt securities, international	-	15,472	-	15,472
Mutual funds	2,085,316	-	-	2,085,316
Common stocks, domestic	531,209	-	-	531,209
Common stocks, international	375,346	-	7,672	383,018
Preferred stocks	10,920	-	2,975	13,895
Government agency mortgage-backed securities	-	394,124	-	394,124
Private mortgage-backed securities	-	139,704	6,717	146,421
Derivatives	6	1,143	8	1,157
Investments measured at net asset value per share	N/A	N/A	N/A	2,716,732
Net Master Retirement Plan assets	<u>\$ 3,072,017</u>	<u>\$ 950,537</u>	<u>\$ 43,827</u>	<u>\$ 6,783,113</u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The tables below present the fair value of the Retiree Medical and Life Plan assets as of December 31, 2020 and 2019 (in thousands of dollars), of which the University's postretirement plan's share was 7.04% and 6.94% as of the respective dates:

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, net of accruals	\$ 4,013	\$ -	\$ -	\$ 4,013
Investments:				
U.S. government securities	-	-	-	-
Corporate debt securities	-	32,849	1,674	34,523
Mutual funds	360,177	-	-	360,177
Common stocks, domestic	37,290	-	-	37,290
Preferred stocks	1,378	133	-	1,511
Government agency mortgage-backed securities	-	249	-	249
Derivatives	-	120	-	120
Investments measured at net asset value per share	N/A	N/A	N/A	261,766
Net Retiree Medical and Life Plan assets	<u>\$ 402,858</u>	<u>\$ 33,351</u>	<u>\$ 1,674</u>	<u>\$ 699,649</u>

	Fair Value Measurements as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, net of accruals	\$ 6,965	\$ -	\$ -	\$ 6,965
Investments:				
U.S. government securities	-	2,925	-	2,925
Corporate debt securities, domestic	-	25,552	307	25,859
Corporate debt securities, international	-	941	-	941
Mutual funds	356,085	-	-	356,085
Common stocks, domestic	25,867	-	-	25,867
Preferred stocks	623	-	-	623
Government agency mortgage-backed securities	-	263	-	263
Derivatives	1	156	-	157
Investments measured at net asset value per share	N/A	N/A	N/A	204,819
Net Retiree Medical and Life Plan assets	<u>\$ 389,541</u>	<u>\$ 29,837</u>	<u>\$ 307</u>	<u>\$ 624,504</u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The tables below present additional information about assets measured at fair value for the Master Retirement Plan for the years ended December 31, 2020 and 2019 (in thousands of dollars). Both observable and unobservable inputs may be used to determine the fair value of positions that the Plan has classified within Level 3.

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2020		
	Purchases	Transfers In	Transfers Out
Corporate debt securities	\$ 17,919	\$ -	\$ -
Common stocks	-	-	(589)
Total Assets at fair value	<u>\$ 17,919</u>	<u>\$ -</u>	<u>\$ (589)</u>

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2019		
	Purchases	Transfers In	Transfers Out
Corporate debt securities, domestic	\$ 9,646	\$ 564	\$ (550)
Common stocks, international	4,970	2,452	-
Government agency mortgage-backed securities	-	-	(58)
Private mortgage-backed securities	3,847	61	-
Derivatives	-	8	-
Total Assets at fair value	<u>\$ 18,463</u>	<u>\$ 3,085</u>	<u>\$ (608)</u>

The tables below present additional information about assets measured at fair value in the Retiree Medical and Life Plan for the years ended December 31, 2020 and 2019 (in thousands of dollars). Both observable and unobservable inputs may be used to determine the fair value of positions that the Plan has classified within Level 3.

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2020		
	Purchases	Transfers In	Transfers Out
Corporate debt securities, domestic	\$ 1,326	\$ -	\$ -
Total Assets at fair value	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ -</u>

Assets at fair value	Changes in Level 3 Financial Assets Year Ended December 31, 2019		
	Purchases	Transfers In	Transfers Out
Corporate debt securities, domestic	\$ 250	\$ 43	\$ -
Total Assets at fair value	<u>\$ 250</u>	<u>\$ 43</u>	<u>\$ -</u>

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 10. RETIREMENT AND POSTRETIREMENT PLANS, Continued

The University expects to contribute \$16,700,000 to its retirement plan and \$2,279,000 to its postretirement plan during the year ending December 31, 2021.

