

Iona University

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee



Iona University

Financial Statements and Supplementary Information
Years Ended June 30, 2024 and 2023

Iona University

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Independent Auditor's Report

The Board of Trustees
Iona University
New Rochelle, New York

Report on the Audit of the Financial Statement

Opinion

We have audited the financial statements of Iona University (the University), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years 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 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Company'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Title IV Strength Factor Score is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial



statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BDO USA, P.C.

October 28, 2024

Financial Statements

Iona University
Statements of Financial Position
(in thousands)

| <i>June 30,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 13,281 | \$ 10,418 |
| Receivables: | | |
| Accounts receivable from students, net | 3,706 | 3,438 |
| Contributions receivable, net | 9,119 | 5,146 |
| Other receivables | 1,048 | 763 |
| Prepaid expenses and other assets | 3,128 | 2,270 |
| Deposits held by bond trustees | 5,174 | 7,281 |
| Investments | 232,781 | 209,427 |
| Land, buildings, and equipment, net | 211,602 | 212,172 |
| Total Assets | \$ 479,839 | \$ 450,915 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 16,321 | \$ 12,869 |
| Deferred revenues, student deposits and other advances | 10,073 | 3,217 |
| Deferred contributions | 4,147 | 4,494 |
| Long-term debt, net | 105,121 | 105,006 |
| Accrued postretirement benefits | 3,280 | 5,961 |
| Total Liabilities | 138,942 | 131,547 |
| Net Assets | | |
| Without donor restrictions | 261,693 | 252,114 |
| With donor restrictions | 79,204 | 67,254 |
| Total Net Assets | 340,897 | 319,368 |
| Total Liabilities and Net Assets | \$ 479,839 | \$ 450,915 |

See accompanying notes to financial statements.

Iona University

Statement of Activities (in thousands)

| <i>Year ended June 30, 2024</i> | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Operating Revenues and Support | | | |
| Tuition and fees, net of financial aid of \$70,517 | \$ 70,073 | \$ - | \$ 70,073 |
| Contributions of financial assets, net, excluding contributions to endowments | 2,289 | 12,847 | 15,136 |
| Investment return appropriated | 7,822 | 1,842 | 9,664 |
| State appropriations | 145 | - | 145 |
| Government grants: | | | |
| Student aid | 925 | - | 925 |
| Other | 3,237 | - | 3,237 |
| Auxiliary enterprises | 23,654 | - | 23,654 |
| Other sources | 6,590 | - | 6,590 |
| Net assets released from restrictions | 11,414 | (11,414) | - |
| Total Operating Revenues and Support | 126,149 | 3,275 | 129,424 |
| Operating Expenses | | | |
| Program expenses: | | | |
| Instruction | 40,150 | - | 40,150 |
| Academic support | 9,308 | - | 9,308 |
| Student services | 31,449 | - | 31,449 |
| Auxiliary enterprises | 24,930 | - | 24,930 |
| Research | 445 | - | 445 |
| Total program expenses | 106,282 | - | 106,282 |
| Supporting services: | | | |
| Institutional administration | 20,158 | - | 20,158 |
| Total Operating Expenses | 126,440 | - | 126,440 |
| Changes in Net Assets from Operating Activities | (291) | 3,275 | 2,984 |
| Non-Operating Activities | | | |
| Contributions of financial assets to endowments | - | 3,449 | 3,449 |
| Investment return net of appropriations | 9,157 | 5,461 | 14,618 |
| Net assets released from restrictions for capital additions and other non-operating activities | 235 | (235) | - |
| Change in postretirement benefit obligation, other than net periodic benefit cost | 2,089 | - | 2,089 |
| Non-operating expenses | (1,611) | - | (1,611) |
| Change in Net Assets | 9,579 | 11,950 | 21,529 |
| Net Assets, beginning of year | 252,114 | 67,254 | 319,368 |
| Net Assets, end of year | \$ 261,693 | \$ 79,204 | \$ 340,897 |

See accompanying notes to financial statements.

Iona University
Statement of Activities
(in thousands)

