2021

ANNUAL REPORT
OF
LOYOLA UNIVERSITY OF CHICAGO

Prepared in compliance with
the Continuing Disclosure Agreement
dated as of May 31, 2012,
in connection with the Illinois Finance Authority Revenue Bonds,
Loyola University of Chicago, Series 2012B

November 22, 2021

This Annual Report (this "Annual Report") is prepared by Loyola University of Chicago, an Illinois not for profit corporation (the "University"), in compliance with the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") dated as of May 31, 2012, entered into in connection with the Illinois Finance Authority (the "Authority") Revenue Bonds, Loyola University of Chicago, Series 2012B (the "Series 2012B Bonds"). Capitalized terms used herein but not defined herein will have the meanings ascribed to them in the Official Statement dated May 16, 2012 relating to the Series 2012B Bonds (the "2012B Official Statement").

This document contains financial and operating data in those areas required to be updated by the Continuing Disclosure Agreement. **It is not intended to, and does not, represent a complete discussion of all the affairs of the University for the past fiscal year, or periods subsequent thereto, include further information that may be relevant, or attempt to update any information other than as required under the Continuing Disclosure Agreement.** In addition to this Annual Report, under the Continuing Disclosure Agreement the University is obligated to disclose separately the occurrence of certain "Reportable Events" as defined therein.

The University was founded in 1870 as St. Ignatius College. The founders were members of the Society of Jesus, an order of Roman Catholic priests devoted to education. The University is a not for profit institution of higher education in the State of Illinois, with a total enrollment of more than 17,400 full-time and part-time students on four campuses as of start of the Fall 2021 semester. The University is a coeducational institution offering undergraduate, graduate and professional degree-granting programs. Unless otherwise indicated, financial information provided herein comprises information of the University and the LU Affiliate (as defined below), as shown in the most recent audited financial statements of the University.

Financial Statement Information

Enclosed with this Annual Report are: Consolidated Statements of Financial Position as of June 30, 2021 and 2020; Consolidated Statements of Activities and Changes in Net Assets for the years ended June 30, 2021 and 2020; Consolidated Statements of Cash Flows for the years ended June 30, 2021 and 2020; Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020; and the independent auditors' report thereon.

The audited consolidated financial statements of the University referenced in the preceding paragraph include the results of the University and Mundelein College, an Illinois not for profit corporation ("Mundelein"). Mundelein is referred to as the "LU Affiliate".

The University's historical audited consolidated financial statements provided in previous years' annual reports (prior to fiscal year 2011) submitted for purposes of continuing disclosure included the financial position and results of operations of Loyola University Health System (the "Health System") and its healthcare affiliates. Following the closing of the Trinity Transaction (defined below under the caption "Trinity Transaction — Relationship with Health System") on June 30, 2011, the University's audited consolidated financial statements no longer include the financial position and results of operations of the Health System or the other healthcare affiliates.

Only the University is liable for Obligations incurred under the Master Indenture and other University indebtedness described herein. The LU Affiliate is not liable for any indebtedness of the University including any Obligation incurred by the University under the Master Indenture or is subject to any of its covenants. Consequently, the LU Affiliate should not be viewed as an available source of funds for the University. The Health System and its healthcare affiliates are no longer affiliates of the University or an available source of funds except for the limited purposes described below under the caption "Trinity Transaction – Relationship with Health System" pursuant to the Academic Affiliation Agreement described below. The University has no legal obligation to make payments of debt service on any indebtedness of the Health System or any of its affiliates.

Under the Master Indenture, except as otherwise expressly set forth, all financial tests or reports shall be based, at the University's option, but applied on a consistent basis with respect to a calculation made in a particular instance, on either (a) the unconsolidated financial statements of the University without regard to the LU Affiliate, as set forth in the unaudited consolidating schedules to the audited consolidated financial statements of the University, or (b) the audited financial statements of the University including the consolidated results of the University and the LU Affiliate; provided, however, that the University shall not use statements under this clause (b) if any amount used in the calculation differs by more than 5% (higher or lower) from the amount that would be used if the University had elected to perform the calculation as set out in clause (a) of this sentence. The Illinois Finance Authority (as successor to the Illinois Educational Facilities Authority)

Revenue Bonds, Loyola University of Chicago, Series 2003B (the "Series 2003B Bonds") were issued under the Master Indenture and remained outstanding during fiscal year 2021 and until July 1, 2021, their final maturity date, at which time the University paid in full the outstanding principal and interest on the Series 2003B Bonds, as referred to below under "Outstanding Long-Term Indebtedness – Long-Term Indebtedness". The Loyola University of Chicago Taxable Fixed Rate Bonds, Series 2012A (the "Series 2012A Bonds") and the Series 2012B Bonds were not issued under the Master Indenture, as described further under "Outstanding Long-Term Indebtedness – Tests for the Incurrence of Additional Indebtedness" below.

Except where otherwise indicated, the information in this Annual Report is presented including the results of the University and the LU Affiliate.

Summary University Financial Information: 2021 and 2020. The following tables present summary financial information of the University for the 2021 and 2020 fiscal years. The following financial information for fiscal years 2021 and 2020 is qualified in its entirety by reference to the audited financial statements of the University. See "Management's Discussion of Financial Results" below.

Selected Consolidated Financial Information
($000's)

	Fiscal Year Ended June 30	
	2021	**2020**
Operating Revenues	$554,061	$611,449
Operating Expenses	532,761	583,729
Results of Operations	21,300	27,720
Non-Operating Activities	280,673	(4,344)
Change in Net Assets	$301,973	$23,376
Debt Service Requirements[1]	$29,500	$28,316
Capital Expenditures (land, buildings and equipment)	$26,011	$70,721

Selected Consolidated Financial Information
($000's)

	Fiscal Year Ended June 30	
	2021	**2020**
Cash Equivalents and Short-Term Investments	$314,731	$279,686
Endowment and Other Long-Term Investments	1,072,247	811,734
Land, Buildings and Equipment (net of accumulated depreciation)	1,057,604	1,091,311
Other Assets[2]	79,458	78,551
Total Assets	$2,524,040	$2,261,282
Indebtedness	356,796	373,227
Other Liabilities[3]	174,057	196,841
Net Assets	1,993,187	1,691,214
Total Liabilities and Net Assets	$2,524,040	$2,261,282

(1) Equals the sum of interest expense and retirement of debt, less any new indebtedness incurred to directly refinance retired debt.

