

**BRANDEIS UNIVERSITY**

Financial Statements

June 30, 2021

(with summarized comparative information for June 30, 2020)

(With Independent Auditors' Report Thereon)



RSM US LLP

## Independent Auditors' Report

Board of Trustees  
Brandeis University

### Report on the Financial Statements

We have audited the accompanying financial statements of Brandeis University (the University), which comprise the balance sheet as of June 30, 2021, the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

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

**Other Matter**

The financial statements of the University, as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated October 28, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent in all material requests, with the audited financial statements from which it was derived.

*RSM US LLP*

Boston, Massachusetts  
October 27, 2021

**BRANDEIS UNIVERSITY**

## Balance Sheet

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands of dollars)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 40,854	\$ 39,459
Short-term investments	-	34,989
Accounts receivable, net	21,071	18,103
Notes receivable, net	6,233	7,595
Contributions receivable, net	7,679	11,751
Long-term investments	1,314,834	1,099,459
Funds held by bond trustee	16,832	30,031
Funds held in trust by others and other assets	39,025	28,177
Lease right-of-use assets, net	6,674	7,658
Property, plant and equipment, net	358,453	360,799
Total assets	<u>\$ 1,811,655</u>	<u>\$ 1,638,021</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 39,539	\$ 30,739
Sponsored program advances	8,600	9,887
Student deposits and deferred revenue	7,391	11,079
Line of credit	-	35,000
Lease obligations	7,979	8,939
Other long-term liabilities	19,988	19,804
Long-term debt, net	280,802	292,334
Total liabilities	<u>364,299</u>	<u>407,782</u>
Net assets:		
Without donor restrictions	205,659	182,890
With donor restrictions	1,241,697	1,047,349
Total net assets	<u>1,447,356</u>	<u>1,230,239</u>
Total liabilities and net assets	<u>\$ 1,811,655</u>	<u>\$ 1,638,021</u>

See accompanying notes to financial statements.

**BRANDEIS UNIVERSITY**

Statement of Activities

Year ended June 30, 2021

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

(In thousands of dollars)

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>2021</b>	<b>2020</b>
Operating revenues and other support:				
Tuition and fees (net of financial aid)	\$ 156,571	\$ -	\$ 156,571	\$ 174,340
Residence hall, and dining	30,189	-	30,189	37,487
Net tuition and fees, residence hall, and dining	186,760	-	186,760	211,827
Net assets utilized in operations	27,287	-	27,287	24,152
Sponsored programs – direct	51,813	-	51,813	42,830
Sponsored programs – indirect	14,573	-	14,573	14,199
Other investment income	338	-	338	1,367
Investment income from funds held in trust by others	330	-	330	328
Endowment return utilized	61,774	-	61,774	53,120
Other auxiliary enterprises	142	-	142	4,400
Other sources	7,964	-	7,964	9,303
Total operating revenues and other support	350,981	-	350,981	361,526
Operating expenses:				
Compensation	185,069	-	185,069	182,443
Employee benefits	32,083	-	32,083	41,958
Utilities and general repairs	17,497	-	17,497	17,111
Depreciation	29,023	-	29,023	28,673
Interest	10,412	-	10,412	12,266
Supplies, services, and other	71,277	-	71,277	77,923
Total operating expenses	345,361	-	345,361	360,374
Change in net assets from operating activities	5,620	-	5,620	1,152
Nonoperating activities:				
Net investment return	29,165	251,521	280,686	40,547
Endowment return utilized in operations	(6,352)	(55,422)	(61,774)	(53,120)
Net assets utilized in operations	(6,148)	(21,139)	(27,287)	(24,152)
Net assets released for capital purposes	533	(533)	-	-
Contributions	6,176	20,978	27,154	54,711
Gain on bond refinancing			-	2,666
Other changes, net	(6,225)	(1,057)	(7,282)	(4,048)
Change in net assets from nonoperating activities	17,149	194,348	211,497	16,604
Change in net assets	22,769	194,348	217,117	17,756
Net assets at beginning of year	182,890	1,047,349	1,230,239	1,212,483
Net assets at end of year	\$ 205,659	\$ 1,241,697	\$ 1,447,356	\$ 1,230,239

See accompanying notes to financial statements.

