

**NDSU**

NORTH DAKOTA STATE UNIVERSITY

Annual Financial Report  
June 30, 2021

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# ***North Dakota State University***

## ***Management's Discussion and Analysis***

### ***JUNE 30, 2021***

North Dakota State University's (NDSU) discussion and analysis (MD&A) provides an overview of its financial activities for the year ending June 30, 2021 and should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and the MD&A are the responsibility of management.

The financial activity of the eleven public post-secondary institutions under the control of the North Dakota University System (System), including NDSU, is combined into a single financial report audited by the North Dakota State Auditor's Office. NDSU's financial statements are not audited as a separate entity, they are audited as part of the System as a whole.

The financial statements presented are partially extracted from the audited System financial report. **NDSU's Annual Financial Report, alone, is considered not audited; and therefore, no audit opinion letter is included in this report.**

NDSU's financial statements include the balances and activities of the following state agencies that have separate legislative state appropriations: Agricultural Experiment Station, Extension Service, Research Centers, Northern Crops Institute, Upper Great Plains Transportation Institute, and the North Dakota Forest Service.

Financial statements for the two major legally separate foundations that are affiliated with NDSU are presented in the Supplementary Information section of this report. The figures in this section were extracted from the foundation's audited reports; however, as with NDSU's basic financial statements and notes, the supplementary information presented in this report must be considered unaudited.

## ***Background Information***

North Dakota State University is distinctive as a student-focused, land-grant, research university, that provides affordable access to an excellent education at a top-ranked institution that combines teaching and research in a rich learning environment, educating future leaders who will create solutions to national and global challenges that will shape a better world. NDSU is listed in the National Science Foundation's top 100 in several areas, including agricultural sciences, social sciences, physical sciences, chemistry, psychology and computer sciences. NDSU is fully accredited as an institution by the Higher Learning Commission. The main campus is located in Fargo, N.D., with Extension Service and Experiment Station Research Centers located all across the state.

# *Management's Discussion and Analysis*

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## **Mission**

We provide transformational education, create knowledge through innovative research, and share knowledge through community engagement that meets the needs of North Dakota and the world.

## **Vision**

To lead the advancement of our land-grant ideals through innovative education, research, and outreach.

## ***Financial Highlights***

NDSU's overall financial standing continues to be sound with total assets of \$784 million and total liabilities of \$301 million, and a net position total of \$524 million (an increase of 46 million over the previous fiscal year). The University has done well in managing its financial resources during difficult times.

## **Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, provide information on the University as a whole and present a long-term view of the University's finances. Refer to Note 1 in the accompanying financial statements for activities included in NDSU's basic financial statements.

The statements assist in answering the question "Is the University as a whole financially better off or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information in a way that helps answer this question. The Statement of Cash Flows summarizes transactions affecting cash during the fiscal year. It also provides information about the ability of NDSU to generate future cash flows necessary to meet its obligations and to evaluate its potential for additional financing.

Other non-financial factors, such as the condition of the campuses' infrastructure, changes in legislative funding and changes in student enrollments, need to be considered in order to assess the overall health of NDSU.

## Management's Discussion and Analysis

### Statement of Net Position

The following table shows a condensed Statement of Net Position at June 30, 2021 and 2020:

	2021	2020	Dollar Change	Percent Change
<b>ASSETS</b>				
Current assets	\$ 154,530,451	\$ 111,765,238	\$ 42,765,213	38%
Other non-current assets	80,395,545	82,321,234	(1,925,689)	-2%
Capital assets, net	548,943,677	518,888,952	30,054,725	6%
Total assets	<u>\$ 783,869,673</u>	<u>\$ 712,975,424</u>	<u>\$ 70,894,249</u>	<u>10%</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 57,427,726</u>	<u>\$ 18,914,966</u>	<u>\$ 38,512,760</u>	<u>204%</u>
<b>LIABILITIES</b>				
Current liabilities	\$ 61,515,294	\$ 45,956,383	\$ 15,558,911	34%
Noncurrent liabilities	239,641,111	187,729,801	51,911,310	28%
Total liabilities	<u>\$ 301,156,405</u>	<u>\$ 233,686,184</u>	<u>\$ 67,470,221</u>	<u>29%</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 16,349,576</u>	<u>\$ 20,695,397</u>	<u>\$ (4,345,821)</u>	<u>-21%</u>
<b>NET POSITION</b>				
Invested in capital assets, net	\$ 416,778,862	\$ 378,789,641	\$ 37,989,221	10%
Restricted	13,934,677	16,821,196	(2,886,519)	-17%
Unrestricted	93,077,879	81,897,972	11,179,907	14%
Total net position	<u>\$ 523,791,418</u>	<u>\$ 477,508,809</u>	<u>\$ 46,282,609</u>	<u>10%</u>
Current Ratio (current assets to current liabilities)	<u>2.51</u>	<u>2.43</u>		
Primary Reserve Ratio (expendable net position to operating expenses)	<u>0.24</u>	<u>0.24</u>		

The increase in current assets is due to multiple factors. Many projects were deferred due to COVID, so cash increased for auxiliaries. In addition, HEERF funds were collected for lost revenue at year-end. Grants and Contracts receivable increased by \$7 million for CARES funding receivable. Capital assets increased with construction on Sugihara Hall.

The majority of Deferred Outflows of Resources represents the pension contributions made to the plan after the net pension liability's measurement date of June 30, 2020 but made prior to NDSU's fiscal year-end for June 30, 2021.

A significant component of the increase in current liabilities is \$6.8 million payable to NDPERS representing multiple pay periods due to additional reconciliations needed after the billing process changed. In addition, there is a substantial contractor payable for retainage on Sugihara Hall. The increase in noncurrent liabilities is related to the pension liability increasing significantly as a result of changes in actuarial assumptions on the mortality table and reduction of the investment rate return.

The increase in the Unrestricted Net Position is directly related to the reasons for the cash increase provided above.

## Management's Discussion and Analysis

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

The following table shows a condensed version of Statement of Revenues, Expenses and Changes in Net Position, with operating and non-operating revenues and expenses combined, as of June 30, 2021 and 2020:

	2021	2020	Dollar Change	Percent Change
<b>Revenues</b>				
Student tuition and fees	\$ 118,092,337	\$ 115,717,389	\$ 2,374,948	2%
Grants, contracts & federal appropriations	81,621,460	71,807,973	9,813,487	14%
State appropriations	122,623,529	115,671,036	6,952,493	6%
Sales and services of educational departments	29,727,329	33,758,906	(4,031,577)	-12%
Auxiliary enterprises	39,402,162	38,883,018	519,144	1%
Gifts	23,985,263	16,882,844	7,102,419	42%
Federal HEERF/Cares Act Stimulus	33,453,899	7,612,288	25,841,611	339%
Other operating and nonoperating revenue	6,132,210	7,021,689	(889,479)	-13%
<b>Total revenues</b>	<b>\$ 455,038,189</b>	<b>\$ 407,355,143</b>	<b>\$ 47,683,046</b>	<b>12%</b>
<b>Expenses</b>				
Salaries and wages	\$ 297,236,103	\$ 281,301,507	\$ 15,934,596	6%
Operating expenses	102,141,103	94,614,909	7,526,194	8%
Depreciation expense	26,853,839	26,345,039	508,800	2%
Student Scholarships and fellowships	6,396,832	8,203,985	(1,807,153)	-22%
HEERF/Cares Act Aid to Students	3,912,585	3,802,373	110,212	3%
Other operating and nonoperating expenses	11,884,172	6,200,186	5,683,986	92%
<b>Total expenses</b>	<b>\$ 448,424,634</b>	<b>\$ 420,467,999</b>	<b>\$ 27,956,635</b>	<b>7%</b>
<b>Increase (decrease) prior to Capital Asset Funding</b>	<b>\$ 6,613,555</b>	<b>\$ (13,112,856)</b>	<b>\$ 19,726,411</b>	<b>150%</b>
<b>Capital Asset Funding</b>				
State appropriations - capital assets	\$ 34,604,723	\$ 4,724,168	\$ 29,880,555	633%
Capital grants and gifts	\$ 4,398,647	\$ 8,304,027	(3,905,380)	-47%
<b>Total Capital Asset Funding</b>	<b>\$ 39,003,370</b>	<b>\$ 13,028,195</b>	<b>\$ 25,975,175</b>	<b>199%</b>
<b>Increase (decrease) in Net Position</b>	<b>\$ 45,616,925</b>	<b>\$ (84,661)</b>	<b>\$ 45,701,586</b>	<b>53982%</b>
<b>Net Position, Beginning of Year, as restated</b>	<b>\$ 478,174,493</b>	<b>\$ 477,593,470</b>	<b>\$ 581,023</b>	<b>0%</b>
<b>Net Position, End of Year</b>	<b>\$ 523,791,418</b>	<b>\$ 477,508,809</b>	<b>\$ 46,282,609</b>	<b>10%</b>

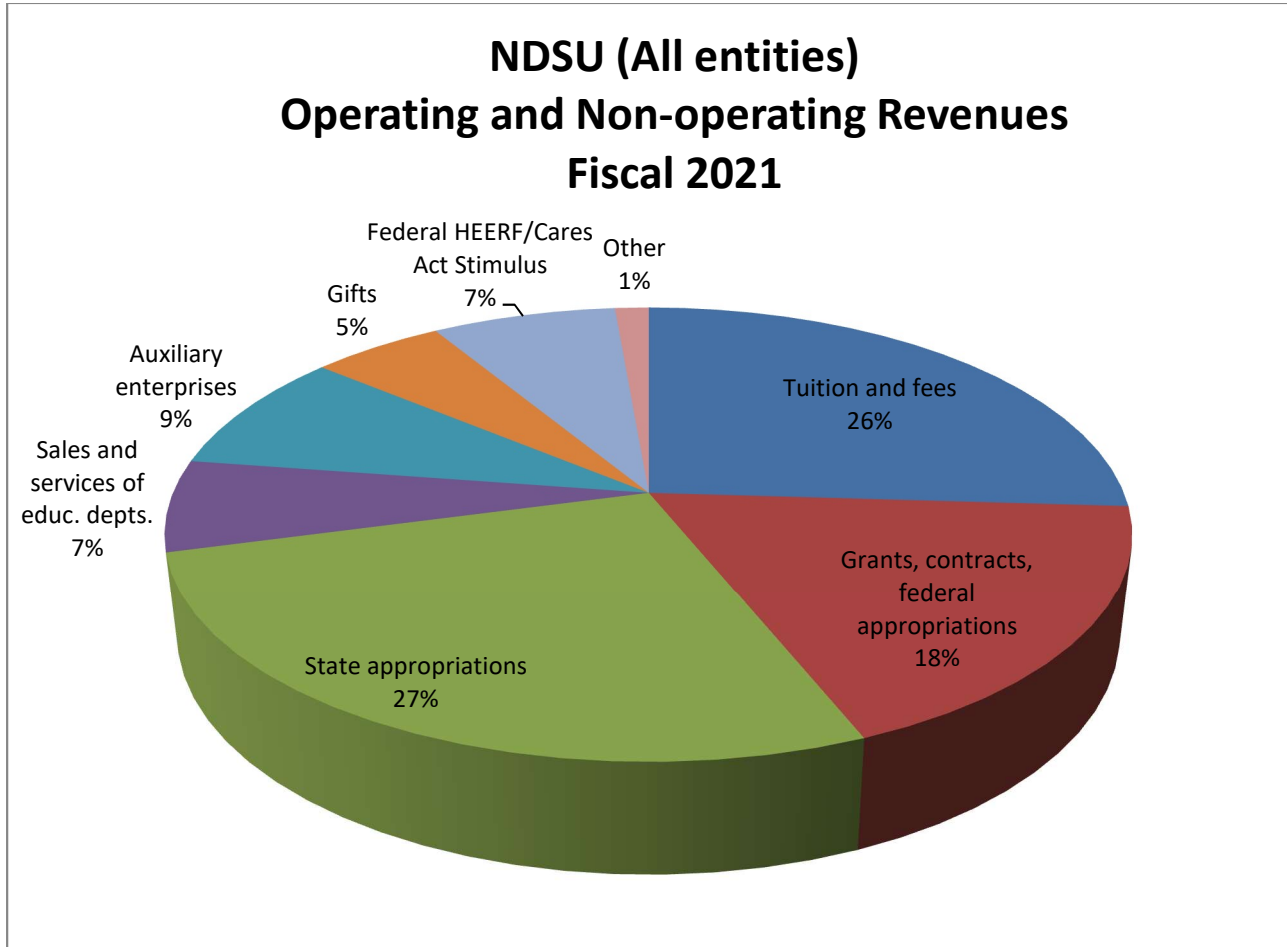
Overall, revenues increased 12% and expenses increased 7% from 2020 to 2021. There was a large overall increase in net position of \$45,616,925 with a majority of the increase due to an increase in state appropriations for capital assets.

