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***LOGAN UNIVERSITY, INC.***

*FINANCIAL STATEMENTS*

*AUGUST 31, 2021*

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## Independent Auditors' Report

Board of Trustees  
Logan University, Inc.  
St. Louis, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of Logan University, Inc. (the University), a not-for-profit organization, which comprise the statement of financial position as of August 31, 2021 and 2020, 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 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 the auditors' 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 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 Logan University, Inc. as of August 31, 2021 and 2020, 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 Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \*\*\* 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 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 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.

### ***Supplementary Information***

The accompanying schedules that calculate the University's Department of Education Composite Score, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements and has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the accompanying schedules is fairly stated in all material respects in relation to the financial statements as a whole.

*RubinBrown LLP*

January 19, 2022

**LOGAN UNIVERSITY, INC.**  
**STATEMENT OF FINANCIAL POSITION**

	August 31,	
	2021	2020
<b>Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 3,280,684	\$ 4,050,616
Restricted	824,979	1,104,223
	4,105,663	5,154,839
Accounts receivable, net	185,320	314,628
Contributions receivable, net	1,112,786	1,130,777
Student loans receivable	1,819,095	2,415,960
Prepaid expenses	668,731	501,314
Property and equipment, net	35,374,027	34,415,061
Investments	66,378,535	57,160,312
Cash surrender value of life insurance policies	568,741	539,133
Other assets	10,790	22,744
Beneficial interest in Logan University Education Foundation	10,083	10,083
	10,083	10,083
<b>Total Assets</b>	<b>\$ 110,233,771</b>	<b>\$ 101,664,851</b>

**Liabilities And Net Assets**

<b>Liabilities</b>		
Accounts payable	\$ 631,233	\$ 764,756
Accrued liabilities	1,558,865	833,154
Deferred revenue	841,256	582,872
Government grants refundable	2,184,349	2,928,974
Paycheck Protection Program loan	—	3,180,000
<b>Total Liabilities</b>	5,215,703	8,289,756
<b>Net Assets</b>		
Net assets without donor restrictions	102,332,071	90,784,037
Net assets with donor restrictions	2,685,997	2,591,058
<b>Total Net Assets</b>	105,018,068	93,375,095
<b>Total Liabilities And Net Assets</b>	<b>\$ 110,233,771</b>	<b>\$ 101,664,851</b>

# LOGAN UNIVERSITY, INC.

## STATEMENT OF ACTIVITIES

For The Years Ended August 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues And Support</b>						
Tuition and fees	\$ 38,391,106	\$ —	\$ 38,391,106	\$ 36,324,190	\$ —	\$ 36,324,190
Less: Instructional aid	(887,642)	—	(887,642)	(714,251)	—	(714,251)
Net tuition and fees	37,503,464	—	37,503,464	35,609,939	—	35,609,939
Sales and services of educational activities	711,435	—	711,435	589,445	—	589,445
Other revenue sources	103,200	—	103,200	203,877	—	203,877
Other grants and contracts	—	—	—	57,953	—	57,953
Gifts, grants and contracts	1,800,603	438,548	2,239,151	163,419	272,564	435,983
Investment income	752,781	27,550	780,331	1,013,409	33,357	1,046,766
Gain (loss) on sale of property and equipment	(1,656)	—	(1,656)	5,263	—	5,263
Net assets released from restrictions	482,927	(482,927)	—	312,684	(312,684)	—
<b>Total Revenues And Support</b>	<b>41,352,754</b>	<b>(16,829)</b>	<b>41,335,925</b>	<b>37,955,989</b>	<b>(6,763)</b>	<b>37,949,226</b>
<b>Operating Expenses</b>						
Educational activities						
Instruction	9,668,959	—	9,668,959	8,753,978	—	8,753,978
Academic support	7,125,234	—	7,125,234	6,530,488	—	6,530,488
Student services	4,522,666	—	4,522,666	4,279,978	—	4,279,978
Total educational activities	21,316,859	—	21,316,859	19,564,444	—	19,564,444
Research	433,107	—	433,107	145,901	—	145,901
Public service	750,901	—	750,901	222,436	—	222,436
Student grant expense	1,278,497	—	1,278,497	—	—	—
Institutional support	10,048,406	—	10,048,406	9,087,640	—	9,087,640
Operation and maintenance of plant	2,673,882	—	2,673,882	2,692,755	—	2,692,755
<b>Total Operating Expenses</b>	<b>36,501,652</b>	<b>—</b>	<b>36,501,652</b>	<b>31,713,176</b>	<b>—</b>	<b>31,713,176</b>
<b>Change In Net Assets From Operations</b>	<b>4,851,102</b>	<b>(16,829)</b>	<b>4,834,273</b>	<b>6,242,813</b>	<b>(6,763)</b>	<b>6,236,050</b>
<b>Depreciation</b>	<b>(2,929,864)</b>	<b>—</b>	<b>(2,929,864)</b>	<b>(2,824,944)</b>	<b>—</b>	<b>(2,824,944)</b>
<b>Net Unrealized Gain On Investments</b>	<b>5,662,145</b>	<b>93,492</b>	<b>5,755,637</b>	<b>2,642,242</b>	<b>19,560</b>	<b>2,661,802</b>
<b>Net Realized Gain On Investments</b>	<b>784,651</b>	<b>18,276</b>	<b>802,927</b>	<b>527,379</b>	<b>4,694</b>	<b>532,073</b>
<b>Forgiveness Of Paycheck Protection Program Loan</b>	<b>3,180,000</b>	<b>—</b>	<b>3,180,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Change In Net Assets</b>	<b>11,548,034</b>	<b>94,939</b>	<b>11,642,973</b>	<b>6,587,490</b>	<b>17,491</b>	<b>6,604,981</b>
<b>Net Assets, Beginning Of Year</b>	<b>90,784,037</b>	<b>2,591,058</b>	<b>93,375,095</b>	<b>84,196,547</b>	<b>2,573,567</b>	<b>86,770,114</b>
<b>Net Assets, End Of Year</b>	<b>\$ 102,332,071</b>	<b>\$ 2,685,997</b>	<b>\$ 105,018,068</b>	<b>\$ 90,784,037</b>	<b>\$ 2,591,058</b>	<b>\$ 93,375,095</b>

