

**AUDIT REPORT
OF THE
NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)**

For the Years Ended June 30, 2021 and 2020

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the Auditor of Public Accounts.**

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Issued on December 20, 2021

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

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NEBRASKA STATE COLLEGE SYSTEM (A COMPONENT UNIT OF THE STATE OF NEBRASKA)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees of the Nebraska State College System
Lincoln, NE

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Nebraska State College System (NSCS) (a component unit of the State of Nebraska), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Nebraska State College System's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the accompanying financial statements of the Chadron State, Peru State College, and Wayne State Foundations (Foundations), discretely presented component units of the NSCS, as of and for the years ended June 30, 2021 and 2020, December 31, 2020 and 2019, and June 30, 2021 and 2020, respectively. Those statements are presented separately on pages 19 through 21, 23 through 27, and 30 through 32. We also did not audit the financial statements of the Nebraska State Colleges Facilities Corporation, a blended component unit of the NSCS, and the activity of the Nebraska State College System Revenue and Refunding Bond Program, which represent 28 percent and 31 percent, respectively, of total assets, and 86 percent and 87 percent, respectively, of total liabilities, and 1 percent and 4 percent, respectively, of total net position at June 30, 2021 and 2020, and total revenues constituting 19 percent and 20 percent, respectively, of the primary government for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, along with the Foundations' reports, which appear herein, and our opinion, insofar as it relates to the amounts included for the Foundations, the Nebraska State College System Revenue and Refunding Bond Program, and the Nebraska State Colleges Facilities Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundations, Revenue and Refunding Bond Program, and the Facilities Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NSCS'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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the NSCS, as of June 30, 2021 and 2020, and December 31, 2020 and 2019, (Peru State College Foundation), and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 9 through 16, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the NSCS's basic financial statements. The schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the NSCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NCSC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NSCS's internal control over financial reporting and compliance.



Zachary Wells, CPA, CISA
Audit Manager

December 16, 2021

Independent Auditor's Report

Board of Directors
Chadron State Foundation
Chadron, Nebraska

Opinion

We have audited the accompanying financial statements of Chadron State Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chadron State Foundation as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chadron State Foundation and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

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for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Activities by Fund on pages 28 through 31 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Casey Peterson, LTD
Rapid City, South Dakota
October 22, 2021

Independent Auditor's Report

Board of Directors
Peru State College Foundation
Peru, Nebraska

We have audited the accompanying financial statements of the Peru State College Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Peru State College Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The 2019 financial statements, before they were restated for the matter discussed in Note 1, were audited by other auditors, and their report thereon, dated October 16, 2020, expressed an unmodified opinion.

As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Peru State College Foundation other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole. Our opinion is not modified with respect to these matters.

BKD, LLP

Lincoln, Nebraska
December 1, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Wayne State Foundation
Wayne, Nebraska

We have audited the accompanying financial statements of the Wayne State Foundation which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayne State Foundation as of June 30, 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.

ABE LLP

Lincoln, Nebraska
September 21, 2021

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

This section of the Nebraska State College System’s (NSCS) financial report presents a narrative overview and analysis of the financial activities of the NSCS for the fiscal years ended June 30, 2021 and 2020. The analysis has been prepared by management of the NSCS and is intended to be read with the financial statements and the related footnotes that follow this section.

Management’s discussion and analysis relates only to the NSCS and does not include any overview of the financial position and activities of the Chadron State Foundation, Peru State College Foundation, and Wayne State Foundation, which are considered component units of the NSCS.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the NSCS’s basic financial statements, which include: 1) Statements of Net Position; 2) Statements of Revenues, Expenses, and Changes in Net Position; 3) Statements of Cash Flows; and 4) Notes to Financial Statements. This report also contains information in addition to the basic financial statements.

The Statements of Net Position present information on all of the NSCS’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the NSCS is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the NSCS’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Statements of Cash Flows present the NSCS’s flows of cash by defined categories. The primary purpose of the Statements of Cash Flows is to provide information about the NSCS’s cash receipts and payments during the year.

The Notes to Financial Statements provides additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE NSCS

The NSCS includes Chadron State College (CSC), Peru State College (PSC), Wayne State College (WSC), and the NSCS Office in Lincoln. The designation as a single entity reflects the general governing authority of the Board of Trustees, including the authority to distribute the State appropriation among the Colleges and the NSCS Office.

The audited financials for the NSCS include information on the Nebraska State Colleges Facilities Corporation (Corporation), a non-profit corporation statutorily created to allow the NSCS to finance building projects of the Board of Trustees of the Nebraska State College System on any of its campuses, through the issuance of notes, bonds, or other obligations. The members of the Board of Trustees serve as the Board of Directors of the Corporation. Outstanding bonds issued by the Corporation are those authorized under LB 957, passed in 2016 and LB 297, passed in 2019. Repayment is from legislative appropriations and student fees. The long-term debt of the Corporation accrues to the NSCS Office, while the assets acquired as the result of renovations and new construction appear as assets at the individual Colleges.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

Audit information from the Chadron State Foundation, Peru State College Foundation, and Wayne State Foundation is included in the report as well. With implementation of Governmental Accounting Standards Board (GASB) Statement No. 39, the Foundations of the Colleges have been deemed to be component units of the NSCS. Those Foundations' financial statements are presented separately on pages 19 through 21, 23 through 27, and 30 through 32 of this report.

Condensed statements are presented below for the NSCS for the years ended June 30, 2021, 2020, and 2019.

Nebraska State College System
Net Position as of June 30

	2021	2020	2019
Current Assets	\$ 74,802,802	\$ 71,631,537	\$ 65,324,730
Non-current Assets			
Capital Assets, Net	248,374,402	234,415,245	238,272,063
Other Non-current Assets	21,588,812	32,200,565	6,574,268
Total Assets	344,766,016	338,247,347	310,171,061
 Deferred Outflow of Resources	 24,625	 28,403	 32,180
 Current Liabilities	 21,276,337	 20,972,812	 17,167,927
Non-current Liabilities	85,100,795	91,354,683	72,103,437
Total Liabilities	106,377,132	112,327,495	89,271,364
 Deferred Inflow of Resources	 -	 471	 11,765
 Net Position			
Net Investment in Capital Assets	178,896,338	170,023,025	170,637,224
Restricted	29,318,085	27,150,147	24,005,365
Unrestricted	30,199,086	28,774,612	26,277,523
Total Net Position	\$ 238,413,509	\$ 225,947,784	\$ 220,920,112

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

Nebraska State College System
Revenues, Expenses, and Changes in Net Position for Year Ended June 30

	2021	2020 As Restated	2019 As Restated
Operating Revenues			
Tuition and Fees, Net	\$ 34,093,715	\$ 32,847,286	\$ 30,853,287
Federal and State Grants and Contracts	3,034,167	3,525,761	2,506,202
Private Grants and Contracts	416,965	360,958	667,713
Auxiliary Enterprises, Net	18,478,417	17,104,213	17,703,801
Other Operating Revenues	2,172,828	2,017,823	1,918,866
Total Operating Revenues	58,196,092	55,856,041	53,649,869
Operating Expenses	130,464,651	129,949,732	123,595,997
Operating Loss	(72,268,559)	(74,093,691)	(69,946,128)
Non-operating Revenues (Expenses)			
State Appropriations	56,036,946	53,551,539	51,622,205
Federal and State Grants and Contracts	18,506,174	16,912,042	12,658,091
Investment Income	1,182,492	1,401,440	1,654,620
Interest on Capital Asset-Related Debt	(2,353,736)	(1,745,553)	(1,877,741)
Gain (Loss) on Disposal of Asset	12,845	(267)	11,105
Bond Issuance Costs	-	(280,912)	-
Other Non-operating Revenues (Expenses)	565,353	28,431	45,124
Net Non-operating Revenues	73,950,074	69,866,720	64,113,404
Income (Loss) before Other Revenues, Expenses, Or Gains (Losses)	1,681,515	(4,226,971)	(5,832,724)
Other Revenues (Expenses) or Gains (Losses)			
Capital Facilities Fee	2,388,363	2,348,430	2,157,814
Capital Contributions	668,277	2,420,174	2,471,221
Capital Appropriations and Grants	7,727,570	4,486,039	4,299,239
Net Other Revenues (Expenses) or Gains (Losses)	10,784,210	9,254,643	8,928,274
Increase in Net Position	12,465,725	5,027,672	3,095,550
Net Position, Beginning of Year	225,947,784	220,920,112	217,824,562
Net Position, End of Year	\$ 238,413,509	\$ 225,947,784	\$ 220,920,112

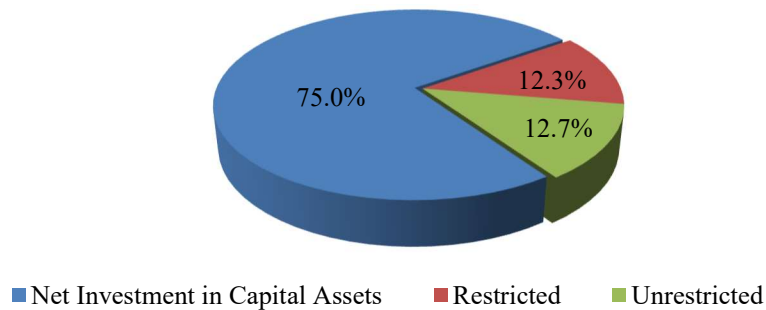
NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

CHANGES IN NET POSITION

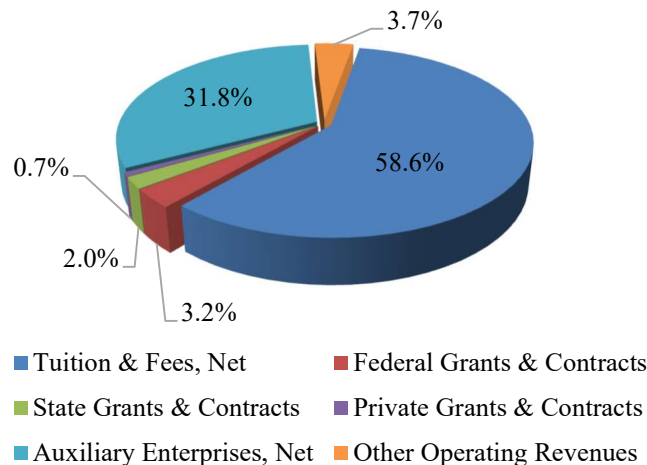
At June 30, 2021, the NSCS had a net position of \$238.4 million, an increase of \$12.5 million or 5.5% over 2020, and up 7.9% from 2019. Net position was comprised of unrestricted – \$30.2 million; restricted – \$29.3 million; and net investment in capital assets – \$178.9 million.

Net Position at June 30, 2021



Operating revenues for fiscal year 2021 were \$58.2 million compared to \$55.9 million in 2020, a 4.2% increase, and were 8.5% over fiscal year 2019 operating revenues. Operating revenues for 2021 include \$34.1 million in net tuition and fees, Federal grants and contracts of \$1.9 million, State grants and contracts of \$1.1 million, private grants and contracts of \$0.4 million, net auxiliary enterprises of \$18.5 million, and other operating revenues of \$2.2 million.

Fiscal Year 2021 Operating Revenues

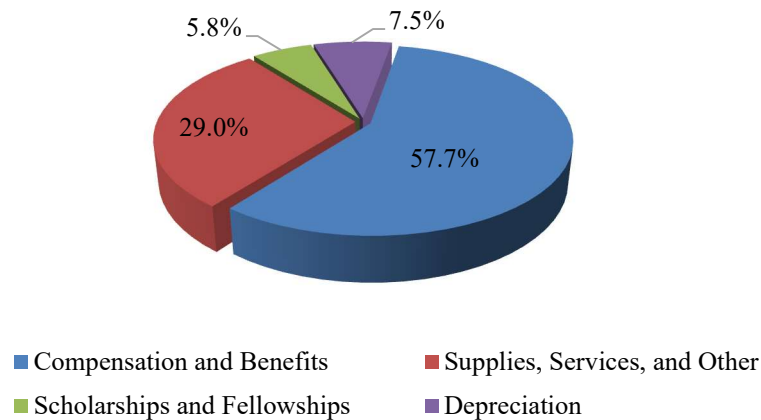


NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

Operating expenses for the year ended June 30, 2021, amounted to \$130.5 million, compared to \$129.9 million in 2020, and \$123.6 million in 2019. Compensation and benefits accounted for \$75.3 million, or 57.7% of the total; Supplies, services, and other were \$37.9 million; depreciation, \$9.7 million; and scholarships and fellowships, \$7.6 million.

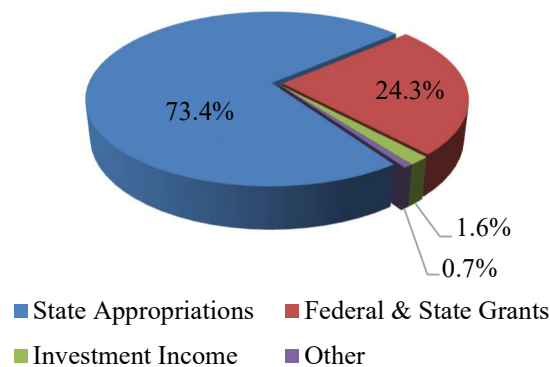
Fiscal Year 2021 Operating Expense



The current year operating loss amounted to \$72.3 million, compared to an operating loss of \$74.1 million in 2020 and \$69.9 million in 2019.

Non-operating revenues consist of State appropriations, Federal and State grants, investment income, other non-operating revenues.

Fiscal Year 2021 Non-Operating Revenues



The most significant change in the schedule of net position from the fiscal year ended June 30, 2019, to the fiscal year ended June 30, 2020, was an increase in overall cash and cash equivalents, an increase in unearned revenue, along with an increase in long-term debt. The changes in cash and long-term debt is in correlation with the issuance of new Facilities Corporation bonds during the fiscal year. The proceeds of these bonds are for the construction project related to the Math Science Building renovation at CSC. The change in unearned revenue is due to new food service and vending contracts being awarded during the fiscal year.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

The most significant change in the schedule of net position from the fiscal year ended June 30, 2020, to the fiscal year ended June 30, 2021, was a decrease in overall cash and cash equivalents, an increase in capital assets, an increase in accounts payable, along with a decrease in long-term debt. The change in three of the accounts is related to bond funds used for the construction project related to the Math Science Building renovation at CSC.

Fiscal year 2021 operating revenues increased from prior fiscal year, tuition and fee income by \$1.2 million or 3.8%, auxiliary enterprise revenues increased \$1.4 million or 8.0%, and Federal, State, and private grants and contracts decreased \$0.4 million or 11.2%. From 2019 to 2021, there were increases in tuition and fees of 10.5%, 4.4% in auxiliary enterprise, and 8.7% in Federal, State, and private grants.

The increase in auxiliary enterprise in 2021 is due to recovery from the lost revenue the colleges experienced when the COVID-19 pandemic began during fiscal year 2020. All courses at the Colleges moved to an online format mid to late March 2020, and the Colleges issued room and board refunds for students who chose to leave at that time. The decrease in operating revenues for Federal, State, and private grants and contracts can be largely attributed to LB309 funding for maintenance projects that did not meet the Board's capitalization threshold in 2020.

Fiscal year 2021 non-operating revenues reflect a \$2.5 million or 4.6% increase in State appropriations, 9.4% increase in Federal and State grants and contracts, and a 15.6% decrease in investment income over fiscal year 2020. State appropriations increased 8.6%, Federal and State grants and contracts increased 46.2% and investment income decreased 28.5% between fiscal years 2021 and 2019.

The increase in Federal and State grants and contracts is largely due to the colleges receiving about \$5.7 million in 2021 and \$4.3 million in 2020 as part of the Higher Education Emergency Relief due to the COVID-19 pandemic.

Operating expenses for the year ended June 30, 2021, increased by \$0.5 million or 0.4% from the previous fiscal year. Within the operating expenses category, compensation and benefits increased approximately \$1.7 million, supplies, services, and other operating expenses decreased \$0.9 million, scholarships and fellowships increased \$0.2 million and depreciation decreased by \$0.5 million. Health insurance premiums had no increase in 2018-2019, and increased in 2019-2020 and 2020-2021 with the overall composite rates for medical and dental insurance increasing 0.0%, 5.0%, 6.7% and respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2021, the NSCS had recorded \$394.8 million in gross capital assets. During the fiscal year ended June 30, 2021, the investment in buildings and improvements increased by \$1.3 million; infrastructure increased by \$3.3 million; equipment increased by \$0.3 million; and construction in progress increased by \$18.6 million. At the end of the fiscal year, the NSCS had \$146.4 million in accumulated depreciation that left \$248.4 million in net capital assets. Accumulated depreciation for fiscal years 2020 and 2019 were \$136.8 million and \$127.1 million, respectively, and net capital assets were \$234.4 million and \$238.3 million, respectively.

The NSCS had \$91.4 million in long-term liabilities at the end of the 2021 fiscal year. These long-term liabilities consisted primarily of outstanding bonded indebtedness of \$81.0 million. Long-term liabilities were \$100.7 million and \$78.1 million at the end of fiscal years 2020 and 2019, respectively.

Several construction projects have been completed at the Colleges, including the Andrews Hall Elevator Upgrade, and Athletic Track Facility, at CSC; the ADA Accessibility Improvements Project, the replacement of twenty-six (26) roofs due to hail damage, the Library Masonry Repairs Project, and the Campus Services HVAC Controls Project, at PSC; and the Energy Plant Efficiency Upgrades, the Morey Hall Restrooms Upgrades, and the Natatorium Indoor Athletic Facility Project, at WSC. The funding for these projects came from Facilities Corporation bonds, College cash funds, LB 309 Building Renewal Task Force funds, contingency maintenance funds, capital improvement fees, and/or privately raised funds.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Continued)

Renovation and construction was also in progress for several projects, including the Andrew Hall Entrance Upgrades Project, and the Math Science Renovation & Addition Project, at CSC, and the Terrace Hall Air Conditioning & Electrical Upgrades Project, the Energy Plant Steam System Repairs Project, and the Benthack Hall Renovation Project, at WSC. The funding for these projects come from various sources including Facilities Corporation bonds, capital improvement fees, the LB 309 Building Renewal Task Force, College cash funds, contingency maintenance funds, and/or privately raised funds.

Planning & Design was in process for the Andrews Hall Corridor & Lighting Upgrades projects at CSC; the Centennial Complex Roofs Replacement Project at PSC; and the Peterson Hall Fine Arts Renovation & Addition Project at WSC.

All projects using bond proceeds from LB 198 (2013) are complete. LB 957 (2016) extended the appropriations related to the LB 605 bonds to fiscal year 2030. This allowed for the refunding of the LB 605 bonds and the issuance of new bond proceeds in order to help fund the replacement of the Stadium at CSC, the renovation/addition of the Theatre/Event Center at PSC, and the construction of the Center for Applied Technology (CAT) at WSC, all of which are complete. The bonds resulting from LB 957 provided about \$22 million in capital project funds.

LB 297, passed and approved in May of 2019, extended the appropriations related to the LB 198 bonds to fiscal year 2035. This allowed for the issuance of new bonds in order to help fund the Math Science Renovation and Addition project at CSC. These bonds were sold in the spring of 2020, netting about \$26 million in proceeds for construction. The State has also acknowledged commitment of the appropriation to continue through 2040 with the continued match from the System and authorized the Board to apply program appropriations for any renewal, replacement, repair or renovation of any existing facility.

Various smaller deferred repair and fire and life safety upgrades – primarily funded through the contingency maintenance programs and the LB309 Task Force for Building Renewal – are in progress at all three State Colleges.

See the notes to the financial statements for additional discussion of capital assets and long-term liabilities.

ECONOMIC OUTLOOK AND SUBSEQUENT EVENTS THAT WILL AFFECT THE FUTURE

The Governor and Legislature approved State funding for 2021-2022 at \$59,439,068 and 2022-2023 at \$62,242,843, increase of approximately 4.7%. Part of the increase in appropriation is the additional state aid for the Nebraska Career Scholarships. Also, LB384 acknowledged commitment of the appropriation to continue through 2040 with the continued match from the System for the State College Facilities Program.

The Board of Trustees did not increase tuition rates for 2021-2022. Tuition rates for 2020-2021 and 2021-2022 are \$186 for undergraduate resident, \$232.50 for graduate resident, \$187 for undergraduate non-resident, and \$465 for graduate non-resident. Online rates are \$299 for undergraduate and \$380 for graduate.

In accordance with the NSCS Bargaining Unit agreements for 2021-2022, each unit member of faculty and support staff will receive a 2.0% increase in both the 2021-2022 and 2022-2023 fiscal years, while maintaining longevity increases. There was no new bargaining agreement signed for professional staff for this time period.

In addition to receiving notification that there will be a 2.96% increase in health insurance premium rates for the 2021-2022 year, the NSCS has been notified that there will be a 5.84% increase in premium rates for the 2022-2023 year.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
(Concluded)

The NSCS is utilizing the federal Higher Education Emergency Relief Funds to support students impacted by the Coronavirus pandemic and using the institutional support funds to offset the impacts of COVID-19. As we deal with the ongoing pandemic, the leadership teams, with input from all the appropriate external and internal resources available, will continue to monitor the impacts on students and on the revenue bond system and take any necessary actions.

Enrollment at the State Colleges (annual FTE) slightly increased for 2020-2021. Fall enrollments are expected to slightly increase for 2021-2022. The NSCS continues to engage in an increased emphasis on enrollment management and marketing.