Sales and services revenue decreased primarily due to the impact of COVID on athletic event revenue. The largest component of the increase in Gifts is due to a \$3.7 million donation for the Athletic track.

Salaries and wages increased by \$10 million for Pension expense. There was also an increase in salaries from CARES and HEERF funding for overload payments to COVID. Nonoperating expenses increased due to new special assessments. In addition, interest on long-term debt has increased over the last two years due to the new bonds for Cater Hall.

## Graphs

The following graph depicts sources of operating and non-operating revenues for fiscal year 2021:

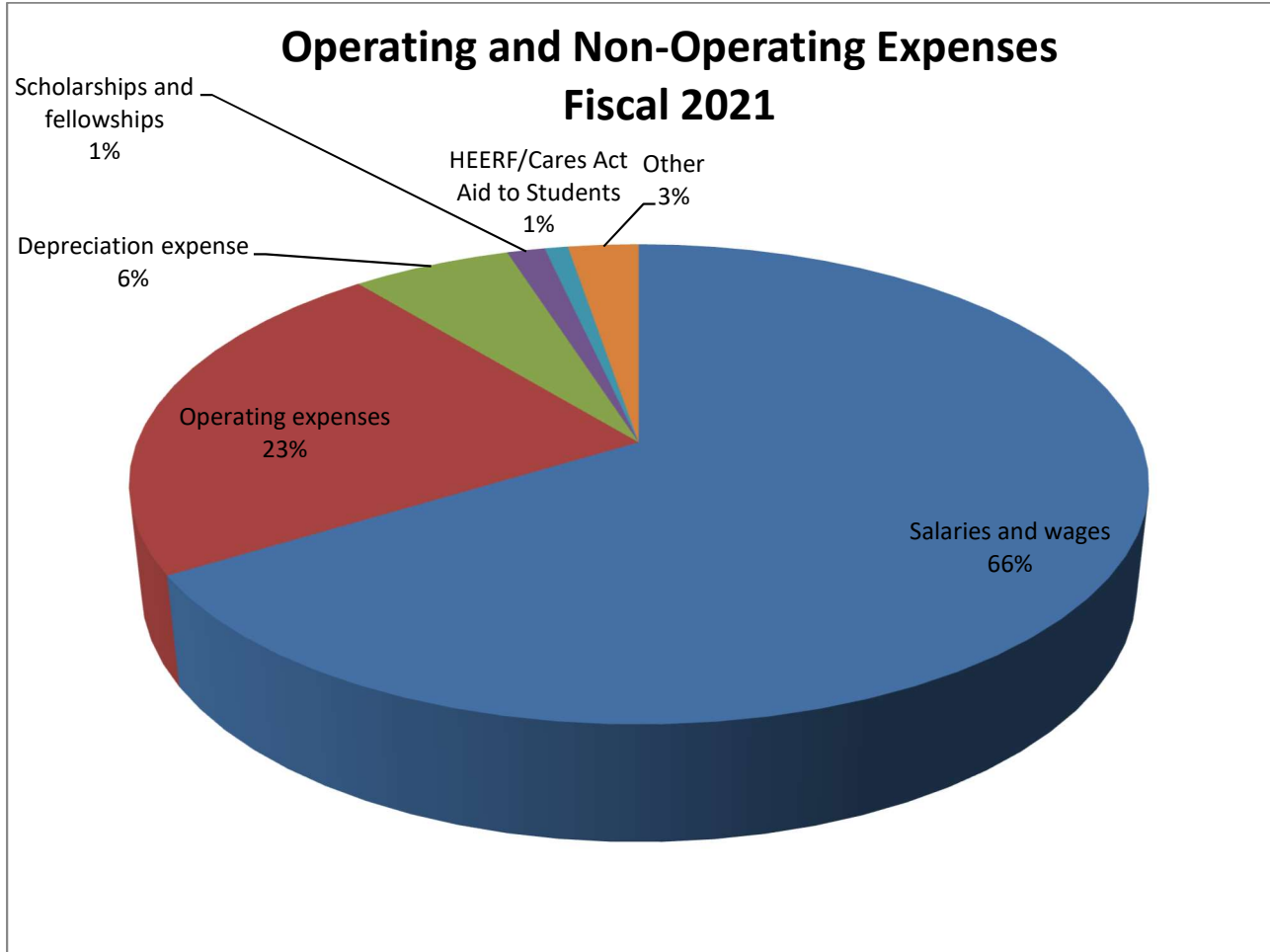


The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.

## Management's Discussion and Analysis

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The following graph depicts objects of operating and non-operating expenses, by natural classification, for fiscal year 2021:



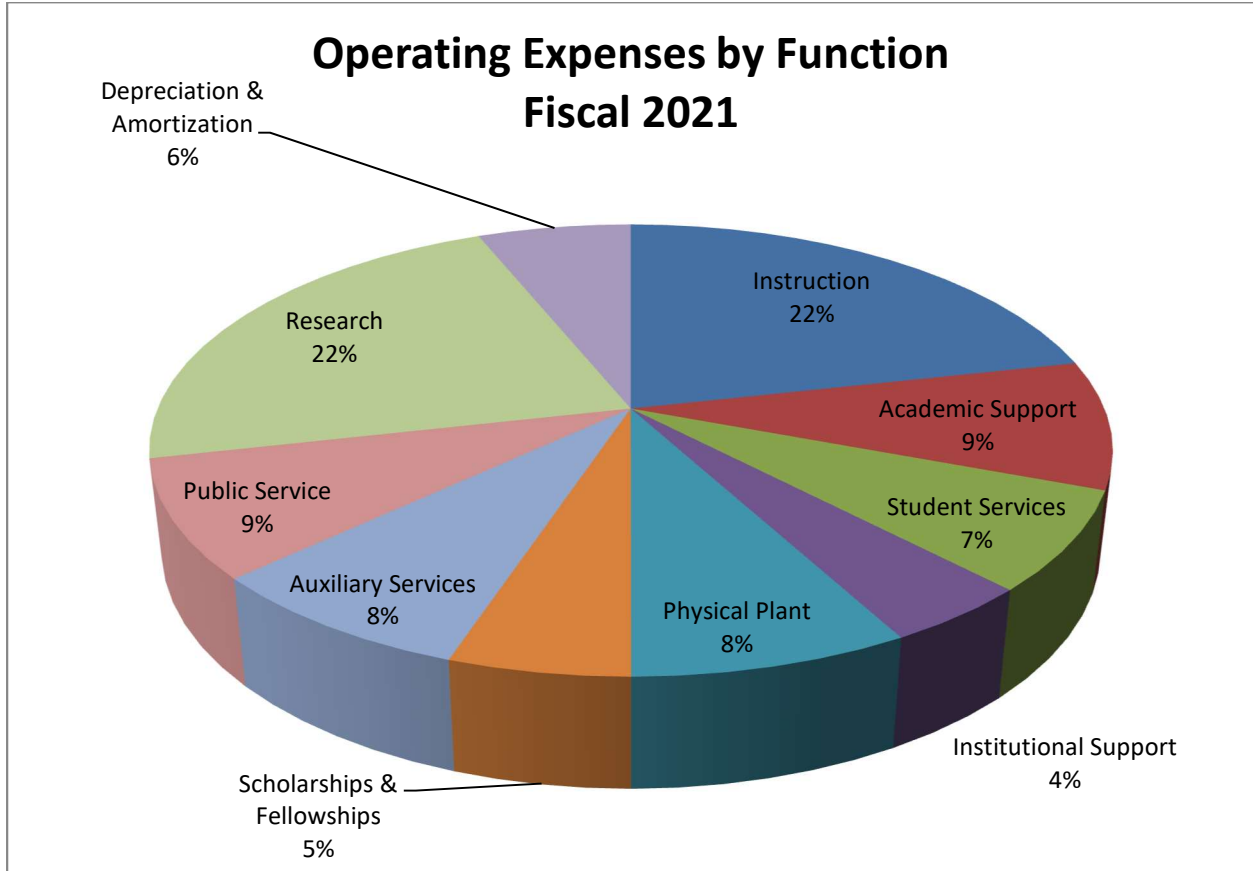
The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.



## Management's Discussion and Analysis

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The following graph depicts operating expenses only, by institutional function, for fiscal year 2021:



The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.

### Financial Ratios

	2021	2020
Current Ratio (current assets to current liabilities)	2.51	2.43
Primary Ratio (expendable net position to operating expense)	0.24	0.24
Viability Ratio (expendable net position to long-term debt, less compensated absences)	0.76	0.67
Higher Learning Commission's Composite Financial Index (CFI):		
1. CFI, including CU's and including GASB 68 & 75	4.33	4.09
2. CFI, excluding CU's and including GASB 68 & 75	2.35	0.94
3. CFI, including CU's and excluding GASB 68 & 75	5.30	4.60
4. CFI, excluding CU's and excluding GASB 68 & 75	3.42	1.56

(CU's = Component Units)

#### Current Ratio

The current ratio measures whether or not the University has enough readily available resources to pay its short-term bills and liabilities. A ratio of 2 or greater is considered healthy.

#### Primary Reserve Ratio

The primary reserve ratio measures the ability of the University to continue operating at current levels, within current restrictions, without future revenues. A ratio of 1.0 denotes that an institution would have the ability to cover its expenses for one year without any revenues. The University's primary reserve ratio at June 30, 2021, is 0.24, which indicates that in an emergency situation, the University could continue its current operations for approximately 13 weeks.

#### Viability Ratio

The viability ratio is a measure of financial health; the availability of expendable net assets to cover debt should the University need to settle its obligations as of the fiscal year end. Expendable net assets are the balances in the total net assets, excluding investment in capital assets and non-expendable scholarships and fellowships. A ratio of less than .3 is of concern and NDSU is at .76 for fiscal 2021.