(2) Includes all assets shown on the Consolidated Statements of Financial Position as of June 30, 2021 and 2020 other than those separately identified above in this chart.

(3) Includes all liabilities shown on the Consolidated Statements of Financial Position as of June 30, 2021 and 2020 other than Indebtedness.

Management's Discussion of Financial Results

General. The University's financial statements are prepared in conformity with U.S. generally accepted accounting principles. See *Note 3* of the Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020 for a summary of significant accounting policies.

Impact of COVID-19. For information related to the impact of the COVID-19/Coronavirus Disease pandemic ("COVID-19") on University operations, please refer to *Note 17—Contingencies,* as well as other disclosures in the Notes to Consolidated Financial Statements of the University for the years ended June 30, 2021 and 2020.

Trinity Transaction. Effective July 1, 2011, the University completed a transaction with Trinity Health Corporation ("Trinity"), an Indiana nonprofit corporation located in Livonia, Michigan. This transaction is described below under the caption "Trinity Transaction – Relationship with Health System".

Fiscal Year 2021 Compared to Fiscal Year 2020. During fiscal year 2021, net assets for the University increased by $302.0 million, compared to an increase in net assets of $23.4 million in 2020. The fiscal year 2021 increase in net assets was due primarily to investment gains of $254.9 million (net of amounts designated for operations), positive results of operations of $21.3 million, and $12.5 million of funding from the federal government's Higher Education Emergency Relief Fund ("HEERF"), as further described below. The endowment portfolio had an investment return of 32.7% in fiscal year 2021, compared to the prior year return of 1.0%. The previous fiscal year's results of operations were $27.7 million, which included $22.3 million of expense for the University's Tenured Faculty Voluntary Transition Incentive Program ("VTIP"). For information related to the VTIP, please refer to *Note 19—Tenured Faculty Voluntary Transition Incentive Program* of the Notes to Consolidated Financial Statements of the University for the years ended June 30, 2021 and 2020.

The fiscal year 2021 results include funding from the HEERF. Operating revenues include $13.1 million received from HEERF and operating expenses include $13.1 million for the amounts distributed to students for emergency financial aid grants. These HEERF student share funds had no net impact on the University's financial results because all amounts received were distributed to students. In addition, the University received $12.5 million in HEERF institutional share funds. These funds were designated to partially offset room and board credits issued in the Spring of 2020, the prior fiscal year, when the University closed its residence halls and dining facilities due to COVID-19. These funds are included in non-operating income in fiscal year 2021. For additional information related to HEERF, please refer to *Note 16—Higher Education Emergency Relief Fund* of the Notes to Consolidated Financial Statements of the University for the years ended June 30, 2021 and 2020.

The fiscal year 2021 results of operations are due primarily to actions taken by the University to reduce operating expenses in light of the unfavorable impact of COVID-19 on University revenues. Operating revenues were $554.1 million in fiscal year 2021 compared to $611.4 million in fiscal year 2020. Excluding the $13.1 million of funding from the HEERF grants for students, operating revenues decreased overall by $70.5 million, or 11.5%. Auxiliary services revenue, which includes student housing and dining services, was the primary driver of the decline. Auxiliary revenue decreased $49.0 million as a result of COVID-19 and its disruption to on-site campus operations. The residence halls remained closed during the Fall 2020 semester and re-opened in the Spring 2021 semester to a reduced number of students.

Lower tuition and fees revenue also contributed to the decline in operating revenue in fiscal year 2021. Total net tuition and fees revenue for fiscal year 2021 decreased by $13.3 million, or 3.2%, over the prior year, due to a combination of lower overall enrollment and an increase in University-funded scholarships. Total Fall 2020 enrollment was 16,893, compared to 17,159 in Fall 2019. The number of undergraduate students in Fall 2020 was 11,612 students, or a 5.1% decrease from Fall 2019, which had 12,240 undergraduate students. Graduate and professional enrollments increased to 5,281 students in Fall 2020, or 7.4% more than Fall 2019. Decreases in revenues from enrollment were partially offset by a tuition increase for the 2020-21 academic term of approximately 3.1% for undergraduate students and a range of 0.9%-2.3% for graduate and professional school tuition.

Excluding the $13.1 million of HEERF grants for students, operating expenses decreased $64.1 million, or 11.0%, to $519.7 million in fiscal year 2021 from $583.7 million in fiscal year 2020. The fiscal year 2020 operating expenses included $22.3 million related to the VTIP, which did not recur in fiscal year 2021. Non-salary expenses decreased by $24.4 million in fiscal year 2021, primarily due to the limited activities taking place across all campuses due to COVID-19, including residence halls and dining facilities that remained mostly closed during the Fall 2020 semester. Fringe benefits decreased by $12.4 million primarily due to the temporary suspension of employer contributions to the defined contribution retirement plan. Such contributions were reinstated prospectively beginning in March 2021.

With an investment return of approximately 32.7% in fiscal year 2021, the market value of the University's endowment fund net assets increased to $928.7 million at June 30, 2021 from $701.4 million at June 30, 2020. Under the Board of Trustees' current policy, the University limits its spending of endowment funds to 5.0% annually. For the last several years, actual spending has been less than 5.0%. The effective spending rate was 2.7% for 2021 and 2.8% for 2020. The endowment portfolio's investment return in fiscal year 2020 was 1.0%. Return on short-term investments and interest income decreased by $6.8 million in fiscal year 2021.

