

Northeast Ohio Medical University
(A COMPONENT UNIT OF THE STATE OF OHIO)
PORTAGE COUNTY, OHIO

Single Audit

For the Fiscal Year Ended
June 30, 2022



Rea & associates

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NORTHEAST OHIO MEDICAL UNIVERSITY
JUNE 30, 2022

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Independent Auditor's Report

Board of Trustees
Northeast Ohio Medical University
4209 State Route 44
Rootstown, Ohio 44272

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Northeast Ohio Medical University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1, effective July 1, 2021, the University adopted GASB Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 resulted in certain assets, liabilities and deferred inflows of resources not previously reported, however did not impact beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Hea & Associates, Inc.

Independence, Ohio
October 14, 2022

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Northeast Ohio Medical University's (NEOMED or the "University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2022 and 2021. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of university management.

Introduction

Northeast Ohio Medical University is a community-based public University focused on the interprofessional training of health professionals. Created pursuant to Ohio Revised Code Chapter 3350, the University is accredited by The Higher Learning Commission (HLC). The University consists of three colleges, including Medicine, Pharmacy, and Graduate Studies and offers the following degrees:

Doctor of Medicine (M.D.)
Doctor of Pharmacy (Pharm.D.)
Doctorate in Integrated Pharmaceutical Medicine (Ph.D.)
Master of Public Health (M.P.H.)
Master of Science in Integrated Pharmaceutical Medicine (M.S.)
Master of Science Degree/Residency in Health-System Pharmacy Administration (M.S.)
Master of Arts in Medical Ethics and Humanities (M.A.)
Master of Medical Science in Anesthesia (MMSc-A)
Master of Foundations of Medicine
Master of Leadership in Health Systems Science

The College of Medicine was founded in 1973, the College of Pharmacy was founded in 2005, and the College of Graduate Studies was founded in 2010.

The University's mission is to harness diversity, innovation, and collaboration to create transformative leaders and improve health through education, discovery, and service. The University's vision is to be the model of excellence in innovative education and impactful research to create transformational health care leaders of tomorrow. The University incorporates the following values in all that they do:

Leadership | Excellence | Advocacy | Diversity | Equity | Respect

The University does not have its own hospital. Rather, the College of Medicine has established affiliation agreements with some of the most prestigious medical campuses and institutions in Northeast Ohio for the clinical education of its students. Likewise, the College of Pharmacy partners with many nationally recognized pharmacy chains, locally owned pharmacies, hospitals, health centers and associations to provide pharmacy practice opportunities and training to students.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using the Annual Financial Report

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statements prescribed by GASB Statement No. 35 (the Statements of Net Position, Statements of Revenue, Expenses, and Changes in Net Position, and the Statements of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under various provisions of GASB Statement pronouncements, the NEOMED Research Corporation (the "Research Corp"), Clinical Initiatives Inc. ("Clinical Initiatives"), the Northeast Ohio Medical University Foundation, Inc. (the "Foundation"), and ERS Strategic Properties, Inc. ("ERS") have been determined to be component units of the University. Accordingly, the Research Corp and Clinical Initiatives will be shown blended with the University's financial statements and the Foundation and ERS will be discretely presented in the University's financial statements. The discretely presented component units have been excluded from Management's Discussion and Analysis.

The Statements of Net Position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position (the difference between assets and liabilities) are one indicator of the improvement or erosion of the University's financial health when considered with nonfinancial facts such as enrollment and the condition of facilities.

The Statements of Revenue, Expenses, and Changes in Net Position present the revenue earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public institution's dependency on state aid and gifts could result in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities and help measure the ability to meet financial obligations as they mature.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Noteworthy Financial Activity

The University's financial position increased during the fiscal year ended June 30, 2022 as compared to the previous year as evidenced by the following:

- The University's total assets increased over the prior year by \$95.5 million. Current assets decreased by \$18.7 million primarily due to a decrease in accounts receivable caused by a reclassification of receivables to non-current, which was partially offset by an increase in leases receivable related to GASB 87 recognition of financing leases, while noncurrent assets increased by \$114.1 million primarily due to an increase in accounts receivable and a GASB 87 recognition requirement for financing leases and reclassification of certain receivables to noncurrent.
- Cash and cash equivalents increased by \$902,000.
- The University's net position increased by \$9.1 million to \$96.8 million, of which \$44.9 million is invested in capital assets.
- Operating revenue increased by \$2.3 million compared to the prior year, primarily due to a \$3 million increase in auxiliary sales and services, an increase of \$1.6 million in tuition and fees, offset by a decrease of \$2.2 million in grants and contracts.
- The University's operating expenses increased by \$3.5 million compared to the prior year, primarily due to a \$7.9 million decrease in auxiliary expenditures related to GASB 87, offset by increases of \$2 million in instruction and departmental research expenditures and \$2.8 million in institutional support expenditures.
- Net nonoperating revenue decreased by \$23.4 million primarily due to a \$21 million decrease in investment income and a \$2.2 million increase in interest expense.
- Other revenue, expenses, gains, or losses decreased by \$1 million due to a decrease in capital appropriations.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Northeast Ohio Medical University
Condensed Statements of Net Position
as of June 30, 2022 and 2021**

	2022	2021
ASSETS		
Current assets	\$32,172,868	\$50,839,550
Noncurrent		
Capital	170,761,535	78,799,955
Other	94,770,654	72,593,228
Total assets	297,705,057	202,232,733
DEFERRED OUTFLOWS	8,217,003	7,844,949
LIABILITIES		
Current liabilities	15,239,056	13,490,442
Noncurrent liabilities	158,462,227	90,822,301
Total liabilities	173,701,283	104,312,743
DEFERRED INFLOWS	35,434,823	18,094,457
NET POSITION		
Net Investment in		
Capital Assets	44,940,575	46,785,251
Restricted	12,412,173	14,074,436
Unrestricted	39,433,206	26,810,795
Total net position	\$96,785,954	\$87,670,482

The 2021 column above was not restated to reflect implementation of GASB 87.

2022 versus 2021 During the year ended June 30, 2022:

As of June 30, 2022, the University's current assets of \$32.2 million were sufficient to cover current liabilities of \$15.2 million (current ratio of 2.1:1). As of June 30, 2021, current assets of \$50.8 million were sufficient to cover current liabilities of \$13.5 million (current ratio of 3.8:1).

As of June 30, 2022, the University's capital assets increased to \$170.8 million from \$78.8 million, and other noncurrent assets increased to \$94.8 million from \$72.6 million compared to fiscal year 2021.

At June 30, 2022, total University assets were \$297.7 million, compared to \$202.2 million in fiscal year 2021. The increase is primarily related to a \$92 million increase in capital assets related to the implementation of GASB 87.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

University liabilities totaled \$173.7 million at June 30, 2022, compared to \$104.3 million in fiscal year 2021. The increase is mainly related to the increase in investment in plant debt related to financing leases. Current liabilities totaled \$15.2 million and consisted primarily of \$2.8 million in unearned revenue, accrued liabilities of \$2.6 million, \$1.9 million in accrued employee compensation and benefits, \$2.8 million in general accounts payable, \$3.8 in capital lease obligations, and \$1.3 million in bonds payable.

Total net position increased by \$9.1 million to \$96.8 million. Net investment in capital assets was \$44.9 million. Restricted net position includes \$6 million in student loans, \$5.2 million in endowments, \$1.1 million in current operations, and \$39.4 million in unrestricted net position.

Northeast Ohio Medical University Condensed Statements of Revenue, Expenses, and Changes in Net Position for the Years Ended June 30, 2022 and 2021

	2022	2021
Revenue		
Tuition and Fees	\$ 42,170,385	\$ 40,544,021
Federal and State Appropriations	25,705,174	25,682,738
Federal, state, local, and private grants and contracts	18,597,535	20,817,183
Auxiliary activities	6,885,991	3,840,918
Other	(7,559,330)	14,677,162
Total Revenue	85,799,755	105,562,022
Expenses		
Instruction	21,702,480	19,651,024
Research	8,978,444	8,485,361
Academic support	7,125,831	6,944,071
Institutional support	7,777,152	4,956,732
Other	31,100,376	30,828,404
Total Expenses	76,684,283	70,865,592
Increase (decrease) in net position	\$ 9,115,472	\$ 34,696,430

2022 versus 2021 During the year ended June 30, 2022:

The most significant sources of operating revenue for the University are tuition and fees and grants and contracts. Tuition and fee revenue increased by \$1.6 million during fiscal year 2022 as compared to 2021. This increase by 4 percent was primarily due to increased tuition rates and increased enrollment in the College of Graduate Studies. Grant revenue decreased by \$2.2 million, or 10.7 percent, in 2022 due to decreases in both federal and private awards.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other revenue has decreased by \$19.1 million, or 176.6% as compared to 2021 primarily due to a 21 million decrease in investment income offset by a 3 million increase in auxiliary activities.

Operating expenditures, including depreciation and amortization of \$10.6 million, totaled \$72.4 million, which was an increase of \$3.5 million from the prior year. The biggest contributor to this increase was a \$10.5 million reduction in GASB expense related to net pension liabilities and other post-retirement benefits offset by a \$7.9 million decrease in auxiliary expenses related to GASB 87 and the reporting of financing leases.

Noncapital state appropriations were the most significant nonoperating revenue totaling \$25.7 million, which was equivalent to 2021.

Northeast Ohio Medical University Condensed Statements of Cash Flows for the years ended June 30, 2022 and 2021

	2022	2021
Cash provided by/(used in):		
Operating activities	\$ 1,753,015	\$ (20,847,965)
Investing activities	(7,805,816)	(13,604,801)
Capital and related financing activities	(18,750,313)	10,283,024
Noncapital financing activities	25,705,174	25,682,738
Net increase in cash and cash equivalents	902,060	1,512,996
Cash and cash equivalents, beginning of year	6,008,768	4,495,772
Cash and cash equivalents, end of year	\$ 6,910,828	\$ 6,008,768

2022 versus 2021 During the year ended June 30, 2022:

Major sources of cash included student tuition and fees of \$42 million, state appropriations of \$25.7 million, auxiliary activities of \$6.9 million, and grants and contracts of \$20.1 million. The largest payments were for suppliers (\$18.4 million) and employees (\$47 million).

Asset and Debt Administration

Capital Assets

At the end of 2022, the University had invested \$170.8 million in capital assets (net of accumulated depreciation and amortization of \$98.3 million); this amount represents an increase of \$92 million, or 116.72 percent, over last year.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

At the end of 2021, the University had invested \$78.8 million in capital assets (net of accumulated depreciation of \$92.1 million); this amount represents a decrease of \$4.7 million, or 5.62 percent, over 2020.

	2022	2021
Land	\$ 2,549,470	\$ 2,549,470
Equipment, furnishings, library materials, and intangibles	31,609,550	35,947,439
Buildings, infrastructure, improvements, leasehold improvements, and construction in progress	137,949,588	132,365,978
Right to Use Assets	96,936,822	-
Total	\$ 269,045,430	\$ 170,862,887

The 2021 column above was not restated to reflect implementation of GASB 87.

More detailed information about the University’s capital assets is presented in Note 5 to the financial statements.

Long-term Debt

In November 2010, the University had its first bond issuance for \$15 million of tax-exempt Build America Bonds to be used toward a new Research and Graduate Education building. In November 2020, these bonds were eligible for refunding. The refunding transaction took place in February 2021. In February 2021, along with the refunding of the 2010 bonds, the University issued new bond debt in the amount of \$15 million to be used toward the Medical Office Building and the build out of the 4th floor of the Research and Graduate Education Building. In November 2011, the University had its second bond issuance for \$27 million to be used toward this project. In 2021, these bonds were eligible for refunding. This refunding transaction took place in August 2021.

More detailed information about the University’s long-term debt is presented in Note 10 to the financial statements.

NORTHEAST OHIO MEDICAL UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Factors Affecting Future Periods

State appropriations are a major revenue source supporting the annual operations of Northeast Ohio Medical University. Consequently, changes in state support are important both for its direct impact on university revenue and its indirect impact on the cost of tuition. The fiscal year 2022 budget was prepared using a zero-based budget methodology. This was presented to and approved by the Board of Trustees.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. These recommendations have resulted in mandates from federal and state authorities. The University established safety protocols and currently updates those protocols and guidance in accordance with the CDC, state, and local health department guidance to mitigate the impact of COVID for faculty, staff, and students. The campus is fully functional with faculty and staff working onsite and students learning in person.

Since state support for higher education is susceptible to declines during tough economic times, the University is focused on growing academic programming in high demand areas in the College of Graduate Studies, and growing enrollment in the College of Medicine and College of Pharmacy through the work of the enrollment council established as part of the University's strategic plan. Additionally, the University is studying new professional education programming and will continue to grow its clinical practice footprint to enhance current revenue sources.