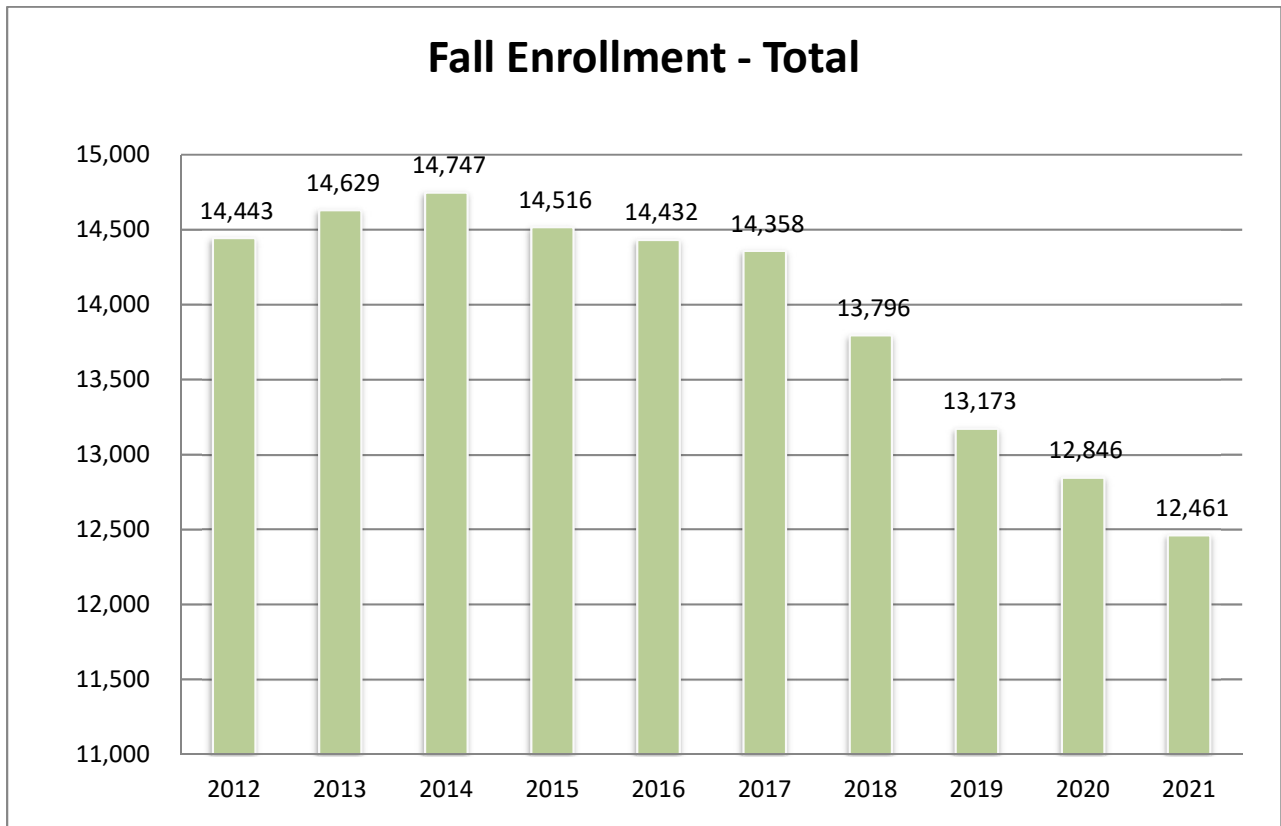
#### Higher Learning Commission's Composite Financial Index

The Higher Learning Commission (HLC) reviews accredited and candidate institutions' financial information to determine whether an institution operates with integrity in its financial functions. The HLC uses its Composite Financial Index (CFI) to gauge the overall financial condition of a university. The CFI is a weighted index of various financial ratios. A CFI less than 1.0 for two consecutive years is a flag to the HLC that an institution will need a special review to gain or retain its accreditation. NDSU's CFI is well above the 1.0 benchmark at 4.33 for fiscal 2021, and is well over the level set by the HLC requiring a review.

## Other Highlights

### Student Enrollment

NDSU's fall headcount student enrollment has been trending downward since 2014. This reflects a competitive environment with national downward trends in college and university enrollment. NDSU's fall headcount enrollment for fall 2021 was 12,461 students, which represents about 29% of the student enrollment for the entire ND University system. NDSU's fall headcount enrollment for the last ten fall terms is shown below:



## Financial Contact

The University's financial statements are designed to present users with a general overview of the University's finances and to demonstrate accountability. The NDSU Accounting Office is responsible for the contents of this report. If you have questions about the report or need additional financial information, contact the NDSU Accounting Office, Lisa Ripplinger, Controller, at [lisa.m.riplinger@ndsu.edu](mailto:lisa.m.riplinger@ndsu.edu), or Travis Aho, Associate Controller, at [travis.aho.1@ndsu.edu](mailto:travis.aho.1@ndsu.edu).

## Basic Financial Statements

### North Dakota State University Statement of Net Position For Years Ended June 30, 2021 & 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 83,720,751	\$ 48,332,055
Short-term investments	25,000,001	24,000,001
Accounts receivable, net	6,771,997	6,232,148
Due from other NDUS institutions	364,021	86,465
Due from component units	2,082,972	7,302,299
Due from State General Fund	9,342,231	7,723,755
Grants & contracts receivable, net	21,478,506	14,444,763
Inventories	1,243,383	1,413,318
Notes receivable, net	961,571	1,053,790
Other assets	3,565,018	1,176,644
<b>Total Current Assets</b>	<b>\$ 154,530,451</b>	<b>\$ 111,765,238</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	\$ 1,908,070	\$ 1,954,301
Restricted investments	27	1,901
Endowment investments	459,111	459,111
Notes receivable, net	2,523,776	3,662,765
Other long-term investments	75,346,421	75,998,704
Due from Component Units	59,130	47,412
Other noncurrent assets	99,010	197,040
Capital assets, net	548,943,677	518,888,952
<b>Total Noncurrent Assets</b>	<b>\$ 629,339,222</b>	<b>\$ 601,210,186</b>
<b>Total Assets</b>	<b>\$ 783,869,673</b>	<b>\$ 712,975,424</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 57,427,726</b>	<b>\$ 18,914,966</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 26,011,965	\$ 8,732,658
Due to other NDUS institutions	1,013,240	1,012,187
Due to component units	9,000	-
Accrued payroll	12,646,260	15,420,910
Unearned revenue	10,925,985	9,231,305
Deposits	853,739	1,902,875
Long-term liabilities—current portion:		
Due to component units	2,195,000	2,276,384
Due to others	7,860,105	7,380,064
<b>Total Current Liabilities</b>	<b>\$ 61,515,294</b>	<b>\$ 45,956,383</b>
<b>Noncurrent Liabilities</b>		
Pension Liability	\$ 91,410,954	\$ 34,819,350
OPEB Liability	2,324,363	2,243,951
Long-term liabilities:		
Due to component units	20,750,000	22,945,000
Due to others	125,155,794	127,721,500
<b>Total Noncurrent Liabilities</b>	<b>\$ 239,641,111</b>	<b>\$ 187,729,801</b>
<b>Total Liabilities</b>	<b>\$ 301,156,405</b>	<b>\$ 233,686,184</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 16,349,576</b>	<b>\$ 20,695,397</b>

**Statement of Net Position - Continued on Next Page**

## Basic Financial Statements

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### Statement of Net Position - Continued

	<u>2021</u>	<u>2020</u>
<b>NET POSITION</b>		
Invested in Capital Assets, net of related debt	\$ 416,778,862	\$ 378,789,641
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	520,314	508,595
Expendable:		
Scholarships and fellowships	571,672	625,503
Research	4,793,103	6,550,180
Instructional department uses	1,143,950	805,809
Loans	4,912,089	6,253,079
Capital projects	-	73,132
Debt service	1,957,821	2,004,898
Other	35,728	-
Unrestricted	93,077,879	81,897,972
<b>Total Net Position</b>	<b><u>\$ 523,791,418</u></b>	<b><u>\$ 477,508,809</u></b>

# Basic Financial Statements

## North Dakota State University Statement of Revenues, Expenses, & Other Changes in Net Position For Years Ended June 30, 2021 & 2020

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
<b>Operating Revenues:</b>		
Student tuition and fees	\$ 118,092,337	\$ 115,717,389
Federal Grants and Contracts	48,891,445	37,729,772
State Grants and Contracts	9,292,672	8,957,843
Private Grants & Contracts	8,732,815	8,718,683
Sales and services of educational departments	29,727,329	33,758,906
Auxiliary enterprises	39,402,162	38,883,018
Other Operating Revenue	286,784	630,084
<b>Total operating revenues</b>	<b>\$ 254,425,544</b>	<b>\$ 244,395,695</b>
<b>EXPENSES</b>		
<b>Operating expenses:</b>		
Salaries and wages	\$ 297,236,103	\$ 281,301,507
Operating expenses	86,184,355	82,324,556
Data Processing	8,541,673	4,676,284
Depreciation Expense	26,853,839	26,345,039
Scholarships and fellowships	6,396,832	8,203,985
HEERF/Cares Act Aid to Students	3,912,585	3,802,373
Cost of Sales and services	7,415,075	7,614,069
<b>Total operating expenses</b>	<b>\$ 436,540,462</b>	<b>\$ 414,267,813</b>
<b>Operating income (loss)</b>	<b>\$ (182,114,918)</b>	<b>\$ (169,872,118)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	\$ 122,623,529	\$ 115,671,036
Federal Appropriations	5,138,168	5,746,159
Federal grants and contracts	9,566,360	10,655,516
Federal grants and contracts stimulus	33,453,899	7,612,288
Gifts	23,985,263	16,882,844
Investment income	5,119,061	4,700,002
Interest on capital asset - related debt	(5,223,183)	(4,440,761)
Gain/(Loss) on capital assets	(229,054)	(124,626)
Insurance Proceeds	170,569	405,700
Tax revenues	555,796	500,000
Transfer to Industrial Commission	(242,045)	785,903
Other nonoperating revenues over (under) expenses	(6,189,890)	(1,634,799)
<b>Net nonoperating revenues</b>	<b>\$ 188,728,473</b>	<b>\$ 156,759,262</b>
<b>Income (loss) before capital grants, gifts and transfers</b>	<b>\$ 6,613,555</b>	<b>\$ (13,112,856)</b>
State appropriations - capital assets	\$ 34,604,723	\$ 4,724,168
Capital grants and gifts	4,398,647	8,304,027
<b>Total other revenues (expenses)</b>	<b>\$ 39,003,370</b>	<b>\$ 13,028,195</b>
<b>Increase (decrease) in net position</b>	<b>\$ 45,616,925</b>	<b>\$ (84,661)</b>
<b>NET POSITION</b>		
<b>Net Position - beginning of year</b>	<b>\$ 477,508,804</b>	<b>\$ 477,593,470</b>
Prior Period Adjustment-GASB 84 Fiduciary Activities	\$ 761,360	
Prior Period Adjustment-NDPERS	\$ (95,671)	
<b>Net Position - end of year</b>	<b>\$ 523,791,418</b>	<b>\$ 477,508,809</b>