Net assets without donor restrictions increased $188.9 million in fiscal year 2021. This is compared to an increase in net assets without donor restrictions of $13.4 million in fiscal year 2020. Net assets with donor restrictions increased $113.0 million in fiscal year 2021 compared to an increase of $10.0 million in fiscal year 2020. These increases in net assets are primarily attributed to the investment gain on the endowment, of which the substantial majority is considered unrealized as of June 30, 2021. Gifts totaled $20.7 million in fiscal year 2021 compared to $30.0 million in fiscal year 2020.

The University had $356.8 million in outstanding debt as of June 30, 2021 compared to $373.2 million as of June 30, 2020. Debt service of $29.5 million in fiscal year 2021 was 5.5% of operating expenses.

Fiscal year 2021 capital expenditures totaled $26.0 million compared with $70.7 million in the prior fiscal year. The University's capital expenditures in fiscal year 2021 decreased from the prior year due to a pause in capital spending due to COVID-19. Projects that continued consisted of various building improvements such as academic space improvements needed to comply with COVID-19 in-person classroom guidelines, building maintenance, and the continuation of larger projects that were already in progress.

Consistent with prior years and in accordance with University management policy, capital expenditures do not include equipment purchases with a value under $5,000, which are treated as operating expenses.

<u>Fiscal Year 2020 Compared to Fiscal Year 2019</u>. During fiscal year 2020, net assets for the University increased by $23.4 million, compared to an increase in net assets of $78.7 million in 2019. The fiscal year 2020 increase in net assets was due primarily to an operating surplus of $27.7 million. The fiscal year 2020 operating surplus is net of $22.3 million of expense for the VTIP. The previous fiscal year's operating surplus was $50.6 million. For information related to the VTIP, please refer to *Note 16—Tenured Faculty Voluntary Transition Incentive Program* of the consolidated audited financial statements of the University for the years ended June 30, 2020 and 2019.

The fiscal year 2020 operating surplus is due primarily to conservative fiscal policies. Operating revenues were $611.4 million in fiscal year 2020 compared to $614.2 million in fiscal year 2019. Operating revenues decreased overall by 0.4%, or $2.8 million, primarily as auxiliary services revenue and Other revenue declined as a result of COVID-19 and its disruption of campus operations.

Total net tuition and fees revenue for fiscal year 2020 increased by 3.5%, or $13.9 million, over the prior year. This was the result of a tuition increase of approximately 3.3% for undergraduate students, and a range of 1.8%-2.2% for graduate and professional school tuition. Additionally, in fiscal year 2020, total enrollment equaled 17,159, representing both full- and part-time students. The number of undergraduate students increased 2.7% to 12,240 students compared to 11,919 in the prior year. Graduate and professional enrollments decreased 3.3% from the prior year to 4,919 students.

Auxiliary services revenue and Other revenue decreased $15.6 million and $3.7 million, respectively, driven by COVID-19 and its disruption of campus operations in the Spring of 2020.

Operating expenses increased 3.6%, or $20.2 million, to $583.7 million in fiscal year 2020 from $563.5 million in fiscal year 2019. The fiscal year 2020 operating expenses include $22.3 million of expense related to the VTIP. Fringe benefit and non-salary expenses decreased over the prior year by $7.4 million, while salaries and wages had an increase of $9.7 million.

With an investment return of approximately 1.0% in fiscal year 2020, the market value of the University's endowment fund net assets increased to $701.4 million at June 30, 2020 from $690.3 million at June 30, 2019. Under the

Board of Trustees' current policy, the University limits its spending of endowment funds to 5.0% annually. For the last several years, actual spending has been less than 5.0% in an effort to grow the endowment. The effective spending rate was 2.8% for 2020 and 2.4% for 2019. The endowment portfolio's investment return in fiscal year 2019 was 4.9%. Return on short-term investments and interest income increased by $0.9 million in fiscal year 2020.

Net assets without donor restrictions increased $13.4 million in fiscal year 2020. This is compared to an increase of net assets without donor restrictions of $59.5 million in fiscal year 2019. Net assets with donor restrictions increased $10.0 million in fiscal year 2020 compared to an increase of $19.2 million in fiscal year 2019. Gifts totaled $30.0 million in fiscal year 2020 compared to $28.6 million in fiscal year 2019.

The University had $373.2 million in outstanding debt as of June 30, 2020 compared to $388.7 million as of June 30, 2019. Debt service of $28.3 million in fiscal year 2020 was 4.9% of operating expenses.

Fiscal year 2020 capital expenditures totaled $70.7 million compared with $60.3 million in the prior fiscal year. The University's capital expenditures in fiscal year 2020 increased from fiscal year 2019 due to construction of several ongoing and new building projects. The largest capital expenditure was for the construction of Francis Hall, a new residence hall completed in August 2020. The University also completed construction of a residence hall/multi-purpose building and chapel at the John Felice Rome Center campus in Rome, Italy, in early 2020. Additional capital expenditures funded major renovations of two buildings on the University's Lake Shore Campus: the Granada Center and Cudahy Science Hall. These renovations included mechanical, electrical, plumbing, bathroom, facade, and elevator upgrades.

Consistent with prior years and in accordance with University management policy, capital expenditures do not include equipment purchases with a value under $5,000, which are treated as operating expenses.

Enrollment; Tuition and Fees; Student Housing; Financial Aid

Enrollment. The following table, based on Fall term registration, sets forth headcount enrollments for the current and past four academic years, representing full-time and part-time students in degree-granting programs. A majority of these students are full-time students registered for the normal course load for the chosen field of study.

