SAINT LOUIS UNIVERSITY

Consolidated Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Board of Trustees
Saint Louis University:

We have audited the accompanying consolidated financial statements of Saint Louis University, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Louis University as of June 30, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Saint Louis, Missouri
October 27, 2021

SAINT LOUIS UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,
(000's Omitted)

	2021	2020
Assets:		
Cash and cash equivalents	$ 68,936	$ 103,056
Accounts receivable, net	162,320	107,627
Prepaid expenses	9,480	7,041
Investments	1,530,107	1,208,564
Notes receivable	27,888	30,216
Unexpended bond proceeds	18,881	36,197
Funds held by trustees	84,579	69,296
Land, buildings, and equipment, net	779,425	810,689
Right of use assets - operating leases	18,585	9,876
Right of use assets - financing leases	30,236	31,168
Other assets, net	86,808	86,333
Total assets	$ 2,817,245	$ 2,500,063
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	$ 35,238	$ 39,908
Accrued payroll and benefits	65,050	45,641
Deposits and deferred revenues	51,247	26,641
Line of credit payable	20,000	79,250
Other accrued liabilities	86,329	91,844
Lease liabilities - operating	16,686	10,269
Lease liabilities - financing	31,626	31,168
Notes and bonds payable	506,800	517,036
U.S. government refundable grants	16,128	18,529
Total liabilities	829,104	860,286
Net assets:		
Without donor restrictions	1,353,628	1,127,816
With donor restrictions	634,513	511,961
Total net assets	1,988,141	1,639,777
Total liabilities and net assets	$ 2,817,245	$ 2,500,063

See Accompanying Notes to the Consolidated Financial Statements.

SAINT LOUIS UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(000's omitted)

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating revenues and other support:			
Education and related activities:			
Tuition and fees	$ 261,673		$ 261,673
Government grants and contracts	48,250		48,250
Contributions and private grants	25,084	$ 3,836	28,920
Investment return, net	63,840		63,840
Auxiliary enterprises	48,497		48,497
Other	19,760		19,760
Total education and related activities	467,104	3,836	470,940
Patient care	395,111		395,111
Net assets released from restrictions	3,471	(3,471)	—
Total operating revenues and other support	865,686	365	866,051
Operating expenses:			
Salaries and benefits	559,861		559,861
Supplies, repairs, utilities, and other expenses	219,341		219,341
Depreciation and amortization	49,378		49,378
Interest expense	23,840		23,840
Total operating expenses	852,420		852,420
Net operating results	13,266	365	13,631
Nonoperating activities:			
Investment return net of amounts designated for operations	212,007	110,145	322,152
Donor restricted contributions and private grants		3,669	3,669
Other, net	539	8,373	8,912
Total nonoperating activities, net	212,546	122,187	334,733
Change in net assets	225,812	122,552	348,364
Net assets at beginning of year	1,127,816	511,961	1,639,777
Net assets at end of year	$ 1,353,628	$ 634,513	$ 1,988,141

See Accompanying Notes to the Consolidated Financial Statements.

SAINT LOUIS UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(000's omitted)

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Operating revenues and other support:			
Education and related activities:			
Tuition and fees	$ 267,260		$ 267,260
Government grants and contracts	42,629		42,629
Contributions and private grants	28,088	$ 6,808	34,896
Investment return, net	63,826		63,826
Auxiliary enterprises	50,078		50,078
Other	19,983		19,983
Total education and related activities	471,864	6,808	478,672
Patient care	363,719		363,719
Net assets released from restrictions	3,426	(3,426)	—
Total operating revenues and other support	839,009	3,382	842,391
Operating expenses:			
Salaries and benefits	573,690		573,690
Supplies, repairs, utilities, and other expenses	218,765		218,765
Depreciation and amortization	44,116		44,116
Interest expense	17,983		17,983
Total operating expenses	854,554		854,554
Net operating results	(15,545)	3,382	(12,163)
Nonoperating activities:			
Investment return net of amounts designated for operations	(62,200)	(24,439)	(86,639)
Donor restricted contributions and private grants		13,231	13,231
Other, net	(371)	1,242	871
Total nonoperating activities, net	(62,571)	(9,966)	(72,537)
Change in net assets	(78,116)	(6,584)	(84,700)
Net assets at beginning of year, as previously reported	1,206,267	518,545	1,724,812
Cumulative effect of accounting change	(335)		(335)
Net assets at beginning of year	1,205,932	518,545	1,724,477
Net assets at end of year	$ 1,127,816	$ 511,961	$ 1,639,777

See Accompanying Notes to the Consolidated Financial Statements.

SAINT LOUIS UNIVERSITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

(000's Omitted)

	2021	2020
Net cash flows from operating activities:		
Increase / (decrease) in net assets	$ 348,364	$ (84,700)
Adjustments to reconcile change in net assets:		
Net losses on disposition of property and equipment	255	7,815
Depreciation and amortization	49,378	44,116
(Increase) / decrease in accounts receivable, net	(56,958)	8,382
Increase / (decrease) in accounts payable	8,183	(9,414)
Increase / (decrease) in accrued payroll and benefits	13,058	(12,602)
Increase/ (decrease) in deposits and deferred revenues	24,211	(11,802)
Increase / (decrease) in other accrued liabilities	13,134	(8,475)
(Increase) / decrease in other assets	(9,375)	3,088
Other changes in assets and liabilities	(4,848)	(6,353)
Contributions restricted for permanent endowment	(3,669)	(12,972)
Contributions restricted for acquisitions of property and equipment	(3,675)	(121)
Investment income restricted for long-term investment	(439)	(464)
Net (gains) / losses on long-term investments	(362,240)	41,615
Net (gains)/losses on assets held by trustees	(8,932)	822
Net cash provided by/ (used in) operating activities	6,447	(41,065)
Net cash flows from investing activities:		
Proceeds from sales and maturities of investments	405,710	540,994
Purchase of investments	(376,276)	(528,725)
Proceeds from disposition of property and equipment	4,779	347
Decrease in unexpended bond procceds	17,316	76,723
Purchase of property and equipment	(30,710)	(138,275)
Net cash provided by / (used in) investing activities	20,819	(48,936)
Net cash flows from financing activities:		
Issuance of notes receivable	(1,318)	(228)
Payments on notes receivable	3,334	8,886
(Repayment) / drawdown on line of credit	(59,250)	79,250
Payments on notes and bonds payable	(10,140)	(9,730)
Payments on long-term capital leases	(126)	-
(Decrease) / increase in cash overdrafts	(3,360)	6,732
Contributions restricted for permanent endowment	5,930	9,575
Contributions restricted for acquisitions of property and equipment	4,074	175
Investment income restricted for long-term investment	439	464
Net cash (used in) / provided by financing activities	(60,417)	95,124
Net (decrease) / increase in cash, cash equivalents and restricted cash	(33,151)	5,123
Cash, cash equivalents and restricted cash, beginning of year	107,442	102,319
Cash, cash equivalents and restricted cash, end of year	$ 74,291	$ 107,442

See Accompanying Notes to the Consolidated Financial Statements.

SAINT LOUIS UNIVERSITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

(000's Omitted)

Supplemental data:				
Interest paid	$	23,861	$	22,621
Capital assets acquired through accounts payable	$	772	$	10,265
Operating cash flows from operating leases	$	(5,053)	$	(3,312)
Operating cash flows from financing leases	$	(1,453)	$	-
Cash and cash equivalents balance per Statement of Financial Position	$	68,936	$	103,056
Restricted cash included in Investments		5,355		4,386
Cash, cash equivalents and restricted cash, end of year	$	74,291	$	107,442

See Accompanying Notes to the Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Saint Louis University (the University) was founded in 1818. The University is a coeducational institution offering undergraduate and graduate programs in a variety of curricula. Professional degree programs include medicine, law, business, social work, allied health, nursing, and advanced dentistry.

