



LIBERTY UNIVERSITY

Annual Disclosure Report

Fiscal Year Ended June 30, 2020

August 16, 2021



Liberty University

Annual Disclosure Report for the Fiscal Year Ended June 30, 2020

8/16/2021

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I. INTRODUCTION

Pursuant to the Continuing Disclosure Agreements dated December 21, 2010, January 19, 2012, and December 3, 2019 (collectively, the “Disclosure Agreement”) executed and delivered in connection with the issuance by the Virginia College Building Authority of Educational Facilities Revenue Bonds (Liberty University Projects) Series 2010 (the “Series 2010 Bonds”), the \$100,000,000 Liberty University 5.1000% Taxable Bonds Series 2012 (the “Series 2012 Bonds”), the \$99,710,000 Liberty University, Inc. Taxable Bonds, Series 2019 (the “Series 2019 Bonds”), and the \$150,000,000 Liberty University Tax Exempt Extendable Commercial Paper issued by the Virginia College Building Authority, Liberty University (the “University”) hereby provides its annual disclosure report for the fiscal year ended June 30, 2020 (the “Annual Disclosure Report”).

A. CUSIP Numbers

Each maturity of the Series 2010 Bonds is identified by the corresponding CUSIP Number set forth below:

<u>Maturity Date</u>	<u>Series</u>	<u>CUSIP</u>
03-01-2012	Series 2010	927781WR1
03-01-2013	Series 2010	927781WS9
03-01-2014	Series 2010	927781WT7
03-01-2015	Series 2010	927781WU4
03-01-2016	Series 2010	927781WV2
03-01-2017	Series 2010	927781WW0
03-01-2018	Series 2010	927781WX8
03-01-2019	Series 2010	927781WY6
03-01-2019	Series 2010	927781XG4
03-01-2020	Series 2010	927781WZ3
03-01-2021	Series 2010	927781XA7
03-01-2021	Series 2010	927781XH2
03-01-2022	Series 2010	927781XB5
03-01-2023	Series 2010	927781XC3
03-01-2024	Series 2010	927781XD1
03-01-2024	Series 2010	927781XJ8
03-01-2025	Series 2010	927781XE9
03-01-2029	Series 2010	927781XL3
03-01-2029	Series 2010	927781XM1
03-01-2034	Series 2010	927781XK5
03-01-2041	Series 2010	927781XF6

The CUSIP Number set forth for the Series 2012 Bonds is 531543AC0 with a maturity date on March 1, 2042.

Each maturity of the Series 2019 Bonds is identified by the corresponding CUSIP Number set forth below:

<u>Maturity Date</u>	<u>Series</u>	<u>CUSIP</u>
03-01-2024	Series 2019	531543AD8
03-01-2034	Series 2019	531543AF3

Note: The CUSIP Numbers above are provided for the convenience of the Bondholders. The University is not responsible for the accuracy of such numbers. As of June 30, 2020, there was no commercial paper outstanding.

B. Annual Disclosure Report

The University's Annual Disclosure Report includes this Introduction, the information required by section 4 of the Disclosure Agreement as set forth in Appendix D to the Official Statement dated December 8, 2010 ("Series 2010 Bonds"), the information required by section 4 of the Continuing Disclosure Agreement set forth in the Official Statement dated January 11, 2012 ("Series 2012 Bonds"), the information required by the Continuing Disclosure set forth in the Bond Indenture dated December 1, 2019 ("Series 2019 Bonds"), and the University's audited consolidated financial statements for the fiscal years ended June 30, 2020 and 2019 (the "University's Fiscal Year 2020 Audited Financial Statements"). A copy of the University's Fiscal Year 2020 Audited Financial Statements is available in Appendix A of this document and has been posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>. Please note that this Annual Disclosure Report is intended to be read in conjunction with the University's Fiscal Year 2020 Audited Financial Statements.

C. Other Matters

This Annual Disclosure Report is provided solely pursuant to the Disclosure Agreement. The filing of the Annual Disclosure Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the University or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this Annual Disclosure Report relates (other than as contained in this Annual Disclosure Report), or that no other information exists, which may have a bearing on the security for the Bonds, or an investor's decision to buy, sell or hold the Bonds. The information contained in this Annual Disclosure Report has been obtained from sources which are believed to be reliable. No statement in this Annual Disclosure Report should be construed as a prediction or representation about future financial performance of the University.

This Annual Disclosure Report, which includes the University's Fiscal Year 2020 Audited Financial Statements, contains certain forward-looking statements that involve risks and uncertainties. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, through the use of words or phrases such as "will result," "expect to," "will continue," "anticipates," "plans," "intends," "estimated," "projects," and "outlook") are not historical and may be forward-looking. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause actual results to be materially different from those expressed or implied by such forward-looking statements. Although the University believes that the expectations reflected in the forward-looking statements are reasonable, the University cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the University nor any other person assumes responsibility for the accuracy or completeness of these statements. Accordingly, investors should not rely on forward-looking statements in this Annual Disclosure Report. The University undertakes no obligation to publicly update or revise any forward-looking statements in this Annual Disclosure Report, whether as a result of new information, future events or otherwise.

Dated: 08/16/2021

THE BOARD OF TRUSTEES OF LIBERTY UNIVERSITY

By: _____

Chief Financial Officer

II. MANAGEMENT'S DISCUSSION OF CONSOLIDATED OPERATIONS

A. Fiscal Year Ended June 30, 2020

Residential fall enrollment decreased 3.2% from 15,420 in fiscal year 2019 to 14,929 in fiscal year 2020. Liberty University Online enrollment increased 13.1% from 95,303 in fiscal year 2019 to 107,821 in fiscal year 2020. Total revenues increased 5.4% from \$989.5 million in fiscal year 2019 to \$1.04 billion in fiscal year 2020. Total expenditures increased by 10.8% from \$724.5 million in fiscal year 2019 to \$802.7 million in fiscal year 2020. Long-term debt decreased from \$202.5 million in fiscal year 2019 to \$197.6 million in fiscal year 2020. Expendable financial resources improved from \$1.71 billion in fiscal year 2019 to \$1.83 billion in fiscal year 2020. Total net assets increased by 7.9% from \$2.70 billion in fiscal year 2019 to \$2.91 billion in fiscal year 2020. Net assets without donor restrictions comprised 99.2% of total net assets in fiscal year 2020.

On August 25, 2020, the Board of Trustees accepted the resignation of Jerry Falwell Jr. as president and chancellor. The Board has pledged a full commitment to the spiritual mission of Liberty and has retained one of the leading forensic firms in the world to conduct a thorough investigation into all facets of Liberty University operations during Falwell's tenure as president, including, but not limited to, financial, real estate, and legal matters. Dr. Jerry Prevo, former Chair of the Board of Trustees, is currently acting president.

On January 30, 2020, the World Health Organization ("WHO") announced a global emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, the University ceased most in-person instruction at the beginning of Spring Break on Friday, March 13. In-person instruction resumed in August 2020.

Students were given the option to return or to stay on campus for the remainder of the semester to finish their classes online. The students who chose, by March 28, 2020, not to return to campus, were granted a \$1,000 housing credit to be applied to the Fall 2020 semester or, if the student was graduating, to be applied to their student account, with any resulting credit balance being refunded to the student. Revenue was reduced by \$5,204,287 as a result of this credit.

III. ACADEMICS

A. Residential Academic Schools and Programs

The University offers 9 certificate programs, 221 undergraduate programs and specializations, 123 graduate programs and specializations and seven doctoral programs of study. Listed below is a short description of the various schools and colleges of the University:

College of General Studies. The College of General Studies oversees the general education curriculum and introductory courses across all of the University's undergraduate programs. The College of General Studies provides undergraduate students, particularly during their first two years of study, with the academic preparation to help them succeed when pursuing a degree from one of the University's schools and colleges listed below.

College of Applied Studies & Academic Success. The College of Applied Studies & Student Success offers an Associate of Arts, Bachelor of Science and Bachelor of Arts in Individualized Programs of Study, and an Associate of Applied Science in Technical Studies in the trades of Welding, Electrical, Plumbing, HVAC, and Carpentry. Students who have not decided on a major, or students who are not enrolled in a degree-seeking program are placed into the College of Applied Studies & Academic Success.

College of Arts and Sciences. The College of Arts and Sciences is comprised of the Departments of English, Family and Consumer Sciences, General Math and Sciences, History, Interdisciplinary Studies, Mathematics, Modern Languages, and Army ROTC. The Department of English offers the Bachelor of Arts and Master of Arts in English. The Department of General Math and Science offers an Associate of Science in STEM Mathematics. The Department of History offers Bachelor of Arts in History, Bachelor of Science degree in History, Associate of Arts in History, Bachelor of Science in Social Sciences, and a Master of Arts in History. The Department of Interdisciplinary Studies offers the Bachelor and Masters of Arts in Interdisciplinary Studies, Bachelor of Science in Interdisciplinary Studies, and Associates of Arts in Interdisciplinary Studies. The Department of Modern Languages offers the Bachelor of Arts in American Sign Language and Interpreting, Spanish, and Teaching English as a Second/Foreign Language as well as a Certificate in Teaching English as a Second/Foreign Language. The Department of Family and Consumer Sciences offers the Bachelor of Science in Family & Child Development, Family & Consumer Sciences with a concentration in Professional and Creative Industries, Fashion with concentrations in Fashion Design and Fashion Merchandising, and Interior Design. The Department of Mathematics offers the Bachelor of Science in Mathematics. The Army ROTC Department offers minors in Army ROTC and Military Leadership.

Helms School of Government. The Helms School of Government offers the Associate of Arts in Government and an Associate of Arts in Criminal Justice. Bachelor level degree offered include a Bachelor of Science in Criminal Justice with cognates in Crime Scene Investigation, Homeland Security, Juvenile Justice, Public Administration, and Strategic Intelligence Studies; a Bachelors of Arts in Government with a concentrations in Politics and Policy and National Security Studies; a Bachelor of Science in Government with concentrations in Politics and Policy; a Bachelors of Arts in International Relations with concentrations in International Politics and Policy and Strategic Intelligence Studies; Bachelor of Arts in Pre-Law; and a Bachelor of Science in Pre-Law. A Master of Arts in Public Policy is also offered.

Liberty University College of Osteopathic Medicine. The Liberty University College of Osteopathic Medicine offers a Doctor of Osteopathic Medicine and is accredited by the American Osteopathic Association's Commission on Osteopathic College Accreditation (AOA-COCA).

Liberty University School of Law. The Liberty University School of Law offers the Juris Doctor degree and is fully accredited by the American Bar Association. Dual Juris Doctorate degree programs are offered in conjunction with other graduate programs such as the Master of Arts in History, Master of Business Administration, Master of Arts in Public Policy, and Master of Religion.

Rawlings School of Divinity. The Liberty University Baptist Theological Seminary and the School of Religion were combined to form the School of Divinity and then were subsequently renamed as the Rawlings School of Divinity. Undergraduate programs are the Bachelor of Arts in Biblical Studies; Bachelor of Arts in Theology & Apologetics with specializations in Biblical Scholarship, Global Studies, and Writing & Literature; Bachelor of Science in Camp and Outdoor Adventure Leadership with specializations in Global Studies, Sport Outreach, and Youth Ministries; Bachelor of Science in Christian Leadership and Church Ministries with specializations in Biblical Studies, Camp & Adventure Leadership, Global Studies, Technical Studies, Theology & Apologetics, Women's Leadership, and Worship; Bachelor of Science in Global Studies; Bachelor of Science in Pastoral Leadership; Bachelor of Science in Religious Studies with specializations in Global Studies, New Testament, Old Testament, and Theology & Apologetics; and the Bachelor of Science in Youth Ministries with specializations in Camp & Outdoor Adventure Leadership, Biblical Studies, Christian Leadership, Global Studies, Pastoral Leadership, Sport Outreach, Technical Studies, Theology & Apologetics, Women's Leadership, and Worship. Graduate programs are the Master of Arts in Biblical Exposition; Master of Arts in Christian Apologetics; Master of Arts in Biblical Studies; Master of Arts in Christian Ministry; Master of Arts in Global Studies; Master of Arts in Religion with specializations in Biblical Studies, Christian Apologetics, Church History, Community Chaplaincy, Discipleship & Church Ministry, Evangelism & Church Planting, Global Studies, Homiletics, Leadership, Pastoral Counseling, Pastoral Ministry, Theology, and Worship; Master of Arts in Theological Studies; Master of Divinity with specializations in Biblical Studies, Biblical Languages, Christian Leadership & Church Ministries, Christian Thought, Discipleship Ministries, General, Global Studies, Homiletics, Pastoral Counseling, Professional Chaplaincy, Professional Chaplaincy - Healthcare, Professional Chaplaincy - Military, and Professional Chaplaincy - Community; and the Master of Theology with specializations in Biblical Studies, Christian Apologetics, Church History, Global Studies, Homiletics, and Theology.

School of Aeronautics. The School of Aeronautics is a FAA-certified flight school offering a Bachelor of Science in Aeronautics with specializations in Commercial/Corporate, Global Studies, Military, and Unmanned Aerial Systems; a Bachelor of Science in Aviation Administration with specializations in Aviation Safety Management and Flight; and a Bachelor of Science in Aviation Maintenance with specializations in Management and Unmanned Aerial Systems. The school also offers an Associate of Arts in Aviation Maintenance Technician, and an undergraduate certificates in Aviation Maintenance Technician and Medium Unmanned Aerial Systems.

School of Behavioral Sciences. The School of Behavioral Sciences is comprised of the Departments of Community Care & Counseling, Counselor Education & Family Studies, Psychology, and Social Work. Undergraduate programs offered are the Bachelor of Science in Human Services; Bachelor of Science in Psychology with specializations in Child Life Specialist, Counseling, Developmental Psychology, Criminal Psychology, Industrial/Organizational Psychology, Sport Psychology, and Substance Abuse Counseling; and the Bachelor of Science in Social Work. Graduate programs offered are the Master of Arts in Applied Industrial/Organizational Psychology; Master of Arts in Clinical Mental Health Counseling; Master of Arts in Human Services with specializations in Business, Christian Ministries, Executive Leadership, Health & Wellness, and Marriage & Family; Master of Arts in Marriage & Family Counseling; Master of Arts in Pastoral Counseling with specializations in Public Policy, Crisis Response & Trauma, Discipleship & Church Ministry, Leadership, Marriage & Family, and Theology; and the Master of Science in Psychology.

School of Business. The School of Business offers the Bachelor of Science in Accounting; Bachelor of Science in Business Administration with specializations in Finance, Financial Planning, Healthcare Administration, Automotive Dealership Management, Communications, Data Analytics, Digital Marketing & Advertising, Economics, Entrepreneurship, Human Resource Management, International Business, Marketing Analytics, Marketing: Sales Management & Professional Sales, and Project Management; Bachelor of Science in Coaching; Bachelor of Science in Computer Science with specializations in Cybersecurity, Information Security, Software Engineering, and Web & Mobile Programming; Bachelor of Science in Informatics; Bachelor of Science in Information Systems with specializations in Accounting Information Systems, Data Networking, Database, Global Studies, and Information Assurance; Bachelor of Science in Information Technology with specializations in Application & Database Development, Data Networking & Security, Gaming Design, and Web & Mobile Programming; Bachelor of Science in Sport Management with specializations in Conference & Event Management, Sport Administration, Sport Communication & Public Relations, Sport Outreach, and Sport Venue Management. Graduate programs offered are the Master of Business Administration with specialization in Accounting, Criminal Justice Administration, Economics, Finance, Healthcare Management, Human Resources, International Business, Leadership, Marketing, Non-Profit Leadership & Management, Project Management, Public Administration, Public Relations, Strategic Management, and Supply Chain Management; Master of Science in Sport Management with specializations in Coaching & Athletic Administration, Tourism, Outdoor Adventure Sport, and Sport Administration. A graduate business certificate is also offered.