University Enrollment

Academic Year	Undergraduate	Graduate and Professional	Total
2017-18	11,420	5,253	16,673
2018-19	11,919	5,088	17,007
2019-20	12,240	4,919	17,159
2020-21	11,612	5,281	16,893
2021-22	11,819	5,679	17,498

Enrollment of freshmen at the University and the number of undergraduate student transfers for the current and past four academic years are as follows:

Freshman and Transfer Enrollment

Academic Year	Freshman Enrollment	Undergraduate Transfers	Total New Enrollment
2017-18	2,654	568	3,222
2018-19	2,770	526	3,296
2019-20	2,630	488	3,118
2020-21	2,129	450	2,579
2021-22	2,867	460	3,327

Various factors will affect future enrollment, including: shifts in demographics, the number of students starting their degree at a community college, the number of applications, the number of accepted students who enroll, the academic qualifications of admitted students, admissions counseling, and the financial need of students. Although the University believes that such factors, in addition to its urban location and diversity of programs, indicate that a generally stable demand for its educational programs will continue, no assurance can be given regarding future enrollment levels.

The following table gives enrollment and other information regarding the student body for the five academic years ending 2021-22.

Student Body Information

	2017-18	2018-19	2019-20	2020-21	2021-22
Full-time Total Enrollment	14,600	14,997	15,319	14,953	15,377
Part-time Total Enrollment	2,073	2,010	1,840	1,940	2,121
Endowment per Full-time Equivalent Student	$38,421	$40,490	$42,732	$44,083	$57,345
Freshman (Completed) Applications	23,571	25,122	25,583	25,453	37,824
Freshman Acceptances	16,639	17,064	17,198	17,954	29,117
Freshman Enrollment	2,654	2,770	2,630	2,129	2,867
Acceptance Rate (Completed Applications)	70.6%	67.9%	67.2%	70.5%	77.0%
Matriculation Rate	16.0%	16.2%	15.3%	11.9%	9.8%
Average ACT Score	26.8	27.3	27.4	27.8	29.1(1)
Average SAT Score	1,218	1,217	1,227	1,267	1,263(1)
Geographic Distribution (New Freshmen)					
-Chicago Metropolitan	51.2%	47.9%	46.2%	51.3%	45.1%
-State of Illinois (outside Chicago Metropolitan)	2.9%	3.7%	3.1%	4.1%	3.8%
-Out-of-State	45.9%	48.4%	50.7%	44.6%	51.1%

(1) In fiscal year 2021, the University made submission of standardized test scores by undergraduate applicants optional.

Tuition and Fees. The University meets the costs of its educational programs primarily through tuition, fees, gifts and grants. Tuition is charged at different rates depending on the college or school in which the student is enrolled. The following table sets forth the publicly announced base tuition to be charged by the principal colleges and schools of the University in the 2021-22 academic year and the tuition charged in the preceding four academic years.

	2017-18	2018-19	2019-20	2020-21	2021-22
Undergraduate Schools	$41,720	$42,720	$44,130	$45,500	$46,410
Graduate School (per credit hr.).........................	$1,033	$1,033	$1,033	$1,033	$1,055
Graduate School of Business (per course)	$4,488	$4,488	$4,488	$4,488	$4,575
Graduate School of Social Work (per credit hr.)	$1,007	$1,007	$1,007	$1,007	$1,025
School of Law (Full-time JD Program)..............	$46,460	$47,620	$48,570	$49,690	$50,690
School of Medicine (MD Program)	$56,080	$57,480	$58,630	$59,800	$61,000

The University reserves the right to revise its charges from time to time, as determined by the Board of Trustees. Future economic and other conditions may affect the University's ability to increase its tuition and fees. Although the University has increased tuition in recent years and believes that it would be able to increase its tuition and fees without adversely affecting its future enrollment, there can be no assurance that it will be able to do so.

Student Housing. In Fall 2021, approximately 3,710 students occupied on-campus residences. There are currently 22 residential facilities at the Lake Shore Campus (with one residential facility being used for COVID-19 quarantine and isolation housing), and there is one residential facility at the Water Tower Campus. For the current academic year, the typical cost for a traditional double room with a 7-Day All Access meal plan totals $12,190.

Financial Aid. During the 2020-2021 academic year, approximately 15,950 students of the University received approximately $492.7 million in financial aid which includes scholarships, grants and loans. The sources of these funds were: federal programs (39.5%), the State of Illinois (2.3%), University funds (50.8%) and direct awards to students from various sources (7.4%). Approximately 92% of the University's full-time students received some form of financial aid.

Financial aid information for the 2021-2022 academic year is not yet available. The following table presents total student financial aid by source.

Total Student Financial Aid
($000's)

Academic Year	Federal	Illinois	University	Other	Total
2016-17…………………	209,373	11,068	183,640	33,940	438,021
2017-18…………………	211,222	11,271	203,922	34,137	460,552
2018-19…………………	212,358	10,896	225,653	39,503	488,410
2019-20………………….	206,077	11,911	244,145	43,148	505,281
2020-21………………….	194,624[1]	11,375	250,385	36,349	492,733

[1] Amount excludes $13.1 million of HEERF grants to students. For more information about HEERF, please refer to *Note 16—Higher Education Emergency Relief Fund* in the Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020.

All financial aid programs furnished by the federal government and the State of Illinois are subject to appropriation and funding by the U.S. Congress and the Illinois General Assembly. For fiscal year 2017, the State of Illinois delayed funding the Monetary Award Program (MAP) need-based grants for students at Illinois colleges and universities, including the University. The University ultimately received all the expected MAP grant funds applicable to fiscal year 2017 from the State of Illinois before the end of fiscal year 2017. The University received all the expected MAP grant funds applicable to fiscal years 2018, 2019, 2020 and 2021 from the State of Illinois before the end of those fiscal years, respectively. Adjustments in federal and state aid may occur in the future. The effect of any such changes on the University may be adverse and there is no assurance that the current levels of state, federal or University financial aid will be maintained in future years. Changes in the availability of financial aid may adversely affect enrollment.