NORTHEAST OHIO MEDICAL UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2022

	NEOMED 2022	Component Unit NEOMED Foundation 2022	Component Unit ERS Strategic Properties, Inc 2022
ASSETS			
Current assets			
Cash and cash equivalents (Note 2)	\$ 6,222,240	\$ 254,716	\$ 404,576
Investments (Notes 2 & 3)	17,669,342	-	-
Leases receivable (Note 9)	905,144	-	-
Accounts receivable (Note 4)	4,750,527	-	38,245
Inventories	151,218	-	-
Prepaid expenses and deferred charges	2,472,272	24,330	1,930
Pledges receivable, net	-	20,484	-
Notes receivable, net (Note 4)	2,125	607,066	-
Total current assets	<u>32,172,868</u>	<u>906,596</u>	<u>444,751</u>
Noncurrent assets			
Cash-restricted (Note 2)	688,588	-	-
Long-term investments (Notes 2 & 3)	63,699,863	25,938,818	-
Leases receivable (Note 9)	5,100,265	-	-
Accounts receivable (Note 4)	14,046,803	-	-
Net Pension Asset (Note 8)	939,781	-	-
Net OPEB Asset (Note 8)	5,149,602	-	-
Funds held in trust	-	71,486	1,699,601
Pledges receivable, net	-	1,077,462	-
Notes receivable, net (Note 4)	5,145,752	528,283	-
Capital assets, net (Note 5)	170,761,535	-	111,733,639
Total noncurrent assets	<u>265,532,189</u>	<u>27,616,049</u>	<u>113,433,240</u>
Total assets	<u>297,705,057</u>	<u>28,522,645</u>	<u>113,877,991</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	7,905,485	-	-
Deferred outflows related to OPEB	311,518	-	-
Total deferred outflows of resources	<u>8,217,003</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflow of resources	<u>305,922,060</u>	<u>28,522,645</u>	<u>113,877,991</u>

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

**NORTHEAST OHIO MEDICAL UNIVERSITY
STATEMENTS OF NET POSITION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

	NEOMED 2022	Component Unit NEOMED Foundation 2022	Component Unit ERS Strategic Properties, Inc 2022
LIABILITIES			
Current liabilities			
Accounts payable	2,828,356	-	30,446
Accrued compensation and benefits (Note 6)	1,919,300	-	-
Unearned revenue	2,832,429	-	1,321,098
Other accrued liabilities	2,647,290	108,682	590,935
Net OPEB liability (Notes 6)	-	-	-
Capital lease obligations (Note 9)	3,756,681	-	-
Related party payable (Note 12)	-	251,789	17,344
Bonds payable (Note 10)	1,255,000	-	2,700,186
Total current liabilities	<u>15,239,056</u>	<u>360,471</u>	<u>4,660,009</u>
Noncurrent liabilities			
Compensated absences (Note 6)	2,498,432	-	-
Related party payable (Note 12)	-	-	14,046,803
Unearned revenue	-	-	10,362,651
Annuity obligations	-	91,884	-
Capital lease obligations (Note 9)	89,099,191	-	-
Bonds payable (Note 10)	47,587,071	-	100,479,639
Net pension liability (Note 8)	19,277,533	-	-
Total noncurrent liabilities	<u>158,462,227</u>	<u>91,884</u>	<u>124,889,093</u>
Total liabilities	<u>173,701,283</u>	<u>452,355</u>	<u>129,549,102</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	24,006,223	-	-
Deferred inflows related to OPEB	5,517,902	-	-
Deferred inflows related to leases	5,910,698	-	-
Total deferred inflows of resources	<u>35,434,823</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	44,940,575	-	-
Restricted			
Nonexpendable			
Student loans	6,010,404	1,056,197	-
Endowments	5,241,966	11,813,485	-
Expendable	1,159,803	11,811,818	-
Unrestricted (deficit)	39,433,206	3,388,790	(15,671,111)
Total net position	<u>96,785,954</u>	<u>28,070,290</u>	<u>(15,671,111)</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 305,922,060</u>	<u>\$ 28,522,645</u>	<u>\$ 113,877,991</u>

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

NORTHEAST OHIO MEDICAL UNIVERSITY
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	NEOMED 2022	Component Unit NEOMED Foundation 2022	Component Unit ERS Strategic Properties, Inc 2022
OPERATING REVENUES			
Student tuition and fees (net of scholarship allowances of \$2,187,457)	\$ 42,170,385	\$ -	\$ -
Federal grants and contracts	14,283,305	-	-
State grants and contracts	1,222,532	-	-
Local grants and contracts	36,796	-	-
Private grants and contracts	3,054,902	-	-
Contributions and bequests	-	3,265,848	-
In-kind contributions from NEOMED	-	636,721	288,542
Sales and services of departments	199,954	-	-
Sales and services of auxiliary enterprises	6,885,991	-	9,497,418
Other	224,262	25,832	-
Total operating revenues	<u>68,078,127</u>	<u>3,928,401</u>	<u>9,785,960</u>
OPERATING EXPENSES			
Educational and general			
Instruction and departmental research	21,702,480	229,235	-
Separately budgeted research	8,978,444	327,484	-
Public service	5,514,213	127,286	-
Academic support	7,125,831	717,685	-
Student services	1,555,600	-	-
Institutional support	7,777,152	2,025,668	-
Operation and maintenance of plant	6,826,879	-	-
Scholarships and fellowships	-	676,028	-
Auxiliary enterprises	2,278,964	-	1,080,252
Depreciation	10,655,122	-	4,178,934
Total operating expenses	<u>72,414,685</u>	<u>4,103,386</u>	<u>5,259,186</u>
Operating (loss) income	(4,336,558)	(174,985)	4,526,774
NONOPERATING REVENUES (EXPENSES)			
State appropriations	25,705,174	-	-
Investment income	(9,000,621)	(4,520,923)	-
Interest expense	(4,136,811)	-	(5,687,191)
Loss on disposal of assets	(132,787)	-	(55,113)
Net nonoperating revenues (expenses)	<u>12,434,955</u>	<u>(4,520,923)</u>	<u>(5,742,304)</u>
(LOSS) GAIN BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	8,098,397	(4,695,908)	(1,215,530)
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES			
Capital appropriations and grants	1,017,075	-	-
Contributions	-	661,876	-
Total other revenues, expenses, gains, or losses	<u>1,017,075</u>	<u>661,876</u>	<u>-</u>
(DECREASE) INCREASE IN NET POSITION	9,115,472	(4,034,032)	(1,215,530)
NET POSITION AT BEGINNING OF YEAR	<u>87,670,482</u>	<u>32,104,322</u>	<u>(14,455,581)</u>
NET POSITION AT END OF YEAR	<u>\$ 96,785,954</u>	<u>\$ 28,070,290</u>	<u>\$ (15,671,111)</u>

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

**NORTHEAST OHIO MEDICAL UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 42,007,037
Grants and contracts	20,064,687
Employee compensation	(46,976,015)
Payments to suppliers	(18,380,295)
Payments for utilities	(2,039,157)
Student loan advances	(779,373)
Student loan repayments	545,924
Sales and services of auxiliary enterprises	6,885,991
Sales and services of departments	199,954
Other operating receipts	224,262
Net cash and cash equivalents provided by operating activities	1,753,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	25,705,174
Federal loan receipts	41,113,109
Federal loan disbursements	(41,113,109)
Net cash and cash equivalents provided by financing activities	25,705,174
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State capital appropriations	1,017,075
Purchases of capital assets	(6,784,655)
Payments on lease	(4,030,159)
Principal paid on debt	(23,575,000)
Interest paid on debt and leases	(4,136,811)
Bond issuance costs paid	(335,763)
Proceeds from bond issuance	19,095,000
Net cash and cash equivalents (used in) capital and related financing activities	(18,750,313)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	3,181,472
Sale of investments	8,004,489
Purchase of investments	(18,991,777)
Net cash and cash equivalents (used in) investing activities	(7,805,816)
NET INCREASE IN CASH AND EQUIVALENTS	902,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,008,768
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 6,910,828

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

**NORTHEAST OHIO MEDICAL UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES

	2022
Operating loss	\$ (4,336,558)
Adjustments to reconcile operating loss to net cash and cash equivalents used in operating activities	
Depreciation	10,655,122
Loss on disposal of asset	132,787
Changes in assets and liabilities	
Receivables	5,513,381
Inventories	113,010
Prepaid expenses and deferred charges	178,052
Notes receivable	(233,448)
Net pension asset	(234,160)
Net OPEB asset	(1,554,103)
Accounts payable	(373,649)
Accrued compensation	251,783
Deferred revenue	(922,829)
Net pension liability	(18,737,388)
Net OPEB liability	(983,548)
Deferred inflow / outflow from OPEB / Pension liability	11,057,614
Deferred inflow from financing leases	1,431,895
Other accrued liabilities	(204,946)
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	\$ 1,753,015

\$ -

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:

	2022
Cash and Cash Equivalents	\$ 6,222,240
Cash-Restricted	688,588
Total cash and equivalents at end of the year	\$ 6,910,828

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

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Northeast Ohio Medical University (hereinafter referred to as NEOMED or the “University”) was created as a public institution of higher learning by the General Assembly of the State of Ohio on November 23, 1973 by statutory act under Chapter 3350 of the Ohio Revised Code (the “ORC”). As such, the University is a component unit of the State. The University’s initial mission, as stated in the ORC, was to graduate qualified physicians oriented to the practice of medicine at the community level, with an emphasis on primary care.

Today NEOMED is a public University of the State of Ohio focused on the interprofessional training of health professionals. The University is accredited by the Higher Learning Commission (HLC). The University consists of three colleges, including Medicine, Pharmacy, and Graduate Studies focused on diversity, innovation, and collaboration to create transformative leaders and improve health through education, discovery, and service.

NEOMED’s College of Medicine admits students in a traditional, four-year manner called “Direct Entry” and accepts transfer students from other medical schools. The College of Medicine collaborates with nine Ohio Universities and a two year college, and partners with some of the most prestigious medical campuses and institutions in Northeast Ohio to provide clinical instruction to NEOMED students. The more than 2,300 members of the University’s clinical faculty hold staff appointments at these hospitals.

Similarly, NEOMED’s College of Pharmacy, founded in 2005, partners with many nationally recognized pharmacy chains, locally owned pharmacies, hospitals, health centers and associations to provide pharmacy practice opportunities and training to its students.

The University is governed by an 11-member board of trustees appointed by the governor, two of which are students of the University. A Trustee Emeritus was approved by the Board of Trustees at its September 2021 meeting.

The University is classified as a state institution under Internal Revenue Code Section 115 and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

The accompanying financial statements consist of the accounts of the University and the accounts of NEOMED Research Corporation (“Research Corp”), Clinical Initiatives Inc. (Clinical Initiatives), Northeast Ohio Medical University Foundation (Foundation), and ERS Strategic Properties, Inc. (ERS). Research Corp and Clinical Initiatives are component units which are presented blended with the University accounts. The Foundation and ERS, which are discretely presented component units of the University as determined in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statements, are described more fully in Notes 13 and 14, respectively. The Research Corp, Clinical Initiatives, Foundation, and ERS are exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Furthermore, in accordance with GASB Statements, the Foundation and ERS are reported in separate columns on the University’s financial statements to emphasize that they are legally separate from the University. The Foundation and ERS are not-for-profit organizations supporting the University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, it is considered a component unit of the University. Financial

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

statements for the Foundation may be obtained by writing to NEOMED Foundation, PO Box 95, Rootstown, Ohio 44272.

In 2012, ERS Strategic Properties, Inc. was created to establish related commercial business units for the benefit and support of Northeast Ohio Medical University. ERS Housing LLC and ERS HWMEC LLC were created under the umbrella of ERS Strategic Properties, Inc., a not-for-profit 501(c)(3). Specifically, ERS Housing LLC is operated for the purpose of equipping housing for students, faculty, and staff of Northeast Ohio Medical University. ERS HWMEC LLC is operated for equipping a health, wellness, and medical education center to promote the educational, social, and physical well-being of students, faculty, and staff of Northeast Ohio Medical University. The Health and Wellness facility and many of its services are also available to the external community. ERS Contiguous Properties LLC is operated for the purpose of purchasing and developing property for the University's future needs. ERS MOB LLC houses the BioMed STEM high school and medical offices for community physicians to give care to patients and be a resource for student clinical rotations. ERS RGE LLC was formed for the purpose of remodeling the 4th floor of the RGE building for research use and was dissolved effective March 31, 2022. Because these restricted resources held by ERS are for the benefit of the University, it is considered a component unit of the University. Financial statements for ERS may be obtained by writing to ERS Strategic Properties, Inc., PO Box 95, Rootstown, Ohio 44272.