School of Communication and the Arts. The School of Communications and the Arts was formerly part of the School of Communication and Creative Arts and has been combined with the School of Visual and Performing Arts. The School of Communication and the Arts is comprised of the Department for Cinematic Arts, the Department of Digital Media & Journalism and the Department of Strategic and Personal Communication, the Department of Studio & Digital Arts, and the Department for Theatre Arts. The School of Communication and the Arts offers the Bachelor of Fine Arts in Acting; the Bachelor of Science in Communication with specializations in Audio, Church Media Production, Digital Journalism, Entertainment Journalism, Sports Journalism, Video Editing, and Video Production; a Bachelor of Science in Film Production & Content Development; a Bachelor of Fine Arts in Musical Theatre; a Bachelor of Fine Arts with specializations in Graphic Design and Studio Arts; a Bachelor of Science in Strategic Communications with specializations in Social Media Management and Strategic Communication; a Bachelor of Science in Studio & Digital Arts with specializations in Graphic Design and Studio Art; and a Bachelor of Science in Theatre Arts. The School of Communication and the Arts also offers the Master of Fine Arts in Graphic Design and Studio Art; and the Master of Arts in Strategic Communication and Communication.

School of Education. The School of Education provides programs designed to produce teachers and administrative educators to work at the pre-school through high school level. The School of Education offers a Bachelor of Education in Elementary Education; Bachelor of Education in Middle Education with specializations in English, Math, Science, and Social Sciences; and a Bachelor of Education in Special Education. An undergraduate certificate in Preschool Studies is also offered.

School of Engineering. The School of Engineering offers the Bachelor of Science in Civil Engineering; Bachelor of Science in Computer Engineering; Bachelor of Science in Electrical Engineering; Bachelor of Science in Industrial Systems Engineering; and Bachelor of Science in Mechanical Engineering. The School of Engineering was formerly the School of Engineering and Computational Sciences.

School of Health Sciences. The School of Health Sciences is comprised of the Department of Biology & Chemistry, Department of Allied Health Professions, and the Department of Public and Community Health. The School of Health Science offers a Bachelor of Science in Athletic Training; Bachelor of Science in Biochemistry and Molecular Biology; Bachelor of Science in Biomedical Sciences with a specialization in Global Studies; a Bachelor of Science in Biopsychology; Bachelor of Science in Biotechnology; Bachelor of Science in Chemistry; Bachelor of Science in Environmental Biology; Bachelor of Science in Exercise Science with a specialization in Therapeutic Science; Bachelor of Science in Forensic Science; Bachelor of Science in General Biology; Bachelor of Science in Physical Health Education; Bachelor of Science in Public Health with specializations in Health Promotions and Pre-Clinical; Bachelor of Science in Respiratory Therapy; Bachelor of Science in Zoo and Wildlife Biology; and a Bachelor of Science in Zoology. The School of Health Sciences also offers a Master of Public Health with specializations in Epidemiology, Global Health, Health Promotion, and Nutrition; a Master of Science in Biomedical Sciences; Master of Science in Exercise Science and Wellness with specializations in Fitness & Performance and Nutrition & Wellness; Master of Science in Human Performance with specializations in Clinical, Fitness & Wellness, Nutrition, and Strength & Conditioning; and a PhD in Anatomy & Cell Biology. An undergraduate certificate in Health Sciences is also offered.

School of Music. The School of Music is comprised of the Center for Music and the Performing Arts and the Center for Music and Worship. The School of Music offers a Bachelor of Arts in Music Instrument; Bachelor of Arts in Music Vocal; Bachelor of Music in Choral Music; Bachelor of Music in Commercial Music with specializations in Artist Development, Publishing & Producing, Songwriting, Film Scoring, Jazz Studies, and Recording, Engineering, & Producing; Bachelor of Music in Guitar Performance; Bachelor of Music in Instrument Music; Bachelor of Music in World Cultures; Bachelor of Music in Piano Performance; Bachelor of Music in String Performance; Bachelor of Music in Vocal Performance; Bachelor of Music in Woodwind, Brass, or Percussion Performance; Bachelor of Music in Worship Leadership; Bachelor of Science in Music & Worship with specializations in Cinematic Arts, Youth Ministries, Pastoral Leadership, Worship Technology, Biblical Studies, Business, Theatre Ministries, and Women's Ministries; Bachelor of Science in Music in World Cultures; Bachelor of Science in Music Instrument; and a Bachelor of Science in Music Vocal. The School of Music offers a Masters of Arts in Music and Worship with specializations in Commercial Music Performance, Conducting, and Worship & Music Studies; Master of Arts in Music Education with specializations in Conducting, Performance, and Music Studies; and a Master of Arts in Worship Studies with specializations in Ethnomusicology, Leadership, and Worship Techniques.

School of Nursing. The School of Nursing offers the Bachelor of Science in Nursing with a specialization in Global Studies and the Doctor of Nursing Practice with a Family Nurse Practitioner specialization.

School of Visual and Performing Arts. The School of Visual and Performing Arts was formerly part of the School for Communication and Creative Arts. The School of Visual and Performing Arts is comprised of the Department of Studio & Digital Arts, Department of Theatre Arts, and the Zaki Gordon Center for Cinematic Arts. The Department of Studio & Digital Arts offers the Bachelor of Science in Studio & Digital Arts with specializations in Graphic Design, Studio Art, and Teacher Licensure; Bachelor of Fine Arts in Graphic Design; Bachelor of Fine Arts in Musical Theatre; and a Bachelor of Fine Arts in Studio Art. A Master of Fine Arts in Studio Arts and a Master of Fine Arts in Graphic Design is also offered. The Zaki Gordon Center for Cinematic Arts offers a Bachelor of Science in Film Production & Content Development. The Department of Theatre Arts offers the Bachelor of Arts or Science in Theatre Arts, the Bachelor of Fine Arts in Theatre, and the Bachelor of Fine Arts in Acting.

The following table provides information on the distribution of resident undergraduate, graduate and doctoral students among the schools & colleges for fiscal year 2020:

Schools & Colleges:	Number of Students	Percent¹
College of Applied Studies & Academic Success	647	4.1%
College of Arts & Sciences	1,441	9.2%
Helms School of Government	953	6.1%
Liberty University College of Osteopathic Medicine	612	3.9%
Liberty University School of Law	207	1.3%
Rawlings School of Divinity	823	5.3%
School of Aeronautics	560	3.6%
School of Behavioral Sciences	1,222	7.8%
School of Business	2,762	17.7%
School of Communication & the Arts	1,500	9.6%
School of Education	566	3.6%
School of Engineering	526	3.4%
School of Health Sciences	1,977	12.7%
School of Music	599	3.8%
School of Nursing	1,229	7.9%

Notes:

1. The numbers in each column may not equal totals due to rounding.

B. Liberty University Online Programs Academic Schools and Programs

In 1985, the University established its off-campus distance learning program to provide educational course offerings to students around the world. Prior to the Internet, all distance learning courses used videotaped lectures and other accompanying course materials.

The University's on-line distance learning program has grown to be a significant part of the University's operations. In June 2007, the program became known as Liberty University Online and has subsequently been rebranded to Liberty University Online Programs. In January 2008, Liberty University Online Programs was ranked third nationally by the Online Education Database based on quality factors such as retention, graduation rate, student-faculty ratio and the number of years accredited and in operation. On August 2, 2013 and continued in 2014, Liberty University was ranked first nationally by TheBestSchools.org among online Christian schools based on Christian character, academic prestige, and extent and quality of online degree programs. Liberty University was ranked No. 1 in the nation for its online degrees in counseling in the OnlineU's 2015 Best Value in Online College Rankings. In 2014, according to a BBC report, Google has revealed that Liberty University was the 17th highest searched for university in the world. The number of full-time and part-time students participating in Liberty University Online Programs undergraduate and graduate programs at the University was 94,772 in fiscal year 2016 and 107,821 in fiscal year 2020.

Although Liberty University Online Programs courses differ from residential course offerings due to methodologies of instruction, Liberty University Online Programs courses are comparable to residential courses in content. Liberty University Online Programs utilizes the online software platform Blackboard so that students can have Internet access to reading materials, other online resources and interaction with professors and other students. The focus of courses offered by Liberty University Online Programs

is primarily business, education, psychology, religion, counseling and nursing. Liberty University Online Programs offers 75 certificate programs, 123 undergraduate programs and specializations, 252 masters and post masters programs and specializations, and 76 doctorate programs and specializations.

The following summarizes the online programs that are offered through each of the schools and colleges:

College of Applied Studies & Academic Success. Students who have not decided on a major, or students who are not enrolled in a degree-seeking program are placed into the College of Applied Studies & Academic Success.

College of Arts & Sciences. The College of Arts & Sciences offers the Associate of Arts in Creative Writing; Associate of Arts in History; Associate of Arts in Interdisciplinary Studies; and the Associate of Arts in STEM Mathematics. Bachelor degrees offered are the Bachelor of Science in English & Writing with specializations in Creative Writing and Journalism; Bachelor of Science in History; Bachelor of Science in Interdisciplinary Studies; Bachelor of Science in Military Studies with specializations in History, International Security, Professional, and Resiliency; and the Bachelor of Science in Teaching English as a Second Language. Graduate programs are the Master of Arts in Composition; Master of Arts in History; Master of Arts in Interdisciplinary Studies; Master of Arts in Professional Writing; Master of Arts in Teaching English as a Second Language; and the PhD in History. An undergraduate certificate in Teaching English as a Second Language is also offered.

Helms School of Government. The Helms School of Government offers the undergraduate programs in the Associate of Arts in Criminal Justice; Bachelor of Arts in Criminal Justice with specializations in Business Administration, Crime Scene Investigation, Criminal Psychology, Homeland Security, Juvenile Justice, Public Administration, and Strategic Intelligence Studies; Bachelor of Science in Fire Administration; Bachelor of Science in Government with specializations in National Security, Politics & Policy, and Public Administration; Bachelor of Science in Law & Policy with specializations in Pre-Law and Public Policy; Bachelor of Science in Political Science; and the Bachelor of Science in Public Administration. Undergraduate certificates are offered in Criminal Justice and Public Administration. Graduate programs are the Master of Arts in Public Policy with specializations in Campaign & Elections, International Affairs, Leadership, Middle East Affairs, Policy Studies, and Public Administration; Master of Public Administration with specializations in Business & Government, Disaster Management, Healthcare, Law & Public Policy, and Public & Non-Profit Management; Master of Science in Criminal Justice with specializations in Cybercrime Investigation, Forensic Psychology, Law Enforcement Leadership, Homeland Security, and Public Administration; Master of Science in International Relations; Master of Science in National Security with specializations in Homeland Security; Master of Science in Political Science, Doctor of Public Administration, PhD in Criminal Justice with specializations in Homeland Security and Leadership; PhD in Public Policy with specializations in Economic Policy, Education Policy, Foreign Policy, National Security, and Social Policy.

Liberty University School of Law. The Liberty University School of Law offers the Associate of Arts in Paralegal Studies and the Bachelor of Arts in Paralegal Studies. A Paralegal Studies undergraduate certificate is also offered. Graduate programs are the Juris Master in American Legal Studies, Juris Master in International Legal Studies, and the Master of Laws in International Legal Studies.

Rawlings School of Divinity. The Rawlings School of Divinity offers undergraduate programs in the Associate of Arts in Apologetics; Associate of Arts in Religion; Bachelor of Science in Biblical and

Educational Studies; Bachelor of Science in Christian Leadership and Management; Bachelor of Science in Religion with specializations in Apologetics, Christian Leadership, Next Generation Ministries, Biblical & Theological Studies, Christian Counseling, Christian Ministries, Evangelism, and Global Studies. Undergraduate certificates are offered in Biblical Studies, Christian Ministry, and Global Studies. Graduate programs are the Doctor of Ministry with specializations in Biblical Studies, Chaplaincy, Church Revitalization, Discipleship, Evangelism & Church Planting, Expository Preaching & Teaching, Ministry Leadership, Next Generation Ministry, Pastoral Counseling, Spiritual Formation, Theology & Apologetics, Urban Ministry, and Worship; Doctor of Education in Christian Leadership; Master of Arts in Biblical Exposition; Master of Arts in Christian Apologetics; Master of Arts in Sports Chaplaincy; Master of Arts in Biblical Studies; Master of Arts in Christian Ministry; Master of Arts in Global Studies; Master of Arts in Religion with specializations in Biblical Studies, Christian Apologetics, Church History, Community Chaplaincy, Discipleship & Church Ministry, Evangelism & Church Planting, Global Studies, Homiletics, Leadership, Next Generation Ministry, Pastoral Counseling, Pastoral Ministries, Theology, Worship, and Law Studies; Master of Arts in Theological Studies; Master of Divinity with specializations in Biblical Studies, Biblical Languages, Christian Apologetics, Christian Leadership & Church Ministries, Christian Ministries, Church History, Discipleship Ministries, Global Studies, Homiletics, Leadership, Pastoral Counseling, Theology, Youth & Family Ministries, Healthcare Chaplaincy, Military Chaplaincy, and Community Chaplaincy; Master of Religious Education; PhD Theology and Apologetics; Master of Theology with specialization in Biblical Studies, Christian Apologetics, Church History, Global Studies, Homiletics, and Theology. Graduate certificates are available in Biblical Studies, Christian Leadership, Christian Ministry, Global Studies, Greek, Hebrew, and Theological Studies.

School of Aeronautics. The School of Aviation offers the Bachelor of Science in Aviation and the Bachelor of Science in Aviation Maintenance Management.

School of Behavioral Sciences. The School of Behavioral Sciences offers undergraduate programs in the Associate of Arts in Psychology; Associate of Arts in Christian Counseling; Bachelor of Science in Psychology with specializations in Addiction & Recovery, Christian Counseling, Criminal Psychology, Crisis Counseling, Developmental Psychology, Life Coaching, and Military Resilience; and the Bachelor of Science in Social Work. An undergraduate certificate in Military Resiliency is also offered. Graduate programs offered are the Doctor of Education in Community Care and Counseling with specializations in Traumatology, Marriage and Family Counseling, and Pastoral Care & Counseling; Master of Arts in Addiction Counseling, Master of Arts in Applied Psychology with specializations in Developmental Psychology and Industrial/Organizational Psychology; Master of Arts in Clinical Mental Health Counseling; Master of Arts in Human Services with specializations in Public Policy, Marriage & Family Studies, Parenting & Child/Adolescent Development, Addiction & Recovery, Business, Children Families and the Law, Christian Ministries, Criminal Justice, Crisis Response & Trauma, Executive Leadership, Health & Wellness, Life Coaching, Marriage & Family, and Military Resilience; Master of Arts in Marriage and Family Therapy; Master of Arts in Pastoral Counseling with specializations in Public Policy, Marriage and Family Studies, Parent & Child/Adolescent Development, Addictions and Recovery, Community Chaplaincy, Crisis Response and Trauma, Discipleship & Church Ministry, Leadership, Life Coaching, Marriage & Family, Military Resilience, and Theology; Master of Education in School Counseling; PhD in Counselor Education & Supervision; PhD in Psychology with specializations in Industrial/Organizational, Developmental Psychology, General Psychology, and Social Psychology. Graduate certificates are offered in Military Resilience and Pastoral Counseling.

School of Business. The School of Business offers undergraduate programs in the Associate of Arts in Accounting; Associate of Arts in Business; Associate of Arts in Information Systems; Bachelor of Science

in Accounting; Bachelor of Science in Business Administration with specializations in Finance, Financial Planning, Healthcare Management, Automotive Dealership Management, Communications, Data Analytics, Digital Marketing & Advertising, Economics, Entrepreneurship, Green & Sustainable Management, Human Resource Management, International Business, Leadership, Marketing Analytics, Sales Management & Professional Selling, Project Management, Public Administration, Real Estate, and Strategic Marketing Management; Bachelor of Science in Cybersecurity; Bachelor of Science in Healthcare Administration; Bachelor of Science in Informatics; Bachelor of Science in Information Systems with specializations in Accounting Information Systems, Data Networking, Database, and Information Assurance; Bachelor of Science in Information Technology with specializations in Application & Database Development, Database Networking & Security, Gaming Design, and Web & Mobile Programming; Bachelor of Science in Sport Management with specializations in Conference & Event Management, Sport Administration, Sports Communications and Public Relations, Sport Outreach, and Sport Venue Management. Undergraduate certificates are offered in Business Administration, Accounting, Application Development, Database Networking, Database, Financial Planning, Healthcare Management, Information Assurance, International Business, Project Management, and Web Development. Graduate programs are offered in the Doctor of Business Administration with specializations in Accounting, Finance, Healthcare Management, Human Resources, Information Systems, International Business, Leadership, Marketing, Non-Profit Leadership & Management, Project Management, Strategic Management, Strategic Media & Digital Content, and Supply Chain Management & Logistics; Doctor of Science in Strategic Leadership; Master of Arts in Executive Leadership; Master of Business Administration with specializations in Accounting, American Legal Studies, Criminal Justice Administration, Economics, Finance, Healthcare Management, Human Resources, International Business, International Legal Studies, Leadership, Marketing, Non-Profit Leadership & Management, Project Management, Public Administration, Public Relations, Strategic Management, Strategic Media & Digital Content, and Supply Chain Management & Logistics; Master of Science in Accounting with specializations in Audit & Financial Reporting, Business, Financial Services, Forensic Accounting, Leadership, and Taxation; Master of Science in Cybersecurity; Master of Science in Finance with specializations in Financial Management and Financial Planning; Master of Science in Health Informatics; Master of Science in Healthcare Administration with specializations in Accounting, Finance, Human Resources, Leadership, Marketing, Non-Profit Leadership, Project Management, Public Administration, Public Relations, Strategic Management, and Supply Chain Management & Logistics; Master of Science in Marketing with specializations in Digital Marketing & Advertising, Project Management, Public Relations, and Sports Marketing & Media; Master of Science in Project Management; Master of Science in Sport Management with specializations in Tourism, Outdoor Adventure Sport, Sport Administration, and Coaching & Athletic Administration; and the Master of Science in Information Systems with specializations in Information Assurance, Technology Management, Network Design & Security, and Software Design & Management. Graduate certificates are offered in Advanced Certificate in Leadership, General Business, Healthcare Management, Management & Leadership, Marketing, Outdoor Adventure Sport, and Sport Management.

