

BRANDEIS UNIVERSITY

Financial Statements

June 30, 2024

(with summarized comparative information for June 30, 2023)

(With Independent Auditors' Report Thereon)

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Independent Auditor's Report

Board of Directors Trustees
Brandeis University

Opinion

We have audited the financial statements of Brandeis University (the University), which comprise the balance sheet as of June 30, 2024, the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Boston, Massachusetts
October 29, 2024

BRANDEIS UNIVERSITY

Balance Sheet

June 30, 2024

(with comparative information as of June 30, 2023)

(In thousands of dollars)

Assets	2024	2023
Cash and cash equivalents	\$ 23,635	\$ 46,742
Accounts receivable, net	27,408	20,937
Notes receivable, net	2,973	3,750
Contributions receivable, net	20,340	18,651
Long-term investments	1,287,420	1,238,811
Funds held in trust by others and other assets	37,250	38,483
Lease right-of-use assets, net	8,650	10,454
Property, plant and equipment, net	347,509	351,281
Total assets	<u>\$ 1,755,185</u>	<u>\$ 1,729,109</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 31,474	\$ 31,454
Sponsored program advances	14,040	13,073
Student deposits and deferred revenue	8,230	8,148
Lease obligations, net	12,277	11,994
Other long-term liabilities	16,437	17,434
Long-term debt, net	243,098	256,164
Total liabilities	<u>325,556</u>	<u>338,267</u>
Net assets:		
Without donor restrictions	192,498	196,333
With donor restrictions	1,237,131	1,194,509
Total net assets	<u>1,429,629</u>	<u>1,390,842</u>
Total liabilities and net assets	<u>\$ 1,755,185</u>	<u>\$ 1,729,109</u>

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Statement of Activities

Year ended June 30, 2024

(with summarized comparative information for the year ended June 30, 2023)

(In thousands of dollars)

	Net assets without donor restrictions	Net assets with donor restrictions	2024	2023
Operating revenues and other support:				
Tuition and fees (net of financial aid)	\$ 175,485	\$ -	\$ 175,485	\$ 179,867
Residence hall, and dining	51,499	-	51,499	50,334
Net tuition and fees, residence hall, and dining	226,984	-	226,984	230,201
Net assets utilized in operations	28,399	-	28,399	27,481
Sponsored programs – direct	62,892	-	62,892	51,905
Sponsored programs – indirect	18,608	-	18,608	16,095
Other investment income	3,233	-	3,233	2,539
Investment income from funds held in trust by others	335	-	335	328
Endowment return utilized	63,736	-	63,736	63,586
Other auxiliary enterprises	432	-	432	677
Other sources	11,022	-	11,022	10,698
Total operating revenues and other support	415,641	-	415,641	403,510
Operating expenses:				
Compensation	206,140	-	206,140	198,022
Employee benefits	50,700	-	50,700	46,445
Utilities and general repairs	21,890	-	21,890	20,407
Depreciation	29,910	-	29,910	29,776
Interest	8,598	-	8,598	9,747
Supplies, services, and other	100,109	-	100,109	97,263
Total operating expenses	417,347	-	417,347	401,660
Change in net assets from operating activities	(1,706)	-	(1,706)	1,850
Nonoperating activities:				
Net investment return	8,294	78,397	86,691	59,685
Endowment return utilized in operations	(6,567)	(57,169)	(63,736)	(63,586)
Net assets utilized in operations	(6,820)	(21,579)	(28,399)	(27,481)
Net assets released for capital purposes	792	(792)	-	-
Contributions	6,856	43,427	50,283	42,854
Other changes	(4,684)	338	(4,346)	4,683
Change in net assets from nonoperating activities	(2,129)	42,622	40,493	16,155
Change in net assets	(3,835)	42,622	38,787	18,005
Net assets at beginning of year	196,333	1,194,509	1,390,842	1,372,837
Net assets at end of year	\$ 192,498	\$ 1,237,131	\$ 1,429,629	\$ 1,390,842

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2024

(with comparative information for the year ended June 30, 2023)

(In thousands of dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 38,787	\$ 18,005
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization, net	30,304	29,071
Donations of securities	(3,832)	(5,725)
Proceeds from sale of donated securities	676	1,565
Net realized and unrealized investment gain	(90,182)	(61,115)
Net change from funds held in trust by others	(305)	(1,690)
Loss on disposal of fixed assets	4	-
Contributions restricted for long-term investment	(28,389)	(19,680)
Change in operating assets, net	(6,622)	(2,076)
Change in operating liabilities, net	2,997	(5,062)
Net cash used in operating activities	<u>(56,562)</u>	<u>(46,707)</u>
Cash flows from investing activities:		
Acquisition and construction of property, plant and equipment	(28,224)	(27,748)
Purchases of investments	(207,792)	(126,247)
Proceeds from sales and maturities of investments	249,405	177,273
Notes receivable issued	(58)	(102)
Notes receivable repaid	835	1,080
Net cash provided by investing activities	<u>14,166</u>	<u>24,256</u>
Cash flows from financing activities:		
Principal payments on bonds, notes and leases	(12,216)	(11,594)
Change in funds held by bond trustee	-	1,672
Proceeds from sale of donated securities restricted for long-term purposes	3,116	4,199
Contributions restricted for long-term investment	28,389	19,680
Net cash provided by financing activities	<u>19,289</u>	<u>13,957</u>
Change in cash and cash equivalents	<u>(23,107)</u>	<u>(8,494)</u>
Cash and cash equivalents, beginning of year	46,742	55,236
Cash and cash equivalents, end of year	<u>\$ 23,635</u>	<u>\$ 46,742</u>
Supplemental data:		
Interest paid	\$ 10,045	\$ 10,553
(Decrease) increase in accrued liabilities attributable to property, plant, and equipment	(2,082)	1,448