In addition to its higher education mission, the University devotes substantial resources, facilities, and personnel to providing health care services in conjunction with the academic programs offered by the University at the Medical Center. The University operates medical practices staffed by the faculty of the University's School of Medicine. The members of the faculty of the School of Medicine who provide medical services are referred to as SLUC*are*.

(b) Presentation of Consolidated Financial Statements

The University's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (U.S. GAAP). The consolidated financial statements include, after elimination of all significant intercompany transactions, the accounts of Saint Louis University, SLUC*are*, Saint Louis University in Spain, and SLU Blocker.

(c) Tax Exempt Status

The University is generally exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code).

The University recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The University has no uncertain tax positions that result in material unrecognized tax benefits as of June 30, 2021 and 2020.

H.R. 1, originally known as the Tax Cuts and Jobs Act (the Act), was signed into law on December 22, 2017. The Act contains various provisions affecting both for-profit and not-for-profit entities. Tax-exempt entities are impacted in part by the inclusion of an excise tax on excess compensation for covered employees, changes to unrelated business income, as well as their ability to advance refund bonds. The Act for the year ended June 30, 2021 had an immaterial impact on the consolidated financial statements.

(d) Measure of Operations

Net operating results (change in net assets without donor restrictions from operating activity) in the Consolidated Statements of Activities reflect all transactions that change net assets without donor restrictions, except for activity associated with consolidated endowment investments, gain or loss on swap agreements and certain other nonrecurring items. In accordance with the University's endowment spending policy, as described in note 4, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Operating investment return consists of dividends, interest, and realized/unrealized gains and losses on nonendowed investments.

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Tuition and Fee Revenue

The University recognizes revenue from student tuition and fees within the fiscal year in which the academic term is predominantly conducted. Tuition and fees are reported net of scholarship allowances as these are considered a reduction of the tuition transaction price. A scholarship allowance represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Scholarship allowances were $212.2 million and $197.0 million for the years ended June 30, 2021 and 2020, respectively. Students who withdraw from a course or from the University within the first two weeks receive a full refund which is deducted from tuition revenue. Deposits and deferred revenues include advance tuition deposits and amounts billed to students for future years.

Net tuition and fees revenue consisted of the following at June 30:

	2021	2020
	(000's omitted)	
Undergraduate	$ 153,848	$ 167,569
Graduate	101,279	96,349
Other	6,546	3,342
Total	$ 261,673	$ 267,260

(g) Contributions

Contributions, including unconditional promises to give, are reported at fair value at the date the promise or gift is received. A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets must be determinable. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome and is then reported at fair value. The gifts are reported as increases in net assets without donor restrictions, unless there are donor-imposed purposes, time restrictions, or are subject to board-determined spending policy on the gifted assets. When a donor restriction expires, net assets are released to net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements. The University reports expirations of donor restrictions on donated, acquired, or constructed long lived assets when the assets are placed in service.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, as well as changes in the allowance for doubtful accounts for the gifts are included in contributions and private grants revenue. The University does not recognize conditional promises with right of return until the condition is met.

(h) Sponsored Awards

The University receives sponsored program awards from various governmental and other sponsors. These agreements generally are considered non exchange transactions restricted by sponsors for certain purposes and are recognized as revenue when qualifying expenses are incurred and conditions under the agreements are met. Such revenues are recorded as either government grants and contracts or contributions and private grants. Conditional awards from governmental and other sponsors outstanding was $38.9 million for 2021.

(i) Auxiliary Enterprises Revenue

Room and board revenue included in this category was $39.9 million and $33.3 million for 2021 and 2020, respectively, and is recognized when performance obligations are met. Auxiliary enterprises consist of revenues of the University's residence halls, meal services, parking services, arena events and miscellaneous. The remaining revenue is recognized when the service is provided or the event occurs. Discounts given to target upper classmen to live on campus of $1.3 million for 2021 and 2020, are included as a reduction to the transaction price for auxiliary enterprises.

(j) Patient Care Revenue

Patient care revenue includes clinical as well as contract revenue for patient services related to clinical, administrative and graduate medical education with various partners. SLU*Care* represents the primary source of this revenue.

Patient care revenue is reported at the amount that reflects the consideration to which SLUC*are* expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (managed care and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. Performance obligations satisfied over time relate to inpatient acute care services. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and SLU*Care* does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, SLU*Care* has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Such unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks at the end of a reporting period. As provided for under the guidance, SLU*Care* does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less. SLU*Care* uses a portfolio approach to apply the revenue recognition model to classes of payors with similar characteristics and analyzes cash collection trends over an appropriate collection look-back period depending on the payor.

SLU*Care* determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with SLU*Care's* policy, and/or implicit price concessions provided to uninsured patients. Estimates of contractual adjustments and discounts are based on contractual agreements, its discount policy (or policies), and historical experience. SLU*Care* determines its estimate of implicit price concessions are based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. Physician services are paid based upon established fee schedules.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge SLU*Care's* compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon SLU*Care*. In addition, contracts with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled and are no longer subject to such audits, reviews, and investigations. During 2021 and 2020, changes to prior year variable consideration resulted in an immaterial change in net patient service revenue from successful appeals, cost report settlements, and other adjustments to prior year.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. SLU*Care* estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

SLU*Care* provides care to patients regardless of their ability to pay. Therefore, SLU*Care* has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to patients and the amounts SLU*Care* expects to collect based on its collection history with those patients.

Patients who meet SLU*Care* criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Patient service revenue net of all price concessions, implicit or explicit as of June 30:

	2021	2020
Medicare and Medicaid	$ 86,686	$ 79,473
Managed care	71,688	62,670
Commerical and other	7,604	7,128
Self-pay	9,882	7,887
Total	$ 175,860	$ 157,158

Net patient service revenue recognized in the period by type of service and source is as follows as of June 30:

	2021	2020
	(000's omitted)	
Inpatient	$ 52,902	$ 51,045
Outpatient/ambulatory	122,958	106,113
Net patient service revenue	175,860	157,158
Contract Revenue	172,584	161,854
Graduate Medical Education	46,667	44,707
Total patient care revenue (net of contractual allowances and discounts)	$ 395,111	$ 363,719

The current reimbursement model for physician practice is not impacted by service location for the majority of payors. SLU*Care* grants credit without collateral to its patients, most of whom are residents in the communities that it serves and are insured under third-party payor agreements. The mix of net patient accounts receivable by major payor consists of the following as of June 30:

	2021	2020
Medicare and Medicaid	47 %	46
Managed care	32	28
Self-pay	14	15
Commerical and other	7	11
Total	100 %	100

Two managed care payors accounted for approximately 25.6% and 25.0% of net patient service revenue in 2021 and 2020, respectively. Amounts due from these two managed care payors accounted for approximately 17.7% and 16.0% of net patient accounts receivable at June 30, 2021 and 2020, respectively.

