

Adelphi University, NY

- 1 Town of Hempstead Local Development Corporation, Revenue Refunding Bonds (Adelphi University Project), Series 2021, \$13,520,000, Dated: March 31, 2021
- 2 Town of Hempstead Local Development Corporation, Revenue Bonds (Adelphi University Project), Series 2019, \$24,985,000, Dated: May 9, 2019
- 3 Town of Hempstead Local Development Corporation, Revenue Refunding Bonds (Adelphi University Project), Series 2014, \$33,535,000, Dated: September 30, 2014
- 4 Town of Hempstead Local Development Corporation, Revenue Bonds (Adelphi University Project), Series 2013, \$45,080,000, Dated: November 14, 2013

Series 2021

Investment in Faculty

Series 2019, 2014, 2013

Faculty

Fall 2024 Semester

Faculty

For the Fall 2024 semester, Adelphi University had 332 full-time faculty members. Of the 332 full-time faculty, 61% are tenured and 23% are tenure-track. 85% of the University's full-time faculty hold a terminal degree. Along with its full-time faculty, the University employs 727 part-time faculty resulting in a student/faculty ratio of 12:1.

University Administration & Staff

In addition to the full-time and part-time faculty noted above, as of November 2024, the University had approximately 682 full-time and 81 part-time staff members. Of the 682 full-time employees, 188 custodians, public safety, maintenance and clerical employees are represented by labor unions. The University continues to maintain favorable relationships with the unions and does not foresee any labor difficulties that would materially adversely affect its operations.

Full-Time Faculty Average Compensation for Academic Year 2024-2025

	<u>Number</u>	<u>Average Base</u>	<u>Average Fringe Benefits</u>	<u>Average Total</u>
Professors	98	150,386	55,688	206,074
Associate Professors	110	122,133	45,226	167,359
Assistant Professors	70	95,940	35,527	131,467
Clinical	28	122,096	45,212	167,308
Visiting	6	88,291	32,694	120,985
Lecturers	20	91,916	34,036	125,952
Total/ Average	332	111,794	41,397	153,191

Series 2021

Retirement Plans

Series 2019, 2014, 2013

Pension Program

Fiscal Year Ended August 31, 2024

Retirement Plans The University has a contributory defined contribution retirement plan, which cover substantially all full-time employees. The University’s contributions are determined in accordance with the related provisions of the union contracts and at the discretion of management for all non-union employees. Total costs under the plans for the years ended August 31, 2024 and 2023 amounted to \$8,053,445 and \$8,371,228 respectively.

Series 2021

Enrollment Growth

Series 2019, 2014, 2013

Enrollment

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate/ Postbaccalaureate</u>	<u>Total</u>
2019-2020	4,951	1,782	6,733
2020-2021	4,717	1,666	6,383
2021-2022	4,793	1,436	6,229
2022-2023	4,683	1,660	6,343
2023-2024	5,117	1,405	6,522

In addition to the enrollments indicated above, the University has two Summer sessions. Approximately 1,970 students enrolled for the Summer 2024.

Series 2021, 2019, 2014, 2013

Applications and Admissions

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
First-Time Freshmen					
Applications	15347	16084	17301	17135	19705
Acceptances	11441	12459	12591	13285	12987
Enrollments (headcounts)	996	1330	1146	1377	1343
Percent Accepted/ Acceptance					
Rate	75%	77%	73%	73%	66%
Percent Enrolled/ Yield Rate	9%	11%	9%	10%	10%
Mean Freshman SAT	1166	na	NA	NA	NA
Graduate/ Post-Baccalaureate					
Applications	3227	3216	3445	3821	4209
Acceptances	1786	1662	1811	1992	1908
Enrollments (headcounts)	902	820	859	940	864
Percent Accepted/ Acceptance					
Rate	55%	52%	53%	52%	45%
Percent Enrolled/ Yield Rate	51%	49%	47%	47%	45%

Series 2021, 2019, 2014, 2013

Student Fees and Competition

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Tuition and Fees	41,435	42,475	43,800	47,290	49,110

The University competes for qualified students with many other colleges and universities, including various SUNY and CUNY institutions across Long Island and New York State. On the basis of enrollment and applicant information, the University believes that, among private colleges and universities, its most significant competitors are the institutions included in the following table:

Annual Tuition and Fee Rates for the 2024-25 Academic Year	
<u>Institution</u>	
Fordham University	64,470
Hofstra University	57,660
St John's University	53,020
Adelphi University	49,110
L.I.U.-C.W. Post	42,282
Molloy College	39,790

Series 2021, 2019, 2014, 2013

Student Financial Assistance

(In Thousands)

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Grants:					
University					
<i>Unrestricted Operations</i>	79,537	84,586	96,678	105,087	123,944
<i>Endowment/ Restricted</i>	1,661	1,962	1,722	1,606	2,508
Total	81,198	86,548	98,400	106,693	126,452
Federal	7,590	7,267	8,178	8,578	11,714
State and other	8,884	6,568	5,872	8,767	7,470
Total Grants	97,672	100,383	112,450	124,038	145,636
Total Loans	41,302	40,672	41,449	40,317	83,838
Total Work-Study	750	722	553	621	1,181
Total	139,724	141,777	154,452	164,976	230,655

In addition to the financial aid noted above, the University distributes approximately \$12 million of graduate assistantships and tuition remission awards during 2023-2024.

Series 2021, 2019, 2014, 2013

Degrees Conferred

Academic Year	<u>Undergraduate</u>	<u>Graduate/ Post-Baccalaureate</u>	<u>Doctoral/ Postdoctoral</u>	<u>Total Degrees</u>
2019-2020	1,378	1,216	34	2,628
2020-2021	1,409	1,177	59	2,645
2021-2022	1,289	1,089	40	2,418
2022-2023	1,317	1,013	43	2,373
2023-2024	1,126	1,061	54	2,241

Series 2021, 2019, 2014, 2013

Revenues and Expenses of the University

Fiscal Years Ended August 31,

	<u>2019-20</u>	<u>2020-21</u>	(In Thousands) <u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Revenues					
Student Related Revenue	204,230	191,252	187,988	184,421	190,550
Contributions	6,763	2,202	8,760	3,868	5,322
Government Grants and					
Contracts	11,807	24,529	19,995	6,887	6,681
Investment Income (Loss)	19,749	40,024	8,926	9,224	9,539
Sales & Services of Educational					
Departments	1,801	1,743	2,070	2,334	2,359
Other Sources	3,163	4,716	5,437	6,604	9,411
Total Revenues	247,513	264,466	233,176	213,338	223,862
Expenses					
Instruction	108,879	103,363	105,814	107,581	109,297
Research and Public Service	8,137	8,755	9,351	9,557	9,191
Academic Support	24,726	22,472	23,804	23,335	24,080
Student Services	36,046	41,447	32,012	32,893	33,635
Institutional Support	38,145	35,119	35,964	36,051	37,570
Auxiliary Enterprises	15,270	15,343	15,052	16,301	15,064
Total Expenses	231,203	226,499	221,997	225,718	228,837
Change in Net Assets before					
Change in Fair Value of					
Interest Rate Swap					
Obligation	16,310	37,967	11,179	(12,380)	(4,975)
investment return, net or					
amounts designated for					
operations			(31,553)	10,632	28,983
Change in Fair Value of					
Interest Rate Swap Obligation	(861)	414	1,257	174	(413)
Change in Net Assets	15,449	38,381	(19,117)	(1,574)	23,595