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(In thousands of dollars)

(1) Organization

Brandeis University (the University) is a private, not-for-profit, nonsectarian, co-educational institution of higher education with approximately 5,000 full-time equivalent undergraduate and graduate students. Established in 1948, the University offers educational programs for undergraduates in liberal arts and sciences, and graduate education and training in the arts and sciences, business, social policy and management.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The University's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). The financial statements have been prepared to focus on the University as a whole and to present balances and transactions based on the existence or absence of donor-imposed restrictions, as follows:

Without donor restrictions: net assets not subject to donor stipulations restricting their use, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Such net assets may be designated by the Board of Trustees (the Board) for specific purposes, including to function as endowment.

With donor restrictions: net assets subject to donor stipulations that restrict the purpose and usage or contain a time restriction, which may be perpetual. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. As further described in note 14, the University is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA), under which donor-restricted endowment funds may be appropriated for expenditure by the Board in accordance with the standard of prudence prescribed by UPMIFA. Net assets of such funds in excess of their historic dollar value are classified as donor restricted until appropriated by the Board and spent on their intended purpose. In addition, net assets with donor restrictions includes donor-restricted endowment funds with underwater valuation. Life income trusts and contributions receivable for which the ultimate use is restricted by the donor or inherently time restricted are also reported as net assets with donor restrictions.

For comparison purposes, the 2024 Statement of Activities has been presented with 2023 summarized comparative information in total but not by net asset class. This summarized 2023 information is not intended to and does not include sufficient detail to constitute a complete presentation of changes in net assets in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(b) *Liquidity Information*

In order to provide information about liquidity, assets have been sequenced on the Balance Sheet according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

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Notes to Financial Statements
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(with comparative information for June 30, 2023)
(In thousands of dollars)

(c) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents, except those held as long-term investments, or funds held by bond trustee, consist of bank deposits, money market funds and investments with original maturities of three months or less at the date of purchase. The University maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The University has not experienced losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(d) Fair Value

Investments and funds held in trust by others are reported at fair value in the University's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

Level 3 – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Certain investments meeting defined criteria are reported at their net asset value (NAV), which is used as a practical expedient to estimate their fair values, and these investments are not categorized in the fair value hierarchy.

Investments carry various risks, such as interest rate, market, sovereign, currency, liquidity and credit risk. The University anticipates that the value of its investments may, from time to time, fluctuate as a result of these risks.

(e) Funds Held in Trust by Others and Other Assets

Funds held in trust by others (FHITBO) are perpetual trusts held in perpetuity by external trustees, as specified by the donors, and are reported by the University at fair value based on the underlying assets held by the trust. These assets are considered to be Level 3 within the fair value hierarchy. Trust income is distributed at least annually to the University in accordance with the terms of the trusts and is recorded as investment income. Changes in the fair value of the trusts are recorded as increases or decreases to net assets with donor restrictions and are included in net investment return (loss). The University had \$11,677 and \$11,372 of FHITBO as of June 30, 2024 and 2023, respectively. Other assets include prepayments, inventories, and deferral of qualifying cloud computing arrangement implementation costs.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2024
(with comparative information for June 30, 2023)
(In thousands of dollars)

(f) Leasing

The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Finance leases are included in property, plant, and equipment and operating leases are included in lease right-of-use assets on the Balance Sheet. The lease obligations for finance leases and operating leases are reported as lease obligations on the Balance Sheet. As of June 30, 2024, lease obligations for finance leases and operating leases were \$2,723 and \$9,554, respectively.

Finance and operating leases represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Finance and operating lease right-of-use assets and related obligations are recognized based on the present value of lease payments over the lease term. To determine the present value of lease payments, the University made an accounting policy election to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

Revenue earned from operating leases where the University is the lessor is recognized as operating revenue and reflected in other sources in the Statement of Activities.

(g) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Costs incurred with construction projects are accumulated in construction in progress until complete and placed into service, at which time the cost is transferred to the respective asset class and depreciation begins. Repair and maintenance of facilities are expensed as incurred. Building improvements, which add to the value of the related assets or materially extend the lives of the assets, are capitalized. Furniture and equipment over a certain threshold, purchased with non-federal funds, are capitalized.