| <i>Year ended June 30, 2023</i> | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Operating Revenues and Support | | | |
| Tuition and fees, net of financial aid of \$64,379 | \$ 68,420 | \$ - | \$ 68,420 |
| Contributions of financial assets, net, excluding contributions to endowments | 1,497 | 13,372 | 14,869 |
| Investment return appropriated | 7,999 | 1,694 | 9,693 |
| State appropriations | 250 | - | 250 |
| Government grants: | | | |
| Student aid | 1,537 | - | 1,537 |
| Other | 2,423 | - | 2,423 |
| Auxiliary enterprises | 21,369 | - | 21,369 |
| Other sources | 5,889 | - | 5,889 |
| Net assets released from restrictions | 10,633 | (10,633) | - |
| Total Operating Revenues and Support | 120,017 | 4,433 | 124,450 |
| Operating Expenses | | | |
| Program expenses: | | | |
| Instruction | 37,460 | - | 37,460 |
| Academic support | 10,259 | - | 10,259 |
| Student services | 29,902 | - | 29,902 |
| Auxiliary enterprises | 22,807 | - | 22,807 |
| Research | 384 | - | 384 |
| Total program expenses | 100,812 | - | 100,812 |
| Supporting services: | | | |
| Institutional administration | 19,620 | - | 19,620 |
| Total Operating Expenses | 120,432 | - | 120,432 |
| Changes in Net Assets from Operating Activities | (415) | 4,433 | 4,018 |
| Non-Operating Activities | | | |
| Contributions of financial assets to endowments | - | 4,072 | 4,072 |
| Investment return net of appropriations | 560 | 4,456 | 5,016 |
| Net assets released from restrictions for capital additions and other non-operating activities | 5,235 | (5,235) | - |
| Change in postretirement benefit obligation, other than net periodic benefit cost | (251) | - | (251) |
| Change in Net Assets | 5,129 | 7,726 | 12,855 |
| Net Assets, beginning of year | 246,985 | 59,528 | 306,513 |
| Net Assets, end of year | \$ 252,114 | \$ 67,254 | \$ 319,368 |

See accompanying notes to financial statements.

Iona University
Statements of Cash Flows
(in thousands)

| <i>Year ended June 30,</i> | 2024 | 2023 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 21,529 | \$ 12,855 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,823 | 9,461 |
| Investment return | (24,282) | (14,709) |
| Change in allowance for credit losses on accounts receivable from students | (387) | (359) |
| Change in provision for losses on contributions receivable | 382 | (149) |
| Change in discount on contributions receivable | 797 | 225 |
| Amortization of debt issuance costs and original issue premium and discount | (312) | (601) |
| Contributions restricted for endowment | (3,449) | (4,072) |
| Contributed investment securities | (598) | (6,023) |
| Disposal and impairment of land, buildings, and equipment | - | 27 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in accounts receivable from students | 119 | (11) |
| (Increase) decrease in contributions receivable | (5,152) | 1,712 |
| (Increase) decrease in other receivables | (285) | 29 |
| Increase in prepaid expenses and other assets | (858) | (708) |
| Increase (decrease) in accounts payable and accrued expenses | 3,452 | (2,003) |
| Increase (decrease) in deferred revenues, student deposits and other advances | 6,856 | (235) |
| (Decrease) increase in deferred contributions | (347) | 526 |
| Decrease in accrued postretirement benefits | (2,681) | (416) |
| Net Cash Provided by (Used in) Operating Activities | 4,607 | (4,451) |
| Cash Flows from Investing Activities | | |
| Acquisition of land, buildings, and equipment | (9,087) | (17,070) |
| Proceeds from sales of investments | 84,914 | 26,332 |
| Purchases of investments | (83,388) | (21,342) |
| Net Cash Used in Investing Activities | (7,561) | (12,080) |
| Cash Flows from Financing Activities | | |
| Contributions restricted for endowment | 3,449 | 4,072 |
| Principal payments on long-term debt | (4,475) | (2,431) |
| Proceeds from long-term debt, net of discount | 4,902 | - |
| Payments on lease liabilities | (166) | (166) |
| Net decrease (increase) in deposits held by bond trustees | 2,107 | (1,373) |
| Net Cash Provided by Financing Activities | 5,817 | 102 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,863 | (16,429) |
| Cash and Cash Equivalents, beginning of year | 10,418 | 26,847 |
| Cash and Cash Equivalents, end of year | \$ 13,281 | \$ 10,418 |
| Supplemental Disclosures | | |
| Interest paid | \$ 4,649 | \$ 4,509 |

See accompanying notes to financial statements.

Iona University

Notes to Financial Statements (in thousands)

1. Organization

Iona University (the “University”) was established in 1940 in the tradition of the Christian Brothers and American Catholic higher education. The University is a caring academic community, inspired by the legacy of Blessed Edmund Rice and the Christian Brothers, which embodies opportunity, justice, and the liberating power of education. Iona University’s purpose is to foster intellectual inquiry, community engagement and an appreciation for diversity. Iona University is a liberal arts institution offering a broad range of bachelor’s and master’s degrees, as well as certificate programs, across three schools: the New York-Presbyterian Iona School of Health Sciences; the LaPenta School of Business; and the School of Arts & Science. The University is also home to the Hynes Institute for Entrepreneurship & Innovation. From an initial class of 90 freshmen students, Iona University today is a co-educational, not-for-profit institution of higher education that has grown to a current enrollment of approximately 3,700 students with a 45-acre campus in New Rochelle, N.Y., and a 28-acre campus in Bronxville, N.Y.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the University have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classifications

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

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the University, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities. Net assets resulting from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the University are classified as net assets with donor restrictions- perpetual-in-nature.