(k) COVID-19 Relief

In response to the COVID-19 pandemic, the United States congress passed various forms of relief. As a result the following assistance was recorded as revenue in the Consolidated Statement of Activities:

	2021	2020
	(000's omitted)	
Institutional - student room and board refunds (HEERF II & I)	$ 5.7	$ 2.6
Slu*Care* practice	2.1	2.7
Student assistance (HEERF II & I)	2.6	2.6
Total COVID-19 relief	$ 10.4	$ 7.9

The University is eligible for HEERF III funding of $7.4 million with an equal amount of student financial assistance. The University has applied for and established a receivable for the $7.4 million based on lost revenues in the first semester of FY21 and expenses related to preventing the spread of COVID-19 on campus. Since the University did not begin to distribute funds to students until after the current fiscal year, the institutional revenue was recorded as deferred revenues of $7.4 million at June 30, 2021 and was subsequently collected in FY22.

In addition, the State of Missouri received Higher Education funds through the CARES act and the University was awarded and received $1.1 million to offset expenses for student and classroom safety as well as online classes.

Finally, the University received approval from FEMA to reimburse $0.2 million of disinfectant and COVID-19 screening expenses.

(l) Nonoperating Activities

Nonoperating activities consisted of the following:

	Year ended June 30	
	2021	2020
Without donor restrictions:	(000's omitted)	
Investment return net of amounts designated for operations in accordance with the University's spending policy		
Net return / (loss) on endowment funds	$ 201,541	$ (47,538)
Net (loss) on designated funds	(2,743)	(2,689)
Investment return / (loss) on annuity/life income funds	978	(46)
Unrealized (loss) / gain on interest rate swap agreements, net	12,231	(11,927)
Foreign currency translation adjustment	1,230	(332)
Reclassification to endowment restricted net assets	(1,063)	(1,801)
Other, net	372	1,762
With donor restrictions:		
Investment return / (loss)	110,145	(24,439)
Donor restricted contributions and private grants	3,669	13,231
Reclassification from net assets with restrictions	1,063	1,801
Other, net	7,310	(559)
Total Nonoperating, net	$ 334,733	$ (72,537)

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with an initial maturity of three months or less. Cash and cash equivalents representing assets of endowment and similar funds are included in investments in the Consolidated Statements of Financial Position. The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of these financial instruments.

The University has $5.4 million and $4.4 million of restricted cash as of June 30, 2021 and 2020, respectively. This cash is from donations to the University and is awaiting investment at the Bank of New York. It is recorded as investments on the Consolidated Statements of Financial Position.

(n) Accounts Receivable, Net

Accounts receivable are stated at estimated net realizable amounts. Accounts receivable were composed of the following as of June 30:

	2021	2020
	(000's omitted)	
Patient care	$ 58,149	$ 43,539
Pledges, discounted (see table below)	21,300	26,878
Government/private grants	42,430	13,433
Student accounts	20,324	9,386
Anticipated insurance recoveries	2,534	2,531
HEERF II & III	8,285	—
Other	9,298	11,860
Total	$ 162,320	$ 107,627

As of June 30, the maturities of pledges were distributed as follows:

	2021	2020
Pledges scheduled to be collected in	(000's omitted)	
Less than one year	$ 8,099	$ 9,205
Between one year and five years	13,127	17,652
More than five years	4,292	5,815
Less: discount (rates range from 2.7% - 8.0%)	(2,130)	(2,888)
Pledges, discounted	$ 23,388	$ 29,784

(o) Allowance for Doubtful Accounts – Patient Care and Student Receivables

Patient care and student receivables are reduced by an allowance for doubtful accounts. The University evaluates the collectability of accounts receivable through historical trend analysis by major payor source. The University has not changed its charity care or uninsured discount policies during fiscal years 2021 or 2020. Bad debt expense was as follows June 30:

	2021	2020
	(000's omitted)	
Patient Care	$ 14,225	$ 8,550
Student	1,765	1,337
Total	$ 15,990	$ 9,887

(p) Investments

Investments in equity securities, investments in debt securities, unexpended bond proceeds, and funds held by trustees, are reported at fair value. Absent a readily determinable fair value (RDFV), alternative investments are valued using per share net asset value (NAV) provided by external investment managers as a practical expedient in determining fair value. Because alternative investments may not be readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for the investments existed. Alternative investments include certain amounts recorded as part of fixed maturity securities, equity securities, real estate investments/commodities, private equity/venture capital, and hedge funds.

(q) Fair Value of Financial Instruments

As described in note 5 and within other notes to the consolidated financial statements, the University accounts for certain financial instruments at fair value only at origination (nonrecurring measurements) and certain financial instruments as of the Consolidated Statements of Financial Position date (recurring measurements).

(r) Derivative Financial Instruments

The derivative instruments held by the University (as discussed in notes 5 and 7) are recorded at fair value and included within other accrued liabilities. Gains and losses from changes in derivative fair values are recognized in the nonoperating investment return component of the Consolidated Statements of Activities.

(s) Notes Receivable

Notes receivable consisted of the following as of June 30:

		2021		2020
		(000's omitted)		
Federal government programs	$	10,358	$	11,847
Institutional programs		2,512		3,197
Student notes receivable, net		12,870		15,044
City Foundry		15,000		15,000
Other		18		172
Notes receivable	$	27,888	$	30,216

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. Such notes receivable include federally-mandated repayment terms and interest rates ranging from 3% to 9%. Student loans represented 1% of total assets at June 30, 2021 and 2020.

The University participates in the Perkins Federal Revolving Loan Program, Federal Primary Care Loan program, and Federal Nursing Student Loan program. The availability of funds for loans under the programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government are ultimately refundable to the government and are classified as liabilities in the Consolidated Statements of Financial Position. Funds advanced were $16.1 million and $18.5 million as of June 30, 2021 and 2020, respectively. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government. The following amounts were past due under student loan programs as of June 30, 2021 and 2020:

June 30,		1-60 Days past due	60-90 Days past due	90+ Days past due		Total past due
			(000's omitted)			
2021	$	8	3	2,574	$	2,585
2020	$	2	5	2,600	$	2,607

As of June 30, 2021 and 2020, no reserves were recorded for the institutional program student loans. The federal government guarantees Perkins loans. Therefore, no reserves are taken on any past due balances under the program.

(t) Unexpended Bond Proceeds

Unexpended bond proceeds represent the amount of unspent revenue bond proceeds that remain available for their specific purpose and are reported at fair value based upon market quotes. These amounts are maintained in a trust and invested by the trustee in money market funds that invest in short-term U.S. Treasury securities. Under the terms of the trust, proceeds are not released to the University until expenditures related to the specific purpose of the bond indenture are incurred.

(u) Right to Use Assets

Effective July 1, 2019 the University adopted ASU 2016-02 Leases which required the University to establish Right to Use Assets as well as offsetting Lease Liabilities for the assets associated with both operating and financing leases with a life of more than one year. At June 30, 2021 operating right of use assets were $18.6 million, primarily for various office leases, and financing right to use assets were $30.2 million. The financing lease is a 30 year agreement with SSM to lease a portion of their new ambulatory care center. See note 8 and 16 for further information on leases.

(v) Other Assets, Net

Other assets were composed of the following as of June 30:

		2021		2020
		(000's omitted)		
Investment in SSM Healthcare, St. Louis	$	65,440	$	65,440
Collections of art		13,915		13,793
Cortex investment		4,873		4,873
Insurance policies		1,188		1,092
Inventories		1,339		1,089
Real estate		21		21
All other		32		25
Other assets	$	86,808	$	86,333

See note 16 for information on the investment in SSM Healthcare, St. Louis. Collections of art are capitalized at cost if purchased, or at the fair market value at the date of the gift if contributed. None of the above assets are depreciated, but are subject to impairment review. The University generally displays artwork received. There have been no disposals from the collection in 2021 or 2020.