Depreciation is computed on a straight-line basis over the estimated useful lives of land improvements (18 years), buildings (60 years), building and system improvements (18-50 years), equipment and furnishings (5-15 years), and leases (3-5 years). Leasehold improvements are amortized over the shorter of the lease term or useful life.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. When events or changes in circumstances indicate an asset may not be recoverable, the impairment loss recognized is the amount by which the asset's net carrying value exceeds its estimated fair value. As of June 30, 2024 and 2023, no impairment indicators were identified.

(h) Other Long-Term Liabilities

Other long-term liabilities include liabilities associated with asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities, primarily asbestos removal, at or prior to disposal of certain property. As of June 30, 2024 and 2023, the estimated liabilities were \$6,214 and \$6,160, respectively. In addition, the University carries a liability related to refundable advances

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2024
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(In thousands of dollars)

received under the Federal Perkins Loan Program (the Program) as discussed in note 6. As of June 30, 2024 and 2023, those liabilities were \$954 and \$1,362, respectively.

Other long-term liabilities also include liabilities associated with gift annuities and charitable remainder trusts, as discussed in note 2(i).

(i) Charitable Remainder Trusts

The University is the beneficiary of a number of gift annuities and charitable remainder trusts, which are included in long-term investments on the Balance Sheet. The University initially recognizes a contribution as well as an interest in the underlying investment from which a specified amount, or percentage, of the fair value of the trusts' assets is paid to the donor or named beneficiary each year. Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution. Net contribution revenue recognized under such agreements was \$84 and \$175 for the years ended June 30, 2024 and 2023, respectively.

The fair value of interests in gift annuities and charitable remainder trusts is based on quoted market prices of underlying investments, which amount to \$20,391 and \$20,821 for the years ended June 30, 2024 and 2023, respectively. The fair value of these trusts is reflected as other investments in the fair value table in note 8.

The fair value of the liability on gift annuities and charitable remainder trusts is based on present value techniques and assumptions including life expectancy and estimated rate of return. Liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the life of the donor or named beneficiary, which amount to \$8,531 and \$9,236 for the years ended June 30, 2024 and 2023, respectively. These liabilities are valued on a recurring basis and are considered to be Level 2 within the fair value hierarchy.

(j) Revenue Recognition

Revenues are reported as an increase in net assets without donor restrictions, unless they are limited by donor-imposed restrictions. Expirations of donor-restrictions are reflected in the Statement of Activities as net assets utilized in operations or net assets released for capital purposes. Net realized gains (losses) from the sale or other disposition of investments and the change in unrealized appreciation (depreciation) of investments are reported as revenue without donor-restrictions, unless restricted by donor-imposed stipulations or law.

Revenue is recognized when or as the University satisfies performance obligations by rendering promised goods or services.

Tuition, student fees, residence hall and dining revenues are recorded as revenue when the related services are rendered during the academic year, which falls within the fiscal year. Payments are generally required to be received in advance of the academic term and are recorded as student deposits and deferred revenue. Tuition and student fees received for courses that cross fiscal years are prorated in accordance with the number of days of instruction. Other auxiliary enterprise revenues are recognized when the goods or services are provided.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2024
(with comparative information for June 30, 2023)
(In thousands of dollars)

(k) Contributions and Sponsored Programs

Contributions with and without donor restrictions are reported as increases to net assets. Contributions include unconditional promises (contributions receivable) that are reported at present value of expected cash flows, net of an allowance for uncollectable contributions receivable. Contributions of noncash assets are recorded at fair value on the date of the contribution.

Contributions without donor restrictions and contributions with donor restrictions for which time or purpose restrictions have been met are reclassified to operating activities as net assets utilized in operations, unless the purpose is capital in nature. For the years ended June 30, 2024 and 2023, net assets utilized in operations include \$21,579 and \$18,913 of net assets released from restrictions, respectively. Contributions for capital purposes are reported as nonoperating activities and released from restriction when the related asset is placed into service.

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. Facilities and administrative expenses included as indirect are recognized at the same time. The University has elected the simultaneous release policy, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Federal and other sponsored grants and contracts may be subject to fiscal funding clauses or annual appropriations. Conditional awards, those with a measurable performance or other barrier and a right of return, related to Federal and other sponsored programs totaled \$76,763 and \$75,090 as of June 30, 2024 and 2023, respectively, are not recorded in the financial statements.

(l) Allocation of Expenses

The Statement of Activities presents operating expenses by natural classification. Note 4 displays a matrix of operating expenses by both natural and functional categories. Depreciation, amortization, interest, and operation of plant expenses are allocated to functional expense categories on the basis of square feet utilized.

(m) Fundraising Expenses

Fundraising expense was \$11,479 and \$11,255 for the years ended June 30, 2024 and 2023, respectively, and is classified as institutional support in note 4.

(n) Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The University is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

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Notes to Financial Statements
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(In thousands of dollars)

(o) Collections

Collections at Brandeis University are protected and preserved for public exhibition, education, research and the furtherance of public service. Collections are not capitalized and contributions of collections are not recognized as contribution revenue. Sales and purchases of collection items are reported as nonoperating revenue and expenses in the University's financial statements in the period in which the items are sold or acquired, respectively. The proceeds from the sale of collection items, if any, are used for the acquisition of new artwork.