Without Donor Restrictions - This class consists of the part of net assets that is not restricted by donor-imposed stipulations. Income from investment gains and losses, including unrealized gains and losses, dividends and interest, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Iona University

Notes to Financial Statements (in thousands)

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments consisting of money market funds and United States Treasuries with original maturities of three months or less at the time of purchase, except for such investments purchased with funds held by bond trustees or funds managed by external investment managers as part of the long-term investment strategy.

Allowance for Credit Losses

The University recognizes an allowance for credit losses for receivables from exchange transactions based on the net amount expected to be collected as of each year end. Such allowance is based on the credit losses expected to arise over the life of the receivable (contractual term) as of each year end. The University writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses.

Deferred Issuance Costs

The University records debt issuance costs as a discount on long-term debt and amortizes debt issuance costs over the term of the long-term debt using the effective-interest method.

Deposits Held by Bond Trustees

Deposits held by bond trustees represent funds held by designated bond trustees for future application by the University towards debt service obligations.

Investments

Investments in publicly traded debt and equity securities are recorded at fair value generally determined on the basis of quoted market values. Investments that are not readily marketable are carried at estimated fair value, as determined by the respective investment manager.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are determined based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends and interest are recognized as earned. The University's investments are pooled to facilitate their management. Investment return is allocated to net assets based on donor restrictions or absence thereof on a unit basis that reflects the ratio of the related funds invested in the pooled portfolio to the total market value.

Land, Buildings and Equipment

Purchased land, buildings, and equipment in excess of \$5 are recorded at cost (or fair market value at date of donation, in the case of gifts). Repairs and maintenance costs are expensed as incurred. Additions to the library collections are expensed at the time of purchase. Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of buildings (20 to 50 years), improvements (ten to 20 years) and equipment (four to ten years). Equipment under lease arrangements are depreciated over the lesser of the lease term or useful life of the equipment.

Iona University

Notes to Financial Statements (in thousands)

The University follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the University to review long-lived assets, including buildings and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

Deferred Contributions

Contributions received that have conditions associated with them represent refundable advances and are presented as liabilities on the accompanying statements of financial position. At the time these contributions become unconditional, the funds will be recognized as contributions on the statement of activities. As the University expects the conditions of the contributions to be met subsequent to year end, these amounts are presented as deferred contributions on the accompanying statements of financial position.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Furthermore, fair value measurements are categorized within a three-level hierarchy prioritizing the use of market-based information over entity-specific information. The hierarchy is based on the transparency of information used in the valuation of an asset or liability at the measurement date, as follows:

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 includes listed equities held in the name of the University and excludes 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, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The University measures the fair value of an investment based on the NAV of the investment as a practical expedient, without further adjustments, unless it is probable that the investment will be sold at an amount significantly different than the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV of the reporting entity as of the valuation date.

Iona University

Notes to Financial Statements (in thousands)

In using the NAV as a practical expedient, certain attributes of the investments, which may impact the value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date at NAV, as well as any unfunded commitments.

The carrying amount of the University's financial instruments approximates fair value because of their short maturity, except as follows: The fair value of investments and deposits held by bond trustees are discussed in Notes 4 and 10, respectively. The carrying amounts of contributions receivable approximate fair value as these instruments are recorded at net present value using discount rates that are similar to market rates of similar receivables and the short maturity terms. The carrying amount of the University's long-term debt approximates fair value. The estimated fair value of the University's long-term debt is based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality.

Tuition and Fees and Auxiliary Enterprises Revenue

The University recognizes revenues from student tuition, fees, room and board in the fiscal year in which the academic programs and residential services are provided. Institutional scholarships awarded to students reduce the amount of tuition and fees recognized. Room and board revenues are reported in auxiliary services in the accompanying statements of activities. As the students receive the benefit of these services simultaneously as the University is providing them, the University recognizes revenue from these services on a straight-line method (a time-based method) evenly throughout each service's respective term based on the transaction price. The University has determined that revenue from its students has the same performance obligations, types of contract and services rendered. As a result, the student body is viewed as one customer-base for revenue purposes. Payments for tuition and fees and residential services are due approximately three weeks prior to the start of the academic term in accordance with the University's due dates. Generally, students who adjust their course load or withdraw completely within three weeks of the start of the academic term may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Student-advance payments for tuition, room and board are deferred and then recorded as revenue without donor restrictions when earned. Historically, the University has not experienced material withdrawals, refunds or uncollectible amounts from its student body, including from concentrations in any specific economic factors, except for some of the terms during the COVID-19 pandemic.

Contributions

Contributions of financial assets, which include unconditional promises to give (pledges), are recognized as support income in the period received. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of the discount is recorded as additional-contribution support income, in accordance with the donor-imposed restrictions, if any, on the contributions. The carrying value of contributions receivable has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and, therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible and payments subsequently received are recorded as income in the period received.