NEBRASKA STATE COLLEGE SYSTEM -- PRIMARY GOVERNMENT
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
STATEMENT OF NET POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 40,279,409	\$ 38,505,340
Restricted Cash and Cash Equivalents	30,859,297	29,673,745
Accounts Receivable, Net of Allowance	1,150,710	1,274,522
Other Receivables	809,735	564,537
Inventories	87,049	85,397
Loans to Students, Net	-	181,165
Prepaid Expenses	1,614,297	1,344,564
Deposits with Vendors	2,305	2,267
Total Current Assets	<u>74,802,802</u>	<u>71,631,537</u>
Non-current Assets		
Restricted Cash and Cash Equivalents	20,883,650	30,762,676
Restricted Investments	504,764	762,532
Loans to Students, Net	-	448,928
Prepaid Expenses	200,398	226,429
Capital Assets, Net	<u>248,374,402</u>	<u>234,415,245</u>
Total Non-current Assets	<u>269,963,214</u>	<u>266,615,810</u>
Total Assets	<u>344,766,016</u>	<u>338,247,347</u>
Deferred Outflow of Resources		
Unamortized Bond Refunding Amount, Net	<u>24,625</u>	<u>28,403</u>
Total Deferred Outflow of Resources	<u>24,625</u>	<u>28,403</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	12,908,609	9,589,670
Accrued Compensated Absences	599,399	647,658
Unearned Revenue	1,073,051	1,082,948
Interest Payable	935,227	1,001,222
Master Lease Payable	89,388	87,546
Long-term Debt	5,220,000	6,915,000
Deposits Held in Custody for Others	406,755	343,483
Refundable Government Grants	<u>43,908</u>	<u>1,305,285</u>
Total Current Liabilities	<u>21,276,337</u>	<u>20,972,812</u>
Non-current Liabilities		
Accrued Compensated Absences	3,873,129	3,721,463
Unearned Revenue	786,000	1,179,000
Master Lease Payable	192,310	281,697
Long-term Debt	<u>80,249,356</u>	<u>86,172,523</u>
Total Non-current Liabilities	<u>85,100,795</u>	<u>91,354,683</u>
Total Liabilities	<u>106,377,132</u>	<u>112,327,495</u>

(Continued)

NEBRASKA STATE COLLEGE SYSTEM -- PRIMARY GOVERNMENT
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
STATEMENT OF NET POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Deferred Inflow of Resources		
Unamortized Bond Refunding Amount, Net	-	471
Total Deferred Inflow of Resources	<u>-</u>	<u>471</u>
Net Position		
Net Investment in Capital Assets	178,896,338	170,023,025
Restricted for:		
Expendable:		
Loans	7,443	(515,670)
Debt service	4,020,994	5,613,838
Plant	6,638,839	5,978,134
Other	18,650,809	16,073,845
Unrestricted	<u>30,199,086</u>	<u>28,774,612</u>
Total Net Position	<u><u>\$ 238,413,509</u></u>	<u><u>\$ 225,947,784</u></u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

CHADRON STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,568,873	\$ 1,182,560
Investments	27,973,842	21,518,421
Pledges Receivable, Net of Allowance and Discount	585,457	793,813
Prepaid Expenses	19,086	9,334
Certificates of Deposit	263,726	786,063
Beneficial Interest in Estate Bequest	265,929	3,516
Other Assets	39,075	41,852
Property and Equipment, Net of Accumulated Depreciation	38,500	38,530
TOTAL ASSETS	<u>\$ 31,754,488</u>	<u>\$ 24,374,089</u>
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 26,835	\$ 7,869
Accrued Salaries and Benefits	59,130	34,574
Scholarships Payable	519,631	574,145
Refundable Advances	123,676	97,899
Annuity Liability	2,761	5,534
Total Liabilities	<u>732,033</u>	<u>720,021</u>
Net Assets Without Donor Restrictions:		
Operating Fund	336,447	45,103
CSC General Fund	529,506	527,877
Quasi Endowments	2,207,860	861,654
Greatest Need	885,922	681,939
Total Net Assets Without Donor Restrictions	<u>3,959,735</u>	<u>2,116,573</u>
Net Assets with Donor Restrictions:		
Restricted by Time or Purpose	7,572,671	2,562,456
Restricted in Perpetuity	19,490,049	18,975,039
Total Net Assets with Donor Restrictions	<u>27,062,720</u>	<u>21,537,495</u>
Total Net Assets	<u>31,022,455</u>	<u>23,654,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,754,488</u>	<u>\$ 24,374,089</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

PERU STATE COLLEGE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019 As Restated
Assets		
Current Assets		
Cash and cash equivalents	\$ 671,105	\$ 591,452
Contributions receivable, current portion	79,941	107,504
Interest receivable	939	1,086
Total Current assets	<u>751,985</u>	<u>700,042</u>
Property and Equipment		
Land	60,948	60,948
Office furniture and fixtures	173,669	209,351
Vehicles	31,754	31,754
	<u>266,371</u>	<u>302,053</u>
Less accumulated depreciation	<u>46,436</u>	<u>64,954</u>
Total Property and Equipment	<u>219,935</u>	<u>237,099</u>
Investments and Other Assets		
Investments	18,844,238	16,476,476
Contributions receivable, net of current portion and allowance		
2020 - \$32,536, 2019 - \$32,886	130,187	176,061
Other Assets	101,020	298,874
Total investments and other assets	<u>19,075,445</u>	<u>16,951,411</u>
Total assets	<u><u>\$ 20,047,365</u></u>	<u><u>\$ 17,888,552</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 40,324	\$ 6,201
Accrued expenses	-	24,761
Refundable deposits	53,400	13,468
Total current liabilities	<u>93,724</u>	<u>44,430</u>
Net Assets		
Without Donor Restrictions	300,363	273,673
With Donor Restrictions	19,653,278	17,570,449
Total net assets	<u>19,953,641</u>	<u>17,844,122</u>
Total Liabilities and Net Assets	<u><u>\$ 20,047,365</u></u>	<u><u>\$ 17,888,552</u></u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

WAYNE STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents, unrestricted (note A)	\$ 165,091	\$ 159,940
Cash and cash equivalents, restricted (note A)	2,834,921	1,979,354
Unconditional promises to give (notes A, B and C)	1,557,338	1,953,937
Investments (notes A and C)	36,098,193	28,154,082
Prepaid expenses	1,831	-
Property and equipment (notes A and D)	267,437	276,643
Cash surrender value of life insurance	93,855	91,223
Assets restricted for annuity contracts (notes C and E)	143,518	573,024
Assets held in perpetual trust (note C)	1,122,708	916,628
	<u>42,284,892</u>	<u>34,104,831</u>
Total assets	<u>\$ 42,284,892</u>	<u>\$ 34,104,831</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 122,345	\$ 77,871
Note payable (note J)	120,787	117,556
Payable for capital improvements	4,091	3,992
Unearned event revenue	2,700	2,125
Annuities payable (notes C and E)	115,092	272,368
	<u>365,015</u>	<u>473,912</u>
Total liabilities	<u>365,015</u>	<u>473,912</u>
NET ASSETS (notes A and F)		
Without donor restrictions	4,352,013	3,385,805
With donor restrictions	37,567,864	30,245,114
	<u>41,919,877</u>	<u>33,630,919</u>
Total net assets	<u>41,919,877</u>	<u>33,630,919</u>
Total liabilities and net assets	<u>\$ 42,284,892</u>	<u>\$ 34,104,831</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM -- PRIMARY GOVERNMENT
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years Ended June 30, 2021 and 2020

	2021	2020 As Restated
Operating Revenues		
Tuition and Fees Net of Scholarship Allowances and Institutional Waivers Totaling \$14,854,569 in 2021 and \$14,347,566 in 2020	\$ 34,093,715	\$ 32,847,286
Federal Grants and Contracts	1,880,929	1,796,468
State Grants and Contracts	1,153,238	1,729,293
Private Grants and Contracts	416,965	360,958
Auxiliary Enterprises Net of Scholarship Allowances and Institutional Waivers Totaling \$5,248,900 in 2021 and \$4,684,340 in 2020	18,478,417	17,104,213
Other Operating Revenues	2,172,828	2,017,823
Total Operating Revenues	<u>58,196,092</u>	<u>55,856,041</u>
Operating Expenses		
Compensation and Benefits	75,318,156	73,600,048
Supplies, Services, and Other	37,867,022	38,802,772
Scholarships and Fellowships	7,555,706	7,377,396
Depreciation	9,723,767	10,169,516
Total Operating Expenses	<u>130,464,651</u>	<u>129,949,732</u>
Operating Loss	<u>(72,268,559)</u>	<u>(74,093,691)</u>
Non-operating Revenues (Expenses)		
State Appropriations	56,036,946	53,551,539
Federal Grants and Contracts	16,588,669	15,258,522
State Grants and Contracts	1,917,505	1,653,520
Investment Income	1,182,492	1,401,440
Interest on Capital Asset-Related Debt	(2,353,736)	(1,745,553)
Gain (Loss) on Disposal of Asset	12,845	(267)
Bond Issuance Costs	-	(280,912)
Other Non-operating Revenue (Expense)	565,353	28,431
Net Non-operating Revenues (Expenses)	<u>73,950,074</u>	<u>69,866,720</u>
Income (Loss) Before Other Revenues, Expenses, or Gains (Losses)	<u>1,681,515</u>	<u>(4,226,971)</u>
Other Revenues (Expenses) or Gains (Losses)		
Capital Facilities Fees	2,388,363	2,348,430
Capital Contributions	668,277	2,420,174
Capital Appropriations and Grants	7,727,570	4,486,039
Net Other Revenues (Expenses) or Gains (Losses)	<u>10,784,210</u>	<u>9,254,643</u>
Increase in Net Position	12,465,725	5,027,672
Net Position, Beginning of Year	<u>225,947,784</u>	<u>220,920,112</u>
Net Position, End of Year	<u><u>\$ 238,413,509</u></u>	<u><u>\$ 225,947,784</u></u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

CHADRON STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

	2021			
	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Time or Purpose	Restricted in Perpetuity	
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT				
Contributions	\$ 791,129	\$ 586,052	\$ -	\$ 1,377,181
Principle Contributions to Named Endowments	-	-	513,777	513,777
State Income	231,427	-	-	231,427
Investment Return	1,165,565	5,415,559	-	6,581,124
Event Income	-	33,706	-	33,706
Miscellaneous Income	76,065	-	-	76,065
Total Revenues and Other Support	2,264,186	6,035,317	513,777	8,813,280
Transfer Between Net Assets	5,426	(6,659)	1,233	-
Released from Restriction:				
Released for Management Fees	421,625	(421,625)	-	-
Purpose Restrictions Accomplished	596,818	(596,818)	-	-
Total Support and Reclassifications	3,288,055	5,010,215	515,010	8,813,280
EXPENSES				
Program Services	951,106	-	-	951,106
General and Management	197,805	-	-	197,805
Fundraising	295,982	-	-	295,982
Total Expenses	1,444,893	-	-	1,444,893
CHANGE IN NET ASSETS	1,843,162	5,010,215	515,010	7,368,387
NET ASSETS, BEGINNING OF YEAR	2,116,573	2,562,456	18,975,039	23,654,068
NET ASSETS, END OF YEAR	<u>\$ 3,959,735</u>	<u>\$7,572,671</u>	<u>\$ 19,490,049</u>	<u>\$ 31,022,455</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

CHADRON STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)
STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

	2020			
	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Time or Purpose	Restricted in Perpetuity	
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT				
Contributions	\$ 227,962	\$ 838,043	\$ -	\$ 1,066,005
Principle Contributions to Named Endowments	-	-	309,774	309,774
State Income	214,008	-	-	214,008
Investment Return	(65,983)	(317,731)	-	(383,714)
Event Income	1,065	43,974	-	45,039
Miscellaneous Income	1,117	4,754	-	5,871
Total Revenues and Other Support	378,169	569,040	309,774	1,256,983
Transfer Between Net Assets	230,446	53,837	(284,283)	-
Released from Restriction:				
Released for Management Fees	384,182	(384,182)	-	-
Purpose Restrictions Accomplished	2,211,065	(2,211,065)	-	-
Total Support and Reclassifications	3,203,862	(1,972,370)	25,491	1,256,983
EXPENSES				
Program Services	2,481,554	-	-	2,481,554
General and Management	180,382	-	-	180,382
Fundraising	293,381	-	-	293,381
Total Expenses	2,955,317	-	-	2,955,317
CHANGE IN NET ASSETS	248,545	(1,972,370)	25,491	(1,698,334)
NET ASSETS, BEGINNING OF YEAR	1,868,028	4,534,826	18,949,548	25,352,402
NET ASSETS, END OF YEAR	<u>\$ 2,116,573</u>	<u>\$2,562,456</u>	<u>\$ 18,975,039</u>	<u>\$ 23,654,068</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

PERU STATE COLLEGE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENT OF ACTIVITIES

For the year Ended December 31, 2020

	Without Donor restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 158,197	\$ 475,315	\$ 633,512
Special events	15,440	-	15,440
Net investment income	358,266	2,099,372	2,457,638
Miscellaneous income	8,706	-	8,706
Net assets released from restrictions	491,858	(491,858)	-
Total revenues, gains and other support	<u>1,032,467</u>	<u>2,082,829</u>	<u>3,115,296</u>
Expenses			
Program services	362,109	-	362,109
Management & general	508,533	-	508,533
Fundraising	135,135	-	135,135
Total expenses	<u>1,005,777</u>	<u>-</u>	<u>1,005,777</u>
Change in Net Assets	26,690	2,082,829	2,109,519
Net Assets, Beginning of Year	<u>273,673</u>	<u>17,570,449</u>	<u>17,844,122</u>
Net Assets, End of Year	<u><u>\$ 300,363</u></u>	<u><u>\$ 19,653,278</u></u>	<u><u>\$ 19,953,641</u></u>

See Notes to Financial Statements

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

PERU STATE COLLEGE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENT OF ACTIVITIES
For the year Ended December 31, 2019 (As Restated)

	Without Donor restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 277,993	\$ 2,478,676	\$ 2,756,669
Special events	28,365	-	28,365
Net investment income	329,475	2,278,833	2,608,308
Miscellaneous income	8,302	1,875	10,177
Net assets released from restrictions	533,739	(533,739)	-
Total revenues, gains and other support	<u>1,177,874</u>	<u>4,225,645</u>	<u>5,403,519</u>
Expenses			
Program services	517,860	-	517,860
Management & general	314,538	-	314,538
Fundraising	416,543	-	416,543
Total expenses	<u>1,248,941</u>	<u>-</u>	<u>1,248,941</u>
Change in Net Assets	<u>(71,067)</u>	<u>4,225,645</u>	<u>4,154,578</u>
Net Assets, Beginning of Year, as Previously Reported	2,739,019	10,906,866	13,645,885
Restatement for Correction of an Error (See Note 1)	<u>(2,394,279)</u>	<u>2,437,938</u>	<u>43,659</u>
Net Assets, Beginning of Year, as Restated	<u>344,740</u>	<u>13,344,804</u>	<u>13,689,544</u>
Net Assets, End of Year	<u><u>\$ 273,673</u></u>	<u><u>\$ 17,570,449</u></u>	<u><u>\$ 17,844,122</u></u>

See Notes to Financial Statements

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

WAYNE STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENT OF ACTIVITIES

Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 596,671	\$ 3,689,111	\$ 4,285,782	\$ 498,212	\$ 3,935,320	\$ 4,433,532
Interest and dividends, net of fees	11,790	(37,859)	(26,069)	54,600	113,395	167,995
Net gain on investments	798,972	6,841,066	7,640,038	40,782	407,705	448,487
Other income	14,260	59,939	74,199	14,011	27,214	41,225
Net assets released from restrictions	2,918,306	(2,918,306)	-	2,228,620	(2,228,620)	-
Total revenue and support	4,339,999	7,633,951	11,973,950	2,836,225	2,255,014	5,091,239
EXPENSES						
Program services	3,270,718	-	3,270,718	2,684,416	-	2,684,416
Management and general	352,927	-	352,927	327,629	-	327,629
Fundraising	313,118	-	313,118	403,744	-	403,744
	3,936,763	-	3,936,763	3,415,789	-	3,415,789
Amortization on annuity contracts	(28,862)	(104,583)	(133,445)	11,017	71,102	82,119
Total expenses	3,907,901	(104,583)	3,803,318	3,426,806	71,102	3,497,908
Increase in net assets before other income (expense)	432,098	7,738,534	8,170,632	(590,581)	2,183,912	1,593,331
Other income (expense)						
Extinguished debt income	118,326	-	118,326	-	-	-
Administrative support fee	415,784	(415,784)	-	200,737	(200,737)	-
Total other income (expense)	534,110	(415,784)	118,326	200,737	(200,737)	-
Increase (decrease) in net assets	966,208	7,322,750	8,288,958	(389,844)	1,983,175	1,593,331
Net assets at beginning of year	3,385,805	30,245,114	33,630,919	3,775,649	28,261,939	32,037,588
Net assets at end of year	\$ 4,352,013	\$ 37,567,864	\$ 41,919,877	\$ 3,385,805	\$ 30,245,114	\$ 33,630,919

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SSYTEM -- PRIMARY GOVERNMENT
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

STATEMENTS OF CASH FLOWS

Fiscal Years Ended June 30, 2021 and 2020

	2021	2020 As Restated
Cash Flows From Operating Activities		
Tuition and Fees	\$ 33,903,599	\$ 32,339,847
Grants and Contracts	3,396,433	3,869,723
Payments to Suppliers	(37,391,195)	(36,740,438)
Payments to Employees	(75,140,618)	(72,965,899)
Collections of Loans to Students	62,892	190,363
Sales and Services of Auxiliary Enterprises	17,990,983	16,679,402
Other Payments	(5,459,577)	(5,386,819)
Receipt of Flex Contributions	332,297	315,965
Payment of Flex Contributions	(336,965)	(280,623)
Net Cash Used in Operating Activities	(62,642,151)	(61,978,479)
Cash Flows From Non-capital Financing Activities		
State Appropriations	56,036,946	53,551,539
Grants and Contracts	18,406,763	16,787,471
Direct Lending Receipts	30,741,786	31,837,010
Direct Lending Payments	(30,741,786)	(31,837,010)
Other Receipts (Payments)	(137,785)	(361,528)
Net Cash Provided by Non-capital Financing Activities	74,305,924	69,977,482
Cash Flows From Capital and Related Financing Activities		
Proceeds from Capital Debt	-	26,480,186
Capital Contributions	668,277	2,420,173
Purchase of Capital Assets	(20,755,919)	(5,675,085)
Disposal of Capital Assets	3,070	3,326
Principal Paid on Capital Debt	(6,915,000)	(5,430,000)
Interest Paid on Capital Debt	(3,109,841)	(2,258,586)
Bond Issuance Costs	(12,500)	(268,412)
Capital Facilities Fees	2,402,045	2,333,955
Other	(22,458)	24,277
Capital Appropriations	7,727,570	4,486,039
Net Cash (Used)/Provided by Capital and Related Financing Activities	(20,014,756)	22,115,873
Cash Flows From Investing Activities		
Purchase/Sale of Investments	243,000	1,350,000
Investment Income	1,188,578	1,406,235
Net Cash Provided by Investing Activities	1,431,578	2,756,235
Increase (Decrease) in Cash and Cash Equivalents	(6,919,405)	32,871,111
Cash and Cash Equivalents, Beginning of Year	98,941,761	66,070,650
Cash and Cash Equivalents, End of Year	\$ 92,022,356	\$ 98,941,761

(Continued)

NEBRASKA STATE COLLEGE SSYTEM -- PRIMARY GOVERNMENT
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

STATEMENTS OF CASH FLOWS

Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u> <u>As Restated</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and Cash Equivalents	\$ 40,279,409	\$ 38,505,340
Restricted Cash and Cash Equivalents - Current	30,859,297	29,673,745
Restricted Cash and Cash Equivalents - Non-current	<u>20,883,650</u>	<u>30,762,676</u>
Total Cash and Cash Equivalents	<u><u>\$ 92,022,356</u></u>	<u><u>\$ 98,941,761</u></u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (72,268,559)	\$ (74,093,691)
Depreciation Expense	9,723,767	10,169,516
Changes in Operating Assets and Liabilities:		
Receivables, Net	32,036	39,699
Inventories	(1,652)	(27,135)
Accounts Payable and Accrued Liabilities	418,200	(223,079)
Accrued Compensated Absences	103,407	477,835
Other Assets and Liabilities	<u>(649,350)</u>	<u>1,678,376</u>
Net Cash Used in Operating Activities	<u><u>\$ (62,642,151)</u></u>	<u><u>\$ (61,978,479)</u></u>
Non-Cash Transactions		
Accounts Payable Incurred for Capital Asset Purchases	\$ 4,009,806	\$ 1,096,177
Purchases through Master Lease Obligation	-	412,781

(Concluded)

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

CHADRON STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,368,387	\$ (1,698,334)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	29	227
Change in Allowance for Doubtful Accounts	16,693	18,833
Non-Cash (Return) Loss on Investments	(6,071,281)	967,565
Donation of Estate Bequest	(265,929)	-
Increase in Cash Surrender Value of Life Insurance	(2,757)	-
Donation of Stock	-	(357,879)
Proceeds from Contributions Restricted for Investment in Named Endowments	(513,777)	(309,774)
Change In:		
Contributions Receivable	191,663	428,470
Prepaid Assets	(9,752)	(9,334)
Accounts Payable	18,966	(9,080)
Accrued Salaries and Benefits	24,556	21,773
Scholarships Payable	(54,514)	60,376
Proceeds from Refundable Advances	25,777	97,899
Net Cash Provided (Used) by Operating Activities	<u>728,061</u>	<u>(789,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Estate Bequest	3,516	685,447
Purchases of Investments	(793,376)	(588,205)
Withdrawals from Investment Account	414,771	-
Payments of Annuities	(2,773)	-
Sales (Purchases) of Certificates of Deposit	522,337	(10,187)
Net Cash Provided by Investing Activities	<u>144,475</u>	<u>87,055</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Named Endowments	513,777	309,774
Net Cash Provided by Financing Activities	<u>513,777</u>	<u>309,774</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,386,313	(392,429)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,182,560	1,574,989
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,568,873</u>	<u>\$ 1,182,560</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Estate Bequest Liquidated with Closely Held Stock	<u>\$ -</u>	<u>\$ 162,933</u>

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

PERU STATE COLLEGE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019 As Restated
Operating Activities		
Change in net assets	\$ 2,109,519	\$ 4,154,578
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	17,164	14,463
Unrealized gain on investments	(1,586,264)	(2,162,575)
Realized gain on investments	(304,410)	(29,290)
Loss on sale of assets	197,854	-
Contributions and investment income received restricted for long-term investment	(2,366,187)	(4,342,676)
Dividends/interest on investment	(566,798)	(461,682)
Investment fees	59,667	43,041
Change in interest receivable	147	262
Change in contributions receivable	73,437	97,138
Change in accounts payable	34,123	(38,908)
Change in accrued expenses	(24,761)	(51,733)
Change in refundable deposits	39,932	(4,554)
Net cash used in operating activities	<u>(2,316,577)</u>	<u>(2,781,936)</u>
Investing Activities		
Proceeds from investment sales	5,133,600	250,000
Purchase of investments	(5,103,557)	(1,600,987)
Purchase of equipment	-	(173,671)
Payments received on notes receivable	<u>-</u>	<u>24,996</u>
Net cash provided by (used in) investing activities	<u>30,043</u>	<u>(1,499,662)</u>
Financing Activities		
Payments on note payable	-	(59,102)
Contributions and investment income received restricted for long-term investment	<u>2,366,187</u>	<u>4,342,676</u>
Net cash provided by financing activities	<u>2,366,187</u>	<u>4,283,574</u>
Change in Cash and Cash Equivalents	79,653	1,976
Cash and Cash Equivalents, Beginning of Year	<u>591,452</u>	<u>589,476</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 671,105</u></u>	<u><u>\$ 591,452</u></u>

See Notes to Financial Statements

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

WAYNE STATE FOUNDATION
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 8,288,958	\$ 1,593,331
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	9,205	9,205
Amortization of annuity contracts	(133,445)	82,119
Realized and unrealized gains on investments	(7,640,038)	(448,487)
Non-cash contributions	(6,000)	(6,000)
Property gifted to college	-	276,956
Gain on extinguished debt	(118,326)	-
Write-off of unconditional promise to give	(150,000)	-
(Increase) decrease in assets		
Accrued interest receivable	-	1,043
Unconditional promises to give	546,599	(509,880)
Prepaid expenses	(1,831)	6,673
Cash surrender value of life insurance	(2,632)	(3,261)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	44,474	(9,430)
Payable for capital improvements	99	(24,586)
Unearned event revenue	575	(2,675)
Total adjustment to increase in net assets	(7,451,320)	(628,323)
Net cash provided (used) by operating activities	837,638	965,008
Cash flows from investing activities		
Proceeds from sale of investments	2,081,754	2,577,114
Purchases of investments	(2,156,400)	(2,282,493)
Purchases of property and equipment	-	(276,956)
Net cash provided (used) by investing activities	(74,646)	17,665
Cash flows from financing activities		
Proceeds from long-term obligations	121,557	117,556
Payments on annuities	(23,831)	(97,437)
Net cash provided (used) by investing activities	97,726	20,119
Net decrease in cash and cash equivalents	860,718	1,002,792
Cash and cash equivalents unrestricted and restricted, beginning of year	2,139,294	1,136,502
Cash and cash equivalents unrestricted and restricted, end of year	\$ 3,000,012	\$ 2,139,294

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Years Ended June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Organization

The Nebraska State College System (NSCS) is a governmental institution established under and governed by the laws of the State of Nebraska. The NSCS operates under the jurisdiction of the Board of Trustees of the Nebraska State Colleges. The NSCS includes Chadron State College (CSC), Peru State College (PSC), Wayne State College (WSC), the NSCS Office, and the Nebraska State Colleges Facilities Corporation (a blended component unit). The NSCS is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The financial statements include all funds of the NSCS. The major accounting principles and practices followed by the NSCS and its separately reported foundation component units are presented below to assist the reader in evaluating the financial statements and accompanying notes.