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The University follows the "business-type activities" reporting requirements of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - For Public Colleges and Universities*. In accordance with GASB Statement No. 35, the accompanying basic financial statements are reported on a University-wide basis and collectively include the following:

Management's Discussion and Analysis

Basic financial statements:

Statements of Net Position

Statements of Revenue, Expenses, and Changes in Net Position

Statements of Cash Flows

Notes to the financial statements

Basis of Accounting

The accompanying financial statements of the University have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Restricted grant revenue and state capital appropriations are recognized only to the extent expended. Noncapital state appropriations are recognized as revenue in the year appropriated.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid unrestricted investments readily convertible to cash with an original maturity of three months or less when purchased.

Restricted Cash and Cash Equivalents

As of June 30, 2022 restricted cash and cash equivalents consists of \$688,588 of cash restricted for loan purposes.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Investments

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the University's investments are reported at fair value based on market quotations and net asset values.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement amends GASB Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that entities communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate and investment maturity information; interest rate sensitivity; and foreign exchange exposures.

The University has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2022.

Fair Value Measurements

As of June 30, 2016, the University retrospectively applied GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Accounts Receivable

Accounts receivable consists of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts receivable include amounts due from the federal government, state and local governments, or private sources, as reimbursement for certain expenditures made in accordance with agreements. Due to the nature of the receivables and minimal write offs, the University concluded that an allowance is not deemed necessary.

Inventories

Inventories are stated at the lower of cost or market. Cost is generally determined on an average cost basis.

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Capital Assets

Capital assets include land and infrastructure assets such as roads and sidewalks, buildings and improvements, equipment with an original cost of \$5,000 or more, and all library materials. Such assets are recorded at cost at the date of acquisition, or if acquired by gift, at the acquisition value at the date of donation. As a result of GASB 87, Right to Use assets are also included. These are leases defined as a contract that conveys control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Depreciation of University's capital assets is calculated on a straight-line basis over the estimated useful life of the property as follows:

Asset	Estimated Useful Life
Buildings and improvements	20 - 40 years
Leashold improvements	Life of lease
Infrastructure	20 years
Furnishings and moveable equipment	3 - 7 years
Library materials	10 years
Right to Use Asset	Lease term

Compensated Absences

The University records a liability for vacation accrued by full-time employees, all of whom are eligible for this benefit. Within certain limitations, payment is made for accrued vacation upon separation from the University.

Accumulated sick leave is also accrued by the University. All leave will either be absorbed by time off from work or, within certain limitations, be paid to employees upon retirement from the University.

Operating and Nonoperating Revenue

Operating revenue of the University principally consists of tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprises. Revenue related to noncapital financing activities (including state appropriations), capital and related financing activities, and investing activities is reported as nonoperating revenue.

Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 34, including state appropriations, gifts, and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient University department within the guidelines of donor restrictions, if any.

Unearned Revenue

Unearned revenue represents unspent (and therefore unearned) revenue from various restricted grants and contracts as well as tuition and fees received prior to June 30.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the (Ohio Public Employees Retirement System/State Teachers Retirement System of Ohio) Pension Plan (STRS/OPERS) and additions to/deductions from STRS'/OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

For purposes of measuring the net other postemployment benefit (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 (Ohio Public Employees Retirement System/State Teachers Retirement System of Ohio) Pension Plan (STRS/OPERS) and additions to/deductions from STRS'/OPERS' fiduciary net position have been determined on the same basis as they are reported by STRS/OPERS. STRS/OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, STRS/OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The University provides certain healthcare benefits for dependents of retired employees and life insurance benefits for retired employees. Substantially all of the University's employees hired prior to 1992 may become eligible for those benefits if they reach the normal retirement age while working for the University. Effective July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The liability for these benefits is actuarially determined and based on a number of assumptions used to calculate the liability. The healthcare benefits for dependents of retired employees was terminated effective January 1, 2022. 13 eligible participants received a one-time payment of \$2,400. The reduction in liability related to this change was reflected in the balance at June 30, 2022.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 8. Deferred inflows of resources for certain financing leases are also reported. More information can be found in Note 9.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Net Position Classifications

In accordance with GASB Statement No. 35 guidelines, the University's resources are classified into the following four net position categories:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Nonexpendable - Component of net position whose use is subject to externally imposed stipulations that they be maintained permanently by the University.

Restricted - Expendable - Component of net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted - Component of net position that is not subject to externally imposed restrictions. Unrestricted net position may be designated for specific purposes by the Board of Trustees. Substantially all unrestricted net position is designated for academic and research programs, capital projects, and other initiatives.

Donor Restricted Endowments

Under Ohio law set forth in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. The University has a policy of appropriating for distribution each year up to five percent of its endowment fund's average fair value over the prior three years through the preceding fiscal year for which the distribution is planned. The University utilized a distribution rate of 4.25 percent for the year ended June 30, 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes to financial statements. Actual results could differ from those estimates.

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2022, the University has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020* and GASB 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 supersession of GASB Statement No. 32.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2022**

a lease receivable and a deferred inflow of resources. These changes were incorporated in the University's financial statements; however, there was no effect on beginning net position. The University recognized \$4,478,803 in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The University also recognized \$96,886,031 in leases payable at July 1, 2021, due to the implementation of GASB 87, that were not reported as capital leases in prior years; however, this entire amount was offset by \$96,936,822 in right to use assets and a reduction in prepaid assets of \$50,791. See Note 9 for further information regarding leases.

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The implementation of GASB Statement No. 89 did not have an effect on the University's financial statements.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the University.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the University.

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**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2022**

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The University's investment policy authorizes the University to invest non-endowment funds in the following investments:

- Securities issued by the United States government or its agencies
- Corporate bonds
- Certificates of deposit
- Mutual funds and mutual fund pools
- Treasurer of the State's pooled investment program
- Obligations of the State of Ohio
- Repurchase agreements with any eligible Ohio financial institution that is a member of the Federal Reserve system or Federal Home Loan Bank
- Money markets
- Alternative investments

U.S. government and agency securities are invested through trust agreements with banks that internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks that keep the investments in safekeeping accounts. The banks internally designate the securities as owned by or pledged to the University.

The University's bank deposits and cash on hand for all fund groups at June 30, 2022 are summarized as follows:

	June 30, 2022
University's book value	\$ 6,910,828
Cash on hand	2,665
Bank balances	7,223,157

The difference in the University's book values and bank balances is caused by items in transit, consisting primarily of outstanding checks.

Custodial credit risk - deposits. Custodial risk is the risk that in the event of a bank failure, the University's deposits would not be returned. Of the bank balances at June 30, 2022 \$1,254,880 was covered by federal depository insurance and \$5,968,277 was uncollateralized as defined by the GASB.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2022**

The values of investments held by the University at June 30 are summarized as follows:

	June 30, 2022
Money market funds	\$ 3,233,204
U.S. government obligations	7,339,617
U.S. government agency obligations	331,710
Corporate bonds and notes	6,079,639
Fixed-income mutual funds	7,631,087
Equities	36,381,801
State Treasury Asset Reserve of Ohio	12,639,407
Alternative investments	7,732,740
Total Investments	\$ 81,369,205

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values because of future changes in interest rates.

The maturities of the University's interest-bearing investments at June 30, 2022 are as follows:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 7,339,617	\$ 1,084,137	\$ 5,939,427	\$ 316,053	\$ -
U.S. government agency obligations	331,710	-	-	-	331,710
Corporate bonds and notes	6,079,639	1,012,592	5,000,269	66,778	-
Fixed income mutual funds	7,631,087		3,094,487	4,536,600	
Total	\$ 21,382,053	\$ 2,096,729	\$ 14,034,183	\$ 4,919,431	\$ 331,710

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information - as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings - provides a current depiction of potential variable cash flows and credit risk.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

The credit ratings for the University's interest-bearing investments, as rated by Standard & Poor's, at June 30, 2022 were as follows:

Credit Rating (S&P)	Total	U.S. Government Obligations	U.S. Agency Obligations	Corporate Bonds and Notes	Fixed Income Mutual Funds
AA	8,315,278	7,339,617	331,710	643,951	-
A	4,519,925	-	-	4,519,925	-
B	1,110,030	-	-	-	1,110,030
BBB	7,436,820	-	-	915,763	6,521,057
Total	\$ 21,382,053	\$ 7,339,617	\$ 331,710	\$ 6,079,639	\$ 7,631,087

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy limits investments, at cost, to no more than 5 percent in any single issue, except the investments of U.S. government securities. At June 30, 2022 the University had no exposure to concentration of credit risk.

Foreign currency risk. Foreign currency risk is that risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2022 the University had no exposure to foreign currency risk.

3. FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

**NORTHEAST OHIO MEDICAL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2022**

The University has the following recurring fair value measurements as of June 30, 2022:

	Fair Value Measurements Using				
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value (NAV)
Investments by fair value level:					
Debt securities ^(b) :					
U.S. government obligations	\$ 7,339,617	\$ -	\$ 7,339,617	\$ -	\$ -
U.S. government agency obligations	331,710	-	331,710	-	-
Corporate bonds	6,079,639	-	6,079,639	-	-
Total debt securities	<u>13,750,966</u>	<u>-</u>	<u>13,750,966</u>	<u>-</u>	<u>-</u>
Equity securities ^(a)	<u>33,252,191</u>	<u>30,367,268</u>	<u>-</u>	<u>2,884,923</u>	<u>-</u>
Mutual funds:					
Fixed-income mutual funds	7,631,087	7,631,087	-	-	-
Total mutual funds	<u>7,631,087</u>	<u>7,631,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 54,634,244</u>	<u>\$ 37,998,355</u>	<u>\$ 13,750,966</u>	<u>\$ 2,884,923</u>	<u>\$ -</u>
Real estate funds and other ^(c)	2,457,844	-	-	-	2,457,844
Equity securities ^(d)	3,129,610	-	-	-	3,129,610
Hedge funds ^(d)	5,274,896	-	-	-	5,274,896
Total investments measured at NAV	<u>10,862,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,862,350</u>
Total investments measured at fair value	<u>\$ 65,496,594</u>	<u>\$ 37,998,355</u>	<u>\$ 13,750,966</u>	<u>\$ 2,884,923</u>	<u>\$ 10,862,350</u>

- a. Equity securities and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.
- b. The fair value of debt securities was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- c. Real estate investments classified at NAV are valued using significant unobservable inputs, including consideration to the income, cost, and sales comparison approaches of estimating property value. The income approach estimates an income stream for a property (typically ten years) and discounts this income plus a reversion (presumed sale) value into a present value at a risk-adjusted rate.
- d. Segregated portfolio investments and certain equity securities are valued using the latest available reported NAV of the respective portfolio fund.

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Short-term investments and investments on the statements of net position at June 30, 2022 include investments in STAR Ohio of \$12,639,407. The investments in STAR Ohio are measured at amortized cost; therefore, they are not included in the tables above. There are no limitations or restrictions on any STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given to STAR Ohio 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Investments on the statements of net position also include money market mutual funds of \$3,233,204 as of June 30, 2022.

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interest in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>June 30, 2022</u>		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity Securities	\$ 3,129,610	-	Monthly	N/A
Real Estate Funds	2,457,844	-	Quarterly	N/A
Hedge Funds	5,274,896	-	Monthly	N/A
Total	<u>\$ 10,862,350</u>	<u>\$ -</u>		

4. ACCOUNTS AND NOTES RECEIVABLE

The following is a summary of accounts and student notes receivable at June 30, 2022:

	<u>June 30, 2022</u>
Student notes	\$ 5,147,877
Grants and contracts	3,120,534
Sales and services	1,093,400
NEOMED Foundation	251,789
ERS Strategic Properties, Inc.	14,064,147
Tuition and fees	<u>267,460</u>
Total accounts and notes receivable	23,945,207
Less current portion	<u>(4,752,652)</u>
Accounts and notes receivable, noncurrent portion	<u>\$ 19,192,555</u>

**NORTHEAST OHIO MEDICAL UNIVERSITY
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Federal Direct Loans Program processed for students by the University during the years ended June 30, 2022 totaled \$41,113,109. The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loans Program and, accordingly, these loans are not included in the University's financial statements.