Iona University

Notes to Financial Statements (in thousands)

Gifts of long-lived assets, such as land, buildings, or equipment, are reported at fair value at the time of the gift as support without donor restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that can only be used to acquire long-lived assets are reported as support with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In contrast to unconditional promises as described above, conditional promises (primarily bequest intentions) are not recorded until donor contingencies are substantially met.

Grants and Contracts

Revenue from grants and contracts is recognized as the related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Other Revenues

Revenues from other sources are recognized either over time as services are performed or when goods are delivered.

Operating Indicator

The accompanying statements of activities distinguish between operating and non-operating activities. Items that the University considers non-operating activities include contributions related to endowment purposes, capital campaigns and projects, and bequests; investment income, gains and losses; restricted releases associated with capital projects; faculty voluntary retirement incentive plan expenses; postretirement changes other than net periodic benefit cost and other items considered to be more of an unusual or non-recurring nature. All other activity is classified as part of operating activities.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the University. These expenses include depreciation and amortization, interest, information technology, and facilities operations and maintenance. Depreciation and amortization is allocated based on square footage occupancy. Interest is allocated based on the functional categories that have benefitted from the proceeds of external debt. Costs of other categories are allocated based on estimates of time and effort. Total expenses include all operating expenses and the net periodic pension cost other than service cost.

Direct Grants to Students

During fiscal years 2024 and 2023, the University administered the New York State Tuition Assistance Program (TAP) and the Pell Grants Program (Pell), a federally funded Title IV program. In fiscal years 2024 and 2023, students of the University were awarded TAP and Pell grants aggregating \$7,079 and \$6,185, respectively. Because these are direct grants to students, the University does not recognize these amounts as government grant revenue in the accompanying financial statements.

Iona University

Notes to Financial Statements (in thousands)

Income Taxes

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The University has processes presently in place to ensure the maintenance of its tax-exempt status. Under ASC 740, *Income Taxes*, the University must recognize a tax liability (or de-recognize an asset) associated with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The University does not believe there are any material uncertain tax positions taken and, accordingly, will not recognize any liability (or de-recognize an asset) for unrecognized tax positions under ASC 740. The University is not currently under examination by any taxing jurisdiction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the University to concentrations of credit risk consist principally of cash and cash equivalents and investments. The University maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. At June 30, 2024 and 2023, the University had cash balances of approximately \$12.0 million and \$9.1 million, respectively, that exceeded the federally insured limits. The University's cash and cash equivalent accounts were placed with high-credit quality financial institutions, and the University has not experienced, nor does it anticipate, any losses in such accounts.

The University maintains a portfolio of diversified investments, managed by an investment advisor, with a financial objective to provide ongoing support to the University while preserving the purchasing power of the investments over the long term. The fair values reported in the statements of financial position are exposed to various risks, including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 11, 2021, the Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan, Public Law 117-2. An allocation of \$4,211 for emergency aid to students was made available to the University for the year ended June 30, 2022. The University disbursed \$0 and \$526 of the HEERF III grants to students during fiscal year 2024 and 2023, respectively.

Iona University

Notes to Financial Statements (in thousands)

Relevant Accounting Developments

In June 2016, the FASB issued Accounting Standards Update (ASU) ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) (ASU 2016-13), which requires creditors to disclose more information about expected credit losses on financial instruments and other commitments to extend credit held by an entity. This ASU changes the impairment model for most financial assets measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. When determining such expected credit losses, the guidance requires companies to apply a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The University adopted the standard effective June 1, 2023. The adoption of the standard did not have a material impact on the financial statements.

3. Liquidity and Availability of Resources

The University's financial assets available within one year of the statements of financial position for general expenditure are as follows:

| <i>June 30,</i> | 2024 | 2023 |
|---|------------------|------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 13,281 | \$ 10,418 |
| Accounts receivable, net | 3,706 | 3,438 |
| Investments not subject to donor restrictions | 427 | 309 |
| Appropriations from Board-designated endowments | 7,822 | 7,999 |
| Total Financial Assets Available Within One Year | \$ 25,236 | \$ 22,164 |

The University's cash flows have seasonal variations during the year attributable to tuition billing with a concentration of cash received for tuition payments in September and January for Fall and Spring terms, respectively.

To manage liquidity, the University structures its financial assets to be available as general expenditures, liabilities, and other obligations come due. The University also invests cash in excess of daily requirements in short-term investments.

Additionally, the University has \$174,838 and \$157,636 in Board-designated (quasi) endowments as of June 30, 2024 and 2023. Although the University does not intend to spend from its quasi-endowment, other than amounts appropriated pursuant to the University's spending rate policy, additional amounts from its quasi-endowment could be made available for general expenditure with Board approval.

The quasi-endowment is invested in securities with redemption provisions that could reduce the total investments made available for liquidation (See Note 4 for disclosure about investments).