School of Communication and the Arts. The School of Communications and the Arts was formerly part of the School of Communication and Creative Arts and has been combined with the School of Visual and Performing Arts. The School of Communication and the Arts offers undergraduate programs in the Bachelor of Science in Strategic Communication with specializations in Social Media Development and Strategic Communications; and a the Bachelor of Fine Arts in Graphic Design. Graduate programs are offered in the PhD in Communications, PhD in Strategic Media, Master of Arts in Communications, Master of Arts in Promotion and Video Content, Master of Arts in Strategic Communication, Master of Science in Social Media Management and Master of Arts in Visual Communication and the Master of Fine Arts in

Graphic Design. Graduate certificates are offered in the Applied Communication Studies, Communication & Business Administration, Communication for Human Services, and Organizational Communication.

School of Education. The School of Education offers undergraduate programs in the Associate of Arts in Early Childhood Education; Associate of Arts in Education; Bachelor of Science in Early Childhood Education Interdisciplinary Studies, Bachelor of Science in Elementary Education Interdisciplinary Studies; and the Bachelor of Science in Special Education Interdisciplinary Studies. An undergraduate certificate in Preschool Studies is also offered. Graduate programs offered are the Doctor of Education in Curriculum & Instruction with specializations in Elementary Education, Middle Grades Education, Secondary Education, and Special Education; Doctor of Education in Education Law; Doctor of Education in Educational Leadership; Education Specialist in Curriculum Design with specializations in Elementary Education, Middle Grades Education, Secondary Education, and Special Education; Education Specialist in Education Law, Education Specialist in Education Leadership; Education Specialist in Higher Education Administration; Master of Arts in Teaching with specializations in Middle Grades, Elementary Education, Secondary Education, and Special Education; Master of Education in Administration & Supervision; Master of Education in Math Specialist; Master of Education in Reading Specialist; Master of Education in Curriculum & Instruction with specializations in Early Childhood Education, Education Law, Educational Technology & Online Instruction, Elementary Education, English, General Education, Gifted Education, History, Leadership, Middle Grades, Special Education, Student Services, and Urban Education; Master of Education in Higher Education with specializations in Educational Leadership and Instructional Design & Technology; PhD in Education with specializations in Instructional Design & Technology, Special Education, Curriculum & Instruction, Educational Law, and Organizational Leadership; and the PhD in Higher Education Administration. Graduate certificates are offered in Autism Education, Education Technology and Online Instruction, Executive Certificate in Curriculum & Instruction, Executive Certificate in Higher Education Administration, Gifted Education, Middle Grades, Preschool, and School Leadership.

School of Health Sciences. The School of Health Sciences offers undergraduate programs of study in the Associate of Applied Sciences in Medical Office Assistant, and the Bachelor of Science in Respiratory Therapy: Post-Licensure. An undergraduate certificate of Health Sciences is also offered. Graduate programs of study are offered in the Master of Arts in Biomedical Sciences with specializations in Biopsychology, Business Management, Health Informatics, Molecular Medicine, and Public Health; Master of Science in Public Health with specializations in Global Health, Health Promotions, Nutrition, Fitness & Performance, and Nutrition & Wellness; and the Master of Science in Human Performance with specializations in Clinical, Fitness & Wellness, Nutrition, and Strength & Conditioning. Graduate certificates are offered in Global Health, Health Promotion, and Nutrition.

School of Music. The School of Music offers undergraduate programs of study in the Bachelor of Science in Commercial Music and the Bachelor of Science in Worship. Graduate programs of study are offered in the Doctor of Worship Studies with specializations in Ethnomusicology, Leadership and Pastoral Counseling; Master of Arts in Ethnomusicology; Master of Arts in Music and Worship; Master of Arts in Music Education with specializations in Music Studies, Ethnomusicology, Leadership, Pastoral Counseling, and Worship Techniques. Graduate certificates are offered in Music in World Cultures and Worship Studies.

School of Nursing. The School of Nursing offers undergraduate programs of study in the Bachelor of Science in Nursing: BSN for RN Post Licensure with a specialization in Global Studies; a Bachelor of Science in Nursing & Master of Science in Nursing for RN Post Licensure with specializations in Nursing

Administration, Nurse Educator, and Nursing Informatics. Graduate programs of study are available in the PhD Nursing with a specialization in Psychiatric Mental Health Nursing Practitioner; Doctor of Nursing Practice with specializations in Family Nurse Practitioner; Master of Science in Nursing with specializations in Community Health, Health Policy, Nursing Informatics, Nursing Administration, and Nurse Educator; Master of Science in Nursing – Master of Business Administration; and a Master of Science in Nursing – Master of Science in Healthcare Administration. A graduate certificate in Post-DNP – Psychiatric Mental Health Nursing is also offered.

The Liberty University Online Programs curriculum is structured to encourage undergraduate and graduate degree completion and approximately 98% of the students are working toward a degree. The University believes that Liberty University Online Programs enhances student matriculation and retention by fostering academic and spiritual commitment and a sense of community unique to online and distance education. The University has operated its online and distance education programs for much of its existence, and its internal culture has been long geared to meet the needs of students who desire a Christian-based education but who are unable to attend classes in Lynchburg, Virginia.

The University's commitment to academic excellence through accreditation by the Southern Association of Colleges and Schools Commission on Colleges ("SACSCOC") has created rigorous course development and administration standards that require both online and residential courses to have the same outcome-oriented curriculum. While the online programs afford the flexibility of studying at one's own pace and shorter 8-week classes, academic progress of each student is closely monitored by a staff dedicated to ensuring that students are progressing through each course satisfactorily and to ensure the academic or administrative issues that may be impeding the students' progress are identified and resolved as quickly as possible. All student course work is available 24 hours a day, seven days a week online and a significant amount of the course work is being made available through mobile devices. A 360-degree support network of academic, administrative and spiritual services—from application to graduation—is available online and includes academic advisors, IT helpdesk, career center, library services and writing center, and an online ministry network offering counseling and prayer.

In addition, the University believes that the vibrant residential campus provides Liberty University Online Programs with the academic credibility usually afforded to "bricks and mortar" academic programs. As a large Christian evangelical university with a NCAA Division I athletics program, the University further allows Liberty University Online Programs students to establish a connection and affinity with the University that may be difficult to re-create solely with an online academic program, as many of the University's athletic and spiritual activities are available online. Finally, the University encourages degree completion by addressing student cost concerns by providing one of the lowest undergraduate tuition rate of any leading online university in the country with a large student headcount.

The following table provides information on the distribution of Liberty University Online Programs undergraduate, graduate and doctoral students among the colleges and schools for fiscal year 2020:

<u>Schools & Colleges:</u>	<u>Number of Students</u>	<u>Percent¹</u>
College of Applied Studies & Academic Success	1,938	1.8%
College of Arts & Sciences	6,690	6.2%
Helms School of Government	8,702	8.1%
Liberty University School of Law	1,537	1.4%
Rawlings School of Divinity	13,427	12.5%
School of Aeronautics	2,989	2.8%
School of Behavioral Sciences	22,166	20.6%
School of Business	25,018	23.2%
School of Communication & the Arts	2,099	1.9%
School of Education	17,393	16.1%
School of Health Sciences	3,137	2.9%
School of Music	816	0.8%
School of Nursing	1,909	1.8%

Notes:

1. The numbers in each column may not equal 100% due to rounding.

C. Student Enrollment and Retention

The following table provides resident program headcount information reflecting the total number of full-time and part-time students in resident undergraduate and graduate degree programs for Fall semesters of fiscal years 2016-2020:

	<u>Resident Program Fall Headcount¹</u>				
<u>Fall Semester:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Undergraduate	13,038	13,646	13,785	13,560	13,117
<u>Graduate²</u>	<u>1,348</u>	<u>1,529</u>	<u>1,764</u>	<u>1,860</u>	<u>1,812</u>
Total	14,386	15,175	15,549	15,420	14,929

Notes:

1. Fall semester headers correspond to the fiscal year. For example Fall semester 2020 is for the 2019-20 fiscal year and pertains to Fall 2019.
2. Includes the graduate students enrolled in the Liberty University College of Osteopathic Medicine, the Liberty University School of Law, and the Rawlings School of Divinity.

The following table provides Liberty University Online Programs annual student headcount information reflecting the total number of full-time and part-time students enrolled in Liberty University Online Programs during each of the past five fiscal years:

Liberty University Online Programs Annual Headcount

<u>Fiscal Year:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Undergraduate	51,717	46,073	44,937	46,921	51,179
Graduate	<u>43,055</u>	<u>40,227</u>	<u>40,911</u>	<u>48,382</u>	<u>56,642</u>
Total	94,772	86,300	85,848	95,303	107,821

Approximately 40% of the University's resident student enrollment by annual headcount for the 2019-2020 academic year were Virginia residents; however, the University has resident students from all 50 states, the District of Columbia, and numerous foreign countries.

The University maintains an active student retention program designed to assist the student body in adjusting to life at the University. Although the University believes its efforts are generally successful, students decide to leave the University for different reasons. For the Fall periods 2015-2016 to 2019-2020 resident student retention rates for undergraduate students, graduate students and freshman to sophomore only were as follows.

Resident Undergraduate, Graduate and Freshman Fall-Fall Retention Rates

<u>Fall to Fall Periods</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Freshmen</u>
Fall 2018 to Fall 2019 (FY20)	84.6%	81.1%	86.9%
Fall 2017 to Fall 2018 (FY19)	85.6%	79.4%	86.6%
Fall 2016 to Fall 2017 (FY18)	85.8%	82.4%	87.4%
Fall 2015 to Fall 2016 (FY17)	85.2%	83.6%	88.4%
Fall 2014 to Fall 2015 (FY16)	85.3%	82.9%	84.3%

The six-year graduation rate for full-time, first-time undergraduate students who entered the University in Fall 2013 seeking an bachelor degree was 52%.

D. Student Applications and Academic Quality

Data on the number of residential applications, acceptances, and matriculants at the University for the Fall Semesters of fiscal years 2016-2020 are set forth in the following table:

Applicants, Acceptances, and Matriculants

<u>Fiscal Year</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Freshmen					
Applications Received	32,115	23,808	16,268	13,726	22,323
Accepted	6,626	6,695	6,354	7,011	7,397
Matriculated	2,920	3,098	3,114	3,143	3,160
% of students accepted from applications	20.6%	28.1%	39.1%	51.1%	33.1%
% of students matriculated from students accepted	44.1%	46.3%	49.0%	44.8%	42.7%

Transfer

Applications Received	5,720	4,797	5,192	4,040	6,043
Accepted	2,761	2,293	2,475	1,705	1,848
Matriculated	1,490	1,080	1,019	843	765
% of students accepted from applications	48.3%	47.8%	47.7%	42.2%	30.6%
% of students matriculated from students accepted	54.0%	47.1%	41.2%	49.4%	41.4%

Graduate¹

Applications Received	1,410	2,226	3,307	3,744	3,744
Accepted	609	700	908	1,002	1,036
Matriculated	298	341	406	394	323
% of students accepted from applications	43.2%	31.4%	27.5%	26.8%	27.7%
% of students matriculated from students accepted	48.9%	48.7%	44.7%	39.3%	31.2%

Law²

Applications Received	228	303	254	318	347
Accepted	113	154	163	187	190
Matriculated	51	64	71	70	81
% of students accepted from applications	49.6%	50.8%	64.2%	58.8%	54.8%
% of students matriculated from students accepted	45.1%	41.6%	43.6%	37.4%	42.6%

Seminary³

Applications Received	328	476	558	572	581
Accepted	177	187	191	205	162
Matriculated	93	104	103	117	54
% of students accepted from applications	54.0%	39.3%	34.2%	35.8%	27.9%
% of students matriculated from students accepted	52.5%	55.6%	53.9%	57.1%	33.3%

College of Osteopathic Medicine

Applications Received	4,104	3,056	2,431	3,166	3,823
Accepted	369	334	324	296	308
Matriculated	160	156	156	159	153
% of students accepted from applications	9.0%	10.9%	13.3%	9.3%	8.1%
% of students matriculated from students accepted	43.4%	46.7%	48.1%	53.7%	49.7%

Notes:

1. Excludes the Liberty University School of Law, graduate programs in the Rawlings School of Divinity, and the Liberty University College of Osteopathic Medicine.
2. Includes Juris Doctorate program in the Liberty University School of Law.
3. Includes all professional and graduate programs in the Rawlings School of Divinity.

The University continues to enroll students of increasingly high academic quality. The Educational Testing Service Scholastic Aptitude Test (SAT) scores, the American College Testing Program (ACT) scores, and the high school grade point averages for first-time incoming resident

freshman students for the fall semesters of the past five fiscal years is set forth in the following table:

College Entrance Examinations					
<u>Fiscal Year</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ACT Composite	24	24	24	24	24
SAT Average	1063	1067	1145	1125	1150
High School GPA	3.46	3.49	3.49	3.43	3.53

E. Tuition and Fees

Undergraduate tuition and fees for full-time study for the past four academic years and the current academic year are set forth in the following table:

<u>Academic Year</u>	<u>Tuition¹</u>	<u>Fees²</u>	<u>Room and Board³</u>	<u>Total Cost</u>	<u>% Change</u>
2015-2016	21,300	700	7,500	29,500	5.36%
2016-2017	22,000	1,020	7,800	30,820	4.47%
2017-2018	22,880	1,060	8,040	31,980	3.76%
2018-2019	23,800	1,110	8,380	33,290	4.10%
2019-2020	23,800	1,110	8,380	33,290	0.00%

Notes:

1. Tuition is based on 18 credit hour maximum per semester. The charge for enrollment in more than 18 credit hours is \$815 per credit hour for the 2019-2020 academic year.
2. Reflects annual activity and health fees.
3. Reflects base room and board. Room and board rates can vary depending on the housing and meal plan selection made by the student.

Professional school tuition for full-time resident students for the past four academic years and the current year is shown in the following table:

Tuition for Full-Time Study at Professional Schools

<u>Academic Year</u>	<u>Law</u>	<u>Seminary</u>	<u>Medical</u>
2015-2016	29,994	5,300	41,500
2016-2017	29,994	5,300	43,500
2017-2018	32,994	5,500	46,000
2018-2019	34,672	5,700	47,000
2019-2020	35,712	5,700	47,000

Undergraduate students enrolled full-time or part-time in programs offered through Liberty University Online Programs pay tuition on a credit hour basis plus applicable fees. For Fall 2019 (Fiscal Year 2020), the rate for full-time and part-time students was \$390 and \$455 per

credit hour, respectively. Students in the University's graduate programs (full-time or part-time, resident or online) also pay tuition on a credit hour basis plus applicable fees based on the degree program. For example, the tuition for Fall 2019 (Fiscal Year 2020) for non-seminary master's and doctorate programs ranged from \$545 to \$650 per credit hour. Full-time students enrolled in certain master's programs at the seminary pay tuition at a block rate, plus applicable fees. The block rate for Fall 2019 (Fiscal Year 2020) was \$2,850 for resident students and \$2,750 for online students.