**BRANDEIS UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2021

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

(In thousands of dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 217,117	\$ 17,756
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization, net	27,613	27,140
Donations of securities	(2,519)	(6,382)
Proceeds from sale of donated securities	1,734	3,683
Net realized and unrealized investment gains	(281,937)	(43,195)
Net change from funds held in trust by others	(2,014)	303
Loss on disposal of fixed assets	84	-
Contributions restricted for long-term investment	(6,460)	(17,684)
Gain on debt refinancing	-	(2,015)
Change in operating assets, net	(6,746)	(22,070)
Change in operating liabilities, net	2,821	12,231
Net cash used in operating activities	<u>(50,307)</u>	<u>(30,233)</u>
Cash flows from investing activities:		
Acquisition and construction of property, plant and equipment	(26,251)	(28,530)
Purchases of investments	(255,599)	(196,117)
Proceeds from sales and maturities of investments	354,662	203,246
Notes receivable issued	(89)	(105)
Notes receivable repaid	1,451	1,643
Net cash provided by (used in) investing activities	<u>74,174</u>	<u>(19,863)</u>
Cash flows from financing activities:		
Principal payments on bonds, notes and leases	(10,382)	(141,139)
Proceeds from issuance of bonds and notes, including premium	-	132,703
Cost of issuance of bonds and notes	(22)	(519)
Advances from line of credit	-	35,000
Payments on line of credit	(35,000)	-
Change in funds held by bond trustee	13,199	15,389
Proceeds from sale of donated securities restricted for long-term purposes	3,273	1,214
Contributions restricted for long-term investment	6,460	17,684
Net cash (used in) provided by financing activities	<u>(22,472)</u>	<u>60,332</u>
Change in cash and cash equivalents	1,395	10,236
Cash and cash equivalents, beginning of year	<u>39,459</u>	<u>29,223</u>
Cash and cash equivalents, end of year	<u>\$ 40,854</u>	<u>\$ 39,459</u>
Supplemental data:		
Interest paid	\$ 11,731	\$ 14,102
Decrease in accrued liabilities attributable to property, plant, and equipment	510	(2,623)

See accompanying notes to financial statements.

# BRANDEIS UNIVERSITY

## Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

### (1) Organization

Brandeis University (the University) is a private, not-for-profit, nonsectarian, co-educational institution of higher education with approximately 5,000 full-time equivalent undergraduate and graduate students. Established in 1948, the University offers educational programs for undergraduates in liberal arts and sciences, and graduate education and training in the arts and sciences, business, social policy and management.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The University's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). The financial statements have been prepared to focus on the University as a whole and to present balances and transactions based on the existence or absence of donor-imposed restrictions, as follows:

*Without donor restrictions:* net assets not subject to donor stipulations restricting their use, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Such net assets may be designated by the Board of Trustees (the Board) for specific purposes, including to function as endowment.

*With donor restrictions:* net assets subject to donor stipulations that restrict the purpose and usage or contain a time restriction, which may be perpetual. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. As further described in note 14, the University is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA), under which donor-restricted endowment funds may be appropriated for expenditure by the Board in accordance with the standard of prudence prescribed by UPMIFA. Net assets of such funds in excess of their historic dollar value are classified as donor restricted until appropriated by the Board and spent on their intended purpose. In addition, net assets with donor restrictions includes donor-restricted endowment funds with underwater valuation. Life income trusts and pledges receivable for which the ultimate use is restricted by the donor are also reported as net assets with donor restrictions.

For comparison purposes, the 2021 statement of activities has been presented with 2020 summarized comparative information in total but not by net asset class. This summarized 2020 information is not intended to and does not include sufficient detail to constitute a complete presentation of changes in net assets in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

#### (b) Liquidity Information

In order to provide information about liquidity, assets have been sequenced in the balance sheet according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

## BRANDEIS UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

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

For purposes of the statement of cash flows, cash and cash equivalents, except those held as short-term investments, long-term investments, or funds held by bond trustee, consist of bank deposits, certificate of deposits, money market funds and investments with original maturities of three months or less at the date of purchase, and are carried at cost, which approximates fair value. The University maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The University has not experienced losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

#### **(d) Short-term Investments**

Short-term investments consist of operating funds deposited in short-term instruments, such as treasuries, with maturities at the time of purchase of less than one year, and are carried at fair value. During the fiscal year ended June 30, 2020, the University drew \$35,000 from a line of credit (note 12), and invested the proceeds in short-term investments. These short-term investments were subsequently liquidated and the line of credit was repaid during the fiscal year ended June 30, 2021.

#### **(e) Fair Value**

Investments and funds held in trust by others are reported at fair value in the University's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Certain investments meeting defined criteria are reported at their net asset value (NAV), which is used as a practical expedient to estimate their fair values, and these investments are not categorized in the fair value hierarchy.

#### **(f) Funds Held by Bond Trustee**

Funds held by bond trustee represents bond proceeds that will be drawn down to fund various capital projects. Funds held by bond trustee is invested in the Massachusetts Development Finance Agency's (MDFA) Short Term Asset Reserve Fund (STAR).



## BRANDEIS UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

#### **(g) Funds Held in Trust by Others and Other Assets**

Funds held in trust by others (FHITBO) are perpetual trusts held in perpetuity by external trustees, as specified by the donors, and are reported by the University at fair value based on the underlying assets held by the trust. These assets are considered to be Level 3 within the fair value hierarchy. Trust income is distributed at least annually to the University in accordance with the terms of the trusts and is recorded as investment income. Changes in the fair value of the trusts are recorded as increases or decreases to net assets with donor restrictions. The University had \$11,865 and \$9,851 of FHITBO as of June 30, 2021 and 2020, respectively. Other assets include prepayments, inventories, and deferral of qualifying cloud computing arrangement implementation costs.

#### **(h) Leasing**

The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Finance leases are included in property, plant, and equipment, operating leases are included in right of use assets, and the related lease obligations in the balance sheet.