Gifts and Bequests

The following table sets forth the amount of gifts and private bequests received by the University for the five fiscal years ended June 30, 2021. Amounts shown below are recorded based on U.S. generally accepted accounting principles as set forth in the University's audited financial statements and therefore reflect the amount recognized at the time a pledge is made. Actual cash payments may occur over several-year periods. A bequest is recognized when the cash is received. For more information, please refer to *Note 3, Paragraph (l), Summary of Significant Accounting Policies,* in the Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020.

Gifts and Bequests
($000's)

Fiscal Year Ended June 30	Without Donor Restrictions	With Donor Restrictions	Total
2017	3,529	18,277	21,806
2018	1,547	30,605	32,152
2019	3,012	25,626	28,638
2020	940	29,029	29,969
2021	1,560	19,150	20,710

Cash and Investments

The market value of the University's cash and investments (collectively, "Total Investments") at June 30, 2017 through June 30, 2021 and the total return on Total Investments for the fiscal years then ended are set forth in the table below. The University records investment results net of management fees.

Market Value of Total Investments and Total Return
($000's)

Fiscal Year Ended June 30	Real Assets[(1)]	Cash and Cash Equivalents[(2)]	Fixed Income[(3)]	Equity[(4)]	Total Investments[(5)]	Total Return[(6)]
2017………………	64,487	76,847	313,315	452,511	907,160	68,867
2018………………	64,076	87,635	333,576	513,527	998,814	52,902
2019………………	38,462	76,923	354,833	594,676	1,064,894	44,360
2020………………	32,626	98,047	356,130	604,617	1,091,420	17,671
2021………………	37,192	114,027	405,974	829,785	1,386,978	265,776

(1) Real Assets investments include private real estate funds and other investments expected to function as hedges against inflation.
(2) Includes cash in short-term investments and cash in the endowment and other long-term investments, in addition to the amounts identified as Cash and cash equivalents on the Consolidated Statements of Financial Position at fiscal year-end.
(3) Fixed income investments include government and corporate debt instruments, mortgage- and asset-backed securities, and alternative investments whose strategies concentrate predominantly on credit markets.
(4) Equity investments include marketable equities, private capital and alternative investments with strategies that concentrate predominantly on equity markets.
(5) Represents the sum of Cash and cash equivalents, Short-term investments, and Endowment and other long-term investments as presented in the Consolidated Statements of Financial Position as of June 30 for the year indicated.
(6) Total return on investments includes interest, dividends and realized and unrealized gains and losses on investments and interest earned on cash and cash equivalents, as presented in the Consolidated Statements of Activities and Changes in Net Assets for the year ended June 30 for the year indicated.

Land, Buildings and Equipment

The following table sets forth the book value of the land, buildings and equipment of the University (net of accumulated depreciation) as of June 30 for the years 2017 through 2021. The actual replacement value of the University's physical plant, as determined for insurance purposes as of June 1, 2021, was approximately $1.8 billion.

Fiscal Year Ended June 30	Land, Buildings and Equipment - Net ($000's)
2017	1,109,907
2018	1,082,023
2019	1,080,060
2020……………………………..	1,091,311
2021	1,057,604

Outstanding Long-Term Indebtedness

"Long-Term Indebtedness" below sets forth the total outstanding long-term indebtedness of the University as of June 30, 2021. No indebtedness of the LU Affiliate is included. Additionally, no short-term indebtedness is part of "Long-Term Indebtedness" below (such short-term indebtedness includes a 364-day credit facility with PNC Bank, National Association, effective as of August 18, 2021, under which the University may borrow up to $50 million on a revolving basis and which terminates on August 17, 2022 (the "PNC Credit Facility")). As of the date hereof, and during the fiscal year ended June 30, 2021, there was no balance outstanding nor any interest payable on the PNC Credit Facility. For more information on the PNC Credit Facility, please refer to *Note 9—Indebtedness* and *Note 21—Subsequent Events* of the Notes to Consolidated Financial Statements of the University for the years ended June 30, 2021 and 2020. The University routinely assesses its capital needs and borrowing plans on a regular basis.

Long-Term Indebtedness

	Final Maturity Date	Interest Rates	Amount Outstanding (June 30, 2021) ($000's)
Series 2003B Bonds	July 1, 2021	5.60%	13,215[(1)]
Installment Note, Rome Center[(2)]	February 10, 2029	1.51%	8,015
Series 2012A Bonds	July 1, 2042	3.20-4.63%	157,220
Series 2012B Bonds	July 1, 2042	5.00%	79,190
2017 PNC Term Loan[(3)]	July 1, 2023	2.56%	21,420
2020 PNC Term Loan[(4)]	July 1, 2034	2.79%	74,040
Total principal debt			$353,100
Unamortized bond premium			4,430
Unamortized debt issuance costs			(734)
Total bonds and notes payable			$356,796
Total indebtedness			$356,796[(5)]

(1) On July 1, 2021, the final maturity date for the Series 2003B Bonds, the University paid in full the outstanding principal and interest on the Series 2003B Bonds.

(2) Principal amount outstanding (approximately 6.8 million Euros at June 30, 2021) is subject to currency fluctuations.

(3) On August 23, 2017, the University entered into a Term Loan Agreement with PNC Bank, National Association, in the amount of $22.4 million at a fixed interest rate of 2.56%, payable semi-annually. That fixed rate is subject to the maintenance of the current ratings assigned to the long-term, unenhanced indebtedness of the University. The University's current ratings are A+ (S&P Global Ratings) and A1 (Moody's Investors Service). The purpose of the loan was to call and retire the Illinois Finance Authority Series 2007 tax-exempt bonds. The Series 2007 Bonds were called in August 2017 and are no longer outstanding.