The University expects that tuition, fees, and room and board will increase as the market allows.

F. Financial Aid

The University participates in certain federal and state student financial aid programs and offers certain scholarships funded principally through institutional resources. The various types of aid available to students of the University are summarized as follows:

Federal Student Aid. The federal student aid programs available to students of the University include Pell Grants, Supplemental Educational Opportunity Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Federal Direct Loans, PLUS Loans, and the Work-Study Program. Effective Fall 2010, the University is using the William D. Ford Federal Direct Loan Program for all loans made directly from the U.S. Department of Education as lender.

State Student Aid. Students of the University who are domiciliary residents of the Commonwealth of Virginia may be eligible for state student aid made available through the Tuition Assistance Grant Program, and the Two-Year College Transfer Grant.

Institutional Student Aid. The scholarship programs offered by the university are made available to students with financial need or with abilities in athletics, music and academics, to students whom the University believes are compatible with the general philosophy of the University and to employees of the University and their dependents. A goal of such programs is to attract and retain a student body that will enhance the philosophical purpose of the University.

For the year ended June 30, 2020, financial aid was awarded and paid to approximately 92% of all students totaling approximately \$1.3 billion. Financial aid awards are typically packaged as a combination of federal, state and university-funded loans, grants and scholarships. Awards from institutional sources (non-federal and non-state) equated to approximately 24.4% of the University's gross tuition and fees revenue for fiscal year 2020. These awards were approximately 22% of the total amount of financial aid distributed in fiscal year 2020.

The total amount of financial aid awarded and paid by the University to students during a fiscal year may exceed the University's total revenues for that fiscal year. This occurs when a portion of the financial aid award is distributed or refunded to students, parents and third parties after the students' direct expenses (such as tuition, fees and on campus room and board) are fully paid. A large portion of these refunds is then used by the students to pay for other

educationally related expenses such as travel, books, supplies, rent (for off-campus students) and miscellaneous purchases. For fiscal year 2020, approximately \$377 million was refunded to students, parents or third parties by the University.

The financial assistance provided to the University's students from University and non-University sources for the five award years ended June 30, 2020 is described in the following table:

Financial Aid to Students^{1, 2}

<u>Award Year</u>	2016	2017	2018	2019	2020
<u>University Sources:</u>					
Unrestricted Funds	232,959,508	240,229,679	252,580,373	266,133,173	280,117,759
Restricted Funds	<u>435,312</u>	<u>304,376</u>	<u>497,683</u>	<u>598,356</u>	<u>782,079</u>
Total Scholarships	233,394,820	240,534,055	253,078,056	266,731,529	280,899,838
<u>Loans to Students:</u>					
Federal Loan Funds	582,777,466	606,262,413	617,229,478	667,089,029	736,161,645
Private Loan Funds	<u>21,813,729</u>	<u>25,497,568</u>	<u>29,433,797</u>	<u>35,870,526</u>	<u>41,062,973</u>
Total Student Loans	604,591,195	631,759,981	646,663,275	702,959,555	777,224,618
<u>Other Funds:</u>					
VA Tuition Asst. Grant	14,424,966	14,313,971	16,428,619	16,190,123	17,146,673
PELL Grant	102,521,923	92,162,078	104,330,914	106,978,131	112,024,762
Other	<u>75,791,567</u>	<u>74,394,596</u>	<u>81,854,959</u>	<u>92,076,138</u>	<u>108,369,043</u>
Total Other Funds	<u>192,738,456</u>	<u>180,870,645</u>	<u>202,614,492</u>	<u>215,244,392</u>	<u>237,540,478</u>
<u>Total Financial Aid</u>	<u>1,030,724,471</u>	<u>1,053,164,681</u>	<u>1,102,355,823</u>	<u>1,184,935,477</u>	<u>1,295,664,933</u>

Notes:

1. The numbers in each column may not equal totals due to rounding.
2. Amounts for financial aid award years include adjustments that may have been made after the end of the applicable fiscal year and therefore are not necessarily the same as amounts recorded for financial statement purposes at June 30 of each year.

The University and its students rely on a substantial amount of support from the federal and state student financial aid assistance programs. If a significant reduction on the level of federal and state assistance were to occur, such reduction could have a material adverse effect on the University and its operations. Amounts received and expended by the University under various federal and state financial aid assistance programs are subject to audit by various federal and state agencies and therefore subject to adjustment. Non-compliance with federal or state requirements relating to student assistance programs could result in the University's loss of eligibility to participate in those programs.

IV. FINANCES

A. Financial Condition

1. Accounting and Financial Statements

The table below provides information derived from the University's audited consolidated statements of financial position and statements of activities for the four years ended June 30, 2016 - 2019, and the audited consolidated statements of financial position and statements of activities for the fiscal year ending June 30, 2020. The financial information below for fiscal years 2020 and 2019 should be read in conjunction with the University's audited consolidated financial statements as of June 30, 2020 set forth in Appendix A. For a description of the University's significant accounting policies, see Note 2 of the Notes to the Consolidated Financial Statements. Except as disclosed herein, since June 30, 2020, there has been no material adverse change in the consolidated financial condition or consolidated changes in net assets of the University.

The University will post on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") at <http://emma.msrb.org>.

2. Summary of Consolidated Financial Statements

Consolidated Statements of Financial Position Pre FASB ASU 2016-14

(in thousands)¹

For Fiscal Years Ended June 30,

2016

Assets:

Cash and cash equivalents	139,842
Accounts receivable, less allowances for doubtful accounts	73,405
Accounts receivable, sale of television spectrum	-
Accounts receivable from related organizations	3,635
Notes receivable	2,492
Contributions receivable, net	-
Other prepaid expenses and other assets	19,316
Investments, at fair value	1,038,475
Investment in joint venture	41,028
Property, plant, and equipment, net	<u>948,036</u>
Total assets	<u>2,266,229</u>

Liabilities:

Accounts Payable:	
Vendors	29,972
Other	8,667
Accrued liabilities	11,270
Accrued interest payable	3,511
Deferred revenue and deposits	151,337
Gift annuity payable	34,402
Liability under split interest agreements	1,921
Long-term debt	<u>210,406</u>
Total liabilities	<u>451,486</u>

Net Assets:

Unrestricted	1,798,656
Temporarily restricted	2,586
Permanently restricted	<u>13,501</u>
Total net assets	<u>1,814,743</u>

Total liabilities and net assets	<u>2,266,229</u>
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Notes:

1. The numbers in each column may not equal totals due to rounding.

Consolidated Statements of Financial Position Post FASB ASU 2016-14

(in thousands)¹

For Fiscal Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets:				
Cash and cash equivalents	131,396	192,183	272,129	340,553
Accounts receivable, less allowances for doubtful accounts	84,564	39,338	67,658	40,540
Accounts receivable, sale of television spectrum	23,182	0	0	0
Accounts receivable from related organizations	90	133	507	271
Notes receivable	2,113	1,043	3,006	2,972
Contributions receivable, net	0	0	0	8
Other prepaid expenses and other assets	20,164	42,099	41,370	35,903
Investments, at fair value	1,124,231	1,277,754	1,435,245	1,530,514
Investment in joint venture and real estate	43,036	0	134,579	161,425
Property, plant, and equipment, net	<u>1,153,721</u>	<u>1,262,242</u>	<u>1,175,229</u>	<u>1,261,696</u>
Total assets	<u>2,582,497</u>	<u>2,814,792</u>	<u>3,129,725</u>	<u>3,373,882</u>
Liabilities:				
Accounts Payable:				
Vendors	46,925	42,992	25,311	20,490
Other	8,093	9,135	8,644	7,834
Accrued liabilities	12,593	15,923	29,158	57,533
Accrued interest payable	3,485	3,452	3,413	3,537
Deferred revenue and deposits	166,483	127,815	132,184	145,710
Gift annuity payable	31,093	28,224	30,343	27,826
Liability under split interest agreements	1,635	1,297	1,220	1,181
Other long term liabilities	0	409	215	2,460
Long-term debt	<u>208,180</u>	<u>205,053</u>	<u>202,536</u>	<u>197,590</u>
Total liabilities	<u>478,487</u>	<u>434,300</u>	<u>433,024</u>	<u>464,162</u>
Net Assets (FASB ASU 2016-14)				
Without donor restriction	2,087,765	2,360,601	2,672,903	2,886,772
With donor restriction	<u>16,245</u>	<u>19,891</u>	<u>23,797</u>	<u>22,948</u>
Total net assets	<u>2,104,010</u>	<u>2,380,492</u>	<u>2,696,701</u>	<u>2,909,720</u>
Total liabilities and net assets	<u>2,582,497</u>	<u>2,814,792</u>	<u>3,129,725</u>	<u>3,373,882</u>

Notes:

1. The numbers in each column may not equal totals due to rounding.

Consolidated Statements of Activities 2016-2017 Pre FASB ASU 2016-14

(in thousands)¹

For Fiscal Years Ended June 30,

2016

Revenues:

Tuition and fees:

Gross tuition and fees	\$ 901,854
Institutional scholarships	<u>(214,551)</u>
Tuition and fees, net	\$ 687,303

Contributions	\$ 17,752
Grants and contracts	3,979
Investment income, net	15,797
Realized and unrealized gains (losses), net	(41,488)
Auxiliary services	68,750
Gain on Sale of Asset	-
Loss of Transfer of Asset to Joint Venture	(6,908)
Other sources	81,568
Change in split interest agreements	<u>(6,954)</u>
Total revenues	<u>\$ 819,799</u>

Expenses:

Program services:

Instruction	\$ 170,325
Academic support	43,738
Student services	175,861
Auxiliary services	63,124
Public services	<u>8,936</u>
Total program services	\$ 461,984

Supporting services:

Institutional support	\$ 168,973
Research	<u>329</u>
Total supporting services	<u>169,302</u>
Total expenses	<u>\$ 631,286</u>

Change in net assets	\$ 188,513
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Net Assets, beginning of year	1,626,230
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Net assets, end of year	<u>\$ 1,814,743</u>
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Notes:

1. The numbers in each column may not equal totals due to rounding.

Consolidated Statements of Activities Post FASB ASU 2016-14
(in thousands)¹

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:				
Tuition and fees:				
Gross tuition and fees	\$ 920,106	\$ 948,691	\$1,107,639	\$1,182,553
Institutional scholarships	<u>(220,880)</u>	<u>(229,519)</u>	<u>(277,655)</u>	<u>(293,983)</u>
Tuition and fees, net	\$ 699,226	\$ 719,172	\$ 829,984	\$888,570
Contributions	\$ 12,471	\$ 22,824	\$ 15,110	\$11,181
Grants and contracts	3,269	4,028	8,992	5,239
Auxiliary services	77,088	82,896	89,074	82,673
Other sources	47,006	67,927	46,389	55,555
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 839,060</u>	<u>\$ 896,847</u>	<u>\$ 989,549</u>	<u>\$1,043,219</u>
Operating Expenses:				
Instruction	\$ 175,230	\$ 194,158	\$ 234,922	\$260,500
Academic support	52,622	66,651	71,455	75,729
Student services	181,932	185,755	201,027	227,429
Auxiliary services	74,057	80,061	82,054	77,565
Public services	8,592	13,745	13,947	11,507
Institutional support	157,762	136,553	119,619	148,034
Research	<u>758</u>	<u>1,334</u>	<u>1,481</u>	<u>1,893</u>
Total operating expenses	<u>\$ 650,953</u>	<u>\$ 678,257</u>	<u>\$ 724,505</u>	<u>\$802,656</u>
Changes in net assets from operations	<u>\$ 188,107</u>	<u>\$ 218,590</u>	<u>\$ 265,043</u>	<u>\$240,563</u>
Non-operating revenue (expense):				
Contribution to endowments	\$ 302	\$ 2,027	\$ 239	\$23
Investment income, net	11,663	11,572	9,519	12,799
Realized and unrealized gains, net	60,467	39,575	42,248	(42,166)
Gain on sale of television spectrum	23,183	-	-	-
Change in split interest agreement	<u>5,545</u>	<u>4,718</u>	<u>(840)</u>	<u>1,801</u>
Changes in net assets from non-operating activities	<u>\$ 101,160</u>	<u>\$ 57,892</u>	<u>\$ 51,166</u>	<u>\$(27,543)</u>
Changes in net assets	<u>\$ 289,267</u>	<u>\$ 276,482</u>	<u>\$ 316,209</u>	<u>\$213,019</u>
Net Assets, beginning of year	<u>1,814,743</u>	<u>2,104,010</u>	<u>2,380,492</u>	<u>\$2,696,701</u>
Net assets, end of year	<u>\$ 2,104,010</u>	<u>\$ 2,380,492</u>	<u>\$ 2,696,701</u>	<u>\$2,909,720</u>

Notes:

1 The numbers in each column may not equal totals due to rounding.

3. *Indebtedness*

At June 30, 2020, the University had outstanding long-term indebtedness of approximately \$198 million consisting of taxable bonds issued in January 2012 by Liberty University ("Series 2012 Bonds"), and taxable bonds issued in December 2019 by Liberty University ("Series 2019 Bonds"). In fiscal year 2011, the University refinanced approximately \$47.8 million of its long-term debt and repaid \$8.1 million in loans under its remaining term notes using a portion of the \$119.7 million in proceeds from the issuance of the Series 2010 Bonds. As part of the debt refinancing, the University closed its \$50.0 million bank credit line. Liens on University property associated with retired debt were released.

The outstanding long-term indebtedness and capital leases of the University as of June 30, 2019 and June 30, 2020 were as follows:

	June 30, 2019	June 30, 2020
	<i>(in thousands)¹</i>	
Other notes payable	\$ 650	\$ -
Series 2010 bonds	103,745	-
Series 2012 bonds	99,288	93,319
Series 2019 bonds	-	<u>99,026</u>
Total	\$203,683	\$198,345

Notes:

1. The numbers in each column may not equal totals due to rounding.

Cash paid for interest was \$10.4 million and \$10.2 million for the years ended June 30, 2020 and 2019, respectively. The annual interest payment on the Series 2012 Bonds is \$5.1 million.

Since June 30, 2015, the University was approved to issue \$150,000,000 in commercial paper in July 2015 and subsequently issued \$85,000,000. As of June 30, 2020, the University had no outstanding commercial paper.

4. Net Assets

The following table shows the net assets available to the University, classified as without donor restrictions, perpetual endowments, purpose restricted net assets, and time restricted net assets, for the three fiscal years ended June 30, 2018-2020. Liberty University, Inc. elected to early adopt FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities* in 2018. Information for fiscal years 2019 and 2020 are presented consistent with this change and information for fiscal years prior to 2017 have not been revised from our previous filings.

	Net Assets (in thousands) ^{1, 2}		
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Without Donor Restrictions:			
Quasi endowment	\$1,416,485	\$1,570,529	\$1,697,866
Undesignated	<u>944,116</u>	<u>1,102,375</u>	<u>1,188,905</u>
Total	<u>2,360,601</u>	<u>2,672,903</u>	<u>2,886,772</u>
Perpetual Endowments³:			
Scholarships	11,857	12,096	12,111
General University	3,547	3,549	3,557
Seminary	42	43	43
Endowment requiring earnings added	<u>154</u>	<u>160</u>	<u>161</u>
Total	<u>15,600</u>	<u>15,848</u>	<u>15,873</u>
Purpose Restricted Net Assets³:			
Scholarships	3,436	6,813	6,884
Athletics	355	546	424
Capital projects	247	295	252
Benevolence and missions and other	537	719	802
Reserves on net assets (underwater)	<u>(670)</u>	<u>(651)</u>	<u>(1,405)</u>
Total	<u>3,905</u>	<u>7,722</u>	<u>6,956</u>
Time Restricted Net Assets³:			
Scholarships	178	-	-
Split interest agreements	<u>208</u>	<u>227</u>	<u>119</u>
Total	<u>386</u>	<u>227</u>	<u>119</u>
Total net assets with donor restrictions	<u>\$19,891</u>	<u>\$23,797</u>	<u>\$22,948</u>

Notes:

2. The numbers in each column may not equal totals due to rounding.
3. The amounts included as net assets with donor restrictions

B. Contributions and Gifts

Net contributions and gifts to the university for the five fiscal years ended June 30, 2016-2020 are set forth in the following table. Liberty University, Inc. elected to early adopt FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities* in 2018. Information for fiscal years 2019 and 2020 are presented consistent with this change and information fiscal years prior to 2017 have not been revised.