The Perkins loan program expired on September 30, 2017, which ended the issuance of new loans under this program. Pending additional guidance from the Federal government, the University continues to service all outstanding loans in accordance with program specifications. All Perkins loans that have been in default for more than two years as of June 30, 2024 must either be purchased or assigned back to the Department.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	July 1, 2021 Beginning Balance <u>Restated</u>	<u>Additions</u>	Retirements and CIP <u>Transfers</u>	June 30, 2022 <u>Ending Balance</u>
Land - Nondepreciable	\$ 2,549,470	\$ -	\$ -	\$ 2,549,470
Infrastructure	2,572,284	-	-	2,572,284
Buildings	128,886,037	4,340,318	(250,232)	132,976,123
Leasehold improvements	851,850	851,850	-	1,703,700
Furnishings and movable equipment	31,818,835	944,778	(4,720,421)	28,043,192
Library materials	3,998,729	6,034	(568,279)	3,436,484
Right to Use Assets	96,936,822	-	-	96,936,822
Intangibles	129,875	-	-	129,875
Construction in progress - Nondepreciable	<u>55,807</u>	<u>668,870</u>	<u>(27,194)</u>	<u>697,483</u>
Total historical cost	267,799,709	6,811,850	(5,566,126)	269,045,433
Less accumulated depreciation/amortization				
Infrastructure	1,962,256	241,621	-	2,203,877
Buildings	58,801,721	3,818,180	(218,204)	62,401,697
Leasehold improvements	42,592	127,778	-	170,370
Furnishings and movable equipment	28,177,065	1,116,420	(3,647,673)	25,645,812
Library materials	2,949,423	311,905	(568,279)	2,693,049
Right to Use Assets	-	5,039,218	-	5,039,218
Intangibles	<u>129,875</u>	<u>-</u>	<u>-</u>	<u>129,875</u>
Total accumulated depreciation/amortization	<u>92,062,932</u>	<u>10,655,122</u>	<u>(4,434,156)</u>	<u>98,283,898</u>
Total capital assets, net of depreciation/amortization	<u>\$ 175,736,777</u>	<u>\$ (3,843,272)</u>	<u>\$ (1,131,970)</u>	<u>\$ 170,761,535</u>

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6. LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2022 are as follows:

	Balance July 1, <u>2021</u>			Balance June 30, <u>2022</u>		
	<u>Additions</u>	<u>Reductions</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>		
Compensated absences	\$ 2,790,853	\$ -	\$ 93,870	\$ 2,696,983	\$ 198,551	\$ 2,498,432
Postemployment benefits (Note 9)	983,548	-	983,548	-	-	-
Total long-term liabilities	<u>\$ 3,774,401</u>	<u>\$ -</u>	<u>\$ 1,077,418</u>	<u>\$ 2,696,983</u>	<u>\$ 198,551</u>	<u>\$ 2,498,432</u>

The current portion of compensated absence liabilities are included in accrued compensation and benefits on the Statements of Net Position.

7. COMMITMENTS AND CONTINGENCIES

The University has entered into various contractual service agreements with its consortium universities, associated hospitals, and health departments primarily for clinical instruction, research, and other services. For the fiscal years ended June 30, 2022, these instructional expenses relating to contracts totaled \$4,711,276. At June 30, 2022, the University had recorded accrued liabilities of \$911,354 which represented unbilled services rendered by the related organizations under these contracts.

The University receives grants and contracts from certain federal, state, and private agencies to fund research and other programs. The costs, both direct and indirect, which have been charged to the grant or contract, are audited annually in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Such audits are subject to the approval of the granting agency, which reserves the right to conduct further examinations. It is the opinion of the University's management that any potential disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

8. EMPLOYEE BENEFIT PLANS

Plan Description - The University participates in the State Teachers Retirement System (STRS) and the Ohio Public Employees Retirement System (OPERS), statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of the University. Each system has multiple retirement plan options available to its members, ranging from three in STRS and three in OPERS. Each system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The systems also each provide postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

Each retirement system issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. The reports may be obtained by contacting:

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State Teachers Retirement System of Ohio 275 E. Broad Street Columbus, Ohio 43215 (888) 227-7877 www.strsoh.org	Ohio Public Employees Retirement System 277 East Town Street Columbus, Ohio 43215 (800) 222-7377 www.opers.org
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Contributions - State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each University's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are set at the maximums authorized by the ORC. The plans' 2022 employer and member contribution rates on covered payroll to each system are:

	Employer Contribution Rate				Member Contribution Rate
	Post-				Total
	Pension	Retirement Healthcare	Death Benefits	Total	
STRS	14.00%	0.00%	0.00%	14.00%	14.00%
OPERS-State/Local	14.00%	0.00%	0.00%	14.00%	10.00%
OPERS- Law Enforcement and Public Safety	18.10%	0.00%	0.00%	18.10%	12.00%

The University's required and actual contributions to the plans are as follows:

	For the Year ended 6/30	
	2022	
	Pension	OPEB
STRS	\$ 1,324,876	\$ -
OPERS	2,450,562	-
TOTAL	\$ 3,775,438	\$ -

Benefits Provided

STRS - Plan benefits are established under Chapter 3307 of the Revised Code, as amended by Substitute Senate Bill 342 in 2012, giving the Retirement Board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the COLA as the need or opportunity arises, depending on the retirement system's funding progress.

Any member may retire who has (1) five years of service credit and attained age 60; (2) 28 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (3-5 years) and multiplying by a

NORTHEAST OHIO MEDICAL UNIVERSITY
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factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage up to \$2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

STRS Ohio provides access to healthcare coverage to retirees who participated in the Defined Benefit or Combined Plans, and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

OPERS - Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent, or an amount based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2022, the University reported a liability for its proportionate share of the net pension liability of STRS/OPERS. For June 30, 2022, the net pension liability was measured as of June 30, 2021 for STRS, and December 31, 2021 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates, except STRS' net pension liability's actuarial valuation for the June 30, 2020 measurement date was dated July 1, 2020, which was rolled forward to the measurement date. The University proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

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Plan	Measurement Date	Net Pension Liability/(Asset)		Proportionate Share		Percentage Change in Proportionate Share
		2022	2021	2022	2021	
STRS	June 30	\$ (9,907,632)		0.07749%	0.09291%	-0.01542%
OPERS	December 31	\$ (8,407,303)		0.10770%	0.10491%	0.00278%

For the year ended June 30, 2022, the University recognized a negative pension expense of \$4,947,651. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 789,617	\$ (372,727)
Changes of assumptions	3,967,528	-
Net difference between projected and actual earnings of pension plan investments	-	(19,885,070)
Changes in proportion and differences between University contributions and proportionate share of contributions	593,742	(3,748,426)
University contributions subsequent to the measurement date	2,554,598	-
Total	<u>\$ 7,905,485</u>	<u>\$ (24,006,223)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2022	\$ (3,637,928)
2023	\$ (5,939,652)
2024	\$ (4,820,574)
2025	\$ (4,229,396)
2026	\$ (17,555)
Thereafter	\$ (10,231)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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Net OPEB Liability, Deferrals, and OPEB Expense – At June 30, 2022, the University reported a liability/(asset) for its proportionate share of the net OPEB liability of STRS/OPERS. For June 30, 2022, the net OPEB liability/(asset) was measured as of June 30, 2021 for STRS, and December 31, 2021 for the OPERS plan. The total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated December 31, 2020, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, the University’s proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined, except as noted below.

For plan years ending June 30, 2021, STRS did not allocate employer contributions to the OPEB plan. Therefore, STRS’ calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

For plan years ending December 31, 2021, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS’s calculation of the employers’ proportionate share is based on total contributions to the plan for both pension and OPEB.

Plan	Measurement Date	Net OPEB Liability/(Asset)		Proportionate Share		Percentage Change in Proportionate Share
		2022	2021	2022	2021	
STRS	June 30	\$ (1,633,792)		0.07749%	0.09291%	-0.01542%
OPERS	December 31	\$ (3,515,810)		0.11225%	0.11017%	0.00208%

For the year ended June 30, 2022, the University recognized OPEB negative expense of \$4,706,307. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,173	\$ (832,641)
Changes of assumptions	104,360	(2,397,847)
Net difference between projected and actual earnings of OPEB plan investments	-	(2,128,955)
Changes in proportion and differences between University contributions and proportionate share of contributions	148,985	(158,459)
University contributions subsequent to the measurement date	-	-
Total	\$ 311,518	\$ (5,517,902)

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Amounts reports as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ (2,764,851)
2024	\$ (1,161,665)
2025	\$ (560,101)
2026	\$ (306,987)
2027	\$ 194
Thereafter	\$ -

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year.

Actuarial Assumptions - The total pension liability and OPEB liability is based on results of an actuarial valuation and were determined using the following actuarial assumptions for the University as of June 30, 2022:

	STRS	OPERS
Valuation Date - Pensions	June 30, 2021	December 31, 2021
Valuation Date - OPEB	June 30, 2021	December 31, 2020
Actuarial cost method	Entry age normal	Individual Entry Age
Cost of living	None	1.40 percent - 3.00 percent
Salary increases, including inflation	2.50 percent at age 65 - 12.50 percent at age 20	2.75 percent - 10.75 percent
Inflation	2.50 percent	2.75 percent
Investment rate of return- Pensions	7.00 percent, net of investment expense, including inflation	6.90 percent, net of investment expense, including inflation
Investment rate of return- OPEB	7.00 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rates	-16.18 percent to 5.00 percent initial, 4.00 percent ultimate Medical; 6.50 percent to 29.98% initial, 4.00 percent ultimate Prescription	5.50 percent initial, 3.50 percent ultimate in 2034
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2020
Mortality basis	RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between 70 and 79, 90% of rates between age 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.	RP-2014 Healthy Annuitant Mortality Table

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Pension Discount Rate - The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rates used to measure the total pension liabilities for STRS were 7.00 percent for the plan years ended June 30, 2021. The discount rates used to measure the total pension liability for OPERS were 6.90 percent for the plan years ended December 31, 2021.

OPEB Discount Rate - The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees used a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

STRS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) was 7.00 percent for the plan years ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

OPERS – OPEB Discount Rate: The discount rate used to measure the total OPEB liabilities/(assets) was 6.00 percent for the plan year ended December 31, 2021. This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investment, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic (geometric for STRS) real rates of return for each major asset class are summarized in the following table as of the dates listed below:

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STRS - as of 6/30/21			OPERS - as of 12/31/21				
Investment Category	Target Allocation	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
		Expected Real Rate of Return		Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity	28.00%	7.35%	Fixed Income	24.00%	1.03%	34.00%	0.91%
International Equity	23.00%	7.55%	Domestic Equities	21.00%	3.78%	25.00%	3.78%
Alternatives	17.00%	7.09%	Real Estate	11.00%	3.66%	0.00%	0.00%
Fixed Income	21.00%	3.00%	Private Equity	12.00%	7.43%	0.00%	0.00%
Real Estate	10.00%	6.00%	International Equities	23.00%	4.88%	25.00%	4.88%
Liquidity Reserves	1.00%	2.25%	REITs	0.00%	0.00%	7.00%	3.71%
			Risk Parity	5.00%	2.92%	2.00%	2.92%
			Other Investments	4.00%	2.85%	7.00%	1.93%
Total	100.00%		Total	100.00%		100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the University, calculated using the discount rate listed below, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate for the years ended June 30, 2022:

Plan	1.00 percent decrease		2022 Current Discount Rate		1.00 percent increase	
	STRS	6.00%	\$ 18,553,287	7.00%	\$ 9,907,632	8.00%
OPERS	5.90%	34,805,522	6.90%	8,407,303	7.90%	8,215,627
		\$ 53,358,809		\$ 18,314,935		\$ 10,817,699

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate – The following presents the net OPEB liability/(asset) of the University, calculated using the discount rate listed below, as well as what the University net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 percent decrease		2022 Current Discount Rate		1.00 percent increase	
	STRS	6.00%	\$ (1,378,668)	7.00%	\$ (1,633,792)	8.00%
OPERS	5.00%	(2,067,627)	6.00%	(3,515,810)	7.00%	(4,717,825)
		\$ (3,446,295)		\$ (5,149,602)		\$ (6,564,735)

Sensitivity of the net OPEB liability/(asset) to changes in the health care cost trend rate – The following presents the net OPEB liability/(asset) of the University, calculated using the healthcare cost trend rate listed below, as well as what the University's net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

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<u>Plan</u>	<u>1.00 percent decrease</u>	<u>2022 Current Trend Rate</u>	<u>1.00 percent increase</u>
STRS	\$ (1,838,275)	\$ (1,633,792)	\$ (1,380,931)
OPERS	<u>(3,553,803)</u>	<u>(3,515,810)</u>	<u>(3,470,739)</u>
	<u>\$ (5,392,078)</u>	<u>\$ (5,149,602)</u>	<u>\$ (4,851,670)</u>

Pension Plan and OPEB plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS/STRS financial report.

Benefit changes – There were no significant benefit terms changes for the pension or OPEB plan(s) since the prior two measurement dates for STRS.

9. LEASES

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of this statement is effective June 30, 2022.

As Lessor – The University leases retail and office space in its facility to others. These leases have variable terms with payments required monthly or quarterly. In addition to license fees, the University receives variable payments for common area maintenance and utility reimbursements associated with spaces that are not included in the measurement of the lease receivable.