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Iona University

Notes to Financial Statements (in thousands)

4. Investments and Fair Value Measurements

Investments at fair value consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|---|-------------------|-------------------|
| CF OCIO Global Equity LLC | \$ 69,957 | \$ 63,690 |
| Multi-strategy equity fund | 33,956 | 31,080 |
| Limited partnerships | 25,352 | 21,686 |
| Limited partnerships - real estate | 21,565 | 18,437 |
| Merger arbitrage fund | 19,723 | 19,033 |
| Multi-strategy bond fund | 14,032 | 8,209 |
| High Quality bond fund | 13,912 | 16,630 |
| CF Credit Series | 11,910 | 11,691 |
| Vanguard 500 Index | 4,328 | - |
| Corporate stocks and mutual funds | 4,298 | 6,090 |
| Fidelity 500 Index | 4,241 | - |
| Real estate commercial property | 2,650 | 2,650 |
| Fidelity Global ex U.S. Index Fund | 2,560 | - |
| Fidelity U.S. Bond Index Fund | 2,138 | - |
| Government money market fund | 1,973 | 2,207 |
| Cash value of life insurance | 183 | 188 |
| Cash equivalents | 3 | 391 |
| SSgA US Aggregate Bond Index NL Strat | - | 1,689 |
| SSgA S&P 500 Index Non-Lending Strat | - | 3,492 |
| SSgA MSCI ACWI ex USA Index NL QP Strat | - | 2,264 |
| Total | \$ 232,781 | \$ 209,427 |

The following are descriptions of the University's investment categories:

Cash Equivalents

Cash equivalents include money market instruments invested in dollar-denominated, high-quality, short-term instruments, mainly issued by the federal government.

Cash Value of Life Insurance

This category includes life insurance policies donated to the University that have cumulative face amounts of approximately \$1,000 at June 30, 2024 and 2023, respectively. The life insurance policy is considered a Level 1 investment.

Iona University

Notes to Financial Statements (in thousands)

Corporate Stocks and Mutual Funds

Corporate stocks and mutual funds consist of investments in publicly traded U.S. and foreign common and preferred equities and mutual funds. The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price. These investments are considered Level 1 investments.

CF Credit Series

The investment objective of the Fund is to offer a program devoted to investing in fixed income credit securities including global sovereign debt, dollar denominated high yield bonds, dollar-denominated bank loans, non-U.S. currency exposure, non-agency residential mortgages, CMBS, ABS and other structured credit commingled partnerships and registered investment companies. The Fund seeks to outperform its benchmark, the ICE BofA Merrill Lynch High Yield Master II Index, over a full market cycle.

CF OCIO Global Equity LLC

The Fund invests primarily in a diversified portfolio of common stocks and equity-linked securities of companies in the global public equity markets. The MSCI All Country World Index is the benchmark index for the Fund.

The Fund is designed to add value over its benchmark primarily through stock selection in order to achieve its investment objective which is to outperform the MSCI All Country World Index over a full market cycle. The Fund may invest in equity securities of foreign companies, and may use derivatives as part of its investment strategy including futures, options, foreign currency contracts, and swaps.

Fidelity 500 Index

The Fund is a diversified domestic large-cap equity strategy that seeks to closely track the returns and characteristics of the S&P 500® index. The S&P 500® is a market-capitalization-weighted index designed to measure the performance of 500 large-cap U.S. companies. The fund holds each constituent security at approximately the same weight as the index.

Fidelity Global ex U.S. Index Fund

The Fund is a diversified international equity strategy that seeks to closely track the returns and characteristics of the MSCI All Country World ex USA Index, a market-capitalization-weighted benchmark that includes large-cap and mid-cap companies in 22 developed-markets countries (excluding the United States) and 27 emerging-markets countries.

Fidelity U.S. Bond Index Fund

The Fund is a diversified fixed-income strategy that seeks to closely track the returns and characteristics of the benchmark Bloomberg U.S. Aggregate Bond Index.

Iona University

Notes to Financial Statements (in thousands)

Government Money Market Fund

This fund is typically invested in obligations issued or guaranteed as to principal and interest by the U.S. government or its agencies, and seeks to maximize current income, to the extent consistent with the preservation of capital and liquidity and the maintenance of the stable \$1.00 per share net asset value (NAV). The fund is considered a Level 1 investment.

High Quality Bond Fund

The Fund invests primarily in U.S. dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. The benchmark for the Fund is the Bloomberg Barclays US Aggregate Bond Index.

The Fund maintains a core portfolio of securities that is aligned with the composition and duration of the Fund's benchmark index, which tracks the overall U.S. bond market. The Sub-Advisors then attempt to add value by investing a portion of the Fund's assets in fixed income securities that are not represented in the benchmark and using investment techniques designed to overweight or underweight the Fund's portfolio relative to benchmark characteristics.