Series 2021, 2019, 2014, 2013

Endowment

Fiscal Year Ended August 31,

	(In Thousands)				
Endowment	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
True Endowment	61,543	69,873	68,486	72,104	81,710
Quasi-Endowment	140,905	165,272	143,860	151,859	173,914
Total Endowment	202,448	235,145	212,346	223,963	255,624

Series 2021, 2019, 2014, 2013

State Aid

Fiscal Year	<u>Bundy Aid</u>
2019-2020	662,000
2020-2021	725,000
2021-2022	734,000
2022-2023	676,000
2023-2024	653,000

Series 2021, 2019, 2014, 2013

Private Gifts

Fiscal Year	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
2019-2020	372,000	873,000	5,518,000	6,763,000
2020-2021	551,000	783,000	868,000	2,202,000
2021-2022	444,000	1,162,000	7,154,000	8,760,000
2022-2023	299,000	1,694,000	1,875,000	3,868,000
2023-2024	1,188,000	1,626,000	2,508,000	5,322,000

Series 2021, 2019, 2014, 2013

Plant Values

Fiscal Year Ended August 31,

	<u>2020</u>	<u>2021</u>	(IN THOUSANDS) <u>2022</u>	<u>2023</u>	<u>2024</u>
Land and Improvements	2,159	2,159	2,159	2,159	2,159
Buildings	360,721	406,214	407,967	410,139	411,294
Construction in Progress	42,033	-	1,236	1,236	30
Equipment, Library Books and Software	39,950	42,997	44,545	45,006	45,345
Accumulated Depreciation	(165,569)	(173,714)	(182,086)	(190,481)	198,301
Total	279,294	277,656	273,822	268,059	260,527

Series 2021, 2019, 2014, 2013

Outstanding Indebtedness of the University

Fiscal Year Ended August 31, 2024

Please see attached document - Adelphi University Outstanding Indebtedness.

Adelphi University
Outstanding Indebtedness
August 31, 2024 and 2023

NOTE 11 - LONG-TERM DEBT

Long-term debt outstanding, as of August 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$45,080,000 with maturities through 2043, with interest at an average annual rate of 4.70%, plus unamortized premiums of \$593,759 in 2024 and \$624,208 in 2023.	\$ 38,733,759	\$ 39,894,208
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$33,535,000 with maturities through 2035, with interest at an average annual rate of 4.20%, plus unamortized premiums of \$1,522,115 in 2024 and \$1,659,448 in 2023.	25,957,115	27,634,448
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$24,985,000 with maturities through 2039, with interest at an average annual rate of 4.40%, plus unamortized premiums of \$2,422,715 in 2024 and \$2,587,900 in 2023.	23,047,715	24,152,900
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$13,520,000 with maturities through 2032, with interest at an average annual rate of 5.00%, plus unamortized premiums of \$2,025,168 in 2024 and \$2,286,480 in 2023.	<u>12,430,168</u>	<u>13,731,480</u>
	100,168,757	105,413,036
Less: unamortized bond issuance costs	<u>(1,417,494)</u>	<u>(1,528,790)</u>
	<u>\$ 98,751,263</u>	<u>\$ 103,884,246</u>

Interest expense for the years ended August 31, 2024 and 2023 amounted to \$4,707,867 and \$5,108,865, respectively.

Bond issuance costs are amortized over the life of the bonds. Amortization expense for the bond issuance costs, calculated using the effective interest method, totaled \$111,296 in each of the years ended August 31, 2024 and 2023.

Adelphi University
Outstanding Indebtedness
August 31, 2024 and 2023

In accordance with the terms of each of the bond agreements, the Bonds are not collateralized by any mortgage or lien on, or security interest, in the facilities being constructed or renovated or in any other real or personal property of the University.

Bond Series	Original Issue Amount	Premium at Issue	Average Interest Rate	Maturities Through	Proceeds Used For
2013	45,080,000	923,624	4.7%	2043	Building and parking construction
2014	33,535,000	2,884,001	4.2%	2035	Refunding of 2005 bonds
2019	24,985,000	3,303,702	4.4%	2039	Refunding of 2009 bonds and building construction
2021	13,520,000	2,917,989	5.0%	2032	Refunding of 2011 bonds

Future debt service payments on bonds payable are comprised of the following:

<u>Years Ending August 31,</u>	<u>Bonds Payable</u>
2025	\$ 9,108,113
2026	9,101,938
2027	9,095,213
2028	9,083,063
2029	9,097,825
Thereafter	86,569,479
	132,055,631
Less: interest portion	(38,450,631)
Less: unamortized bond issuance costs	(1,417,494)
Add: unamortized premium	6,563,757
	<u>\$ 98,751,263</u>

NOTE 12 - PROMISSORY NOTE AND SWAP LIABILITY

In order to mitigate the University's interest rate exposure on variable rate debt obligations, the University entered into a promissory note and simultaneously entered into an interest rate swap agreement with TD Bank (the "Counterparty"). The promissory note and notional principal amount of the swap was \$9,702,529 and \$11,300,213 at August 31, 2024 and 2023, respectively. The swap agreement matures on February 20, 2030. Under the terms of the agreement, the Counterparty will pay the University a variable interest rate at 1.07% plus SOFR (5.32% at August 31, 2024 and 5.31% at August 31, 2023), while the University is obligated to pay the Counterparty a fixed rate of 2.48%.

Under the terms of the agreement, up to \$10,000,000 of the University's cash is restricted as to withdrawal or use and is held in custody by the Counterparty as collateral. The swap agreement contains provisions that require the University to meet certain financial covenants. The University was in compliance with these covenants at August 31, 2024 and 2023, respectively.

The fair value of the swap agreement as of August 31, 2024 and 2023 was \$571,343 and \$984,109 respectively, and is included in investments on the accompanying consolidated statement of financial position, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this

Adelphi University
Outstanding Indebtedness
August 31, 2024 and 2023

obligation during the years ended August 31, 2024 and 2023 was \$412,765 and \$174,033, respectively, is included in the accompanying consolidated statements of activities.