Reporting Entity

The NSCS has considered all potential component units for which it is financially accountable and other organizations that are fiscally dependent on the NSCS, or the significance of their relationship with the NSCS is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the NSCS to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the NSCS. The NSCS is also considered financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the NSCS regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the NSCS and its component units. The component units are included in the NSCS reporting entity because of the significance of their operational or financial relationships with the NSCS.

Blended Component Unit

The Nebraska State Colleges Facilities Corporation (Corporation) is a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the NSCS. This component unit is included in the NSCS's reporting entity because of the significance of its operational or financial relationships with the NSCS. This component unit is an entity that is legally separate from the NSCS, but is so intertwined with the NSCS that it is, in substance, the same as the NSCS. Debt of the Corporation is expected to be repaid entirely with resources from either the NSCS or the State. Management of the NSCS also has operational responsibility for the activities of the Corporation. The Corporation's balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the NSCS itself. The separately issued audit report for the Corporation can be obtained by contacting the Nebraska State College System at 1327 H Street, Suite 200, Lincoln, Nebraska, 68508-3751.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed statements showing NSCS and Corporation balances and transactions are as follows for fiscal year ended June 30, 2021:

Condensed Statement of Net Position

	<u>NSCS</u>	<u>Corporation</u>	<u>2021 Total</u>
Current Assets	\$ 72,449,909	\$ 2,352,893	\$ 74,802,802
Non-current Assets			
Capital Assets, Net	248,374,402	-	248,374,402
Other Non-current Assets	5,126,079	16,462,733	21,588,812
Total Assets	<u>325,950,390</u>	<u>18,815,626</u>	<u>344,766,016</u>
 Deferred Outflow of Resources	 <u>24,625</u>	 <u>-</u>	 <u>24,625</u>
 Current Liabilities	 15,216,621	 6,059,716	 21,276,337
Non-current Liabilities	<u>38,814,216</u>	<u>46,286,579</u>	<u>85,100,795</u>
Total Liabilities	<u>54,030,837</u>	<u>52,346,295</u>	<u>106,377,132</u>
 Net Position			
Net Investment in Capital Assets	214,266,264	(35,369,926)	178,896,338
Restricted	27,478,828	1,839,257	29,318,085
Unrestricted	<u>30,199,086</u>	<u>-</u>	<u>30,199,086</u>
Total Net Position	<u>\$ 271,944,178</u>	<u>\$ (33,530,669)</u>	<u>\$ 238,413,509</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	NSCS	Corporation	2021 Total
Operating Revenues			
Tuition and Fees, Net	\$ 34,093,715	\$ -	\$ 34,093,715
Federal and State Grants and Contracts	3,034,167	-	3,034,167
Private Grants and Contracts	416,965	-	416,965
Auxiliary Enterprises, Net	18,478,417	-	18,478,417
Other Operating Revenues	2,172,828	-	2,172,828
Total Operating Revenues	58,196,092	-	58,196,092
Operating Expenses			
Depreciation	9,723,767	-	9,723,767
Other Operating Expenses	120,740,884	-	120,740,884
Total Operating Expenses	130,464,651	-	130,464,651
Operating Loss	(72,268,559)	-	(72,268,559)
Non-operating Revenues (Expenses)			
State Appropriations	56,036,946	-	56,036,946
Federal and State Grants and Contracts	18,506,174	-	18,506,174
Investment Income	907,784	274,708	1,182,492
Interest on Capital Asset-Related Debt	(1,089,632)	(1,264,104)	(2,353,736)
Gain (Loss) on Disposal of Asset	12,845	-	12,845
Other Non-operating Revenues (Expenses)	587,811	(22,458)	565,353
Net Non-operating Revenues (Expenses)	74,961,928	(1,011,854)	73,950,074
Income (Loss) Before Other Revenues, Expenses, Or Gains (Losses)	2,693,369	(1,011,854)	1,681,515
Other Revenues (Expenses) or Gains (Losses)			
Capital Facilities Fee	2,388,363	-	2,388,363
Capital Contributions	668,277	-	668,277
Operating Transfers In (Out)	8,013,356	(8,013,356)	-
Capital Appropriations and Grants	6,602,570	1,125,000	7,727,570
Net Other Revenues (Expenses) Or Gains (Losses)	17,672,566	(6,888,356)	10,784,210
Increase (Decrease) in Net Position	20,365,935	(7,900,210)	12,465,725
Net Position, Beginning of Year	251,578,243	(25,630,459)	225,947,784
Net Position, End of Year	\$ 271,944,178	\$ (33,530,669)	\$ 238,413,509

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	<u>NSCS</u>	<u>Corporation</u>	<u>2021 Total</u>
Cash Flows from Operating Activities	\$ (62,642,151)	\$ -	\$ (62,642,151)
Cash Flows from Non-capital Financing Activities	74,305,924	-	74,305,924
Cash Flows from Capital and Related Financing Activities	(8,350,528)	(11,664,228)	(20,014,756)
Cash Flows from Investing Activities	<u>1,177,621</u>	<u>253,957</u>	<u>1,431,578</u>
Increase (Decrease) in Cash and Cash Equivalents	4,490,866	(11,410,271)	(6,919,405)
Cash and Cash Equivalents, Beginning of Year	<u>68,806,642</u>	<u>30,135,119</u>	<u>98,941,761</u>
Cash and Cash Equivalents, End of Year	<u>\$ 73,297,508</u>	<u>\$ 18,724,848</u>	<u>\$ 92,022,356</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed statements showing NSCS and Corporation balances and transactions are as follows for fiscal year ended June 30, 2020:

Condensed Statement of Net Position

	<u>NSCS</u>	<u>Corporation</u>	<u>2020 Total</u>
Current Assets	\$ 67,645,641	\$ 3,985,896	\$ 71,631,537
Non-current Assets			
Capital Assets, Net	234,415,245	-	234,415,245
Other Non-current Assets	5,971,567	26,228,998	32,200,565
Total Assets	308,032,453	30,214,894	338,247,347
 Deferred Outflow of Resources	 28,403	 -	 28,403
 Current Liabilities	 15,175,928	 5,796,884	 20,972,812
Non-current Liabilities	41,306,685	50,047,998	91,354,683
Total Liabilities	56,482,613	55,844,882	112,327,495
 Deferred Inflow of Resources	 -	 471	 471
 Net Position			
Net Investment in Capital Assets	199,100,052	(29,077,027)	170,023,025
Restricted	23,703,579	3,446,568	27,150,147
Unrestricted	28,774,612	-	28,774,612
Total Net Position	\$ 251,578,243	\$ (25,630,459)	\$ 225,947,784

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	NSCS As Restated	Corporation	2020 Total As Restated
Operating Revenues			
Tuition and Fees, Net	\$ 32,847,286	\$ -	\$ 32,847,286
Federal and State Grants and Contracts	3,525,761	-	3,525,761
Private Grants and Contracts	360,958	-	360,958
Auxiliary Enterprises, Net	17,104,213	-	17,104,213
Other Operating Revenues	2,017,823	-	2,017,823
Total Operating Revenues	55,856,041	-	55,856,041
Operating Expenses			
Depreciation	10,169,516	-	10,169,516
Other Operating Expenses	119,780,216	-	119,780,216
Total Operating Expenses	129,949,732	-	129,949,732
Operating Loss	(74,093,691)	-	(74,093,691)
Non-operating Revenues (Expenses)			
State Appropriations	53,551,539	-	53,551,539
Federal and State Grants and Contracts	16,912,042	-	16,912,042
Investment Income	1,350,316	51,124	1,401,440
Interest on Capital Asset-Related Debt	(1,126,760)	(618,793)	(1,745,553)
Gain (Loss) on Disposal of Asset	(267)	-	(267)
Bond Issuance Cost	-	(280,912)	(280,912)
Other Non-operating Revenues (Expenses)	47,181	(18,750)	28,431
Net Non-operating Revenues (Expenses)	70,734,051	(867,331)	69,866,720
Loss Before Other Revenues, Expenses, Or Gains (Losses)	(3,359,640)	(867,331)	(4,226,971)
Other Revenues (Expenses) or Gains (Losses)			
Capital Facilities Fee	2,348,430	-	2,348,430
Capital Contributions	2,420,174	-	2,420,174
Operating Transfers In (Out)	(2,608,981)	2,608,981	-
Capital Appropriations and Grants	3,361,039	1,125,000	4,486,039
Net Other Revenues (Expenses) Or Gains (Losses)	5,520,662	3,733,981	9,254,643
Increase (Decrease) in Net Position	2,161,022	2,866,650	5,027,672
Net Position, Beginning of Year	249,417,221	(28,497,109)	220,920,112
Net Position, End of Year	\$ 251,578,243	\$ (25,630,459)	\$ 225,947,784

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	NSCS As Restated	Corporation	2020 Total As Restated
Cash Flows from Operating Activities	\$ (61,978,479)	\$ -	\$ (61,978,479)
Cash Flows from Non-capital Financing Activities	69,977,482	-	69,977,482
Cash Flows from Capital and Related Financing Activities	(3,641,042)	25,756,915	22,115,873
Cash Flows from Investing Activities	1,360,681	1,395,554	2,756,235
Increase (Decrease) in Cash and Cash Equivalents	5,718,642	27,152,469	32,871,111
Cash and Cash Equivalents, Beginning of Year	63,088,000	2,982,650	66,070,650
Cash and Cash Equivalents, End of Year	\$ 68,806,642	\$ 30,135,119	\$ 98,941,761

Discretely Presented Component Units

In implementing GASB Statement No. 39, the NSCS determined Chadron State, Peru State College, and Wayne State Foundations (Foundations) are legally separate, tax-exempt nonprofit foundations incorporated in the State of Nebraska. The Foundations act primarily as fund-raising organizations to supplement the resources available to each Foundation's respective College in support of its programs. Although the Colleges do not control the timing or amount of receipts from the Foundations, the majority of resources or income the Foundations hold and invest is restricted to the activities of each Foundation's respective College by its donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, their respective Colleges, the Foundations are considered component units of the NSCS and are discretely presented on separate pages in this report.

The Foundations report under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundations' audited financial information as it is presented (see Note 13).

During the years ended June 30, 2021 and 2020, Chadron State, Peru State, and Wayne State College Foundations distributed \$724,002, \$517,289, and \$2,859,613; and \$2,180,048, \$469,738, and \$2,205,765, respectively, to their Colleges for both restricted and unrestricted purposes. These distributions included scholarships to students. Separate audit reports were issued by each foundation and can be obtained from their respective administrative offices or by contacting the Nebraska State College System at 1327 H Street, Suite 200, Lincoln, Nebraska 68508-3751.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Presentation

The NSCS statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. The NSCS follows the “business-type” activities reporting format of GASB Statement No. 34. This reporting format requires the following elements:

- Management’s Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to Financial Statements

The financial statements of the NSCS have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange activities are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program-specific (such as State appropriations), investment income, and interest on capital asset-related debt are included in non-operating revenues and expenses. The NSCS first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Unrestricted Net Position – Net position not subject to stipulation, including designated departmental balances, encumbrances, and working capital funds.

Restricted Net Position – Net position restricted by creditors, grantors, or contributors and includes grant and research funds, student loan programs, funds for plant construction, and debt service on bond obligations.

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, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Reclassifications

The non-current portion of restricted cash and cash equivalents, along with the net position of the NSCS, include reclassifications for the Corporation's current restricted cash and cash equivalents of \$16,405,707 and unrestricted net position deficit of \$35,369,926 in 2021. Reclassifications for 2020 included the Corporation's current restricted cash and cash equivalents of \$26,161,141 and unrestricted net position deficit of \$29,077,027. Although the Corporation issues debt to finance construction and renovation projects, the assets that are constructed and/or renovated using Corporation debt are owned by the NSCS. In order to properly present the NSCS's non-current restricted cash and cash equivalents and net investment in capital assets, a portion of the current restricted cash and cash equivalents and the unrestricted net position of the Corporation is reclassified when blended with the NSCS.

Certain other reclassifications have been made to the 2020 financial statements to conform to the 2021 financial presentation. These reclassifications had no effect on change in net position.

Cash and Cash Equivalents

The NSCS cash and cash equivalents are stated at cost. Cash and cash equivalents held by the Nebraska State Treasurer are deposited on a pooled basis in a State fund. Income earned by the pool is allocated to the NSCS based upon average daily balances. From time to time, the Nebraska State Investment Officer, as allowed by statute, participates in securities lending transactions, which makes use of amounts on deposit from the NSCS. Securities lending transactions cannot be specifically identified to amounts on deposit from the NSCS and, as such, are not included in the financial statements for the year ended June 30, 2021 and 2020.

The NSCS considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers.

Restricted cash and cash equivalents consist mainly of funds held by the trustee, which are restricted by bond covenants. Remaining restricted cash and cash equivalents are either restricted by outside sources or legislatively restricted for certain purposes.

Income Tax Status

As a State institution, the income of the NSCS is generally exempt from Federal and State income taxes under Section 115(a) of the Internal Revenue Code and provisions of State law. However, the NSCS is subject to Federal income tax on any unrelated business taxable income.

Investments and Investment Income

NSCS investments, including those held by a trustee and restricted by bond covenants, are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

The NSCS's accounts receivable consist mainly of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$783,245 and \$849,347 at June 30, 2021 and 2020, respectively, and is identified by College as follows:

	<u>2021</u>	<u>2020</u>
CSC	\$ 185,464	\$ 248,894
PSC	320,753	372,249
WSC	265,527	214,107
NSCS Office	11,501	14,097

Unamortized Bond Premiums and Discounts

The NSCS's bond premiums and discounts on the revenue bond and Corporation bond issues are being amortized over the life of the bonds using the straight-line method. Total amortization for the year ended June 30, 2021 and 2020, was \$715,321 and \$540,406 for premiums and \$12,154 for discounts, respectively, and it is identified by College as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Premiums</u>	<u>Discounts</u>	<u>Premiums</u>	<u>Discounts</u>
CSC	\$ 2,787	\$ 4,768	\$ 2,787	\$ 4,767
PSC	-	4,940	-	4,941
WSC	6,115	2,446	6,114	2,446
NSCS Office	706,419	-	531,505	-
Total	<u>\$ 715,321</u>	<u>\$ 12,154</u>	<u>\$ 540,406</u>	<u>\$ 12,154</u>

Inventories

The NSCS's inventories, consisting mainly of expendable supplies, are stated at cost. Cost is determined using the first-in, first-out (FIFO) method.

Loans to Students

The NSCS made loans to students under the Federal Perkins Loan Program; also, small temporary loans are provided to students from the Foundations. Such loan receivables are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans was \$0 and \$118,209 at June 30, 2021 and 2020, respectively, at Wayne State College. All NSCS loans to students under the Federal Perkins Loan Program were assigned to Department of Education as of June 30, 2021.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

The NSCS's capital assets are recorded at cost as of the date of acquisition, or acquisition value at the date of donation if acquired by gift. The NSCS follows the capitalization policy set forth by the Board. Generally, equipment that has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Also, all land, buildings, infrastructure, and construction in progress are capitalized if they are expected to meet the NSCS's capitalization threshold as dictated by the capitalization policy. Art objects, specimens, artifacts and collections, including library materials, are expensed so long as the items meet three conditions in accordance with GASB Statement No. 34. Depreciation/amortization is computed using the straight-line method over the estimated useful life of each asset beginning with the month of purchase. The following estimated useful lives are being used by the NSCS:

Buildings and improvements	25 – 50 years
Infrastructure	10 – 30 years
Furniture, fixtures, and equipment	3 – 10 years

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position by the NSCS that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the NSCS that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statements of Net Position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred inflows and outflows of resources of the NSCS consist of unamortized bond refunding amounts.

Compensated Absences

The NSCS's policies permit most employees to accumulate vacation benefits. Staff earn 12 to 25 days of vacation each year and may accrue vacation up to the maximums established in Board policy and/or in the respective bargaining agreements. An employee's accrued vacation is paid out to the employee upon termination. Expense and the related liability are recognized as vacation benefits when earned, whether the employee is expected to realize the benefit as time off or cash. In addition, professional and support staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the NSCS. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as an expense when the time off occurs.

Unearned Revenue

Unearned revenue represents unearned student tuition and fees, advances on grants and contract awards for which the NSCS has not met all of the applicable eligibility requirements, which totaled \$680,051 and \$689,948 at fiscal year end 2021 and 2020, respectively, and longevity bonus revenues and investment (improvement) revenues from food service and/or vending contractors, which are being amortized over the life of the contracts, totaling \$1,179,000 and \$1,572,000 at fiscal year end 2021 and 2020, respectively.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Concluded)

Classification of Revenues

The NSCS has classified its revenues as either operating or non-operating revenues according to the following criteria.

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as State appropriations, Pell grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and institutional waiver allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Such allowances are the difference between the stated charge for goods and services provided by the NSCS and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other similar Federal and State grants, are recorded as non-operating revenues in the NSCS's financial statements. To the extent revenues from such programs are used to satisfy tuition and fees and other student charges, the NSCS has recorded a scholarship allowance.

The NSCS has elected to adopt, for calculation of scholarship allowances, an allocation methodology provided in the National Association of College and University Business Officers (NACUBO) industry guidance (student institutional waivers, which are also netted similar to scholarship allowances, continue to be based on actual contra-account financial activity). The scholarship allowances and institutional waivers on tuition and fees and auxiliary enterprises for the year ended June 30, 2021 and 2020, as calculated under the NACUBO method, were \$14,854,569 and \$5,248,900; and \$14,347,566 and \$4,684,340, respectively, and are identified by College as follows:

	2021		2020	
	Tuition and Fees	Auxiliary Enterprises	Tuition and Fees	Auxiliary Enterprises
CSC	\$ 4,743,458	\$ 1,594,703	\$ 4,385,520	\$ 1,366,402
PSC	3,315,401	1,140,012	3,518,066	1,167,194
WSC	6,795,710	2,514,185	6,443,980	2,150,744

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Deposits, Investments, and Investment Return

Deposits

Per Board policy and State statute, all money received by the NSCS must be paid over to the State Treasurer, except that each College may retain in its possession a sum to make settlement and equitable adjustments with students so entitled, to make payments for day-to-day operations calling for immediate payment, and to provide for contingencies. All funds not paid over to the State Treasurer must be maintained in an interest-bearing account, such as a money market fund account. The NSCS has no policy regarding custodial credit risk for deposits.

All of the NSCS's deposits are either insured or collateralized. By State statute, the State Treasurer is required to ensure that all State funds are either insured by Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The NSCS's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, deposited in banks or invested as the State Treasurer may determine. Interest on funds held by the State Treasurer is periodically disbursed to the participating agencies. These funds are considered to be cash and cash equivalents, which are available for expenditures as needed.

At June 30, 2021 and 2020, cash and cash equivalents of \$80,103,418 and \$59,410,094, respectively, on the Statements of Net Position represents the NSCS's equity position in the State Treasurer's Short-Term Investment Pool (STIP). Additional information on the deposit and investment risk associated with the State Treasurer's Investment Pool is included in the State of Nebraska's Annual Comprehensive Financial Report (ACFR). A copy of this report may be obtained on the Nebraska Department of Administrative Services' (DAS) website at das.nebraska.gov. Information may also be obtained by writing to DAS, 1526 K Street, Suite 240, Lincoln, NE 68508, or by calling 402-471-6500.