Lease right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

Rental income arising from operating leases as a lessor is included in operating revenue in other sources in the statement of activities.

#### **(i) Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of land improvements (18 years), buildings (60 years), building systems and improvements (18–50 years), equipment and furnishings (5–15 years), software (5 years), and leases (3–5 years).

Costs incurred in connection with construction projects are accumulated in construction in progress until complete and placed into service at which time the cost is transferred to the respective asset class and depreciation begins.

Expenses for the repair and maintenance of facilities are recognized during the period incurred. Betterments, which add to the value of the related assets or materially extend the lives of the assets, are capitalized.

## BRANDEIS UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

#### **(j) Other Long-Term Liabilities**

Other long-term liabilities include liabilities associated with asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities, primarily asbestos removal, at or prior to disposal of certain property. As of June 30, 2021 and 2020, the estimated liabilities were \$5,460 and \$5,472, respectively. In addition, the University carries a liability related to refundable advances received under the Federal Perkins Loan Program (the Program) as discussed in note 6. As of June 30, 2021 and 2020, those liabilities were \$2,931 and \$3,578, respectively.

Other long-term liabilities also include liabilities associated with gift annuities and charitable remainder trusts, as discussed in note 2(k).

#### **(k) Charitable Remainder Trusts**

The University is the beneficiary of a number of gift annuities and charitable remainder trusts, which are included in long-term investments on the balance sheet. The University initially recognizes a contribution as well as an interest in the underlying investment from which a specified amount, or percentage, of the fair value of the trusts' assets is paid to the donor or named beneficiary each year. Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution. Net contribution revenue recognized under such agreements was \$81 and \$769 for the years ended June 30, 2021 and 2020, respectively.

The fair value of interests in gift annuities and charitable remainder trusts is based on quoted market prices of underlying investments, which amount to \$26,067 and \$22,352 for the years ended June 30, 2021 and 2020, respectively.

The fair value of the liability on gift annuities and charitable remainder trusts is based on present value techniques and assumptions including life expectancy and estimated rate of return. Liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the life of the donor or named beneficiary, which amount to \$11,150 and \$10,559 for the years ended June 30, 2021 and 2020, respectively. These liabilities are valued on a recurring basis and are considered to be Level 2 within the fair value hierarchy.

#### **(l) Revenue Recognition**

Revenues are reported as an increase in net assets without donor restrictions, unless they are limited by donor-imposed restrictions. Expirations of donor-restrictions are reflected in the statement of activities as net assets utilized in operations. Net realized gains (losses) from the sale or other disposition of investments and the change in unrealized appreciation (depreciation) of investments are reported as revenue without donor-restrictions, unless restricted by donor-imposed stipulations or law.

Revenue is recognized when or as the University satisfies performance obligations by rendering promised goods or services.

## BRANDEIS UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

Tuition, student fees, residence hall and dining revenues are recorded as revenue during the year in which the related services are rendered. Payments are generally required to be received in advance of the academic term and are recorded as student deposits and deferred revenue. Tuition and student fees received for courses that cross fiscal years are prorated in accordance with the number of days of instruction. Other auxiliary enterprise revenues are recognized when the goods or services are provided.

#### **(m) Contributions and Sponsored Programs**

Contributions with and without donor restrictions are reported as increases to net assets. Contributions include unconditional promises (contributions receivable) that are reported at present value of expected cash flows, net of an allowance for uncollectable contributions receivable. Contributions of noncash assets are recorded at fair value on the date of the contribution.

Contributions without donor restrictions and contributions with donor restrictions for which time or purpose restrictions have been met are reclassified to operating activities as net assets utilized in operations, unless the purpose is capital in nature. For the years ended June 30, 2021 and 2020, net assets utilized in operations include \$21,139 and \$17,667 of net assets released from restrictions, respectively. Contributions for capital purposes are reported as nonoperating activities and released from restriction when the related asset is placed into service.

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. The University has elected the simultaneous release policy available under Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Federal and other sponsored grants and contracts may be subject to fiscal funding clauses or annual appropriations. The University estimates that conditional awards outstanding as of June 30, 2021 and 2020 approximate the University's recent historical annual sponsored program activity.

#### **(n) Allocation of Expenses**

The statement of activities presents operating expenses by natural classification. Note 4 displays a matrix of operating expenses by both natural and functional categories. Depreciation, amortization, interest, and operation of plant expenses are allocated to functional expense categories on the basis of square feet utilized.

#### **(o) Fundraising Expenses**

Fundraising expense was \$12,233 and \$12,340 for the years ended June 30, 2021 and 2020, respectively, and is classified as institutional support in note 4.

## **BRANDEIS UNIVERSITY**

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

#### **(p) Income Taxes**

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The University is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

#### **(q) Collections**

Collections at Brandeis University are protected and preserved for public exhibition, education, research and the furtherance of public service. Collections are not capitalized and contributions of collections are not recognized as contribution revenue. Sales and purchases of collection items are reported as nonoperating revenue and expenses in the University's financial statements in the period in which the items are sold or acquired, respectively. The proceeds from the sale of collection items, if any, are used for the acquisition of new artwork.