Additional interest paid by the University related to the swap agreement amounted to approximately \$354,681 and \$153,054 for the years ended August 31, 2024 and 2023, respectively.

Future debt service payments on the promissory note are comprised of the following:

<u>Years Ending August 31,</u>	<u>Loan Payments</u>
2025	\$ 1,864,659
2026	1,864,659
2027	1,864,659
2028	1,864,659
2029	1,864,659
Thereafter	<u>1,087,718</u>
Less: interest portion	<u>(708,484)</u>
	<u><u>\$ 9,702,529</u></u>

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Adelphi University

For the years ended August 31, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Adelphi University

Report on the audit of the consolidated financial statements**Opinion**

We have audited the consolidated financial statements of Adelphi University and subsidiary (collectively, the "University"), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of August 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS we:

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

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

Grant Thornton LLP

Melville, New York
December 20, 2024

Adelphi University

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of August 31,

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 9,901,146	\$ 21,630,936
Students accounts receivable, net	5,673,017	5,249,913
Grants receivable, net	1,899,268	1,491,278
Prepaid expenses and other assets	13,681,728	10,814,525
Contributions receivable, net	3,450,155	2,641,810
Notes receivable, net	4,293,642	4,851,661
Investments	254,568,560	223,942,194
Amounts held in trust	3,793,822	3,481,813
Property plant, and equipment, net	260,527,017	268,058,763
Right-of-use assets, operating leases, net	9,481,274	10,332,870
	<u>\$ 567,269,629</u>	<u>\$ 552,495,763</u>
Total assets		
	<u>\$ 567,269,629</u>	<u>\$ 552,495,763</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 17,092,071	\$ 17,297,281
Deferred revenue	42,914,709	43,657,636
Operating lease liabilities	10,303,209	11,158,525
U.S. government grants refundable	4,502,776	4,790,000
TD Bank note payable	9,702,529	11,300,213
Long-term debt	98,751,263	103,884,246
	<u>183,266,557</u>	<u>192,087,901</u>
Total liabilities		
	<u>183,266,557</u>	<u>192,087,901</u>
Net assets		
Without donor restrictions	293,999,438	276,182,756
With donor restrictions	90,003,634	84,225,106
	<u>384,003,072</u>	<u>360,407,862</u>
Total net assets		
	<u>384,003,072</u>	<u>360,407,862</u>
Total liabilities and net assets		
	<u>\$ 567,269,629</u>	<u>\$ 552,495,763</u>

The accompanying notes are an integral part of these consolidated financial statements.

Adelphi University

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended August 31, 2024 (with summarized comparative financial information for the year ended August 31, 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
Operating activities				
Operating revenues				
Student-related revenue	\$ 190,550,382	\$ -	\$ 190,550,382	\$ 184,421,058
Contributions	1,187,726	4,134,014	5,321,740	3,868,538
Government grants and contracts	6,576,323	104,289	6,680,612	6,886,738
Investment return used for operations	9,539,000	-	9,539,000	9,224,000
Sales and services of educational departments	2,358,750	-	2,358,750	2,333,787
Other sources	8,032,228	1,378,497	9,410,725	6,603,902
	218,244,409	5,616,800	223,861,209	213,338,023
Net assets released from restrictions	6,184,716	(6,184,716)	-	-
Total operating revenues	224,429,125	(567,916)	223,861,209	213,338,023
Operating expenses				
Instruction	109,297,062	-	109,297,062	107,581,676
Research and public service	9,191,158	-	9,191,158	9,557,096
Academic support	24,079,802	-	24,079,802	23,334,936
Student services	33,635,036	-	33,635,036	32,892,793
Institutional support	37,569,724	-	37,569,724	36,050,929
Auxiliary enterprises	15,063,975	-	15,063,975	16,300,813
Total operating expenses	228,836,757	-	228,836,757	225,718,243
Change in net assets from operating activities	(4,407,632)	(567,916)	(4,975,548)	(12,380,220)
Non-operating activities				
Investment return, net of amounts designated for operations	22,637,079	6,346,444	28,983,523	10,632,234
Change in fair value of interest rate swap obligation	(412,765)	-	(412,765)	174,033
Total non-operating activities	22,224,314	6,346,444	28,570,758	10,806,267
CHANGE IN NET ASSETS	17,816,682	5,778,528	23,595,210	(1,573,953)
Net assets, beginning of year	276,182,756	84,225,106	360,407,862	361,981,815
Net assets, end of the year	<u>\$ 293,999,438</u>	<u>\$ 90,003,634</u>	<u>\$ 384,003,072</u>	<u>\$ 360,407,862</u>

The accompanying notes are an integral part of this consolidated financial statement.

Adelphi University

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Operating revenues			
Student-related revenue	\$ 184,421,058	\$ -	\$ 184,421,058
Contributions	299,190	3,569,348	3,868,538
Government grants and contracts	6,619,454	267,284	6,886,738
Investment return used for operations	9,224,000	-	9,224,000
Sales and services of educational departments	2,333,787	-	2,333,787
Other sources	4,559,656	2,044,246	6,603,902
	207,457,145	5,880,878	213,338,023
Net assets released from restrictions	5,802,733	(5,802,733)	-
Total operating revenues	213,259,878	78,145	213,338,023
Operating expenses			
Instruction	107,581,676	-	107,581,676
Research and public service	9,557,096	-	9,557,096
Academic support	23,334,936	-	23,334,936
Student services	32,892,793	-	32,892,793
Institutional support	36,050,929	-	36,050,929
Auxiliary enterprises	16,300,813	-	16,300,813
Total operating expenses	225,718,243	-	225,718,243
Change in net assets from operating activities	(12,458,365)	78,145	(12,380,220)
Non-operating activities			
Investment return, net of amounts designated for operations	5,990,868	4,641,366	10,632,234
Change in fair value of interest rate swap obligation	174,033	-	174,033
Total non-operating activities	6,164,901	4,641,366	10,806,267
CHANGE IN NET ASSETS	(6,293,464)	4,719,511	(1,573,953)
Net assets, beginning of year	282,476,220	79,505,595	361,981,815
Net assets, end of year	\$ 276,182,756	\$ 84,225,106	\$ 360,407,862

The accompanying notes are an integral part of this consolidated financial statement.