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**LOGAN UNIVERSITY, INC.**

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**STATEMENT OF CASH FLOWS**

	<b>For The Years Ended August 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 11,642,973	\$ 6,604,981
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	2,929,864	2,824,944
Revenues restricted for scholarships and endowment	(297,313)	(57,918)
Forgiveness of PPP loan	(3,180,000)	—
(Gain) loss on sale of property and equipment	1,656	(5,263)
Net unrealized gains on investments	(5,755,637)	(2,661,802)
Net realized gain on investments	(802,927)	(532,073)
Changes in assets and liabilities:		
Accounts receivable	129,308	(208,319)
Contributions receivable	17,991	(64,868)
Student loans receivable	596,865	919,574
Prepaid expenses	(167,417)	81,004
Cash surrender value of life insurance	(29,608)	(28,389)
Other assets	11,954	7,602
Accounts payable	(334,143)	459,893
Accrued liabilities	725,711	(192,570)
Deferred revenue	258,384	18,489
Government grants refundable	(744,625)	(1,202,615)
<b>Net Cash Provided By Operating Activities</b>	<b>5,003,036</b>	<b>5,962,670</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(3,689,866)	(2,204,836)
Proceeds from disposition of property	—	5,509
Purchase of investments	(19,127,642)	(9,779,855)
Proceeds from sales of investments	16,467,983	4,179,697
<b>Net Cash Used In Investing Activities</b>	<b>(6,349,525)</b>	<b>(7,799,485)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds restricted for scholarships and endowment	297,313	57,918
Proceeds from issuance of PPP loan	—	3,180,000
<b>Net Cash Provided By Financing Activities</b>	<b>297,313</b>	<b>3,237,918</b>
<b>Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(1,049,176)</b>	<b>1,401,103</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>5,154,839</b>	<b>3,753,736</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 4,105,663</b>	<b>\$ 5,154,839</b>

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**Supplemental Disclosure Of Cash Flow Information (Note 16)**

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# LOGAN UNIVERSITY, INC.

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## NOTES TO FINANCIAL STATEMENTS

August 31, 2021 And 2020

### 1. Summary Of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements of Logan University, Inc. (the University). These accounting policies conform to accounting principles generally accepted in the United States of America.

#### **History And Business Activity**

The University was founded in 1935 as Logan College of Chiropractic, offering a full time on campus Doctor of Chiropractic degree. It later expanded to become Logan University, adding the College of Health Sciences which offers several, mostly online, Bachelors, Masters and Doctorate level programs. The University is located on a 121-acre campus in Chesterfield, Missouri. The University has an enrollment of 1,878 and 1,810 students as of August 31, 2021 and 2020, respectively, and is primarily supported by tuition, contributions and earnings from investments. The University operates several satellite health centers in the St. Louis area.

#### **Financial Statement Presentation**

The financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

*Net Assets without Donor Restrictions* - Net assets derived from tuition and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment funds.

*Net Assets with Donor Restrictions* - Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets, net assets from endowments not yet appropriated for spending and student loan funds. In addition, net assets with donor restrictions include restricted contributions from donors classified as endowments. The University records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. When time and purpose restrictions expire or are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.



**Operating And Non-Operating Activity**

Operating results in the statement of activities reflect all transactions except for depreciation, net unrealized and realized gains on investments and forgiveness of the Paycheck Protection Program loan.

**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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash And Cash Equivalents**

The University considers all highly liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. The University's money market funds, which are included in investments, are deposited with national brokerage houses. These funds are insured by the Securities Investor Protection Corporation (SIPC).

Restricted cash and cash equivalents includes Perkins cash balances of \$824,979 and \$1,104,223 as of August 31, 2021 and 2020, respectively.

**Accounts Receivable**

The University carries its accounts receivable at cost. Management charges off uncollectible receivables to expense when it is determined the amounts will not be realized. The allowance for doubtful accounts is based on the University's prior experience of collections.

### **Contributions And Contributions Receivable**

Contributions receivable consist of unconditional promises-to-give. Unconditional promises-to-give are reported at fair value at the date of the pledge and subsequently measured at the present value of future cash flows. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been met. The University reports such gifts as support with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets or are to be received at some future date greater than one year. When a donor restriction expires, such as when a stipulated time restriction ends or the purpose of the restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Gifts received without donor restrictions are recorded as private gifts, grants, and contracts without donor restrictions. Contributions receivable are stated at the amount management expects to collect from outstanding balances. As of August 31, 2021 and 2020, management has determined that no allowance for doubtful accounts is deemed necessary.

The University has received conditional contributions approximating \$1,375,000 that have not been recognized at August 31, 2021 as conditions had not been met. The majority of these conditional contributions is related to a bequest.