Contributions, Net, and Donated Gifts in Kind (in thousands)¹

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Unrestricted	\$ 14,866				
Temporarily restricted	1,696				
Permanently restricted	<u>1,190</u>				
Total Contributions, Net, and Donated Gifts in Kind	\$ 17,752				
Without donor designation		\$ 11,228	\$ 21,386	\$ 11,247	\$ 9,844
With donor designation		1,243	1,438	3,863	1,337
Contributions to endowment		<u>302</u>	<u>2,027</u>	<u>239</u>	<u>23</u>
Total Contributions, Net, and Donated Gifts in Kind		\$ 12,773	\$ 24,851	\$ 15,349	\$ 11,205

Notes:

1. The numbers in each column may not equal totals due to rounding.

For the year ended June 30, 2020, approximately 28% of contributions were made by two major donors. For the year ended June 30, 2019, approximately 33% of contributions were made by one major donors.

C. Investments

On June 30, 2011, the Board of Trustees of Liberty University and the President's Office adopted an Investment Policy Statement (IPS) declaring that the fundamental objective of the Board and the President is to strengthen Liberty's financial position in order to fulfill its primary function as an educational institution. Specifically, the ultimate goal is to provide a framework for the continuation of core University operations in the event of a major downturn while maintaining essential planned capital projects. The IPS will provide a structure that will allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, while setting reasonable parameters to provide prudence and care in the execution of the investment program. The Executive Committee will direct any drawdown of Endowment funds.

As of June 30, 2020, the University's investment plus cash and cash equivalents totaled approximately \$1.87 billion and investments were diversified among a variety of asset classes as set forth in the table below:

Asset Allocation (in thousands)

<u>Investment</u>	<u>Market Value at June 30, 2019</u>	<u>Market Value at June 30, 2020</u>
Investment Portfolio: ¹		
Cash and cash equivalents ²	\$100,120	\$297,983
U.S. government agency bonds	423,483	273,768
Traditional fixed income	634,208	697,604
Hedge funds	186,697	138,941
Real estate	33	-
Private equity	13,862	33,587
Commodity/other alternatives	76,842	88,631
Total	\$1,435,245	\$1,530,514
Cash and cash equivalents	272,129	340,553
Total	\$1,707,374	\$1,871,067

The University maintains cash balances at several financial institutions. Total cash balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts. At June 30, 2020 and 2019, the University had uninsured cash and cash equivalents balances totaling approximately \$79.2 and \$71.9 million, respectively. The University minimizes risk by periodically evaluating the stability of the financial institutions.

Notes:

- Investments are recorded at fair value based on quoted market prices or estimated fair value pursuant to ASC 820.
- Cash equivalents utilized within a managed portfolio are accounted for as investments.

The net asset value (“NAV”) column above represents the University’s ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

D. Endowment Assets

The university’s endowment includes both donor-restricted endowment funds and quasi-endowment funds. While quasi-endowment assets can be utilized by the University, if necessary, for operating expenditures at the discretion of the Board of Trustees, the assets contributed to the University as donor-restricted endowments generally cannot be so utilized.

The market values of the University’s endowment assets for the five years ending June 30, 2016-2020 are summarized below. Liberty University, Inc. elected to early adopt FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit-Entities* in 2019. Information for fiscal years 2019 and 2020 are presented consistent with this change and information fiscal years prior to 2017 have not been revised.

	Endowed Assets (in thousands)				
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Endowment	\$ 13,627				
Quasi-Endowment	<u>1,069,369</u>				
Total	<u>\$ 1,082,996</u>				
Without Donor Restrictions		\$ 1,276,318	\$ 1,416,485	\$ 1,570,529	\$ 1,697,867
With Donor Restrictions		<u>13,678</u>	<u>16,479</u>	<u>17,390</u>	<u>16,596</u>
Total		<u>\$ 1,289,996</u>	<u>\$ 1,432,964</u>	<u>\$ 1,587,919</u>	<u>\$ 1,714,463</u>

**APPENDIX A: Audited Consolidated Financial Statements for Fiscal Year
Ending June 30, 2020**



Liberty University, Inc.

Consolidated Financial Statements and Supplementary Information Years Ended June 30, 2020 and 2019

Liberty University, Inc.

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2020 and 2019

Liberty University, Inc.

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Independent Auditor's Report

To the Board of Trustees
Liberty University, Inc.
Lynchburg, VA

We have audited the accompanying consolidated financial statements of Liberty University, Inc., which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Liberty University, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 22 to the consolidated financial statements, the Executive Committee of the Board of Trustees engaged an external law firm to investigate certain facets of the University's operations during former President Jerry Falwell, Jr.'s leadership. The investigation is on-going and expected completion of the investigation is anticipated for early fall 2021. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit of the consolidated financial statements was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the accompanying Title IV Strength Factor Score and the Schedules of Financial Position - Excluding Subsidiaries is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

August 12, 2021

Consolidated Financial Statements

Liberty University, Inc.

Consolidated Statements of Financial Position

June 30,	2020	2019
Asset		
Cash and cash equivalents	\$ 340,553,045	\$ 272,129,171
Accounts receivable, less allowance for doubtful accounts of \$11,281,627 and \$26,492,704 as of June 30, 2020 and 2019, respectively	40,539,545	67,658,047
Accounts receivable from related organizations	271,250	507,325
Notes receivable, less allowance for bad debt of \$597,438 and \$544,393 as of June 30, 2020 and 2019, respectively	2,972,081	3,006,487
Contributions receivable, net	7,500	-
Prepaid expenses and other assets	35,903,258	41,370,191
Investments, at fair value	1,530,514,291	1,435,245,075
Investments in real estate	161,424,613	134,578,759
Property, plant, and equipment, net	1,261,696,016	1,175,229,476
Total Assets	\$ 3,373,881,599	\$ 3,129,724,531
Liabilities and Net Assets		
Liabilities		
Accounts payable - vendors	\$ 20,489,851	\$ 25,310,566
Accounts payable - other	7,834,173	8,643,646
Accrued liabilities	57,533,417	29,158,337
Accrued interest payable	3,536,560	3,412,556
Deferred revenue and deposits	145,709,844	132,184,269
Gift annuities payable	27,826,254	30,343,307
Liability under split interest agreements	1,181,373	1,219,905
Other long-term liabilities	2,460,291	214,836
Long-term debt, net	197,589,939	202,536,441
Total Liabilities	464,161,702	433,023,863
Net Assets		
Without donor restrictions		
Quasi endowment	1,697,866,458	1,570,528,552
Undesignated	1,188,905,213	1,102,374,787
Total net assets without donor restrictions	2,886,771,671	2,672,903,339
With donor restrictions		
Perpetual endowments	15,872,893	15,847,996
Purpose restricted	6,956,343	7,722,196
Time restricted	118,990	227,137
Total net assets with donor restrictions	22,948,226	23,797,329
Total Net Assets	2,909,719,897	2,696,700,668
Total Liabilities and Net Assets	\$ 3,373,881,599	\$ 3,129,724,531

See notes of accompanying consolidated financial statements.

Liberty University, Inc.

Consolidated Statements of Activities

Years Ended June 30,	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Operating Revenue				
Tuition and fees, less institutional scholarships of \$293,983,133 and \$277,655,007, respectively	\$ 888,570,282	\$ 1,337,057	\$ 829,983,542	\$ 3,862,592
Contributions	9,844,217	1,500	11,247,461	-
Grants and contracts	5,237,946	-	8,991,855	-
Auxiliary services	82,673,187	-	89,073,946	-
Other sources	55,443,913	110,841	46,339,993	49,341
Net assets released from restrictions	1,587,146	(1,587,146)	1,017,240	(1,017,240)
Total operating revenue	1,043,356,691	(137,748)	986,654,037	2,894,693
Operating Expense				
Instruction	260,500,300	-	234,922,006	-
Academic support	75,728,595	-	71,454,818	-
Student services	227,428,913	-	201,027,485	-
Auxiliary services	77,564,636	-	82,054,035	-
Public services	11,507,436	-	13,947,393	-
Institutional support	148,033,551	-	119,618,917	-
Research	1,892,969	-	1,480,710	-
Total operating expense	802,656,400	-	724,505,364	-
Changes in net assets from operations	240,700,291	(137,748)	262,148,673	2,894,693
Nonoperating Revenue (Expense)				
Contributions to endowments	-	23,340	-	238,996
Investment income, net	12,516,811	282,241	9,311,243	207,571
Realized and unrealized (losses) gains, net	(41,257,418)	(908,788)	41,701,750	546,212
Change in split interest agreements	1,908,648	(108,148)	(859,409)	19,222
Changes in net assets from nonoperating activities	(26,831,959)	(711,355)	50,153,584	1,012,001
Changes in net assets	213,868,332	(849,103)	312,302,257	3,906,694
Net Assets, beginning of year	2,672,903,339	23,797,329	2,696,700,668	19,890,635
Net Assets, end of year	\$ 2,886,771,671	\$ 22,948,226	\$ 2,909,719,897	\$ 23,797,329

See notes of accompanying consolidated financial statements.

Liberty University, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30,	2020	2019
Cash Flows From Operating Activities		
Changes in net assets	\$ 213,019,229	\$ 316,208,951
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation of property, plant and equipment	59,495,721	57,972,413
Amortization of other assets	(214,836)	(194,276)
Change in value of split-interest agreements	(1,800,500)	840,187
Bad debt expense on accounts receivable	11,291,077	3,036,208
Donations of property, plant and equipment	(7,978,000)	(15,000)
Realized and unrealized gains on investments, net	42,166,206	(42,247,962)
Loss on disposal of property, plant, and equipment	5,746,092	14,573,718
Contributions for donor restricted	(23,340)	(238,996)
Net decrease (increase) in operating assets:		
Accounts receivable	16,003,052	(31,356,300)
Accounts receivable from related parties	60,448	(374,164)
Contributions receivable	(7,500)	-
Prepaid expenses and other assets	5,466,933	728,740
Net (decrease) increase in operating liabilities:		
Accounts payable - vendors and other	(5,630,188)	(18,559,748)
Accrued liabilities	25,728,283	13,234,845
Accrued interest payable	124,004	(39,913)
Lease liability	2,490,337	-
Deferred revenue and deposits	13,525,575	4,756,300
Gift annuities payable	(1,788,260)	2,859,076
Liability under split interest agreements	(16,286)	(52,635)
Net cash provided by operating activities	377,658,047	321,131,444
Cash Flows From Investing Activities		
Proceeds from notes receivable	-	1,101,181
Issuances of notes receivable	-	(3,064,387)
Purchases of property, plant, and equipment	(177,157,079)	(124,213,651)
Proceeds from sale of property, plant, and equipment	9,227,668	4,116,335
Purchases of investments	(891,209,390)	(1,150,335,639)
Proceeds from sales and maturities of investments	755,574,468	1,034,252,530
Net cash used by investing activities	(303,564,333)	(238,143,631)
Cash Flows From Financing Activities		
Payments on gift annuities	(728,793)	(739,464)
Payments on split interest agreements	(22,245)	(25,021)
Imputed interest on finance leases	(30,046)	-
Contributions for donor restricted	23,340	238,996
Proceeds from long-term debt	99,710,000	-
Payments on long-term debt	(104,622,096)	(2,516,394)
Net cash used by financing activities	(5,669,840)	(3,041,883)
Net increase in cash and cash equivalents	68,423,874	79,945,930
Cash and cash equivalents at beginning of year	272,129,171	192,183,241
Cash and cash equivalents at end of year	\$ 340,553,045	\$ 272,129,171
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 10,237,669	\$ 10,357,409

See notes of accompanying consolidated financial statements.

Liberty University, Inc.

Notes to Consolidated Financial Statements

1. Business and Basis of Presentation

Business

Liberty University, Inc. (the "University") is a nonprofit institution of higher education, initially established in 1971. The University is a Christian academic community in the tradition of evangelical institutions of higher education, with the primary mission of providing quality collegiate education. The University provides associate, baccalaureate, master, and doctoral programs for both liberal arts and professional disciplines in residential and off-campus formats. These programs seek to transmit and expand knowledge, as well as provide opportunities for research and service. The University is accredited by the Southern Association of Colleges and Schools. The affairs of the University are governed by the Board of Trustees.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). In accordance with this method of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of Liberty University, Inc. and its wholly-owned subsidiaries:

- 747 River Road, LLC - Holds real estate property
- Airport Plaza Holdings, LLC - Retail shopping centers, classified as quasi endowments
- Burton Realty, LLCs - Real estate holdings, classified as quasi endowments
- C&C Aviation, LLC - Provides charter air service to the University
- CFA-Wards Road, LLC - Created to hold commercial real estate
- Crossroads Investments, LLC - Real estate holdings, classified as quasi endowments
- Currus Holdings, LLC - Investment holding company, classified as quasi endowments
- Eleanor's Bench, LLC - Cinematic Arts motion picture
- Freedom Aviation, Inc. - C-corporation that provides charter air and repair and maintenance services to the public. Also provides aviation fueling services through its consolidated subsidiary, Virginia Aviation Resources, Inc.
- G & J Thomas, Inc. - S-corporation that holds property for student housing, classified as quasi endowments, dissolved June 27, 2019
- Ivy Hill Recreation, LLC - Lake donated for various student activities (property sold April 16, 2019) classified as quasi endowments
- Jerry Falwell Ministries, LLC - Created to accept donations
- Liberty Christian Academy, Inc. ("LCA") - Christian, co-educational school for grades K-12, and Early Learning Center for ages 2-4
- Liberty Health Services, LLC - Acts as a holding company for various health services
- Liberty Motion Picture, LLC - Provides opportunities for students and former students to produce motion pictures
- Liberty Mountain Capital, Inc. - C-corporation created for investment purposes, classified as quasi endowments
- Liberty Mountain Medical Group, LLC - Medical clinic

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Notes to Consolidated Financial Statements

- Liberty Ridge, LLC - Created to hold and manage real estate rental property
- LU Candler's Mountain Road Holdings, LLC - Holds land and building
- LU Candler's Station Holdings, LLC - Retail shopping centers, classified as quasi endowments
- LU Plaza Holdings, LLC - Retail shopping centers, classified as quasi endowments
- LU Wards Rd Center Holdings, LLC - Real-estate holdings, classified as quasi endowments
- LUCOM Graduate Medical Education Services, LLC - Created to support Liberty University College of Osteopathic Medicine ("LUCOM")
- Liberty University Endowment Trust, Inc - Created to support the endowment of the University
- Liberty Village Community Association, Inc - Homeowner's Association for Liberty Ridge real estate rental properties
- Morning Star Broadcasting, LLC - Provides broadcasting of Liberty University and other athletics, weather, news to the Lynchburg community
- Philanthropy Lynchburg, LLC - Retail franchise
- Red Tie Music, LLC - Produces, publishes, and distributes music
- Richmond Highway Properties (9 LLCs) - Owns several real estate parcels, classified as quasi endowments
- River Ridge Mall JV, LLC - Retail shopping mall, classified as quasi endowments
- Vertical Ventures, LLC - Formed to hold telecommunication assets

All significant intercompany transactions and balances have been eliminated in the consolidation.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents utilized within a managed portfolio are accounted for as investments. All depository accounts of the University are with institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). Certain accounts are required to be segregated. Included in cash and cash equivalents are short term treasury bills in the amount of \$264,431,358 and \$213,160,923 as of June 30, 2020 and 2019, respectively. Although not insured by the FDIC, these treasury bills are backed by the U.S. government. At times during the year, the University maintains balances in financial institutions which exceed the federally insured limits. The University minimizes this risk by periodically evaluating the stability of the financial institutions. Amounts reported as cash and cash equivalents which exceeded the FDIC limits were \$79,213,759 and \$71,893,242 at June 30, 2020 and 2019, respectively.

Liquidity and Availability

As part of its liquidity management, the University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily operating funds in short-term investments such as treasury bills, certificates of deposit, and money market funds.

The following schedule explains the University's financial assets available to meet cash needs for general expenditures within one year. The financial assets were derived from the total assets on the consolidated statements of financial position by excluding the assets that are unavailable for general expenditures in the next 12 months. The University seeks to maintain sufficient liquid assets to cover three months' operating and capital expenditures.