(w) Deposits and Deferred Revenue

Deposits and deferred revenue were composed of the following as of June 30:

		2021		2020
		(000's omitted)		
Student charges	$	25,159	$	12,820
Grants		11,103		8,810
HEERF III		7,418		—
Arena		2,959		1,230
Other		4,608		3,781
Deposits and deferred revenue	$	51,247	$	26,641

Student charges primarily represent fall medical school tuition and fees, and a portion of the summer session. The timing of the medical school tuition billing resulted in a large increase in student charges. Student charges and grants revenue is recognized as the performance obligation is satisfied. The Arena deposits on ticket revenue are recognized when the event takes place. See note 1(k) on COVID-19. Other includes various vendor agreements where revenue is recognized over the contract as obligations are fulfilled.

(x) Other Accrued Liabilities

Other accrued liabilities were composed of the following as of June 30:

		2021		2020
		(000's omitted)		
Fair value of derivative instruments (see note 5)	$	31,359	$	43,591
Actuarial estimated medical malpractice liability		37,175		31,910
Split-interest obligations (see note 9)		9,940		8,777
Asset retirement obligations (see note 6)		6,741		6,482
Other		1,114		1,084
Other accrued liabilities	$	86,329	$	91,844

(y) Lease Liabilities

As noted in (u), with adoption of ASU 2016-02 Leases, the University began recording lease liabilities for all leases over one year effective July 1, 2019. At June 30, 2021 Lease Liabilities were $16.7 million and $31.6 million for operating and financing leases, respectively. See note 8 and 16 for further information on leases.

(z) U.S. Government Refundable Grants

U.S. Government refundable grants consist of funds advanced by the federal government on the condition that the University administer various campus based student loan programs in compliance with federal regulations. Under certain conditions, the funds must be returned to the federal government. Accordingly, they are classified as liabilities in the Consolidated Statements of Financial Position.

(aa) Net Assets

(i) Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations and are either not subject to donor-imposed restrictions, or have satisfied the donor-imposed restriction.

(ii) Net Assets With Donor Restrictions

Net assets with donor restrictions are those subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that are limited for a specific period of time or a specific purpose. This category also includes donor-imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income earned on such assets may be used to support the operations of a specific program or may be added back to the corpus, dependent upon the donor restrictions.

(bb) Foreign Currency Translation

The process of translating the University's Spanish campus financial statements from euros to U.S. dollars results in currency translation adjustments due to fluctuations in the exchange rate. The cumulative change in assets without donor restrictions related to foreign currency translation adjustments was $(3.7) million and $(4.9) million as of June 30, 2021 and 2020, respectively.

(cc) New Accounting Pronouncements

The University adopted ASU 2018-13, *Fair Value Disclosures* during 2021, which required minor disclosure changes.

Effective July 1, 2019 the University adopted ASU 2016-02, *Leases (Topic 842).* Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its Statement of Financial Position and disclose key information about leasing arrangements. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing, and uncertainty of cash flows from leases. This guidance requires a modified retrospective adoption. The initial set-up resulted in a cumulative effect of accounting change of $0.3 million; reducing Net Assets Without Donor Restrictions. Additional information is available in note 8.

During 2020, the University adopted ASU 2016-18, *Statement of Cash Flows Presentation of Restricted Cash*. The University had $5.4 million and $4.4 million of restricted cash at June 30, 2021 and 2020 respectively classified as Investments on the Consolidated Statement of Financial Position that is now included in the Consolidated Statement of Cash Flow.

During 2020, the University also adopted ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments.* This statement had very little impact on the Consolidated Statement of Cash Flows of the University.

Finally, during 2020, the University adopted ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* This statement addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. There was no financial impact to the University.

(2) Third Party Reimbursed Health Programs

SLU*Care*

Medicare reimburses physician services according to the "Physicians' Medicare Fee Schedule", a national fee schedule utilizing a Resource Based Relative Value System. Reimbursement under both the MO HealthNet program and the Illinois Medicaid program is based on state-published fee schedules. Reimbursement under the Medicaid Managed Care plans is based on plan-specific fee schedules for specialized services. Payment for patient services covered by certain commercial insurance carriers, health maintenance organizations and preferred provider organizations is based upon reimbursement agreements which include negotiated rates and/or discounted fees for specific services.

Contractual agreements exist with third-party payors which provide for patient care reimbursement at rates which differ from the established billing rates for such care. Revenues received by SLU*Care* are subject to certain compliance requirements and audits by third-party payor groups which could result in retroactive adjustments. Management is of the opinion that the ultimate disposition of any retroactive adjustments as a result of such third-party audits would not have a material adverse effect on the University's financial position or changes in net assets.

(3) Financial Assets and Liquidity Resources

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2021	2020
	(000's omitted)	
Cash and cash equivalents	$ 68,936	$ 103,056
Investments	1,530,107	1,208,564
Accounts receivable, net	162,320	107,627
Total	1,761,363	1,419,247
Less those unavailable for general expenditures within one year:		
Receivables scheduled to be collected in more than one year	(15,289)	(20,579)
Contractual or donor-imposed restrictions:		
Endowment funds	(1,471,771)	(1,150,017)
Other donor restrictions with time or purpose restrictions	(3,200)	(1,180)
Investments held in charitable remainder trusts	(13,563)	(11,141)
Financial assets available to meet cash needs for general expenditures within one year	$ 257,540	$ 236,330

In addition to the University's cash and cash equivalents, short-term investments are used to cover season flucuations in cash flow due to the timing of the student billing cycle. At June 30, 2021, the University also has lines of credit of $180.0 million available if needed (see note 7).

(4) Investments

Investments were composed of the following:

	June 30	
	2021	2020
	(000's omitted)	
Cash and cash equivalents	$ 28,127	$ 24,180
Fixed maturity securities	240,033	203,521
Equity securities	780,657	554,939
Real estate securities	151,161	130,165
Real assets – commodities	75,641	89,664
Private equity/venture capital	253,658	202,890
Hedge funds	830	3,205
Total investments	$ 1,530,107	$ 1,208,564

The University designates only a portion of its cumulative investment return for support of current operations; the remainder is reinvested to support operations of future years. The amount computed under the spending policy for pooled long-term investments and certain investment income earned by investing cash in excess of daily requirements are used to support current operations. These amounts are recorded within Education and Related Activities operating revenue in the Consolidated Statement of Activities. Earnings on investments for which related purpose restrictions are met in the year earned are recorded as net assets without donor restrictions. Earnings on endowment net assets appropriated for current year expenditure are also recorded as net assets without donor restrictions.

Under the terms of certain limited partnership agreements, the University is obligated to periodically advance additional funding for private equity/venture capital and real estate investments. The University had commitments of approximately:

	June 30	
	2021	2020
	(000's omitted)	
Private equity/venture capital	$ 114.6	$ 112.6
Real asset/real estate	114.8	93.0
Total uncalled capital calls	$ 229.4	$ 205.6

Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

The following schedules summarize the investment return/(loss) net of amounts designated for current operations, and its classification in the Consolidated Statements of Activities excluding investments in irrevocable trusts that are included in funds held by trustees:

	Year ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
		(000's omitted)	
Dividends and interest	$ 21,793	$ 439	$ 22,232
Net realized and unrealized gains	240,302	109,706	350,008
Total return on investments	262,095	110,145	372,240
Unrealized gains on interest rate swap agreements, net	12,232	—	12,232
Cumulative investment return designated for current operations	(62,320)	—	(62,320)
Investment return net of amounts designated for current operations	$ 212,007	$ 110,145	$ 322,152

	Year ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
		(000's omitted)	
Dividends and interest	$ 16,372	$ 464	$ 16,836
Net realized and unrealized (losses)	(4,785)	(24,903)	(29,688)
Total return on investments	11,587	(24,439)	(12,852)
Unrealized losses on interest rate swap agreements, net	(11,927)	—	(11,927)
Cumulative investment return designated for current operations	(61,860)	—	(61,860)
Investment (loss) net of amounts designated for current operations	$ (62,200)	$ (24,439)	$ (86,639)

The total return/(loss) on investments includes custodial and management fees of $23.5 and $16.2 million for the years ended June 30, 2021 and 2020, respectively.

