

OHIO NORTHERN UNIVERSITY

Independent Auditor's Report and Consolidated Financial Statements
May 31, 2022 and 2021

Ohio Northern University

May 31, 2022 and 2021

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Board of Trustees
Ohio Northern University
Ada, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ohio Northern University (University), which comprise the consolidated statements of financial position as of May 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ohio Northern University, as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Financial Responsibility Supplemental Schedule Required by the U.S. Department of Education (supplemental schedule) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule is fairly stated in all material respects in relation to the

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20,

Ohio Northern University
Consolidated Statements of Financial Position
May 31, 2022 and 2021

	2022	2021
Assets		

Ohio Northern University
Consolidated Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Income and Other Support			
Expenses			
Change in Net Assets Before Other Revenue (Expenses)			

Ohio Northern University
Consolidated Statement of Activities
Year Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Income and Other Support			

Ohio Northern University
Consolidated Statements of Functional Expenses
Years Ended May 31, 2022 and 2021

						Total
Instruction	Sponsored Programs	Academic Support	Libraries	Student Services	Auxiliary	

Ohio Northern University
Consolidated Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	2022	2021
Operating Activities		

Ohio Northern University
Consolidated Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	2022	2021
Supplemental Cash Flows Information		

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Contributions

Nature of the Gift	Value Recognized
<u>Conditional gifts, with or without restriction</u>	
	i.e.
<u>Unconditional gifts, with or without restriction</u>	

Government Grants

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Split Interest Agreements

Income Taxes

Compensated Absences

Functional Allocation of Expenses

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating			
Non-operating			

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Alternative Investments

Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
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Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Note 4: Notes Receivable

2022

2021

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Note 7: Long-Term Debt

2022

2021

Ohio Northern University
Notes to Consolidated Financial Statements
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2022

2021

Ohio Northern University
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2022	2021
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2022	2021
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Ohio Northern University
Notes to Consolidated Financial Statements
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Note 10: Net Assets

Net Assets with Donor Restrictions

2022

2021

Ohio Northern University
Notes to Consolidated Financial Statements
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Net Assets Released From Restrictions

<u>2022</u>	<u>2021</u>
_____	_____
=====	=====
_____	_____
=====	=====

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

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2022		
Without Donor Restriction	With Donor Restriction	Total

2021		
Without Donor Restriction	With Donor Restriction	Total

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

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Notes to Consolidated Financial Statements
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Note 13: Disclosures About Fair Value of Assets and Liabilities

Fair Value Measurements

Level 1

Level 2

Level 3

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash Equivalents and Investments, Restricted for Loans and Long-Lived Asset Purchases				
Investments				

Ohio Northern University
Notes to Consolidated Financial Statements
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Transfers Between Fair Value Hierarchy Levels

Cash Equivalents and Investments, Restricted for Loans and Long-Lived Asset
Purchases, Investments and Assets Held in Charitable Remainder Trusts

Beneficial Interest in Remainder Trusts

Beneficial Interest in Perpetual Trusts

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Common Stocks	Land Held for Sale	Beneficial Interest in Remainder Trusts	Beneficial Interest in Perpetual Trusts

Unobservable (Level 3) Inputs

Fair Value at May 31, 2022	Valuation Technique	Unobservable Inputs	Range

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

<u>Fair Value at</u> <u>May 31, 2021</u>	<u>Valuation</u> <u>Technique</u>	<u>Unobservable</u> <u>Inputs</u>	<u>Range</u>
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Sensitivity of Significant Unobservable Inputs

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Notes to Consolidated Financial Statements

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Note 16: U.S. Department of Education Financial Responsibility Ratio Information

2022

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Transaction Price and Recognition

Ohio Northern University
Notes to Consolidated Financial Statements
May 31, 2022 and 2021

Postretirement Medical Benefit Obligations

Accrued Asset Retirement Obligation

Ohio Northern University

May 31, 2022

**Financial Responsibility Supplemental Schedule
Required by the U.S. Department of Education**