Limited Partnerships

The University has committed to fund a total of \$36,500 to thirteen limited partnerships; the unfunded commitments as of June 30, 2024 are \$16,861. The partnership interests are locked and do not have any redemption rights until the partnership commitments are satisfied. The partnerships' objective is to achieve long-term capital appreciation and superior risk-adjusted net returns through equity investments.

Limited Partnerships - Real Estate

The University has committed to fund a total of \$16,400 to four separate real estate limited partnerships. The unfunded commitments related to these investments as of June 30, 2024 totaled \$4,616. The partnership interests are locked and do not have any redemption rights until the partnership commitments are satisfied. The partnerships' objective is to achieve long-term capital appreciation and superior risk-adjusted net returns through real estate investments.

The University funded an investment of \$3,000 in a limited partnership comprised of four purpose-built student housing properties. The partnership actively manages the properties, which provide off-campus housing in proximity to major universities in several states. The partnership subsequently sold all four of the properties. Sale proceeds were used to purchase two additional limited partnerships that have conventional multifamily, student housing and senior housing properties. The estimated market value of those partnerships is \$209.

The University funded an investment of \$1,500 in a limited partnership that acquires and manages existing conventional multifamily, student housing and senior housing properties. In 2023, the partnership liquidated four of the eight assets in which Iona held an interest. The proceeds were reinvested in multiple investment categories. At the end of 2024, the partnership owned two senior housing and two conventional housing properties, having a total estimated market value of \$436.

Iona University

Notes to Financial Statements (in thousands)

Merger Arbitrage Funds

The University invested in a merger arbitrage fund. The fund's objective is to generate capital appreciation by investing in risk arbitrage transactions in connection with mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations, liquidations, or other similar transactions. It may, to a lesser extent, engage in other investments in securities, such as related trading in options.

Multi-Strategy Bond Fund

The investment objective of the fund is to offer an actively managed, multi-manager investment program that will provide, in a single fund, broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. bond market over a full-market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index and, due to its strategy and manager diversification, to reduce volatility in comparison to that invested in the index. The fund uses a multi-manager approach, allocating assets to investment funds managed by third-party investment managers.

The fund allocates assets in a diversified portfolio of fixed-income securities and strategies, including, but not limited to, global bonds, inflation-indexed bonds, high-yield bonds, emerging markets debt and opportunistic fixed-income strategies.

Multi-Strategy Equity Fund

This fund allocates assets across a broad spectrum of equity strategies in proportions the investment manager considers optimal for a fully diversified equity portfolio. The majority of the fund's assets generally are invested directly or indirectly in a portfolio of common stocks, and securities convertible into common stocks, of U.S. companies. Additionally, the fund seeks to diversify its portfolio by allocating assets to common stocks and other equity securities of foreign companies in both developed and emerging markets.

The fund's allocation to the U.S. equity market includes exposure to companies in the S&P 500 Composite Index, the benchmark for the fund, as well as companies not included in the index. The fund uses a multi-manager approach, allocating assets to investment funds managed by a third-party investment manager.

Real Estate Commercial Property

The University owns commercial rental property as an investment to be held in a separate limited liability company and included as a real estate investment in the endowment portfolio. The fair value of the residence is based on independent valuation techniques.

SSgA S&P 500 Index Non-Lending Strat

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the S&P 500® Index over the long term.

Iona University

Notes to Financial Statements (in thousands)

SSgA US Aggregate Bond Index NL Strat

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Aggregate Bond Index over the long term.

SSgA MSCI ACWI ex USA Index NL QP Strat

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the MSCI ACWI ex USA Index over the long term.

Vanguard 500 Index

The Fund seeks to track the performance of its benchmark index, the S&P 500. The Fund employs an indexing investment approach. The Fund attempts to replicate the target index by investing all of its assets in the stocks that make up the index with the same approximate weightings as the index.

Investment return, net, consisted of the following:

| <i>Year ended June 30, 2024</i> | Without Donor Restriction | With Donor Restriction - Purpose | Total |
|---|------------------------------|--|------------------|
| Dividends and interest on investments (net of expenses of \$272) | \$ 70 | \$ 136 | \$ 206 |
| Net appreciation in fair value of investments | 16,909 | 7,167 | 24,076 |
| Total Return on Investments | 16,979 | 7,303 | 24,282 |
| Investment return appropriated for operations | (7,822) | (1,842) | (9,664) |
| Non-Operating Portion | \$ 9,157 | \$ 5,461 | \$ 14,618 |

| <i>Year ended June 30, 2023</i> | Without Donor Restriction | With Donor Restriction - Purpose | Total |
|---|------------------------------|--|-----------------|
| Dividends and interest on investments (net of expenses of \$271) | \$ (226) | \$ 138 | \$ (88) |
| Net appreciation in fair value of investments | 8,785 | 6,012 | 14,797 |
| Total Return on Investments | 8,559 | 6,150 | 14,709 |
| Investment return appropriated for operations | (7,999) | (1,694) | (9,693) |
| Non-Operating Portion | \$ 560 | \$ 4,456 | \$ 5,016 |