(p) Nonoperating Activities

Nonoperating activities reflect all contributions, transactions of a long-term investment or capital in nature, investment return net of appropriations for current operational support in accordance with the University's endowment spending policy, collection of artwork, and other net asset changes resulting from transactions that do not arise from or currently affect operations, including one-time non-structural costs.

For the year ended June 30, 2023, other changes in the non-operating section of the Statement of Activities include Federal Emergency Management Agency (FEMA) reimbursements for COVID-19 costs.

(q) Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, and the differences may be material.

(r) Related-Party Transactions

Members of the Board 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 each individual to certify compliance with such policy on an annual basis as well as disclose any potential related-party transactions. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the University. As of June 30, 2024 and 2023, there were no material related-party transactions involving members of the Board and senior management. Other related-party transactions are discussed in notes 2(i), 15, and 16.

(s) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. These reclassifications have no effect on net assets.

(t) Subsequent Events

The University evaluates subsequent events for potential recognition or disclosure through October 29, 2024, the date on which the financial statements were issued.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(In thousands of dollars)

(3) Tuition and Fees, Residence Hall and Dining Revenues

Revenue from tuition and fees, residence halls, and dining services is reflected net of reductions from institutional student aid and is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Such revenue is determined based on published rates for such services, less scholarships and financial aid awarded by the University to qualifying students. Aid in excess of a student's tuition and fees is reflected as a reduction of residence hall and dining charges. Generally, disbursements made directly to students for living or other costs are reported as an expense.

As of June 30, such revenue at the published rates net of financial aid is as follows:

	2024	2023
Tuition and fees	\$ 296,969	\$ 296,830
Less scholarships and financial aid	(121,484)	(116,963)
Tuition and fees, net	175,485	179,867
Residence hall and dining	51,499	50,334
Tuition and fees, residence hall and dining revenues	<u>\$ 226,984</u>	<u>\$ 230,201</u>

Revenues recognized in the year ended June 30, 2024 and 2023, that were included in student deposits and deferred revenue in prior years are \$7,426 and \$7,596, respectively.

(4) Analysis of Expenses

Expenses by functional and natural classification for the year ended June 30, 2024 consist of the following:

	Instruction	Sponsored Programs	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Compensation	\$ 85,589	\$ 33,801	\$ 31,126	\$ 19,863	\$ 4,558	\$ 31,203	\$ 206,140
Employee benefits	21,957	7,357	8,069	4,536	1,136	7,645	50,700
Utilities and general repairs	4,500	2,952	2,011	3,184	6,730	2,513	21,890
Depreciation	6,105	4,159	2,716	4,344	9,170	3,416	29,910
Interest	1,755	1,195	781	1,249	2,636	982	8,598
Supplies, services, and other	15,273	19,310	14,805	8,630	20,186	21,905	100,109
Total	<u>\$ 135,179</u>	<u>\$ 68,774</u>	<u>\$ 59,508</u>	<u>\$ 41,806</u>	<u>\$ 44,416</u>	<u>\$ 67,664</u>	<u>\$ 417,347</u>

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Notes to Financial Statements
June 30, 2024
(with comparative information for June 30, 2023)
(In thousands of dollars)

Expenses by functional and natural classification for the year ended June 30, 2023 consist of the following:

	<u>Instruction</u>	<u>Sponsored Programs</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Auxiliary Enterprises</u>	<u>Institutional Support</u>	<u>Total</u>
Compensation	\$ 85,645	\$ 29,146	\$ 29,626	\$ 19,163	\$ 4,488	\$ 29,954	\$ 198,022
Employee benefits	21,357	6,218	7,474	4,448	1,114	5,834	46,445
Utilities and general repairs	4,070	2,741	1,872	2,949	6,337	2,438	20,407
Depreciation	6,080	4,139	2,703	4,325	9,128	3,401	29,776
Interest	1,898	1,292	896	1,350	2,849	1,462	9,747
Supplies, services, and other	16,559	15,876	17,041	8,985	19,310	19,492	97,263
Total	<u>\$ 135,609</u>	<u>\$ 59,412</u>	<u>\$ 59,612</u>	<u>\$ 41,220</u>	<u>\$ 43,226</u>	<u>\$ 62,581</u>	<u>\$ 401,660</u>

The University's primary programs are instruction and sponsored programs. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program activities.

(5) Accounts Receivable

The composition of accounts receivable as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Student receivables	\$ 2,970	\$ 3,154
Sponsored program receivables	17,711	11,818
Other	<u>7,711</u>	<u>6,790</u>
	28,392	21,762
Less allowance for credit losses and doubtful accounts	<u>(984)</u>	<u>(825)</u>
Accounts receivable, net	<u>\$ 27,408</u>	<u>\$ 20,937</u>

Student receivables consists of amounts billed to students for tuition and auxiliary charges. An allowance for credit losses reflects estimated amounts that may not be collectible for student receivables, which totaled \$98 and \$241 at June 30, 2024 and 2023, respectively. The University separates student receivables into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the University develops a loss rate for each risk pool. The loss rate ranges from 15% to 100% depending on the aging receivable. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Sponsored program receivables are recorded net of an allowance for doubtful accounts and are all due within one year.