#### **(r) Nonoperating Activities**

Nonoperating activities reflect all contributions, transactions of a long-term investment or capital in nature, investment return net of appropriations for current operational support in accordance with the University's endowment spending policy, collection of artwork, and other net asset changes resulting from transactions that do not arise from or currently affect operations, including one-time non-structural costs.

Other changes, net, in the non-operating section of statement of activities include non-structural COVID-19 testing costs, which may be reimbursed by the federal government.

#### **(s) Estimates**

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

#### **(t) Related-Party Transactions**

Members of the Board may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires each Trustee to certify compliance with such policy on an annual basis as well as disclose any potential related-party transactions. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the University.

## BRANDEIS UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

#### **(u) Recently Adopted Accounting Pronouncements**

In August 2018, the FASB issued ASU No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820) (ASU 2018-13)*, which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The University has adopted the new standard effective July 1, 2020 and the adoption of this guidance did not have a material impact on its financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which modifies the definition of the term collections and requires a collection holding entity to disclose its policy for the use of proceeds when items are deaccessioned. If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The University has adopted the new standard effective July 1, 2020 and the adoption of this guidance did not have a material impact on its financial statements.

#### **(v) Reclassifications**

Certain 2020 information has been reclassified to conform to the 2021 presentation.

#### **(w) Subsequent Events**

The University evaluates subsequent events for potential recognition or disclosure through October 27, 2021, the date in which the financial statements were issued.

### **(3) Tuition and Fees, Residence Hall and Dining Revenues**

Revenue from tuition and fees, residence halls, and dining services is reflected net of reductions from institutional student aid and is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Such revenue is determined based on published rates for such services, less scholarships and financial aid awarded by the University to qualifying students. Aid in excess of a student's tuition and fees is reflected as a reduction of residence hall and dining charges. Disbursements made directly to students for living or other costs are reported as an expense.

**BRANDEIS UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

As of June 30, such revenue at the published rates and financial aid is as follows:

	<u>2021</u>	<u>2020</u>
Tuition and fees	\$ 261,674	\$ 285,208
Less scholarships and financial aid	<u>(105,103)</u>	<u>(110,868)</u>
Tuition and fees, net	156,571	174,340
Residence hall and dining	<u>30,189</u>	<u>37,487</u>
Tuition and fees, residence hall and dining revenues	<u>\$ 186,760</u>	<u>\$ 211,827</u>

**(4) Analysis of Expenses**

Expenses by functional and natural classification for the year ended June 30, 2021 consist of the following:

	<u>Instruction</u>	<u>Sponsored Programs</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Auxiliary Enterprises</u>	<u>Institutional Support</u>	<u>Total</u>
Compensation	\$ 83,036	\$ 26,515	\$ 27,723	\$ 15,747	\$ 3,835	\$ 28,213	\$ 185,069
Employee benefits	15,300	4,006	4,881	2,557	684	4,655	32,083
Utilities and general repairs	3,528	2,387	1,622	2,346	5,613	2,001	17,497
Depreciation	5,972	4,040	2,640	3,926	9,117	3,328	29,023
Interest	2,142	1,450	947	1,408	3,271	1,194	10,412
Supplies, services, and other	<u>8,599</u>	<u>19,557</u>	<u>10,781</u>	<u>4,638</u>	<u>17,761</u>	<u>9,941</u>	<u>71,277</u>
Total	<u>\$ 118,577</u>	<u>\$ 57,955</u>	<u>\$ 48,594</u>	<u>\$ 30,622</u>	<u>\$ 40,281</u>	<u>\$ 49,332</u>	<u>\$ 345,361</u>

Expenses by functional and natural classification for the year ended June 30, 2020 consist of the following:

	<u>Instruction</u>	<u>Sponsored Programs</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Auxiliary Enterprises</u>	<u>Institutional Support</u>	<u>Total</u>
Compensation	\$ 85,526	\$ 25,987	\$ 25,586	\$ 15,992	\$ 4,030	\$ 25,322	\$ 182,443
Employee benefits	16,903	5,381	6,858	3,917	1,145	7,754	41,958
Utilities and general repairs	3,778	2,133	1,710	2,648	4,853	1,989	17,111
Depreciation	6,528	3,722	2,777	4,378	8,057	3,211	28,673
Interest	2,793	1,592	1,188	1,873	3,447	1,373	12,266
Supplies, services, and other	<u>14,412</u>	<u>10,646</u>	<u>13,882</u>	<u>7,049</u>	<u>15,890</u>	<u>16,044</u>	<u>77,923</u>
Total	<u>\$ 129,940</u>	<u>\$ 49,461</u>	<u>\$ 52,001</u>	<u>\$ 35,857</u>	<u>\$ 37,422</u>	<u>\$ 55,693</u>	<u>\$ 360,374</u>

The University's primary programs are instruction and sponsored programs. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program activities.