Iona University

Notes to Financial Statements (in thousands)

The following tables summarize investments by level within the fair value hierarchy:

| <i>June 30, 2024</i> | Assets at Fair Value - Level 1 | Assets at Fair Value - Level 3 | Total |
|---|-----------------------------------|-----------------------------------|-----------------|
| Cash equivalents | \$ 3 | \$ - | \$ 3 |
| Corporate stocks and mutual funds | 4,298 | - | 4,298 |
| Government money market fund | 1,973 | - | 1,973 |
| Cash value of life insurance | 183 | - | 183 |
| Real estate commercial property | - | 2,650 | 2,650 |
| Total Investments, in the fair value hierarchy | \$ 6,457 | \$ 2,650 | \$ 9,107 |

Investments in entities that calculate NAV*

| | |
|------------------------------------|-------------------|
| CF OCIO Global Equity LLC | 69,957 |
| Multi-strategy equity fund | 33,956 |
| Limited partnerships | 25,352 |
| Limited partnerships - real estate | 21,565 |
| Merger arbitrage fund | 19,723 |
| High Quality bond fund | 13,912 |
| CF Credit Series | 11,910 |
| Multi-strategy bond fund | 14,032 |
| Vanguard 500 Index | 4,328 |
| Fidelity 500 Index | 4,241 |
| Fidelity Global ex U.S. Index Fund | 2,560 |
| Fidelity U.S. Bond Index Fund | 2,138 |
| Total Investments | \$ 232,781 |

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the accompanying statements of financial position.

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Iona University

Notes to Financial Statements (in thousands)

| <i>June 30, 2023</i> | Assets at Fair Value - Level 1 | Assets at Fair Value - Level 3 | Total |
|---|-----------------------------------|-----------------------------------|------------------|
| Cash equivalents | \$ 391 | \$ - | \$ 391 |
| Corporate stocks and mutual funds | 6,090 | - | 6,090 |
| Government money market fund | 2,207 | - | 2,207 |
| Cash value of life insurance | 188 | - | 188 |
| Real estate commercial property | - | 2,650 | 2,650 |
| Total Investments, in the fair value hierarchy | \$ 8,876 | \$ 2,650 | \$ 11,526 |

Investments in entities that calculate NAV*

| | |
|---|-------------------|
| CF OCIO Global Equity LLC | 63,690 |
| Multi-strategy equity fund | 31,080 |
| Limited partnerships | 21,686 |
| Limited partnerships - real estate | 18,437 |
| Merger arbitrage fund | 19,033 |
| High Quality bond fund | 16,630 |
| CF Credit Series | 11,691 |
| Multi-strategy bond fund | 8,209 |
| SSgA S&P 500 Index Non-Lending Strat | 3,492 |
| SSgA MSCI ACWI ex USA Index NL QP Strat | 2,264 |
| SSgA US Aggregate Bond Index NL Strat | 1,689 |
| Total Investments | \$ 209,427 |

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the accompanying statements of financial position.

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Iona University

Notes to Financial Statements (in thousands)

A listing of the investments held by the University and their attributes, which qualify for these valuations, consist of the following:

| <i>June 30, 2024</i> | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|------------------------------------|-------------------|-------------------------|-------------------------|-----------------------------|
| CF OCIO Global Equity LLC | \$ 69,957 | \$ - | Monthly | 7 days |
| Multi-strategy equity fund | 33,956 | - | Monthly | 6 days |
| Limited partnerships | 25,352 | 16,861 | Lock-up | N/A |
| Limited partnerships—real estate | 21,565 | 4,616 | Lock-up | N/A |
| Merger arbitrage fund | 19,723 | - | Monthly | 30 days |
| Multi-strategy bond fund | 14,032 | - | Monthly | 6 days |
| High Quality bond fund | 13,912 | - | Weekly | 7 days |
| CF Credit Series | 11,910 | - | Quarterly* | 90 days* |
| Vanguard 500 Index | 4,328 | - | Daily | 1 day |
| Fidelity 500 Index | 4,241 | - | Daily | 1 day |
| Fidelity Global ex U.S. Index Fund | 2,560 | - | Daily | 2 days |
| Fidelity U.S. Bond Index Fund | 2,138 | - | Daily | 1 day |
| Total | \$ 223,674 | \$ 21,477 | | |

*Additionally, CF Credit Series allows for redemption of up to 15% of the investment value with five days' notice.