The total amount of inflows of resources recognized for the period ending June 30, 2022 is as follows:

Inflows:

Interest revenue leases	\$ 179,002
Lease revenue	<u>55,016</u>
	<u>\$ 234,018</u>

Lease balance summary:

Leases receivable	\$ 6,005,409
Accrued interest receivable	29,275
Deferred inflow leases	<u>5,910,698</u>
	<u>\$ 11,945,382</u>

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Below is a schedule of future payments that are included in the measurement of the leases receivable:

<u>As of June 30, 2022</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	905,144	166,909	1,072,053
2024	943,777	139,200	1,082,977
2025	983,807	110,312	1,094,119
2026	976,016	80,813	1,056,829
2027	646,455	54,695	701,150
2028-2032	<u>1,550,210</u>	<u>74,353</u>	<u>1,624,563</u>
	<u>6,005,409</u>	<u>626,282</u>	<u>6,631,691</u>

As Lessee – The University leases facilities and equipment from others. These leases have variable terms and require monthly, quarterly, or annual payments.

As of June 30, 2022 the total amount of Right to Use lease assets by major class, and the related accumulated amortization, is as follows:

	July 1, 2021 Beginning Balance <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	June 30, 2022 Ending Balance <u>Balance</u>
Leased-Equipment	\$ 2,570,018	\$ -	\$ -	\$ 2,570,018
Leased-Vehicles	13,961	-	-	13,961
Leased-Real Estate	<u>94,352,843</u>	-	-	<u>94,352,843</u>
Total Right to Use Assets	96,936,822	-	-	96,936,822
Less accumulated amortization				
Leased-Equipment	-	999,445	-	999,445
Leased-Vehicles	-	10,471	-	10,471
Leased-Real Estate	-	<u>4,029,303</u>	-	<u>4,029,303</u>
Total accumulated amortization	<u>-</u>	<u>5,039,218</u>	<u>-</u>	<u>5,039,218</u>
Total RTU assets, net of amortization	<u>\$96,936,822</u>	<u>\$ (5,039,218)</u>	<u>\$ -</u>	<u>\$91,897,604</u>

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The total amount of cash lease payments for the period ending June 30, 2022 is as follows:

Cash lease payments

Leased-Equipment	\$ 978,521
Leased-Vehicles	10,668
Leased-Real Estate	5,599,789
	\$ 6,588,978

Lease balance summary:

Leases payable	\$ 92,855,872
Accrued interest payable	262,136
	\$ 93,118,008

Below is a schedule of future payments that are included in the measurement of the leases payable:

As of June 30, 2022	Principal	Interest	Total
2023	3,756,681	2,722,424	6,479,105
2024	3,560,193	2,617,993	6,178,186
2025	3,204,649	2,521,118	5,725,767
2026	3,173,153	2,426,636	5,599,789
2027	3,269,668	2,330,121	5,599,789
2028-2032	17,901,984	10,096,960	27,998,944
2033-2037	20,795,245	7,203,699	27,998,944
2038-2042	24,156,105	3,842,839	27,998,944
2043-2047	13,038,194	494,629	13,532,823
	92,855,872	34,256,419	127,112,291

10. BONDS PAYABLE

In FY 2011, the University was approved to issue an amount not to exceed \$42 million in General Receipt bonds. On November 10, 2010, the University issued General Receipt Bonds Series 2010 in the amount of \$15 million. On November 9, 2011, the remaining \$27 million of General Receipt Bonds Series 2011 was issued. The proceeds were used for the construction, improvement, reconstruction, remodeling, renovation, and equipping of the University's facilities, primarily for the construction of a new research and graduate education complex consisting of medical research, laboratory, graduate education, and related purposes.

On December 1, 2020, the University was approved to issue an amount not to exceed \$53.5 million in General Receipts bonds. This amount represents the refunding of the Series 2010 and 2011 bonds, as well as new debt issuance in the amount of \$15 million. On February 24, 2021, the University issued General Receipt and Refunding Bonds Series 2021A in the amount of \$24,615,000. This amount includes \$15 million in new debt and refunding of the outstanding Series 2010 bonds. The proceeds were used for the purpose of reimbursing the University for costs of certain University facilities, primarily the Medical Office

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Building, refunding the outstanding 2010 bonds of the University, and paying costs of issuance of the Series 2021A bonds. The bonds are in various denominations, with fixed interest rates of 3.0 to 5.0 percent and a maturity of 26 to 30 years. On August 11, 2021, the University issued General Receipts Refunding Bonds Series 2021B in the amount of \$19,225,000 for the refunding of the outstanding Series 2011 bonds. The bonds are in various denominations, with fixed interest rates of 4.0 to 5.0 percent and a maturity of 21 years.

The bond premium on the Series 2021A bonds totaled \$2,564,183 with an accumulated amortized balance of \$2,429,226 as of June 30, 2022. The bond premium on the Series 2021B bonds totaled \$3,795,361 with an accumulated amortized balance of \$3,622,845 as of June 30, 2022. The premiums are being amortized as a credit to interest expense over the life of the bonds.

The balance outstanding for all bonds as of June 30, 2022 was \$48,842,071.

The University's bonds and notes payable as of June 30, 2022 are summarized as follows:

	July 1, 2021	Borrowed	Retired	June 30, 2022	Current
General receipts bond Series 2011	22,655,000	-	22,655,000	-	-
General receipts bond Series 2011-Discount	(132,519)	-	(132,519)	-	-
General receipts bond Series 2021A	24,615,000	-	685,000	23,930,000	705,000
General receipts bond Series 2021A-Premium	2,530,444	-	101,218	2,429,226	-
General receipts bond Series 2021B	-	19,095,000	235,000	18,860,000	550,000
General receipts bond Series 2021B-Premium	-	3,795,361	172,516	3,622,845	-
Total bonds and notes payable	<u>\$ 49,667,925</u>	<u>\$ 22,890,361</u>	<u>\$ 23,716,215</u>	<u>\$ 48,842,071</u>	<u>\$ 1,255,000</u>

These obligations are secured by a gross pledge of and first lien on the General Receipts of the University. The General Receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted. The University believes it has complied with all covenants of the Prior Indenture and its supplements.

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2022 are summarized as follows:

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Year Ending June 30	Principal	Interest	Total
2023	1,255,000	1,735,725	2,990,725
2024	1,300,000	1,686,150	2,986,150
2025	1,360,000	1,626,900	2,986,900
2026	1,430,000	1,557,150	2,987,150
2027	1,495,000	1,484,025	2,979,025
2028-2032	8,695,000	6,193,650	14,888,650
2033-2037	10,760,000	4,076,050	14,836,050
2038-2042	12,040,000	1,956,375	13,996,375
2043-2046	4,455,000	284,100	4,739,100
	<u>\$ 42,790,000</u>	<u>\$ 20,600,125</u>	<u>\$ 63,390,125</u>

11. RISK MANAGEMENT

The University is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Commercial insurance has been obtained to cover damage or destruction to the University's property and for public liability, personal injury, and third-party damage claims. The University is insured through the State of Ohio for workers' compensation benefits. To provide employee healthcare and other benefits (including dental, life insurance, and long-term disability benefits), the University implemented a fully insured program for its medical benefits and has utilized the IUC contracts for its dental, life, and disability benefits. The University's healthcare plan is a fully insured benefit plan through SummaCare. All full-time NEOMED employees who work 40 hours or more per week are eligible for coverage. The U.S. Affordable Health Care Act (ACA) also allows any employee who works an average of 30 hours per week over a given measurement period of 12 months the option to choose to enroll in the medical coverage. The employee contributions vary depending upon the level of coverage elected.

Settled claims have not exceeded the University's commercial insurance coverage for any of the past three years.

12. RELATED PARTY TRANSACTIONS

NEOMED Foundation - The University has received distributions from the Foundation in the amount of \$3,022,222 for the year ended June 30, 2022, in direct support of charitable, educational, and scientific purposes benefiting the University and its students. In addition, the Foundation granted student loans of \$148,047 for the year ended June 30, 2022.

The University received reimbursements from the Foundation for payroll, management, fundraising, services, and office space of \$326,251 for the year ended June 30, 2022. The University will receive \$251,789 for the year ended June 30, 2022, related to unpaid reimbursements for similar purposes. Amounts for such services provided by the University, which are not reimbursed by the Foundation, are reported as in-kind contributions in the statements of revenue, expenses, and changes in net position. The University's in-kind support for these services was valued at \$636,721 for the year ended June 30, 2022.

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ERS Strategic Properties – The University made payments to ERS HWMEC, LLC for the lease of the wellness center in the amount of \$5,716,758 for the year ended June 30, 2022. Revenue of \$262,027 was recognized by ERS RGE, LLC upon its dissolution in a transaction transferring the assets of that company to the University. The liability owed to the University was forgiven.

The University made payments on behalf of ERS for expenses in the amount of \$52,047 for the year ended June 30, 2022. Reimbursements and payments for naming rights were received in ERS Companies in the amount of \$99,979 for the year ended June 30, 2022 and were used to offset current and prior year expenses paid by the University. For the years ended June 30, 2022, \$23,222 related to legal fees relating to the Medical Office Building and 4th Floor RGE construction, and property tax exemptions. Amounts for such services provided by the University which are not reimbursed by ERS are reported as in-kind contributions in the Statements of Revenue, Expenses, and Changes in Net Position. The University’s in-kind support for these services was valued at \$288,542 for the year ended June 30, 2022. Additional support for the MOB building construction in the amount of \$13,491 for the year ended June 30, 2022, were received from BioMed, and was recorded in unearned revenue. For the year ended June 30, 2022, \$467,563 was recognized as earned revenue according to the straight-line schedule, effective August 2020-August 2045.

ERS had amounts due to the University for construction, equipment, consulting, and legal fees totaling \$14,064,147 for the year ended June 30, 2022, which were paid by the University on behalf of ERS for construction, operating expenses such as utilities and taxes, legal fees, and property acquisition costs. The University advances funds to ERS, interest free, as needed to assist with cash flow. All payables are expected to be repaid in full as funds become available.

ERS Board Members are employees from the University’s management team.

13. COMPONENT UNIT - THE NEOMED FOUNDATION

The NEOMED Foundation (hereinafter referred to as the “Foundation”) was incorporated on April 14, 1978 as a nonprofit tax-exempt corporation. The Foundation is a legally separate nonprofit entity organized for the purpose to serve as the gift-receiving arm of the Northeast Ohio Medical University (hereinafter referred to as the “University”), and to assist in developing and increasing its resources to provide broader educational opportunities and services for charitable, educational and scientific purposes. The Foundation is governed by a volunteer board of directors consisting of a maximum 42 members. The Foundation had no unrelated business income in fiscal year 2022.

The Foundation has adopted the accrual method of accounting in accordance with not-for-profit accounting principles generally accepted in the United States of America. The Foundation reports net assets based on the existence or absence of donor-imposed restrictions.

The Foundation is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation’s financial information included in the University’s financial report to account for these differences. Complete financial statements for the Foundation may be obtained by writing to NEOMED Foundation, PO Box 95, Rootstown, Ohio 44272.

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The following is a summary of Foundation investments at June 30:

	2022	
	Cost	Market
Money market fund	\$ 605,724	\$ 605,724
Cash surrender value of life insurance	27,483	27,483
Equities	18,452,693	17,923,383
Alternative investment	1,297,845	1,205,785
Fixed income	6,819,220	6,176,443
Total long-term investments	\$ 27,202,965	\$ 25,938,818

The Foundation's board of directors has adopted an investment policy, which is reviewed and updated on an annual basis and is used to determine asset allocation.

Assets measured as of June 30, 2022:

	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value (NAV)
Assets - Investments					
Domestic fixed income	\$ 5,730,125	\$ 5,730,125	\$ -	\$ -	\$ -
International fixed income	446,318	446,318	-	-	-
Domestic equities	12,399,490	12,399,490	-	-	-
International equities	5,523,893	5,523,893	-	-	-
Money market	605,724	-	605,724	-	-
Other investments	1,205,785	-	-	-	1,205,785
Total Investments	\$ 25,911,335	\$ 24,099,826	\$ 605,724	\$ -	\$ 1,205,785
Assets - Beneficial Interest in Trust					
Total Beneficial Interest in Trust	\$ 71,486	\$ -	\$ -	\$ -	\$ 71,486
Total Fair Value Measurements	\$ 25,982,821	\$ 24,099,826	\$ 605,724	\$ -	\$ 1,277,271

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Details of the Foundation's restricted net assets at June 30, 2022 are as follows:

With Donor Restrictions as of June 30:

	2022
Instruction and departmental research	\$ 2,258,757
Separately budgeted research	2,319,148
Public service	144,458
Academic support	2,224,206
Institutional support	499,839
Plant operation and maintenance	16,863
Student services	42,186
Student scholarships and other student aid	12,035,136
Deferred gift annuity	24,581
Anatomy endowed chair	1,506,812
Psychiatry endowed chair	2,000,000
General and other	1,614,742
Allowance for uncollectible pledges	(8,130)
Total with donor restrictions net assets, June 30	\$ 24,678,598

Total net assets with donor restrictions include \$12,866,780 as of June 30, 2022 of assets held in perpetuity. The remainder of funds are either purpose or time restricted. The assets are held for the following purpose:

	2022
Student loans	\$ 1,056,197
Endowments requiring earnings only to be made available for:	
Student scholarships and awards	6,599,824
Student loans	100,236
Anatomy endowed chair	1,506,812
Psychiatry endowed chair	2,000,000
General and other	1,614,743
Deferred gift annuity	(2,902)
Allowance for uncollectible pledges	(8,130)
Total net assets with donor restrictions to be held in perpetuity, June 30	\$ 12,866,780

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14. COMPONENT UNIT - ERS STRATEGIC PROPERTIES, INC.