# Basic Financial Statements

## North Dakota State University Statement of Cash Flows For Years Ended June 30, 2021 & 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees	\$ 117,802,527	\$ 116,493,711
Grants and Contracts	61,945,018	53,976,595
Payments to suppliers	(87,414,857)	(97,158,810)
Payments to employees	(286,177,963)	(274,279,854)
Payments for scholarships and fellowships	(6,396,833)	(8,203,985)
Payments for HEERF/Cares Act Funds to Students	(3,912,585)	(3,802,374)
Loans issued to students	(45,242)	(5,913)
Collection of loans to students	1,258,844	1,312,712
Auxiliary enterprise charges	39,293,013	38,727,721
Sales and services of educational departments	29,039,822	34,471,724
Cash received (paid) on deposits	105,154	(8,814)
Other receipts (payments)	(2,993,592)	(951,615)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (137,496,694)</b>	<b>\$ (139,428,902)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$ 122,452,344	\$ 115,714,939
Federal appropriations	5,138,169	5,746,160
Grants and gifts received for other than capital purposes	34,986,439	25,317,106
Federal stimulus revenues	33,453,900	7,612,288
Direct Lending Receipts	69,077,286	50,850,794
Direct Lending Disbursements	(69,077,286)	(50,850,794)
Agency fund cash increase (decrease)	-	699,365
Transfers to Industrial Commission	(242,045)	785,903
Tax revenues	555,796	500,000
<b>Net cash provided/(used) by noncapital financing activities</b>	<b>\$ 196,344,603</b>	<b>\$ 156,375,761</b>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt	\$ -	\$ -
Capital appropriations	33,157,433	5,481,806
Capital grants and gifts received	8,228,696	9,100,648
Purchases of capital assets	(54,166,052)	(30,624,373)
Insurance proceeds	170,569	405,701
Principal paid on capital debt and lease	(10,205,673)	(8,768,838)
Interest paid on capital debt and lease	(5,393,997)	(4,599,711)
<b>Net cash provided/(used) by capital and related financing activities</b>	<b>\$ (28,209,024)</b>	<b>\$ (29,004,767)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	\$ 24,102,496	\$ 43,462,955
Interest on Investments	4,689,327	4,424,651
Purchases of investments	(24,000,000)	(41,000,000)
<b>Net cash provided/(used) by investing activities</b>	<b>\$ 4,791,823</b>	<b>\$ 6,887,606</b>
<b>Net increase (decrease) in cash</b>	<b>\$ 35,430,708</b>	<b>\$ (5,170,302)</b>
<b>Cash - Beginning of year, as restated</b>	<b>\$ 50,198,113</b>	<b>\$ 55,456,658</b>
<b>Cash - End of year</b>	<b>\$ 85,628,821</b>	<b>\$ 50,286,356</b>

**Statement of Cash Flows - Continued on Next Page**

# Basic Financial Statements

## Statement of Cash Flows - Continued

### RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	<u>2021</u>	<u>2020</u>
<b>Operating Income (loss)</b>	<b>\$ (182,114,918)</b>	<b>\$ (169,872,118)</b>
Adjustments:		
Depreciation	26,853,839	26,345,039
Other nonoperating revenues (expenses)	(990,033)	(1,112,984)
Change in assets and liabilities:		
Accounts receivable adjusted for interest receivable	(1,619,916)	1,336,670
Grant & contract receivables	(5,757,935)	(1,472,474)
Inventories	169,935	136,056
Notes receivable	1,231,207	1,294,035
Other assets	(2,290,344)	(468,715)
Accounts payable and accrued liabilities adjusted for interest payable	14,653,286	(2,634,222)
Pension Liability	56,591,604	(17,830,458)
OPEB Liability	80,412	(84,607)
Net change in deferred outflows	(38,669,359)	5,404,547
Net change in deferred inflows	(4,345,641)	15,520,774
Accrued payroll	(2,497,778)	2,943,221
Compensated absences	684,921	1,110,947
Unearned revenue	418,872	(35,799)
Deposits	105,154	(8,814)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (137,496,694)</b>	<b>\$ (139,428,902)</b>
 <b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>		
Assets acquired through capital lease	\$ 211,818	\$ 185,000
Expenses paid by capital lease / special assessments	5,214,638	616,683
Gifts of capital assets	80,000	42,500
Net Increase (Decrease) in value of investments	456,398	112,966
<b>Total non cash transactions</b>	<b>\$ 5,962,854</b>	<b>\$ 957,149</b>



## Basic Financial Statements

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### North Dakota State University Statement of Fiduciary Net Position of Custodial Funds For Year Ended June 30, 2021

	<u>2021</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 35,307
Accounts receivable, net	708,010
Total current assets	<u>\$743,317</u>
<b>Noncurrent assets</b>	
Total noncurrent assets	<u>\$ -</u>
<b>Total assets</b>	<u>\$743,317</u>
 <b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 63,562
Accrued payroll	168,203
Deposits	141,416
Total current liabilities	<u>\$373,181</u>
<b>Noncurrent liabilities</b>	
Total noncurrent liabilities	<u>\$ -</u>
<b>Total liabilities</b>	<u>\$373,181</u>
 <b>NET POSITION</b>	
Restricted for:	
Fiduciary Funds	<u>370,136</u>
<b>Total Net Position</b>	<u>\$370,136</u>

## **Basic Financial Statements**

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### **North Dakota State University Statement of Changes in Fiduciary Net Position of Custodial Funds For Year Ended June 30, 2021**

	<b><u>2021</u></b>
<b>ADDITIONS</b>	
Nongovernmental grants and contracts	2,407,998
Sales and services of educational departments	282,952
Auxiliary enterprises	500
Gifts	4,327
Total additions	<u>\$2,695,777</u>
<b>DEDUCTIONS</b>	
Salaries and wages	2,495,470
Operating expenses	71,239
Data processing	3,603
Total deductions	<u>\$2,570,312</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ 125,465</u>
<b>NET POSITION</b>	
Net position - beginning of year, as restated	<u>\$ 244,671</u>
Net position - end of year	<u>\$ 370,136</u>

# ***Notes to the Financial Statements***

***JUNE 30, 2021***

## ***Note 1 – Summary of Significant Accounting Policies***

The significant accounting policies, as summarized below, and the financial statements for North Dakota State University (NDSU) are in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles.

### **REPORTING ENTITY**

The North Dakota State Board of Higher Education (SBHE) is the governing body for North Dakota's eleven publicly supported colleges and universities. In addition to these eleven institutions, the SBHE also oversees the Agricultural Research Centers, Agronomy Seed Farm, North Dakota Cooperative Extension Service, Northern Crops Institute, School of Medicine and Health Sciences, the State Forest Service, and the Upper Great Plains Transportation Institute. The SBHE was established in 1939 when the voters of North Dakota approved an initiated measure to add Article VIII to the State Constitution. The SBHE consists of ten voting members. The Governor, with the advice and consent of the Senate, appoints seven of the eight voting members. The eighth member is a full-time resident student appointed by the Governor. A ninth member is a faculty member (non-voting) selected by the state-wide Council of College Faculties. A tenth member is a staff member (non-voting) selected by the statewide Staff Senate. The SBHE is an entity of the executive branch of the government of the State of North Dakota. The colleges and universities governed by the SBHE are collectively known and referred to as the North Dakota University System hereafter referred to as the System. The Board appoints a Commissioner of Higher Education (Chancellor) to serve as the chief executive officer of the Board and of the System. The Chancellor and the Chancellor's staff must have their principal office in the State Capitol per the North Dakota Constitution. This office is referred to as the System Office or NDUSO. The North Dakota Legislature appropriates funds it deems necessary and as required by law for those agencies and institutions authorized to exist by the constitution and statutes. Separate general ledgers are maintained for the System Office and each institution on the PeopleSoft Finance Module.

NDSU is included in the reporting entity of the North Dakota University System (NDUS). The NDUS is an entity of the executive branch of government of the State of North Dakota, and is thus a component unit of the State of North Dakota. The financial statements presented here are also included in the comprehensive annual financial report of the State of North Dakota as part of the NDUS Consolidated Statements.

NDSU was created by the North Dakota Constitution and/or North Dakota Century Code (NDCC). As stated above these entities are under the control and administration of the State Board of Higher Education. Each entity receives a separate appropriation from the North Dakota Legislature as provided by North Dakota Constitutional Article VIII, S 6(6)(e) and state statute.

### **Component Units**

The process of evaluating potential component units involves the application of criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. In accordance with GASB Statement No. 14, a financial reporting entity consists of the primary institution, organizations for which the primary institution is financially accountable and other organizations for which the nature and significance of their relationship with the primary institution are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the criteria of financial accountability. The primary institution is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary institution. Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, modifies and clarifies previously existing criteria of determining whether an organization should be reported as a component unit and how that component unit should be reported in the financial statements. The nature and significance of the organization's relationship and the extent of financial integration with the primary institution are now considered when determining potential component units. GASB Statement No. 61 amends the requirements established by GASB statement No. 14 and GASB statement No. 39 for inclusion of component units in the financial reporting entity. GASB Statement No. 61 requires a financial benefit or burden relationship in addition to a fiscal dependency.

As required by generally accepted accounting principles, the accompanying financial statements present NDSU (the primary institution) and its component units. The component units are included in NDSU's reporting entity because of the significance of their operational or financial relationships with NDSU.

The component units' financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain amounts reported on NDSU's financial statements (receivables from and payables to component units) are not reflected on the component units' financial statements. Certain amounts have been reclassified for consistent presentation.

### **Blended Component Units**

A component unit whose governing body is substantively the same as the governing body of the primary institution, a financial benefit/burden relationship exists and the entity provides services entirely or almost entirely to the primary institution or otherwise exclusively or almost exclusively benefits the primary institution even though it does not provide services directly to it, is included in the primary institutions financial statements using the blending method.

NDSU has no blended component units.

### **Discretely Presented Component Units**

The following component units are legally separate entities; however, a fiscal dependency relationship exists whereby the entity does not have the ability to complete certain essential fiscal events without substantive approval from the primary institution or due to the nature and significance of the relationship to NDSU, exclusion would render the financial statements incomplete or misleading. Although the primary institution does not control the timing or amount

of receipts from the component units, the majority of resources, or income thereon, which the entities hold and invest are restricted by the donors to the activities of the primary institution or its constituents. Therefore, these entities are discretely presented in the financial statements using FASB standards, including Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the financial report for these differences.

Component units that are significant relative to the other component units and to the primary institution are considered "major" component units and are displayed in separate columns in the component unit section of the financial statements. In this financial report, the major component units are included as supplementary information. Component units that are not significant relative to the other component units and to the primary institution are considered non-major component units and are displayed in a separate column in the component unit section of the financial statements. Note disclosures are not provided for "non-major" component units. NDSU has no non-major component units.

### **Major Component Units**

**NDSU Foundation (NDSU Foundation)** is a legally separate non-profit corporation established to raise, manage, distribute, and steward private resources to support the various priorities of NDSU. The NDSU Foundation engages in development and outreach activities on behalf of NDSU. The NDSU Foundation is governed by an Executive Governing Board comprised of 11 voting members as well as two ex-officio members – the president of NDSU and the President/CEO of the foundation.

The NDSU Foundation's fiscal year-end is December 31. Financial statements and footnote disclosures are presented as of December 31, 2020. Financial statements may be obtained at their administrative office at 1241 N. University Drive, Fargo, ND 58102.

**NDSU Research & Technology Park, Inc., (NDSU RTP)** is a legally separate non-profit organization developed to promote an economic environment dedicated to applied research and technology discovery for the benefit of NDSU, its faculty and staff and students and the citizens of North Dakota. The majority of the NDSU RTP's board of directors (eight of eleven) works in private industry. Officers of NDSU fill the remaining three positions. The President of NDSU serves as president of the board of directors and has control over final building plans for any new building at the NDSU RTP. Financial statements may be obtained at their administrative office at 1854 NDSU Research Circle North, Fargo, ND 58102.

### **Non-major Component Units**

North Dakota State University has no Non-major Component Units.