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Notes to Financial Statements
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(6) Notes Receivable

The composition of notes receivable as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Federal Perkins loan program	\$ 832	\$ 1,217
University student loan programs	6,069	6,557
	<u>6,901</u>	<u>7,774</u>
Less allowance for credit losses	(3,928)	(4,024)
Notes receivable, net	<u>\$ 2,973</u>	<u>\$ 3,750</u>

Notes receivable under the Program are funded by the U.S. government and University funds and are subject to significant restrictions. The Program has ended and a portion of the amounts are generally refundable to the U.S. government. An allowance for credit losses reflects estimated amounts that may not be collectible for notes receivable. The loss rate ranges from 5% to 100% depending on the aging receivable. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

(7) Contributions Receivable

The composition of contributions receivable as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 11,916	\$ 8,717
Between one and five years	21,061	11,660
More than five years	973	100
Gross contributions receivable	<u>33,950</u>	<u>20,477</u>
Less:		
Allowance for unfulfilled contributions	(12,127)	(1,031)
Discount, at rates from 0.29% to 4.33%	(1,483)	(795)
Contributions receivable, net	<u>\$ 20,340</u>	<u>\$ 18,651</u>

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance based on a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Adjustments to the allowance are charged to contribution revenues. An account is considered uncollectible when all collection efforts have been exhausted.

As of June 30, 2024, and 2023, over 75% of the University's gross contributions receivable was due from sixteen and fifteen donors, respectively.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2024

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(8) Long-Term Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund academic programs and university initiatives in accordance with the Board's approved spending policy. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the University's Trustee Investment Committee (Investment Committee), which oversees the University's investments.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged and private equity strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds and securities sold short and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Long-term investments also include assets associated with gift annuities and charitable remainder trusts.

Investments are reported at estimated fair value. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as the reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds are generally reported at NAV reported by fund managers, which are used as a practical expedient to estimate the fair value of the University's interests therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2024 and 2023, the University had no plans or intentions to sell investments at amounts different from NAV. Registered mutual funds are classified in Level 1 of the fair value hierarchy.

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Notes to Financial Statements
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(with comparative information for June 30, 2023)
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The University's long-term investments at June 30, 2024 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other*	Investments classified in fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Endowment investments:					
Global equity	\$ 72,595	\$ 296	\$ -	\$ -	\$ 72,891
Non-U.S. equity	167,006	-	-	-	167,006
Private equity	343,467	-	-	-	343,467
Hedge fund/credit:					
Credit – private	171	-	-	-	171
Hedge funds – long/short	207,638	-	-	-	207,638
Hedge funds – multi strategy	197,564	-	-	-	197,564
Real assets – private	155,757	-	-	-	155,757
Cash and cash equivalents*	4,008	-	-	-	4,008
Receivable for investments sold*	3,738	-	-	-	3,738
Treasuries and fixed income	-	112,668	-	-	112,668
Total endowment investments	<u>1,151,944</u>	<u>112,964</u>	<u>-</u>	<u>-</u>	<u>1,264,908</u>
Other investments:					
Equities	-	26	-	-	26
Mutual funds	-	22,486	-	-	22,486
Total other investments	<u>-</u>	<u>22,512</u>	<u>-</u>	<u>-</u>	<u>22,512</u>
Total long-term investments	<u>\$ 1,151,944</u>	<u>\$ 135,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,287,420</u>

* Cash and cash equivalents and receivables for investments sold are not fair value measurements and are included in the above table for reconciliation purposes.

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(with comparative information for June 30, 2023)
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The University's long-term investments at June 30, 2023 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other*	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Endowment investments:					
Global equity	\$ 78,586	\$ 37	\$ -	\$ -	\$ 78,623
Non-U.S. equity	222,120	218	-	-	222,338
Private equity	298,859	-	-	-	298,859
Hedge fund/credit:					
Credit – private	174	-	-	-	174
Hedge funds – long/short	174,284	-	-	-	174,284
Hedge funds – multi strategy	180,013	-	-	-	180,013
Real assets – private	156,575	-	-	-	156,575
Cash and cash equivalents*	4,058	-	-	-	4,058
Receivable for investments sold*	441	-	-	-	441
Treasuries and fixed income	-	100,852	-	-	100,852
Total endowment investments	1,115,110	101,107	-	-	1,216,217
Other investments:					
Mutual funds	-	22,594	-	-	22,594
Total other investments	-	22,594	-	-	22,594
Total long-term investments	\$ 1,115,110	\$ 123,701	\$ -	\$ -	\$ 1,238,811

* Cash and cash equivalents and receivables for investments sold are not fair value measurements and are included in the above table for reconciliation purposes.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2024

(with comparative information for June 30, 2023)

(In thousands of dollars)