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**(5) Accounts Receivable**

The composition of accounts receivable as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Student receivables	\$ 1,960	\$ 3,144
Sponsored program receivables	15,878	11,666
Other	4,667	4,738
	<u>22,505</u>	<u>19,548</u>
Less allowance for doubtful accounts	<u>(1,434)</u>	<u>(1,445)</u>
Accounts receivable, net	<u>\$ 21,071</u>	<u>\$ 18,103</u>

**(6) Notes Receivable**

The composition of notes receivable as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Federal Perkins loan program	\$ 2,473	\$ 3,056
University student loan programs	7,710	8,454
	<u>10,183</u>	<u>11,510</u>
Less allowance for doubtful loans	<u>(3,950)</u>	<u>(3,915)</u>
Notes receivable, net	<u>\$ 6,233</u>	<u>\$ 7,595</u>

Notes receivable under the Program are funded by the U.S. government and University funds and are subject to significant restrictions. The Program has ended and a portion of the amounts are generally refundable to the U.S. government.

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**(7) Contributions Receivable**

The composition of contributions receivable as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 3,524	\$ 3,440
Between one and five years	5,426	9,236
More than five years	<u>245</u>	<u>487</u>
Gross contributions receivable	9,195	13,163
Less:		
Allowance for unfulfilled contributions	(1,386)	(1,246)
Discount, at rates from 0.29% to 3.72%	<u>(130)</u>	<u>(166)</u>
Contributions receivable, net	<u>\$ 7,679</u>	<u>\$ 11,751</u>

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance based on a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Adjustments to the allowance are charged to contribution revenues. An account is considered uncollectible when all collection efforts have been exhausted.

**(8) Long-Term Investments**

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund academic programs and university initiatives in accordance with the Board's approved spending policy. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the University's Trustee Investment Committee that oversees the University's investments.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged and private equity strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds and securities sold short and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Long-term investments also include assets associated with gift annuities and charitable remainder trusts.



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Investments are reported at estimated fair value. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as the reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds are generally reported at NAV reported by fund managers, which are used as a practical expedient to estimate the fair value of the University's interests therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2021 and 2020, the University had no plans or intentions to sell investments at amounts different from NAV. Registered mutual funds are classified in Level 1 of the fair value hierarchy.

The University's long-term investments at June 30, 2021 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other*	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Endowment investments:					
Global equity	\$ 101,656	\$ 31	\$ -	\$ -	\$ 101,687
Non-U.S. equity	242,895	224	-	-	243,119
Private equity	293,468	-	-	-	293,468
Hedge fund/credit:					
Credit – private	610	-	-	-	610
Hedge funds – long/short	240,778	-	-	-	240,778
Hedge funds – multi strategy	206,613	-	-	-	206,613
Real assets – private	120,921	-	-	-	120,921
Cash and cash equivalents*	5,967	-	-	-	5,967
Receivable for investments sold*	18,890	-	-	-	18,890
Treasuries and fixed income	-	53,949	-	-	53,949
<b>Total endowment investments</b>	<b>1,231,798</b>	<b>54,204</b>	<b>-</b>	<b>-</b>	<b>1,286,002</b>
Other investments:					
Equities	-	1,063	-	-	1,063
Cash and cash equivalents*	81	-	-	-	81
Fixed income	-	-	-	-	-
Mutual funds	-	27,688	-	-	27,688
<b>Total other investments</b>	<b>81</b>	<b>28,751</b>	<b>-</b>	<b>-</b>	<b>28,832</b>
<b>Total long-term investments</b>	<b>\$ 1,231,879</b>	<b>\$ 82,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,314,834</b>

\* Cash and cash equivalents and Receivables for investments sold are not fair value measurements and are included in the above table for reconciliation purposes.

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The University's long-term investments at June 30, 2020 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Endowment investments:					
Global equity	\$ 83,880	\$ 23	\$ -	\$ -	\$ 83,903
Non-U.S. equity	180,555	153	-	-	180,708
Private equity	175,428	-	-	-	175,428
Hedge fund/credit:					
Credit – private	785	-	-	-	785
Hedge funds – long/short	203,593	-	-	-	203,593
Hedge funds – multi strategy	238,242	-	-	-	238,242
Real assets – private	88,160	-	-	-	88,160
Cash and cash equivalents	2,893	-	-	-	2,893
Receivable for investments sold	18,475	-	-	-	18,475
Treasuries and fixed income	-	81,402	-	-	81,402
Total endowment investments	<u>992,011</u>	<u>81,578</u>	<u>-</u>	<u>-</u>	<u>1,073,589</u>
Other investments:					
Equities	-	585	-	-	585
Cash and cash equivalents	392	-	-	-	392
Fixed income	-	-	1,148	-	1,148
Mutual funds	-	23,745	-	-	23,745
Total other investments	<u>392</u>	<u>24,330</u>	<u>1,148</u>	<u>-</u>	<u>25,870</u>
Total long-term investments	<u>\$ 992,403</u>	<u>\$ 105,908</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 1,099,459</u>

**(a) Investment Liquidity**

Hedge funds, global equity, and fixed income investments are redeemable at NAV under the terms of subscription agreements and/or partnership agreements. Investments with daily liquidity generally do not require any notice prior to withdrawal. Investments with monthly, quarterly or annual redemption frequency typically require notice periods ranging from 30 to 180 days. The following table presents the University's long-term investments by their availability for the next 12 months following June 30:

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	<b>June 30, 2021</b>					
	<b>Daily</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annual</b>	<b>Illiquid</b>	<b>Total</b>
Cash equivalents	\$ 6,048	\$ -	\$ -	\$ -	\$ -	\$ 6,048
Receivable for investments sold	-	13,663	5,227	-	-	18,890
Treasuries, fixed income and mutual funds	80,511	-	-	-	1,126	81,637
Equities	1,318	42,960	23,334	62,146	509,579	639,337
Hedge funds	-	-	112,162	154,716	181,123	448,001
Real assets	-	-	-	-	120,921	120,921
Total	<u>\$ 87,877</u>	<u>\$ 56,623</u>	<u>\$ 140,723</u>	<u>\$ 216,862</u>	<u>\$ 812,749</u>	<u>\$ 1,314,834</u>

	<b>June 30, 2020</b>					
	<b>Daily</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annual</b>	<b>Illiquid</b>	<b>Total</b>
Cash equivalents	\$ 3,285	\$ -	\$ -	\$ -	\$ -	\$ 3,285
Receivable for investments sold	-	17,914	-	561	-	18,475
Treasuries, fixed income and mutual funds	105,200	-	-	-	1,095	106,295
Equities	761	30,544	19,474	60,611	329,234	440,624
Hedge funds	-	-	121,282	141,878	179,460	442,620
Real assets	-	-	-	-	88,160	88,160
Total	<u>\$ 109,246</u>	<u>\$ 48,458</u>	<u>\$ 140,756</u>	<u>\$ 203,050</u>	<u>\$ 597,949</u>	<u>\$ 1,099,459</u>

Investments categorized as illiquid include lock-ups with definite expiration dates, restricted shares, side pockets, or private equity and real asset funds where the University has no liquidity.

The University has certain investments with a fair value of \$128,716 at June 30, 2021 that have restricted redemptions for lock-up periods. Some of the investments with redemption restrictions allow earlier redemption for specified fees. The expiration of redemption lock-up period amounts are summarized in the table below:

<b>Fiscal year</b>	<b>Amount</b>
2022	\$ 61,990
2023	47,904
2024	17,980
2025	842
Total	<u>\$ 128,716</u>

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#### **(b) Commitments**

Private credit, private equity, and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the University is obligated to remit additional funding periodically as capital is called by the manager. These partnerships have a limited existence, generally between ten and fifteen years, and provide for annual one-year extensions after the initial contract period for the purpose of systematically liquidating portfolio positions and returning capital to the investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend or reduce the term of a fund from that which was originally anticipated. As a result, the timing and amount of future capital calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with global equities, private equity, and real assets investments as of June 30, 2021 was \$12,800, \$102,669, and \$107,072, respectively.

#### **(c) Derivatives**

The endowment employs certain derivative financial instruments to replicate asset positions more cost effectively than through purchases or sales of the underlying assets.

As a result of entering into investment derivative agreements, the University is subject to market volatility consistent with the underlying asset classes. The University has established policies, procedures, and internal controls governing the use of derivatives.

The purchase and sale of exchange-traded derivatives require collateral deposits with the Futures Commission Merchant (FCM). Collateral is posted and moved on a daily basis as required by the rules of the exchange on which the derivatives are traded. In the event of the FCM's insolvency, recovery may be limited to the University's pro-rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total cash or other collateral posted. The collateral is generally in the form of debt obligations issued by the U.S. treasury or cash. Cash collateral and certain securities owned by the University were held at counterparty brokers to collateralize these positions and are included in long-term investments on the balance sheet. As of June 30, 2021 and 2020, the aggregate notional exposure on long-term assets was (\$53,179) and \$0, respectively. The associated unrealized loss on these assets was (\$740) and \$0, respectively, as of June 30, 2021 and 2020. The notional amount of these derivatives is not recorded on the University's financial statements.

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**(9) Property, Plant and Equipment**

The composition of property, plant, and equipment as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 47,904	\$ 47,887
Buildings	210,225	210,225
Building systems and improvements	432,026	417,646
Equipment, furnishings, and software	148,405	140,899
Leased vehicles and other equipment	2,340	2,124
	<u>840,900</u>	<u>818,781</u>
Less accumulated depreciation	(512,694)	(483,788)
Construction in progress	30,247	25,806
	<u>30,247</u>	<u>25,806</u>
Property, plant and equipment, net	<u>\$ 358,453</u>	<u>\$ 360,799</u>

Depreciation expense amounted to \$29,023 in 2021 and \$28,673 in 2020. Operation and maintenance expenses amounted to \$22,231 in 2021 and \$27,578 in 2020.