ERS Strategic Properties, Inc. (hereinafter referred to as “ERS”) was incorporated on March 23, 2012 as a nonprofit tax-exempt corporation. ERS is governed by a volunteer board of directors consisting of seven members of NEOMED staff.

ERS has adopted the accrual method of accounting in accordance with not-for-profit accounting principles generally accepted in the United States of America. ERS is a private organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those under the GASB. No modifications have been made to ERS’ financial information included in the University’s financial report to account for these differences. Complete financial statements for ERS may be obtained by writing to ERS Strategic Properties, Inc., PO Box 95, Rootstown, Ohio 44272.

ERS Capital Assets

ERS issued debt, both bonds and private, to construct apartments for members of the University community and to construct a health, wellness, and medical education building that will be available to the University and outside community. The Ohio Facilities Commission (OFCC) entered into an agreement with the BioMed Science Academy STEM School (BioMed) to financially contribute \$12.4 million towards the construction of the medical office building. In addition to the OFCC funding, the University contributed \$2.6 million and issued debt for the remainder of the costs.

Capital asset activity for the year ended June 30, 2022 was as follows:

	July 1, 2021 <u>Beginning Balance</u>	Additions	Retirements and CIP Transfers	June 30, 2022 Ending <u>Balance</u>
Land - Nondepreciable	\$ 273,622	\$ -	\$ -	\$ 273,622
Infrastructure	10,397,071	-	-	10,397,071
Buildings	137,645,303	59,974	(4,243,565)	133,461,712
Furnishings and movable equipment	376,759	-	(51,493)	325,266
Construction in progress - Nondepreciable	3,240	-	(3,240)	0
Total historical cost	<u>148,695,995</u>	<u>59,974</u>	<u>(4,298,298)</u>	<u>144,457,671</u>
Less: accumulated depreciation				
Infrastructure	8,850,934	686,336	-	9,537,270
Buildings	19,688,145	3,414,348	(129,062)	22,973,431
Furnishings and movable equipment	138,341	78,250	(3,260)	213,331
Total accumulated depreciation	<u>28,677,420</u>	<u>4,178,934</u>	<u>(132,322)</u>	<u>32,724,032</u>
Net property and equipment	<u>\$ 120,018,575</u>	<u>(4,118,960)</u>	<u>(4,165,976)</u>	<u>111,733,639</u>

FUNDS HELD BY TRUSTEE

Funds held by trustee represent cash and cash equivalents that, under the terms of the bond agreement, are restricted for various purposes. These assets are being held with a large financial institution (the “Trustee”). In accordance with the terms of the related agreements, the proceeds from the bonds not used to construct the student wellness center and certain equipment and improvements were deposited with the Trustee. The

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Trustee is then authorized, through direction from ERS, to transfer funds out of the revenue funds to other funds. Funds held by the Trustee consist of interest-bearing cash accounts.

At June 30, 2022, fund balances held by the Trustee were as follows:

	2022
<u>ERS HWMEC LLC</u>	
Bond proceeds fund	\$ 833,165
 <u>ERS Housing LLC</u>	
Revenue fund	\$ 19,987
Repair & Replace fund	390,076
Sinking fund	198,801
Surplus fund	257,572
Subtotal ERS Housing LLC	\$ 866,436
 Total	 \$ 1,699,601

BONDS PAYABLE

In 2012, ERS Housing LLC worked with the Portage County Port Authority to issue tax-exempt bonds in the amount of \$36,680,000. As of June 2012, when the bonds were issued, ERS did not yet have tax-exempt status, so ERS partnered with Portage County Port Authority. The proceeds from this issuance were used for the construction of NEOMED apartments. The bonds were assumed from the Portage County Port Authority by ERS in November 2012 when ERS received its tax-exempt status. The bonds are in various denominations, with fixed interest rates of 2.0 to 5.0 percent and a maturity date of June 1, 2044. The balance outstanding was \$32,860,000 as of June 30, 2022.

In November 2012, ERS HWMEC LLC issued a senior secured note in the amount of \$84,000,000. The proceeds from this issuance were used for the construction of a health, wellness, and medical education building. The bonds are in various denominations, with a fixed interest rate of 4.89 percent (and an additional .042 percent if the University's credit rating was downgraded in 2013) and a maturity date of November 8, 2044. The balance outstanding was \$72,680,409 as of June 30, 2022.

The original bond discount for the ERS Housing bonds totaled \$633,830, with an unamortized balance of \$434,107 as of June 30, 2022. The discount is being amortized straight line over the life of the bonds and is included in interest expense in the accompanying Statements of Revenue, Expenses, and Changes in Net Position. There is no discount or premium on the ERS HWMEC bonds.

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ERS Bonds payable as of June 30, 2022 are summarized as follows:

	July 1, 2021	Borrowed	Retired	June 30, 2022	Current
ERS Housing LLC	\$ 33,625,000	\$ -	\$ 765,000	\$ 32,860,000	\$ 870,000
ERS Housing LLC Discount	(453,915)	-	(19,808)	(434,107)	-
ERS HWMEC LLC	74,423,425	-	1,743,016	72,680,409	1,830,186
Total bonds and notes payable	<u>\$ 107,594,510</u>	<u>\$ -</u>	<u>\$ 2,488,208</u>	<u>\$ 105,106,302</u>	<u>\$ 2,700,186</u>

These obligations are secured by a gross pledge of and first lien on the General Receipts of the University. The General Receipts include the full amount of every type and character of campus receipts, except for state appropriations and receipts previously pledged or otherwise restricted. The University has complied with all covenants as of June 30, 2022. Total bonds and notes payable in the chart above is not shown net of bond financing costs of \$1,926,477 for the year ended June 30, 2022.

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2022 are summarized as follows:

Year Ending June 30	Principal	Interest	Total
2023	2,700,186	5,465,359	8,165,545
2024	2,831,715	5,323,696	8,155,411
2025	2,972,822	5,171,762	8,144,584
2026	3,123,735	5,012,156	8,135,891
2027	3,279,696	4,844,486	8,124,182
2028-2032	18,957,908	21,482,693	40,440,601
2033-2037	24,099,988	15,973,781	40,073,769
2038-2042	30,787,825	8,821,119	39,608,944
2043-2045	16,786,534	1,127,462	17,913,996
	<u>105,540,409</u>	<u>73,222,514</u>	<u>178,762,923</u>

15. SUBSEQUENT EVENTS

In August 2022, NEOMED issued \$29,850,000 in general receipts bonds for the purpose of purchasing the student housing development from ERS Housing, LLC. ERS will use the proceeds from this sale to redeem all outstanding maturities of the Series 2012 Port Authority Bonds.

Other Required Supplemental Information for GASB 68 and GASB 75

Schedule of University's Proportionate Share of the Net Pension Liability:

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the collective OPERS net pension liability:								
As a percentage	0.10770%	0.10491%	0.11020%	0.11797%	0.12044%	0.11078%	0.11033%	0.10406%
Amount	\$ 8,407,303	\$ 15,535,183	\$ 21,782,371	\$ 32,119,570	\$ 18,694,402	\$ 25,083,580	\$ 19,046,195	\$ 12,492,034
University's covered payroll	\$ 17,567,453	\$ 16,638,634	\$ 17,258,016	\$ 17,367,434	\$ 15,723,837	\$ 15,488,321	\$ 14,722,542	\$ 13,919,290
University's proportional share of the collective pension liability (amount), as a percentage of the University's covered employee payroll	47.86%	93.37%	126.22%	184.94%	118.89%	161.95%	129.37%	89.75%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.44%	74.91%	84.85%	77.39%	81.19%	86.53%

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the collective STRS net pension liability:								
As a percentage	0.07749%	0.09291%	0.09639%	0.09841%	0.09202%	0.08683%	0.08185%	0.07478%
Amount	\$ 9,907,632	\$ 22,479,738	\$ 21,316,328	\$ 21,638,699	\$ 21,859,034	\$ 29,065,942	\$ 22,621,327	\$ 18,190,132
University's covered payroll	\$ 9,463,397	\$ 8,322,657	\$ 9,968,001	\$ 10,158,336	\$ 9,049,107	\$ 8,037,482	\$ 7,564,093	\$ 8,894,530
University's proportional share of the collective pension liability (amount), as a percentage of the University's covered employee payroll	104.69%	270.10%	213.85%	213.01%	241.56%	361.63%	299.06%	204.51%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	75.50%	77.40%	77.30%	75.29%	66.78%	72.10%	74.70%

Schedule of University's Pension Contributions OPERS:

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,450,562	\$ 2,332,527	\$ 2,416,122	\$ 2,431,441	\$ 2,351,111	\$ 2,044,099	\$ 2,013,482	\$ 1,193,930
Contributions in relation to the actuarially determined contractually required contribution	\$ 2,450,562	\$ 2,332,527	\$ 2,416,122	\$ 2,431,441	\$ 2,351,111	\$ 2,044,099	\$ 2,013,482	\$ 1,193,930
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	\$ 17,567,453	\$ 16,638,634	\$ 17,258,016	\$ 17,367,434	\$ 17,415,640	\$ 15,723,837	\$ 15,488,321	\$ 14,722,542
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.00%	13.00%	13.00%

Schedule of University's Pension Contributions STRS:

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,324,876	\$ 1,165,172	\$ 1,395,520	\$ 1,422,167	\$ 1,380,988	\$ 1,266,875	\$ 1,125,247	\$ 1,058,973
Contributions in relation to the actuarially determined contractually required contribution	\$ 1,324,876	\$ 1,165,172	\$ 1,395,520	\$ 1,422,167	\$ 1,380,988	\$ 1,266,875	\$ 1,125,247	\$ 1,058,973
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	\$ 9,463,397	\$ 8,322,657	\$ 9,968,001	\$ 10,158,336	\$ 9,864,200	\$ 9,049,107	\$ 8,037,482	\$ 7,564,093
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Information prior to 2015 is not available.

Notes to required supplemental information:

Benefit term changes since the prior measurement date.

There were no changes in benefit terms affecting the STRS and OPERS pension plans.

Assumption changes since the prior measurement date.

STRS: The discount rate was adjusted to 7.00 percent from 7.45% for the June 30, 2021 valuation.

OPERS: The wage inflation was adjusted to 2.75 percent from 3.25 percent. The projected salary increase range was adjusted to 2.75-10.75 percent from 3.25-10.75 percent. The discount rate was adjusted to 6.9 percent from 7.2 percent.

Schedule of University's Proportionate Share of the Net OPEB liability:

	2022	2021	2020	2019	2018
University's proportion of the collective OPERS net pension liability:					
As a percentage	0.11225%	0.11017%	0.11443%	0.12042%	0.12358%
Amount	\$ (3,515,810)	\$ (1,962,695)	\$ 15,806,032	\$ 15,699,404	\$ 13,419,878
University's covered payroll	\$ 17,567,453	\$ 16,660,907	\$ 16,660,907	\$ 17,415,640	\$ 15,723,837
University's proportional share of the collective OPEB liability (amount), as a percentage of the University's covered payroll	-20.01%	-11.78%	94.87%	90.15%	85.35%
Plan fiduciary net position as a percentage of the total pension liability	128.23%	115.57%	47.80%	46.33%	77.25%

	2022	2021	2020	2019	2018
University's proportion of the collective STRS net pension liability:					
As a percentage	0.07749%	0.09291%	0.09636%	0.09857%	0.09202%
Amount	\$ (1,633,792)	\$ (1,632,804)	\$ (1,596,000)	\$ (1,581,000)	\$ 3,590,196
University's covered payroll	\$ 9,463,397	\$ 8,322,657	\$ 8,322,657	\$ 9,864,200	\$ 9,049,107
University's proportional share of the collective OPEB liability (amount), as a percentage of the University's covered payroll	-17.26%	-19.62%	-19.18%	-16.03%	39.67%
Plan fiduciary net position as a percentage of the total pension liability	174.73%	182.10%	174.70%	176.00%	47.11%

Information prior to 2018 is not available.