(a) Investment Liquidity

Hedge funds and global equity are redeemable at NAV under the terms of subscription agreements and/or partnership agreements. Investments with daily liquidity generally do not require any notice prior to withdrawal. Investments with monthly, quarterly or annual redemption frequency typically require notice periods ranging from 30 to 180 days. The following table presents the University's long-term investments by their availability for the next 12 months following June 30:

June 30, 2024						
	Daily	Monthly	Quarterly	Annual	Illiquid	Total
Cash equivalents	\$ 4,008	\$ -	\$ -	\$ -	\$ -	\$ 4,008
Receivable for investments sold	-	3,360	-	378	-	3,738
Treasuries, fixed income and mutual funds	134,244	-	-	-	910	135,154
Equities	322	-	10,953	70,322	501,793	583,390
Hedge funds	-	-	51,829	137,595	215,949	405,373
Real assets	-	-	-	-	155,757	155,757
Total	<u>\$ 138,574</u>	<u>\$ 3,360</u>	<u>\$ 62,782</u>	<u>\$ 208,295</u>	<u>\$ 874,409</u>	<u>\$ 1,287,420</u>

June 30, 2023						
	Daily	Monthly	Quarterly	Annual	Illiquid	Total
Cash equivalents	\$ 4,058	\$ -	\$ -	\$ -	\$ -	\$ 4,058
Receivable for investments sold	-	-	-	441	-	441
Treasuries, fixed income and mutual funds	122,551	-	-	-	895	123,446
Equities	255	33,809	9,111	93,961	462,684	599,820
Hedge funds	-	-	44,024	123,591	186,856	354,471
Real assets	-	-	-	-	156,575	156,575
Total	<u>\$ 126,864</u>	<u>\$ 33,809</u>	<u>\$ 53,135</u>	<u>\$ 217,993</u>	<u>\$ 807,010</u>	<u>\$ 1,238,811</u>

Investments categorized as illiquid include lock-ups with definite expiration dates, restricted shares, side pockets, or private equity and real asset funds where the University has no liquidity.

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Notes to Financial Statements

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(with comparative information for June 30, 2023)

(In thousands of dollars)

The University has certain investments with a fair value of \$83,326 at June 30, 2024 that have restricted redemptions for lock-up periods. Some of the investments with redemption restrictions allow earlier redemption for specified fees. The expiration of redemption lock-up period amounts are summarized in the table below:

<u>Fiscal year</u>	<u>Amount</u>
2025	\$ 8,538
2026	46,674
2027	10,377
2028	732
2029	17,005
Total	<u>\$ 83,326</u>

(b) Commitments

Private credit, private equity, and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the University is obligated to remit additional funding periodically as capital is called by the manager. These partnerships have a limited existence, generally between ten and fifteen years, and provide for annual one-year extensions after the initial contract period for the purpose of systematically liquidating portfolio positions and returning capital to the investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend or reduce the term of a fund from that which was originally anticipated. As a result, the timing and amount of future capital calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with global equities, real assets, and private equity investments as of June 30, 2024 was \$6,341, \$69,358, and \$170,602, respectively.

(c) Derivatives

The endowment employs certain derivative financial instruments to replicate asset positions more cost effectively than through purchases or sales of the underlying assets.

As a result of entering into investment derivative agreements, the University is subject to market volatility consistent with the underlying asset classes. The University has established policies, procedures, and internal controls governing the use of derivatives.

The purchase and sale of exchange-traded derivatives require collateral deposits with the Futures Commission Merchant (FCM). Collateral is posted and moved on a daily basis as required by the rules of the exchange on which the derivatives are traded. In the event of the FCM's insolvency, recovery may be limited to the University's pro-rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total cash or other collateral posted. The collateral is generally in the form of debt obligations issued by the U.S. Treasury or cash. Cash collateral and certain securities owned by the University were held at counterparty brokers to collateralize these positions and are included in long-term investments on the Balance Sheet. As of June 30, 2024 and 2023, the aggregate notional exposure on long-term assets was (\$39,642) and (\$84,379), respectively. The associated unrealized loss on these assets was (\$110) and (\$2,678), respectively, as of June 30, 2024 and 2023. The notional amount of these derivatives is not recorded on the University's financial statements.

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Notes to Financial Statements

June 30, 2024

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(In thousands of dollars)

(9) Property, Plant and Equipment

The composition of property, plant, and equipment as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 50,627	\$ 49,703
Buildings	210,224	210,225
Building systems and improvements	489,377	464,487
Equipment, furnishings, and software	168,341	162,493
Leased vehicles and other equipment	4,536	3,601
	<u>923,105</u>	<u>890,509</u>
Less accumulated depreciation	(595,865)	(567,201)
Construction in progress	20,269	27,973
Property, plant and equipment, net	<u>\$ 347,509</u>	<u>\$ 351,281</u>

Depreciation expense amounted to \$29,910 in 2024 and \$29,776 in 2023. Operation and maintenance expenses amounted to \$28,124 in 2024 and \$26,756 in 2023.