The University invests in various securities. These securities are exposed to various risks including interest rate, market, and credit risks. Due to these risks, it is reasonably possible that changes in value could occur in the near term. Such changes could materially affect amounts reported in the Consolidated Statements of Financial Position.

(5) Fair Value Measurements

The FASB has established accounting principles related to "Fair Value Measurements and Disclosures" (ASC Topic 820). This defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The University follows this guidance in establishing 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 measurements involving significant unobservable inputs (Level 3 measurements). Three levels of inputs that may be used to measure fair value are as follows:

> Level 1 includes observable inputs such as quoted prices in active markets that the University has the ability to access at the measurement date.
>
> Level 2 includes inputs such as quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. These financial instruments include split-interest agreements, pledges receivable, notes receivable, swap agreements, notes and bonds payable.
>
> Level 3 includes unobservable inputs in cases where there is little or no market data. This requires the reporting entity to develop its own assumptions. Such financial instruments include estimated medical malpractice liability, funds held by trustees, and patient care accounts receivable.

Management determines the University's valuation policies by utilizing information provided by investment advisors, third party pricing sources, and custodians. Management substantiates the reasonableness of third party pricing data through review of methods, assumptions, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

The following discussion describes the valuation methodologies used for financial instruments measured at fair value. Additional information regarding valuation methodologies is included within other notes to the consolidated financial statements. The techniques utilized in estimating the fair values are affected by the assumptions used. Care should be exercised in deriving conclusions about the University's value or financial position based on the fair value information of financial instruments presented below. There have been no changes in the valuation methodologies used as of June 30, 2021 and 2020.

Fair market values of cash and cash equivalents are based on a share value price provided by the financial institution.

Fair values of fixed maturity securities and debt, excluding alternative investments, are based on prices provided by the University's investment managers and custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. These sources may include yields currently available on comparable securities of issuers with similar credit ratings, dealer-supplied prices or by discounting future principal and interest payments at prevailing interest rates. The fair value of holdings of mutual funds, common collective trusts and commingled funds are determined by reference to the funds' underlying assets, which are principally marketable fixed income securities with quotes on national exchanges.

Fair values of equity securities, excluding alternative investments and funds held by trustees are based on quoted market prices on national exchanges. To the extent that quoted market prices are not readily available, fair value may be determined based on broker or dealer quotations or alternate pricing sources with reasonable levels of price transparency.

Alternative investments include certain amounts recorded as part of fixed maturity securities, equity securities, private equity/venture capital, hedge funds, and real estate investments/commodities. The strategy of such alternative investments is as follows:

- Alternative investments in fixed maturity securities maintain a strategy to invest in a diversified portfolio of marketable bonds, and other bond-like securities designed to add value and diversify risk.
- Alternative investments in equity securities maintain a strategy to invest in both domestic and international marketable securities that offer the potential for investment return and diversify risk.
- Alternative investments in private equity/venture capital funds are longer-lived, and include an overall investment strategy designed to enhance return and diversify risk through investing in limited partnership interests and nonmarketable operating companies. Investment in such entities cannot be redeemed, yet the University receives distributions through the liquidation of the underlying assets of the fund.
- Alternative investments in hedge funds include allocations to diversify investment strategies, which include both marketable and nonmarketable securities, and include an overall investment strategy designed to enhance return, diversify risk and dampen volatility by management of the hedge funds having the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.
- Alternative investments in real estate include an overall investment strategy designed to enhance return and to diversify risk within the investment portfolio by investing in the form of limited partnerships in operating companies that invest in global real estate. This category also includes investments in commodities, which provide a hedge against inflation.
- Alternative investments in real assets – commodities have an overall investment strategy designed to enhance return and diversify risk within the investment portfolio by investing in liquid instruments of a wide array of commodity investments, which provide a hedge against inflation.

Absent a RDFV, alternative investments are valued using NAVs provided by external investment managers as a practical expedient in determining fair value. NAVs provided by external investment managers include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the NAV of the funds and, consequently, the fair value of the University's interests in the funds.

Unexpended bond proceeds are invested in various securities based on expected risk, returns and maturities that mirror the anticipated timing of construction project payment needs. Fair values of unexpended bond proceeds securities are based on prices provided by the trustee bank. Unexpended bond proceeds include cash equivalents and fixed income securities where their fair values are based on observable market quotation prices. The trustee bank uses a variety of pricing sources to determine market valuations of fixed maturity securities. The specific pricing services or indexes for each sector of the market are based upon the provider's expertise. The fixed maturity securities are highly liquid, allowing the portfolio to be priced through pricing services.

The University's swap agreements are valued using observable market data, swap rates, and basis rates. These inputs are placed into proprietary models to calculate the Mark-to-Market value of the interest rate swaps. The Mark-to-Market pricing is validated by management of the University.

The following tables summarize the University's fair value hierarchy, investments valued using NAV, and redemption/ liquidity information:

Recurring financial assets:	June 30, 2021	June 30, 2020	Redemption/ liquidation	Days' notice
Level 1 Assets:	(000's omitted)			
Cash and cash equivalents	$ 68,936	$ 103,056		
Investments:				
Cash and cash equivalents	28,127	24,180		
Fixed maturity securities	240,033	203,521		
Domestic equity	422,747	279,074		
International equity	189,644	172,292		
Real estate securities	51,322	17,540		
Total Level 1 Investments	931,873	696,607		
Investments valued using NAV (1):				
Alternative investments-equity securities	168,266	103,573	Monthly/Illiquid	
Alternative investments-real asset commodities	—	22,811	Monthly	
Alternative investments-private equity/venture capital	253,658	202,890	Illiquid	
Alternative investments-hedge funds	830	3,205	Daily to > 1-year	1 to 90
Alternative investments-real asset commodities	75,641	66,853	Illiquid	
Alternative investments-real estate investments	99,839 (2)	112,625 (2)	Quarterly/Illiquid	90
Total NAV Investments	598,234	511,957		
Total investments	1,530,107	1,208,564		
Unexpended bond proceeds (Level 1)	18,881	36,197		
Funds held by trustees (Level 3)	84,579	69,296	Illiquid	
Total recurring assets	$ 1,702,503	$ 1,417,113		
Recurring financial liabilities (Level 2):				
Swap agreements	$ 31,359	$ 43,591		

NOTES

(1) Certain investments that are measured at fair value using NAV as a practical expedient have not been categorized in the fair value hierarchy.

(2) Alternative investments-real estate include $61.1 million and $60.6 million which are illiquid as of June 30, 2021 and 2020, respectively.

Certain alternative investments include gates or other redemption restrictions. Such restrictions were immaterial as of June 30, 2021 and 2020. Certain private equity/venture capital and real estate investments cannot be redeemed with the investee, but the University receives distributions through the liquidation of underlying assets.