As of December 31, 2020 the following benefit payments, which reflect expected future service, are expected to be paid (in thousands of dollars):

Year ending December 31,	<u>Retirement Plan</u>	<u>Postretirement Plan</u>
2021	\$ 15,692	\$ 2,097
2022	16,656	2,297
2023	17,642	2,488
2024	18,571	2,505
2025	19,540	2,757
2026-2030	113,230	16,119

The University also participates in supplementary defined contribution retirement plans. The plans are qualified retirement savings money purchase 401(a), 401(k), or Tax Sheltered Annuity 403(b) plans. The plans cover substantially all full-time employees. These plans are provided through a Church affiliate and TIAA. Employees can contribute a portion of their salaries, not to exceed Internal Revenue Service limits, in qualified programs offered through these companies. For included classes of employees, the University contributes a percentage of employee salary to the Church affiliate, which during the years ended December 31, 2020 and 2019, totaled \$5,351,000 and \$4,943,000, respectively.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 11. NATURAL CLASSIFICATION OF EXPENSES

The University presents expenses on its Statements of Activities by functional classification. Its primary function is to provide Education services, including instruction and academic support, research and creative work, and student support. Other functions include Auxiliary, and Administration, which support the University's primary mission. Each functional classification includes expenses presented below by natural classification. Operation and maintenance costs are allocated to functional categories primarily on the basis of occupied square footage. The following tables present these expenses for the years ended December 31, 2020 and 2019 (in thousands of dollars):

#### Natural Classification of Expenses for the year ended December 31, 2020

	Education	Administration	Auxiliary	Total
Salaries	\$ 139,761	\$ 18,483	\$ 3,739	\$ 161,983
Benefits	62,750	10,103	1,640	74,493
Total compensation	202,511	28,586	5,379	236,476
General & administrative	25,709	9,587	34	35,330
Physical facilities	4,997	1,473	1,474	7,944
Equipment	2,443	522	192	3,157
Travel	760	122	19	901
Materials & supplies	14,298	1,008	289	15,595
Depreciation	22,513	3,873	2,137	28,523
Cost of sales	104	-	11,664	11,768
Interest	5	-	484	489
Total expenses	<u>\$ 273,340</u>	<u>\$ 45,171</u>	<u>\$ 21,672</u>	<u>\$ 340,183</u>

#### Natural Classification of Expenses for the year ended December 31, 2019

	Education	Administration	Auxiliary	Total
Salaries	\$ 132,952	\$ 18,466	\$ 4,352	\$ 155,770
Benefits	55,333	9,113	1,637	66,083
Total compensation	188,285	27,579	5,989	221,853
General & administrative	24,854	1,537	46	26,437
Physical facilities	4,626	1,730	1,444	7,800
Equipment	2,111	381	326	2,818
Travel	3,121	536	58	3,715
Materials & supplies	16,442	1,265	330	18,037
Depreciation	23,343	5,057	2,271	30,671
Cost of sales	146	-	13,487	13,633
Interest	5	-	737	742
Total expenses	<u>\$ 262,933</u>	<u>\$ 38,085</u>	<u>\$ 24,688</u>	<u>\$ 325,706</u>

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTES TO FINANCIAL STATEMENTS

#### 12. COMMITMENTS AND CONTINGENCIES

The University has commitments for construction projects totaling \$3,602,000 as of December 31, 2020. Essentially all of this amount has been approved to be reimbursed by a Church affiliate (Note 7) and is expected to be received as costs are incurred.

The University has been named as a defendant in certain lawsuits. Other potential claims are pending. While the University cannot predict the results of these actions, management believes, based in part on the advice of in-house legal counsel, that any contingent liability resulting from such litigation and claims will not have a material effect on the University's operations or financial position. Financial responsibility for liability losses is assumed by a Church affiliate.