(10) Financial Assets and Liquidity Resources

As of June 30, financial assets and other liquidity resources available within one year for general expenditures as defined by the University and representing operating expenses, scheduled principal payments on debt, and capital construction costs, were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 23,635	\$ 46,742
Accounts receivable, net, due within one year	27,408	20,937
Notes receivable, net, due within one year	607	656
Scheduled contributions receivable payments, net, available for operations	4,126	2,288
Subsequent year's Board-approved endowment draw	85,702	67,182
Total financial assets available within one year	<u>\$ 141,478</u>	<u>\$ 137,805</u>

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-ends. To manage liquidity, the University has other liquidity resources including \$70,000 in bank lines of credit as described in note 12. In addition, the quasi endowment of \$108,348 can be made available for general expenditures with approval from the Board, subject to investment liquidity provisions.

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(11) Long-Term Debt

Long-term debt outstanding as of June 30 consists of the following:

	<u>2024</u>	<u>2023</u>
MDFA Revenue Bonds, Brandeis University Issue 2018 Series S-1, at interest rate of 5.00% maturing in annual installments from October 1, 2020 through October 1, 2040.	\$ 87,780	\$ 95,490
MDFA Revenue Bonds, Brandeis University Issue 2018 Series S-2, at interest rate of 5.00% maturing in annual installments from October 1, 2029 through October 1, 2034.	36,905	36,905
MDFA Revenue Bonds, Brandeis University Issue 2018 Series R, at interest rate of 5.00% maturing in annual installments from October 1, 2019 through October 1, 2039.	29,995	31,205
MDFA Revenue Bonds, Brandeis University Issue, 2017 Series Q, at interest rate of 2.58% maturing in annual installments from October 1, 2017 through April 1, 2032, at which time a balloon payment of \$13,200 will be due.	17,375	17,825
TD Bank note at interest rate of 3.68% maturing in annual installments from October 1, 2017 through June 1, 2032, at which time a balloon payment of \$19,125 will be due.	25,625	26,325
MDFA Revenue Bonds, Brandeis University Issue 2013 Series P-2, at interest rates of 2.35%, maturing in annual installments from October 1, 2013 through July 1, 2033.	13,140	14,245
MDFA Revenue Bonds, Brandeis University Issue 2013 Series P-1, at interest rates of 2.72%, maturing in annual installments from October 1, 2017 through April 1, 2043.	12,161	12,642
Total	<u>222,981</u>	<u>234,637</u>
Unamortized premium, net	21,571	23,090
Unamortized issuance costs	(1,454)	(1,563)
Long-term debt, net	<u>\$ 243,098</u>	<u>\$ 256,164</u>

The University's principal payment obligations as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 12,050
2026	12,619
2027	13,213
2028	14,011
2029	14,672
Thereafter	156,416
	<u>\$ 222,981</u>

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Interest expense for the years ended June 30, 2024 and 2023 was \$8,403 and \$8,928, respectively. There were no capitalized interest costs in 2024 and 2023.

Bond indentures require the maintenance of certain financial covenants which, among other restrictions, require the University to maintain an annual debt service coverage ratio of not less than 1.2 to 1.0 and a liquidity ratio of not less than 50%.

(12) Line of Credit

The University has a \$35,000 line of credit with JPMorgan Chase Bank, N.A. at an interest rate of Adjusted Term Secured Overnight Financing Rate (SOFR) plus 85 basis points. The Adjusted Term SOFR is equal to the Term SOFR plus 10 basis points. This agreement expires on March 13, 2025. The University also maintains a \$35,000 line of credit with Eastern Bank at an interest rate of Adjusted SOFR plus 95 basis points. The Adjusted SOFR is equal to SOFR plus 11 basis points. This agreement expires on May 1, 2025. As of June 30, 2024 and 2023, there were no borrowings against either line of credit.

(13) Net Assets with Donor Restrictions

Net assets with donor restrictions by major category is as follows as of June 30:

Detail of net assets	2024	2023
Restricted contributions	\$ 23,110	\$ 31,571
Contributions receivable, net	8,168	5,188
Contributions receivable, net - endowment	12,172	13,463
Endowment	1,148,970	1,103,708
Student loans	2,626	2,605
Life income and annuity funds	14,175	12,941
Funds held in trust by others	11,677	11,372
Physical plant and other	3,415	515
Unexpended endowment income	12,818	13,146
Total net assets with donor-imposed restrictions	<u>\$ 1,237,131</u>	<u>\$ 1,194,509</u>

Net assets with donor-imposed restrictions provide support for instruction, scholarships, auxiliary programs, library, research, capital, and other programmatic purposes.

(14) Endowments

The University's endowment is pooled for investment purposes and consists of approximately 2,000 individual funds established for a variety of purposes. The endowment consists of both donor-restricted funds managed in accordance with applicable law and donor intent, as well as funds designated by the Board to operate as endowment (quasi-endowment).

If the fair value of an individual donor restricted endowment fund balance falls below its corpus, that fund is considered to be "underwater." As of June 30, 2024 and 2023, funds with a corpus of \$39,589 and \$31,265 were "underwater" by \$1,154 and \$1,557, respectively.