Liberty University, Inc.

Notes to Consolidated Financial Statements

Asset Categories	2020
Cash and cash equivalents	\$ 340,553,045
Accounts and notes receivable, net	43,511,626
Investments	1,530,514,291
Less: Non-current portion of note receivable	(2,820,539)
Less: Investments designated for quasi endowment	(1,467,056,955)
Less: Investments designated for other purposes	(63,283,236)
Less: Unfunded commitments	(32,801,795)
Add: Endowment spending-rate distributions and appropriations	321,855
Financial assets available to meet cash needs for general expenditures within one year of June 30, 2020	\$ 348,938,292

Asset Categories	2019
Cash and cash equivalents	\$ 272,129,171
Accounts and notes receivable, net	70,664,534
Investments	1,435,245,075
Less: Non-current portion of note receivable	(2,853,752)
Less: Investments designated for quasi endowment	(1,370,889,961)
Less: Investments designated for other purposes	(64,184,759)
Less: Unfunded commitments	(24,966,245)
Add: Endowment spending-rate distributions and appropriations	366,544
Financial assets available to meet cash needs for general expenditures within one year of June 30, 2019	\$ 315,510,607

Accounts Receivable

Accounts receivable represents the amount receivable for tuition and other student fees and expenses, trade accounts receivable, and investment property rent and income receivable. The University provides for uncollectible accounts annually based on total write-offs from the preceding three years. Bad debt totaled \$11,376,974 and (\$8,120,969) for the periods ended June 30, 2020 and 2019, respectively. The net change in the allowance for bad debt for the period ended June 30, 2020 is primarily the result of increased enrollment and the University's change in methodology for calculating bad debt allowance. For the fiscal year ended June 30, 2019, the University allowed for uncollectible accounts based on the average percentage of receivables collected for the preceding five fiscal years. For the fiscal year ended June 30, 2020, the University's allowance is calculated based on the average percentage of revenue that is written-off per payor type. This methodology change follows Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606"). When accounts from prior fiscal years are deemed uncollectible, or an accounts receivable balance for the current fiscal year is greater than the associated revenue, they are charged against the allowance for doubtful accounts through bad debt expense. ASC 606 dictates that revenue presented on the Statements of Activities should only reflect the transaction

Liberty University, Inc.

Notes to Consolidated Financial Statements

price, or amount reasonably expected to be collected. As a result, the portion of current year tuition and fees not expected to be collected reduces revenue instead of increasing bad debt expense.

Contributions Receivable and Contributions Revenue

Contributions, including unconditional promises to give, are recognized as revenue by the University in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions of works of art, historical treasures, and similar assets held as part of collections are not recognized or capitalized.

Prepaid Expenses and Other Assets

Prepaid expenses primarily consist of insurance, dues, subscriptions, and other expenditures that are amortized over their useful lives. Other assets include right-of-use assets, inventories, vendor deposits, and intangible assets.

Investments

Investments are recorded at estimated fair value. The fair values of investments are determined based on quoted market prices or estimated fair values. Net investment income/(loss) is reported in the accompanying consolidated statements of activities and consists of interest income, dividend income, and realized and unrealized gains and losses less external and direct internal investment expenses.

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Management does not anticipate that losses resulting from market or credit risks would materially affect the financial position of the University.

Investments in Real Estate

The University's investments in real estate consist of land and buildings donated from various individuals or purchased by the University for investment purposes. The University holds investments in real estate at historical cost less depreciation. These investments are analyzed for impairment each year based on current market conditions.

Property, Plant and Equipment

Property, plant and equipment consisting of land and land improvements, buildings, and furniture and equipment are stated at cost at the date of acquisition or at fair value at the date of the gift, less accumulated depreciation and amortization. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 years for furniture and equipment up to 60 years for certain buildings. Property and equipment held under capital leases are amortized straight-line over the shorter of the lease term or estimated useful life of the asset. Interest on outstanding debt is capitalized based on the balance of cumulative payments made on construction in progress until the specified assets are ready for their intended use. Capitalized interest is amortized over the useful life of the related asset.

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Deferred Revenue and Deposits

Student deposits consist primarily of student payments received for University summer and fall sessions received during the current year. These payments are designated to be used in future periods and will be recognized as revenue within one year.

Net Assets

The University's net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net asset changes therein are classified and reported as follows:

- Without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The University's Board of Trustees has authorized the President and Senior Vice President of Finance and Investment Management to designate net assets for quasi endowment from other net assets without donor restrictions.
- With donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or by purpose specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and these restrictions are not met within the current reporting period. Expenses are reported as decreases in net assets without donor restrictions. Expirations and releases of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions (see Note 13). Donor restrictions on gifts to acquire long-lived assets are considered met in the period the assets are acquired or placed in service.

Methods Used for Allocation of Expenses to Programs and Supporting Services

The University allocates expenses on a functional basis to its various programs and supporting services. The accompanying consolidated financial statements report certain categories of expenses that are attributable to one or more program(s) or supporting service(s) of the University. These expenses include utilities and maintenance, depreciation, interest, and information technology. Utilities and maintenance, depreciation, and interest are allocated based on square footage. Information technology is allocated based on estimates of time and effort and is reported in the Compensation and benefits natural classification within the Analysis of Expense by Functional and Natural Categories as discussed in Note 4.

Revenue and Expense Classifications

The University classifies its revenues and expenses as operating or non-operating in the accompanying consolidated statements of activities. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principle ongoing operations. Operating revenues include activities such as student tuition and fees, contributions to University operations or capital projects, certain educational grants and contracts for services, sales and services of auxiliary enterprises, and gains and losses on sale of operating

Liberty University, Inc.

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assets. Operating expenses are all expense transactions incurred other than those related to investing activities. Non-operating revenues and expenses include transactions not related to the principle operations of the University such as endowed gifts, investment income and expenses, gains and losses on sale of non-operating assets, and changes in split interest agreements.

Income Taxes

The Internal Revenue Service has ruled that the University qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not generally subject to income taxes under present tax laws. Management believes that any income tax liability resulting from unrelated business income for the periods ended June 30, 2020 and 2019 would not have a significant impact on the University's results of activities. Certain subsidiaries of the University are taxed as separate entities. The impact of taxes from taxable entities is not material to the accompanying consolidated financial statements and therefore such information has not been itemized herein.

Concentration of Credit Risk

Financial instruments that potentially subject the University to a concentration of credit risk consist of interest-bearing transaction accounts and accounts receivable. The University places its interest-bearing transaction accounts with high credit quality financial institutions. Student receivables are limited in risk due to the large number of students, those who pay in advance, and those who receive grants and loans to cover tuition and related expenses.

Advertising Expenses

The University expenses advertising costs as incurred. Advertising expense totaled \$17,510,605 and \$14,324,444 for the years ended June 30, 2020 and 2019, respectively.

Use of Estimates

The University has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates and assumptions.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires recognition of a right-of-use asset and liability for future lease payments for contracts that meet the definition of a lease and requires disclosure of certain information about leasing arrangements. Generally, a lease exists when a contract or part of a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a lease exists, the University considers whether a contract provides the University with both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. The University adopted the standard on July 1, 2019 using the effective date approach and, as a result, did not recast prior period comparative financial statements. Adoption of the new standard resulted in the recording of operating lease right-of-use assets and associated lease liabilities of \$1,963,796 and finance lease right-of-use assets and associated lease liabilities of \$833,904 as of July 1, 2019. The right-of-use assets and lease liabilities are classified under prepaid expenses and other assets and other long-term liabilities, respectively,

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Notes to Consolidated Financial Statements

within the consolidated statement of financial position. There was no cumulative impact to net assets, and the adoption did not have a material impact on the University's results of operations or cash flows.

Reclassifications

As discussed further in Note 20 to the consolidated financial statements, certain items in the 2019 consolidated financial statements and notes have been reclassified to conform to the 2020 presentation. Such reclassifications had no impact on previously reported changes in net assets or net asset balances.

3. Revenue

The University elected to early adopt ASC 606, with a date of initial application of July 1, 2018, using the modified retrospective approach. As a result, the University made changes to its accounting policy for revenue recognition as outlined below. The accompanying consolidated statements of activities for the years ended June 30, 2020 and 2019 are presented in accordance with ASC 606.

Subsequent to the adoption of ASC 606, the University measures revenue based on the consideration specified in a contract with a customer and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction price; (4) allocate transaction price; (5) recognize revenue.

Disaggregation of Revenue from Contracts with Customers

ASC 606 requires that entities disclose disaggregated revenue information in categories (such as type of good or service, geography, market, type of contract, etc.) that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. ASC 606 explains that the extent to which an entity's revenue is disaggregated depends on the facts and circumstances that pertain to the entity's contracts with customers and that some entities may need to use more than one type of category to meet with the objective for disaggregating revenue.

The University's disaggregated tuition and fees and auxiliary services revenues consisted of the following:

<i>Years ended June 30,</i>	2020	2019
Liberty University Online	\$ 799,995,254	\$ 713,406,523
Residential	360,506,466	376,088,898
LUOA	22,051,695	18,143,128
Tuition and fees, gross	\$ 1,182,553,415	\$ 1,107,638,549
Less: Institutional aid	(293,983,133)	(277,655,007)
Tuition and fees, net	\$ 888,570,282	\$ 829,983,542

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<i>Years ended June 30,</i>	2020	2019
Student housing	\$ 43,999,821	\$ 45,248,077
Food services	34,194,697	35,091,989
Retail operations and other auxiliary services	4,478,669	8,733,880
Auxiliary services revenue	\$ 82,673,187	\$ 89,073,946

Judgments

The University earns revenue primarily through instruction. The University provides instruction to students residentially, on its Lynchburg, Virginia campus, and online to students around the world. The University serves both domestic and international students. The University recognizes this revenue per day based on the start and end dates for each individual course. In addition to instruction, the University also earns revenue through auxiliary services and other sources. These sources of revenue can be disaggregated by whether there is a contract with a student or non-student, or if there is no contract. The University recognizes non-student contracts based on the date of the event or when the service is provided.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The University does not capitalize contract costs.

The performance obligations related to contracts with students include providing instruction, housing and dining (if applicable), and access to the University's facilities and services throughout the contract term. As a result, the performance obligation is satisfied over time ratably throughout each contract's applicable period.

The University enters into contracts that include various combinations of services, which are generally capable of being distinct and are accounted for as separate performance obligations.

Revenue is recognized in an amount that reflects the consideration the University expects to receive in exchange for its services. Arrangements may include variable consideration in the form of tuition discounts, scholarships, or institutional aid. For any such arrangements, the transaction price only includes tuition and fees net of the awarded discounts or institutional aid. Refunds and withdrawals have been deemed immaterial.

Contract Payment Terms

Before the beginning of each contract term, students are required to complete Financial Check-in ("FCI"). During this process, they are presented with the total amount that is due from them for the upcoming period. This amount is due in full upon completion of FCI when they electronically sign their contract. However, students may opt-in to a payment plan to delay paying portions of their tuition. The University does not consider the payment plan participation fees for this option to represent a significant financing component because payments are due within 120 days.

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Revenue recognition

The University recognizes revenue from contracts with students over the term or sub-term of the course in which they are enrolled. Each course has a set beginning and ending date. The University recognizes revenue over time based on the number of days that have elapsed for each course.

4. Analysis of Expense by Functional and Natural Categories

Expenses by functional and natural classifications are as follows:

<i>Year ended June 30, 2020</i>	Academic Instruction and Student Services	Institutional Support	Total
Compensation and benefits	\$ 368,444,026	\$ 81,917,816	\$ 450,361,842
Utilities, maintenance, insurance, taxes	12,725,924	9,107,596	21,833,520
Supplies, services, travel, and other	216,925,565	47,709,664	264,635,229
Depreciation	50,635,002	8,860,720	59,495,722
Interest expense	5,892,332	437,755	6,330,087
Total Functional Expenses	\$ 654,622,849	\$ 148,033,551	\$ 802,656,400

<i>Year ended June 30, 2019</i>	Academic Instruction and Student Services	Institutional Support	Total
Compensation and benefits	\$ 345,619,441	\$ 63,073,757	\$ 408,693,198
Utilities, maintenance and insurance, taxes	11,395,307	11,192,316	22,587,623
Supplies, services, travel, and other	192,130,457	36,075,744	228,206,201
Depreciation	49,072,518	8,899,895	57,972,413
Interest expense	6,668,724	377,205	7,045,929
Total Functional Expense	\$ 604,886,447	\$ 119,618,917	\$ 724,505,364

5. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. The framework for measuring fair value under the guidance is based on a fair value hierarchy that distinguishes between observable inputs (i.e., inputs that are based on market data obtained from independent sources) and unobservable inputs (i.e., inputs that require the University to make its own assumptions about market participant assumptions because little or no market data exists). The three levels of the fair value hierarchy are described below:

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Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds and common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Corporate bonds are valued at amortized cost and real estate is recorded at the appraised value. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. All assets have been valued using a market approach, except for Level 3 assets. For Level 3 assets, the University's management, with the help of its investment committee and a third-party investment advisory firm, determine fair value measurement valuation policies and procedures. The carrying amount of Level 3 investments approximate fair value as of June 30, 2020 and 2019. There were no changes in the valuation methodology during the current year.

Fair Value at June 30, 2020						
	Level 1	Level 2	Level 3	NAV ¹	Total	
Assets:						
Cash and cash equivalents	\$ 282,555,286	\$ 8,565,842	\$ -	\$ -	\$ 291,121,128	
Publicly traded equities	120,772,302	-	-	152,995,947	273,768,249	
Traditional fixed income	20,712,236	185,524,929	-	491,366,613	697,603,778	
Hedge funds	1,058,420	-	-	137,882,736	138,941,156	
Private equity	-	-	6,528,661	33,919,994	40,448,655	
Commodities/other alternatives	1,238,407	-	-	87,392,918	88,631,325	
Total Assets	\$ 426,336,651	\$ 194,090,771	\$ 6,528,661	\$ 903,558,208	\$ 1,530,514,291	
Liabilities:						
Gift annuities payable	\$ -	\$ -	\$ 27,826,254	\$ -	\$ 27,826,254	
Liability under split interest agreements	-	-	1,181,373	-	1,181,373	
Total Liabilities	\$ -	\$ -	\$ 29,007,627	\$ -	\$ 29,007,627	

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Notes to Consolidated Financial Statements

		Fair Value at June 30, 2019						
		Level 1	Level 2	Level 3	NAV ¹		Total	
Assets:								
Cash and cash equivalents	\$	91,724,346	\$ 8,395,988	\$ -	\$ -	\$	100,120,334	
Publicly traded equities		246,563,915	-	-	176,919,576		423,483,491	
Traditional fixed income		11,596,360	210,776,892	-	411,834,261		634,207,513	
Hedge funds		296	-	-	186,696,618		186,696,914	
Real estate		-	32,850	-	-		32,850	
Private equity		-	-	2,241,062	11,620,648		13,861,710	
Commodities/other alternatives		86,358	-	-	76,755,905		76,842,263	
Total Assets	\$	349,971,275	\$ 219,205,730	\$ 2,241,062	\$ 863,827,008	\$	1,435,245,075	
Liabilities:								
Gift annuities payable	\$	-	\$ -	\$ 30,343,307	\$ -	\$	30,343,307	
Liability under split interest agreements		-	-	1,219,905	-		1,219,905	
Total Liabilities	\$	-	\$ -	\$ 31,563,212	\$ -	\$	31,563,212	

¹ NAV column above represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The NAV of these investments is determined by the general partner and is based upon appraisal or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the general partner will take into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30, 2020 and 2019.

Redemptions are generally permitted after some period of time after initial investment (for example, monthly, quarterly, annually, five-year, and ten-year), subject to certain restrictions, which include a notice period ranging from 30 days to one year.