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID) as a pandemic. The spread of COVID caused significant volatility in financial markets and the overall global economy. The University implemented precautionary measures to continue operations consistent with the guidance of government authorities. The University did not accept funds allocated to colleges and universities as part of the Coronavirus Aid, Relief, and Economic Security Act or, CARES Act enacted in March 2020 or the Coronavirus Response and Relief Support Act or, CRRSA Act enacted in December 2020. Instead, private funds were used to support students who suffered COVID-related financial challenges. Full-time enrollment in 2020 increased compared to previous years. Auxiliary operations' financial results were negatively affected in 2020, due to restrictions on activities and virtual learning. The resolution and ultimate effect of the pandemic and related actions remain uncertain.

# BRIGHAM YOUNG UNIVERSITY – IDAHO

## NOTES TO FINANCIAL STATEMENTS

### 13. FINANCIAL RESPONSIBILITY RATIO INFORMATION

The U.S. Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Federal Title IV regulations (the Regulations). This information is intended for use by the Department of Education to ensure compliance with the Regulations.

Financial responsibility ratio information as of and for the year ended December 31, 2020, is as follows (in thousands of dollars):

#### Land, buildings and equipment detail

	2020	Source
Land, buildings and equipment, net - pre-implementation	\$ 520,730	December 31, 2019 SFP less 2020 depreciation and disposals
Land, buildings and equipment, net - post-implementation (w/outstanding debt for original purchase)	-	Component of Note 5
Land, buildings and equipment, net - post-implementation	14,860	Component of Note 5
Construction in progress	12,721	Component of Note 5
Total Land, buildings and equipment, net	<u>\$ 548,311</u>	SFP

#### Loans and notes payable detail

	2020	Source
Loans and notes payable - pre-implementation	\$ 21,043	December 31, 2019 SFP total debt less 2020 principal payments
Loans and notes payable - post-implementation (for PP&E)	-	Component of Note 6
Construction in progress	-	Component of Note 6
Total Loans and notes payable	<u>\$ 21,043</u>	SFP

### 14. SUBSEQUENT EVENTS

The University has evaluated subsequent events for the period after December 31, 2020 through April 30, 2021, the date the financial statements were available to be issued. No events have been identified that would have a material effect on the financial statements.

**SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS**

BRIGHAM YOUNG UNIVERSITY – IDAHO

SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS  
for the year ended December 31, 2020

(in thousands of dollars)

Primary Reserve Ratio:	Reference	Totals
<b>Expendable Net Assets:</b>		
Net assets without donor restrictions	SOFP <sup>1</sup>	\$ 619,307
Net assets with donor restrictions	SOFP	116,707
Less: Term endowments with donor restrictions <sup>2</sup>	SOFP	-
Life income funds with donor restrictions <sup>3</sup>	SOFP	(10,057)
Net assets with donor restrictions: restricted in perpetuity	Note 8	(101,821)
Unsecured related party receivable	Note 7	(2,912)
Land, buildings and equipment pre-implementation	Note 13	(520,730)
Land, buildings and equipment post-implementation with outstanding debt for original purchase	Note 13	-
Land, buildings and equipment post-implementation without outstanding debt for original purchase	Note 13	(14,860)
Construction in progress	Note 13	(12,721)
Add: Post-employment and pension liabilities <sup>4</sup>	SOFP	124,470
Long-term debt -		
for long-term purposes pre-implementation	Note 13	21,043
Long-term debt -		
for long-term purposes post-implementation	Note 13	-
<b>Total Expendable Net Assets</b>		<b>\$ 218,426</b>
<b>Expenses and Losses:</b>		
Total expenses without donor restrictions	SOA <sup>5</sup>	\$ 340,183
Other components of net periodic pension costs <sup>6</sup>	SOA	(3,736)
<b>Total Expenses and Losses</b>		<b>\$ 336,447</b>
<b>Equity Ratio:</b>	<b>Reference</b>	<b>Totals</b>
<b>Modified Net Assets:</b>		
Net assets without donor restrictions	SOFP	\$ 619,307
Net assets with donor restrictions	SOFP	116,707
Less: Unsecured related party receivables	Note 7	(2,912)
<b>Total Modified Net Assets</b>		<b>\$ 733,102</b>
<b>Modified Assets:</b>		
Total assets	SOFP	\$ 910,302
Less: Unsecured related party receivables	Note 7	(2,912)
<b>Total Modified Assets</b>		<b>\$ 907,390</b>
<b>Net Income Ratio:</b>	<b>Reference</b>	<b>Totals</b>
Change in Net Assets Without Donor Restrictions	SOA	\$ (191)
Total revenues without donor restrictions	SOA	343,728