(4) On March 19, 2020, the University entered into a Term Loan Agreement with PNC Bank, National Association, in the amount of $74.0 million at a fixed interest rate of 2.79%, payable semi-annually. That fixed rate is subject to the maintenance of the current ratings assigned to the long-term, unenhanced indebtedness of the University. The purpose of the loan was to prepay all outstanding principal and interest of the Illinois Finance Authority 2008 Commercial Paper Revenue Notes (the "CP Notes"). On March 31, 2020, the University prepaid all of the outstanding principal of and interest on the CP Notes. No CP Notes remain outstanding, and no new CP Notes will be issued.

(5) In previous years, the University had included Capital Lease Obligations as part of total indebtedness. As a result of the University's adoption of Financial Accounting Standards Board's (FASB) Accounting Standards Updates (ASU) No. 2016-02, Leases (Topic 842), effective as of July 1, 2020, the classification of such obligations has changed. See *Note 3, Paragraph (p), Summary of Significant Accounting Policies,* and *Note 10—Leases*, of the Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020 for further information regarding the University's lease-related disclosures.

The University has entered into a Term Loan Agreement dated as of September 17, 2021 (the "Wintrust Term Loan Agreement") with Wintrust Bank, N.A. ("Wintrust"), pursuant to which the University agreed to borrow, and Wintrust committed to lend, $73,910,000. The Wintrust Term Loan Agreement funding is scheduled to close on July 7, 2022.

Tests for the Incurrence of Additional Indebtedness. The Master Indenture requires that the University comply with one of two alternative tests as a condition precedent to the incurrence of Additional Indebtedness. The Series 2012A Bonds and the Series 2012B Bonds were not issued under the Master Indenture. However, the University has agreed in the Trust Indenture dated as of May 1, 2012 between the University and U.S. Bank National Association (the "Indenture") for the Series 2012A Bonds and in the Loan Agreement dated as of May 1, 2012 between the University and the Authority (the "Loan Agreement") for the Series 2012B Bonds to comply with the Additional Indebtedness test in the Master Indenture (as amended solely through the Sixth Supplemental Master Indenture), but only for such period that Obligations remain outstanding under the Master Indenture. In the event that the Master Indenture is discharged in full and no Obligations remain outstanding thereunder in accordance with its terms, the provisions of the Indenture and the Loan Agreement applying the Additional Indebtedness test will terminate and be of no further force and effect.

Under the first alternative, a capitalization test, the University must demonstrate that Funded Indebtedness, including any contemplated new debt, does not exceed 50% of total University capitalization (defined as the sum of indebtedness plus total net assets). Under the second alternative, a debt service coverage test, the Maximum Annual Long-Term Debt Service Requirement on all Funded Indebtedness of the University, including the debt to be issued, may not exceed 10% of (a) the average of University operating Revenues (as defined under the Master Indenture) for the two most recent Fiscal Years or (b) if the University elects, and all or any portion of the new debt is to finance capital improvements, the average of "Adjusted Revenues" (as defined under the Master Indenture) calculated by a consultant to include projected revenues from such capital improvements.

The following tables provide the actual capitalization and maximum annual debt service coverage of the University as of June 30, 2021.

All calculations in the two tables below are made as required or allowed under the Master Indenture.

Capitalization
($000's)

	June 30, 2021
Total Net Assets	1,993,187
Indebtedness	356,796
Indebtedness plus Total Net Assets	$2,349,983
Ratio (Not to exceed 50%)	15.2%

Maximum Annual Long-Term Debt Service Coverage
($000's)

	June 30, 2021
Average University Revenues (fiscal years 2020 and 2021)	$582,755
Maximum Annual Long-Term Debt Service Requirements(1)	$19,672
Ratio (Not to exceed 10%)	3.38%

(1) The Master Indenture permits the computation of long-term debt service requirements of Balloon Indebtedness, assuming that such debt is amortized on level debt service basis over 30 years at an assumed interest rate required by the Master Indenture, which has been done for purposes of the computations of maximum annual debt service included above.

Under the Master Indenture, the University is authorized to establish long-term revolving lines of credit with one or more banks in amounts not to exceed $20 million outstanding at any time, without the need to satisfy any incurrence test, which authority was unused at June 30, 2021.

While the Series 2003B Bonds, which were issued under the Master Indenture, remained outstanding during fiscal year 2021 and until their final maturity on July 1, 2021, the University was required to meet the tests for the incurrence of Additional Indebtedness under the Master Indenture. In addition, so long as any of (a) the Term Loan Agreement dated August 23, 2017 between the University and PNC Bank, National Association (the "2017 PNC Term Loan Agreement"), in connection with the 2017 PNC Term Loan, remains in effect; (b) the Term Loan Agreement dated March 19, 2020 between the University and PNC Bank, National Association (the "2020 PNC Term Loan Agreement"), in connection with the 2020 PNC Term Loan, remains in effect; or (c) the PNC Credit Facility remains in effect, the University is required to meet the same tests for the incurrence of Additional Indebtedness as those required under the Master Indenture, including that the University may not issue Additional Indebtedness unless the University satisfies either of the following:

- ♦ if the University elects to satisfy the capitalization test described above, then it must also comply with either the maximum annual long-term debt service coverage test described above, or one of the following two tests:

  - — the Maximum Annual Debt Service Coverage Ratio of the University for the most recent Fiscal Year on all Funded Indebtedness, including the debt to be issued, must be not less than 1.20 to 1, or
  - — the Debt Service Coverage Ratio of the University for the most recent Fiscal Year on all Funded Indebtedness, but not the debt to be incurred, is not less than 1.20 to 1 and a consultant's report shows that taking the proposed debt into account, the Projected Debt Service Coverage Ratio for the two full Fiscal Years following the issuance (or, for a capital project, the two full Fiscal Years following completion) is not less than 1.20 to 1. If the Projected Debt Service Coverage Ratio is at least 1.30 to 1, the University may deliver an officer's certificate in lieu of such consultant's report;

or

- ♦ if the University elects to satisfy the Maximum Annual Long-Term Debt Service Coverage test first described above, then it must also comply with either the capitalization test or the University's unrestricted net assets plus temporarily restricted net assets minus net investment in plant must be at least 65% of all long-term debt, including the debt to be issued.