(6) Land, Buildings and Equipment, net

Physical properties consisted of the following:

	June 30 2021	June 30 2020
	(000's omitted)	
Land	$ 70,280	$ 75,030
Buildings and building improvements	1,131,288	1,039,641
Equipment	182,144	166,408
Construction in progress	13,719	99,343
Land, buildings, and equipment	1,397,431	1,380,422
Less accumulated depreciation	(618,006)	(569,733)
Land, buildings, and equipment, net	$ 779,425	$ 810,689

Buildings and equipment are stated at cost, less accumulated depreciation. Land is stated at cost at the date of acquisition or estimated fair value at date of contribution. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is calculated on the straight-line basis. Depreciable lives are estimated as 40-50 years for buildings, 10-35 years for building improvements, and 3-15 years for equipment.

Construction in progress consists of construction expenditures for physical properties that have not yet been placed in service. The University has entered into construction contracts with unrelated parties in the amount of $61.6 million (including change orders), for the construction or rehabilitation of various real properties. At June 30, 2021, $27.2 million of such contract commitments had not yet been incurred.

Asset Retirement Obligation

U.S. GAAP defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation, does not defer recognition of a liability. The obligation to perform the asset retirement activity is unconditional, and accordingly, a liability should be recognized. These rules also provide guidance with respect to the criteria to be used to determine whether sufficient information exists to reasonably estimate the fair value of an asset retirement obligation. Based on these rules, management of the University determined that sufficient information was available to reasonably estimate the fair value of known retirement obligations. Therefore, the University recognized interest and depreciation expenses of $0.3 million in operating expenses within the Consolidated Statements of Activities for years ended June 30, 2021 and 2020. Asset retirement costs of $0.4 million, net of accumulated depreciation, were included in land, buildings and equipment, net as of June 30, 2021 and 2020. Conditional asset retirement obligations of $6.7 million and $6.5 million were included within other accrued liabilities in the Consolidated Statements of Financial Position as of June 30, 2021 and 2020, respectively.

(7) Debt Agreements

Outstanding balances of notes and bonds payable are summarized below:

Description	June 30 2021	June 30 2020
	(000's omitted)	
Twenty-five year Health and Educational Facilities Variable Rate Demand Revenue Bonds – Series B 1999. Interest rate is variable (0.01% at June 30, 2021), with a maximum of 12%.	$ 30,860	$ 37,795
Twenty-four year Health and Educational Facilities Variable Rate Demand Revenue Bonds – Series 2002. Interest rate is variable (0.03% at June 30,2021), with a maximum of 12%.	3,410	4,130
Twenty-seven year Health and Educational Facilities Variable Rate Demand Revenue Bonds – Series 2008 B1 and B2. Interest rates are variable (0.03% and 0.01% at June 30, 2021) with a maximum of 12%.	73,760	76,245
Twenty-seven year Health and Educational Facilities Revenue Bonds – Series 2015A. Interest rates range from 4.0 to 5.0%.	57,435	57,435
Thirty year Taxable Health and Educational Facilities Revenue Bonds – Series 2015B. Interest rate 4.76%.	40,360	40,360
Nineteen year Health and Education Facilities Revenue Bonds - Series 2016 A1 and A2. Interest rates are variable (0.65% at June 30, 2021) with a maximum of 12%.	64,600	64,600
Thirty year Health and Education Facilities Revenue Bonds - Series 2017 A. Interest rates range from 3.75% to 5.0%.	76,455	76,455
Thirty year Health and Education Facilities Revenue Bonds - Series 2019 A. Interest rates range from 4.0% to 5.0%.	93,705	93,705
Thirty-one year taxable Health and Education Facilities Revenue Bonds - Series 2019 B Interest rate 4.2%.	50,660	50,660
SLH Vista, Inc., unsecured promissory note Interest free, maturing 08/31/2025	7,000	7,000
Notes and bonds payable, par	498,245	508,385
Net unamortized original bond issue premium/discount	11,163	11,410
Unamortized debt issuance cost	(2,608)	(2,759)
	$ 506,800	$ 517,036

The University's Health and Educational Facilities Series 1999, Series 2002, Series 2008 B1 and B2, Series 2015A and B, Series 2016 A1 and A2, Series 2017A, Series 2019A and B bonds are parity obligations that are not secured by a pledge or security interest in any specific property of the University other than the security interest in any funds deposited and held by either the applicable bond trustee or the Master Trustee under the University's Master Trust Indenture. The University is required to comply with certain restrictive covenants under these bond agreements. The University is in compliance with these covenants as of June 30, 2021. Certain bonds are subject to early redemptions at the option of the University.

Note and bond principal payments amount to $13.6 million, $11.0 million, $11.4 million $11.9 million and $13.5 million for fiscal years 2022 through 2026, respectively. Certain debt obligations require the maintenance of bond and interest sinking funds. Interest paid was $23.9 million and $22.6 million during fiscal years 2021 and 2020, respectively.

The University has entered into various interest rate swap agreements which are recorded at fair value within other accrued liabilities in the amount of $31.4 million and $43.6 million, as of June 30, 2021 and 2020, respectively. These swap agreements represent the University's only derivative instruments and are accounted for as cash flow hedges. As a cash flow hedge, the gain or loss on the swap agreements are recognized within the Consolidated Statements of Activities as part of nonoperating investment return. Gain / (loss) in the amount of $12.2 million and $(11.9) million were recognized related to the swap agreements for the years ended June 30, 2021 and 2020, respectively. Additionally, the impact within operating activities of the Consolidated Statements of Cash Flows was $(5.7) and $(4.1) million for the years ended June 30, 2021 and 2020, respectively.

The University holds these derivative instruments for the fixed interest rate certainty they provide. Therefore, the University entered into interest rate swap agreements to fix the rate of interest on the Health and Education Facilities Variable Rate Demand Revenue Bonds as follows, as of June 30, 2021:

Revenue bonds		Notional amount ($ in millions)	Maturity date	Weighted average interest rate (%)
Series 1999	$	30.9	2024	3.80
Series 2002		3.4	2026	3.10
Series 2008 B1		16.9	2026	3.04
Series 2008 B2		56.6	2035	3.61
Series 2016 A1 & A2		64.3	2035	3.25

The University has a standby bond purchase agreement with a maximum principal amount of $3.4 million to provide liquidity for the outstanding balance related to the Series 2002 Health and Educational Facilities Variable Rate Demand Revenue Bonds. This standby bond purchase agreement expires on September 27, 2023. In the event the remarketing agent is unable to remarket the bonds, the bank would draw on the standby bond purchase agreement to purchase the bonds. Any liquidity advances would require repayment over 90 days. The University has irrevocable letters of credit with a maximum principal amount of $104.6 million to provide liquidity for the outstanding balances related to the Series 1999 and 2008B Health and Educational Facilities Variable Rate Demand Revenue Bonds. The letter of credit for the Series 1999 has an expiration date of June 2, 2022. The letters of credit for Series 2008 B1 and 2008 B2 have expiration dates of October 28, 2022 and September 27, 2023, respectively. Series 2008A was refunded by Series 2016 on October 21, 2016.

The University had available lines of credit totaling $180.0 million as of June 30, 2021 and $20.0 million in outstanding borrowings under the lines of credit as of June 30, 2021. The University has established letters of credit in the amount of $0.8 million as of June 30, 2021. As of June 30, 2021, the remaining amount available to borrow was $159.2 million.

(8) Lease Liabilities

On July 1, 2019, the University adopted Topic 842 by applying the guidance at adoption date. The University elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed the University to carry forward its identification of contracts that are or contain leases, its historical classification of existing leases and its accounting for initial direct costs for existing leases.

Beginning July 1, 2019, the University has recognized operating right of use assets and lease liabilities for the University's leases on its Consolidated Statements of Financial Position. Upon adoption of Topic 842, the balances at adoption date of prepaid and accrued rent, lease incentives and unamortized assets and liabilities were reclassified and are now presented within the operating lease right of use assets on the University's Consolidated Statement of Financial Position.