<sup>1</sup> Statement of Financial Position

<sup>2</sup> Appears on SOFP as Board-designated endowments with donor restrictions

<sup>3</sup> Appears on SOFP as Beneficial interest in trusts and pledged contributions with donor restrictions

<sup>4</sup> Appears on SOFP as Retirement and postretirement benefits obligation

<sup>5</sup> Statement of Activities

<sup>6</sup> Appears on SOA as Retirement and Postretirement Plans Adjustment

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTE TO THE SUPPLEMENTAL SCHEDULE OF FINANCIAL RESPONSIBILITY RATIOS

#### 1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Financial Responsibility Ratios (the Schedule) of Brigham Young University – Idaho (the School) provides financial information required by the Department of Education to calculate the primary reserve ratio, equity ratio and net income ratio and the composite score as defined by in Subpart L of 34 CFR 668 for the year ended December 31, 2020. The financial information in the Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The Schedule is presented for purposes of additional analysis as required by the Department of Education and is not a required part of the basic financial statements.

BRIGHAM YOUNG UNIVERSITY – IDAHO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

BRIGHAM YOUNG UNIVERSITY – IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the year ended December 31, 2020

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Student Financial Aid Cluster:			
U.S. Department of Education			
Federal Pell Grant Program	84.063		\$ 73,294,791
Direct Loans (includes Stafford Loans and PLUS Loans)	84.268		46,525,587
Total Student Financial Aid Cluster			119,820,378
Research and Development Cluster:			
Pass-Through Funds:			
Department of Health and Human Services:			
National Center for Research Resources			
from University of Idaho	93.859	5P20GM103408-20	81,003
Total Pass-Through Funds			81,003
Total Research and Development Cluster			81,003
Total Federal Financial Assistance			\$ 119,901,381

## BRIGHAM YOUNG UNIVERSITY – IDAHO

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### 1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the "schedule") for the year ended December 31, 2020 includes the federal financial assistance transactions of Brigham Young University - Idaho (the "School") recorded on the accrual basis of accounting. Funds derived from federal grants may be used only to meet current expenditures for the purposes specifically identified by the sponsoring agencies. The information in the schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The School applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

#### 2. LOAN PROGRAMS:

The School issued loans under the Federal Direct Student Loans Program, which includes Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans, which are included in the schedule.

The School is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan programs and accordingly, these loans are not included in the School's financial statements. It is not practical to determine the balance of loans outstanding under these programs at December 31, 2020.



**Report of Independent Auditors 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***

To the Board of Trustees of Brigham Young University – Idaho

We have audited, 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, the financial statements of Brigham Young University – Idaho (“the University”), which comprise the statement of financial position as of December 31, 2020, 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 April 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (“internal control”) as a basis for designing the 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 may exist that have not been identified.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PriceWaterhouseCoopers LLP

Salt Lake City, Utah  
April 30, 2021



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal  
Control Over Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees of Brigham Young University – Idaho

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

We have audited Brigham Young University – Idaho’s (“the University”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University’s major federal programs for the year ended December 31, 2020. 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.

***Management’s Responsibility***

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

***Auditors’ Responsibility***

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

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

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

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.



### ***Other Matters***

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 11 “Gramm-Leach-Bliley Act-Student Information Security.” This section includes three suggested audit procedures with respect to verification that the institution (1) designated an individual to coordinate the information security program, (2) performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b), and (3) documented a safeguard for each risk identified. Our procedures in relation to these three items were limited to inquiry of and obtaining written representation from management and obtaining and reading management’s documentation related to these three items. Our procedures did not include an analysis of the adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The University’s response to the noncompliance findings identified in our audit is described in the accompanying management’s views and corrective action plan. The University’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material



weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

Salt Lake City, Utah  
April 30, 2021

**BRIGHAM YOUNG UNIVERSITY - IDAHO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
for the year ended December 31, 2020

**Section I – Summary of Auditor’s Results**

*Financial Statements:*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

· Material weakness identified?	___yes	<u>  X  </u> no
· Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	___yes	<u>  X  </u> no

*Federal Awards*

Internal control over major programs:

· Material weakness identified?	___yes	<u>  X  </u> no
· Significant deficiencies identified that are not considered to be material weaknesses?	___yes	<u>  X  </u> none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	<u>  X  </u> yes	___ no
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Identification of major programs:

CFDA Number: 84.063, 84.268	Name of Federal Program or Cluster: <u>Student Financial Assistance Cluster</u>	
Dollar threshold used to distinguish between type A and type B programs:	<u>\$3,000,000</u>	
Auditee qualified as low-risk auditee?	<u>  X  </u> yes	___ no

**Section II – Financial Statement Findings**

No findings related to the financial statements were noted which are required to be reported in accordance with Governmental Auditing Standards for the year ended December 31, 2020.

## **BRIGHAM YOUNG UNIVERSITY - IDAHO**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

for the year ended December 31, 2020

#### **Section III – Federal Award Findings and Questioned Costs**

##### **Finding 2020-001 Verification**

Grantor: Department of Education  
Program: Student Financial Assistance Cluster  
CFDA#: 84.268, 84.063  
Title: Federal Direct Student Loan Program, Federal Pell Grant Program  
Award Year: 7/2020 – 6/2021

##### **Criteria**

24 CFR 668.56(b): For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information that the applicant must verify.

24CFR 668.57: If an applicant is selected to verify any of the following information, an institution must obtain the specified documentation:

- (a) Adjusted Gross Income (AGI), income earned from work, or U.S. income tax paid. (1)  
Except as provided in paragraphs (a)(2), (a)(3), and (a)(4) of this section, an institution must require an applicant selected for verification of AGI, income earned from work or U.S. income tax paid to submit to it a copy of the income tax return or an Internal Revenue Service (IRS) form that lists tax account information of the applicant, his or her spouse, or his or her parents, as applicable for the specified year.

##### **Condition**

Of 25 selections tested for verification procedures, two instances were noted wherein management submitted data corrections that did not agree to the student's U.S. Income Taxes Paid and/or AGI per the ISIR or the subsequently obtained tax returns. In both instances, the incorrect tax information was used in awarding and disbursing Federal Aid. Only one of the two instances resulted in the student being over awarded by \$474 based upon the Pell distribution table for the academic year.

##### **Cause**

Management calculated aid eligibility based off incorrect tax information. This was not caught timely by management in the standard verification procedures.

##### **Effect**

The calculation of a student's eligibility for federal aid was dependent on accurate information reported in the student's ISIR. For one of the two instances, the inaccurate AGI included in the ISIR resulted in an inaccurate amount of aid awarded and disbursed.

##### **Questioned Costs**

\$474

##### **Recommendation**

We recommend that the School reexamine its training program surrounding the

Uniform Guidance requirements for student financial assistance to ensure all current and new employees are properly trained to perform verification procedures and the related internal control activities. In addition, we recommend that the School implement a monitoring control to ensure that all students selected for verification procedures have been verified accurately and timely.

**Management's View and Corrective Action Plan**

Management's response is reported in management's views and corrective action plan included at the end of this report.

**BRIGHAM YOUNG UNIVERSITY - IDAHO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

for the year ended December 31, 2020

There were no prior year findings or questioned costs related to Federal Awards for the year ended December 31, 2019.

**BRIGHAM YOUNG UNIVERSITY - IDAHO**

**MANAGEMENT'S VIEW AND CORRECTIVE ACTION PLAN**  
for the year ended December 31, 2020

**Finding 2020-001 Verification**

During fiscal year 2020 there were two verification errors that were noted during the audit of Federal programs in accordance with Uniform Guidance. Management agrees with the findings and proposes the following Corrective Action Plan:

**Corrective Action Plan**

The BYU-Idaho Financial Aid Office has implemented a new process to improve the accuracy in the verification process. To achieve this, management will:

- provide training to all employees responsible for verification with an emphasis on procedures surrounding verification inputs.
- implement a new monthly control where a sample of 10 student verification files for each verification employee will be reviewed for accuracy.

**Timing**

This training and verification process will begin in May 2021. Brenda Reeser, Associate Director of Operations, will perform the selection and verification sampling procedures and oversee the training for verification employees.

Sincerely,



**Kenneth Jackson | Director of Financial Aid**  
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