Cash on hand at June 30, 2021 and 2020, was \$5,792 and \$6,792, respectively. The carrying amounts of the NSCS's deposits not with the State Treasurer at June 30, 2021 and 2020, were \$2,674,695 and \$2,022,085, respectively, and the bank balances were \$2,676,101 and \$2,030,657, respectively. Of the carrying amounts noted above, \$121,091 and \$121,092, respectively, were covered by FDIC or collateral held in the NSCS's name. The remaining carrying amounts were covered by collateral held in the trustee's name.

Investments

Management of the assets of the Corporation, the revenue bond program, and the Flex Spending program is delegated to the trustees appointed by the Corporation Board of Directors or the NSCS Board of Trustees. All investments are held by the trustees and invested in accordance with the bond resolutions and Flex Spending custodial agreements. The bond resolutions and Flex custodial agreements allow investment of bond proceeds and employee flexible spending accounts in various securities and obligations, including: U.S. government and U.S. agency obligations; bonds, notes or other obligations of the State or any political subdivision thereof; bank repurchase agreements; certificates of deposit or other securities or investments within the State investing guidelines.

The NSCS's investments consisted of money market mutual funds and debt securities. At June 30, 2021 and 2020, money market mutual funds totaling \$9,238,451 and \$37,502,790, respectively, were held by the trustees, and had weighted average maturities of 18-59 days and 17-43 days, respectively. All money market mutual funds were reported as cash equivalents.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Deposits, Investments, and Investment Return (Continued)

At June 30, 2021, the NSCS had the following securities and maturities:

	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
Investment type:				
Negotiable CD	\$ 504,765	\$ 504,765	\$ -	\$ -
Total	\$ 504,765	\$ 504,765	\$ -	\$ -

At June 30, 2020, the NSCS had the following securities and maturities:

	Fair Value	Maturities in Years		
		Less than 1	1-5	6-10
Investment type:				
Negotiable CD	\$ 762,532	\$ 247,843	\$ 514,689	\$ -
Total	\$ 762,532	\$ 247,843	\$ 514,689	\$ -

Negotiable certificates of deposit were classified in Level 2 of the fair value hierarchy description of valuation technique and are valued using quoted prices for markets that are not active.

Interest Rate Risk. The NSCS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The NSCS may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. The money market mutual funds are rated Aaa-mf by Moody's and AAAm by S&P. The investments in negotiable certificate of deposits are unrated.

Concentration of Credit Risk. The NSCS places no limit on the amount that may be invested in any one issuer. Of the NSCS's investments, at June 30, 2021, 93% were in U.S. Treasury Money Market Funds, 2% were in Government Money Market Funds, and 5% were in negotiable certificate of deposits compared to 97% in U.S. Treasury Money Market Funds, 1% in Government Money Market Funds, and 2% in negotiable certificate of deposits at June 30, 2020.

Custodial Risk. For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the NSCS will be able to recover the value of its investments that are in the possession of an outside party. The NSCS does not have a formal policy for custodial credit risk. All securities are held by the investment's counterparty, not in the name of the NSCS.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. Deposits, Investments, and Investment Return (Concluded)

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the Statements of Net Position, as follows:

	<u>2021</u>	<u>2020</u>
Carrying Value		
Cash	\$ 5,792	\$ 6,792
Deposits:		
Bank Deposits	2,674,695	2,022,085
Short Term Investment Pool	80,103,418	59,410,094
Trustee Money Market Mutual Funds	9,238,451	37,502,790
Negotiable Certificates of Deposit	504,764	762,532
Total as of June 30	<u>\$ 92,527,120</u>	<u>\$ 99,704,293</u>
Included in the Statements of Net Position		
Cash and Cash Equivalents	\$ 40,279,409	\$ 38,505,340
Restricted Cash and Cash Equivalents	51,742,947	60,436,421
Restricted Investments	504,764	762,532
Total	<u>\$ 92,527,120</u>	<u>\$ 99,704,293</u>

3. Capital Assets

The NSCS capital assets activity for the year ended June 30, 2021, was:

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Land	\$ 1,156,618	\$ 34,732	\$ -	\$ -	\$ 1,191,350
Building and Improvements	306,503,588	-	-	1,342,199	307,845,787
Infrastructure	37,222,212	-	-	3,261,137	40,483,349
Furniture, Fixtures, and Equipment	20,624,876	384,184	(120,941)	43,002	20,931,121
Construction in Progress	5,758,562	23,264,573	-	(4,646,338)	24,376,797
Total Capital Assets	<u>\$ 371,265,856</u>	<u>\$ 23,683,489</u>	<u>\$ (120,941)</u>	<u>\$ -</u>	<u>\$ 394,828,404</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. Capital Assets (Continued)

Accumulated Depreciation

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Building and Improvements	\$ (99,267,553)	\$ (7,203,017)	\$ -	\$ -	\$ (106,470,570)
Infrastructure	(20,833,526)	(1,545,653)	-	-	(22,379,179)
Furniture, Fixtures, and Equipment	(16,749,532)	(975,097)	120,376	-	(17,604,253)
Total Accumulated Depreciation	(136,850,611)	(9,723,767)	120,376	-	(146,454,002)
Net Capital Assets	<u>\$ 234,415,245</u>	<u>\$ 13,959,722</u>	<u>\$ (565)</u>	<u>\$ -</u>	<u>\$ 248,374,402</u>

Net Capital Assets by College

	CSC	PSC	WSC	NSCS Office	Total
Land	\$ 49,395	\$ 17,761	\$ 1,124,194	\$ -	\$ 1,191,350
Building and Improvements	51,480,691	52,570,765	97,323,761	-	201,375,217
Infrastructure	5,065,406	3,793,131	9,245,633	-	18,104,170
Furniture, Fixtures, and Equipment	1,053,214	477,606	1,796,048	-	3,326,868
Construction in Progress	14,630,610	-	9,746,187	-	24,376,797
Net Capital Assets	<u>\$ 72,279,316</u>	<u>\$ 56,859,263</u>	<u>\$ 119,235,823</u>	<u>\$ -</u>	<u>\$ 248,374,402</u>

The NSCS capital assets activity for the year ended June 30, 2020, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 1,124,633	\$ 31,985	\$ -	\$ -	\$ 1,156,618
Building and Improvements	305,308,550	598,612	-	596,426	306,503,588
Infrastructure	37,070,746	75,900	-	75,566	37,222,212
Furniture, Fixtures, and Equipment	20,110,856	909,828	(395,808)	-	20,624,876
Construction in Progress	1,727,564	4,702,990	-	(671,992)	5,758,562
Total Capital Assets	<u>\$ 365,342,349</u>	<u>\$ 6,319,315</u>	<u>\$ (395,808)</u>	<u>\$ -</u>	<u>\$ 371,265,856</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. Capital Assets (Concluded)

Accumulated Depreciation

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Building and Improvements	\$ (92,041,898)	\$ (7,225,655)	\$ -	\$ -	\$ (99,267,553)
Infrastructure	(19,353,660)	(1,479,866)	-	-	(20,833,526)
Furniture, Fixtures, and Equipment	(15,674,728)	(1,463,995)	389,191	-	(16,749,532)
Total Accumulated Depreciation	(127,070,286)	(10,169,516)	389,191	-	(136,850,611)
Net Capital Assets	<u>\$ 238,272,063</u>	<u>\$ (3,850,201)</u>	<u>\$ (6,617)</u>	<u>\$ -</u>	<u>\$ 234,415,245</u>

Net Capital Assets by College

	CSC	PSC	WSC	NSCS Office	Total
Land	\$ 49,395	\$ 17,761	\$ 1,089,462	\$ -	\$ 1,156,618
Building and Improvements	53,195,507	54,484,034	99,556,494	-	207,236,035
Infrastructure	3,342,227	4,117,560	8,928,899	-	16,388,686
Furniture, Fixtures, and Equipment	1,303,890	520,443	1,944,295	106,716	3,875,344
Construction in Progress	3,289,103	-	2,469,459	-	5,758,562
Net Capital Assets	<u>\$ 61,180,122</u>	<u>\$ 59,139,798</u>	<u>\$ 113,988,609</u>	<u>\$ 106,716</u>	<u>\$ 234,415,245</u>

4. Accounts Payable and Accrued Liabilities

The NSCS accounts payable and accrued liabilities are presented in aggregate in the financial statements at June 30, and consist of the following:

	2021			
	Payroll and Withholdings	Payables to Vendors	Payable to Other Government	Total Payables
CSC	\$ 1,373,996	\$ 524,259	\$ 111,826	\$ 2,010,081
PSC	770,974	448,436	156,099	1,375,509
WSC	2,100,956	3,029,984	227,955	5,358,895
NSCS Office	302	3,952,768	211,054	4,164,124
Total	<u>\$ 4,246,228</u>	<u>\$ 7,955,447</u>	<u>\$ 706,934</u>	<u>\$ 12,908,609</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. Accounts Payable and Accrued Liabilities (Concluded)

	2020			
	Payroll and Withholdings	Payables to Vendors	Payable to Other Government	Total Payables
CSC	\$ 1,366,242	\$ 795,193	\$ 78,986	\$ 2,240,421
PSC	761,813	687,895	88,715	1,538,423
WSC	2,034,104	1,456,681	258,910	3,749,695
NSCS Office	-	1,911,188	149,943	2,061,131
Total	\$ 4,162,159	\$ 4,850,957	\$ 576,554	\$ 9,589,670

5. Long-term Liabilities

The following is a summary of long-term obligation transactions for the NSCS for the year ended June 30, 2021:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Master Lease Payable	\$ 369,243	\$ -	\$ (87,545)	\$ 281,698	\$ 89,388
Revenue and Refunding					
Bonds	38,245,000	-	(2,115,000)	36,130,000	2,165,000
Corporation Bonds	49,650,000	-	(4,800,000)	44,850,000	3,055,000
Total Long-term Debt	88,264,243	-	(7,002,545)	81,261,698	5,309,388
Accrued Compensated					
Absences	4,369,121	592,720	(489,313)	4,472,528	599,399
Unamortized Bond					
Premium	5,379,266	-	(715,321)	4,663,945	-
Unamortized Bond Discount	(186,743)	-	12,154	(174,589)	-
Refundable Government					
Grants	1,305,285	-	(1,261,377)	43,908	43,908
Unearned Revenue	1,572,000	-	(393,000)	1,179,000	393,000
Total Other Long-term					
Liabilities	12,438,929	592,720	(2,846,857)	10,184,792	1,036,307
Total Long-term Liabilities	\$100,703,172	\$ 592,720	\$ (9,849,402)	\$ 91,446,490	\$ 6,345,695

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

The following is a summary of long-term obligation transactions for the NSCS for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Master Lease Payable	\$ 102,475	\$ 447,909	\$ (181,141)	\$ 369,243	\$ 87,545
Revenue and Refunding					
Bonds	40,350,000	-	(2,105,000)	38,245,000	2,115,000
Corporation Bonds	29,510,000	23,465,000	(3,325,000)	49,650,000	4,800,000
Total Long-term Debt	69,962,475	23,912,909	(5,611,141)	88,264,243	7,002,545
Accrued Compensated					
Absences	3,891,286	880,169	(402,334)	4,369,121	647,658
Unamortized Bond					
Premium	2,904,486	3,015,186	(540,406)	5,379,266	-
Unamortized Bond Discount	(198,897)	-	12,154	(186,743)	-
Refundable Government					
Grants	1,509,621	-	(204,336)	1,305,285	1,305,285
Unearned Revenue	-	1,965,000	(393,000)	1,572,000	393,000
Total Other Long-term					
Liabilities	8,106,496	5,860,355	(1,527,922)	12,438,929	2,345,943
Total Long-term Liabilities	<u>\$ 78,068,971</u>	<u>\$ 29,773,264</u>	<u>\$ (7,139,063)</u>	<u>\$ 100,703,172</u>	<u>\$ 9,348,488</u>

Termination Benefits

The NSCS has two programs for support staff in the Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE/AFSCME) bargaining unit and support staff excluded from the NAPE/AFSCME bargaining unit, which must be accounted for under GASB Statement No. 47, *Accounting for Termination Benefits*, the Voluntary Retirement Settlement Program and the Early Retirement Incentive Program.

Under the voluntary retirement settlement program, an eligible employee who is 55 years of age or more on July 1 of the year in which he or she chooses to retire, and has 10 or more years of consecutive service within the NSCS, will be paid one-quarter of his or her final year base salary in 12 equal monthly installments following termination of employment. In addition, employees will be permitted to remain in the group medical and dental insurance plan offered retirees by Blue Cross/Blue Shield at the time of the employee's retirement. The NSCS will pay the employee's health/dental insurance (State and employee burden) costs for the 12-month period following termination of employment. If the retired employee reaches the age of 65 at any time during the 12-month period, at which time eligibility to participate in the Blue Cross/Blue Shield retiree plan ceases, the NSCS will pay an amount equivalent to the full cost of the 65 Gold Plus Medicare Supplemental Plan or the Retired BlueSenior Classic Plan offered by the Nebraska State Education Association (NSEA) for the payout period remaining. Under the current bargaining agreement and Board policy, this plan was only available to those employees who retired on June 30, 2020. Similar voluntary retirement settlement programs were also offered to support staff in the NAPE/AFSCME bargaining unit who retired on specific days in the past.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

Under the early retirement incentive program, eligible employees who have completed at least 10 years of continuous service within the NSCS and are 60 years of age or older will be paid premiums in the group medical and dental health insurance program offered retirees by Blue Cross/Blue Shield at the time of the eligible employees' retirement. The payment of premiums will continue until the retired employees become eligible for coverage under the Federal Medicare program, at which time the paid premiums will cease.

At June 30, 2021, four employees at CSC, one employee at PSC, and ten employees at WSC were participating in the NSCS's voluntary/early retirement programs. As of June 30, 2020, three employees at CSC, two employees at PSC, and fourteen employees at WSC were participating. Liability amounts associated with these retirements are shown below. Liability amounts are reflected in the accrued compensated absences line item on the Statements of Net Position and the long-term liability schedule above. All termination benefits are shown at present cost.

	2021		2020	
	Ending Balance	Current Portion	Ending Balance	Current Portion
CSC	\$ 95,673	\$ 48,153	\$ 48,841	\$ 30,072
PSC	73,305	20,790	97,228	28,252
WSC	418,136	141,916	391,165	160,610
Total	<u>\$ 587,114</u>	<u>\$ 210,859</u>	<u>\$ 537,234</u>	<u>\$ 218,934</u>

Student Fees and Facilities Revenue Refunding Bonds Series 2012

In April 2012, the NSCS Board of Trustees authorized the issuance of \$8,750,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2012. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue and Refunding Bonds Series 2002. On July 1, 2012, the net proceeds from Series 2012 bonds were used to redeem the Series 2002 bonds. This advanced refunding reduced total debt service payments over the remaining 15 years by \$2,264,673. Bond refunding resulted in an estimated economic gain of \$1,515,352. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is amortized over the remaining life of the new debt, which is the same as the life of the refunded debt. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The amounts for WSC's and PSC's portions of the bond obligations were \$6,045,000 and \$2,705,000, respectively, bearing interest at rates from 0.3% to 3.2%, with payments due from fiscal years 2013 to 2028. Bonds maturing on or after July 1, 2018, can be redeemed, in part or in whole, on or after July 1, 2017.

Student Fees and Facilities Revenue Bonds Series 2013

In September 2012, the NSCS Board of Trustees authorized the issuance of \$7,735,000 of Student Fees and Facilities Revenue Bonds Series 2013. The purpose of the issuance was to finance the construction of CSC's Eagle Ridge housing and maintenance to several revenue bond building roofs. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$7,735,000 in bonds bear interest at rates from 0.6% to 3.0%, with payments due from fiscal years 2014 to 2034. Bonds maturing on or after July 1, 2018, can be redeemed, in part or in whole, on or after January 3, 2018.

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

Student Fees and Facilities Revenue Refunding Bonds Series 2014

In April 2014, the NSCS Board of Trustees authorized the issuance of \$4,270,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2014. The purpose of the issuance was to redeem in full the outstanding principal amount of CSC's Student Fees and Facilities Revenue Bonds Series 2003A. On June 5, 2014, the net proceeds from Series 2014 bonds were used to redeem the Series 2003A bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$1,085,523. Bond refunding resulted in an estimated economic gain of \$654,661. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is being amortized over the remaining life of the new debt, which is the same as the life of the refunded debt. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$4,270,000 in bonds bear interest at rates from 0.35% to 4.0%, with payments due from fiscal years 2015 to 2029. Bonds maturing on or after July 1, 2020, can be redeemed, in part or in whole, on or after July 1, 2019.

Student Fees and Facilities Revenue Bonds Series 2015

In November 2015, the Board authorized the issuance of \$8,935,000 of Student Fees and Facilities Revenue Bonds Series 2015. The purpose of the issuance was to finance improvements to Peru State's Delzell Hall. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$8,935,000 in bonds bear interest at rates from 1.1% to 3.75%, with payments due from fiscal years 2017 to 2047. Bonds maturing on or after July 1, 2026, can be redeemed, in part or in whole, on or after July 1, 2025.

Student Fees and Facilities Revenue Bonds Series 2016

In November 2015, the Board authorized the issuance of \$11,270,000 of Student Fees and Facilities Revenue Bonds Series 2016. The purpose of the issuance was to finance improvements to Wayne State's Bowen Hall. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$11,270,000 in bonds bear interest at rates from 2.0% to 5.0%, with payments due from fiscal years 2017 to 2047. Bonds maturing on or after July 1, 2026, can be redeemed, in part or in whole, on or after January 1, 2026.

Student Fees and Facilities Revenue Refunding Bonds Series 2016B

In January 2016, the Board authorized the issuance of \$3,810,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016B. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2010. On March 18, 2016, the net proceeds from Series 2016B bonds were used to redeem the Series 2010 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$611,743. Bond refunding resulted in an estimated

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

economic gain of \$380,673. The reacquisition price equaled the net carrying amount of the old debt and, therefore, no amount was required to be deferred and amortized. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$3,810,000 in bonds bear interest at rates from 0.65% to 2.8%, with payments due from fiscal years 2017 to 2031. Bonds maturing on or after July 1, 2021, can be redeemed, in part or in whole, on or after March 18, 2021.

Student Fees and Facilities Revenue Refunding Bonds Series 2016C

In November 2016, the Board authorized the issuance of \$2,865,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016C. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2011. On December 19, 2016, the net proceeds from Series 2016C bonds were used to redeem the Series 2011 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$604,271. Bond refunding resulted in an estimated economic gain of \$407,674. The reacquisition price equaled the net carrying amount of the old debt and, therefore, no amount was required to be deferred and amortized. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$2,865,000 in bonds bear interest at rates from 0.95% to 3.2%, with payments due from fiscal years 2018 to 2032. Bonds maturing on or after July 1, 2022, can be redeemed, in part or in whole, on or after December 19, 2021.

The official Revenue bond statements define an event of default as missing principal and/or interest payments, discontinuation, unreasonable delay, or fail to construct the Project or acquire the facility, promptly repair destroyed or damaged buildings and facilities, or the Board become insolvent. In the event of such default, the outstanding bonds contain a provision stating that the registered owners of 25% of the aggregate principal amount of the Bonds then outstanding may declare the principal of all bonds then outstanding to be due and payable immediately.

Corporation Bonds

In November 2013, the Corporation authorized the issuance of \$13,460,000 of Building Bonds, Series 2014. Proceeds from the issuance of these bonds will be used to help build a portion of the CSC Rangeland Center and to renovate WSC's U.S. Conn Library. This bond issue is a general obligation of the Corporation, which is a separate legal entity that is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The financial resources used to repay the bonds are appropriations. The bonds bear interest at rates of 2.0% to 5.0%, and are due in semiannual installments, which began June 15, 2014. Principal maturities, due in annual installments, began June 15, 2015, and continue until June 15, 2021. The bonds are not subject to redemption prior to maturity.

In June 2016, the Corporation authorized the issuance of \$26,655,000 of Deferred Maintenance Refunding Bonds Series 2016, of which \$19,295,000 was related to new bonds and \$7,360,000 was related to refunding bonds. The purpose of the issuance was to redeem in full the outstanding principal amount of the Deferred

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

Maintenance Series 2006 bonds and allow for the issuance of new bond proceeds to help fund the renovation of the stadium at CSC, the renovation of the Theatre/Event Center at PSC, and the construction of applied technology programmatic space at WSC. On September 19, 2016, the Series 2006 bonds were advance refunded. This refunding of the Series 2006 bonds resulted in a reduction of total debt service payments by \$854,784 and an estimated economic gain of \$471,674. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is amortized over the remaining life of the old bonds. This bond issue is a general obligation of the Corporation, which is a separate legal entity that is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The financial resources used to repay the bonds are appropriations and special student fees. The bonds bear interest, payable semiannually, at rates of 2.00% to 5.00%. Principal maturities, due in annual installments, began July 15, 2017, and continue until July 15, 2030. Bonds maturing on or after July 15, 2027, are able to be redeemed, in part or in whole, on or after July 15, 2026.

In May 2020, the Corporation issued \$23,465,000 of Series 2020 Bonds, which was authorized in February 2020 by the Corporation. Proceeds from the issuance of these bonds will be used to renovate the Math Science Building at Chadron State College. The bonds are not obligations of the State of Nebraska, and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon. The bonds do not constitute debt of the Board of Trustees of the Nebraska State Colleges, but the first two interest payments will be paid with funds from Chadron State College and the remaining debt payments shall be payable solely out of moneys derived from legislative appropriations. The bonds bear interest, payable semiannually, at rates of 3.00% to 5.00%. Principal maturities, due in annual installments, begin June 15, 2022, and continue until June 15, 2035. The bonds are not subject to redemption prior to maturity.

The official Corporation bond statements define an event of default as missing principal and/or interest payments on the due date for a period of 60 days after written notice has been given to the Corporation by any registered owner. In the event of such default, the outstanding bonds contain a provision stating that the registered owners of 25% of the aggregate principal amount of the Bonds then outstanding may declare the principal of all bonds then outstanding to be due and payable immediately.