### **Cost-Reimbursable Grants**

A portion of the University's revenue and support is derived from cost-reimbursable federal and state contracts, which are conditional upon the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position.

### **Student Loans Receivable**

Student loans receivable consist of Perkins loans. A reasonable estimate of the market value of student loans receivable under government loan programs cannot be made because the notes are not held for sale and can only be assigned to the U.S. Government or its designees. In the event that student loans are non-collectible, the University shall forfeit its institutional capital contribution. There was no allowance for doubtful accounts at August 31, 2021 or 2020.

### **Investments**

All investments with readily determinable fair values are reported in the financial statements at fair value with net unrealized and realized gains or losses reflected in the statement of activities. Donated investments are recorded at their fair values (based upon quotations or appraisals) on the date of the gift. Purchases and sales of investments are recorded on the trade date.

Long-term investments consist primarily of debt securities and investments in mutual funds. Investments received with donor-imposed restrictions that limit their use to long-term purposes are classified as donor restricted investments.

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

### **Property And Equipment**

Property and equipment are carried at cost, if purchased, or at fair market value at the date of donation, if acquired by contribution, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years. All gifts of land, buildings and equipment are recorded as non-operating resources without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted non-operating resources. Absent donor restrictions on how long those long-lived assets must be maintained, the expiration of donor restrictions are reported as being released from restriction when the donated or acquired long-lived assets are placed in service.

### **Asset Impairment Assessments**

The University reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use and disposition of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. No impairments were present at August 31, 2021.

**Paycheck Protection Program Loan**

During 2020, The University received a loan that was part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the University used the loan proceeds exclusively for qualified expenses under PPP.

The University considered the PPP loan to be debt, subject to the provisions of Accounting Standards Codification (ASC) 470, *Debt*. The University did not impute interest at a market rate as transactions where interest rates are not prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan remained recorded as a liability until the loan was forgiven and the debtor was legally released. The PPP loan was forgiven in the current fiscal year (Note 7).

**Deferred Revenue**

Tuition payments received prior to August 31 that relate to the subsequent school year are recorded as deferred revenue until earned in the subsequent period.

**Revenue Recognition**

Effective September 1, 2020, the University adopted Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers* (Topic 606) which requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The University has elected to apply this to all contracts existing at the date of application. The University has determined that there was no significant impact under the new ASU on revenues generated from Fall, Spring, or Summer tuition and fees. Additionally, there was no significant impact under the new ASU on revenues generated from sales and services of educational activities.

The University's revenue is derived primarily from academic programs taught to students. Tuition and related fees are recognized as revenue over the course of the academic term or program for which it is earned. Generally, the University bills students as they complete the registration process, prior to the beginning of the trimester, and students' accounts receivable are due in full on the first day of classes. If a student drops courses or withdraws altogether, the student is entitled to a full, partial or no refund of charges based on the duration of time that has passed from the first day of classes.

Non-tuition related revenue is recognized as services are performed or goods are delivered.

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit based aid.

From time to time the University will incur student credit balances due to overpayment or payment in advance of the beginning of a trimester and student deposits indicating plans to matriculate to a future academic term. These amounts are excluded from revenues and are recorded as liabilities until they are earned or refunded. As of August 31, 2021, 2020 and 2019, the University has a liability for prepayment, refunds and deposits from students of \$501,242, \$320,071 and \$309,459, respectively, which are included in deferred revenue in the statements of financial position.

### **Beneficial Interest In Logan University Education Foundation**

The University has a beneficial interest in the assets of Logan University Education Foundation. Accounting Standards Update 958-20-25-4, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, establishes standards for transactions in which a donor makes contributions to a not-for-profit organization (the recipient organization) that agrees to transfer those assets, the return on investment of those assets or both to another entity (the beneficiary). Under ASU 958-20-25-4, a financially interrelated beneficiary is required to recognize the interest in the net assets of the recipient organization and adjust that interest for its share of the change in net assets of the recipient organization.

### **Government Grants Refundable**

Government grants refundable consists of the liability associated with the Perkins student loans receivable. These funds are revolving funds. The total liability associated with the Perkins student loans receivable is reduced by the Institution Capital Contribution, which is a component of net assets without donor restrictions.

**Functional Allocation Of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs, including operation of plant and maintenance, have been allocated among educational activities, research, public service, and institutional support categories based on the actual direct expenditures and cost allocations based upon square footage of space occupied or number of users. Management and general and fundraising costs are included in the institutional support category on the statement of functional expenses. Total fundraising costs of the University for the years ended August 31, 2021 and 2020 were \$440,000 and \$553,000, respectively.

**Income Taxes**

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code. However, income from certain activities not directly related to the tax exempt status of the University is subject to taxation as unrelated business income.

**Concentration Of Credit Risk**

Financial instruments, which potentially subject the University to concentration of credit risk, consist principally of cash and cash equivalents. The University places its cash and cash equivalents with high credit quality financial institutions. At times, such cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

**Reclassification**

Certain prior year amounts have been reclassified, where appropriate, to conform to the current year presentation.

**Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

**2. Accounts Receivable**

Accounts receivable consists of the following:

	<u>2021</u>	<u>2020</u>
Health Center Patients	\$ 46,952	\$ 36,010
Students	202,585	216,201
Purser Center Receivable	783	11,340
Federal Funds Receivable	—	140,577
	<u>250,320</u>	<u>404,128</u>
Less: Allowance for doubtful accounts	<u>65,000</u>	<u>89,500</u>
	<u>\$ 185,320</u>	<u>\$ 314,628</u>

**3. Contributions Receivable**

Contributions receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 68,509	\$ 60,584
One to five years	1,202,887	1,177,729
More than five years	51,932	69,464
	<u>1,323,328</u>	<u>1,307,777</u>
Discount	<u>210,542</u>	<u>177,000</u>
	<u>\$ 1,112,786</u>	<u>\$ 1,130,777</u>

A discount rate of 4.6% was used to record unconditional promises-to-give at the present value of the future cash flows as of August 31, 2021 and 2020.