The University has operating leases primarily for campus facilities, student housing and office space. Variable lease payments based on an index or rate, such as consumer price index, are initially measured using the index or rate in effect at lease commencement. The University has elected the short-term lease exception under Topic 842 for all leases and as such, leases with an initial term of 12 months or less are not recorded on the Consolidated Statement of Financial Position. The University recognizes lease expense for short-term leases on a straight-line basis over the lease term.

The following table displays the undiscounted cash flows due related to operating leases as of June 30, 2020, along with a reconciliation to the discounted amount recorded on the June 30, 2021, Consolidated Statement of Financial Position. Undiscounted cash flows due within the fiscal years ended June 30 were as follows:

(000's omitted)	
2022	$3,871
2023	$3,556
2024	$2,648
2025	$2,318
2026	$2,174
Thereafter	$4,333
Total undiscounted cash flows (weighted average term 5.41 years)	$18,900
Impact of present value discount (weighted average discount rate 4%)	(2,214)
Present value of undiscounted cash flows	$16,686

On March 17, 2020 the University entered into a lease with SSM Health Care Corporation to utilize a portion of their new Ambulatory Care Center. Due to the length of the lease (30 years) and the fact that the present value is approximately equal to the net present value of the future lease payments, the lease is considered a financing lease. As a result, the right to use asset and lease liability of $31.2 million was recorded. The first payment on the lease was due August 31, 2020 and the University began recognizing expense in fiscal year 2021. Payments on the lease are as follows as of June 30, 2021:

(000's omitted)	
2022	$1,746
2023	$1,773
2024	$1,800
2025	$1,827
2026	$1,855
Thereafter	$54,237
Total	$63,240

	2021	2020
	(000's omitted)	
Finance lease cost:		
Amortization of right of use assets	$ 1,123	$ —
Interest on lease liabilities	1,846	—
Weighted-average remaining lease term	29 years	30 years
Weighted-average discount rate	5.0%	5.0%

Amortization of right of use assets and interest on lease liabilities is recorded within depreciation, amortization, and interest expense, respectively, on the Consolidated Statement of Activities.

(9) Split-Interest Agreements

The University has certain split-interest agreements with donors which consist primarily of charitable gift annuities, charitable remainder annuity trusts, and charitable remainder unitrusts for which the University serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with respective agreements. Contribution revenues for charitable gift annuities and charitable remainder trusts are recognized after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. The University reported split-interest obligations of $9.9 million and $8.8 million as of June 30, 2021 and 2020, respectively. These amounts are included within other accrued liabilities in the Consolidated Statements of Financial Position. The fair value of split-interest agreement related assets total $15.2 million and $12.4 million as of June 30, 2021 and 2020 respectively, and are included within Investments and Funds held by trustees in the Consolidated Statements of Financial Position. The discount rate used to value split-interest agreements ranged from 2.7% to 7.0% for June 30, 2021.

(10) Analysis of Expense

The University's classifications of expenses in the Consolidated Statements of Activities are combined by functional category as follows:

	Year Ended June 30, 2021 (000's omitted)				
	Salaries & Benefits	Supplies & Services	Depreciation	Interest	Total
Patient Care	$ 281,900	$ 87,065	$ 5,096		$ 374,061
Instruction	144,138	19,358	13,586		177,082
Institutional Support	39,299	36,078	7,767	$ 23,840	106,984
Auxiliaries	12,668	22,452	6,117		41,237
Academic Support	25,919	9,392	6,467		41,778
Research	21,709	16,142	4,659		42,510
Student Services	13,425	11,993	2,685		28,103
Operation & Maint of Plant	13,562	16,590	1,779		31,931
Public Service	7,241	271	1,222		8,734
	$ 559,861	$ 219,341	$ 49,378	$ 23,840	$ 852,420

	Year Ended June 30, 2020 (000's omitted)				
	Salaries & Benefits	Supplies & Services	Depreciation	Interest	Total
Patient Care	$ 279,714	$ 79,354	$ 1,832		$ 360,900
Instruction	155,835	28,338	13,326		197,499
Institutional Support	43,370	31,554	6,251	$ 17,983	99,158
Auxiliaries	13,968	33,209	6,748		53,925
Academic Support	25,942	10,478	6,297		42,717
Research	18,590	13,287	4,758		36,635
Student Services	13,985	11,531	2,512		28,028
Operation & Maint of Plant	14,781	9,691	1,528		26,000
Public Service	7,505	1,323	864		9,692
	$ 573,690	$ 218,765	$ 44,116	$ 17,983	$ 854,554

The University's primary activities programs are instruction, patient care, research, and public service. Academic support, student services, institutional support, operation and maintenance of plant and auxiliary services are considered integral to the delivery of these programs. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocations such as time and effort spent or square footage utilized. Fundraising expenses included within institutional support were $7.6 million and $8.2 million as of June 30, 2021 and 2020, respectively.

(11) Net Assets

The Universities net assets are available for the following purposes:

	June 30 2021	June 30 2020
	(000's omitted)	
Net assets:		
Without donor restrictions:		
Net investment in plant	$ 270,733	$ 319,589
Designated by the board	927,003	724,590
Undesignated	155,892	83,637
Net assets without donor restrictions:	1,353,628	1,127,816
With donor restrictions:		
Donor restricted endowments	549,003	431,901
Perpetual trusts	48,486	40,930
Purpose restricted	19,934	18,444
Time restricted	17,090	20,686
Net assets with donor restrictions	634,513	511,961
Total net assets	$ 1,988,141	$ 1,639,777

	June 30 2021	June 30 2020
	(000's omitted)	
Designated by the board:		
Scholarships and fellowships	$ 46,789	$ 36,863
Other institutional activities	880,214	687,727
Total designated by the board	$ 927,003	$ 724,590

	June 30 2021	June 30 2020
	(000's omitted)	
Net assets with donor restrictions:		
Donor restricted endowments subject to spending policy, and appropriation, to support the following purposes (including net accumulated earnings of $222,125 and $115,482 as of June 30, 2021 and 2020, respectively):		
Scholarships and fellowships	$ 241,971	$ 179,657
Other institutional activities	307,032	255,564
Underwater endowments	-	(3,320)
Perpetual trusts, distributions available to support the following purposes:		
Scholarships and fellowships	26,070	23,133
Other institutional activities	22,416	17,797
Subject to expenditures for specific purposes:		
Capital projects	4,854	900
Other institutional activities	15,080	17,544
Subject to the passage of time	17,090	20,686
Total net assets with donor restrictions	$ 634,513	$ 511,961

(12) Endowment Funds

(a) Interpretation of Relevant Law

The University follows accounting rules outlined in "Endowments of Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" which provides guidance on the net asset classification of donor restricted endowment funds for not-for-profit organizations. The State of Missouri enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on August 28, 2009. The University's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Missouri 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 net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions 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
7. The investment policies of the University

(b) Endowment Spending Policy

The University's spending policy annually allocates the amount of the total returns which can be spent and reinvested for future earnings. The spending rate, which is annually approved by the Board of Trustees, is 5.0% of the average market value per unit for a twelve quarter period for the Pooled Endowment for June 30, 2021 and 2020.

The Annual Spending Rate per Unit (ASRU) is calculated as of each December 31 by multiplying the current spending rate by the average market value per unit for the previous twelve quarters. The ASRU is then multiplied by the number of units owned by each endowment fund to determine the spending budget for each fund for the following fiscal year. The spending is credited to the appropriate operating fund at the beginning of the next fiscal year.