Master Lease Purchasing Program

The State of Nebraska, through the Department of Administrative Services (DAS) – Accounting Division, has a Master Lease Purchasing Agreement to be used by various agencies to purchase equipment. CSC used this financing arrangement to finance the acquisition of equipment in fiscal year 2020. The master lease obligations bear interest payable at a rate of 2.08%. The Master Lease expires in fiscal year 2025. The firewall system was completed during fiscal year 2021, the equipment purchased totaling \$53,382 was included as capital assets, with accumulated depreciation of \$17,794 in 2021.

The official statement of the master lease agreement defines an event of default as failure to pay any rental payment or other payment required to be paid, failure to observe or perform any covenant, condition or agreement on its part, or representation or warranty made in the Lease was untrue in any material respects. In event of such default, with or without termination of the lease, all rental payments for which funds have been appropriated may be declared due, equipment may become repossessed and dispose of such equipment, or any other remedy available at law or in equity with respect to such event of default.

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

Debt service requirements to maturity for all long-term debt of the NSCS are as follows:

CSC Master Lease Obligation Summary

Year Ending June 30	Principal	Interest	Total
2022	\$ 89,388	\$ 5,018	\$ 94,406
2023	91,268	3,138	94,406
2024	93,188	1,219	94,407
2025	7,854	14	7,868
Total	<u>\$ 281,698</u>	<u>\$ 9,389</u>	<u>\$ 291,087</u>

CSC Revenue and Refunding Bonds

Year Ending June 30	Principal	Interest	Total
2022	\$ 675,000	\$ 213,044	\$ 888,044
2023	690,000	195,690	885,690
2024	700,000	179,642	879,642
2025	715,000	162,907	877,907
2026	740,000	144,630	884,630
2027 – 2031	3,195,000	425,655	3,620,655
2032 – 2034	1,455,000	66,375	1,521,375
Total	<u>\$ 8,170,000</u>	<u>\$ 1,387,943</u>	<u>\$ 9,557,943</u>

PSC Revenue and Refunding Bonds

Year Ending June 30	Principal	Interest	Total
2022	\$ 585,000	\$ 359,488	\$ 944,488
2023	600,000	348,431	948,431
2024	605,000	336,083	941,083
2025	620,000	322,346	942,346
2026	635,000	307,026	942,026
2027 – 2031	2,760,000	1,288,686	4,048,686
2032 – 2036	1,700,000	944,588	2,644,588
2037 – 2041	1,775,000	651,991	2,426,991
2042 – 2046	2,125,000	293,709	2,418,709
2047	475,000	8,906	483,906
Total	<u>\$ 11,880,000</u>	<u>\$ 4,861,254</u>	<u>\$ 16,741,254</u>

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Continued)

WSC Revenue and Refunding Bonds			
Year Ending June 30	Principal	Interest	Total
2022	\$ 905,000	\$ 486,184	\$ 1,391,184
2023	920,000	466,124	1,386,124
2024	950,000	441,505	1,391,505
2025	980,000	411,929	1,391,929
2026	1,005,000	379,850	1,384,850
2027 – 2031	3,960,000	1,480,499	5,440,499
2032 – 2036	1,900,000	1,093,675	2,993,675
2037 – 2041	2,230,000	754,775	2,984,775
2042 – 2046	2,645,000	339,628	2,984,628
2047	585,000	10,237	595,237
Total	\$ 16,080,000	\$ 5,864,406	\$ 21,944,406

Corporation Bonds			
Year Ending June 30	Principal	Interest	Total
2022	\$ 3,055,000	\$ 1,675,668	\$ 4,730,668
2023	3,195,000	1,552,118	4,747,118
2024	3,305,000	1,442,293	4,747,293
2025	3,420,000	1,328,543	4,748,543
2026	3,535,000	1,190,243	4,725,243
2027 – 2031	20,170,000	3,505,782	23,675,782
2032 – 2035	8,170,000	683,250	8,853,250
Total	\$ 44,850,000	\$ 11,377,897	\$ 56,227,897

NSCS Loan Obligation and Bond Summary			
Year Ending June 30	Principal	Interest	Total
2022	\$ 5,309,388	\$ 2,739,402	\$ 8,048,790
2023	5,496,268	2,565,501	8,061,769
2024	5,653,188	2,400,742	8,053,930
2025	5,742,854	2,225,739	7,968,593
2026	5,915,000	2,021,749	7,936,749
2027 – 2031	30,085,000	6,700,622	36,785,622
2032 – 2036	13,225,000	2,787,888	16,012,888
2037 – 2041	4,005,000	1,406,766	5,411,766
2042 – 2046	4,770,000	633,337	5,403,337
2047	1,060,000	19,143	1,079,143
Total	\$ 81,261,698	\$ 23,500,889	\$ 104,762,587

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. Long-term Liabilities (Concluded)

The bond resolutions of the Corporation Bonds, and the Revenue and Refunding Bonds specify the funds that need to be established, the required transfers between funds, and the maximum maturity limits for the funds' investments. The bond resolutions also contain certain covenants, including compliance with a ratio of net revenues to debt service. At June 30, 2021 and 2020, the NSCS was in compliance with these requirements.

6. Operating Leases

Noncancellable operating leases related primarily to office space and equipment expire in various fiscal years through 2026. Renewal options for leases containing such provision ranged from one to two years. These operating leases generally require the NSCS to pay all executory costs (property taxes, maintenance, operating, and insurance).

Future noncancellable operating lease payments as of June 30, 2021, were:

2022	\$	310,201
2023		277,060
2024		158,984
2025		125,459
2026		81,274
Total	\$	<u>952,978</u>

The NSCS's operating lease payments for the years ended June 30, 2021, and June 30, 2020, were \$1,006,030 and \$829,472, respectively.

7. Revenue Bond Program

The Board, for the benefit of the Nebraska State Colleges, issues bonds to finance the construction, repair, and maintenance of revenue bond buildings owned and operated by the Board of Trustees of the Nebraska State College System. The Revenue Bond Program (Program) provides funding for general operations as well as funding for various construction and renovation projects as specified by the individual bond documents. The Program is designed to provide greater flexibility to finance revenue bond projects at the three Colleges. The current revenue bond master resolution was approved in 2002 by the Board.

Financial information for the Program for June 30, 2021 and 2020, is summarized as follows:

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. Revenue Bond Program (Continued)

Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 21,486,015	\$ 19,540,148
Non-current Assets	54,588,792	56,159,500
Total assets	<u>76,074,807</u>	<u>75,699,648</u>
Deferred Outflows of Resources	<u>24,625</u>	<u>28,403</u>
Liabilities		
Current Liabilities	4,391,637	4,517,069
Non-current Liabilities	35,032,452	37,587,808
Total liabilities	<u>39,424,089</u>	<u>42,104,877</u>
Net Position		
Net investment in capital assets	18,474,481	17,686,594
Restricted for		
Debt service	2,181,737	2,167,270
By enabling legislation	16,019,125	13,769,310
Total net position	<u>\$ 36,675,343</u>	<u>\$ 33,623,174</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Rentals	\$ 8,860,458	\$ 7,907,588
Food Service	8,653,085	7,827,832
Facilities	3,612,595	3,511,518
Bookstore	162,174	145,966
Other	309,214	309,037
Total operating revenues	<u>21,597,526</u>	<u>19,701,941</u>
Operating Expenses		
Food Service	5,890,516	5,466,193
Other	12,860,753	15,587,554
Total operating expenses	<u>18,751,269</u>	<u>21,053,747</u>
Operating Income (Loss)	2,846,257	(1,351,806)
Non-operating Revenue (Expenses)	(224,024)	1,443,753
Capital Contributions	<u>429,936</u>	<u>485,898</u>
Increase (Decrease) in Net Position	3,052,169	577,845
Net Position, Beginning of Year	<u>33,623,174</u>	<u>33,045,329</u>
Net Position, End of Year	<u>\$ 36,675,343</u>	<u>\$ 33,623,174</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. Revenue Bond Program (Concluded)

Condensed Statement of Cash Flows

	2021	2020
Cash Flows from Operating Activities	\$ 4,514,338	\$ 2,014,835
Non-Capital Financing Activities	656,531	2,193,486
Cash Flows from Capital and Related Financing Activities	(3,704,591)	(3,498,836)
Cash Flows from Investing Activities	475,695	375,708
Change in Cash and Cash Equivalents	1,941,973	1,085,193
Cash and Cash Equivalents, Beginning of Year	21,750,518	20,665,325
Cash and Cash Equivalents, End of Year	<u>\$23,692,491</u>	<u>\$21,750,518</u>

8. Retirement Plans

The NSCS has a defined contribution retirement plan currently in effect, which was established by the Board of Trustees and may be amended by the Board in accordance with Neb. Rev. Stat. § 85-320 (Reissue 2014). The Nebraska State College System Defined Contribution Retirement Plan covers all faculty, professional staff, and support staff, and provides investment options and annuity contracts administered by the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA). The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and may be amended by action of the Board of Trustees. Contribution rates for plan members and the NSCS for 2021 and 2020, expressed as a percentage of covered payroll, 6% and 8%, respectively. Contributions actually made for the fiscal years ended June 30, 2021 and 2020, by plan members and the NSCS were \$2,902,949 and \$2,877,409; and \$3,871,868 and \$3,838,572 respectively. At June 30, 2021 and 2020, the plan had 741 and 765 contributing members, respectively. The NSCS contributions encumbered for the fiscal years ended June 30, 2021 and 2020 in the amounts of \$232,806 and \$227,140, respectively.

Membership in the plan was mandatory for all full-time faculty and staff who attained the age of thirty. Voluntary membership is permitted for all full-time faculty and staff upon reaching the second anniversary of their employment and the attainment of age 25. The plan benefits are fully vested at the date of contribution.

The NSCS also sponsors a supplemental retirement annuity (SRA) plan, Roth individual retirement account (403(b)), and 457 deferred compensation supplemental plan. Plan members contributed \$744,408 to the SRA, \$211,618 to the Roth 403(b), and \$95,415 to the 457 plan in 2021, while in 2020 plan members contributed \$787,536 to the SRA, \$204,939 to the Roth 403(b), and \$87,650 to the 457 plan. The NSCS does not contribute to these supplemental plans.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. Risk Management

The NSCS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Responsibility for the coordination of a risk and insurance management program for the NSCS is assigned to the Chancellor. The responsibility for the development and implementation of the risk and insurance management program is assigned to each of the Colleges' Presidents. Mechanisms for identifying risks and for taking appropriate action to eliminate, abate, transfer, or retain these risks is also the responsibility of each College. DAS – Risk Management Division is responsible for maintaining the self-insurance program for workers' compensation along with the motor vehicle liability insurance.

The NSCS has chosen to purchase insurance for:

- A. Health care and life insurance for eligible employees.
- B. General liability coverage (including employee benefits liability), with limits ranging from \$1,000,000 per occurrence to \$3,000,000 in aggregate
- C. Educators legal liability, with a limit of \$4,000,000 per each claim, \$4,000,000 annual aggregate, and a self-insured retention of \$150,000.
- D. Real and personal property through the Midwestern Higher Education Compact's (MHEC) property program on a blanket basis for losses up to \$500,000,000, with the program funding a self-insurance pool of \$1,000,000 per loss occurrence and a deductible of \$50,000 for the NSCS, except for tornado and hail, which is a \$300,000 deductible. Newly acquired properties are covered up to \$50,000,000 for 90 days from the date the insured takes ownership of the property. The perils of flood, earthquake, and acts of terrorism have various coverages and sublimits. Details of these coverages are available from the NSCS.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded through a combination of employee and NSCS contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each State agency based on total agency payroll and past experience. Tort claims; theft of, damage to, or destruction of assets; errors or omissions; and natural disasters would be funded through the State General Fund or by NSCS assessments, as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the NSCS's financial statements.

10. Commitments and Contingencies

Construction Contracts

The Board of Trustees has approximate remaining construction commitments of \$24,116,000 and \$4,523,000, as of June 30, 2021 and 2020, respectively. These projects will be funded through cash funds, LB 309 Task force funds, Foundation gifts, bond proceeds, contingency maintenance funds, and capital improvement fees. Construction commitments are identified by College, as follows:

	<u>2021</u>	<u>2020</u>
CSC	\$ 13,396,000	\$ 1,692,000
PSC	1,000	941,000
WSC	10,719,000	1,890,000

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. Commitments and Contingencies (Concluded)

Government Grants

The NSCS is currently participating in numerous grants from various departments and agencies of the Federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the grant department or agency, the grants are considered closed.

11. Restricted Net Position

Restricted net position reports resources that are owned by the NSCS, but their use or purpose is restricted. Restricted net position reported on the Statements of Net Position is further classified into the following:

Loans represent institutional loans and Federal program loan funds set aside to serve as revolving loan funds for students.

Debt Service represents Corporation and revenue bond balances reserved for debt service payments.

Plant represents funds reserved for capital improvements net of any related liabilities.

Other represents funds restricted through external constraints imposed by creditors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$23,382,687 and \$20,311,982 in fiscal years 2021 and 2020, respectively, was restricted due to enabling legislation.

12. Joint Operation

Northeast Community College

On September 14, 2006, WSC entered into an interlocal agreement with Northeast Community College (NECC) to build and operate College Center in South Sioux City (CCSSC), Nebraska, which offers classes from both NECC and WSC. CCSSC began offering classes during the fiscal year ended June 30, 2011. On September 6, 2016, WSC entered into a new interlocal agreement with NECC to continue to operate CCSSC.

NECC administers the accounts payable related to joint operation and maintenance costs and provides WSC with quarterly reports and an invoice for WSC's share of expenses accompanied by supporting documentation. Both parties agree the expense allocation between the parties shall be split equally (50%-50%) for all expenses for the term of the Agreement. CCSSC is governed by CCSSC's Administrative Council, which is a four-member voting board composed of two appointees from NECC and two appointees from WSC. In addition to the voting members, the following individuals shall serve on the Council in an ex officio capacity: Facilities Manager and two institutional leaders (one appointed by each President). The chairperson of the Council shall be selected on a rotating basis with a WSC representative in even-numbered years and a Northeast representative in odd-numbered years. Ownership of land and facilities are shared 50%-50% by NECC and WSC. Either party can terminate the agreement with at least twelve (12) months prior notice, giving the other party right of first refusal on purchase of the exiting party's interest in the building, contents, and land.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. Corrections Workforce Development Pathway Program

On November 13, 2020, PSC entered into an interlocal agreement with the Nebraska Department of Correctional Services (NDCS) for the joint program of the Corrections Workforce Development Pathway (CWDP). The CWDP Program allows PSC Criminal Justice students to complete a baccalaureate degree with an emphasis in Corrections that combines academic coursework with on-the-job training through an embedded series of employment opportunities provided by Tecumseh State Correctional Institution (TSCI). The CWDP Program is financially supported through Nebraska Legislative Bill 1008, which appropriates funding to the Department of Correctional Services that will be used to establish scholarships for students who apply for the Program. The CWDP Program allowed for one-time costs incurred by PSC for equipment and simulation environments needed for the program. TSCI will transfer 50% of the CWCP Program funds to PSC at the beginning of each fiscal year, but no later than July 31, to assure PSC has adequate funds to apply the fall term scholarships to those students participating in the CWDP Program. TSCI will transfer the remaining 50% of the CWCP Program funds to PSC by December 31 of each year to assure funding for spring term scholarships.

This Agreement shall continue through June 30, 2025. If the agreement becomes unavailable either in full or in part due to reductions in state budget appropriations, TSCI and PSC will work cooperatively to minimize the impact on students who have been accepted to, and are participating in, the CWDP Program, should the CWDP Program terminate as specified in this Agreement.

14. Component Unit Disclosures – Foundations

On the following pages are the notes taken from the audited financial statements, for the years ended as indicated below, of the Foundations:

<u>Foundation</u>	<u>Years Ended</u>	<u>Pages</u>
Chadron State	June 30, 2021 and 2020	64 - 77
Peru State College	December 31, 2020 and 2019	78 - 88
Wayne State	June 30, 2021 and 2020	89 - 99

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION

Note 1 – Purpose of Foundation and Description of Program Services

Purpose

Chadron State Foundation (the Foundation) is a nonprofit organization incorporated in the State of Nebraska in 1963 to promote the education, scientific, and benevolent purposes of Chadron State College (the College). The Foundation acts largely as a fundraising organization; soliciting and receiving contributions and pledges on behalf of the College. Assets received by the Foundation are used to acquire equipment to be used by the College, to provide financial aid for college students, or to be otherwise expended for the betterment of the College.

Program Services

Chadron State Foundation is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Foundation provides support to Chadron State College (the College) through scholarships and awards to the students of the College and provides institutional support of management and special projects related to the College.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting; consequently, certain revenue and the related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets that are subject to donor/grantor-imposed time or purpose stipulations. Net assets with donor restrictions are broken into two categories: net assets restricted by time or purpose and net assets restricted in perpetuity.

Net Assets Restricted by Time or Purpose - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Net Assets Restricted in Perpetuity - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Designation Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Foundation to designate sums of net assets without donor restrictions to assure adequate reserves are accumulated to help fund specific future events and the general operations of the Foundation. Accordingly, net assets without donor restrictions of the Foundation are classified and reported as follows:

Operating Fund - The portion of net assets without donor restrictions that is undesignated and available for the day-to-day operations, support, and management of the Foundation.

CSC General Fund - Represents the annual accumulation of gifts without donor restrictions of \$4,999 or less received by the Foundation. These funds must first be used to address any operating deficits for the current fiscal year. The remaining balance is transferred to the beginning fund balance of the CSC Quasi Endowment in the following fiscal year.

CSC Quasi Endowment - Represents gifts without donor restrictions designated by the Board of Directors that must adhere to the policies and procedures of Section IV of the Chadron State Foundation Endowment Policy & Guidelines.

Greatest Need - Represents gifts without donor restrictions and pledges of \$5,000 or more that will be allocated per the recommendations of the Development Committee and approved by the Board of Directors. Such recommendations are based on the initiatives and priorities of the Foundation and, when appropriate, the Campaign Leadership Committee. Such recommendations must be approved by the Board of Directors. Upon approval by the Board of Directors, these gifts and pledges are accounted for in the appropriate Board-designated fund. The Board of Directors has allocated the entire fund balance to Capital Campaign Initiatives to be used as needed to complete the current capital projects.

Cash and Cash Equivalents and Short-term Investments

The Foundation considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents. Money market funds and certificates of deposits, with an original maturity of three months or less when purchased, are classified as short-term investments and are not considered to be cash equivalents for purposes of the Statement of Cash Flows.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return/loss is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. 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 more than one year are recorded at the present value of discounted future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted for use after the due date. Promises that remain uncollected for more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2021, contributions approximating \$5,800,000, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met. The conditional contributions are subject to donors modifying their intent.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Foundation received cost-reimbursable grants of \$47,737 and \$21,960 for payroll and \$75,939 for federal pandemic relief for each of the years ended June 30, 2021 and 2020 that had not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures had not yet been incurred in accordance with contract provisions. These amounts are reported as refundable advances in the statement of financial position.

Contributed Materials and Services

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. Total contributed materials and services recognized for the years ended June 30, 2021 and 2020 were \$64,695 and \$1,746 respectively.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Investment in property and equipment is stated at cost less accumulated depreciation or at fair value if donated. All purchases or donations of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

	Estimated Useful Life
Office Equipment	3 – 15 yrs
Buildings and Improvements	39.5 – 50 yrs

Refundable Advances

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Foundation obtained a PPP loan for \$75,939, which was included in refundable advances. The Foundation obtained forgiveness of this loan during the year ended June 30, 2021, and recorded grant revenue at the time of forgiveness.

In April 2021, the Foundation obtained a second PPP loan for \$75,939, which was included in refundable advances. The Foundation believes it will use the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Foundation will recognize grant revenue.

Collections

The Foundation has a collection of artwork and other memorabilia that was donated by several supporters of Chadron State College. The collection is on display and is available to those who are interested in studying Nebraska state history. The Foundation has taken steps to ensure that the collection is protected and preserved. Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities. Proceeds from deaccessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. If collection items are sold, the proceeds from the sale are used to purchase additional collection items.

Income Tax Status

The Foundation follows the accounting guidance for uncertainty in income taxes. A tax position initially needs to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the taxing authorities.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 2 – Summary of Significant Accounting Policies (Concluded)

The Foundation is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private foundation under Section 509(a)(1) of the Internal Revenue Code. The Foundation is not liable for income taxes if it operates within the confines of its exempt status, though the Foundation may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Foundation could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities.

As of June 30, 2021, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation's income tax filings are subject to audit by various tax authorities. The Foundation is no longer subject to federal and state income tax examinations by taxing authorities for fiscal years before 2018. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Foundation believes their estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the Statement of Financial Position date, are comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 2,568,873	\$ 1,182,560
Investments	27,973,842	21,518,421
Net Pledges Due Within One Year	283,261	341,139
Certificates of Deposit	<u>263,726</u>	<u>786,063</u>
Financial Assets Available as of June 30	<u>31,089,702</u>	<u>23,828,183</u>
Less: Assets Unavailable for General Expenditures		
Within One Year for the Following Purposes:		
Quasi Endowments	2,207,860	861,654
Assets Restricted by Time or Purpose	7,572,671	2,562,456
Assets to be Held in Perpetuity	<u>19,490,049</u>	<u>18,975,039</u>
	<u>29,270,580</u>	<u>22,399,149</u>
Financial Assets Available for General Expenditures	<u>\$ 1,819,122</u>	<u>\$ 1,429,034</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 3 – Liquidity and Availability (Concluded)

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for management purposes. Amounts available for management purposes were \$336,447 and \$45,103 as of June 30, 2021 and 2020, respectively. The Foundation's assets are fairly liquid and are intended to be used to support the students and departments of Chadron State College.

The Foundation's Board-designated endowment of \$2,207,860 and \$861,654 as of June 30, 2021 and 2020, respectively, is subject to an annual spending rate of up to 5%. Although the Foundation does not intend to spend from the Board-designated endowment (other than amounts for general expenditures as part of the Board's annual budget approval or appropriation), these amounts could be made available if necessary.