Adelphi University

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 23,595,210	\$ (1,573,953)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(8,617,193)	(6,907,530)
Contributions and investment income restricted for long-term investment	(1,801,920)	(1,609,176)
Depreciation, accretion, and amortization	8,152,718	8,659,959
Change in value of interest rate swap obligation	(571,343)	(984,109)
Amortization of bond premium	(594,279)	(594,279)
Net unrealized gain on investments	(29,083,855)	(12,204,670)
Cancellations of notes receivable	71,510	62,291
Decrease in allowance for doubtful accounts	125,512	151,213
Non-cash lease expense	(3,720)	21,684
Change in operating assets and liabilities:		
Increase in accounts receivable	(548,616)	(1,722,938)
(Decrease) increase in grants receivable	(407,990)	46,225
Increase in prepaid expenses and other assets	(2,295,860)	(159,049)
Increase in contributions receivable	(808,345)	(231,552)
Increase in amounts held in trust	(312,009)	(652,360)
Decrease in accounts payable and accrued expenses	(301,355)	(3,256,110)
(Decrease) increase in deferred revenues	(742,927)	1,574,526
Decrease in U.S. government grants refundable	(287,224)	(308,531)
Net cash flows used in operating activities	(14,431,686)	(19,688,359)
Cash flows from investing activities:		
Change in short-term investments	-	2,432,302
Proceeds from sale of investments	27,216,813	41,861,754
Purchase of investments	(20,142,131)	(21,740,527)
Student notes receivable:		
New loans made	(515,175)	(491,407)
Principal payments collected	1,001,684	733,869
Expenditures for plant facilities	(413,531)	(2,692,878)
Net cash flows provided by investing activities	7,147,660	20,103,113
Cash flows from financing activities:		
From borrowings:		
Principal repayments of debt	(6,247,684)	(5,880,821)
Proceeds from contributions and investment earnings restricted for:		
Investment in endowment	1,726,168	1,518,113
Plant improvements	74,188	89,492
Student loan funds	1,564	1,571
Net cash flows used in financing activities	(4,445,764)	(4,271,645)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,729,790)	(3,856,891)
Cash and cash equivalents:		
Beginning of year	21,630,936	25,487,827
End of year	\$ 9,901,146	\$ 21,630,936
Supplemental disclosures:		
Interest paid	\$ 4,632,968	\$ 4,946,011

The accompanying notes are an integral part of these consolidated financial statements.

Adelphi University
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024 and 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adelphi University (the "University") is an independent not-for-profit institution of higher education with programs at the undergraduate and graduate levels. The University's main campus is located in Garden City, New York. The University is tax exempt under Section 501(c)(3) of the Internal Revenue Code (the "Code").

Black Cat Advertising, a wholly-owned subsidiary of the University, began operations in 2004 and is consolidated in the accompanying financial statements.

Basis of Presentation

The consolidated financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the accrual basis of accounting. All intercompany transactions have been eliminated in consolidation.

The University's resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

Without Donor Restrictions - net assets that are not subject to donor-imposed restrictions and, therefore, are available to meet the University's objectives. Net assets without donor restrictions may also be designated by the University's Board of Trustees (Note 8).

With Donor Restrictions - net assets that are subject to donor-imposed restrictions that either expire with the passage of time, can be fulfilled and removed by the actions of the University pursuant to those restrictions, or which may be perpetual (Note 8).

Cash and Cash Equivalents

Cash and cash equivalents include assets with an original maturity of three months or less at the time of purchase.

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the University maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits, and in a diversified investment portfolio. At August 31, 2024 and 2023, the University's cash and investments were placed with high-credit quality financial institutions and, accordingly, the University does not expect nonperformance.

Revenue

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the University recognizes revenue when control of the promised goods or services is transferred to the University's students or outside parties in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 requires disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The University has identified student-related revenue, sales and services of educational departments, and other sources as revenue categories subject to the adoption of ASC 606. The University recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

The University derives its revenue principally from student-related revenue, government grants and contracts, contributions and investment returns. The carrying value of student receivables has been reduced by a reserve for credit losses, based on historical collection experience, current conditions and reasonable and supportable forecasts and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible. Amounts received in advance are reported as deferred revenues.

Deferred revenues represent payments received from students relating to registrations for the fall semester immediately following the end of the fiscal year. Such amounts are recognized as revenue during the subsequent fiscal year.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost or, if donated, at fair value at the date of the donation.

The University follows the guidance of ASC 360, *Accounting for the Impairment or Disposal of Long-lived Assets*. The University reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Some factors the University considers important, which could trigger an impairment review, include: (i) significant underperformance compared to expected historical or projected future operating results; (ii) significant changes in the University's use of the acquired assets or the strategy for its overall business; and (iii) significant negative industry or economic trends.

Depreciation on buildings and equipment has been computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and additions	75 years
Building improvements and renovations	15 years
Furniture and equipment	5-10 years
Software	5 years
Library books	20 years

Depreciation, accretion and amortization expense on buildings and equipment for the years ended August 31, 2024 and 2023 amounted to \$8,152,718 and \$8,659,959, respectively. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss, if any, is included in the accompanying consolidated statements of activities.

Investments

Investments consist primarily of equities, publicly traded fixed income funds and alternative investments. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

Fair Value Measurements

The University follows Fair Value Measurements guidance establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the University, and exclude listed equities and other securities held indirectly through commingled funds;
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange-quoted prices in active markets. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments; and
- Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument. As permitted by Accounting Standards Update ("ASU") 2015-07, the University has excluded investments that are measured at fair value using the net asset value ("NAV") per share as a practical expedient from the fair value hierarchy.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for receivables, valuation of alternative investments, useful lives of plant assets and certain accrued liabilities. Actual results could differ from those estimates.

Sales and Services of Educational Departments

Sales and service of educational departments include program revenue from activities other than auxiliary activities, athletic and theatre tickets and various student activities.

Contributions and Government Grants and Contracts

The University recognizes revenue from contributions, grants and contracts in accordance with ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the University evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the University applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the University evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the University

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at fair value. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Fundraising costs of \$2,272,259 and \$2,393,338 have been included in institutional support expenses within the accompanying consolidated statements of activities for the years ended August 31, 2024 and 2023, respectively.

Revenues from government grants and contracts for specific programs are recognized in the period when expenditures have been incurred in compliance with the respective contract. Amounts received in advance are recorded as deferred revenue. Contracts awarded for the acquisition of long-lived assets are reported as revenue without donor restrictions during the fiscal year in which the assets are acquired. Contract and grants receivables are written off when deemed uncollectible. Governmental grants and contracts are subject to audit and potential disallowance. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

Net Assets

Net assets with donor restrictions consisted of the following at August 31, 2024:

	With Donor Restrictions
Restricted for:	
Time	\$ 5,712,199
Scholarships	1,509,730
Other programmatic initiatives	180,939
Endowment funds:	
Corpus on donor-restricted endowments	58,660,454
Cumulative gain on donor-restricted endowments	23,049,415
Student loan funds	119,786
Property, plant and equipment	771,111
	<u>\$ 90,003,634</u>

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

Net assets with donor restrictions consisted of the following at August 31, 2023:

	With Donor Restrictions
Restricted for:	
Time	\$ 6,586,872
Scholarships	1,737,021
Other programmatic initiatives	315,670
Endowment funds:	
Corpus on donor-restricted endowments	55,799,289
Cumulative gain on donor-restricted endowments	16,304,233
Student loan funds	118,222
Property, plant and equipment	3,363,799
	<u>\$ 84,225,106</u>

Conditional Asset Retirement Obligations

The University recognizes the cost associated with the eventual remediation and abatement of asbestos located within its facilities. The cost of the abatement was estimated using historical construction and renovation documents.