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Redemption Information for Assets Valued at NAV Fair Value as of June 30, 2020

Classification	NAV	Redemption Terms	Days' Notice
Publicly Traded Equities	\$ 8,470,808	Daily	Daily
	108,007,006	Monthly	30 Days
	36,518,133	Quarterly	3 years rolling
Traditional Fixed Income	491,366,613	Monthly	30 days
Hedge Funds	26,209,129	Monthly	60 Days
	12,440,252	Quarterly	60 Days
	85,754,638	Quarterly	90 Days
	13,478,717	Annual	5 years or more
Private Equity/Venture Capital	33,919,994	Annual	5 years or more
Commodities/other Alternatives	87,392,918	Monthly	30 Days
Total Assets Valued at NAV	\$ 903,558,208		

Redemption Information for Assets Valued at NAV Fair Value as of June 30, 2019

Classification	NAV	Redemption Terms	Days' Notice
Publicly Traded Equities	\$ 14,873,383	Daily	Daily
	107,719,289	Monthly	30 Days
	42,564,116	Quarterly	3 years rolling
	11,762,788	Annual	1 Year
Traditional Fixed Income	286,003,903	Monthly	30 days
	125,830,358	Monthly	45 days
Hedge Funds	51,749,115	Monthly	30 Days
	13,616,714	Monthly	60 Days
	11,774,330	Quarterly	60 Days
	81,511,284	Quarterly	90 Days
	28,045,175	Annual	5 years or more
Private Equity/Venture Capital	11,620,648	Annual	5 years or more
Commodities/other Alternatives	76,755,905	Monthly	30 Days
Total Net Assets Valued at NAV	\$ 863,827,008		

Private equity funds had \$32,801,795 and \$24,966,246 remaining unfunded with up to 8 years and 10 years of remaining life as of June 30, 2020 and 2019, respectively.

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Changes in Level 3 assets for the years ended June 30, 2020 and 2019 are as follows:

<i>Years ended June 30,</i>	2020	2019
Balance , beginning of year	\$ 2,241,062	\$ 1,684,674
Purchases and sales, net	4,287,599	556,388
Balance , end of year	\$ 6,528,661	\$ 2,241,062

Changes in Level 3 liabilities for the years ended June 30, 2020 and 2019 are as follows:

	Gift Annuities Payable	Other Split-Interest Agreements
Balance, June 30, 2018	\$ 28,223,695	\$ 1,297,561
Additions/purchases	1,772,662	-
Payouts	(2,928,757)	(118,187)
Realized/unrealized gains	2,080,774	1,128
Change in value of split-interest agreements	1,194,933	39,403
Balance, June 30, 2019	\$ 30,343,307	\$ 1,219,905
Additions/purchases	822,303	-
Payouts	(2,933,852)	(119,792)
Realized/unrealized gains (losses)	420,722	(28,170)
Change in value of split-interest agreements	(826,226)	109,430
Balance, June 30, 2020	\$ 27,826,254	\$ 1,181,373

6. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following at:

<i>June 30,</i>	2020	2019
Buildings	\$ 1,122,152,895	\$ 1,068,988,642
Furniture and equipment	253,136,241	230,305,332
Land and land improvements	187,691,447	179,853,780
Construction in progress	98,571,324	51,790,127
Property, plant and equipment, gross	1,661,551,907	1,530,937,881
Accumulated depreciation and amortization	(399,855,891)	(355,708,405)
Property, plant and equipment, net	\$ 1,261,696,016	\$ 1,175,229,476

Liberty University, Inc.

Notes to Consolidated Financial Statements

The University capitalized \$4,283,010 and \$3,310,281 of interest in the years ended June 30, 2020 and 2019, respectively. Depreciation expense for the years ended June 30, 2020 and 2019, totaled \$59,495,722 and \$57,972,413, respectively.

In accordance with the University's property, plant and equipment policy, depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 years for furniture and equipment up to 60 years for certain buildings.

7. Investments in Real Estate

Investment in real estate, net consisted of the following at:

<i>June 30,</i>	2020	2019
Investment in real estate	\$ 174,473,717	\$ 145,169,034
Accumulated depreciation and amortization	(13,049,104)	(10,590,275)
Investment in real estate, net	\$ 161,424,613	\$ 134,578,759

The University's investments in real estate consist of land and buildings donated from various individuals or purchased by the University for investment purposes. The University holds investments in real estate at historical cost less depreciation. These investments are analyzed for impairment each year based on current market conditions. During the years ended June 30, 2020 and 2019, the University recognized no impairment loss on investments in real estate.

8. Deferred Revenue and Deposits

Deferred revenue and deposits consist primarily of student related charges including tuition and fees which are deferred until earned. The deferral is calculated based on number of class days used or unused. The deposits are primarily monies deposited with the University toward a term for which charges have not been recorded to the individual. Deferred revenue and deposits consist of the following at:

<i>June 30,</i>	2020	2019
Deferred student - fall	\$ 49,160,425	\$ 46,366,312
Deferred student - summer	62,812,895	42,319,954
Deferred student - Liberty University Online Academy	3,118,781	2,832,954
Deferred - other	5,893,523	7,485,058
Deposits	24,724,220	33,179,991
Deferred revenue and deposits	\$ 145,709,844	\$ 132,184,269

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The following tables summarize the contract liability activity for the years ended June 30, 2020 and 2019:

<i>Year ended June 30, 2020</i>	Beginning Balance	Revenue Recognized	Cash Receipts	Ending Balance
Tuition and fees	\$ 91,262,115	\$ (888,570,282)	\$912,313,255	\$115,005,088
Auxiliary activities	257,106	(78,173,543)	78,003,453	87,016
Total	\$ 91,519,221	\$ (966,743,825)	\$990,316,708	\$115,092,104

<i>Year ended June 30, 2019</i>	Beginning Balance	Revenue Recognized	Cash Receipts	Ending Balance
Tuition and fees	\$ 98,188,044	\$ (829,983,542)	\$ 823,057,613	\$ 91,262,115
Auxiliary activities	216,367	(80,521,047)	80,561,786	257,106
Total	\$ 98,404,411	\$ (910,504,589)	\$ 903,619,399	\$ 91,519,221

The University expects the full amount outstanding as of June 30, 2020, less refunds, to be recognized into revenue during the year ended June 30, 2021, given the time span of each of its terms being less than a year. Consideration from these contracts was not excluded from the transaction prices.

9. Liabilities under Split-Interest Agreements

The University receives gifts from donors who receive income from the assets until their deaths. These split-interest agreements consist primarily of charitable gift annuities and charitable remainder unitrusts. These agreements provide either fixed annual payments or fixed annual returns to the original donor or a designated beneficiary. The assets received from the donor are recorded at fair market value upon receipt of the gift and the liability is recorded using a discount rate reflecting expected rates of return in the marketplace and the expected lives of the donors. Fixed payout percentages range from 3.1% to 12%.

The University utilized the 2012 Individual Annuity Reserving Table ("2012 IAR Table") for reserving purposes for the years ended June 30, 2020 and 2019. Discount rates used in the fair value calculation reflect the rate of return on the underlying assets. The discount rate used was 3.26% and 2.51% for the years ended June 30, 2020 and 2019, respectively.

The University received contributions under split-interest agreements of \$596,183 and \$257,442 for the years ended June 30, 2020 and 2019, respectively.

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10. Long-Term Debt

Long-term debt consisted of the following at:

<i>June 30,</i>	2020	2019
Bond issue 2010, unsecured and issued at a premium of approximately \$2,000,000, with various principal and interest payments due each March 1st and September 1st in amounts ranging from \$1,318,125 to \$4,011,464 through 2025. Semi-annual sinking fund payments will be due from March 2026 through March 2041 in amounts ranging from \$910,000 to \$7,440,000. Interest rates range from 2.00% to 5.25%. This bond issue was paid off in March 2020.	\$ -	\$ 103,744,710
Interest-free note with Bedford County for purchase of 26-acre lot, with potential credits to the note contingent upon various trigger points through September 2019. This note was paid off during fiscal year 2020.	-	650,000
Bond issue 2012, unsecured and issued at a discount of approximately \$950,000, with interest only payments due each March 1st and September 1st at a fixed rate of 5.1%. Principal is due in full in 2042.	99,319,328	99,287,912
Bond issue 2019, unsecured and issued at a discount of approximately \$714,000, with various principal and interest payments due each March 1st and September 1st in amounts ranging from \$778,000 to \$2,366,000 through 2034. Semi-annual sinking fund payments will be due from March 2021 through March 2034 in amounts ranging from \$2,720,000 to \$46,590,000. Interest rates range from 2.25% to 3.34%.	99,025,478	-
Long-term debt, gross	\$ 198,344,806	\$ 203,682,622
Less: Unamortized debt issuance costs	(754,867)	(1,146,181)
Long-term debt, net	\$ 197,589,939	\$ 202,536,441

There were no financial covenants over long-term debt at June 30, 2020. Bond issue 2010 held bond covenants regarding the tax-exempt usage of the facility associated debt. At June 30, 2019, the University was in compliance with these covenants.

There are seven certificates of deposit from Carter Bank and Trust in an amount totaling \$5,870,784 which are pledged as collateral to secure a performance bond with the City of Lynchburg and Campbell County for various campus construction projects.

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As of June 30, 2020, there are 21 letters of credit totaling \$2,107,114, that were issued between April 2013 and June 2019, on behalf of the University to local municipalities (City of Lynchburg and Campbell County) for various construction projects. The expiration dates occur between June 2020 and June 2021.

Interest expense on long-term debt amounted to \$6,169,240 and \$7,069,268 for the years ended June 30, 2020 and 2019, respectively.

The aggregate annual maturities of long-term debt as of June 30, 2020 are as follows:

<i>Years Ending June 30,</i>		
2021	\$	2,720,000
2022		3,580,000
2023		3,660,000
2024		3,745,000
2025		3,825,000
Thereafter		180,814,806
Total	\$	198,344,806

11. Leases

The University has historically entered in to a number of lease arrangements under which it is the lessee. Specifically, twelve of the University's leases are subject to financing lease standards, and three are subject to operating lease standards. The majority of the financing leases entered into consist of communications tower leases. The remaining financing leases consist of equipment leases. The three operating leases consist of equipment, parking lot, and communications tower leases.

All of the University's leases include optional renewal periods. To the extent the initial lease term of the related lease is less than the useful life of the leasehold improvements, the University concludes it is reasonably certain that a renewal option will be exercised, and thus that renewal period is included in the lease term with the related payments reflected in the right-of-use ("ROU") asset and lease liability. Each lease is routinely evaluated to determine the likelihood that renewal periods will be exercised.

All of the University's leases include fixed rental payments, but some of the leases also include variable rental payments. In addition, the University also commonly enters into leases under which the lease payments increase at pre-determined dates based on the change in the consumer price index. While the majority of the leases are gross leases, the University also has a number of leases in which separate payments are made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. The University has elected to separate lease and non-lease components for all leases.

As of June 30, 2020, lease liabilities have been determined using a weighted-average discount rate of approximately 4.42%. The rate implicit in the University's leases is not readily determinable. Accordingly, the University uses its estimated incremental borrowing rate, which represents the

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rate of interest that it would pay to borrow on a collateralized basis over a similar term. The remaining weighted-average life of the University's finance leases and operating leases is approximately 4.69 years and 5.46 years, respectively, with a weighted-average of 5.18 years across all leases.

The University has decided to exclude non-lease components when measuring right-of-use assets and lease liabilities. Non-lease components include payments for utilities, and payments based on the usage of the leased assets.

Lease costs were as follows:

<i>Year ended June, 30</i>		2020
Operating Lease Cost		
Fixed rent expense	\$	439,737
Finance Lease Cost		
Amortization of ROU assets		157,499
Interest expense		30,046
Net Lease Cost	\$	627,282
Lease Cost - Instruction	\$	16,300
Lease Cost - Public service		153,036
Lease Cost - Institutional support		457,946
Net Lease Cost	\$	627,282

Amounts recognized as right-of-use assets related to finance leases are included in prepaid expenses and other assets, net in the accompanying statements of financial position, while related lease liabilities are included in other long-term liabilities. Right-of-use assets totaled \$675,809 as of June 30, 2020. Current and long-term portions of lease liabilities related to finance leases totaled \$166,863 and \$528,746, respectively, as of June 30, 2020.

The University had the following cash and non-cash activities associated with leases as follows:

<i>Year ended June 30,</i>		2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	444,658
Operating cash flows from finance leases		138,295
Financing cash flows from finance leases		30,046
Non-cash investing and financing activities		
additions to ROU assets obtained from:		
New operating lease liabilities		1,963,796
New finance lease liabilities	\$	833,904

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Future minimum lease payments due under financing and operating leases as of June 30, 2020 were as follows:

<i>Year ending June 30,</i>	Financing Leases	Operating Leases
2021	\$ 200,550	\$ 433,595
2022	117,943	389,674
2023	93,575	361,488
2024	92,769	133,167
2025	46,160	133,167
2026 and thereafter	436,231	340,419
Total lease payments	\$ 987,228	\$ 1,791,510
Less: Variable portion of lease payments	-	(38,368)
Less: Imputed interest	(291,619)	(164,298)
Present Value of Lease Liabilities	\$ 695,609	\$ 1,588,844

12. Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Net assets restricted for the construction of a building are released when the building is placed in service. Total net assets primarily used for scholarships and athletic expenses released or reclassified were \$1,587,146 and \$1,017,240 for the years ended June 30, 2020 and 2019, respectively.

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13. Net Assets

The amounts included as net assets with donor restrictions consist of the following at:

<i>June 30,</i>	2020	2019
Perpetual Endowments		
Scholarships	\$ 12,111,221	\$ 12,096,131
General University	3,557,082	3,548,534
Seminary	43,204	43,204
Endowment requiring earnings added to corpus	161,386	160,127
Total perpetual endowments	\$ 15,872,893	\$ 15,847,996
Purpose Restricted Net Assets		
Scholarships	\$ 6,883,660	\$ 6,812,933
Athletics	424,346	546,398
Capital projects	251,912	295,161
Benevolence and missions and other	801,706	718,765
Underwater endowments	(1,405,281)	(651,061)
Total purpose restricted net assets	\$ 6,956,343	\$ 7,722,196
Time Restricted Net Assets		
Split interest agreements	\$ 118,990	\$ 227,137
Total time restricted net assets	118,990	227,137
Net assets with donor restrictions	\$ 22,948,226	\$ 23,797,329

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14. Endowments

The University's endowment consists of 89 individual donor-restricted endowment funds as well as quasi endowment funds. Net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment net asset composition by type of fund was as follows at:

<i>June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated (Loss) Gain	
Quasi endowment	\$ 1,697,866,458	\$ -	\$ -	\$ 1,697,866,458
Underwater funds	-	3,435,950	(1,400,031)	2,035,919
Other funds	-	12,436,943	2,123,244	14,560,187
Total	\$ 1,697,866,458	\$ 15,872,893	\$ 723,213	\$ 1,714,462,564

<i>June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift	Accumulated (Loss) Gain	
Quasi endowment	\$ 1,570,528,552	\$ -	\$ -	\$ 1,570,528,552
Underwater funds	-	2,088,950	(651,061)	1,437,889
Other funds	-	13,759,046	2,193,072	15,952,118
Total	\$ 1,570,528,552	\$ 15,847,996	\$ 1,542,011	\$ 1,587,918,559

The quasi endowment is held to support the general purpose of the University as needed.

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the Virginia state legislature in 2008. The law gives guidance for investment and spending practices, giving consideration for donor-intent and the organization's overall resources and charitable purpose. Based on its interpretation of the law and in compliance with donor intent, the University classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the donor-restricted endowment that is not classified as perpetual endowments is classified as purpose or time restricted net assets until those amounts are appropriated for expenditure.

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Changes in endowment funds consisted of the following for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	\$ 1,416,485,310	\$ 16,478,915	\$ 1,432,964,225
Investment return, net	47,850,578	690,724	48,541,302
Contributions, net	106,192,664	238,996	106,431,660
Appropriations for expenditure	-	(18,628)	(18,628)
Endowment net assets, June 30, 2019	\$ 1,570,528,552	\$ 17,390,007	\$ 1,587,918,559
Investment return, net	(30,598,455)	(776,552)	(31,375,007)
Contributions, net	157,936,361	23,340	157,959,701
Appropriations for expenditure	-	(40,689)	(40,689)
Endowment net assets, June 30, 2020	\$ 1,697,866,458	\$ 16,596,106	\$ 1,714,462,564

The University has adopted donor-restricted endowment and quasi endowment spending policies to help ensure the continued viability of endowment funds and to preserve the long-term purchasing power of endowment funds. Investment returns are achieved through capital appreciation (realized and unrealized), current yield (interest and dividends), and net income on endowed subsidiaries. The University has a diversified asset allocation that places emphasis on investments in equities and absolute return strategies to achieve its long-term return objectives within prudent risk constraints.