**4. Student Loans Receivable**

The University makes uncollateralized loans to students through its participation in the Federal Perkins Loan program. The availability of funds under this program is dependent on reimbursement to the loan fund from repayments on outstanding loans. Effective October 1, 2017, the Federal Perkins Loan program is no longer issuing new loans to students. Funds advanced by and payable to the federal government, net of amounts returned, totaled \$2,184,349 and \$2,928,974 as of August 31, 2021 and 2020, respectively. A portion of these advances is ultimately refundable to the federal government and are classified as liabilities in the statement of financial position. Outstanding loans canceled under the programs result in a decrease in the University's liability to the federal government. The federal government and the University share the risk of loss of uncollectible loans, in accordance with their federal and institutional capital contributions.

## LOGAN UNIVERSITY, INC.

### Notes To Financial Statements (Continued)

Perkins student loans receivable at August 31 consists of the following:

	<u>2021</u>	<u>2020</u>
Loan balances not yet in repayment	\$ 101,720	\$ 134,684
Loan balances in repayment	1,717,375	2,281,276
<b>Total student loan receivables</b>	<b>\$ 1,819,095</b>	<b>\$ 2,415,960</b>

The following table represents the amounts past due under the University's student loan programs as of August 31:

	<u>Loans In Repayment</u>				<u>Total Loans Receivable</u>
	<u>Students In School - Amounts Not Due</u>	<u>Current Or Less Than 30 Days Past Due</u>	<u>30-89 Days Past Due</u>	<u>90 Days Past Due</u>	
<b>August 31, 2021</b>					
Student Loans	\$ 101,720	\$ 1,338,101	\$ 43,618	\$ 335,656	\$ 1,819,095
<b>August 31, 2020</b>					
Student Loans	\$ 134,684	\$ 1,742,272	\$ 119,411	\$ 419,593	\$ 2,415,960

## 5. Property And Equipment

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,997,652	\$ 735,508
Buildings	56,908,447	56,757,648
Equipment	16,672,938	14,974,559
Vehicles	331,776	331,776
Leasehold improvements	417,903	350,395
Construction in progress	1,775,900	1,085,023
	<b>78,104,616</b>	<b>74,234,909</b>
Less: Accumulated depreciation	42,730,589	39,819,848
	<b>\$ 35,374,027</b>	<b>\$ 34,415,061</b>

Depreciation expense was \$2,929,864 and \$2,824,944 for the years ended August 31, 2021 and 2020, respectively.



## 6. Investments And Fair Value Measurements

Investments consist of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 202,043	\$ 361,653
U.S. treasury securities	75,588	77,892
U.S. agency securities	90,953	95,933
Mortgage-backed securities	31,528,027	29,992,588
Asset-backed securities	561,583	918,878
Corporate fixed income	1,271,094	1,503,073
Bond mutual funds	5,646,918	3,141,955
Exchange traded funds	7,019,590	5,500,885
Equity mutual funds	16,062,833	12,599,446
Equity securities	3,871,233	2,927,196
Real estate	48,673	40,813
	<u>\$ 66,378,535</u>	<u>\$ 57,160,312</u>

These investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. For the years ended August 31, 2021 and 2020, unrealized gains of \$5,755,637 and \$2,661,802, respectively, were recorded to adjust the investments to fair value. The total cost basis of investments at August 31, 2021 and 2020 amounted to \$55,372,408 and \$51,962,444, respectively.

Accounting rules regarding fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.
  
- Level 2      Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments in U.S. treasury, U.S. agency, mortgage-backed and asset-backed securities, and corporate fixed income is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**LOGAN UNIVERSITY, INC.**Notes To Financial Statements (*Continued*)

The following table sets forth by level, within the fair value hierarchy, the University's assets at fair value:

	August 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 202,043	\$ —	\$ —	\$ 202,043
U.S. treasury securities	—	75,588	—	75,588
U.S. agency securities	—	90,953	—	90,953
Mortgage-backed securities	—	31,528,027	—	31,528,027
Asset-backed securities	—	561,583	—	561,583
Corporate fixed income	—	1,271,094	—	1,271,094
Bond mutual funds	5,646,918	—	—	5,646,918
Exchange traded funds	7,019,590	—	—	7,019,590
Equity mutual funds	16,062,833	—	—	16,062,833
Equity securities	3,871,233	—	—	3,871,233
Real estate	48,673	—	—	48,673
<b>Total assets at fair value</b>	<b>\$ 32,851,290</b>	<b>\$ 33,527,245</b>	<b>\$ —</b>	<b>\$ 66,378,535</b>

	August 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 361,653	\$ —	\$ —	\$ 361,653
U.S. treasury securities	—	77,892	—	77,892
U.S. agency securities	—	95,933	—	95,933
Mortgage-backed securities	—	29,992,588	—	29,992,588
Asset-backed securities	—	918,878	—	918,878
Corporate fixed income	—	1,503,073	—	1,503,073
Bond mutual funds	3,141,955	—	—	3,141,955
Exchange traded funds	5,500,885	—	—	5,500,885
Equity mutual funds	12,599,446	—	—	12,599,446
Equity securities	2,927,196	—	—	2,927,196
Real estate	40,813	—	—	40,813
<b>Total assets at fair value</b>	<b>\$ 24,531,135</b>	<b>\$ 32,588,364</b>	<b>\$ —</b>	<b>\$ 57,160,312</b>