Note 4 – Pledges Receivable

Contributions receivable at June 30 were as follows:

	2021	2020
Receivable in Less Than One Year	\$ 283,261	\$ 341,139
Receivable in One to Five Years	376,028	493,693
Receivable in Six to Ten Years	25,000	50,000
Total Contributions Receivable	<u>\$ 684,289</u>	<u>\$ 884,832</u>
Less: Unamortized Discounts to Net Present Value	(18,020)	(26,900)
Less: Allowance for Uncollectable Accounts	<u>(80,812)</u>	<u>(64,119)</u>
Net Contributions Receivable	<u>\$ 585,457</u>	<u>\$ 793,813</u>

Unconditional pledges receivable due in more than one year are discounted based on the creditworthiness of donors. Discount rates for the year ended June 30, 2021 were between 0.87% and 5.5% based on the five-year Treasury Rate at the time each pledge was made. The discount rate used on long-term promises to give was between 0.289% and 5.5% for the year ended June 30, 2020.

Note 5 – Fair Market Value Measurements

The Foundation classifies assets and liabilities measured at fair market value within a hierarchy based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments that would generally be included in Level I include listed equities. The Foundation, to the extent that it holds such investments, does not adjust the quoted price of these investments.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 5 – Fair Market Value Measurements (Continued)

Level II – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category are less-liquid and restricted-equity securities.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Foundation did not have any Level III-type investments as of June 30, 2021 and 2020.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The fair value of each financial instrument in the table below was measured using input guidance and valuation techniques. The following table sets forth carrying amounts and estimated fair values for financial instruments at June 30:

	2021			
	Level I	Level II	NAV	Total
Mutual Funds:				
Large Cap	\$ 6,933,681	\$ -	\$ -	\$ 6,933,681
Mid Cap and Small Cap	3,122,217	-	-	3,122,217
International	5,824,940	-	-	5,824,940
Emerging Markets	1,886,077	-	-	1,886,077
Fixed Income	2,275,636	-	-	2,275,636
Floating Rate Corporate Loans	1,787,792	-	-	1,787,792
Low Correlated Hedge Funds	286,276	-	-	286,276
Energy Funds	2,042,573	-	-	2,042,573
Multi-Strategy LLC Funds	-	-	3,765,458	3,765,458
Total Investments	<u>\$ 24,159,192</u>	<u>\$ -</u>	<u>\$ 3,765,458</u>	<u>\$ 27,924,650</u>
Short-term Investments:				
Cash and Cash Equivalents	<u>\$ 49,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,192</u>
Annuity Liabilities	<u>\$ -</u>	<u>\$ 2,761</u>	<u>\$ -</u>	<u>\$ 2,761</u>

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 5 – Fair Market Value Measurements (Continued)

	2020			
	Level I	Level II	NAV	Total
Mutual Funds:				
Large Cap	\$ 4,905,494	\$ -	\$ -	\$ 4,905,494
Mid Cap and Small Cap	2,090,097	-	-	2,090,097
International	4,182,601	-	-	4,182,601
Emerging Markets	1,475,514	-	-	1,475,514
Fixed Income	3,463,491	-	-	3,463,491
Low Correlated Hedge Funds	176,492	-	-	176,492
Energy Funds	1,288,036	-	-	1,288,036
Closely Held Business Stock	-	-	162,933	162,933
Multi-Strategy LLC Funds	-	-	3,173,901	3,173,901
Total Investments	<u>\$ 17,581,725</u>	<u>\$ -</u>	<u>\$ 3,336,834</u>	<u>\$ 20,918,559</u>
Short-term Investments:				
Cash and Cash Equivalents	<u>\$ 599,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,862</u>
Annuity Assets and Liabilities	<u>\$ -</u>	<u>\$ 5,534</u>	<u>\$ -</u>	<u>\$ 5,534</u>

Multi-Strategy LLC Funds – The fair value of the hedge funds is determined on a daily basis, based on the shares owned on that day and the net asset value (NAV) for that day.

Certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit the reconciliation of fair value hierarchy to the line item presented in the Statements of Financial Position.

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30:

	2021 Fair Value	2020 Fair Value	Redemption Frequency
Multi-Strategy LLC Funds (a)	\$ 3,765,458	\$ 3,173,901	Daily

- (a) These funds invest in pooled entities that are organized in non-U.S. jurisdictions and classified as corporations for U.S. federal income tax purposes with a goal of capital appreciation and limited variability of returns.

The Foundation measures the closely held business stock at the fair market value at the date of donation. Any changes in price or subsequent impairment are adjusted through earnings. The stock is expected to be liquidated subsequent to year-end at a price slightly greater than the amount reported. The change in value will be reported at the time of liquidation.

The Foundation measures annuity assets and liabilities based on donors' life expectancies. These assets are held by a broker that specializes in this type of investment. The broker evaluates the value quarterly. However, the Foundation is at risk of funding future annuity payments should the annuitants outlive their original contributions at which time the Foundation will make the required annuity payments from funds without donor restrictions.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 5 – Fair Market Value Measurements (Concluded)

The Foundation measures pledges receivable at fair market value on a non-recurring basis using unobservable inputs. Pledges receivable are measured at fair market value based on the expected future cash flows and the creditworthiness of the donor as explained in Note 4.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term and such changes could materially affect the investment balances and the amounts reported in the Statement of Financial Position.

Note 6 – Other Assets

Other assets include cash surrender value of life insurance for which the Foundation is named an owner and beneficiary of each policy and several charitable gift annuities.

Under a charitable gift annuity contract, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income. The value of the charitable gift annuity contract was \$2,761 and \$5,534 as of June 30, 2021 and 2020, respectively. Assets held to fund these liabilities were exhausted during the year ended June 30, 2021. Future annuity payments will be made from funds without donor restrictions.

The cash surrender value of life insurance is recorded based on estimated amounts available upon surrender of the policies. Cash surrender values of the policies were \$39,075 and \$36,318 as of June 30, 2021 and 2020, respectively.

Note 7 – Beneficial Interest in Trusts and Estates

The Foundation is the beneficiary of various trusts and estates created by donors. The carrying amounts (which are at fair value) of beneficial interests in trusts and estates are based on values provided by an external investment manager, quoted market values, or actuarial valuations. At the date the Foundation is notified of an irrevocable beneficial interest, a contribution is recorded based on the presence of donor restrictions at fair value of the underlying trust or estate assets. Thereafter, beneficial interests in trusts and estates are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

The Foundation may also be designated as the beneficiary of trusts, estates, and life insurance policies that are revocable and under the control of the donor. These assets are not recorded by the Foundation until they become irrevocable.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 8 – Property and Equipment

Property and equipment at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 38,500	\$ 38,500
Office Equipment	<u>97,097</u>	<u>97,097</u>
	\$ 135,597	\$ 135,597
Less: Accumulated Depreciation	<u>(97,097)</u>	<u>(97,067)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 38,500</u>	<u>\$ 38,530</u>

Note 9 – Related Party Transactions

The Foundation, in the normal course of business, engages in transactions with Chadron State College. The College has been designated as the beneficiary of the Foundation. The Foundation pays all scholarships and contributions to the College's students and departments. Substantially all expenses of the Foundation directly or indirectly benefit the College.

The College also provides staff to the Foundation. The in-kind donations of employee time include services that affect all functions of the Foundation. The estimated cost to the College, or benefit to the Foundation, as a result of the College providing these in-kind staffing contributions was \$189,165 and \$196,372 for the years ended June 30, 2021 and 2020, respectively, which includes salaries and benefits.

Note 10 – Endowment Funds

Investments - Board-designated Endowments

As of June 30, 2021 and 2020, the Board of Directors had designated \$2,207,860 and \$861,654, respectively, of net assets without donor restrictions as a general quasi endowment fund to support the mission of the Foundation. Since those amounts are internal designations and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

As of June 30, 2021 and 2020, the Board of Directors had approved the reclassification of \$323,818 and \$83,901, respectively, of net assets with donor restrictions from quasi endowments to support the mission of the Foundation and Chadron State College (CSC). Since those amounts resulted from action by donors, they are classified and reported as net assets with donor restrictions.

Two separate policies adopted by the Board of Directors govern these types of endowments. One relates specifically to the CSC Quasi Endowment which is a Board designation of net assets without donor restrictions. The annual payout from the CSC Quasi Endowment is set by actions of the Finance Committee and ratified by the Foundation Board and must be consistent with the long-term goal of portfolio growth and perpetual support to CSC. The other policy addresses all other quasi endowments with donor restrictions. The annual payout from these endowments is based on a standard distribution that is calculated every year on a June 30 balance of the fund once it has met the

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 10 – Endowment Funds (Continued)

minimum requirements and follows the approved payout rate set by the Board of Directors for named endowments unless otherwise set forth in the quasi endowment agreement. Special request distributions are allowed with specific procedures set forth in the Quasi Endowment Policy. In accordance with accounting principles generally accepted in the United States of America, the Foundation Board has the discretion to allow payout from the corpus and principal of any quasi endowment fund balance. See the spending policy below.

Investments - Donor-designated Endowments

The Foundation's endowment consists of approximately 386 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) 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 Foundation classifies as net assets with donor restrictions - restricted in perpetuity (a) the original value of the gifts, (b) the original value of subsequent gifts, and (c) accumulations of earnings made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - restricted in perpetuity is classified as net assets with donor restrictions - restricted by time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation
7. The investment policies of the Foundation

Endowment net assets, by type of fund, were comprised of the following as of June 30:

	2021	2020
Without Donor Restrictions	\$ 2,207,860	\$ 861,654
With Donor Restrictions - Restricted by Time or Purpose	6,149,770	1,321,651
With Donor Restrictions - Restricted in Perpetuity	19,490,049	18,975,039
Total Funds	<u>\$ 27,847,679</u>	<u>\$ 21,158,344</u>

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 10 – Endowment Funds (Continued)

Changes in endowment net assets as of June 30 were as follows:

		With Donor Restrictions		Total Net
	Without Donor	Restricted by	Restricted in	Endowment
2021	Restrictions	Time or Purpose	Perpetuity	Assets
Endowment Net Assets, Beginning of Year	\$ 861,654	\$ 1,321,651	\$ 18,795,039	\$ 21,158,344
Contributions	515,929	13,725	513,777	1,043,431
Investment Return (Loss)	301,860	5,415,562	-	5,717,422
Transfers	581,555	193,360	1,233	776,148
Management Fees	(27,376)	(406,608)	-	(433,984)
Amounts Appropriated for Expenditures	(25,762)	(387,920)	-	(413,682)
Endowment Net Assets, End of Year	<u>\$ 2,207,860</u>	<u>\$ 6,149,770</u>	<u>\$ 19,490,049</u>	<u>\$ 27,847,679</u>
		With Donor Restrictions		Total Net
2020	Without Donor	Restricted by	Restricted in	Endowment
	Restrictions	Time or Purpose	Perpetuity	Assets
Endowment Net Assets, Beginning of Year	\$ 822,652	\$ 2,452,301	\$ 18,949,548	\$ 22,224,501
Contributions	-	16,748	309,774	326,522
Investment Return	(23,189)	(319,432)	-	(342,621)
Transfers	102,829	(17,683)	(284,283)	(199,137)
Management Fees	(17,521)	(360,246)	-	(377,767)
Amounts Appropriated for Expenditures	(23,117)	(450,037)	-	(473,154)
Endowment Net Assets, End of Year	<u>\$ 861,654</u>	<u>\$ 1,321,651</u>	<u>\$ 18,975,039</u>	<u>\$ 21,158,344</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021 and 2020, funds with donor restrictions reported no deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that seek to preserve its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings consistent with prudent risk limits and the Foundation's spending needs. The Foundation's spending and investment policies work together to achieve this objective. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for the endowment assets that attempt to provide long-term support to CSC. Accordingly, the investment philosophy of the Foundation is based on a disciplined, consistent, and diversified approach utilizing multiple asset classes and allows for multiple managers. Their intent is to accommodate styles and strategies considered reasonable and prudent. The Foundation has established long-term rates of return, downside risk parameters and asset allocation ranges for each portfolio. If the total return objective is not achieved over a particular measurement period, the shortfall should be explainable in terms of general economic and capital market conditions. A temporary shortfall will not necessarily indicate failure to achieve the long-term objective. An important objective of the Foundation Board of Directors is to create an investment and spending program that allows for growth of the portfolio balance.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Continued)

Note 10 – Endowment Funds (Concluded)

Spending Policy and How the Investment Objectives Relate to the Spending Policy

Distributions from Named Endowment are to be according to the Foundation's Endowment policies. Grant levels are based on the weighted average fund balance, using the adjusted pool of awarding endowments during the past three (3) fiscal years. The distribution approved by the Foundation Board shall not exceed five percent (5.0%) of the weighted average fund balance. Distribution from any individual endowment shall be according to restrictions within that controlling endowment. Distributions from the Quasi Endowment shall be according to its controlling restrictions. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

Note 11 – Net Assets with Donor Restrictions

Net assets restricted by time or purpose are available for the following purposes or periods, as of June 30:

	<u>2021</u>	<u>2020</u>
Scholarships and College Use	\$ 7,572,671	\$ 2,562,456

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Purpose Restriction Accomplished:		
Scholarships	\$ 507,127	\$ 563,468
College Use	89,691	1,647,597
Management Fees	421,625	384,182
Total Restrictions Released	<u>\$ 1,018,443</u>	<u>\$ 2,595,247</u>

Net assets with donor restrictions, restricted in perpetuity, consist of endowment funds which are to be held indefinitely (see Note 10). The earnings from the related assets can be used to support the Foundation's scholarship, award, and grant activities.

Note 12 – Defined Contribution Plan

The Foundation participates in the College's defined contribution plan (the Plan) covering all employees with at least three years of service who agree to make contributions to the Plan. Employees may enroll in the Plan if they are employed full-time for 9 out of 12 months of the year. Participation in the Plan is voluntary for employees who are 25 years of age and have been employed for at least two years by the Foundation. Participation in the Plan is mandatory for employees over the age of 30. Employees contribute 6% of their salary and the College contributes 8%. Total expenses for the years ended June 30, 2021 and 2020 were \$26,152 and \$23,753, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CHADRON STATE FOUNDATION (Concluded)

Note 13 – Commitments

In 2013, the Board of Directors designated \$529,000 from the Quasi Endowments plus \$471,000 of earnings from the Chicoine Fund to provide the additional \$1 million for the naming of the Chicoine athletic complex. As the Chicoine Fund generates earnings, the Quasi Endowments will be replenished. As of June 30, 2021, \$529,000 has been paid back to the Quasi Endowments. This commitment was met during the year ended June 30, 2021.

In August 2015, the Foundation committed to providing the College with \$2 million for the Math & Science building renovation. As of June 30, 2020, the Foundation had provided \$1.26 million in funds to the College for this project. No funds were provided to the College during the year ended June 30, 2021.

Note 14 – Emerging Accounting Standards

In February 2016, the FASB issued (ASU) 2016-02, Leases. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021. The Foundation has not yet implemented this ASU and is in the process of assessing the effect on the Foundation's financial statements.

Note 16 – Subsequent Events

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION

Note 1: Summary of Significant Accounting Policies

Nature of the Organization

The Peru State College Foundation (the Foundation) is a nonprofit organization incorporated in the State of Nebraska. The purpose of the Foundation is to operate as a charitable and educational foundation for the promotion and support of Peru State College (the College) and its students. The Foundation is governed by a self-perpetuating Board of Directors consisting of volunteer board appointed members, some of whom are significant donors to the Foundation. The Foundation is considered a component unit of the Nebraska State College System, which includes Peru State College; therefore, the Foundation's net assets and results of operations are included as a discretely presented component unit in the Nebraska State College System's financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which is a basis of accounting generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when incurred.

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

For purposes of the statement of cash flows, the Foundation considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Contributions Receivable

Contributions receivable primarily consist of amounts pledged by donors as part of the annual fundraising campaign. The provision for uncollectible allowance is computed by management using a specific-identification method, adjusted by management estimates of current economic factors, and applied to gross campaign contributions, including donor designations.

Investments

The Foundation measures all investments at fair value.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Net Investment Return

Investment return includes dividend, interest and other investment income, and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

The Foundation capitalizes all additions, renewals, and betterments at cost whereas expenditures for maintenance and repairs are expensed as incurred.

Depreciation and amortization are computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets are:

Office furniture and fixtures	3-7 years
Vehicles	5 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the asset to a specific purpose.

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Net assets without donor restrictions are assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. A board-designated endowment, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds.

Net assets with donor restrictions are assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Some donor-imposed restrictions impose limits that are permanent.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional Gifts, with or without restriction</i>	
Gifts that depend on the Foundation Overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair Value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flow technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and 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 statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program services, management and general and fundraising categories based on estimated time spent in support of the respective categories benefited.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Restatements to Previously Issued Financial Statements

Certain restatements have been made to the 2019 financial statements to present the financial statements in accordance with accounting principles generally accepted in the United States of America. These restatements are as follows:

	As Previously Reported	Adjustments	As Restated
Statement of Financial Position			
Net assets without donor restrictions, beginning of year	\$ 2,739,019	\$ (2,394,279)	\$ 344,740
Net assets with donor restrictions, beginning of year	10,906,866	2,437,938	13,344,804
Cash investments – current assets	244,530	(244,530)	-
Investments – noncurrent assets	16,231,946	244,530	16,476,476
Contributions receivable	194,405	89,160	283,565
Other assets	338,862	(39,988)	298,874
Net assets without donor restrictions, end of year	2,644,412	(2,370,739)	273,673
Net assets with donor restrictions, end of year	15,150,538	2,419,911	17,570,449
Statement of Activities			
Contributions	\$ 2,751,156	\$ 5,513	\$ 2,756,669
Net assets released from restrictions	315,186	218,253	533,439
Change in net assets	4,149,065	5,513	4,154,578

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 1: Summary of Significant Accounting Policies (Concluded)

	As Previously Reported	Adjustments	As Restated
Statement of Cash Flows			
Operating Activities			
Change in net assets	\$ 4,149,065	\$ 5,513	\$ 4,154,578
Changes in contributions receivable	102,651	(5,513)	97,138
Contributions and investment income received restricted for long-term investment	-	(4,342,676)	(4,342,676)
Financing Activities			
Contributions and investment income received restricted for long term investment	-	4,342,676	4,342,676

Note 2: Contributions Receivable

Contributions receivable consisted of the following:

	2020	2019
Due within one year	\$ 79,941	\$ 107,504
Due within one to five years	184,331	245,602
	<u>264,272</u>	<u>353,106</u>
Less		
Allowance for uncollectible contributions	32,536	32,886
Unamortized discount	<u>21,708</u>	<u>36,655</u>
	<u>\$ 210,028</u>	<u>\$ 283,565</u>

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, 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
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 3: Disclosures About Fair Value of Assets and Liabilities (Continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020	Total Fair Value			
Money market account	\$ 550,201	\$ 550,201	\$ -	\$ -
Corporate bonds	384,727	-	384,727	-
Mutual Funds				
Emerging markets	974,007	974,007	-	-
Small cap growth	1,898,515	1,898,515	-	-
Mid cap growth	1,609,942	1,609,942	-	-
Large cap growth	2,430,421	2,430,421	-	-
International	1,410,672	1,410,672	-	-
Exchange-traded	4,165,548	4,165,548	-	-
Fixed income	5,420,205	5,420,205	-	-
	17,909,310	17,909,310	-	-
	<u>\$ 18,844,238</u>	<u>\$ 8,459,511</u>	<u>\$ 348,727</u>	<u>\$ -</u>
2019	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market account	\$ 244,530	\$ 244,530	\$ -	\$ -
Corporate bonds	708,814	-	708,814	-
Mutual Funds				
Emerging markets	417,658	417,658	-	-
Small cap growth	814,544	814,544	-	-
Mid cap growth	1,382,343	1,382,343	-	-
Large cap growth	2,368,737	2,368,737	-	-
International	979,058	979,058	-	-
Exchange-traded	6,544,737	6,544,737	-	-
Fixed income	3,016,055	3,016,055	-	-
	15,523,132	15,523,132	-	-
	<u>\$ 16,476,476</u>	<u>\$ 15,767,622</u>	<u>\$ 708,814</u>	<u>\$ -</u>

NEBRASKA STATE COLLEGE SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 3: Disclosures About Fair Value of Assets and Liabilities (Concluded)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Foundation has no investments that are classified within Level 3 of the hierarchy.