The University recognized accretion expense relating to these obligations of \$96,145 and \$92,820 for the years ended August 31, 2024 and 2023, respectively. These obligations were reduced by remediation costs of \$9,762 and \$38,310 for the years ended August 31, 2024 and 2023, respectively. The obligation amounted to \$1,662,524 and \$1,576,141 at August 31, 2024 and 2023, respectively, and is included within accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

Income Taxes

Adelphi has been recognized as a public charity generally exempt from federal income taxation under provisions of Section 501(a) as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") of 1986, as amended. The University is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Adelphi has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions.

Adelphi follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the income tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Adelphi has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements for the years ended August 31, 2024 and 2023.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

Measure of Operations

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the University's ongoing activities. Nonoperating activities consist of investment return in excess of or less than the amount appropriated for operations by the Board of Trustees and other activities considered to be of a more unusual or nonrecurring nature.

Leases

The University determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the University determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the University's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the University is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326), to update its guidance on recognition and measurement of financial assets and liabilities and replace the incurred loss methodology with a methodology that reflects expected credit losses and requires consideration of a broader range or reasonable and supportable information for credit loss estimates. ASU 2016-13 is effective for annual reporting periods beginning after December 13, 2022. The adoption of ASU 2016-13 was not material to the accompanying consolidated financial statements.

NOTE 2 - REVENUE RECOGNITION

The University has various revenue streams that revolve mainly around student enrollment and instruction. Student-related revenue is generated mainly through tuition, housing, and various fees associated with enrollment in the University. Generally, enrollment and instructional services are billed when a course or term begins and paid within 30 days of the billing date.

Revenue is also generated through late fees and payment plan fees for tuition payments. Generally, other fee revenue is recognized when the fee is charged to the student, which coincides with the completion of the specific performance obligation to the student.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

In the following tables, revenue is presented by type of service provided:

	For the Year Ended August 31, 2024		
	Tuition and Fees	Housing	Total
Student-related revenue	\$ 295,178,739	\$ 14,822,290	\$ 310,001,029
Less: student aid	(119,107,342)	(343,305)	(119,450,647)
Net	<u>\$ 176,071,397</u>	<u>\$ 14,478,985</u>	<u>\$ 190,550,382</u>
	For the Year Ended August 31, 2023		
	Tuition and Fees	Housing	Total
Student-related revenue	\$ 275,788,983	\$ 13,644,038	\$ 289,433,021
Less: student aid	(104,639,062)	(372,901)	(105,011,963)
Net	<u>\$ 171,149,921</u>	<u>\$ 13,271,137</u>	<u>\$ 184,421,058</u>

Deferred revenue at August 31, 2024 and 2023 was \$42,914,709 and \$43,657,636, respectively, and primarily represents the University's performance obligation to provide future enrollment and instructional services to students. For the years ended August 31, 2024 and 2023, the University recognized revenue of \$33,014,559 and \$30,389,272, respectively, from amounts that were included in deferred revenue at the beginning of the year. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and customer payments. The University has elected, as a practical expedient, not to disclose additional information about unsatisfied performance obligations for contracts with customers that have an expected duration of one year or less. Unsatisfied performance obligations for contracts with customers that have an expected duration of greater than one year are related to Other Sources and are expected to be recognized, in accordance with the contract agreement, through 2043.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. To manage liquidity, the University can use a portion of the quasi-endowment fund for general expenditure with the approval from the University's Board of Trustees, subject to investment liquidity provisions.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

The following reflects the University's financial assets as of August 31, 2024 and 2023, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Trustees approves this action.

	2024	2023
Cash and cash equivalents	\$ 9,901,146	\$ 21,630,936
Accounts receivable, net	5,673,017	5,249,913
Grants receivable, net	1,899,268	1,491,278
Contributions receivable, net	3,450,155	2,641,810
Investments	<u>254,568,560</u>	<u>223,942,194</u>
Financial assets, at year end	275,492,146	254,956,131
Less: unavailable for general expenditures within one year		
Due to contractual or donor restrictions:		
Donor-restricted endowment funds	(81,709,869)	(72,103,522)
Donor-restricted grants and contributions	(7,402,868)	(8,639,563)
Donor restricted for building renovations	(771,111)	(3,363,799)
Contributions receivable greater than one year	(1,591,525)	(305,265)
Student loans funds	(119,786)	(118,222)
TD Bank note payable	(9,702,529)	(11,300,213)
Quasi-endowment fund, primarily for long-term investing	(173,913,770)	(151,859,149)
Anticipated endowment spending distribution	<u>10,160,000</u>	<u>9,539,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,440,688</u>	<u>\$ 16,805,398</u>

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable primarily consist of amounts due from students and are recorded net of a reserve for credit losses of \$2,906,039 and \$3,031,551 at August 31, 2024 and 2023, respectively. The carrying value of receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, current conditions and reasonable and supportable forecasts, and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible. The net accounts receivable balance is expected to be collected within one year.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

NOTE 5 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consisted of the following:

	2024	2023
Amounts expected to be collected:		
Within 1 year	\$ 547,478	\$ 383,838
1 to 5 years	941,525	305,265
Thereafter	650,000	-
	<u>2,139,003</u>	<u>689,103</u>
Less: discount to present value (rates ranging from 0.20% - 4.75%)	<u>(369,388)</u>	<u>(35,240)</u>
	1,769,615	653,863
Split-interest agreements	<u>1,680,540</u>	<u>1,987,947</u>
	<u>\$ 3,450,155</u>	<u>\$ 2,641,810</u>

The University is the trustee of certain irrevocable split-interest agreements. At the dates these split-interest agreements are either established or the University becomes aware of their existence, contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the assets are distributed, at discount rates ranging from approximately 1.2% to 6.2%. The receivable is adjusted during the term for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. The University's interest in the split-interest agreements is considered to be Level 3 under the fair value hierarchy. The liabilities held by the University under these arrangements are included as a component of accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

Assets and liabilities under split-interest agreements are as follows for the year ended August 31:

	2024	
	Assets	Liabilities
Split-interest agreements, beginning of year	\$ 1,987,947	\$ 1,447,122
Investment return, net	200,061	(93,493)
Disbursements to annuitants	(127,128)	(127,128)
New annuitant	69,165	-
Annuity Retirement	<u>(449,505)</u>	<u>-</u>
Split-interest agreements end of year	<u>\$ 1,680,540</u>	<u>\$ 1,226,501</u>