The difference between the actual total return and return designated for current operations is classified as nonoperating income or expense in the Consolidated Statements of Activities.

(c) Endowment Investment Policy

The University has adopted investment and spending policies for endowment assets that will preserve and enhance the real (inflation-adjusted) purchasing power of the pooled endowment while providing an increasing stream of real funding for the annual University budget in the future. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-restricted period(s) as well as quasi endowment funds. Under this policy, the University's return objectives and risk parameters attempt to achieve the highest long-term total investment return on investment assets that is compatible with the University's risk tolerance and time horizons consistent with prudent investment practices. The primary investment objective is to provide a net annual return equal to the spending rate, plus the rate of inflation, plus 1% – 2%. To achieve its investment objective, the Pooled Endowment fund is allocated among investments that are further characterized as "Equity", "Alternative", and "Fixed Income". The primary objective of the allocation between these three major asset classes is to provide a strategic mix that produces the highest risk adjusted return through a responsible and disciplined investment approach.

(d) Endowment Funds with Deficiencies and Other Matters

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that is required to retain as a fund of perpetual duration. There were no deficiencies of this nature reported in net assets with donor restrictions during fiscal year ending June 30, 2021. There were $(3.3) million reported for fiscal year ending June 30, 2020. These deficiencies resulted from unfavorable market fluctuations. The following table presents endowment net asset composition by fund type:

	Without Donor Restrictions	With Donor Restrictions: Original Gift & Additions	With Donor Restrictions: Accumulated Gains (Losses)	With Donor Restrictions: Market Value	Total
			(000's omitted)		
			June 30, 2021		
Quasi / Board-designated endowment funds	$ 927,003				$ 927,003
Underwater endowments		$ -	$ -	$ -	-
Other funds		340,991	256,498	597,489	597,489
Total funds	$ 927,003	$ 340,991	$ 256,498	$ 597,489	$ 1,524,492
			June 30, 2020		
Quasi / Board-designated endowment funds	$ 724,590				$ 724,590
Underwater endowments		$ 73,018	$ (3,320)	$ 69,698	69,698
Other funds		258,215	144,918	403,133	403,133
Total funds	$ 724,590	$ 331,233	$ 141,598	$ 472,831	$ 1,197,421

Endowment income, including endowment investment return, appropriated for expenditure within the same fiscal year in accordance with the University's annual spending rate are reported within endowment net assets without donor restrictions. There are no additional restrictions on the spending of underwater endowments. The following table rolls forward the balance of endowment net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
		(000's omitted)	
Endowment net assets, June 30, 2019	$ 769,574	$ 483,103	$ 1,252,677
Investment return:			
Investment income	14,179	29	14,208
Investment / other income - non pooled	2,057	—	2,057
Net realized / unrealized (losses)	(4,441)	(25,020)	(29,461)
Contributions	—	12,980	12,980
Endowment assets appropriated for expenditure	(59,334)	—	(59,334)
Reclassification based on donor intent	—	1,804	1,804
Gain (loss) on other assets	1,752	(65)	1,687
Transfers to create board-designated funds	803	—	803
Endowment net assets, June 30, 2020	$ 724,590	$ 472,831	$ 1,197,421
Investment return:			
Investment income	21,919	341	22,260
Investment / other income - non pooled	1,607	—	1,607
Net realized / unrealized gains	239,344	107,864	347,208
Contributions	—	7,869	7,869
Endowment assets appropriated for expenditure	(61,329)	—	(61,329)
Reclassification based on donor intent	—	1,063	1,063
Gain on other assets	—	7,521	7,521
Transfers to create board-designated funds	872	—	872
Endowment net assets, June 30, 2021	$ 927,003	$ 597,489	$ 1,524,492

(13) Insurance Programs

The University has insurance coverage for medical malpractice and health insurance claims which is subject to certain aggregate, per claim, and self-insurance retention limits. The University participates with other universities in self-insurance risk pools which provide some of the University's workers' compensation, general liability, and property coverage. Whenever the pools' actual losses exceed estimates, the University can be required to contribute additional funds. Management believes that any such additional contributions would not have a material effect on the University's financial position or changes in net assets.

(14) Retirement Benefits

Retirement benefits for University employees are provided through the Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments. In 2020, the University provided a two to one matching contribution up to a maximum of 10% as the University's contribution. Contributions made by the University were vested immediately. The University's share of the cost of these benefits were $30.1 million for the fiscal year ended June 30, 2020. During fiscal year 2021, as a cost savings initiative, employee matches were frozen effective July 1, 2020 and no contributions were made by the University.

(15) Governmental Grants and Contracts

The University has recovered indirect costs under certain grants and contracts with federal agencies for both the 2021 and 2020 fiscal years. These recoveries are reported as revenue without donor restrictions. Indirect cost rates vary according to the terms of the grant award or the contract. Most rates are based on modified total direct costs. Certain research grants and contracts allow indirect costs based on an indirect cost research rate that is negotiated with the Department of Health and Human Services.

(16) Hospital Affiliations

On September 1, 2015, the University entered into a fifty-year Academic Affiliation and Services Agreement with SSM Health Care Corporation, SSM Health Care St. Louis, SSM Cardinal Glennon Children's Hospital, and SSM-SLUH, Inc. (SSM). Under this agreement, the University receives funding to cover the University's costs for: professional clinical services, administrative and other purchased services, faculty recruitment, supervision of residents, research support and education/academic training. The University invoices SSM monthly, quarterly, and semi-annually under this agreement. The University and SSM also have master lease agreements through which either entity may lease space to or from the other. On March 17, 2020 the University entered into a 30 year finance lease with SSM to utilize a portion of their new Ambulatory Care Center (for additional information, see note 8). In accordance with a Member's Agreement of SSM Health Care St. Louis, the University repurchased Saint Louis University Hospital from Tenet and contributed the Hospital to SSM-SLUH, Inc., a wholly owned subsidiary of SSM Health Care St. Louis, in exchange for a 15% financial interest and governance rights in SSM Health Care St. Louis. The University does not exercise significant influence over operating and financial policies, nor does the University have a controlling financial interest in SSM Health Care St. Louis.

Revenues associated with the above described hospital affiliation transactions for the fiscal years ended June 30, 2021 and 2020 are $198.9 million and $190.2 million, respectively. These revenues are comprised of payment for professional clinical services, administrative and other purchased services, faculty recruitment, supervision of residents, research support and education/academic training. Expenses associated with the above related parties for the fiscal years ended June 30, 2021 and 2020 are $12.3 million and $9.6 million, respectively. Hospital affiliation revenues and expenses are included as components of patient care and supplies, repairs, utilities, and other expenses within the Consolidated Statements of Activities. Amounts due from SSM as of June 30, 2021 and 2020, were $34.5 million and $20.7 million, respectively, and are included as components of accounts receivable, net within the Consolidated Statements of Financial Position. Amounts due to SSM as of June 30, 2021 and 2020, were $1.4 million and $1.0 million, respectively. These amounts are included as components of accounts payable and other accrued liabilities within the Consolidated Statement of Financial Position.

(17) Legal Matters – Contingencies, Commitments and Other

There are various lawsuits and legal proceedings against the University which are in varying states of review and may proceed for protracted periods of time. Management is of the opinion that the ultimate disposition of such litigation will not have a material adverse effect on the University's financial position or changes in net assets.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events through October 27, 2021, which was the date the consolidated financial statements were issued. The University reopened its campus in the fall of 2021, and enrollment has returned to a pre COVID-19 pandemic level, however uncertainty remains as to the severity and duration of the pandemic, among other factors that management is not able to predict.