### JOINT VENTURES

#### Tri-College University

Tri-College University (TCU) is a legally separate organization organized exclusively for educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. TCU's purpose is to assist in the establishment and maintenance of coordinated programs between Concordia College, Minnesota State University Moorhead, Minnesota State Community and Technical College – Moorhead, NDSCS and NDSU, as a means of maximizing higher educational services for the region. The organization serves as an agency through which resources are received and dispensed to supplement the educational endeavors of the five-member institutions. The organization also serves as a means for promoting and strengthening existing and potential educational programs and courses. A ten-member board of directors, including the presidents of the five universities, manages the TCU. All property, funds and income of the organization are held for the exclusive use and benefit of the participating institutions. Administration of funds and other resources received by TCU for use in connection with specific programs at NDSU are the responsibility of the university. As of June 30, 2021, the TCU had net position of approximately \$870,000 and is not considered a financial burden to NDSU. The financial activity of this organization is not reflected in the accompanying financial statements. Financial statements for the TCU may be obtained at their administrative office at NDSU, Renaissance Hall, 650 NP Avenue 110, Fargo, ND 58102.

### INSIGNIFICANT COMPONENT UNITS

The following organizations are component units of NDSU but have been deemed insignificant due to small total assets and revenues. Entities in this category had less than 1.0 percent each in total assets compared to total NDUS assets and less than 10 percent in payments to or from the primary institution. Separate boards of directors control these entities. In addition, the institution does not exercise financial or administrative control over these entities and/or the entities' relationship with the primary institution is not significant enough to warrant inclusion in the reporting entity's financial statements. The related organizations at June 30, 2021 were:

NDSU Research Foundation

NDSU Team Makers, Inc.

Alliance for Arts & Humanities

### BASIS OF PRESENTATION

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, issued in June and November, 1999, as amended by GASB Statement Nos. 36, 37 and 38. The System follows the "business-type activities" (BTA) reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the System's activities.

### **BASIS OF ACCOUNTING**

The financial statements of North Dakota State University have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and are presented to provide a comprehensive entity-wide perspective of NDSU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

### **FIDUCIARY FUNDS**

NDSU accounts for activities resulting from NDSU acting as an agent or fiduciary for various organizations as custodial funds.

### **UNRESTRICTED NET POSITION**

Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at each institution.

### **RESTRICTED ASSETS**

The System, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Also, included are unspent bond proceeds that will be expended for construction of capital assets.

### **REVENUE AND EXPENSE RECOGNITION**

The System presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the System.

Operating revenues include all charges to customers, grants received for student financial assistance, research contracts and grants, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the System. Pell Grant revenues are considered non-operating revenues. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the System, as well as investment income, are considered non-operating since these are either investing, capital or noncapital financing activities. Operating expenses are expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities.

### **BUDGETARY PROCESS**

The State of North Dakota operates through a biennial appropriation. Legislation requires the SBHE to present a single unified budget request covering the needs of all the institutions under its control to the Governor through the Director of the Office of Management and Budget (OMB). The Governor is required by legislation to present his budget to the General Assembly at the beginning of each session. The General Assembly enacts the budget of the various institutions through the passage of specific appropriation acts. Before signing the appropriation acts, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the state's financial plan for the next two years.

The SBHE allocates contingency and capital emergency funding within guidelines provided by the General Assembly. Any funds received by the SBHE and entities of the System pursuant to federal acts, private grants, and other sources not deposited in the operating funds in the state treasury are appropriated for the biennial period. The SBHE has the authority to transfer funds between line items by notifying OMB in writing, with the exception that the SBHE may not approve transfers from any capital assets line item except as specifically provided by the General Assembly.

The North Dakota Constitution prohibits any transfers between institutions, even by the legislature. Institutions within the System do not use encumbrance accounting. The legal level of budgetary control is at the institutional line item level, with administrative controls established at lower levels of detail in certain instances.

SBHE policy requires each college or university to submit a biennial budget for SBHE approval and annual budgets to be approved by the Chancellor. These budgets are prepared on an accrual basis and include activity relative to current funds and unexpended plant funds. These annual budgets are prepared within the framework of the legislative-approved appropriations and become each institution's financial plan for the coming year. The SBHE allows each institution's discretion in transferring funds between departments.

### **CASH AND CASH EQUIVALENTS**

This classification includes cash on-hand, cash in-bank, regular and money market savings accounts, and certificates of deposit and time saving certificates (original maturity of 3 months or less). For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the University's endowment, unspent bond proceeds and cash restricted by bond covenants are included in non-current restricted cash.

### **INVESTMENTS**

Investments consist of certificates of deposit (maturity greater than three months), U.S. Treasuries, bonds, stocks and other securities held by trust departments or broker dealers and investments in real estate. Investments are reported at fair value for year-end financial reporting. Fair value is the amount at which an investment could be exchanged between two willing parties, which for financial reporting purposes is based on quoted market prices. The net increase (decrease) in the fair value of investments is recognized as a part of investment income. Investments are classified as Investments, if the maturity date is more than three months to one year, or as Other Long-term Investments, if the maturity date is more than one-year from the date of the financial statements. Investments restricted by bond covenants or



## Notes to the Financial Statements – June 30, 2021

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invested from bond proceeds are classified as Restricted Investments. Investments held by endowment funds are classified as Endowment Investments.

Investments are measured at fair value using the hierarchy established by generally accepted accounting principles. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

### RECEIVABLES

Accounts receivables include tuition, fees, food service, room and board charges and apartment rent; and accrued interest on investments. Grants and contracts receivables include federal and private grants and contracts revenue and state grants and other income due from other state agencies. Loan fund notes receivable represents amounts due from students for Perkins and other federal loans, and other institutional loans. Net receivables are shown on the basic financial statements. The allowances for doubtful accounts/notes are detailed in *Note 3*.

### INVENTORIES

Inventories held for resale in auxiliaries (including food, books and other merchandise) and unrestricted physical plant supplies are generally stated at the lower of cost (generally determined on the first-in, first-out, or moving weighted average method) or fair market value.

### CAPITAL AND INTANGIBLE ASSETS

Land, buildings, equipment, and other property are stated at historical cost, with the exception of property acquired prior to July 1, 1964 which are stated at appraised values. Professional consultants for the purposes of insurance and financial record keeping evaluated these assets. Library books and periodicals are stated at an estimated inventory value as of June 30, 1974, with subsequent additions at cost and deletions at an average cost.

Capital assets, including purchased software with a unit cost of \$5,000 or greater and all library books, are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is not allocated to the functional categories. Intangible assets, excluding purchased software, with a unit cost of \$25,000 or more are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Internally

## *Notes to the Financial Statements – June 30, 2021*

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developed intangible assets with a unit cost of \$50,000 or more are recorded at cost and are amortized.

The composite method is used for library book depreciation. All books purchased during a year are consolidated together and depreciated as a group of assets rather than individually. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized, net of interest income earned on resources set aside for the construction or remodeling costs. Certain reserves have been established by bond indenture for the repayment of revenue bond indebtedness. Such reserves are recorded in the appropriate restricted assets category (cash/investments) and as “net position restricted for debt service” on the Statement of Net Position.

Depreciation and intangible amortization is calculated using the straight-line method over the following estimated useful lives:

Land Improvements	10 – 50 years
Infrastructure	20 – 60 years
Buildings	10 – 120 years
Equipment	3 – 20 years
Internally developed software	2 – 10 years
Purchased software	3 – 5 years
Other Intangibles	3 – 20 years
Library Books	10 years

### **DEPOSITS**

Money received in advance for subsequent year’s residence hall and apartment reservations and funds held by the institution in a fiduciary capacity are classified as deposits.

### **COMPENSATED ABSENCES**

Annual and sick leave are a part of permanent employees’ compensation as set forth in NDCC section 54-06-14. In general, accrued annual leave cannot exceed 30 days at each calendar year end while accrued sick leave is not limited. Employees are entitled to earn leave based on tenure of employment, within a range from a minimum of one working day, to a maximum of two working days per month, established by the rules and regulations adopted by the employing unit. Employees are paid for all unused annual leave upon termination or retirement. Employees who vest at 10 years of credible service are paid one-tenth of their accumulated sick leave upon termination or retirement. Compensated absences are accrued when earned.

### **PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS’ fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Notes to the Financial Statements – June 30, 2021

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### OTHER POST-EMPLOYMENT BENEFITS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### SCHOLARSHIP ALLOWANCES

Student tuition and fees, and certain other revenues received from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net position. Scholarship discounts and allowances are the difference between the System's state rates and charges and the amount actually paid by students and/or third parties making payments on behalf of students. Under this approach, scholarships, waivers and grants are considered as reductions in tuition and fee revenues rather than as expenses. Therefore, student tuition and fees and auxiliary revenues are presented net of scholarships applied to student's accounts.

### NET POSITION

Net position is classified according to external donor restrictions or availability of assets for satisfaction of University obligations. Restricted Net Position represent funds that have been restricted for specific purposes by donors or granting agencies for scholarships and fellowships, instructional department uses, loan funds, debt service and other. Unrestricted Net Position is all other funds available at the discretion of the University. Invested in Capital Assets represents the cost or gifted value of buildings, equipment, land improvements and infrastructure, less accumulated depreciation and related outstanding debt.

### Restatement of Beginning Net Position

	<b>Primary Institution</b>
<b>Fiscal 2021</b>	
<b>Net Position, Beginning of the year, as previously reported</b>	\$ 477,508,809
GASB 84 Fiduciary Activities - Change in accounting method	\$ 761,360
NDPERS - Other Adjustment	\$ (95,671)
Rounding difference between 2020 & 2021 audit reports	(5)
<b>Net Position, Beginning of the year, as restated</b>	<b>\$ 478,174,493</b>

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates of such items as allowances for uncollectible accounts, scholarship allowances, accrued expenses and other liability accounts.

### **New Accounting Pronouncements**

#### Accounting Standards Implemented

In June 2017, GASB issued Statement No. 84, “Fiduciary Activities”. This statement is effective for periods beginning after December 15, 2020.

In June 2020, the GASB issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32.” The statement is effective for periods beginning after June 15, 2021.

#### Accounting Standards Issued but Not Yet Implemented

In June 2017, the GASB issued Statement No. 87, “Leases.” The statement is effective for reporting periods beginning after June 15, 2021.

In April 2018, the GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”. The statement is effective for reporting periods beginning after June 15, 2020.

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. The statement is effective for reporting periods beginning after December 30, 2021.

In August 2018, the GASB issued Statement No. 90, “Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61”. The statement is effective for reporting periods beginning after December 30, 2020.

In May 2019, the GASB issued Statement No. 91, “Conduit Debt Obligations”. The statement is effective for periods beginning after December 15, 2022.

In January 2020, the GASB issued Statement No. 92, “Omnibus 2020”. The statement is effective for periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93, “Replacement of Interbank Offered Rates”. The statement contains staggered implementation dates of for periods beginning after June 15, 2020, December 31, 2022 and June 15, 2022.

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The statement is effective for periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements”. The statement is effective for periods beginning after June 15, 2022

Management is in the process of evaluating whether these GASB statements will be applicable to NDSU and the impact they may have on NDSU’s financial statements.

### ***Note 2 – Deposits & Investments***

#### **LIMITATIONS**

North Dakota Century Code (NDCC) governs the deposit and investment policies of the University. NDCC Section 6-09-07 states, “All state funds...must be deposited in the Bank of North Dakota (BND) ...or must be deposited in accordance with constitutional and statutory provisions.”

In addition, NDCC Section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. NDCC Section 15-10-12 allows the System to receive donations, gifts, grants and bequests. These funds must be used for the specific purpose for which they are donated or given and must be deposited in the Bank of North Dakota.