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

	2023	
	Assets	Liabilities
Split-interest agreements, beginning of year	\$ 1,943,243	\$ 1,431,540
Investment return, net	74,710	145,588
Disbursements to annuitants	(130,006)	(130,006)
New annuitant	100,000	-
	<u>\$ 1,987,947</u>	<u>\$ 1,447,122</u>
Split-interest agreements end of year		

NOTE 6 - STUDENT LOANS RECEIVABLE, NET AND U.S. GOVERNMENT GRANTS REFUNDABLE

The University makes uncollateralized loans to students based on financial need under the Perkins Federal Loan program, Nursing Student Loan program and the Nurse Faculty Student Loan program. Student loans are funded through federal government loan programs or institutional resources. Student loans represented less than 1.0% of total assets for each of the years ended August 31, 2024 and 2023. At August 31, 2024 and 2023, gross student loans receivable for federal government programs totaled \$4,466,442 and \$5,024,461 respectively. Of these amounts, as of August 31, 2024 and 2023, \$2,579,791 and \$2,581,560, respectively, were not in repayment status.

Amounts due under the federal loan programs are guaranteed by the government and, therefore, no reserves are placed on any past due balances under the program. The University does have a reserve for credit losses relating to the institutional share of these loan programs of \$172,800 for each of the years ended August 31, 2024 and 2023.

At August 31, 2024 and 2023, the following amounts were past due under the student loan programs: In default for loans less than two years past due means installment payments are past due 240 days (monthly installment) or 270 days (other installments).

August 31,	In Default < 240 Days (Monthly Installments) or 270 Days (Other Installments)	In Default > 240 Days (Monthly Installments) or 270 Days (Other Installments) and < 2 Years	In Default > 2 Years, up to 5 Years	In Default > 5 Years	Total Past Due
2024	\$ 328,701	\$ 196,803	\$ 22,421	\$ 81,551	\$ 629,476
2023	\$ 149,834	\$ 109,615	\$ 27,882	\$ 64,296	\$ 351,627

Funds advanced by the federal government of \$4,502,776 and \$4,790,000 at August 31, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The Perkins Federal Loan Program, including its extension, expired in 2017. Beginning on October 1, 2017, the federal share of all Perkins funds, including future collections of principal and interest, are being returned to the federal government.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

NOTE 7 - INVESTMENTS

Investments are recorded at fair value. At August 31, 2024 and 2023, the composition of investments was as follows:

	2024	2023
Money market funds	\$ 3,863,671	\$ 800,698
Equity investments	10,540	36,291
Distressed debt	8,072,740	8,127,526
Fixed income investments	75,643,993	70,001,492
Equity funds	166,977,616	144,976,187
	<u>\$ 254,568,560</u>	<u>\$ 223,942,194</u>

The following tables summarize the University's fair value hierarchy for its investments, measured at fair value, as of August 31, 2024 and 2023:

2024	Level 1	Level 2	Total
Equity investments	\$ 10,540	\$ -	\$ 10,540
Fixed income investments	31,052,260	44,591,733	75,643,993
Equity funds	139,130,335	-	139,130,335
Subtotal	<u>\$ 170,193,135</u>	<u>\$ 44,591,733</u>	214,784,868
Money market funds			3,863,671
Alternative investments at NAV			35,920,021
			<u>\$ 254,568,560</u>
2023	Level 1	Level 2	Total
Equity investments	\$ 36,291	\$ -	\$ 36,291
Fixed income investments	28,744,915	41,256,577	70,001,492
Equity funds	126,111,215	-	126,111,215
Subtotal	<u>\$ 154,892,421</u>	<u>\$ 41,256,577</u>	196,148,998
Money market funds			800,698
Alternative investments at NAV			26,992,498
			<u>\$ 223,942,194</u>

The University uses NAV to determine the fair value of all the underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

The following summarizes the strategy of the alternative investments:

Distressed Debt - uses a multi-manager approach that seeks to pursue an investment program comprised of restructured debt, stressed debt, mezzanine debt, special situations and distressed debt.

Equity Funds - investment funds are pooled with other large investors in domestic and foreign equity strategies allowing for greater diversification.

Investments valued at NAV or its equivalent as of August 31, 2024, consisted of the following:

	# of Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Distressed debt	4	\$ 8,072,740	\$ 3,839,415	As underlying assets are sold	Over the life of the funds
Equity funds	8	27,847,281	46,288,425	As underlying assets are sold	Over the life of the funds
		<u>\$ 35,920,021</u>	<u>\$ 50,127,840</u>		

Investments valued at NAV or its equivalent as of August 31, 2023, consisted of the following:

	# of Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Distressed debt	4	\$ 8,127,526	\$ 4,907,028	As underlying assets are sold	Over the life of the funds
Equity funds	6	18,864,972	44,002,483	As underlying assets are sold	Over the life of the funds
		<u>\$ 26,992,498</u>	<u>\$ 48,909,511</u>		

NOTE 8 - ENDOWMENT FUNDS

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The University classifies donor-restricted endowment funds as net assets with donor restrictions to be held in perpetuity, unless otherwise stipulated by the donor: (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 funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that donors or NYPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds, which together have an original gift value of \$99,860 and \$6,537,773, a current fair value of \$10,342 and \$5,942,191 and a deficiency of \$89,5188 and \$595,582 as of August 31, 2024 and 2023, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriations for certain programs that were deemed prudent by the Board of Trustees.

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

The investment objectives for the University's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize over the long term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate 4.5% to the average fair value of the endowment for the preceding five fiscal years, for the years ended August 31, 2024 and 2023.

The remaining portion of the donor-restricted endowment fund remains within net assets with donor restrictions until those amounts are appropriated for expenditure by the University's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Board considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the University and the donor-restricted endowment fund;
- General economic conditions, including the possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the University;
- The investment policies of the University; and
- Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the University.