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The University follows the provisions of UPMIFA. State law allows the Board to appropriate the endowment funds as is prudent taking into consideration the University's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The endowment investment objectives are to maximize risk-adjusted returns over a long-term horizon and to achieve its objectives by having a strategy of investing in multiple asset classes. In order to meet the primary investment goals for endowment funds, the average annual net total return over an extended period, after adjusting for inflation, is deemed sufficient to support the spending rate as determined by the Board. To have a reasonable probability of achieving the Fund's primary investment goal at an acceptable risk level, the Investment Committee has adopted a long-term asset allocation policy.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted amounts reported below include gifts donated to the endowment, term endowments and appreciation.

Endowment and quasi-endowment funds consist of the following at June 30:

2024					
	Without donor restrictions	With donor restrictions			Total funds as of June 30, 2024
		Original gift	Accumulated returns	Total	
Donor restricted:					
Financial aid	\$ -	\$ 348,778	\$ 86,458	\$ 435,236	\$ 435,236
Department programs and support	-	454,504	249,535	704,039	704,039
Quasi (board-designated):					
Financial aid	39,234	-	-	-	39,234
Department programs and support	76,704	9,695	-	9,695	86,399
Total	<u>\$ 115,938</u>	<u>\$ 812,977</u>	<u>\$ 335,993</u>	<u>\$ 1,148,970</u>	<u>\$ 1,264,908</u>
2023					
	Without donor restrictions	With donor restrictions			Total funds as of June 30, 2023
		Original gift	Accumulated returns	Total	
Donor restricted:					
Financial aid	\$ -	\$ 334,288	\$ 79,619	\$ 413,907	\$ 413,907
Department programs and support	-	442,180	237,926	680,106	680,106
Quasi (board-designated):					
Financial aid	38,796	-	-	-	38,796
Department programs and support	73,713	9,695	-	9,695	83,408
Total	<u>\$ 112,509</u>	<u>\$ 786,163</u>	<u>\$ 317,545</u>	<u>\$ 1,103,708</u>	<u>\$ 1,216,217</u>

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Changes in endowment and quasi-endowment funds for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2023	\$ 112,509	\$ 1,103,708	\$ 1,216,217
Net investment return	8,303	75,568	83,871
Contributions	37	25,422	25,459
Utilized in operations	(6,567)	(57,169)	(63,736)
Unexpended endowment payout	54	49	103
Transfers	1,602	1,392	2,994
Net assets at June 30, 2024	<u>\$ 115,938</u>	<u>\$ 1,148,970</u>	<u>\$ 1,264,908</u>

Changes in endowment and quasi-endowment funds for the year ended June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2022	\$ 113,893	\$ 1,091,275	\$ 1,205,168
Net investment return	5,310	50,678	55,988
Contributions	22	19,535	19,557
Utilized in operations	(6,951)	(56,635)	(63,586)
Unexpended endowment payout	235	(2,614)	(2,379)
Transfers	-	1,469	1,469
Net assets at June 30, 2023	<u>\$ 112,509</u>	<u>\$ 1,103,708</u>	<u>\$ 1,216,217</u>

(15) Retirement Plans

The University sponsors defined contribution plans providing retirement benefits for substantially all full-time and regular part-time employees. Under the programs, the University makes monthly contributions, currently 6%–10% of the annual eligible wages of participants, up to defined limits. University contributions are subject to the participants meeting the minimum employee contributions, age, and service requirements. Additional voluntary contributions by participants are made subject to statutory limits. The University's contribution to the plans totaled \$12,912 and \$11,921 in 2024 and 2023, respectively.

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(16) Contingencies

The University is involved in legal cases that have arisen in the normal course of its operations. The University believes that the outcome of these cases will not have a material adverse effect on the financial position of the University.

The University participates in an insurance captive, edRISK, which includes three distinct captive insurance programs – edHEALTH, edLIABILITY, and edPROPERTY. Participation in these captives helps control long-term costs of health, liability, and property insurance coverage.

For edHEALTH, claim amounts for any one individual up to \$325 are covered within a self-funded retention and paid for by the University. Claim amounts exceeding \$325 are shared and paid by the edHEALTH captive. Management believes that any liability arising from this contingency would not be material to the University's financial position. As of June 30, 2024 and 2023, the University had estimated liabilities, included in accounts payable and accrued liabilities on the Balance Sheet, for claims incurred but not reported of \$1,771 and \$1,746, respectively. Total premium and self-funded retention costs under the program were \$19,588 and \$16,143 for the years ended June 30, 2024 and 2023, respectively.

The University joined the edLIABILITY, and edPROPERTY captives on June 1, 2024. Claim amounts above University deductibles and retentions, and below carrier-insured levels are paid by the captives. This is up to \$500 for edLIABILITY, and \$1,000 for edPROPERTY. Management believes that any liability arising from these contingencies would not be material to the University's financial position. Total premium expense under these programs was \$42 for the year ended June 30, 2024.