**(10) Financial Assets and Liquidity Resources**

As of June 30, financial assets and other liquidity resources available within one year for general expenditures as defined by the University and representing operating expenses, scheduled principal payments on debt, and capital construction costs, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 40,854	\$ 39,459
Short-term investments	-	34,989
Accounts receivable, net, due within one year	21,071	18,103
Notes receivable, net, due within one year	771	845
Scheduled pledge payments, net, available for operations	1,899	2,385
Funds held by bond trustee	16,832	30,031
Subsequent year's Board-approved endowment draw	63,492	66,529
	<u>63,492</u>	<u>66,529</u>
Total financial assets available within one year	<u>\$ 144,919</u>	<u>\$ 192,341</u>

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year ends. To manage liquidity, the University has other liquidity resources including \$70,000 in bank lines of credit as described in note 12. In addition, the quasi endowment of \$118,580 can be made available for general expenditures with approval from the Board, subject to investment liquidity provisions.

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**(11) Long-Term Debt**

Long term outstanding as of June 30 consists of the following:

	<b>2021</b>	<b>2020</b>
M DFA Revenue Bonds, Brandeis University Issue 2018 Series S-1, at interest rate of 5.00% maturing in annual installments from October 1, 2020 through October 1, 2040	\$ 109,800	\$ 116,445
M DFA Revenue Bonds, Brandeis University Issue 2018 Series S-2, at interest rate of 5.00% maturing in annual installments from October 1, 2029 through October 1, 2034	36,905	36,905
M DFA Revenue Bonds, Brandeis University Issue 2018 Series R, at interest rate of 5.00% maturing in annual installments from October 1, 2019 through October 1, 2039	33,455	34,500
M DFA Revenue Bonds, Brandeis University Issue, 2017 Series Q, at interest rate of 2.58% maturing in annual installments from October 1, 2017 through April 1, 2032, at which time a balloon payment of \$13,200 will be due.	18,650	19,025
TD Bank note at interest rate of 3.68% maturing in annual installments from October 1, 2017 through June 1, 2032, at which time a balloon payment of \$19,125 will be due.	27,650	28,275
M DFA Revenue Bonds, Brandeis University Issue 2013 Series P-2, at interest rates of 2.35% [previously at 3.04%], maturing in annual installments from October 1, 2013 through July 1, 2033	16,350	17,355
M DFA Revenue Bonds, Brandeis University Issue 2013 Series P-1, at interest rates of 2.72% [previously at 3.48%], maturing in annual installments from October 1, 2017 through April 1, 2043	13,645	14,050
Total	256,455	266,555
Unamortized premium, net	26,129	27,648
Unamortized issuance costs	(1,782)	(1,869)
Long-term debt, net	\$ 280,802	\$ 292,334

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The University's principal payment obligations as of June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 10,694
2023	11,124
2024	11,656
2025	12,050
2026	12,619
Thereafter	<u>198,312</u>
	<u>\$ 256,455</u>

Interest expense for the years ended June 30, 2021 and 2020 was \$10,094 and \$11,978, respectively. There were no capitalized interest costs in 2021 and 2020.

Bond indentures require the maintenance of certain financial covenants which, among other restrictions, require the University to maintain an annual debt service coverage ratio of not less than 1.2 to 1.0 and a liquidity ratio of not less than 50%.

On June 17, 2021, the University amended Series P-1 and P-2 bonds through MDFA. Effective on this date, the fixed interest rate on the Series P-1 and P-2 bonds were amended to be 2.72% per annum and 2.35% per annum, respectively.

**(12) Line of Credit**

The University has a \$35,000 line of credit with JPMorgan Chase Bank, N.A. at an interest rate of LIBOR plus 75 basis points when funds are drawn. There is an annual commitment fee of 0.15% based on the daily average unused portion of the loan commitment, which is paid quarterly. The maturity date of the credit agreement is March 31, 2022. During the fiscal years ended June 30, 2021 and 2020, the total drawn amounts were \$0 and \$35,000, respectively.

On May 14, 2020, the University secured a second \$35,000 line of credit with Century Bank at an interest rate of LIBOR plus 95 basis points, but in no event less than 1.65%, when funds are drawn. There is no annual commitment fee on the unused portion of the loan commitment. The maturity date of the credit agreement is May 1, 2025. During the fiscal years ended June 30, 2021 and 2020, there were no borrowings against this line of credit.

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**(13) Net Assets with Donor Restrictions**

Net assets with donor restrictions by major category is as follows as of June 30:

<u>Detail of net assets</u>	<u>2021</u>	<u>2020</u>
Restricted contributions	\$ 33,885	\$ 35,861
Contributions receivable, net	7,679	11,751
Endowment	1,161,585	970,755
Student loans	2,633	2,643
Life income and annuity funds	15,627	11,867
Funds held in trust by others	11,865	9,851
Physical plant and other	742	633
Unexpended endowment income	7,681	3,988
Total net assets with donor-imposed restrictions	<u>\$ 1,241,697</u>	<u>\$ 1,047,349</u>

Net assets with donor-imposed restrictions provide support for instruction, scholarships, auxiliary programs, library, research, capital, and other programmatic purposes.

**(14) Endowments**

The University's endowment is pooled for investment purposes and consists of approximately 2,000 individual funds established for a variety of purposes. The endowment consists of both donor-restricted funds managed in accordance with applicable law and donor intent, as well as funds designated by the Board to operate as endowment (quasi-endowment).