**7. Paycheck Protection Program Loan**

On April 15, 2020, the Organization received \$3,180,000 under the Paycheck Protection Program (PPP) that was signed into law as part of the CARES Act during the COVID-19 outbreak. This loan had a two-year term at an interest rate of 1% and was eligible for tax-free forgiveness up to 100% of the loan value if certain criteria are met. During 2021, the University received forgiveness of the full amount of the loan. The forgiveness of the loan was recognized as a gain on forgiveness of Payroll Protection Program loan during the year ended August 31, 2021.

**8. Net Assets**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions consist of the following:

	<b>August 31,</b>	
	<b>2021</b>	<b>2020</b>
Undesignated	\$ 34,177,201	\$ 30,726,874
Board designated for endowment	32,780,843	25,642,102
Investment in property and equipment	35,374,027	34,415,061
	<b>\$ 102,332,071</b>	<b>\$ 90,784,037</b>

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

	<b>August 31,</b>	
	<b>2021</b>	<b>2020</b>
Program Restrictions		
Scholarships	\$ 817,936	\$ 984,393
Educational activities	53,995	106,912
Capital campaign	12,000	—
General activities and other	114,102	109,102
	<b>998,033</b>	<b>1,200,407</b>
Assets restricted for perpetual endowment	<b>1,687,964</b>	<b>1,390,651</b>
	<b>\$ 2,685,997</b>	<b>\$ 2,591,058</b>

**LOGAN UNIVERSITY, INC.**

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Notes To Financial Statements (*Continued*)

Net assets released from donor restrictions consist of the following for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 343,995	\$ 234,245
Educational Activities	52,917	53,608
Other Purpose Restrictions	86,015	24,831
	<u>\$ 482,927</u>	<u>\$ 312,684</u>

**LOGAN UNIVERSITY, INC.**

Notes To Financial Statements (*Continued*)

**9. Functional Expense Allocations**

The functional expense allocations of the University are as follows for the years ended August 31, 2021 and 2020:

	2021							
	Educational Activities	Public Service	Research	Student Grant Expense	Total Educational Activities	Institutional Support	Operation Of Plant And Maintenance	Total Expenses
Salaries and benefits	\$ 15,967,019	\$ 559,263	\$ 329,932	\$ —	\$ 16,856,214	\$ 4,638,863	\$ 1,039,047	\$ 22,534,124
Operating expenses	5,349,840	191,638	103,175	—	5,644,653	5,409,543	1,634,835	12,689,031
Depreciation	—	—	—	—	—	—	2,929,864	2,929,864
Other	—	—	—	1,278,497	1,278,497	—	—	1,278,497
Total Expenses	21,316,859	750,901	433,107	1,278,497	23,779,364	10,048,406	5,603,746	39,431,516
Allocation of plant	1,244,738	—	—	—	1,244,738	1,429,144	(2,673,882)	—
Allocation of depreciation	1,363,902	—	—	—	1,363,902	1,565,962	(2,929,864)	—
	\$ 23,925,499	\$ 750,901	\$ 433,107	\$ 1,278,497	\$ 26,388,004	\$ 13,043,512	\$ —	\$ 39,431,516

  

	2020							
	Educational Activities	Public Service	Research	Total Educational Activities	Institutional Support	Operation Of Plant And Maintenance	Total Expenses	
Salaries and benefits	\$ 15,462,540	\$ 161,117	\$ 100,916	\$ 15,724,573	\$ 4,324,766	\$ 1,635,898	\$ 21,685,237	
Operating expenses	4,101,904	61,319	44,985	4,208,208	4,762,874	1,056,857	10,027,939	
Depreciation	—	—	—	—	—	2,824,944	2,824,944	
Total Expenses	19,564,444	222,436	145,901	19,932,781	9,087,640	5,517,699	34,538,120	
Allocation of plant	1,753,753	—	—	1,753,753	939,002	(2,692,755)	—	
Allocation of depreciation	1,839,845	—	—	1,839,845	985,099	(2,824,944)	—	
	\$ 23,158,042	\$ 222,436	\$ 145,901	\$ 23,526,379	\$ 11,011,741	\$ —	\$ 34,538,120	

**10. Liquidity And Availability Of Resources**

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. The University has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures. As of August 31, 2021 and 2020, the University has the following financial assets available for expenditures within one year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,280,684	\$ 4,050,616
Accounts receivable, net	185,320	314,628
Investments	<u>30,793,930</u>	<u>28,346,445</u>
Total financial assets	<u>\$ 34,259,934</u>	<u>\$ 32,711,689</u>

Student loan receivables are not included in the analysis as principal and interest on these loans are used solely to repay balances due to the Federal Government under the Perkins Loan Program.

The University maintains an endowment of approximately \$35 million as of August 31, 2021. Approximately \$33 million of the endowment is designated by the Board and is invested for long-term appreciation. These funds could be made available for general expenditures at the discretion of the Board of Trustees.

**11. Operating Leases**

The University has entered into various operating leases for buildings and office equipment through 2026. It is expected that in the normal course of business, such leases will continue to be required. Net expenditures for rentals under leases for the years ended August 31, 2021 and 2020, amounted to \$286,545 and \$243,695, respectively.