At August 31, 2024, the endowment net asset composition by type of fund consisted of the following:

	Net Assets Without Donor Restriction	Net Assets with Donor Restrictions			
		Original Gift	Accumulated Gains (Losses)	Total	Total
Board-designated endowment funds	\$ 173,913,770	\$ -	\$ -	\$ -	\$ 173,913,770
Donor-restricted endowment funds:					
Underwater endowments	-	99,860	(89,518)	10,342	10,342
Other endowment funds	-	58,560,594	23,138,933	81,699,527	81,699,527
Total endowment funds	\$ 173,913,770	\$ 58,660,454	\$ 23,049,415	\$ 81,709,869	\$ 255,623,639

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

Changes in endowment net assets for the fiscal year ended August 31, 2024 consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 151,859,149	\$ 72,103,522	\$ 223,962,671
Investment return:			
Investment income, net	3,560,124	1,133,708	4,693,832
Net appreciation	25,006,453	8,170,548	33,177,001
Total investment return	28,566,577	9,304,256	37,870,833
Contributions	-	2,507,714	2,507,714
Distribution for spending	(6,609,000)	(2,930,000)	(9,539,000)
Other changes	97,044	724,377	821,421
Endowment net assets, end of year	\$ 173,913,770	\$ 81,709,869	\$ 255,623,639

At August 31, 2023, the endowment net asset composition by type of fund consisted of the following:

	Net Assets Without Donor Restriction	Net Assets with Donor Restriction			Total
		Original Gift	Accumulated Gains (Losses)	Total	
Board-designated endowment funds	\$ 151,859,149	\$ -	\$ -	\$ -	\$ 151,859,149
Donor-restricted endowment funds:					
Underwater endowments	-	6,537,773	(595,582)	5,942,191	5,942,191
Other endowment funds	-	49,261,516	16,899,815	66,161,331	66,161,331
Total endowment funds	\$ 151,859,149	\$ 55,799,289	\$ 16,304,233	\$ 72,103,522	\$ 223,962,671

Changes in endowment net assets for the fiscal year ended August 31, 2023 consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 143,860,155	\$ 68,485,587	\$ 212,345,742
Investment return:			
Investment income, net	2,865,756	894,291	3,760,047
Net depreciation	11,500,194	3,622,171	15,122,365
Total investment return	14,365,950	4,516,462	18,882,412
Contributions	-	1,875,381	1,875,381
Distribution for spending	(6,464,000)	(2,760,000)	(9,224,000)
Other changes	97,044	(13,908)	83,136
Endowment net assets, end of year	\$ 151,859,149	\$ 72,103,522	\$ 223,962,671

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

NOTE 9 - AMOUNTS HELD IN TRUST

Amounts held in trust consisted of the following:

	<u>2024</u>	<u>2023</u>
Amounts held by Trustee for 457(b) Plan	\$ 1,604,305	\$ 1,536,704
Amounts held for agency funds	999,513	815,105
Cash held by Trustee for Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds (Note 11)	<u>1,190,004</u>	<u>1,130,004</u>
	<u><u>\$ 3,793,822</u></u>	<u><u>\$ 3,481,813</u></u>

The assets are invested in money market funds that are highly liquid investments and are classified as Level 1 within the fair value hierarchy.

NOTE 10 - LAND, BUILDINGS AND EQUIPMENT, NET

Investment in land, buildings and equipment, net, consisted of the following:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 2,158,864	\$ 2,158,864
Buildings and improvements	411,294,019	410,138,943
Construction in progress	29,720	1,236,156
Equipment, library books, and software	<u>45,344,938</u>	<u>45,005,881</u>
	458,827,541	458,539,844
Accumulated depreciation	<u>(198,300,524)</u>	<u>(190,481,081)</u>
	<u><u>\$ 260,527,017</u></u>	<u><u>\$ 268,058,763</u></u>

Depreciation expense totaled approximately \$7.6 million and \$8.1 million for the years ended August 31, 2024 and 2023, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

NOTE 11 - LONG-TERM DEBT

Long-term debt outstanding, as of August 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$45,080,000 with maturities through 2043, with interest at an average annual rate of 4.70%, plus unamortized premiums of \$593,759 in 2024 and \$624,208 in 2023.	\$ 38,733,759	\$ 39,894,208
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$33,535,000 with maturities through 2035, with interest at an average annual rate of 4.20%, plus unamortized premiums of \$1,522,115 in 2024 and \$1,659,448 in 2023.	25,957,115	27,634,448
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$24,985,000 with maturities through 2039, with interest at an average annual rate of 4.40%, plus unamortized premiums of \$2,422,715 in 2024 and \$2,587,900 in 2023.	23,047,715	24,152,900
Town of Hempstead Local Development Corporation, Civic Facility Revenue Bonds, original amount \$13,520,000 with maturities through 2032, with interest at an average annual rate of 5.00%, plus unamortized premiums of \$2,025,168 in 2024 and \$2,286,480 in 2023.	<u>12,430,168</u>	<u>13,731,480</u>
	100,168,757	105,413,036
Less: unamortized bond issuance costs	<u>(1,417,494)</u>	<u>(1,528,790)</u>
	<u>\$ 98,751,263</u>	<u>\$ 103,884,246</u>

Interest expense for the years ended August 31, 2024 and 2023 amounted to \$4,707,867 and \$5,108,865, respectively.

Bond issuance costs are amortized over the life of the bonds. Amortization expense for the bond issuance costs, calculated using the effective interest method, totaled \$111,296 in each of the years ended August 31, 2024 and 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

In accordance with the terms of each of the bond agreements, the Bonds are not collateralized by any mortgage or lien on, or security interest, in the facilities being constructed or renovated or in any other real or personal property of the University.

Bond Series	Original Issue Amount	Premium at Issue	Average Interest Rate	Maturities Through	Proceeds Used For
2013	45,080,000	923,624	4.7%	2043	Building and parking construction
2014	33,535,000	2,884,001	4.2%	2035	Refunding of 2005 bonds
2019	24,985,000	3,303,702	4.4%	2039	Refunding of 2009 bonds and building construction
2021	13,520,000	2,917,989	5.0%	2032	Refunding of 2011 bonds

Future debt service payments on bonds payable are comprised of the following:

<u>Years Ending August 31,</u>	<u>Bonds Payable</u>
2025	\$ 9,108,113
2026	9,101,938
2027	9,095,213
2028	9,083,063
2029	9,097,825
Thereafter	86,569,479
	132,055,631
Less: interest portion	(38,450,631)
Less: unamortized bond issuance costs	(1,417,494)
Add: unamortized premium	6,563,757
	<u>\$ 98,751,263</u>

NOTE 12 - PROMISSORY NOTE AND SWAP LIABILITY

In order to mitigate the University's interest rate exposure on variable rate debt obligations, the University entered into a promissory note and simultaneously entered into an interest rate swap agreement with TD Bank (the "Counterparty"). The promissory note and notional principal amount of the swap was \$9,702,529 and \$11,300,213 at August 31, 2024 and 2023, respectively. The swap agreement matures on February 20, 2030. Under the terms of the agreement, the Counterparty will pay the University a variable interest rate at 1.07% plus SOFR (5.32% at August 31, 2024 and 5.31% at August 31, 2023), while the University is obligated to pay the Counterparty a fixed rate of 2.48%.

Under the terms of the agreement, up to \$10,000,000 of the University's cash is restricted as to withdrawal or use and is held in custody by the Counterparty as collateral. The swap agreement contains provisions that require the University to meet certain financial covenants. The University was in compliance with these covenants at August 31, 2024 and 2023, respectively.