If an individual donor restricted endowment fund balance falls below its original fair value, that fund is considered to be "underwater." As of June 30, 2021 and 2020, funds with an original gift value of \$1,541 and \$17,126 were "underwater" by \$307 and \$787, respectively.

The University follows the provisions of UPMIFA. State law allows the Board to appropriate the endowment funds as is prudent taking into consideration the University's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The endowment investment objectives are to maximize risk-adjusted returns over a long-term horizon and to achieve its objectives by having a strategy of investing in multiple asset classes. In order to meet the primary investment goals for endowment funds, the average annual net total return over an extended period, after adjusting for inflation, is deemed sufficient to support the spending rate as determined by the Board. To have a reasonable probability of achieving the Fund's primary investment goal at an acceptable risk level, the University's Trustees Investment Committee has adopted a long-term asset allocation policy.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted amounts reported below include gifts donated to the endowment, term endowments and appreciation.



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Endowment and quasi-endowment funds consist of the following at June 30:

	<b>2021</b>				<b>Total funds as of June 30, 2021</b>
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		<b>Total</b>	
		<b>Original gift</b>	<b>Accumulated returns</b>		
Donor restricted:					
Financial aid	\$ -	\$ 318,904	\$ 119,256	\$ 438,160	\$ 438,160
Department programs and support	-	412,764	300,966	713,730	713,730
Quasi (board-designated):					
Financial aid	42,203	-	-	-	42,203
Department programs and support	82,214	9,695	-	9,695	91,909
Total	<u>\$ 124,417</u>	<u>\$ 741,363</u>	<u>\$ 420,222</u>	<u>\$ 1,161,585</u>	<u>\$ 1,286,002</u>
<b>2020</b>					
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		<b>Total</b>	<b>Total funds as of June 30, 2020</b>
		<b>Original gift</b>	<b>Accumulated returns</b>		
Donor restricted:					
Financial aid	\$ -	\$ 314,074	\$ 49,199	\$ 363,273	\$ 363,273
Department programs and support	-	410,355	187,432	597,787	597,787
Quasi (board-designated):					
Financial aid	35,435	-	-	-	35,435
Department programs and support	67,399	9,695	-	9,695	77,094
Total	<u>\$ 102,834</u>	<u>\$ 734,124</u>	<u>\$ 236,631</u>	<u>\$ 970,755</u>	<u>\$ 1,073,589</u>

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Changes in endowment and quasi-endowment funds for the year ended June 30, 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets at June 30, 2020	\$ 102,834	\$ 970,755	\$ 1,073,589
Net investment return	28,580	242,706	271,286
Contributions	28	6,141	6,169
Utilized in operations	(6,352)	(55,422)	(61,774)
Net (additional) unexpended endowment income	(673)	(3,693)	(4,366)
Transfers	-	1,098	1,098
Net assets at June 30, 2021	<u>\$ 124,417</u>	<u>\$ 1,161,585</u>	<u>\$ 1,286,002</u>

Changes in endowment and quasi-endowment funds for the year ended June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets at June 30, 2019	\$ 104,809	\$ 968,716	\$ 1,073,525
Net investment return	4,123	35,265	39,388
Contributions	13	17,092	17,105
Utilized in operations	(5,574)	(47,546)	(53,120)
Net (additional) unexpended endowment income	(537)	(3,988)	(4,525)
Transfers	-	1,216	1,216
Net assets at June 30, 2020	<u>\$ 102,834</u>	<u>\$ 970,755</u>	<u>\$ 1,073,589</u>

**(15) Retirement Plans**

The University participates in defined contribution plans providing retirement benefits for substantially all full-time and regular part-time employees. Under the programs, the University makes monthly contributions, currently 6%–10% of the annual eligible wages of participants, up to defined limits. University contributions are subject to the participants meeting the minimum employee contributions, age, and service requirements. Additional voluntary contributions by participants are made subject to statutory limits. The University's contribution to the plans totaled \$11,133 in 2020. The University suspended contributions to the plans in fiscal year 2021.

**(16) Contingencies**

The University is involved in legal cases that have arisen in the normal course of its operations. The University believes that the outcome of these cases will not have a material adverse effect on the financial position of the University.

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**(17) COVID-19 Pandemic**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. As a result, the University closed its residential campus to most students and implemented remote learning for all classes through the rest of the academic year. For the fiscal year ended June 30, 2021, the University applied a hybrid of on-campus and online mode of operation for teaching, learning, and research. The residential campus remained open to students, faculty, and staff throughout the fiscal year at a reduced density level.

The University continued to directly grant emergency financial assistance to students throughout the pandemic, in addition to administering aid to eligible students through the Higher Education Emergency Relief Fund (HEERF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).

The University implemented significant safety measures, including hosting regular COVID-19 testing and vaccination clinics, supplying personal protection equipment, enhancing cleaning protocols, and improving HVAC systems.

The full extent of the impact of COVID-19 on the University will depend on future developments, including the spread and duration of the pandemic. The University continues to monitor and mitigate the impact of the pandemic, and is prepared to take additional measures to protect the health of the Brandeis community and ensure the continuity of its academic mission.