Total future minimum lease payments are as follows:

<b>Year</b>	<b>Amount</b>
2022	\$ 296,392
2023	294,252
2024	293,564
2025	274,350
2026	29,639
	<u>\$ 1,188,197</u>

## **12. Retirement Plans**

The University has defined contribution pension plans covering all full-time employees. Under terms of the plans, the University contributes 5% of the participants' annual compensation. Employees can voluntarily contribute additional funds from their annual compensation up to the amount limited by law. The University's contributions for the years ended August 31, 2021 and 2020 were \$803,032 and \$708,680, respectively.

## **13. Endowment**

The University's endowment consists of various funds established for program purposes (Note 8). The endowment includes Board designated and donor restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions.

### **Interpretation Of Relevant Law**

On August 28, 2009, the State of Missouri adopted UPMIFA, which amended the previous law (UMIFA). The Board of Trustees of the University has interpreted 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 donor restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts donated to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.



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

- (1) The duration and preservation of the fund;
- (2) The purposes of the University and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the University; and
- (7) The investment policies of the University

### **Return Objectives And Risk Parameters**

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the University must hold in perpetuity or for a donor specified period as well as Board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate index while assuring a moderate level of investment risk. Actual returns in any given year may vary from this amount.

### **Strategies Employed For Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments and fixed income securities to achieve its long-term return objectives with prudent risk constraints.

### **Spending Policy And How The Investment Objectives Relate To Spending Policy**

The University has a policy of distributing interest, dividends and capital gains to the extent the then-current market value of the fund principal exceeds the historical dollar value of the gift less any distributions of principal allowed under the terms of the gift, unless otherwise specified by the donor. In establishing this policy, the University considered the long-term expected return on its endowment.

**LOGAN UNIVERSITY, INC.**Notes To Financial Statements (*Continued*)

Endowment assets consist of the following:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings	Corpus	
Scholarship	\$ —	\$ 289,772	\$ 1,687,964	\$ 1,977,736
Board-designated endowment	32,780,843	—	—	32,780,843
<b>Total endowment funds</b>	<b>\$ 32,780,843</b>	<b>\$ 289,772</b>	<b>\$ 1,687,964</b>	<b>\$ 34,758,579</b>

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings	Corpus	
Scholarship	\$ —	\$ 178,179	\$ 1,390,651	\$ 1,568,830
Board-designated endowment	25,642,102	—	—	25,642,102
<b>Total endowment funds</b>	<b>\$ 25,642,102</b>	<b>\$ 178,179</b>	<b>\$ 1,390,651</b>	<b>\$ 27,210,932</b>

Changes in endowment assets are as follows:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings	Corpus	
Endowment assets, beginning of year	\$ 25,642,102	\$ 178,179	\$ 1,390,651	\$ 27,210,932
Investment return				
Interest and dividends, net	740,396	27,550	—	767,946
Net realized gain	776,557	18,276	—	794,833
Net unrealized gain	5,621,788	93,492	—	5,715,280
<b>Total investment return</b>	<b>7,138,741</b>	<b>139,318</b>	<b>—</b>	<b>7,278,059</b>
Additions - gifts	—	—	297,313	297,313
Appropriation of endowment assets for expenditure	—	(27,725)	—	(27,725)
<b>Endowment assets, end of year</b>	<b>\$ 32,780,843</b>	<b>\$ 289,772</b>	<b>\$ 1,687,964</b>	<b>\$ 34,758,579</b>

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings	Corpus	
Endowment assets, beginning of year	\$ 22,489,590	\$ 148,818	\$ 1,332,733	\$ 23,971,141
Investment return				
Interest and dividends, net	413,862	33,357	—	447,219
Net realized gain	523,625	4,694	—	528,319
Net unrealized gain	2,215,025	19,560	—	2,234,585
<b>Total investment return</b>	<b>3,152,512</b>	<b>57,611</b>	<b>—</b>	<b>3,210,123</b>
Additions - gifts	—	—	57,918	57,918
Appropriation of endowment assets for expenditure	—	(28,250)	—	(28,250)
<b>Endowment assets, end of year</b>	<b>\$ 25,642,102</b>	<b>\$ 178,179</b>	<b>\$ 1,390,651</b>	<b>\$ 27,210,932</b>

## **14. Contingencies**

The University, from time to time, is involved in litigation in the ordinary course of business. The University is a party to lawsuits or proceedings, which, in the opinion of management, are not individually, or in the aggregate, likely to have a material adverse effect on the statement of financial position.

In March 2020, the COVID-19 virus was declared a global pandemic and as these financial statements are to be issued, the virus continues to spread. Business continuity relies on students seeking a higher education which has been affected by the virus. Management is carefully monitoring the situation and is evaluating its options during this time.

Due to the uncertainty of this pandemic, no adjustments have been made to the financial statements.

## **15. Commitments**

### **Long-Term Employment Contracts**

The University routinely enters into annual employment contracts with faculty and staff.

### **Lease Commitments**

During 2020, the University entered into a 30-year lease agreement with the City of Chesterfield (the City), with an option to extend an additional 30 years. During 2021, the University, as the lessor, purchased and subsequently leased a parcel of land to the City for \$1 to be operated as a park. As a condition of the lease, the City, as the lessee, is required to make various leasehold improvements within three years from lease inception. As of the date these financial statements were available for issuance, the leasehold improvements had not been completed and therefore the lease transaction has not been reflected in the financial statements.