The Master Indenture defines "Net Assets" to mean "total net assets (unrestricted, temporarily restricted and permanently restricted) of such Person, as shown on or derived from the audited financial statements of such Person for the most recently completed Fiscal Year for which audited financial statements are available" (capitalized terms in the foregoing are defined under the Master Indenture). The unrestricted net assets plus temporarily restricted net assets referenced below have been derived from *Note 15—Net Assets* of the Notes to Consolidated Financial Statements for the years ended June 30, 2021 and 2020, in particular with unrestricted net assets being most comparable to "Total Net Assets - Without Donor Restrictions" and temporarily restricted net assets being most comparable to net assets "With Donor Restrictions – Time or Purpose".

The Maximum Annual Debt Service Coverage of the University at June 30, 2021 is 4.75 to 1.00 and the unrestricted plus temporarily restricted net assets minus investment in plant at that date is 299% of long-term debt, each calculated as required by the Master Indenture.

Debt Service Coverage Ratio Covenant. So long as any of (a) the 2017 PNC Term Loan Agreement, (b) the 2020 PNC Term Loan Agreement or (c) the PNC Credit Facility remains in effect, the University must maintain a Debt Service Coverage Ratio at the end of each Fiscal Year, for the Fiscal Year then ended, of at least 1.20 to 1.0. So long as the Wintrust Term Loan Agreement remains in effect, the University must maintain a Debt Service Coverage Ratio at the end of each Fiscal Year, for the Fiscal Year then ended, of at least 1.0 to 1.0. The Debt Service Coverage Ratio of the University at June 30, 2021 is 3.18 to 1.00.

Annual Debt Service Requirements

The following table sets forth, as of the date of this Annual Report, the actual (subject to assumptions described below) annual amounts required for the payment of principal at maturity or by mandatory sinking fund redemption and for the payment of interest on the outstanding indebtedness of the University for each year ending June 30.

Debt Service Schedule[(1)(2)]

Fiscal Year	Series 2012A Bonds	Series 2012B Bonds	Series 2003B Bonds	2017 Term Loan[(3)]	2020 Term Loan[(4)]	Rome Center Mortgage[(5)]	Total Debt Service[(6)]
2022	6,456,468	6,405,750	13,215,000	901,754	2,094,407	1,080,000	30,153,379
2023	61,846,000	6,400,500	-	7,944,621	2,094,407	1,080,000	79,365,528
2024	4,626,000	6,398,250	-	13,471,916	2,100,145	1,080,000	27,676,311
2025	4,626,000	6,389,000	-	-	11,811,532	1,080,000	23,906,532
2026	4,626,000	22,755,500	-	-	1,811,532	1,080,000	30,273,032
2027	4,626,000	14,113,250	-	-	1,811,532	1,080,000	21,630,782
2028	8,789,075	3,188,500	-	-	9,589,575	1,080,000	22,647,150
2029	8,782,667	3,185,000	-	-	9,358,932	1,080,000	22,406,599
2030	8,771,544	3,182,500	-	-	9,132,632	-	21,086,676
2031	8,755,475	3,176,000	-	-	8,906,332	-	20,837,807
2032	8,743,767	3,170,250	-	-	8,681,895	-	20,595,912
2033	8,735,725	3,165,000	-	-	8,453,732	-	20,354,457
2034	8,721,118	3,164,750	-	-	8,227,432	-	20,113,300
2035	8,704,483	3,159,500	-	-	8,040,000	-	19,903,983
2036	8,690,126	3,154,000	-	-	-	-	11,844,126
2037	8,677,355	3,148,000	-	-	-	-	11,825,355
2038	8,660,705	3,141,250	-	-	-	-	11,801,955
2039	8,644,483	3,133,500	-	-	-	-	11,777,983
2040	8,627,996	3,129,250	-	-	-	-	11,757,246
2041	8,610,549	3,123,250	-	-	-	-	11,733,799
2042	8,591,448	3,115,250	-	-	-	-	11,706,698
2043	8,570,000	3,105,000	-	-	-	-	11,675,000

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(1) Interest payments due on July 1 each year are included in the prior fiscal year's debt service requirements.

(2) With respect to Capital Lease Obligations disclosed in previous years in the table above, see Note (5) in the "Long-Term Indebtedness" table above under "Outstanding Long-Term Indebtedness."

(3) The 2017 PNC Term Loan bears a fixed interest rate of 2.56%. That rate is subject to the maintenance of the current ratings assigned to the long-term, unenhanced indebtedness of the University. The University's current ratings are A+ (S&P Global Ratings) and A1 (Moody's Investors Service). This schedule assumes that the interest rate will remain at 2.56% for the duration of the loan.

(4) The 2020 PNC Term Loan bears a fixed interest rate of 2.79%. That rate is subject to the maintenance of the current ratings assigned to the long-term, unenhanced indebtedness of the University. This schedule assumes that the interest rate will remain at 2.79% for the duration of the loan.

(5) This Rome-based indebtedness is denominated in Euros; the schedule assumes an exchange rate of 1.2 Euros per dollar.

(6) This Debt Service Schedule does not include the Wintrust Term Loan Agreement, for which funding is scheduled to close on July 7, 2022, as described above under "Outstanding Long-Term Indebtedness".

Trinity Transaction – Relationship with Health System

Effective July 1, 2011, the University completed a transaction with Trinity pursuant to a Definitive Agreement dated March 31, 2011 (the "Definitive Agreement"). Pursuant to the Definitive Agreement, Trinity replaced the University as the sole member of the Health System, and all of its affiliates including Loyola University Medical Center ("LUMC") and Gottlieb Memorial Hospital ("GMH") (the "Trinity Transaction"). As a result of the Trinity Transaction, the University is no longer the parent or an affiliate of the Health System, LUMC, GMH or the other former healthcare affiliates, and these entities no longer are included in the audited consolidated financial statements of the University. Effective July 1, 2011, Trinity controlled all of the assets of the Health System and its affiliates, and all of the liabilities remain with the Health System and its affiliates, except for any assets or liabilities excluded from the Trinity Transaction by the parties.