Note 4: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 are available for the following purposes or periods:

	2020	2019 As Restated
Subject to expenditure for specified purpose		
Scholarships	\$ 1,079,505	\$ 1,092,972
Education and athletic departments	461,119	350,393
Capital improvements and renovations	772,947	736,553
	<u>2,313,571</u>	<u>2,179,918</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Student scholarships	7,759,017	5,613,109
Other faculty and campus purposes	48,604	95,139
	<u>7,807,621</u>	<u>5,708,248</u>
Restricted by donors in perpetuity to support		
Student scholarships	9,388,130	9,559,977
Other faculty and campus purposes	143,956	122,306
	<u>9,532,086</u>	<u>9,682,283</u>
	<u><u>\$ 19,653,278</u></u>	<u><u>\$ 17,570,449</u></u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 4: Net Assets (Concluded)

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2020</u>	<u>2019</u> <u>As Restated</u>
Purpose restriction accomplished		
Scholarships	\$ 203,155	\$ 198,383
Departmental and athletic gifts to College	44,662	59,088
Oakbowl/theater renovations and fundraising	31,944	98,653
Management fee on endowed assets	<u>212,097</u>	<u>177,615</u>
	<u>\$ 491,858</u>	<u>\$ 533,739</u>

Note 5: Endowment Funds

The Foundation's governing body is subject to the State of Nebraska Prudent Management of Institutional Funds Act (NUPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of approximately 150 individual funds established for a variety of purposes. The Foundation's endowment is comprised entirely of donor-restricted endowment funds and currently does not have any board-designated endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 5: Endowment Funds (Continued)

The composition of net assets for endowment funds at December 31, 2020 and 2019, was:

	2020	2019 As Restated
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 9,532,086	\$ 9,682,283
Accumulated investment gains	7,807,621	5,708,248
Total endowment funds	<u>\$17,339,707</u>	<u>\$ 15,390,531</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 were:

	2020	2019 As Restated
Endowment net assets, beginning of year	\$15,390,531	\$11,423,853
Investment return, net	2,099,372	2,278,833
Contributions	265,056	2,063,843
Appropriation of endowment assets for expenditures	(203,155)	(198,383)
Management fee on endowed assets	(212,097)	(177,615)
Endowment net assets, end of year	<u>\$17,339,707</u>	<u>\$ 15,390,531</u>

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods. Under the Foundation's policies, endowment assets are invested in a manner that is intended to achieve return objectives through diversification of asset classes while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 6.50% percent annually over time. Actual returns in any given year may vary from this amount.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Continued)

Note 5: Endowment Funds (Concluded)

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

The Foundation has a spending policy of appropriating for expenditure each year an amount equal to four percent of a moving four-year average of the fair value of the endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2.50% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 6: Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of program services, as well as, to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2020 and 2019, the following tables show the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	2020	2019 As Restated
Financial assets at year end		
Cash and cash equivalents	\$ 671,105	\$ 591,452
Contributions receivable	130,187	176,061
Interest receivable	939	1,086
Investments convertible to cash in the next 12 months	18,844,238	16,476,476
	<u>19,646,469</u>	<u>17,245,075</u>
Less amounts not available to be used over the next 12 months		
Donor imposed restrictions	<u>(19,653,278)</u>	<u>(17,570,449)</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u>\$ (6,809)</u>	<u>\$ (325,374)</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

PERU STATE COLLEGE FOUNDATION (Concluded)

Note 7: Related Party Transactions

The Foundation incurs various expenses with the College throughout the year such as payroll reimbursements, gifts, and other departmental expenses. The following is a summary of transactions with the College for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Salaries and wages reimbursement	\$ 126,624	\$ 410,173
Gifts and campus improvements	28,060	192,146
Departmental expenses	<u>58,325</u>	<u>102,913</u>
	<u><u>\$ 213,009</u></u>	<u><u>\$ 705,232</u></u>

Note 8: Retirement Plan

The College sponsors a defined contribution retirement pension plan, Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), in which the Foundation's employees are allowed to participate. The plan covers all employees upon attaining 30 years of age and having two years of college service. Employee contributions are limited to 6% of gross salary. The Foundation reimburses the College for the retirement fund contributions along with the salary reimbursements. The Foundation's contributions to the plan totaled \$0 and \$26,485 for the years ended December 31, 2020 and 2019, respectively, and is included in salaries and wages on the statement of functional expenses.

Note 9: Concentrations

During 2020, the Foundation received approximately 80% of its contributions from five individuals or estates. In 2019, the Foundation received approximately 79% of its contributions from six individuals or estates.

Note 10: Subsequent Events

On April 16, 2021, the Foundation received a loan in the amount of \$66,844 pursuant to the Paycheck Protection Program (Program), in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Foundation used the proceeds to make eligible payments under the Program, and in November 2021, substantially all of the loan balance had been forgiven.

Subsequent events have been evaluated through December 1, 2021, which is the date the financial statements were available to be issued.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION

The Wayne State Foundation (the Foundation) is an independent, non-profit corporation established for the sole purpose of securing private gifts for the benefit and promotion of Wayne State College (the College). The Foundation receives contributions from various contributors and provides funding to the College to assist in fulfilling its mission of educating students. Examples of initiatives funded by the Foundation include scholarships, capital improvements, faculty grants, equipment, and athletic programs. The Foundation funds and publishes, in cooperation with the College, the *Wayne State Magazine* and other communications sent to alumni and friends.

Note A – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Method of Accounting. The accompanying financial statements of the Foundation have been prepared on the accrual method of accounting.

Cash and Cash Equivalents. For purposes of the statements of financial position, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. It is the Foundation's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. The estimated lives by asset class follow:

Buildings and improvements	26 – 40 years
Furniture, fixtures & equipment	10 years

Promise to Give. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Net Asset Classification. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, board-designated endowments.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note A – Summary of Significant Accounting Policies (Continued)

Without donor restrictions. Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Fair Value Measurement. The FASB has issued guidance defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a fair value hierarchy to prioritize 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 as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Revenue Recognition. Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation has not received any conditional contributions.

Functional Expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and office expenses which are allocated on the basis of time and effort.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note A – Summary of Significant Accounting Policies (Concluded)

Income Taxes. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the Foundation's exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended June 30, 2021 and 2020, the Foundation had no tax liability on unrelated business activity. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Federal Exempt Organization Business Income Tax Returns (Form 990) for June 30, 2021, 2020, and 2019 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B – Unconditional Promises to Give and Receivables

Unconditional promises to give consist of donor pledges due in the following periods:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 11,300	\$ 8,000
One to two years	563,367	492,142
Two to three years	577,640	705,290
Three to four years	379,816	624,375
Four to five years	92,237	286,000
More than five years	<u>66,000</u>	<u>26,800</u>
	1,690,360	2,142,607
Less discount to present value (4%)	<u>(133,022)</u>	<u>(188,670)</u>
	<u>\$ 1,557,338</u>	<u>\$ 1,953,937</u>

Note C – Fair Value of Assets and Liabilities

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2021 and 2020.

Commonfund Group funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Mutual funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Private company stock: Valued based on redemption price for the same security.

Unconditional promises to give: Valued using the estimated present value of future cash flows at historical discount rates (4%).

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note C – Fair Value of Assets and Liabilities (Continued)

Annuity agreements: Valued using the estimated present value of the annuity obligation. The discount rate used varied from 2.3% to 6.3% and 1.7% to 6.6% for the years ended June 30, 2021 and 2020, respectively.

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2021.

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market and certificates of deposit	\$ 2,070,464	\$ 16,447	\$ 2,054,017	\$ -
Investments				
Commonfund Group Funds				
U.S. equity	18,378,855	-	18,378,855	-
International equity	4,774,845	-	4,774,845	-
Emerging markets equity	2,403,138	-	2,403,138	-
Fixed income	8,350,439	-	8,350,439	-
Mutual funds				
U.S. equity	840,800	840,800	-	-
International equity	165,652	165,652	-	-
Emerging markets equity	27,908	27,908	-	-
Fixed income	243,330	243,330	-	-
Private company stock	108,988	-	-	108,988
Total investments	<u>\$ 37,364,419</u>	<u>\$ 1,294,137</u>	<u>\$ 35,961,294</u>	<u>\$ 108,988</u>
Unconditional promises to give receivable	<u>\$ 1,557,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,557,338</u>
Annuities payable	<u>\$ 115,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,092</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note C – Fair Value of Assets and Liabilities (Continued)

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2020.

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market and certificates of deposit	\$ 1,980,201	\$ 17,562	\$ 1,962,639	\$ -
Investments				
Commonfund Group Funds				
U.S. equity	12,589,181	-	12,589,181	-
International equity	5,237,745	-	5,237,745	-
Emerging markets equity	1,652,147	-	1,652,147	-
Fixed income	7,038,215	-	7,038,215	-
Mutual funds				
U.S. equity	645,862	645,862	-	-
International equity	123,073	123,073	-	-
Emerging markets equity	20,392	20,392	-	-
Fixed income	247,930	247,930	-	-
Private company stock	108,988	-	-	108,988
Total investments	<u>\$ 29,643,734</u>	<u>\$ 1,054,819</u>	<u>\$ 28,479,927</u>	<u>\$ 108,988</u>
Unconditional promises to give receivable	<u>\$ 1,953,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,953,937</u>
Annuities payable	<u>\$ 272,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,368</u>

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2021.

<u>June 30, 2021</u>	<u>Unconditional Promises to Give</u>	<u>Annuities Payable</u>	<u>Private Company Stock</u>
Beginning balance	\$ 1,953,937	\$ 272,368	\$ 108,988
Unconditional promises to give received during the year	1,100,300	-	-
Unconditional promise to give collected during the year	(1,402,547)	-	-
Change in discount of unconditional promises to give	55,648	-	-
Payments on annuity contracts	-	(23,831)	-
Amortization of annuity obligations	-	(133,445)	-
Unconditional promises to give written-off during the year	(150,000)	-	-
Ending balance	<u>\$ 1,557,338</u>	<u>\$ 115,092</u>	<u>\$ 108,988</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note C – Fair Value of Assets and Liabilities (Concluded)

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2020.

<u>June 30, 2020</u>	<u>Unconditional Promises to Give</u>	<u>Annuities Payable</u>	<u>Private Company Stock</u>
Beginning balance	\$ 1,444,057	\$ 287,686	\$ 108,988
Unconditional promises to give received during the year	1,604,000	-	-
Unconditional promise to give collected during the year	(1,056,243)	-	-
Change in discount of unconditional promises to give	(37,877)	-	-
Payments on annuity contracts	-	(97,437)	-
Amortization of annuity obligations	-	82,119	-
Ending balance	<u>\$ 1,953,937</u>	<u>\$ 272,368</u>	<u>\$ 108,988</u>

The net unrealized and realized gains and losses are included in investment performance on the statements of activities.

Note D – Property and Equipment

Property and equipment consist of:

	<u>2021</u>	<u>2020</u>
Land	\$ 37,000	\$ 37,000
Buildings and improvements	313,018	313,018
Furniture, fixtures and equipment	10,713	10,713
	360,731	360,731
Less accumulated depreciation	(93,294)	(84,088)
	<u>\$ 267,437</u>	<u>\$ 276,643</u>

Depreciation expense was \$9,205 for each of the years ended June 30, 2021 and 2020.

Note E – Split Interest Agreements

The Foundation has entered into irrevocable agreements (split-interest agreements) with donors where, in exchange for a gift from the donor, the Foundation provides an annuity to the donor or other designated beneficiaries for a specific period of time, usually the life of the donor.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note E – Split Interest Agreements (Concluded)

A liability is recognized for the estimated present value of the annuity obligation and the contributed assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in IRS guidelines and actuarial tables. The discount rate used varied from 2.3% to 6.3% and 1.7% to 6.6% for the years ended June 30, 2021 and 2020, respectively. The amount of the liability is adjusted annually in accordance with the IRS actuarial tables and a gain or loss is recorded to reflect the change in value.

There were no new contributions for the years ended June 30, 2021 and 2020.

Assets and liabilities of the Foundation, as derived from split-interest agreements, are as follows:

	2021	2020
Assets invested in securities	\$ 143,518	\$ 573,024
Annuities payable	\$ 115,092	\$ 272,368

Note F – Net Assets

Net assets without donor restrictions have been designated by the governing board as follows:

Board designated:		
Quasi-endowment to support general activities	\$ 204,532	\$ 161,129

Net assets with donor restrictions comprise the following:

Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until received	\$ 87,458	\$ 102,455
Subject to the purpose restrictions:		
College departments	848,777	689,294
Renovation projects	1,515,733	897,355
Scholarships	12,991,387	8,201,738
Other designated programs	55,280	36,323
Subject to the perpetual restrictions:		
Assets held under split-interest agreements and other	67,414	157,526
Interest in perpetual trust	1,122,708	916,627
Permanent endowments and promises to fund permanent endowments	20,879,107	19,243,796
	<u>\$ 37,567,864</u>	<u>\$ 30,245,114</u>

Note G – Endowments

The Executive Committee of the Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated as permanent endowments.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note G – Endowments (Continued)

In accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation
- 7) The investment policies of the Foundation

Endowment Investment and Spending Policies. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies, which have been approved by the Foundation's Executive Committee, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes, which includes debt and equity securities. The current investment objective is to achieve a total return (net of inflation and expenses) that is at least as great as the spending supported by the portfolio, so that the purchasing power of the portfolio does not decline over time.

The spending policy determines the amount of money distributable from the Foundation's various endowment funds for grant making. The spending rate allows for distributions of 6% for the years ended June 30, 2021 and 2020 of the endowment fund's average fair value of the prior three years through June 30 of the preceding fiscal year in which the distribution is planned. The Foundation may, at its discretion, set a lower payout rate which appears in line with the current yield from investment and general economic conditions. In establishing this policy, the Foundation considered the long-term expected investment returns, the nature and duration of the individual endowment funds, and the possible effect of inflation.

Changes in endowment net assets for year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance July 1, 2020	\$ 161,129	\$ 24,300,361	\$ 24,461,490
Interest and dividends, net of fees	(490)	(55,040)	(55,530)
Realized and unrealized gains	43,893	6,490,162	6,534,055
Contributions	-	1,482,836	1,482,836
Transfers	-	272,652	272,652
Amount appropriated for expenditure	-	(1,307,399)	(1,307,399)
Balance June 30, 2021	<u>\$ 204,532</u>	<u>\$ 31,183,572</u>	<u>\$ 31,388,104</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note G – Endowments (Concluded)

Changes in endowment net assets for year ended June 30, 2020 are as follows:

Balance July 1, 2019	\$	437,278	\$	23,757,684	\$	24,194,932
Interest and dividends, net of fees		1,101		86,661		87,762
Realized and unrealized gains (losses)		(27,220)		423,468		396,248
Contributions		-		1,051,225		1,051,225
Transfers		-		710		710
Amount appropriated for expenditure		(250,000)		(1,019,387)		(1,269,387)
Balance June 30, 2020	\$	<u>161,129</u>	\$	<u>24,300,361</u>	\$	<u>24,461,490</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2021 endowment funds had no deficiencies.

Note H – Liquidity and Availability

The Foundation manages its cash available to meet general expenditures following the general principles stipulated in the Statement of Investment Policy as established by the Executive Committee. These include a diversified portfolio managed in accordance with high standards of fiduciary duty and compliance with applicable laws and regulations. Standards for return, asset allocation and diversification shall be determined from a strategic perspective and measured over successive market cycles.

The policy also delegates the Audit/Finance Committee with the responsibility of working with the Foundation staff to develop an annual operating budget to recommend to the Executive Committee. This annual operating budget covers administrative and general expenses, fundraising expenses and certain program support. The table below presents financial assets available to meet that annual operating budget for the upcoming fiscal year.

	2021	2020
Cash and cash equivalents	\$ 165,091	\$ 159,940
Investments	3,904,895	2,747,747
	<u>\$ 4,069,986</u>	<u>\$ 2,907,687</u>

Note I – Operating Leases

On June 19, 2020, the Foundation entered into a 36-month operating lease for a vehicle. Under the terms of the lease, monthly rent payments are \$650.

Future minimum lease payments for the years following June 30, 2021 are:

2022	7,794
2023	7,144
	<u>\$ 14,938</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

WAYNE STATE FOUNDATION (Continued)

Note J – Long-Term Debt

Long term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable, State Nebraska Bank & Trust	\$ 120,787	\$ 117,556
Less current maturities	<u>(1,150)</u>	<u>(54,809)</u>
	<u>\$ 119,637</u>	<u>\$ 62,747</u>

Note payable, State Nebraska Bank & Trust, dated April 14, 2020. Original amount of \$124,282, payable in 18 installments of \$6,994 beginning November 14, 2020, including interest at 1% per annum. The final payment is due April 14, 2022. This note was obtained through the Payroll Protection Program with the Small Business Administration. The loan may be eligible for partial or complete forgiveness when spent on qualified expenditures. This loan was completely forgiven on December 9, 2020.

Note payable, State Nebraska Bank & Trust, dated February 19, 2021. Original amount of \$120,787, payable in 45 installments of \$2,770 beginning June 19, 2022, including interest at 1% per annum. The final payment is due February 19, 2026. This note was obtained through the Payroll Protection Program with the Small Business Administration. The loan may be eligible for partial or complete forgiveness when spent on qualified expenditures.

Note K – Related Parties

The Foundation provides support to the College to assist in fulfilling its mission of educating students. For the years ended June 30, 2021 and 2020, the Foundation provided support in the form of the following:

	<u>2021</u>	<u>2020</u>
Direct support		
Scholarships	\$ 1,584,272	\$ 970,967
Athletic scholarships	358,044	195,397
Capital improvements	712,500	855,975
Neihardt stipends	33,200	32,400
Athletics administration support	94,234	67,774
General budget support	81,453	21,685
Property gifted	-	276,956
Indirect support	<u>33,120</u>	<u>69,042</u>
	<u>\$ 2,896,823</u>	<u>\$ 2,490,196</u>

The Foundation also reimbursed the College for payroll and other operating expenses in the amount of \$637,922 and \$673,081 for the years ended June 30, 2021 and 2020, respectively.

The Foundation receives donated rent from the College. The estimated fair value of this expense was \$6,000 for the years ended June 30, 2021 and 2020, respectively. These amounts have been recognized in the financial statements.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

NOTES TO THE FINANCIAL STATEMENTS
(Concluded)

WAYNE STATE FOUNDATION (Concluded)

Note L – Retirement

The Foundation contributes to a defined contribution retirement plan. The plan provides contributions of 8% of the eligible employee's wages. The Foundation contributed \$37,310 and \$39,438 for the years ended June 30, 2021 and 2020, respectively.

Note M – Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of checking, money market, and certificate of deposit accounts at financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. The bank accounts, at June 30, 2021 and 2020, exceeded federally insured limits by \$1,742,252 and \$1,703,890, respectively. The Foundation has not experienced any losses on such accounts.

Note N – Cash and Cash Equivalents

The following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents, unrestricted	\$ 165,091	\$ 159,940
Cash and cash equivalents, restricted	<u>2,834,921</u>	<u>1,979,354</u>
Total cash and cash equivalents		
Shown in the statement of cash flows	<u>\$ 3,000,012</u>	<u>\$ 2,139,294</u>

See Note A for description of cash and cash equivalents presented above.

Note O – Extinguished Debt

During 2020, the Foundation obtained a loan for \$117,556 through the Payroll Protection Program (PPP) with the Small Business Administration (SBA), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses for qualifying businesses. The loan and accrued interest were forgivable as long as the borrower used the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. On December 9, 2020, the Foundation received full forgiveness.

Note P – Subsequent Events

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.

On August 12, 2021, the Foundation obtained complete forgiveness of the State of Nebraska Bank & Trust note payable obtained through the Payroll Protection Program with the Small Business Administration.

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF NET POSITION

June 30, 2021

	CSC	PSC	WSC	NSCS Office	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 8,256,857	\$ 4,488,864	\$ 23,777,783	\$ 3,755,905	\$ 40,279,409
Restricted Cash and Cash Equivalents	6,368,222	5,772,554	11,243,051	7,475,470	30,859,297
Accounts Receivable, Net of Allowance	255,451	673,524	204,379	17,356	1,150,710
Other Receivables	292,398	77,068	409,232	31,037	809,735
Inventories	25,930	48,958	12,161	-	87,049
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	518,755	498,597	548,899	48,046	1,614,297
Due to/Due From	-	500	500	(1,000)	-
Deposits with Vendors	-	-	-	2,305	2,305
Total Current Assets	15,717,613	11,560,065	36,196,005	11,329,119	74,802,802
Non-current Assets					
Restricted Cash and Cash Equivalents	2,153,028	663,188	1,661,727	16,405,707	20,883,650
Restricted Investments	-	504,764	-	-	504,764
Loans to Students, Net	-	-	-	-	-
Prepaid Expenses	14,830	2,138	126,404	57,026	200,398
Capital Assets, Net	72,279,316	56,859,263	119,235,823	-	248,374,402
Total Non-current Assets	74,447,174	58,029,353	121,023,954	16,462,733	269,963,214
Total Assets	90,164,787	69,589,418	157,219,959	27,791,852	344,766,016
Deferred Outflow of Resources					
Unamortized Bond Refunding Amount, Net	13,691	3,895	7,039	-	24,625
Total Deferred Outflow of Resources	13,691	3,895	7,039	-	24,625
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	2,010,081	1,375,509	5,358,895	4,164,124	12,908,609
Accrued Compensated Absences	172,871	83,649	319,956	22,923	599,399
Unearned Revenue	26,655	66,000	956,120	24,276	1,073,051
Interest Payable	111,397	182,336	247,896	393,598	935,227
Master Lease Payable	89,388	-	-	-	89,388
Long-term Debt	675,000	585,000	905,000	3,055,000	5,220,000
Deposits Held in Custody for Others	79,629	48,674	133,298	145,154	406,755
Refundable Government Grants	-	-	43,908	-	43,908
Total Current Liabilities	3,165,021	2,341,168	7,965,073	7,805,075	21,276,337
Non-current Liabilities					
Accrued Compensated Absences	1,169,982	618,254	1,878,591	206,302	3,873,129
Unearned Revenue	-	132,000	654,000	-	786,000
Master Lease Payable	192,310	-	-	-	192,310
Long-term Debt	7,457,295	11,192,299	15,313,183	46,286,579	80,249,356
Total Non-current Liabilities	8,819,587	11,942,553	17,845,774	46,492,881	85,100,795
Total Liabilities	11,984,608	14,283,721	25,810,847	54,297,956	106,377,132
Deferred Inflow of Resources					
Unamortized Bond Refunding Amount, Net	-	-	-	-	-
Total Deferred Inflow of Resources	-	-	-	-	-
Net Position					
Net Investment in Capital Assets	65,060,929	46,165,034	103,040,301	(35,369,926)	178,896,338
Restricted for:					
Expendable:					
Loans	-	-	7,443	-	7,443
Debt Service	675,166	601,417	905,154	1,839,257	4,020,994
Plant	1,652,810	168,198	235,593	4,582,238	6,638,839
Other	5,259,864	4,908,929	8,076,697	405,319	18,650,809
Unrestricted	5,545,101	3,466,014	19,150,963	2,037,008	30,199,086
Total Net Position	\$ 78,193,870	\$ 55,309,592	\$ 131,416,151	\$ (26,506,104)	\$ 238,413,509

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF NET POSITION
June 30, 2020