## **16. Supplemental Cash Flow Information**

As of August 31, 2021, \$200,620 of purchases of property and equipment were included in accounts payable and accrued liabilities. There were no such purchases included in accounts payable and accrued liabilities as of August 31, 2020.

# LOGAN UNIVERSITY

## U.S. DEPARTMENT OF EDUCATION COMPOSITE SCORE For The Year Ended August 31, 2021

Expendable Net Assets	
Net Assets Without Donor Restrictions	\$ 102,332,071
Net Assets With Donor Restrictions	998,033
Net Assets With Donor Restrictions - Restricted in perpetuity	(1,687,964)
Annuities, term endowments and life income funds with donor restrictions	—
Intangible Assets	—
Pre-implementation Net Property and Equipment	(31,684,161)
Post-implementation Net Property and Equipment	(3,689,866)
Post-employment and defined benefit pension liabilities	—
All debt obtained for long-term purposes, not to exceed total net PPE: Pre-implementation	—
All debt obtained for long-term purposes, not to exceed total net PPE: Post-implementation	—
Unsecured related party receivables	—
<b>Total Expendable Net Assets</b>	<b>\$ 66,268,113</b>
Expenses and Losses Without Donor Restrictions	
Total operating expenses without donor restrictions	\$ 39,431,516
Net Periodic Pension Costs reported as non-operating loss, if any	—
Investment loss, if included in Total Expenses without donor restrictions	—
Loss from change in value of split-interest agreements without donor restrictions	—
<b>Total Expenses and Losses Without Donor Restrictions</b>	<b>\$ 39,431,516</b>
Modified Net Assets	
Net Assets Without Donor Restrictions	\$ 102,332,071
Net Assets With Donor Restrictions	998,033
Intangible Assets	—
Unsecured Related Party Receivables	—
<b>Total Modified Net Assets</b>	<b>\$ 103,330,104</b>
Modified Assets	
Total Assets	\$ 110,233,771
Intangible Assets	—
Unsecured Related Party Receivables	—
<b>Total Modified Assets</b>	<b>\$ 110,233,771</b>
Change in Net Assets Without Donor Restrictions	\$ 11,548,034
Revenues and Gains Without Donor Restrictions	
Total revenues and gains without donor restrictions, including investment gains	47,316,623
Net Assets Released from Restrictions	482,927
Investment losses included in total revenues and gains without donor restrictions, if any	—
Gain from change in value of split-interest agreements without donor restrictions	—
Other Gains without donor restrictions	3,180,000
<b>Total Revenues and Gains Without Donor Restrictions</b>	<b>\$ 50,979,550</b>

# LOGAN UNIVERSITY

## U.S. DEPARTMENT OF EDUCATION COMPOSITE SCORE For The Year Ended August 31, 2021

	<b>Ratio</b>	<b>Strength Factor</b>	<b>Weight</b>	<b>Composite Score</b>
<b>Primary Reserve Ratio</b>				
Expendable Net Assets				
<hr/>				
Total Expenses and Losses Without Donor Restrictions	1.6806	3.0000	40%	1.2000
<b>Equity Ratio</b>				
Modified Assets				
<hr/>				
Modified Net Assets	0.9374	3.0000	40%	1.2000
<b>Net Income Ratio</b>				
Change in Net Assets Without Donor Restrictions				
<hr/>				
Total Revenue and Gains Without Donor Restrictions	0.2265	12.3261	20%	0.6000
<b>Net Composite Score</b>				<hr/>
				<u>3.00</u>

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***LOGAN UNIVERSITY, INC.***

*SINGLE AUDIT REPORT*

*AUGUST 31, 2021*

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**Independent Auditors' Report On Internal  
Control Over Financial Reporting And On  
Compliance And Other Matters Based On An  
Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards***

Board of Trustees  
Logan University, Inc.  
Chesterfield, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Logan University, Inc. (the University), which comprise the statement of financial position as of August 31, 2021, and the related statement 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 January 19, 2022.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

January 19, 2022

**Independent Auditors' Report On  
Compliance For Each Major Federal  
Program, Report On Internal Control Over  
Compliance And Report On The Schedule  
Of Expenditures Of Federal Awards  
Required By The Uniform Guidance**

Board of Trustees  
Logan University, Inc.  
Chesterfield, Missouri

**Report On Compliance For Each Major Federal Program**

We have audited Logan University's (the University) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended August 31, 2021. The University's major federal programs are identified in the summary of auditors' 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 August 31, 2021.

### ***Other Matters***

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 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. We did not identify any significant deficiencies that we determined to be material weaknesses.

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.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

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.

### **Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance**

We have audited the financial statements of the University as of and for the year ended August 31, 2021, and have issued our report thereon dated January 19, 2022, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*RubinBrown LLP*

January 19, 2022

**LOGAN UNIVERSITY, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended August 31, 2021**

Federal Grantor/ Pass-Through Grantor	Program Or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying/ Contract Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>United States Department of Education</b>					
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program	84.007	—	\$ 101,696	\$ —
	Federal Work Study Program	84.033	—	357,997	—
	Federal Pell Grant Program	84.063	—	668,934	—
	Federal Direct Loan Program	84.268	—	47,506,451	—
	Federal Perkins Loan Program	84.038	—	2,415,960	—
	Total Student Financial Aid Cluster			51,051,038	—
	Higher Education Emergency Relief Fund				
Direct	HEERF Funds - Student Portion	COVID-19/84.425E	—	540,143	—
Direct	HEERF Funds - Institution Portion	COVID-19/84.425F	—	638,354	—
Direct	HEERF Funds - Fund for the Improvement of Postsecondary Education	COVID-19/84.425N	—	100,000	—
	Total 84.425			1,278,497	—
<b>Total Expenditures Of Federal Awards</b>				<b>\$ 52,329,535</b>	<b>\$ —</b>

# LOGAN UNIVERSITY, INC.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended August 31, 2021

### 1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards programs of Logan University, Inc. (the University). The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### 2. Basis Of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in Note 1 to the financial statements of the University.