As part of the consideration under the Definitive Agreement, Trinity provided a payment to the University of $100 million, $80 million of which was paid on July 1, 2011, and the remaining $20 million of which was used to establish an escrow in order to secure the University's obligations under the Definitive Agreement. The University received $10 million from the indemnification escrow account in fiscal year 2014 and $10 million in fiscal year 2016.

In addition to the consideration under the Definitive Agreement, Trinity committed, under the Definitive Agreement and the Research Facility Funding Agreement effective July 1, 2011 by and between the University and Trinity (the "Research Facility Funding Agreement"), an amount equal to $75 million towards the Center for Translational Research and Education ("CTRE") at the University's Health Sciences Campus in Maywood, Illinois. The 225,000-square-foot CTRE building opened in April 2016 and houses more than 500 faculty, staff and students from the University's health sciences programs. The University has received a total of $75 million from Trinity for the CTRE in accordance with the Research Facility Funding Agreement, with no further funding expected to be received from Trinity thereunder.

The education and research components of the University's health sciences, including the Stritch School of Medicine (the "Medical School") and Marcella Niehoff School of Nursing, remain part of the University following the Trinity Transaction. The University, the Health System and LUMC have entered into an Academic Affiliation Agreement effective July 1, 2011 (the "Academic Affiliation Agreement") which includes negotiated terms and conditions and which provides for an annual academic support payment to the University from the Health System and LUMC (which payment is guaranteed by Trinity). The annual academic support payment amount was set at $22.5 million (subject to an inflation adjustment) in fiscal year 2012 for an initial term of 10 years. The University received $24.9 million in fiscal year 2021 and $24.6 million in fiscal year 2020 as the annual academic support payment. The specific terms and conditions of the continuing extensions and the ability to renegotiate, modify, or renew certain terms of the Academic Affiliation Agreement are set forth in the Academic Affiliation Agreement. Among these provisions is one which provides that following the fifth anniversary of the Academic Affiliation Agreement, either party may give notice to the other party to that agreement that the support payment be modified. If so modified, the modified agreement would become effective as of the sixth year following the next anniversary of the Academic Affiliation Agreement following the completion of successful negotiations. Otherwise, the Academic Affiliation Agreement would automatically renew for an additional year unless the support payment is modified as described above, or unless the Academic Affiliation Agreement is terminated (triggering a right of the University as described below to repurchase the Health System and its affiliates (as they are constituted at the time) at fair market value, during the next succeeding five years of the remaining term of the Academic Affiliation Agreement).

The Definitive Agreement also provides the University with certain repurchase rights. If any of the following events occurs, the University has the right to repurchase the Health System and its affiliates (as they are constituted at the time), at fair market value: (a) a change of control of Trinity, the Health System or LUMC as a result of which Trinity, the Health System or LUMC would no longer be bound by the Ethical and Religious Directives for Catholic Health Services as promulgated by the United States Conference of Catholic Bishops, (b) any event that causes the failure of LUMC to maintain its status as an academic medical center as defined by and in accordance with the Academic Affiliation Agreement, or (c) upon the expiration of the Academic Affiliation Agreement after failure of the parties to resolve a dispute related to the academic support payment amount or academic support payment calculation methodology for any period after the initial 10 year term of the Academic Affiliation Agreement. The specific terms and conditions of the University's right to repurchase the Health System and its affiliates are set forth in the Definitive Agreement and the Academic Affiliation Agreement.

In addition to the Research Facility Funding Agreement and the Academic Affiliation Agreement referred to above, other agreements delivered in connection with the Trinity Transaction which have ongoing obligations include a

Branding and Trademark License Agreement among the University, Trinity, the Health System, LUMC and certain other healthcare affiliates from time to time regarding the use of the University name, logo, trademarks, service marks, and all related goodwill in connection with their healthcare operations; a Shared Services Agreement among the University, the Health System and/or LUMC regarding sharing certain services; various leases and other real estate agreements among the University, the Health System and/or LUMC providing for the sharing or transfer of certain real estate on the Medical Center Campus; and other instruments and documents.

The University owns the central part of the Health Sciences/Medical Center Campus. This central part is the "Academic/Health Sciences Zone" and includes, among other facilities, the Medical School's Cuneo Center, the Center for Collaborative Studies/School of Nursing, the Center for Health and Fitness, the Cardinal Bernardin Cancer Center (beginning in 2011, subject to a 99-year leasehold interest for the portion of the building currently used by LUMC) and the CTRE. The north end of the campus is owned by LUMC, and includes the primary hospital building and other inpatient facilities and related infrastructure. The south end of the campus is also owned by LUMC and includes outpatient/ambulatory facilities.

Trinity, including the Health System and LUMC, derives a significant portion of its revenues from Medicare, Medicaid and other third-party payor programs. The receipt of future revenues by Trinity and the Health System, including LUMC, is subject to, among other factors, federal and state policies and procedures affecting the healthcare industry, increased competition and other conditions that are not possible to predict. Developments in the healthcare industry, including increases in managed care arrangements, have significantly increased competitive pressures and seek to restrain the growth in healthcare spending by employers, insurers, health maintenance organizations and other payors. No assurance can be given that Trinity, including the Health System and LUMC, will have sufficient revenues or operating income necessary to meet their respective obligations to the University under the Academic Affiliation Agreement now in effect. Healthcare affiliates of Trinity other than the Health System and LUMC are not parties to or obligated under the Academic Affiliation Agreement either as obligors or as guarantors and have no obligations with respect to academic support payments.