NDCC Sections 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The SBHE may invest such funds in direct obligations of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

## Notes to the Financial Statements – June 30, 2021

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### DEPOSITS

Cash and Cash Equivalents are reported on the Statement of Net Position for June 30, 2021 as follows:

Deposits	Carrying Amount	Bank Balance	Uninsured Bank Balance		
			(A)	(B)	(C)
<b>Statement of Net Position</b>					
Total Cash Deposits at BND	\$ 81,860,572	\$ 84,361,807	\$ 84,361,807		
CDs at BND	93,000,000	93,000,000	93,000,000		
Total Cash Deposits at Other	3,708,790	3,696,774		3,313,797	
CDs at Other					
<b>Total Deposits</b>	<b>\$ 178,569,362</b>	<b>\$ 181,058,581</b>	<b>\$ 177,361,807</b>	<b>\$ 3,313,797</b>	<b>-</b>
Cash on Hand/Petty Cash	59,460				
Less amts reported as investments	(93,000,000)				
Cash & Cash Equivalents-SNP	<u>\$ 85,628,822</u>				
<b>Statement of Fiduciary Net Position</b>					
Total Cash Deposits at BND	\$ 35,307	\$ 35,307	\$ 35,307		
CDs at BND					
Total Cash Deposits at Other					
CDs at Other					
<b>Total Deposits</b>	<b>\$ 35,307</b>	<b>\$ 35,307</b>	<b>\$ 35,307</b>	<b>\$ -</b>	<b>-</b>
Cash on Hand/Petty Cash	-				
Less amts reported as investments	-				
Cash & Cash Equivalents-SFNP	<u>\$ 35,307</u>				

(A) - Uninsured and uncollateralized.

(B) - Uninsured and collateralized with securities held by the pledging financial institution but not in the institution's name.

(C) - Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the institution's name.

## Notes to the Financial Statements – June 30, 2021

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### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. The System does not specifically address policies concerning custodial credit risk and while the deposits in the Bank of North Dakota are backed by the State of North Dakota, they are deemed to be uninsured and uncollateralized by GASB definition. As of June 30, 2021, \$568.1 million of the System's bank balance of \$570.3 million was exposed to custodial credit risk as follows:

#### Statement of Net Position:

Uninsured and uncollateralized	\$563.9 million
Uninsured and collateral held by pledging bank not in system's name	\$ 3.4 million

#### Fiduciary Funds:

Uninsured and uncollateralized	\$835,000
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### Investments

Investments are reported at fair value (market). The balances at June 30, 2021, are:

Account	Market Value	Maturities from June 30			
		Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
<b>Debt Securities:</b>					
US Treasuries	\$ -	\$ -	\$ -	\$ -	
Mutual Bond Funds	111,361		111,361		
Money market mutual funds	29				29
Total Securities w/ Maturities	\$ 111,390	\$ -	\$ 111,361	\$ -	\$ 29

#### Other Invest Types:

Stocks	\$ 685,292
Exchange Traded Funds	828,796
Equity Mutual Funds	-
BND Cd's Credit risked as investments but reported as deposits	93,000,000
Investment in Real Estate	6,180,082
Total reported on SNP	\$ 100,805,560

## Notes to the Financial Statements – June 30, 2021

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### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Per NDCC the University is limited to investing funds with the Bank of North Dakota, with the exception of gifts governed by an endowment agreement. Accordingly, the University does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The University chooses terms based on maximizing the return within the limits of their cash flow needs. The University relies on brokers to provide year-end market values for the investments held with those brokers.

### Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligation. As of June 30, 2021, the University's debt portfolio (excluding US Treasuries and US Agencies) included Standard & Poor's quality ratings as follows:

Investment Type	Market Value	Credit Quality Rating	
		AAA	Not Rated
<b>Debt Securities:</b>			
Mutual Bond Funds	\$ 111,361		\$ 111,361
Money market mutual funds	29	\$ 29	
Total	\$ 111,390	\$ 29	\$ 111,361

NDSU categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

### Fair Value Hierarchy

In accordance with GASB Statement No. 72, assets are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.



## Notes to the Financial Statements – June 30, 2021

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The balances of assets measured at fair value on a recurring basis at June 30, 2021 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Equity Securities	\$ 685,292			\$ 685,292
Exchange Traded Funds	\$ 828,796			\$ 828,796
Mutual Bond Funds	\$ 111,361			\$ 111,361
Real Estate			\$ 6,180,082	\$ 6,180,082
<b>Total</b>	<u>\$ 1,625,449</u>	<u>\$ -</u>	<u>\$ 6,180,082</u>	<u>\$ 7,805,531</u>

### Note 3 – Receivables

Receivables at June 30, 2021 consist of the following amounts:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
<b>Statement of Net Position</b>			
Student & General	\$ 9,669,489		\$ 9,669,489
Interest Receivable	392,818		392,818
Allowance for doubtful Accts	(3,290,310)		(3,290,310)
Total Accounts Receivable, Net	<u>\$ 6,771,997</u>		<u>\$ 6,771,997</u>
Grants & Contracts Receivable	\$ 12,302,915		\$ 12,302,915
Due from Other State Agencies	9,175,591		9,175,591
Total Grants & Contracts Receivable, Net	<u>\$ 21,478,506</u>		<u>\$ 21,478,506</u>
Student	\$ 1,092,451	\$ 2,851,662	\$ 3,944,113
Allowance for Doubtful Notes	(130,880)	(327,886)	(458,766)
Total Notes Receivable, Net	<u>\$ 961,571</u>	<u>\$ 2,523,776</u>	<u>\$ 3,485,347</u>
<b>Statement of Fiduciary Net Position</b>			
Student & General	\$ 708,010		\$ 708,010
Allowance for doubtful Accts	0		0
Total Accounts Receivable, Net	<u>\$ 708,010</u>		<u>\$ 708,010</u>

## **Note 4 – Endowment Funds**

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a (7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, campuses have differing policies with respect to spending investment income and net appreciation on endowment funds. NDSU determines the spending of endowment earnings based on an annual evaluation.

Net appreciation on investments is available for expenditure and consists of the following at June 30, 2021: \$566,447 reflected in net position as expendable scholarships and fellowships.

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Land Department. The annual proceeds from assets held by the State Land Commissioner are deposited into the University's operating fund at the State Treasury and are used for current operating purposes.

## Note 5 – Capital & Intangible Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	\$ 10,552,252				\$ 10,552,252
Construction in Progress	30,523,337	\$ 29,462,822		\$ (2,084,884)	57,901,275
<b>Total non-depreciable capital assets</b>	<b>\$ 41,075,589</b>	<b>\$ 29,462,822</b>	<b>\$ -</b>	<b>\$ (2,084,884)</b>	<b>\$ 68,453,527</b>
Land Improvements/infrastructure	\$ 66,972,165	\$ 3,743,675			\$ 70,715,840
Buildings	635,225,945	8,357,596		\$ 2,084,884	645,668,425
Furniture, fixtures, and equipment	157,221,285	16,206,417	\$ 6,554,869		166,872,833
Intangibles:					
<i>Computer Software</i>	1,098,998	20,710			1,119,708
<i>Other</i>	642,410				642,410
Library Materials	16,295,573	107,582	54,992		16,348,163
<b>Total Depreciable Capital Assets</b>	<b>\$ 877,456,376</b>	<b>\$ 28,435,980</b>	<b>\$ 6,609,861</b>	<b>\$ 2,084,884</b>	<b>\$ 901,367,379</b>
<b>Less accumulated depreciation and amortization</b>					
Land Improvements/infrastructure	\$ 39,405,659	\$ 1,378,554			\$ 40,784,213
Buildings	234,548,781	16,876,327			251,425,108
Furniture, fixtures, and equipment	109,055,898	8,234,039	5,564,631		111,725,306
Intangibles:					
<i>Computer Software</i>	980,601	38,284			1,018,885
<i>Other</i>	327,877	32,120			359,997
Library Materials	15,324,197	294,515	54,992		15,563,720
<b>Total accumulated depreciation and amortization</b>	<b>\$ 399,643,013</b>	<b>\$ 26,853,839</b>	<b>\$ 5,619,623</b>	<b>\$ -</b>	<b>\$ 420,877,229</b>
<b>Total depreciable capital assets, net</b>	<b>\$ 477,813,363</b>	<b>\$ 1,582,141</b>	<b>\$ 990,238</b>	<b>\$ 2,084,884</b>	<b>\$ 480,490,150</b>
<b>Capital Assets, net</b>	<b>\$ 518,888,952</b>	<b>\$ 31,044,963</b>	<b>\$ 990,238</b>	<b>\$ -</b>	<b>\$ 548,943,677</b>

## Notes to the Financial Statements – June 30, 2021

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Construction in progress for the year ended June 30, 2021 was as follows:

Project	Amount	Expended	Expended	Authorized
	Authorized	(CIP Balance)	(non-capitalized to bldgs)	Balance
<b><u>Building Projects:</u></b>				
<b>Main Campus</b>				
Sudro (Aldevron) Building Construction	28,000,000	24,535,665	13,480	\$ 3,450,855
Sudro (Aldevron) FFE	1,214,464	941,315		\$ 273,149
Indoor Practice Facility	37,200,000	1,692,107		\$ 35,507,893
Dunbar Hall II (Sugihara Hall)	51,200,000	28,929,083	33,632	\$ 22,237,285
Dunbar Hall II (Sugihara Hall) - HVAC	34,085	34,085		\$ -
Agriculture Products Development Center	60,000,000	91		\$ 59,999,909
<b>Ag Experiment Station</b>				
Williston REC Seed Cleaning Plant	2,250,000	1,768,929		\$ 481,071
<b>Construction in Progress Total</b>	<b><u>\$ 179,898,549</u></b>	<b><u>\$ 57,901,275</u></b>	<b><u>\$ 47,112</u></b>	<b><u>\$ 121,950,162</u></b>

## Note 6 – Accounts Payable & Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2021:

### Statement of Net Position

Accounts Payable	\$ 15,517,213
Due to other state agencies	7,087,174
Sales Tax Payable	17,028
Accrued Interest	1,011,542
Contractor Payable/Retainage	2,379,008
Total Payables & Accrued Liabilities	<u>\$ 26,011,965</u>

### Statement of Fiduciary Net Position

Accounts Payable	\$ 63,562
Total Payables & Accrued Liabilities	<u>\$ 63,562</u>

## Notes to the Financial Statements – June 30, 2021

### Note 7 – Long-Term Liabilities

The changes in long-term liabilities during fiscal year 2021 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Non-Current Portion
Bonds Payable	\$ 112,906,881	\$ -	\$ 5,272,756	\$ 107,634,125	\$ 5,497,755	\$ 102,136,370
Due to CU - Bonds Payable	13,370,000	-	1,370,000	12,000,000	1,390,000	10,610,000
Capital Leases	4,240,238	211,818	753,590	3,698,466	839,424	2,859,042
Due to CU - Capital Leases	11,851,384	-	906,384	10,945,000	805,000	10,140,000
Special Assessments	3,359,521	5,214,638	2,170,699	6,403,460	176,771	6,226,689
Compensated Absences	14,594,924	684,922	-	15,279,847	1,346,155	13,933,692
<b>Total</b>	<b>\$ 160,322,948</b>	<b>\$ 6,111,378</b>	<b>\$ 10,473,429</b>	<b>\$ 155,960,898</b>	<b>\$ 10,055,105</b>	<b>\$ 145,905,793</b>

### Note 8 – Bonds Payable

Revenue bonds are limited obligations of the University. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Amounts held by the trustee specifically for payment on bonds are reflected in Net Position, Restricted for Debt Service.