The Board-approved spending formula for the donor restricted endowment provides for spending the lesser of 3% of the original gift, including earnings returned to principle as of the prior year end, or historic accumulated earnings distributed to the endowment fund.

15. Employee Benefit Plans

The University participates in retirement plans for all eligible faculty, staff, and hourly employees and matches plan participants' contributions up to 5% of gross pay. Eligible participants are subject to a five-year vesting schedule. The University contributed \$8,502,424 and \$6,625,874 under these plans during the years ended June 30, 2020 and 2019, respectively.

The University is self-insured for employee health care claims up to \$400,000 per covered individual per plan year. The University has purchased specific stop loss coverage from a commercial insurance carrier to provide for any claim in excess of these amounts. The expected claims cost for the 2020 - 2021 plan year is \$37,340,705. At June 30, 2020 and 2019, the University had provided an accrual of \$4,187,430 and \$3,883,042, respectively, which represents our Incurred But Not Reported claims for the previous plan year. Participants are fully vested at enrollment. For the years ended June 30, 2020 and 2019, the University incurred claims, premium expenses, and administrative fees related to its health care plan totaling \$32,759,323 and \$25,415,692, respectively.

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During the year ended June 30, 2020, the University provided then-President Jerry Falwell (“Falwell”) an additional nonqualified retirement plan to supplement his University-provided 403(b). The benefit was structured so that it is treated as having been earned as an annual notional credit of \$385,000 (reduced by the University-provided 403(b) employer contribution) to an account earning 6% investment returns annually over the term of Falwell’s service as President, including credits for the period 2007-2019. Annual credits attributable to service periods after July 1, 2019 require Falwell to be employed as President through the crediting date to receive the credit, and the entire benefit is subject to forfeiture if certain conditions are not met. As of June 30, 2020, \$7,635,927 is accrued as the liability for this plan.

16. Compensated Absences

The University provides paid personal/sick days to all benefited full-time employees at a rate of five days per year. The policy does not allow for the accumulation of sick leave. Unused personal sick day benefits are not paid to employees while employed or upon termination.

The University provides for vacation days accrued based on years of employment and paid at the employee’s base pay rate at the time of vacation. The policy does not allow for carryover of unused days into the next calendar year nor compensation in the form of payment at the end of the calendar year. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work. Accrued vacation was \$3,230,120 and \$2,484,133 at June 30, 2020 and 2019, respectively, and is included in accrued liabilities on the consolidated statements of financial position.

17. Related Party Transactions

The University provides printing, postal, telephone, custodial, security, and facilities usage to related parties. Recorded receivables in connection with these services in the accompanying consolidated statements of financial position are as follows at:

<i>June 30,</i>		2020		2019
Thomas Road Baptist Church	\$	233,352	\$	260,853
Liberty Godparent Home		37,392		69,465
Jerry Falwell, Jr.		114		175,627
Old Time Gospel Hour		196		690
Liberty University Foundation		196		690
Total	\$	271,250	\$	507,325

The University provides free custodial services to Thomas Road Baptist Church (“TRBC”). The value of these custodial services was \$174,000 for each of the years ended June 30, 2020 and 2019. The University also contributed \$282,857 in usage of LCA facilities to TRBC, and \$152,040 in usage of the Dan River Church facilities to TRBC for each of the years ended June 30, 2020 and 2019. The value of the donated custodial charges is recorded as donation expense on the University’s consolidated statements of activities, and the donated facilities usage is recorded as rental revenue and donation expense.

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Jonathan Falwell, the Senior Pastor of TRBC, is a permanent member of LCA's Board of Directors. LCA has been granted access rights to various TRBC buildings and land at no cost to LCA. The fair value of the rent of the TRBC property was estimated to be \$235,765 for each of the years ended June 30, 2020 and June 30, 2019. LCA has made improvements to the buildings and land which are recorded by LCA as leasehold improvements and depreciated based upon the shorter of the lease term or estimated useful life of the improvements. During the years ended June 30, 2020 and June 30, 2019, LCA received \$40,042 and \$50,000 from TRBC, respectively. The members of TRBC also receive a tuition discount to attend LCA, which approximated \$74,000 and \$130,000 for the years ended June 30, 2020 and June 30, 2019, respectively. These amounts are recorded in Other Sources and Institutional Support in the University's Consolidated Statements of Activities.

The University also made contributions of \$628,378 and \$736,706 to Liberty University Foundation ("LUF") and \$36,666 and \$43,284 to Old Time Gospel Hour ("OTGH") for the years ended June 30, 2020 and 2019, respectively. In addition, the University holds a note receivable from OTGH with balances of \$181,489 and \$171,558 at June 30, 2020 and 2019, respectively.

During the years ended June 30, 2020 and 2019, the University engaged in the following related party transactions with then President Jerry Falwell, Jr. and/or members of his immediate family. Construction services valued at \$19,603 and \$175,799, respectively, were performed at the Mr. Falwell's private residence, which was also used for Liberty University events. Additionally, \$5,756 of travel costs were billed during fiscal year 2020. As of June 30, 2020 and 2019, respectively, \$114 and \$175,627 were due from Mr. Falwell related to these expenses. Other services were provided as part of his compensation package.

During the year ended June 30, 2020, real estate valued at \$850,000 was donated by Mr. Falwell, his sister, and his brother, Jonathan Falwell, a Trustee of the University. Real estate valued at \$142,000 was purchased from the Falwell siblings. Real estate management fees were paid to firms owned by the sons of Jerry Falwell, who were also employees of the University, during the years ended June 30, 2020 and 2019: \$12,293 and \$40,748, respectively, were paid to Cedar Ridge Management, LLC, and \$63,683 and \$46,340, respectively, were paid to JF Management, LLC.

The University does not control TRBC, Liberty Godparent Home, LUF, or OTGH. Other immaterial related party transactions are disclosed in public documents as required by federal or state regulations.

18. Commitments and Contingencies

The University is subject to certain claims that arise in the ordinary course of operations. Many of these claims are in the early stages of the evaluation process. Accordingly, it is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits. In the opinion of management, after consultation with counsel, adequate insurance exists, so the eventual outcome of such claims is not expected to have a material adverse effect on the University's financial position. However, an unfavorable resolution of some or all of these matters could materially affect the future results of operations or cash flows in a particular period.

The University's students receive a substantial amount of support from federal and state student financial assistance programs. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the University's programs and activities. Amounts received and expended by the University under various federal and state programs are subject to audit by various federal and state agencies and therefore subject to adjustment.

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There are various commitments and contingencies related to the University's construction projects, which are listed below. Listed by project is the contract amount in place, contract costs completed, and as of June 30, 2020, the remainder of contract costs to be completed.

Project	Contract Amount	Costs to Date	Costs to Complete
Arena expansion	\$ 50,211,251	\$ 36,202,894	\$ 14,008,357
East campus parking garage	35,283,391	28,110,279	7,173,112
Dick's Sporting Goods	13,878,522	7,291,411	6,587,111
Indoor tennis facility	7,900,000	779,306	7,120,694
Vines Center renovations	6,754,000	1,890,113	4,863,887
River Ridge Mall	3,398,256	1,063,536	2,334,720
West William Stadium suite renovation	2,687,786	1,048,052	1,639,734
Total	\$ 120,113,206	\$ 76,385,591	\$ 43,727,615

The University also has agreed to certain guarantees that could be, but are highly improbable to be, material to financial statements in future years.

19. Other Sources

For the years ended June 30, 2020 and 2019, the University had other sources income of \$55,554,754 and \$46,389,334, respectively. These amounts include various non-mandatory student fees, fines, vehicle registration fees, sales and commissions, rental income, advertising income, athletic league distributions, and various sporting event related income and other miscellaneous income.

20. Reclassifications

During the preparation of these consolidated financial statements, the University identified certain amounts presented in the prior year consolidated financial statements that would require reclassification to be comparable to the current year. As a result, certain 2019 consolidated financial statement captions are being adjusted as follows:

Financial Statement Caption	Previously Presented	Reclassification Adjustments	As Reclassified
Tuition and fees	\$ 783,521,464	\$ 46,462,078	\$ 829,983,542
Other sources	92,851,412	(46,462,078)	46,389,334
Investments in real estate	-	134,578,759	134,578,759
Accrued liabilities	31,805,134	(2,646,797)	29,158,337
Property, plant, and equipment, net	1,312,455,032	(137,225,556)	1,175,229,476
A/R from related parties	331,698	175,627	507,325
Accounts receivable, net	67,833,674	(175,627)	67,658,047

21. COVID-19 and the CARES Act

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, the University ceased most in-person instruction at the beginning of Spring Break on Friday, March 13. In-person instruction resumed in August 2020.

Students were given the option to return to or stay on campus for the remainder of the semester to finish their classes online. The students who chose, by March 28, 2020, not to return to campus, were granted a \$1,000 housing credit to be applied to the Fall 2020 semester or, if the student was graduating, to be applied to their student account, with any resulting credit balance being refunded to the student. Revenue was reduced by \$5,204,287 as a result of this credit.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

During the year ended June 30, 2020, the University was allocated federal funds from the CARES Act for Higher Education Emergency Relief Fund (“HEERF Grant”) in the total amounts of approximately \$15,205,124 related to relief efforts in light of the COVID-19 outbreak. The University did not draw any of the HEERF Grant funds during the year ended June 30, 2020.

22. Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements from June 30, 2020 (the date the statement of financial position is being presented) through August 12, 2021 (the date these financial statements were available to be issued). The following disclosures were determined to be necessary.

As of the date of this report, the University drew down and distributed all \$15,205,124 of the HEERF Grant to students. No less than 50% of the grant is to be utilized for direct emergency aid to students. The University recognized the remaining 50% of the HEERF Grant that was allocated to the institution, as allowed by Sections 18004(a)(1) and 18004(c) of the CARES Act, which can be used as reimbursement for forgone revenue resulting from student refunds for services that could not be provided as a result of the impacts to campus resulting from COVID-19. The University has elected to distribute 100% of the HEERF Grant funds to students.

On December 27, 2020, President Trump signed into law the “Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)”. This legislation added to the federal funds previously allocated under the HEERF Grant (HEERF 2). The University was allocated \$37,777,577 from the HEERF 2 funds, with \$10,282,412 to be utilized for direct aid to students. As of the date of this report, the University drew down and distributed \$10,221,498 of the HEERF 2 funds to students and

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drew down all \$27,495,165 of the portion meant to reimburse institutional expenses related to COVID-19.

On March 11, 2021, President Biden signed into law the “American Rescue Plan (“ARP”) Act.” The ARP Act created an additional allocation of federal funds for education under the HEERF Grant (HEERF 3). The University was allocated \$63,492,347 of HEERF 3 funds. As of the date of this report, the University has not drawn down any of the HEERF 3 funds.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the University’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

The outbreak may have a material adverse impact on economic and market conditions, triggering a period of global economic slowdown. However, the University has the necessary resources to continue its mission in fiscal year 2021.

Prompted by litigation, on August 31, 2020, the Executive Committee of the University’s Board of Trustees engaged an external law firm to investigate matters dating back at least 14 years relating to certain facets of the University’s operations during former President Jerry Falwell, Jr.’s leadership. The external law firm subsequently engaged a public accounting firm to assist with the investigation. Critical areas of the investigation include potential misuse of the University’s assets, certain construction contracts and/or real estate transactions, the engagement of certain third parties, and various related party transactions. As of the date of this report, the investigation team has conducted over 100 interviews of both current and former University personnel and related parties and has also reviewed an extensive amount of documentation obtained from University management and associated third parties. The investigation team has incurred substantial hours in its efforts to complete these procedures, some of which are still on-going. The current expected completion of the investigation is anticipated for early fall 2021.

Based upon the results of the investigation to date, there will be adjustments not only to certain disclosures but also to certain balances and/or classifications presented on the accompanying consolidated financial statements. To date, management has not identified any matters that would have a quantitatively material impact on the consolidated financial statements before or after June 30, 2018. The consolidated financial statements of the University currently do not reflect an accrual or disclosure of the adverse outcome, if any, that may result from this investigation.

Supplementary Financial Information

Liberty University, Inc.

Title IV Strength Factor Score Year-Ended June 30, 2020

Reference	Primary Reserve Ratio	Data	Strength Factor	Strength Factor Calculation	Strength Factor Weight	Weighted Strength Factor
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	+ \$ 2,886,771,671				
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	+ 22,948,226				
Note 13 Net Assets	Net assets with donor restrictions: restricted in perpetuity	- 15,872,893				
N/A	Annuities, term endowment, and life income funds with donor restrictions	- -				
N/A	Intangible assets	- -				
Statement of Financial Position - Property and equipment, net	Net property, plant & equipment (PPE)	- 1,261,696,016				
Statement of Financial Position - Investments in Real Estate	Investments in Real Estate (PPE)	- 161,424,613				
Statement of Financial Position - Long-term debt, net, Note 10 and Related party receivables, Note 17	Post-employment and defined benefit pension liabilities	+ -				
	Long-term debt	+ 197,589,939				
	Unsecured related-party receivables	- 271,250				
	Numerator total	\$ 1,668,045,064				
Statement of Activities and Change in Net Assets - Total operating expenses plus nonoperating losses	All expenses and losses without donor restrictions	\$ 843,913,818				
	Denominator total	\$ 843,913,818				
	Primary Reserve Ratio:	1.98	10.00	3.00	0.40	1.20
Statement of Financial Position - Net assets without donor restrictions	Equity Ratio					
Statement of Financial Position - Net assets with donor restrictions	Net assets without donor restrictions	+ \$ 2,886,771,671				
N/A	Net assets with donor restrictions	+ 22,948,226				
N/A	Intangible assets	- 18,692,329				
	Unsecured related-party receivables	- 271,250				
	Numerator total	\$ 2,890,756,318				
Statement of Financial Position - Total assets	Total assets	+ \$ 3,373,881,599				
N/A	Intangible assets	- -				
N/A	Unsecured related-party receivables	- 271,250				
	Denominator total	\$ 3,373,610,349				
	Equity Ratio:	0.86	6.00	3.00	0.40	1.20
Statement of Activities and Change in Net Assets - Change in net assets without donor restrictions	Net Income Ratio					
	Change in net assets without donor restrictions	\$ 213,868,332				
	Numerator total	\$ 213,868,332				
Statement of Activities and Change in Net Assets and Note 14 - Total operating revenues less appropriation from endowment plus nonoperating revenues	Total revenues plus gains	\$ 1,057,741,461				
	Denominator total	\$ 1,057,741,461				
	Net Income Ratio:	0.20	1 + (50x)	3.00	0.20	0.60
	Strength Factor Score					3.0

See independent auditor's report.

Liberty University, Inc.

Schedules of Financial Position - Excluding Subsidiaries

June 30,	2020	2019
Assets		
Cash and cash equivalents	\$ 317,453,353	\$ 254,386,664
Accounts receivable, less allowance for doubtful accounts of \$11,177,882 and \$26,380,602 for the years ended June 30, 2020 and 2019, respectively	50,426,953	75,858,753
Accounts receivable from related organizations	271,250	507,325
Notes receivable, less allowance for bad debt of \$544,393 and \$544,393 for the years ended June 30, 2020 and 2019, respectively	3,542,836	3,604,750
Contributions receivable, net	7,500	-
Prepaid expenses and other assets	17,505,909	19,081,095
Investments, at fair value	1,726,390,787	1,592,091,850
Investments in real estate	50,122,917	46,234,527
Property, plant, and equipment, net	1,241,164,059	1,162,918,319
Total Assets	\$ 3,406,885,564	\$ 3,154,683,283
Liabilities and Net Assets		
Liabilities:		
Accounts payable - vendors	56,614,446	55,680,119
Accounts payable - other	7,825,354	8,643,646
Accrued liabilities	57,046,760	28,812,308
Accrued interest payable	3,536,560	3,412,556
Deferred revenue and deposits	141,353,312	127,334,333
Gift annuities payable	27,826,254	30,343,307
Liability under split interest agreements	1,181,373	1,219,905
Other long-term liabilities	4,191,669	-
Long-term debt, net	197,589,939	202,536,441
Total Liabilities	497,165,667	457,982,615
Net Assets:		
Without donor restrictions	2,886,771,671	2,672,903,339
With donor restrictions	22,948,226	23,797,329
Total Net Assets	2,909,719,897	2,696,700,668
Total Liabilities and Net Assets	\$ 3,406,885,564	\$ 3,154,683,283

See independent auditor's report.