### 3. Relationship To The Financial Statements

Federal financial assistance revenues from the Federal Work Study and the Federal Supplemental Educational Opportunity Grant programs are reported in the University's financial statements as federal grant revenue. The activity of the Federal Direct Loan Program and Federal Pell Grant programs are not included in the University's financial statements, as the benefits of these programs are awarded directly to students and not to the University.

### 4. Loan Programs

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and accordingly, it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at August 31, 2021.

The following schedule represents loans advanced by the University as of and for the year ended August 31, 2021:

	<u>AL #</u>	<u>Advances</u>
Student Financial Aid:		
Department of Education:		
Federal Direct Loan Program	84,268	\$ 47,506,451

The above advances are included as federal expenditures in the Schedule. At August 31, 2021, there was \$1,819,095 outstanding under the Federal Perkins Loan Program.

**5. Indirect Costs**

The University has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

# LOGAN UNIVERSITY, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended August 31, 2021

### Section I - Summary Of Auditors' Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Significant deficiency(s) identified? \_\_\_\_\_ yes   x   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   x   no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Significant deficiency(s) identified?   x   yes \_\_\_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes \_\_\_\_\_ no

#### **Identification Of Major Federal Programs:**

Assistance Listing No.	Name Of Federal Program Or Cluster
Student Financial Aid Cluster:	
84.007	Federal Supplemental Educational Opportunity Grant Program (FSEOG)
84.033	Federal Work Study Program (FWS)
84.038	Federal Perkins Loan Program (FPL)
84.063	Federal Pell Grant Program (PELL)
84.268	Federal Direct Loan Program (FDL)
Higher Education Emergency Relief Fund:	
84.425E	HEERF Funds - Student Portion
84.245F	HEERF Funds - Institution Portion
84.425N	HEERF Funds - Fund for the Improvement of Postsecondary Education

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   x   no



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**LOGAN UNIVERSITY, INC.**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***  
**For The Year Ended August 31, 2021**

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**Section II - Financial Statement Findings**

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**NONE**

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**Section III - Federal Award Findings And Questioned Costs**

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**Finding No. 2021-001 - Significant Deficiency**

**Federal Program:** Student Financial Aid Cluster

**Award ID No:** - -

**AL** 84.007, 84.033, 84.063, 84.268, 84.038

**Federal Agency:** U.S. Department of Education

**Criteria:** According to the November 2020 NSLDS Enrollment Reporting Guide, “As with any school/servicer arrangement for the administration of Title IV programs, if the school uses an Enrollment Reporting Servicer, the school still has the primary responsibility for submitting timely, accurate, and complete responses to Enrollment Reporting roster files, and for reporting any changes in student enrollment status in a timely manner” (page 12).

**Condition:** The University utilized the National Student Loan Clearinghouse (NSC) as a service provider to upload information on behalf of the University to NSLDS. In our sample of 40 students, it was noted for 15 individuals that information was not properly updated in NSLDS within the allotted timeframe.

**Cause:** The University adjusted its controls and processes related to enrollment reporting during the current year, which resulted in delays in timely uploading to NSLDS.

**Effect:** In our sample of 40 students, it was noted for 15 individuals that information was not properly updated in NSLDS within 60 days, which resulted in noncompliance with federal requirements as described above.

**Questioned Costs:** None noted. All information for the impacted student was eventually uploaded in NSLDS by the University.

## LOGAN UNIVERSITY, INC.

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended August 31, 2021

**Identification As**

**A Repeat Finding:** The finding is not a repeat finding.

**Recommendation:** The University should review and consider revisions to its processes and related controls in place to ensure the timely receipt, processing, and tracking of data submitted to NSLDS by National Student Clearinghouse.

**Views of  
Responsible  
Officials:**

The University agrees with this finding and has implemented an internal control procedure to ensure compliance in the future.

## CORRECTIVE ACTION PLAN For The Year Ended August 31, 2021

### Finding 2021--001

#### Personnel Responsible

**for Corrective Action:** Registrar Team and Associate Director of Federal Enrollment Reporting & Title IV Compliance

#### Anticipated Completion

**Date:** January 2022

**Corrective Action Plan:** The University agrees with the finding. This late reporting of graduated students happened during a transition of reporting duties from the Registrar to the newly created Associate Director of Federal Enrollment Reporting & Title IV Compliance position. This position reports to both the University Registrar & Associate Provost of Academic Administration (50%) as well as the Director of Financial Aid (50%) and was established to focus on the enrollment reporting.

At the end of the term, the Registrar team ensures that every graduated student's status is marked as graduated. The Associate Director of Federal Enrollment Reporting & Title IV Compliance worked with IT and the National Student Clearinghouse to improve the enrollment status report that is sent to National Student Clearinghouse on a monthly basis, as well as the graduated report in order to reduce errors and allow for more timely reporting.

As a cross check, the Associate Director of Federal Enrollment Reporting & Title IV Compliance reviews the SCHEP4 report from NSLDS on a monthly basis and compares to the University's internal records.

**LOGAN UNIVERSITY, INC.**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**August 31, 2021**

None Noted