University's Proportionate Share of OPEB Contributions OPERS:

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ 87,078
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 87,078
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 17,567,453	\$ 16,660,907	\$ 17,258,016	\$ 17,367,434	\$ 17,415,640
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.50%

University's Proportionate Share of OPEB Contributions STRS:

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 9,463,397	\$ 8,322,657	\$ 9,968,001	\$ 10,158,336	\$ 9,984,186
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Information prior to 2018 is not available.

Notes to required supplementary information:

Benefit term changes since the prior measurement date.

STRS: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Assumption changes since the prior measurement date.

STRS: The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Northeast Ohio Medical University
4209 State Route 44
Rootstown, Ohio 44272

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Northeast Ohio Medical University (the "University"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 14, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Northeast Ohio Medical University
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page 2 of 2

Purpose of this Report

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

Hea & Associates, Inc.

Independence, Ohio
October 14, 2022

**Independent Auditor's Report on Compliance for Each Major Federal Program And
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Trustees
Northeast Ohio Medical University
4209 State Route 44
Rootstown, Ohio 44272

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Northeast Ohio Medical University's, (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on the Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the Student Financial Assistance Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the University did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding number 2022-001 for enrollment reporting.

Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hea & Associates, Inc.

Independence, Ohio
October 14, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Numbers	Agency or Pass-through Grant Number	Total Amount Provided to Subrecipients	Expenses
STUDENT FINANCIAL ASSISTANCE CLUSTER				
Department of Education				
<i>Office of Student Financial Assistance Program:</i>				
William D Ford Federal Direct Loan Program	84.268	N/A	-	\$ 41,113,109
Federal Perkins Loan Program	84.038	N/A	-	383,434
<i>Total Office of Student Financial Assistance Program</i>			-	41,496,543
Total Department of Education			-	41,496,543
Department of Health & Human Services				
<i>Health Resources and Services Administration:</i>				
Health Prof Student Loan Prgm - Loans to Disadvantaged Students	93.342	N/A	-	4,015,533
Health Prof Student Loan Prgm - Primary Care Loans	93.342	N/A	-	684,275
Health Prof Student Loan Prgm - Pharmacy Loans	93.342	N/A	-	95,147
<i>Total Health Resources and Services Administration</i>			-	4,794,955
<i>Health Resources and Services Administration:</i>				
HRSA - NEOMED Scholarships for Disadvantaged Students	93.925	T08HP39276	-	629,941
Total ALN #93.925			-	629,941
Total Department of Health & Human Services			-	5,424,896
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			\$ -	\$ 46,921,439
MEDICAID CLUSTER				
Department of Health and Human Services				
<i>Centers for Medicare and Medicaid Services:</i>				
<i>Passed through Ohio State University:</i>				
<i>Passed through Case Western Reserve University:</i>				
DHHS - OSU - CWRU - MEDTAPP Diabetes Consortium	93.778	RESS15888	-	\$ (2,508)
DHHS - OSU - CWRU - MEDTAPP Ohio Cardiovascular Health Collaborative	93.778	RESS16709	-	45,510
DHHS - OSU - CWRU - MEDTAPP Diabetes Quality Improvement	93.778	RESS16770	-	13,474
<i>Passed through Ohio Department of Medicaid:</i>				
<i>Passed through Ohio State University:</i>				
DHHS - ODM - OSU - MEDTAPP Ohio Systems of Care Project ECHO for Multi-System Youth FY22 (Federal)	93.778	GR123529	-	65,647
<i>Total Centers for Medicare and Medicaid Services</i>			-	122,123
Total Department of Health and Human Services			-	122,123
TOTAL MEDICAID CLUSTER			\$ -	\$ 122,123
RESEARCH AND DEVELOPMENT CLUSTER				
Department of Health and Human Services				
<i>National Institutes of Health:</i>				
NIH - ATP13A2 and Susceptibility to Neurodegeneration	93.113	1R01ES031124	-	\$ 262,520
Total ALN #93.113			-	262,520
<i>National Institutes of Health:</i>				
NIH - Age-related GABAergic loss in the central auditory circuits	93.173	1R01DC017708	-	245,972
NIH - Auditory Processing Deficits in Early-Onset Conductive Hearing Loss	93.173	2R01DC013314	-	323,550
NIH - Auditory Information Processing in the Amygdala	93.173	2R01DC000937	-	404,676
NIH - Auditory Information Processing in the Amygdala	93.173	R01DC000937	-	110,855
NIH-Cellular properties mediating specialization of lateral superior olive principal neuron types for timing and intensity based sound localization	93.173	1R21DC017819	-	124,274
NIH - Metabotropic Glutamate Receptor-Mediated Neuromodulation in Sound Localization Circuits	93.173	R01DC016054	-	334,998
NIH - Modulatory Circuits in the Auditory System	93.173	2R01DC004391	-	98,104
NIH - NIDCD - Modulatory Circuits in the Auditory System	93.173	2R01DC004391-A1	-	404,070
NIH - Neuronal Hyperactivity:Tinnitus and Distress	93.173	1R01DC016918-01A1	-	351,405
<i>Passed through University of Michigan:</i>				
NIH - University of Michigan - Circuit Mechanisms for Auditory Processing in the Inferior Colliculus	93.173	SUBK00012231	-	54,030
<i>Passed through Carnegie Mellon University:</i>				
NIH - CMU - Cortical processing of informational masking	93.173	1090699-451458	-	3,571
Total ALN #93.173			-	2,491,505
<i>National Institutes of Health:</i>				
<i>Passed through Florida State University:</i>				
NIH - FSU - Axonal FMRP in Synaptic Development	93.242	R000002944	-	9,371
Total ALN #93.242			-	9,371
<i>National Institutes of Health:</i>				
NIH - Effect of Ethanol on Lipid Metabolism	93.273	5R01AA013623-16	-	498,036
NIH - Ethanol Regulation of Adiponectin and its Signaling	93.273	2R01AA015951	-	338,349
<i>Passed through The Cleveland Clinic Foundation:</i>				
NIH - CCF - Alcohol and tissue injury from mechanisms to treatment	93.273	CCF21467265	-	20,000
Total ALN #93.273			-	856,385
<i>National Institutes of Health:</i>				
NIH - Identification of Novel Genes/Pathways That Regulate Atherosclerosis	93.837	1R01HL142086-01	-	248,097
NIH - Mechanical Control of Coronary Angiogenesis	93.837	1R01HL148585	-	132
NIH - Mechanism of Impaired Coronary Collateral Growth	93.837	1R01HL137008	-	270,114
NIH - Mechanism of TSP-1 in Metabolic Syndrome-Induced Vascular Disease	93.837	1R15HL147245-01	-	123,884
NIH - NHLBI : Targeting Collagen 6 for Post-Infarction Recovery	93.837	1R15HL132312-01A1	-	61,693
NIH - Role of OGT in Diabetic Vascular Disease	93.837	1R56HL141409-01	-	12,148
NIH - The Critical Role of the Coronary Microcirculation in Heart Failure	93.837	5R01HL135024-03	-	(155)
NIH - What mechanisms underlie coronary collateral growth?	93.837	1R01HL135110-01	-	27,445
NIH - What mechanisms underlie coronary collateral growth?	93.837	1R01HL135110-01	-	24,993
NIH - The Role of MicroRNA-21 in Regulating the Coronary Microcirculation in Diabetes	93.837	1F31HL156726	-	31,628
<i>Passed through University of Louisville Research Foundation:</i>				
NIH - University of Louisville - Regulation of Coronary Blood Flow	93.837	ULRF_18-0313-01-1	-	192,503
<i>Passed through Thomas Jefferson University:</i>				
NIH - TJU - Dysregulated Adiponectin Transmembrane Signaling in Diabetic Coronary Vascular Injury and Heart Failure	93.837	1R01HL157495-01A1	-	86,042
Total ALN #93.837			-	1,078,524

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Numbers	Agency or Pass-through Grant Number	Total Amount Provided to Subrecipients	Expenses
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
Department of Health and Human Services (Continued)				
<i>National Institutes of Health:</i>				
NIH - The Role of TRAPPC9 in Osteoclast Differentiation and Function	93.846	1R01AR077762	40,001	325,973
<i>Passed through The University of Akron:</i>				
NIH - University of Akron - Development of synergistic oxygenating antibacterial hydrogel dressings for reducing infection in diabetic wounds	93.846	04610_NEOMED	-	2,117
Total ALN #93.846			40,001	328,090
<i>National Institutes of Health:</i>				
NIH - Forkhead Box A3 and Bile Acid Metabolism	93.847	1R01DK121548	-	482,418
NIH - Hepatic ATF3 in the Development of NAFLD	93.847	1R01DK118941-01	-	268,961
NIH - Hepatic FOXA3 Links NAFLD to Atherosclerosis	93.847	1R01DK118805	-	495,183
NIH - Mechanisms Underlying the Pathogenesis of Non - alcoholic Fatty Liver Disease	93.847	5R01DK102619-04	-	70,621
NIH - Molecular Biology of Bile Acid Synthesis	93.847	2R01DK044442-22A1	-	331,722
NIH - Regulation of Bile Acid Synthesis by Nuclear Receptors	93.847	5R37DK058379-30	-	215,154
<i>Passed through Augusta University:</i>				
NIH - Augusta - Mitochondrial Acetylome Dynamics in NAFLD Assessed with Heavy Water-based Metabolic Labeling	93.847	35235-4	-	10,420
<i>Passed through Case Western Reserve University:</i>				
NIH - CWRU - Mechanisms of Tubular Atrophy	93.847	RE5516537	-	9,700
Total ALN #93.847			-	1,884,179
<i>National Institutes of Health:</i>				
NIH - Astrocytes in Retrovirus-Induced Spongiform Motor Neuron Disease	93.853	1R15NS108107	-	116,989
Total ALN #93.853			-	116,989
<i>National Institutes of Health:</i>				
NIH - Sca-1 signaling, EPC, and the inflammatory response to septic infection	93.859	1R01GM132449	-	317,050
Total ALN #93.859			-	317,050
<i>National Institutes of Health:</i>				
NIH - The Effect of Preterm Birth and RLN Damage on Airway Protection and Maturation	93.865	1R01HD088561-01	-	193,440
NIH - The effect of sensory intervention on swallowing and respiration through neurological maturation in preterm infants	93.865	1R01HD096881-01A1	1,355	482,548
NIH - The impact of sensory intervention on motor output and feeding performance in term and preterm infants	93.865	1K99HD105922	-	84,377
Total ALN #93.865			1,355	760,365
<i>National Institutes of Health:</i>				
NIH - Mechanism of ZCCHC6 Regulation of Mitochondrial Dysfunction in Alzheimer's Disease	93.866	1R56AG069116-01A1	96,600	582,764
NIH - The development effects of sex chromosomes and hormones specify microglial inflammation in Alzheimer's disease	93.866	1R01AG075897	-	128,639
<i>Passed through GPN Therapeutics:</i>				
NIH - GPN Therapeutics - Osteoactivin Treatment for Accelerating Spinal Fusion in Osteoporosis	93.866	1	-	7,094
NIH - GPN - The Therapeutic Role of GPNMB in Osteoarthritis	93.866	SUBAWARD 002	-	5,558
Total ALN #93.866			96,600	724,055
<i>Total National Institutes of Health</i>			137,956	8,829,033
<i>Substance Abuse and Mental Health Services Administration:</i>				
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Prevention Action Alliance:</i>				
SAMHSA - OMHAS - PAA - Behavioral Health of Students in Ohio Colleges and Universities	93.959	N/A	-	17,473
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
SAMHSA - OMHAS - Ohio Program for Campus Safety and Mental Health FY22	93.959	2200267	-	29,819
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Ohio University:</i>				
SAMHSA - OMHAS - OU - Center of Excellence for Behavioral Health Prevention and Promotion	93.959	UT22313	-	9,938
Total ALN #93.959			-	57,230
<i>Total Substance Abuse and Mental Health Services Administration</i>			-	57,230
Total Department of Health and Human Services			137,956	8,886,263
National Science Foundation				
<i>National Science Foundation:</i>				
<i>Passed through The University of Akron:</i>				
NSF - UA - Type II: The University of Akron I-Corps Site - Slide Chiller (SU21-040)	47.041	1644699	-	1,675
NSF - UA - Type II: The University of Akron I-Corps Site - Blood Cooling Wearable (F21-016) (Safadi)	47.041	03433-NEOMED03	-	2,175
NSF - UA - Type II: The University of Akron I-Corps Site - Clinical Research Search Engine (CRSE) (Safadi)	47.041	03433-NEOMED02	-	2,289
Total ALN #47.041			-	6,139
<i>National Science Foundation:</i>				
<i>Passed through University of Utah:</i>				
NSF - Utah - I-Corps Site University of Utah Center for Medical Innovation	47.070	10044791-01-NOMU	-	20,019
Total ALN #47.070			-	20,019
<i>National Science Foundation:</i>				
NSF - Collaborative Research: Exceptions that Test the Rules-Establishing the Feasibility of Avian Feather Muscles as Study System for Neuromotor Control	47.074	IOS1838746	2,805	18,087
Total ALN #47.074			2,805	18,087
<i>National Science Foundation:</i>				
NSF - Collaborative Research: Ecological Influences on Locomotor Performance in Free-Ranging Primates	47.075	1921314	-	123,949
NSF - Collaborative Research: Measuring leaping performance, evaluating its anatomical correlates, and reconsidering the importance of leaping in primate origins and early evolution	47.075	2020515	-	108,329
Total ALN #47.075			-	232,278
Total National Science Foundation			2,805	276,523
Department of Defense				
<i>Department of Defense:</i>				
DOD - Exercise Effects on Synuclein Aggregation, Neuroinflammation, and Neurodegeneration	12.420	W81XWH1910772	-	187,523
Total Department of Defense			-	187,523