The fair value of the swap agreement as of August 31, 2024 and 2023 was \$571,343 and \$984,109 respectively, and is included in investments on the accompanying consolidated statement of financial position, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

obligation during the years ended August 31, 2024 and 2023 was \$412,765 and \$174,033, respectively, is included in the accompanying consolidated statements of activities.

Additional interest paid by the University related to the swap agreement amounted to approximately \$354,681 and \$153,054 for the years ended August 31, 2024 and 2023, respectively.

Future debt service payments on the promissory note are comprised of the following:

<u>Years Ending August 31,</u>	<u>Loan Payments</u>
2025	\$ 1,864,659
2026	1,864,659
2027	1,864,659
2028	1,864,659
2029	1,864,659
Thereafter	<u>1,087,718</u>
Less: interest portion	<u>(708,484)</u>
	<u><u>\$ 9,702,529</u></u>

NOTE 13 - RETIREMENT PLANS

The University has a contributory defined contribution retirement plan, which cover substantially all full-time employees. The University's contributions are determined in accordance with the related provisions of the union contracts and at the discretion of management for all non-union employees. Total costs under the plans for the years ended August 31, 2024 and 2023 amounted to \$8,053,445 and \$8,371,228, respectively.

NOTE 14 - LEASES

The University assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the University's right to control the use of an identified asset for a period of time in exchange for consideration. The University leases certain space under non-cancelable lease agreements, for which the related ROU assets and lease liabilities have been recorded in the accompanying consolidated statements of financial position. These leases expire on various dates through fiscal 2028 and are subject to escalation for real estate taxes and other building operating expenses. The University measures its lease assets and liabilities using the risk-free rate of return selected based on the term of the lease. The University considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and liabilities. The University has included renewal periods in its assessment of lease terms when provided for in the lease. The University's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantees.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

Supplemental statement of financial position information related to operating leases at August 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
ROU assets	\$ 10,332,870	\$ 8,121,983
Add: new leases	951,987	3,851,884
Less: accumulated amortization	<u>(1,803,583)</u>	<u>(1,640,997)</u>
	<u>\$ 9,481,274</u>	<u>\$ 10,332,870</u>
Weighted-average remaining lease term	5.04 years	6.80 years
Weighted-average discount rate	3.03%	2.84%
<u>Fiscal Years August 31:</u>		
2025		\$ 2,617,601
2026		2,597,795
2027		2,210,538
2028		1,610,129
2029		513,311
Thereafter		<u>1,643,952</u>
Total lease obligations, gross		11,193,326
Less: amounts representing interest with rates ranging from 2.36% to 4.77%		<u>(890,117)</u>
Total operating lease liabilities		<u>\$ 10,303,209</u>

The components of lease cost for the years ended August 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	<u>\$ 1,870,422</u>	<u>\$ 4,792,324</u>

Supplemental cash flow information related to leases for the years ended August 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 2,111,037</u>	<u>\$ 1,862,898</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

NOTE 15 - NATURAL CLASSIFICATION OF EXPENSES

The University allocates operation and maintenance of plant, depreciation and amortization, and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt. The University's primary program service is academic instruction. Expenses reported as research and public service, academic support, student services, and institutional support are incurred in support of this primary program activity. Expenses by their natural classification and function are presented as follows for the fiscal years ended August 31, 2024 and 2023:

	2024						Total
	Instruction	Research & Public Service	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	
Salaries and wages	\$ 66,461,672	\$ 4,843,948	\$ 13,788,466	\$ 15,636,061	\$ 17,520,415	\$ 4,596,630	\$ 122,847,192
Fringe benefits	18,298,317	954,598	5,020,536	5,486,110	6,447,916	1,687,145	37,894,622
Supplies and services	15,045,798	2,390,048	3,135,309	8,425,900	11,705,072	1,656,637	42,358,764
Occupancy	5,315,619	458,231	1,186,968	1,525,227	1,065,595	3,918,231	13,469,871
Depreciation and amortization	2,494,865	307,372	815,801	984,644	430,328	2,525,431	7,558,441
Interest	1,680,791	236,961	132,722	1,577,094	400,398	679,901	4,707,867
	<u>\$ 109,297,062</u>	<u>\$ 9,191,158</u>	<u>\$ 24,079,802</u>	<u>\$ 33,635,036</u>	<u>\$ 37,569,724</u>	<u>\$ 15,063,975</u>	<u>\$ 228,836,757</u>

	2023						Total
	Instruction	Research & Public Service	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	
Salaries and wages	\$ 64,753,456	\$ 4,758,901	\$ 13,283,449	\$ 15,578,010	\$ 16,724,173	\$ 4,577,910	\$ 119,675,899
Fringe benefits	17,141,640	910,799	4,593,093	5,121,663	5,684,298	1,702,539	35,154,032
Supplies and services	13,322,371	2,761,616	3,109,405	7,509,532	11,642,196	1,805,133	40,150,253
Occupancy	7,913,580	543,047	1,342,681	1,910,329	1,111,058	4,742,819	17,563,514
Depreciation and amortization	2,661,215	329,002	867,819	1,057,404	457,959	2,692,281	8,065,680
Interest	1,789,414	253,731	138,489	1,715,855	431,245	780,131	5,108,865
	<u>\$ 107,581,676</u>	<u>\$ 9,557,096</u>	<u>\$ 23,334,936</u>	<u>\$ 32,892,793</u>	<u>\$ 36,050,929</u>	<u>\$ 16,300,813</u>	<u>\$ 225,718,243</u>

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Litigation

The University is presently a defendant in several lawsuits arising from the normal conduct of its affairs. Management of the University is of the opinion that settlements, if any, of the aforementioned litigation not covered by insurance will not have a material adverse impact on the accompanying consolidated financial statements of the University.

NOTE 17 - RELATED-PARTY TRANSACTIONS

Members of the University's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The University has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees may participate in any decision in which he or she has a material financial interest. Each Trustee and senior manager are required to certify compliance with the conflict of interest policy on an annual basis as well as disclose any potential related-party transactions to the Committee of Audits and Compliance. When such a relationship exists, the University requires that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the University. For senior management, the University requires annual disclosure of significant financial interests in, or governance of employment or consulting relationships with, entities doing business with the University. When such

Adelphi University

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interest of the University. No related-party transactions existed for fiscal year 2024 and 2023 that require disclosure.

NOTE 18 - SUBSEQUENT EVENTS

The University evaluated its August 31, 2024 consolidated financial statements for subsequent events through December 20, 2024, the date the consolidated financial statements were issued. The University is not aware of any subsequent events which require recognition in or disclosure to, the consolidated financial statements.