	CSC	PSC	WSC	NSCS Office	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 6,948,770	\$ 5,751,674	\$ 22,069,551	\$ 3,735,345	\$ 38,505,340
Restricted Cash and Cash Equivalents	5,825,938	5,110,105	10,383,632	8,354,070	29,673,745
Accounts Receivable, Net of Allowance	279,267	747,616	208,899	38,740	1,274,522
Other Receivables	204,635	225,472	121,558	12,872	564,537
Inventories	35,885	35,334	14,178	-	85,397
Loans to Students, Net	-	-	181,165	-	181,165
Prepaid Expenses	408,745	306,541	504,148	125,130	1,344,564
Deposits with Vendors	-	-	-	2,267	2,267
Total Current Assets	13,703,240	12,176,742	33,483,131	12,268,424	71,631,537
Non-current Assets					
Restricted Cash and Cash Equivalents	2,120,197	494,341	1,986,997	26,161,141	30,762,676
Restricted Investments	-	762,532	-	-	762,532
Loans to Students, Net	-	-	448,928	-	448,928
Prepaid Expenses	18,252	1,955	138,338	67,884	226,429
Capital Assets, Net	61,180,122	59,139,798	113,988,609	106,716	234,415,245
Total Non-current Assets	63,318,571	60,398,626	116,562,872	26,335,741	266,615,810
Total Assets	77,021,811	72,575,368	150,046,003	38,604,165	338,247,347
Deferred Outflow of Resources					
Unamortized Bond Refunding Amount, Net	15,647	4,544	8,212	-	28,403
Total Deferred Outflow of Resources	15,647	4,544	8,212	-	28,403
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	2,240,421	1,538,423	3,749,695	2,061,131	9,589,670
Accrued Compensated Absences	152,355	90,653	334,503	70,147	647,658
Unearned Revenue	88,517	66,000	904,266	24,165	1,082,948
Interest Payable	116,737	186,775	256,581	441,129	1,001,222
Master Lease Payable	87,546	-	-	-	87,546
Long-term Debt	655,000	570,000	890,000	4,800,000	6,915,000
Deposits Held in Custody for Others	82,191	42,348	69,982	148,962	343,483
Refundable Government Grants	-	-	1,305,285	-	1,305,285
Total Current Liabilities	3,422,767	2,494,199	7,510,312	7,545,534	20,972,812
Non-current Liabilities					
Accrued Compensated Absences	1,119,316	630,580	1,795,596	175,971	3,721,463
Unearned Revenue	-	198,000	981,000	-	1,179,000
Master Lease Payable	281,697	-	-	-	281,697
Long-term Debt	8,130,314	11,772,359	16,221,852	50,047,998	86,172,523
Total Non-current Liabilities	9,531,327	12,600,939	18,998,448	50,223,969	91,354,683
Total Liabilities	12,954,094	15,095,138	26,508,760	57,769,503	112,327,495
Deferred Inflow of Resources					
Unamortized Bond Refunding Amount, Net	-	-	-	471	471
Total Deferred Inflow of Resources	-	-	-	471	471
Net Position					
Net Investment in Capital Assets	53,214,394	47,953,818	97,825,124	(28,970,311)	170,023,025
Restricted for:					
Expendable:					
Loans	-	-	(515,670)	-	(515,670)
Debt Service	667,664	596,157	903,449	3,446,568	5,613,838
Plant	1,619,980	86,443	447,762	3,823,949	5,978,134
Other	4,613,860	4,114,371	6,939,521	406,093	16,073,845
Unrestricted	3,967,466	4,733,985	17,945,269	2,127,892	28,774,612
Total Net Position	\$ 64,083,364	\$ 57,484,774	\$ 123,545,455	\$ (19,165,809)	\$ 225,947,784

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2021

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>NSCS Office</u>	<u>Total</u>
Operating Revenues					
Tuition and Fees, Net of Scholarship					
Allowances and Institutional Waivers	\$ 9,638,668	\$ 6,513,402	17,941,645	\$ -	\$ 34,093,715
Federal Grants and Contracts	983,676	368,899	528,354	-	1,880,929
State Grants and Contracts	114,636	952,713	85,889	-	1,153,238
Private Grants and Contracts	92,787	86,018	238,160	-	416,965
Auxiliary Enterprises, Net of Scholarship					
Allowances and Institutional Waivers	4,924,579	3,847,746	9,706,092	-	18,478,417
Other Operating Revenues	810,213	918,405	444,210	-	2,172,828
Total Operating Revenues	<u>16,564,559</u>	<u>12,687,183</u>	<u>28,944,350</u>	<u>-</u>	<u>58,196,092</u>
Operating Expenses					
Compensation and Benefits	24,760,660	14,740,050	33,812,809	2,004,637	75,318,156
Supplies, Services, and Other	9,750,774	10,163,850	16,731,668	1,220,730	37,867,022
Scholarships and Fellowships	2,000,356	2,112,422	3,442,928	-	7,555,706
Depreciation	2,488,719	2,361,550	4,766,782	106,716	9,723,767
Total Operating Expenses	<u>39,000,509</u>	<u>29,377,872</u>	<u>58,754,187</u>	<u>3,332,083</u>	<u>130,464,651</u>
Operating Loss	<u>(22,435,950)</u>	<u>(16,690,689)</u>	<u>(29,809,837)</u>	<u>(3,332,083)</u>	<u>(72,268,559)</u>
Non-operating Revenues (Expenses)					
State Appropriations	19,207,875	10,639,620	23,720,427	2,469,024	56,036,946
Federal grants and contracts	4,681,135	3,768,178	8,139,356	-	16,588,669
State Grants and Contracts	406,204	475,616	1,035,685	-	1,917,505
Investment Income	172,091	128,302	485,659	396,440	1,182,492
Interest on Capital Asset-Related Debt	(226,074)	(370,262)	(493,296)	(1,264,104)	(2,353,736)
Gain (Loss) on Disposal of Asset	-	10,340	2,505	-	12,845
Bond Issuance Costs	-	-	-	-	-
Other Non-operating Revenue (Expense)	7,147	-	576,087	(17,881)	565,353
Net Non-operating Revenues (Expenses)	<u>24,248,378</u>	<u>14,651,794</u>	<u>33,466,423</u>	<u>1,583,479</u>	<u>73,950,074</u>
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	<u>1,812,428</u>	<u>(2,038,895)</u>	<u>3,656,586</u>	<u>(1,748,604)</u>	<u>1,681,515</u>
Other Revenues (Expenses) or Gains (Losses)					
Capital Facilities Fees	-	-	-	2,388,363	2,388,363
Capital Contributions	-	-	668,277	-	668,277
Operating Transfers In (Out)	9,287,078	(136,287)	254,263	(9,405,054)	-
Capital Appropriations and Grants	3,011,000	-	3,291,570	1,425,000	7,727,570
Net Other Revenues (Expenses) or Gains (Losses)	<u>12,298,078</u>	<u>(136,287)</u>	<u>4,214,110</u>	<u>(5,591,691)</u>	<u>10,784,210</u>
Increase (Decrease) in Net Position	<u>14,110,506</u>	<u>(2,175,182)</u>	<u>7,870,696</u>	<u>(7,340,295)</u>	<u>12,465,725</u>
Net Position, Beginning of Year	<u>64,083,364</u>	<u>57,484,774</u>	<u>123,545,455</u>	<u>(19,165,809)</u>	<u>225,947,784</u>
Net Position, End of Year	<u>\$ 78,193,870</u>	<u>\$ 55,309,592</u>	<u>\$ 131,416,151</u>	<u>\$ (26,506,104)</u>	<u>\$ 238,413,509</u>

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2020

	CSC As Restated	PSC As Restated	WSC As Restated	NSCS Office	Total
Operating Revenues					
Tuition and Fees, Net of Scholarship					
Allowances and Institutional Waivers	\$ 10,033,669	\$ 6,460,057	16,353,560	\$ -	\$ 32,847,286
Federal Grants and Contracts	809,445	392,382	594,641	-	1,796,468
State Grants and Contracts	1,537,806	181,497	9,990	-	1,729,293
Private Grants and Contracts	127,999	57,998	174,961	-	360,958
Auxiliary Enterprises, Net of Scholarship					
Allowances and Institutional Waivers	4,575,039	4,038,670	8,490,504	-	17,104,213
Other Operating Revenues	475,699	1,054,849	472,352	14,923	2,017,823
Total Operating Revenues	17,559,657	12,185,453	26,096,008	14,923	55,856,041
Operating Expenses					
Compensation and Benefits	24,351,754	14,652,863	32,656,135	1,939,296	73,600,048
Supplies, Services, and Other	11,966,239	9,552,413	16,265,293	1,018,827	38,802,772
Scholarships and Fellowships	2,100,199	1,852,741	3,424,456	-	7,377,396
Depreciation	2,412,688	2,400,843	4,715,691	640,294	10,169,516
Total Operating Expenses	40,830,880	28,458,860	57,061,575	3,598,417	129,949,732
Operating Loss	(23,271,223)	(16,273,407)	(30,965,567)	(3,583,494)	(74,093,691)
Non-operating Revenues (Expenses)					
State Appropriations	18,185,612	10,189,610	22,770,336	2,405,981	53,551,539
Federal grants and contracts	4,013,265	3,765,833	7,479,424	-	15,258,522
State grants and contracts	355,884	408,051	889,585	-	1,653,520
Investment Income	263,769	249,327	674,593	213,751	1,401,440
Interest on Capital Asset-Related Debt	(236,954)	(379,140)	(510,666)	(618,793)	(1,745,553)
Gain (Loss) on Disposal of Asset	248	3,025	(3,540)	-	(267)
Bond Issuance Costs	-	-	-	(280,912)	(280,912)
Other Non-operating Revenue (Expense)	11,289	-	19,027	(1,885)	28,431
Net Non-operating Revenues (Expenses)	22,593,113	14,236,706	31,318,759	1,718,142	69,866,720
Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)	(678,110)	(2,036,701)	353,192	(1,865,352)	(4,226,971)
Other Revenues (Expenses) or Gains (Losses)					
Capital Facilities Fees	-	-	-	2,348,430	2,348,430
Capital Contributions	1,510,000	94,903	815,271	-	2,420,174
Operating Transfers In (Out)	(592,714)	(65,468)	388,779	269,403	-
Capital Appropriations and Grants	2,792,546	-	268,493	1,425,000	4,486,039
Net Other Revenues (Expenses) or Gains (Losses)	3,709,832	29,435	1,472,543	4,042,833	9,254,643
Increase (Decrease) in Net Position	3,031,722	(2,007,266)	1,825,735	2,177,481	5,027,672
Net Position, Beginning of Year	61,051,642	59,492,040	121,719,720	(21,343,290)	220,920,112
Net Position, End of Year	\$ 64,083,364	\$ 57,484,774	\$ 123,545,455	\$ (19,165,809)	\$ 225,947,784

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2021

	CSC	PSC	WSC	NSCS Office	Total
Cash Flows From Operating Activities					
Tuition and Fees	\$ 9,558,148	\$ 6,372,321	\$ 17,973,130	\$ -	\$ 33,903,599
Grants and Contracts	1,133,864	1,407,630	854,939	-	3,396,433
Payments to Suppliers	(9,950,105)	(10,308,232)	(16,071,325)	(1,061,533)	(37,391,195)
Payments to Employees	(24,681,724)	(14,735,473)	(33,677,510)	(2,045,911)	(75,140,618)
Collections of Loans to Students	-	-	62,892	-	62,892
Sales and Services of Auxiliary Enterprises	4,939,906	3,724,158	9,326,919	-	17,990,983
Other Payments	(1,239,329)	(1,141,955)	(3,078,293)	-	(5,459,577)
Receipt of Flex Contributions	-	-	-	332,297	332,297
Payment of Flex Contributions	-	-	-	(336,965)	(336,965)
Net Cash Used in Operating Activities	(20,239,240)	(14,681,551)	(24,609,248)	(3,112,112)	(62,642,151)
Cash Flows From Non-capital Financing Activities					
State Appropriations	19,207,875	10,639,620	23,720,427	2,469,024	56,036,946
Grants and Contracts	5,087,339	4,368,365	8,951,059	-	18,406,763
Direct Lending Receipts	8,449,192	7,546,591	14,746,003	-	30,741,786
Direct Lending Payments	(8,449,192)	(7,546,591)	(14,746,003)	-	(30,741,786)
Other Receipts (Payments)	(80,399)	-	(61,925)	4,539	(137,785)
Net Cash Provided by Non-capital Financing Activities	24,214,815	15,007,985	32,609,561	2,473,563	74,305,924
Cash Flows From Capital and Related Financing Activities					
Capital Contributions	-	-	668,277	-	668,277
Purchase of Capital Assets	(11,616,328)	(70,675)	(9,068,916)	-	(20,755,919)
Disposal of Capital Assets	-	-	3,070	-	3,070
Principal Paid on Capital Debt	(655,000)	(570,000)	(890,000)	(4,800,000)	(6,915,000)
Interest Paid on Capital Debt	(227,477)	(369,111)	(504,476)	(2,008,777)	(3,109,841)
Bond Issuance Costs	-	-	-	(12,500)	(12,500)
Capital Facilities Fees	-	-	-	2,402,045	2,402,045
Transfers In (Out)	7,219,215	(136,787)	253,763	(7,336,191)	-
Other	-	-	-	(22,458)	(22,458)
Capital Appropriations	3,011,000	-	3,291,570	1,425,000	7,727,570
Net Cash Used by Capital and Related Financing Activities	(2,268,590)	(1,146,573)	(6,246,712)	(10,352,881)	(20,014,756)
Cash Flows From Investing Activities					
Purchase/Sale of Investments	-	243,000	-	-	243,000
Investment Income	176,217	145,625	488,780	377,956	1,188,578
Net Cash Provided by Investing Activities	176,217	388,625	488,780	377,956	1,431,578
Increase (Decrease) in Cash and Cash Equivalents	1,883,202	(431,514)	2,242,381	(10,613,474)	(6,919,405)
Cash and Cash Equivalents, Beginning of Year	14,894,905	11,356,120	34,440,180	38,250,556	98,941,761
Cash and Cash Equivalents, End of Year	<u>\$ 16,778,107</u>	<u>\$ 10,924,606</u>	<u>\$ 36,682,561</u>	<u>\$ 27,637,082</u>	<u>\$ 92,022,356</u>

(Continued)

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2021

	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>NSCS Office</u>	<u>Total</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and Cash Equivalents	\$ 8,256,857	\$ 4,488,864	\$ 23,777,783	\$ 3,755,905	\$ 40,279,409
Restricted Cash and Cash Equivalents - Current	6,368,222	5,772,554	11,243,051	7,475,470	30,859,297
Restricted Cash and Cash Equivalents - Non-current	<u>2,153,028</u>	<u>663,188</u>	<u>1,661,727</u>	<u>16,405,707</u>	<u>20,883,650</u>
Total Cash and Cash Equivalents	<u>\$ 16,778,107</u>	<u>\$ 10,924,606</u>	<u>\$ 36,682,561</u>	<u>\$ 27,637,082</u>	<u>\$ 92,022,356</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities					
Operating Loss	\$ (22,435,950)	\$ (16,690,689)	\$ (29,809,837)	\$ (3,332,083)	\$ (72,268,559)
Depreciation Expense	2,488,719	2,361,550	4,766,782	106,716	9,723,767
Changes in Operating Assets and Liabilities:					
Receivables, Net	(68,073)	95,370	(3,393)	8,132	32,036
Inventories	9,955	(13,624)	2,017	-	(1,652)
Accounts Payable and Accrued Liabilities	(134,062)	(162,915)	667,547	47,630	418,200
Accrued Compensated Absences	71,183	(19,330)	68,447	(16,893)	103,407
Other Assets and Liabilities	<u>(171,012)</u>	<u>(251,913)</u>	<u>(300,811)</u>	<u>74,386</u>	<u>(649,350)</u>
Net Cash Used in Operating Activities	<u>\$ (20,239,240)</u>	<u>\$ (14,681,551)</u>	<u>\$ (24,609,248)</u>	<u>\$ (3,112,112)</u>	<u>\$ (62,642,151)</u>
Supplemental Cash Flows Information					
Accounts Payable Incurred for Capital Asset Purchases	\$ -	\$ -	\$ 1,398,297	\$ 2,611,509	\$ 4,009,806

(Concluded)

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2020

	CSC As Restated	PSC As Restated	WSC As Restated	NSCS Office As Restated	Total
Cash Flows From Operating Activities					
Tuition and Fees	\$ 10,011,234	\$ 6,188,241	\$ 16,140,372	\$ -	\$ 32,339,847
Grants and Contracts	2,480,761	636,758	752,204	-	3,869,723
Payments to Suppliers	(11,545,490)	(8,857,977)	(15,253,938)	(1,083,033)	(36,740,438)
Payments to Employees	(24,398,527)	(14,502,594)	(32,241,270)	(1,823,508)	(72,965,899)
Collections of Loans to Students	-	-	190,363	-	190,363
Sales and Services of Auxiliary Enterprises	4,505,705	3,894,348	8,279,349	-	16,679,402
Other Payments	(1,616,017)	(829,312)	(2,956,413)	14,923	(5,386,819)
Receipt of Flex Contributions	-	-	-	315,965	315,965
Payment of Flex Contributions	-	-	-	(280,623)	(280,623)
Net Cash Used in Operating Activities	(20,562,334)	(13,470,536)	(25,089,333)	(2,856,276)	(61,978,479)
Cash Flows From Non-capital Financing Activities					
State Appropriations	18,185,612	10,189,610	22,770,336	2,405,981	53,551,539
Grants and Contracts	4,369,149	4,049,313	8,369,009	-	16,787,471
Direct Lending Receipts	8,943,956	8,409,067	14,483,987	-	31,837,010
Direct Lending Payments	(8,943,956)	(8,409,067)	(14,483,987)	-	(31,837,010)
Other Receipts (Payments)	(177,726)	-	(201,959)	18,157	(361,528)
Net Cash Provided by Non-capital Financing Activities	22,377,035	14,238,923	30,937,386	2,424,138	69,977,482
Cash Flows From Capital and Related Financing Activities					
Proceeds from Capital Debt	-	-	-	26,480,186	26,480,186
Capital Contributions	1,510,000	94,902	815,271	-	2,420,173
Purchase of Capital Assets	(2,645,297)	(647,515)	(2,382,273)	-	(5,675,085)
Disposal of Capital Assets	1,824	-	1,502	-	3,326
Principal Paid on Capital Debt	(655,000)	(570,000)	(880,000)	(3,325,000)	(5,430,000)
Interest Paid on Capital Debt	(237,964)	(377,430)	(521,023)	(1,122,169)	(2,258,586)
Bond Issuance Costs	-	-	-	(268,412)	(268,412)
Capital Facilities Fees	-	-	-	2,333,955	2,333,955
Transfers In (Out)	(1,135,969)	200,708	388,779	546,482	-
Other	43,027	-	-	(18,750)	24,277
Capital Appropriations	2,792,546	-	268,493	1,425,000	4,486,039
Net Cash Provided (Used) by Capital and Related Financing Activities	(326,833)	(1,299,335)	(2,309,251)	26,051,292	22,115,873
Cash Flows From Investing Activities					
Purchase/Sale of Investments	-	-	-	1,350,000	1,350,000
Investment Income	267,425	234,873	693,371	210,566	1,406,235
Net Cash Provided by Investing Activities	267,425	234,873	693,371	1,560,566	2,756,235
Increase (Decrease) in Cash and Cash Equivalents	1,755,293	(296,075)	4,232,173	27,179,720	32,871,111
Cash and Cash Equivalents, Beginning of Year	13,139,612	11,652,195	30,208,007	11,070,836	66,070,650
Cash and Cash Equivalents, End of Year	\$ 14,894,905	\$ 11,356,120	\$ 34,440,180	\$ 38,250,556	\$ 98,941,761

(Continued)

NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)
SCHEDULE OF CASH FLOWS
Fiscal Year Ended June 30, 2020

	CSC As Restated	PSC As Restated	WSC As Restated	NSCS Office As Restated	Total
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and Cash Equivalents	\$ 6,948,770	\$ 5,751,674	\$ 22,069,551	\$ 3,735,345	\$ 38,505,340
Restricted Cash and Cash Equivalents - Current	5,825,938	5,110,105	10,383,632	8,354,070	29,673,745
Restricted Cash and Cash Equivalents - Non-current	2,120,197	494,341	1,986,997	26,161,141	30,762,676
Total Cash and Cash Equivalents	<u>\$ 14,894,905</u>	<u>\$ 11,356,120</u>	<u>\$ 34,440,180</u>	<u>\$ 38,250,556</u>	<u>\$ 98,941,761</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities					
Operating Loss	\$ (23,271,223)	\$ (16,273,407)	\$ (30,965,567)	\$ (3,583,494)	\$ (74,093,691)
Depreciation Expense	2,412,688	2,400,843	4,715,691	640,294	10,169,516
Changes in Operating Assets and Liabilities:					
Receivables, Net	(12,089)	(45,129)	91,399	5,518	39,699
Inventories	(33,257)	7,639	(1,517)	-	(27,135)
Accounts Payable and Accrued Liabilities	(169,200)	139,701	(201,896)	8,316	(223,079)
Accrued Compensated Absences	9,466	127,092	287,570	53,707	477,835
Other Assets and Liabilities	501,281	172,725	984,987	19,383	1,678,376
Net Cash Used in Operating Activities	<u>\$ (20,562,334)</u>	<u>\$ (13,470,536)</u>	<u>\$ (25,089,333)</u>	<u>\$ (2,856,276)</u>	<u>\$ (61,978,479)</u>
Non-Cash Transactions					
Accounts Payable Incurred for Capital Asset Purchases	\$ 96,278	\$ -	\$ 456,644	\$ 543,255	\$ 1,096,177
Purchases through master lease obligation	412,781	-	-	-	412,781

(Concluded)



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA STATE COLLEGE SYSTEM
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees of the Nebraska State College System
Lincoln, NE

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities and the discretely presented component units of the Nebraska State College System (NSCS) (a component unit of the State of Nebraska), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the NSCS's basic financial statements, and have issued our report thereon dated December 16, 2021. Our report includes a reference to other auditors who audited the financial statements of the Nebraska State College System Foundations, the Nebraska State Colleges Facilities Corporation, and the activity of the Nebraska State College System Revenue and Refunding Bond Program, as described in our report on the NSCS's financial statements. The financial statements of these entities and program were not audited in accordance with *Government Auditing Standards*; accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NSCS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NSCS's internal control. Accordingly, we do not express an opinion on the effectiveness of the NSCS'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 NSCS's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency or 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 NSCS'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 determination of financial statement amounts. 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*.

Nebraska State College System's Findings and Responses

We also noted in our separately issued management letter dated December 16, 2021, certain other matters that we reported to management of the NSCS.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the NSCS'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 NSCS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zachary Wells, CPA, CISA
Audit Manager

December 16, 2021