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Numbers	Agency or Pass-through Grant Number	Total Amount Provided to Subrecipients	Expenses
RESEARCH AND DEVELOPMENT CLUSTER (Continued)				
Department of Commerce				
<i>Department of Commerce:</i>				
<i>Passed through North Pacific Research Board:</i>				
US Dept of Commerce - NPRB - Assessing cumulative hearing damage in bowhead whales of the Bering-Chukchi-Beaufort Stock	11.472	2107	-	82,304
Total Department of Defense			-	82,304
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 140,761	\$ 9,432,613
TOTAL CLUSTERS			\$ 140,761	\$ 56,476,175
OTHER PROGRAMS				
Department of Health and Human Services				
<i>Health Resources and Services Administration:</i>				
<i>Passed through The University of Toledo:</i>				
HRSA - UT - Area Health Education Center Point of Service Maintenance and Enhancement Award 2021	93.107	F-2021-16	\$ 83,510	\$ 111,436
	93.107	F-2022-16	227,179	319,457
Total ALN #93.107			310,689	430,893
<i>Substance Abuse and Mental Health Services Administration:</i>				
SAMHSA - Expanding Access to Medication-Assisted Treatment for Opioid Use Disorder by Educating and Training Medical Students				
	93.243	H79T1081669	7,786	23,006
SAMHSA - Expanding Access Medication-Assisted Treatment Services for Opioid Use Disorder by Education and Training Medical Students				
	93.243	H79T1084092	-	100,389
<i>Passed through Child guidance & Family Solutions:</i>				
<i>Passed through County of Summit Alcohol Drug Addiction & Mental Health Services Board:</i>				
SAMHSA - CGFS - CHR-CCAN Data Consultation				
	93.243	N/A	-	7,195
<i>Passed through Summit County Alcohol Drug Addiction & Mental Health Services Board:</i>				
SAMHSA - SADM : Community Programs for Outreach and Intervention with Youth and Young Adults at Clinical High Risk for Psychosis				
	93.243	16520 CHR-P	-	18,505
Total ALN #93.243			7,786	149,095
<i>Health Resources and Services Administration:</i>				
<i>HRSA - UT - Area Health Education Center Point of Service Maintenance and Enhancement Award</i>				
	93.732	U3NHP45402	\$ 2,093	\$ 130,242
Total ALN #93.732			2,093	130,242
<i>Substance Abuse and Mental Health Services Administration:</i>				
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>training curriculum</i>				
	93.788	2100535	14,598	36,213
SAMHSA - OMHAS - Ohio Opiate Project ECHO				
	93.788	2100534	62,117	98,742
Total ALN #93.788			76,715	134,955
<i>Health Resources and Services Administration:</i>				
<i>HRSA - Primary Care Training and Enhancement</i>				
	93.884	4 TOBHP30006-05-02	84,986	244,452
<i>HRSA - Training the Next Generation of Diverse Primary Care Providers to Learn and Serve in Rural and Medically Underserved Communities Through a New, Innovative Integrated Behavioral Health and Primary Care</i>				
	93.884	TOBHP33103	106,469	503,251
Total ALN #93.884			191,455	747,703
<i>Substance Abuse and Mental Health Services Administration:</i>				
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Allwell Behavioral Health Services:</i>				
SAMHSA - OMHAS - Allwell - Evidence-Based Programs to Address First Episode Psychosis				
	93.958	N/A	-	16,769
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Alta Behavioral Healthcare:</i>				
SAMHSA - OMHAS - ABH - Evidence Based Programs to Address First Episode Psychosis - FIRST Mahoning County				
	93.958	N/A	-	24,265
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Child Guidance and Family Solutions Inc:</i>				
SAMHSA - OMHAS - CGFS - FIRST Data Consultation				
	93.958	N/A	-	2,498
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through County of Summit Alcohol Drug Addiction & Mental Health Services Board:</i>				
SAMHSA - OMHAS - ADM - Criminal Justice Coordinating Center of Excellence - FY21				
	93.958	N/A	-	(219)
SAMHSA - OMHAS - ADM - Criminal Justice Coordinating Center of Excellence - FY22				
	93.958	2200038	37,945	189,932
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through Coleman Professional Services Inc.:</i>				
SAMHSA - OMHAS - Coleman - ABCR Training, Consultation and TA (FY 2020)				
	93.958	N/A	-	29,979
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
SAMHSA - OMHAS - First Episode Psychosis: ECHO and Fidelity Scale Development				
	93.958	2100238	-	44,341
SAMHSA - OMHAS - First Episode Psychosis: ECHO and Fidelity Scale Development				
	93.958	2200222	-	194,762
SAMHSA - OMHAS - FEP (OMHAS) Rate-setting - FY22				
	93.958	2200369	-	11,270
Plan, LoC				
	93.958	2200478	-	154,422
COVID-19: SAMHSA - OMHAS - CIT Support and Expansion - FY22			234,891	495,614
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through TCN Behavioral Health:</i>				
SAMHSA - OMHAS - TCN - Evidence Based Programs for First Episode Psychosis				
	93.958	N/A	-	12,107
<i>Passed through Center for Families and Children:</i>				
SAMHSA - CFC - CMHC at the Centers for Families and Children				
	93.958	CFC-2	-	20,109
<i>Passed through State of Illinois Department of Mental Health:</i>				
<i>Passed through Thresholds:</i>				
SAMHSA - ILHS - Thresholds - FIRST.IL Team Implementation and Sustainability (FY 2022)				
	93.958	N/A	-	93,056
Total ALN #93.958			272,836	1,288,905
<i>Health Resources and Services Administration:</i>				
<i>HRSA - Geriatrics Workforce Enhancement Program</i>				
	93.969	U1QHP33073	612,798	886,110
Total ALN #93.969			612,798	886,110
Total Department of Health and Human Services			1,474,372	3,767,903
Department of Justice				
<i>Department of Justice</i>				
<i>Passed through Ohio Office of Criminal Justice Services:</i>				
DOJ - OCJS - Sequential Intercept Mapping for Stepping Up Counties				
	16.738	2020-JG-E01-6963	-	22,978
DOJ - OCJS - Sequential Intercept Mapping Processes and Outcomes: Collaborative Measurement Development				
	16.738	2021-JG-E01-6963	-	27,073
Total ALN #16.738			-	50,051
Total Department of Justice			-	50,051

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Numbers	Agency or Pass-through Grant Number	Total Amount Provided to Subrecipients	Expenses
OTHER PROGRAMS (Continued)				
Department of Education				
<i>Department of Education:</i>				
<i>Passed through Ohio Department of Higher Education:</i>				
COVID-19: ED - ODHE - Ohio Wellness Campus Collaborative	84.425C	N/A	-	43,949
COVID-19: ED - ODHE - Expanded Mental Health Services	84.425C	N/A	-	70,747
<i>Department of Education:</i>				
COVID-19: US DEP EDU - NEOMED CARES Act Higher Education Emergency Relief Fund Direct-to-Student Allocation - 84.425E	84.425E	P425E202527 - 20B	-	317,671
Total ALN #84.425			-	432,367
Total Department of Education			-	432,367
Department of the Interior				
<i>Department of the Interior:</i>				
<i>Bureau of Ocean Energy Management:</i>				
BOEM - NSB - Summarize Bowhead Whales Knowledge	15.423	143728	-	271
Total Department of the Interior			-	271
Department of the Treasury				
<i>Department of the Treasury:</i>				
<i>Passed through Ohio Department of Higher Education:</i>				
COVID-19: DOT - ODHE - NEOMED:ODHE CARES Act Coronavirus Relief Fund - Mental Health Support	21.019	N/A	-	14,123
<i>Passed through Ohio Department of Mental Health and Addiction Services:</i>				
<i>Passed through PreventionFIRST:</i>				
COVID-19: DOT - OMHAS - PFI - GEERs (Governor's Emergency Education Relief) Webinar Series	21.019	OMB0100137	-	15,509
Total ALN #21.019			-	29,632
Total Department of the Treasury			-	29,632
TOTAL OTHER PROGRAMS			\$ 1,474,372	\$ 4,280,224
TOTAL EXPENDITURES OF FEDERAL PROGRAMS			\$ 1,615,133	\$ 60,756,399

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northeast Ohio Medical University (the "University") under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Loan Balances

Loans outstanding at the beginning of the year and loans made during the year for campus-based programs are included in the federal expenditures presented in the schedule of expenditures of federal awards. The balances of loans outstanding at June 30, 2022 consist of the following:

Cluster/Program Title	Assistance Listing Number	Loan Balances
Federal Perkins Loan Program	84.038	\$ 319,527
Health Professional Student Loan Program - Loans to Disadvantaged Students	93.342	3,653,747
Health Professional Student Loan Program - Primary Care Loans	93.342	576,582
Health Professional Student Loan Program - Pharmacy Loans	93.342	94,818
	Total	\$ 4,644,674

Northeast Ohio Medical University
Portage County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified – Block Grants for Community Mental Health Services and Geriatric Workforce Enhancement Program Qualified – Student Financial Assistance Cluster
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Student Financial Assistance Cluster: Federal Direct Student Loans Federal Perkins Loans Health Professional Student Loan Program Scholarships for Disadvantaged Students Block Grants for Community Mental Health Services Geriatric Workforce Enhancement Program	Assistance Listing #s: 84.268 84.038 93.342 93.925 93.958 93.969
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

Northeast Ohio Medical University
Portage County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2022

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number: 2022-001

Federal Program: Student Financial Assistance Cluster
Federal Award Identification Number and Year: N/A
Assistance Listing Number (ALN): 84.268
Federal Awarding Agency: U.S. Department of Education
Pass-through Entity: None
Repeat Finding: No

Material Weakness and Material Noncompliance – Enrollment Reporting

Criteria: Federal Direct Student Loans—Changes in student status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change (34 CFR Section 685.309(b)).

Condition: The University did not report the student status changes within the required timeframe for certain students that graduated.

Questioned Costs: None.

Identification of How Questioned Costs Were Computed: N/A

Context: The student status for all students that graduated from the College of Medicine and College of Graduate Studies in May 2022 were not updated to “graduated” in a timely manner.

Cause and Effect: There was significant personnel turnover in the registrar’s office in the enrollment reporting role. There was also confusion regarding a new reporting service and how uploads would be reported to NSLDS. The last subsequent-of-term status update reported to NSLDS did not properly update the status of graduates of the College of Medicine and College of Graduate Studies to graduated due to timing issues of when final grades were posted and when the report was submitted to NSLDS. The student statuses were promptly corrected by the University when it became aware of the issue; however, the corrections were not submitted within the required timeframe.

Recommendation: The University should implement controls and processes to ensure that enrollment reporting changes are reported accurately and timely to NSLDS.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

Corrective Action Plan
2 CFR§ 200.511(c)
June 30, 2022

Finding Number: 2022-001
Anticipated Completion Date: 07/19/2022
Responsible Contact Person: Katherine Miranda, University Registrar
Kelly Burt, Assistant Registrar Records Management and Reporting

Planned Corrective Action: Ensure all graduation dates are reported on enrollment reporting within 30 days of the status change.

Due to new procedures, reporting processes, and new staff, a group of our Spring 2022 graduates were not reported in a timely manner. Once we were made aware of this issue, we went into immediate action to correct the error. We worked with Clearinghouse to confirm our own misconceptions and ways to remedy the error. We updated all records individually through the Clearinghouse system. After all records were corrected, we updated our staff manual to ensure this does not occur in the future. Staff will continue to review all records to ensure accurate and timely reporting.