The summary of outstanding obligations of NDSU, as of June 30, 2021 is presented below and the detail is presented in the Supplementary Information section following these notes.

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Original Amount of Issue</u>	<u>Bonds Outstanding 6/30/2020</u>	<u>Bond Principal paid this Fiscal Year</u>	<u>Bonds Outstanding 6/30/2021</u>
<u>Housing and Auxiliary System Revenue Bonds:</u>						
2012A Refunding (Series 2002 LLC Bonds)	3/1/2012	4/1/2027	\$ 5,730,000	\$ 2,910,000	\$ 385,000	\$ 2,525,000
2014A Refunding (Series 2004 Bison Court)	4/1/2014	4/1/2034	8,340,000	6,350,000	370,000	5,980,000
2015A Refunding (Series 2005, 2006A & B)	2/5/2015	4/1/2036	21,195,000	13,350,000	1,735,000	11,615,000
2015B Aquatic Addition (Series 2004 Bison Court)	6/24/2015	4/1/2035	9,355,000	7,700,000	380,000	7,320,000
2016A Refunding (Series 2007 LLCE/Ceres)	8/2/2016	4/1/2037	10,405,000	8,880,000	415,000	8,465,000
2017A Cater Hall (New Issue)	7/26/2017	4/1/2047	48,770,000	47,825,000	995,000	46,830,000
2017B Refunding (Series 2009 Niskanen/WDC)	7/26/2017	4/1/2039	22,755,000	20,970,000	725,000	20,245,000
Subtotal - NDSU			\$ 126,550,000	\$ 107,985,000	\$ 5,005,000	\$ 102,980,000
<u>NDSU Research &amp; Tech Park, Inc.</u>						
Series 2016 Refunding, Research 1 and 2 (Series 2007A & B, R1 and R2)	7/27/2016	5/1/2032	\$ 18,790,000	\$ 13,370,000	\$ 1,370,000	\$ 12,000,000
Subtotal - NDSU Research & Tech Park, Inc.			\$ 18,790,000	\$ 13,370,000	\$ 1,370,000	\$ 12,000,000
<b>GRAND TOTAL BONDS PAYABLE</b>			<b>\$ 145,340,000</b>	<b>\$ 121,355,000</b>	<b>\$ 6,375,000</b>	<b>\$ 114,980,000</b>

## Notes to the Financial Statements – June 30, 2021

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### Refunding and Defeased Bonds

The purpose of a refunding bond is to refund in advance of maturity another bond issue. Under an advanced refunding arrangement, refunding bonds are issued, and the net proceeds plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds. As a result, trust account assets and liabilities for the defeased bonds are not included in the University's financial statements.

### Scheduled Maturities of Bonds Payable

Fiscal Year	Principal	Interest	Total
2022	6,887,755	4,173,284	11,061,039
2023	6,642,755	3,906,654	10,549,409
2024	6,612,755	3,637,550	10,250,305
2025	5,622,755	3,373,160	8,995,915
2026	5,852,755	3,145,041	8,997,795
2027 - 2031	30,256,149	12,389,415	42,645,563
2032 - 2036	27,021,859	7,568,047	34,589,906
2037 - 2041	15,632,165	4,005,638	19,637,803
2042 - 2046	12,381,677	1,772,225	14,153,902
2047 - 2051	2,723,501	93,975	2,817,476
	<u>\$ 119,634,125</u>	<u>\$ 44,064,988</u>	<u>\$ 163,699,113</u>

### Note 9 – Certificates of Participation

The University does not have any outstanding certificates of participation as of June 30, 2021.

### Note 10 – Notes Payable

The University does not have any outstanding notes payable as of June 30, 2021.

## Notes to the Financial Statements – June 30, 2021

### Note 11 – Capital Leases

The University leases various types of capital assets under capital lease agreements. Capital leases give rise to property rights and lease obligations and therefore, the assets under lease are recorded as assets of the institution and the lease obligation is recognized as a liability. The leases have varying interest rates with maturities to fiscal 2037.

A summary of the Capital Lease & Due to Component Unit activity for fiscal 2021 is as follows:

LEASE NUMBER	Lease Start Date	DESCRIPTION	Terms (in Months)	PRINCIPAL			PRINCIPAL
				BALANCE DUE 6/30/2020	PRINCIPAL NEW LEASES	PRINCIPAL PAID	BALANCE DUE 6/30/2021
<b>Capital Leases</b>							
0573	06/24/12	Bank of America-Energy Savings Performance Contract	168	\$ 3,539,765		\$ 541,089	\$ 2,998,676
0644	08/17/16	Wells Fargo-Athletics Scoreboard/Media System	84	515,473		164,238	351,235
0683	04/01/20	Bank of America - Tractor Case Puma IH 200	61	145,000		28,374	116,626
0684	04/01/20	Bank of America - Air Drill Case IH PD500	20	40,000		19,889	20,111
0694	07/21/20	Bank of America - Spectrometer	36		131,218	-	131,218
0695	08/21/20	Bank of America - John Deere Utility Tractor	60		80,600	-	80,600
				\$ 4,240,238	\$ 211,818	\$ 753,590	\$ 3,698,466
<b>Due to Component Units - Capital Leases</b>							
0465	10/10/05	NDSU Foundation-Fargodome-Paid from Gifts @ NDSUDF	180	\$ 131,384		\$ 131,384	\$ -
0476	07/01/05	NDSU Foundation-Renaissance Hall	303	3,565,000		275,000	3,290,000
0586	05/01/12	US Bank for NDSU Foundation-Barry & Klai Hall	295	8,155,000		500,000	7,655,000
				\$ 11,851,384	\$ -	\$ 906,384	\$ 10,945,000
		Grand Total		\$ 16,091,622	\$ 211,818	\$ 1,659,974	\$ 14,643,466

### Scheduled Maturities of Capital Leases & Due to Component Units

Fiscal Year	Principal	Interest	Total
2022	1,644,424	504,295	2,148,718
2023	1,527,285	450,955	1,978,241
2024	1,393,596	398,462	1,792,058
2025	1,400,625	352,369	1,752,994
2026	1,412,536	305,168	1,717,703
2027 - 2031	3,985,000	1,002,357	4,987,357
2032 - 2036	2,675,000	397,100	3,072,100
2037 - 2041	605,000	12,100	617,100
	\$ 14,643,466	\$ 3,422,805	\$ 18,066,272

## Note 12 – Other Long-Term Liabilities

### SPECIAL ASSESSMENTS

The institutions receive special assessments from the city or county for improvements made to roads and infrastructure owned by the city or county that are adjacent to or on campus property.

### Scheduled Maturities of Special Assessments

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	176,771	272,443	449,214
2023	184,383	264,842	449,225
2024	192,327	256,911	449,238
2025	200,615	248,635	449,250
2026	209,263	239,999	449,262
2027 - 2031	1,177,109	1,057,038	2,234,147
2032 - 2036	1,396,552	784,353	2,180,905
2037 - 2041	1,546,927	477,802	2,024,729
2042 - 2046	1,319,513	138,073	1,457,586
	<u>\$ 6,403,460</u>	<u>\$ 3,740,095</u>	<u>\$ 10,143,555</u>

### Compensated Absences

The compensated absences liability as of June 30, 2021 consists of accumulated unpaid annual leave, compensatory time, payable portion of accumulated sick leave, personal holiday hours, and Saturday/legal holiday hours earned and vested. Compensated absences for employees at June 30, 2021 and 2020 totaled \$15,279,847 and \$14,594,924, respectively. Leave policies restrict the accumulation of unused vacation and thus limit the actual payments made to employees upon termination or retirement.



## Note 13 – Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows as of June 30, 2021 consist of the following:

### Deferred Outflows

Pension	\$ 54,508,880
Other post-employment retirement benefits	803,417
Debt Refunding	2,115,429
	<u>\$ 57,427,726</u>

### Deferred Inflows

Pension	\$ 15,278,865
Other post-employment retirement benefits	196,769
Debt Refunding	2,653
Grant amounts received prior to meeting time requirements	871,289
	<u>\$ 16,349,576</u>

## Note 14 – Retirement Benefits

### NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

### Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced

monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

### **Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

### **Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

### **Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7 percent and employer contribution rates are 7.12 percent of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7 percent and employer contribution rates are 8.26 percent of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or \$25

13 to 24 months of service – Greater of two percent of monthly salary or \$25

25 to 36 months of service – Greater of three percent of monthly salary or \$25

Longer than 36 months of service – Greater of four percent of monthly salary or \$25

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For additional information on this topic see the audited NDUS Financial Statements for the year ended June 30, 2021.

### **TIAA RETIREMENT PLAN**

#### **Description of Plan**

This is a privately administered defined contribution retirement plan which provides individual retirement fund contracts for eligible employees as defined by the SBHE in its approved TIAA retirement resolution. All benefits vest immediately to the participant. The SBHE has the authority for establishing or amending plan provision and establishing or amending contribution requirements. Further information can be obtained by writing to TIAA; Denver Regional Office; 1700 Broadway, Suite 770; Denver, Colorado 80290 or by calling 800-842-2009.

#### **Funding Policy**

The plan requires employee and employer contributions be based on a classification system and years of service based on the following schedule. Beginning, January 1, 2014 contributions in class I and II increased from 3.5 percent to 4.5 percent for participant contributions and from 11.5 percent to 12.5 percent for institution contributions for employees with zero to ten years of service. Contributions for employees with more than ten years of service increased from 4.0 percent to 5.0 percent for participant contributions for employee contributions and from 12.0 percent to 13.0 percent for institution contributions.

## Notes to the Financial Statements – June 30, 2021

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Employment Class	Years of Service	Contributions by the Participant	Contributions by the Institution
I and III	0 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
II	0 thru 2	3.5%	7.5%
	3 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
IV	Closed to new participants	4.0%	12.0%
President/Chancellor (additional employer contribution)	less than 3	0.0%	0.0%
	3 to less than 6	0.0%	4.0%
	6 yrs and over	0.0%	8.0%

Plan contributions are made on a tax-deferred basis in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. NDSU has no further liability once annual contributions are made. NDSU contributed \$16.2 million to TIAA-CREF during the fiscal year ending June 30, 2021.

### **Note 15 – Post-Employment Benefits**

#### **State Group Health Plan**

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14 percent of covered compensation.

See the audited NDUS Financial Report for the year ended June 30, 2021 for additional information.

## Note 16 – Termination Benefits

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, because of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates. There is no future liability for these arrangements at June 30, 2021.

## Note 17 - Construction Commitments and Financing

The institutions have contracted for various construction projects as of June 30, 2021.

Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Project	Construction Commitments June 30, 2021			Funding for remaining costs		
	Contracts Awarded	Expended Through June 30, 2021	Total Cost To Complete	State Sources	Institutional Funds	Other Sources
<b>Main Campus</b>						
Sugihara (Science) Hall	\$ 42,053,897	\$ 26,073,096	\$ 15,980,801			\$ 15,980,801
Indoor Practice Facility	26,391,170	-	26,391,170			26,391,170
Sudro Hall	22,252,135	22,211,260	40,875			40,875
RDC Kitchen Updates	1,117,250	545,813	571,437			571,437
Ellig Sports Complex	2,780,438	752,769	2,027,669			2,027,669
Ladd Hall Reroof/Tuckpointng	736,929	449,321	287,608	95,860	\$ 191,748	
Bolley Drive Replacement	444,171	386,546	57,625			57,625
SF-W-BC Parking Lots	2,225,055	1,903,767	321,287			321,287
Admin Ave Street Replacement	498,191	349,036	149,155	49,713		99,442
<b>Experiment Station &amp; RE Centers</b>						
North Central Seed Cleaning Facility	951,363	951,363	-			
Willitson Seed Cleaning Facility	1,317,634	1,317,634	-			
Hay Shed	99,754	99,754	-			
Oakes Pesticide Facility	151,000	151,000	-			
Ag Service Center	672,143	141,552	530,591			530,591
	<u>\$ 101,691,130</u>	<u>\$ 55,332,912</u>	<u>\$ 46,358,218</u>	<u>\$ 145,573</u>	<u>\$ 191,748</u>	<u>\$ 46,020,897</u>

## **Note 18 - Component Unit Transactions**

### **MAJOR COMPONENT UNITS**

#### **NDSU Research and Technology Park, Inc. (NDSU RTP)**

On December 30, 1999, NDSU through the State of North Dakota and the SBHE entered into a ground lease, whereby the NDSU RTP leases 40 acres of land for \$1 per year for the next seventy-five years.

On July 1, 2002, NDSU and NDSU RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2017, NDSU and NDSU RTP entered into renewed agreements, whereby NDSU leases the Research Buildings I and II through June 30, 2032. During fiscal year 2021, total annual rent of \$312,000 was paid by NDSU for these two buildings, in addition to the \$1.78 million of principal and interest paid by NDSU directly to the bond trustee. NDSU reimbursed NDSU RTP \$36,644 for property insurance on the two buildings and directly pays the utility costs under these agreements. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

During fiscal year 2020, NDSU and the RTP entered into an agreement where NDSU RTP creates, maintains, and operates makerspace at the Park to help recruit and educate future leaders in the STEM fields. Under the agreement NDSU will pay the RTP \$90,000 per year. During fiscal 2021, NDSU paid the NDSU RTP \$90,000 for this service.

#### **NDSU Foundation (The Foundation)**

##### **Fargodome Lease and Improvements**

In fiscal year 2006, the Foundation financed the construction and equipping of office space, locker rooms, meetings rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The Foundation has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the Foundation for use of the premises. The amount of the rent is tied to the \$3.5 million debt service retirement plus the Fargodome annual space rent and all costs incurred by the Foundation incident to the lease, less any contributions received by the Foundation for the project. Under this agreement in fiscal year 2021, the Foundation paid the debt service and other fees on behalf of NDSU in the amount of \$331,567.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the Foundation. Since the foundation is a discretely presented component unit of the System and the component unit and the System are reporting the same assets and debt for the Fargodome improvements, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

### **Renaissance Hall**

The former Northern School Supply building was donated to the Foundation by NDSU alumni in December of 2001. During fiscal year 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation, permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$414,201 in fiscal year 2021 for debt service under this agreement. As of June 30, 2021, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$3.3 million.

### **Barry Hall Business Building and Klai Hall Architecture Building**

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of twenty-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payments on the fixed rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property.

The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for the entire amount of the previously issued bonds. During fiscal year

## Notes to the Financial Statements – June 30, 2021

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2021, NDSU paid \$767,447 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2021, the outstanding balance on the bonds, reflected as “Due to Component Units” by NDSU, is \$7.7 million.

### Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$830,546 for the fiscal year ending December 31, 2020.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$115,186 during the fiscal year ending December 31, 2020.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2021.

The Foundation’s fiscal year end is December 31, NDSU’s year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

## Note 19 – Pledged Revenues

Pledged revenue required for  
future principal and interest  
on existing bonds

\$ 144,561,923

Term of commitment ranging from

2023-2047

Percentage of revenue pledged

6%

Current year pledged revenue, by  
source:

Net revenues from auxiliaries

\$ 7,717,833

Pledged  
Revenue

\$ 39,402,162

Recognized  
Revenue

118,092,337

Percentage of Pledged  
Revenue to Recognized  
Revenue

20%

Tuition and student fees

1,037,622

1%

Other

-

-

Total

\$ 8,755,455

\$ 157,494,499

6%

Current year principal and interest paid

\$ 8,755,455



## **Note 20 – Functional Expense Classification**

The System reports operating expenses using the “natural classification” on the Statement of Revenues, Expenses and Changes in Net Position. Operating expenses for the year ending June 30, 2021, using the “functional classification” are presented below:

<b>Operating Expenses</b>	
Instruction	\$ 94,012,702
Academic Support	40,042,828
Student Services	30,957,955
Institutional Support	18,614,223
Physical Plant	34,581,559
Scholarships & Fellowships	22,454,124
Auxiliary Services	34,630,050
Public Service	36,783,809
Research	97,609,373
Depreciation & Amortization	26,853,839
Total	\$ 436,540,462

## **Note 21 – Operating Leases**

The institutions are obligated under certain leases for equipment, vehicles and facility rental, which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2021, amounted to \$1.8 million.

Future minimum lease payments at June 30, 2021:

<b>Fiscal Year</b>	<b>Future Minimum Lease Payments</b>
2022	1,545,760
2023	1,362,794
2024	269,375
2025	264,375
2026	230,375
Total	\$ 3,672,679

## **Note 22 – Contingencies**

Amounts received and expended by the System under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the System.

In the normal course of its activities, the institutions of the System are party to various legal actions. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the System. Therefore, an estimated liability has not been recorded.

## **Note 23 – Risk Management**

The System is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following programs have been established to address some of these risks and loss exposures.

### **RISK MANAGEMENT FUND**

The Risk Management Fund (N.D.C.C. ch.32-12.2) was established by the 1995 North Dakota Legislature as a result of a court decision that eliminated the State's sovereign immunity. The Risk Management Division of the Office of Management and Budget administers the Fund.

The Fund provides liability coverage and defense of a claim/lawsuit brought against the state of North Dakota, its agencies and employees acting within the scope of employment. The coverage amounts are \$250,000 per person and \$1,000,000 per occurrence. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person and \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person and \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 per person and \$2.0 million per occurrence.

The Fund is a risk retention pool that is funded by contributions paid by all State agencies, boards and commissions. The contributions are calculated by an actuary based on various factors, including the agency's loss history and number of full-time employees.

### **NORTH DAKOTA FIRE AND TORNADO AND STATE BONDING FUND**

The System also participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The System pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is determined in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the System with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

**Risk Management Workers Compensation Program**

The Risk Management Workers Compensation Program (N.D.C.C. § 65-04-03.1) was established by the 2001 North Dakota Legislature and created a single workers' compensation account for all state agencies. This cross-agency program is designed to save premium dollars through a deductible program while enhancing recovery of injured employees. The program is administered by the Risk Management Division of the Office of Management and Budget.

Workers' compensation provides money and medical benefits to an employee who has an injury as a result of an accident, injury or occupational disease on-the-job. The question of negligence or fault is usually not at issue.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and will determine experience rates, dividends, assessments, and the premiums payable by State entities for workers' compensation coverage. Effective July 1, 2001, workers' compensation premiums are paid to the Risk Management Division rather than to WSI.

***Note 24 – Subsequent Events***

As of April 30, 2022, there are no subsequent events for North Dakota State University.

**North Dakota State University**  
**Supplementary Information - Component Units**  
**Statement of Financial Position**  
**For Year Ended June 30, 2021**

**FASB BASIS**

	<u>Major Component Units</u>	
	<u>NDSU Foundation December 31, 2020</u>	<u>NDSU Research &amp; Technology Park June 30, 2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 22,348,081	\$ 902,841
Short-term investments	32,502,209	-
Accounts receivable, net	670,468	282,486
Receivable from primary institution	934,814	-
Notes Receivable, net	64,368	-
Unconditional promises to give, net	13,115,567	-
Current Portion of net investment in direct financing leases	-	1,262,852
Other assets	252,829	399,987
<b>Total Current Assets</b>	<b>\$ 69,888,336</b>	<b>\$ 2,848,166</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	\$ 1,944,579	\$ -
Investments, net of current portion	294,867,492	501,127
Real estate and equipment held for investment, net	28,805,341	-
Other long-term investments	16,427,750	-
Contracts for deed and notes receivable, net	647,572	-
Long term pledges receivable	33,823,670	\$ -
Notes Receivable, net	-	\$ 8,585,000
Net investment in direct financing leases, net of current portion	-	10,069,901
Other noncurrent assets	1,231,582	410,605
Capital assets, net	3,258,854	6,463,685
<b>Total Noncurrent Assets</b>	<b>\$ 381,006,840</b>	<b>\$ 26,030,318</b>
<b>Total Assets</b>	<b>\$ 450,895,176</b>	<b>\$ 28,878,484</b>

**Statement of Financial Position - Continued on Next Page**

## Statement of Financial Position - Continued

### FASB BASIS

	Major Component Units	
	NDSU Foundation	NDSU Research & Technology Park
	December 31, 2020	June 30, 2021
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,039,501	\$ 134,847
Payable to primary institution	-	-
Accrued payroll	-	31,203
Current portion of gifts annuities and life income agreements	688,736	-
Deferred revenue	-	27,755
Other current liabilities	1,179,419	-
Long-term liabilities—current portion	813,889	1,412,509
<b>Total Current Liabilities</b>	<b>\$ 4,721,545</b>	<b>\$ 1,606,314</b>
<b>Noncurrent Liabilities</b>		
Long-term portion of split-interest agreements	8,213,931	-
Other noncurrent liabilities	-	179,776
Long-term liabilities	22,744,930	19,567,620
<b>Total Noncurrent Liabilities</b>	<b>\$ 30,958,861</b>	<b>\$ 19,747,396</b>
<b>Total Liabilities</b>	<b>\$ 35,680,406</b>	<b>\$ 21,353,710</b>
<b>NET ASSETS</b>		
Without donor restrictions	\$ 35,539,996	\$ 7,524,774
With donor restrictions	379,674,774	-
<b>Total Net Assets</b>	<b>\$ 415,214,770</b>	<b>\$ 7,524,774</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 450,895,176</b>	<b>\$ 28,878,484</b>

**North Dakota State University**  
**Supplementary Information - Component Units**  
**Statement of Activities**  
**For Year Ended June 30, 2021**

**FASB BASIS**

	<b>Major Component Units</b>	
	<b>NDSU Foundation December 31, 2020</b>	<b>NDSU Research &amp; Technology Park June 30, 2021</b>
<b>Support and revenue</b>		
Gifts and contributions	\$ 14,039,410	\$ 234,519
Investment Income	9,876,847	591,443
Net realized and unrealized gains (losses) on investments	23,112,707	-
Program and event income	-	36,310
Other Income	1,815,978	1,047,654
<b>Total support and revenue</b>	<b>\$ 48,844,942</b>	<b>\$ 1,909,926</b>
<b>Expenses</b>		
Program Services	\$ 18,998,648	\$ 1,157,224
Supporting Services	5,160,981	708,103
Fundraising expense	3,259,939	-
<b>Total expenses</b>	<b>\$ 27,419,568</b>	<b>\$ 1,865,327</b>
<b>Change in Net Assets</b>	<b>\$ 21,425,374</b>	<b>\$ 44,599</b>
<b>Net Assets, Beginning of Year</b>	<b>\$ 393,789,396</b>	<b>\$ 7,480,175</b>
<b>Net Assets, End of Year</b>	<b>\$ 415,214,770</b>	<b>\$ 7,524,774</b>