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Iona University

Notes to Financial Statements (in thousands)

| <i>June 30, 2023</i> | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|-------------------|-------------------------|-------------------------|-----------------------------|
| CF OCIO Global Equity LLC | \$ 63,690 | \$ - | Monthly | 7 days |
| Multi-strategy equity fund | 31,080 | - | Monthly | 6 days |
| Limited partnerships | 21,686 | 14,060 | Lock-up | N/A |
| Merger arbitrage fund | 19,033 | - | Monthly | 30 days |
| Limited partnerships—real estate | 18,437 | 3,531 | Lock-up | N/A |
| High Quality bond fund | 16,630 | - | Weekly | 7 days |
| CF Credit Series | 11,691 | - | Quarterly* | 90 days* |
| Multi-strategy bond fund | 8,209 | - | Monthly | 6 days |
| SSgA S&P 500 Index Non-Lending Strat | 3,492 | - | Daily | 1 day |
| SSgA MSCI ACWI ex USA Index NL QP Strat | 2,264 | - | Daily | 2 days |
| SSgA US Aggregate Bond Index NL Strat | 1,689 | - | Daily | 1 day |
| Total | \$ 197,901 | \$ 17,591 | | |

*Additionally, CF Credit Series allows for redemption of up to 15% of the investment value with five days' notice.

The fair value of \$2,650 and \$2,650 as of June 30, 2024 and 2023, respectively, of real estate commercial property is based upon level 3 input values. There were no purchases or sales of level 3 investments during the fiscal years ended June 30, 2024 and 2023. There were no transfers into or out of Level 3 during the fiscal years ended June 30, 2024 and 2023.

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Iona University

Notes to Financial Statements (in thousands)

5. Net Assets

Net assets without donor restrictions consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Net assets without donor restrictions: | | |
| Board designated for endowments | \$ 174,838 | \$ 157,636 |
| Undesignated | 86,855 | 94,478 |
| Total Net Assets Without Donor Restrictions | \$ 261,693 | \$ 252,114 |

Net assets with donor restrictions consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|--|------------------|------------------|
| Purpose-restricted net assets: | | |
| Capital projects | \$ 805 | \$ 962 |
| Endowed activities | 1,132 | 854 |
| Scholarships | 25,746 | 20,273 |
| Other program support | 13,344 | 8,881 |
| Total purpose-restricted net assets | 41,027 | 30,970 |
| Perpetual-in-nature net assets, the income of which is purpose-restricted for: | | |
| Scholarships | 29,486 | 28,161 |
| Professorships | 2,500 | 2,500 |
| Other program | 5,177 | 4,720 |
| Academic support | 802 | 691 |
| Support of the arts | 150 | 150 |
| Mentorship Program | 62 | 62 |
| Total perpetual-in-nature net assets | 38,177 | 36,284 |
| Total Net Assets With Donor Restrictions | \$ 79,204 | \$ 67,254 |

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Iona University

Notes to Financial Statements (in thousands)

6. Endowments

The University classifies net assets associated with donor-restricted endowment funds in accordance with the requirements of the New York State Uniform Prudent Management of Institutional Funds Act (NYPMIFA). As a result of this interpretation, the University classifies net assets with donor restrictions - perpetual in nature as: (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 directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetual-in-nature is classified as purpose-restricted until such amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the endowment fund.
- Purposes of the University and the endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other University resources.
- Alternatives to expenditure of the endowment fund.
- The University's investment policy.

The University has a policy of appropriating for distribution each year the Board of Trustees' approved spending rate of its endowment fund's average fair value. In establishing this policy, the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to grow at a pace at least equal to inflation. This is consistent with the University's investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The University uses a spending rate based off of the average quarterly market value of the qualifying endowment investment pool at the end of the previous three fiscal years. In fiscal 2024 the spending rate was 5.5% on unrestricted endowment funds and 4.0% on board designated and donor restricted endowment funds. In fiscal 2023 the spending rate was 6.0% on unrestricted endowment funds and 4.0% on board designated and donor restricted endowment funds.

Appropriation of spending from Board-designated endowment funds is at the discretion of the Board of Trustees. During the years ended June 30, 2024 and 2023, the Board appropriated the use of \$7,822 and \$7,999, respectively, from Board-designated endowment funds.

Iona University

Notes to Financial Statements (in thousands)

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). Donor-restricted funds are funds that the University must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. To satisfy its long-term objectives, the University relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The following tables summarize endowment net asset composition by type of fund:

| <i>June 30, 2024</i> | Without Donor Restrictions | With Donor Restrictions | | Total |
|----------------------------------|-------------------------------|-------------------------|-------------------------|-------------------|
| | | Purpose- Restricted | Perpetual-in- Nature | |
| Donor-restricted endowment funds | \$ - | \$ 17,892 | \$ 38,177 | \$ 56,069 |
| Board-designated endowment funds | 174,838 | - | - | 174,838 |
| Total Funds | \$ 174,838 | \$ 17,892 | \$ 38,177 | \$ 230,907 |

| <i>June 30, 2023</i> | Without Donor Restrictions | With Donor Restrictions | | Total |
|----------------------------------|-------------------------------|-------------------------|-------------------------|-------------------|
| | | Purpose- Restricted | Perpetual-in- Nature | |
| Donor-restricted endowment funds | \$ - | \$ 14,033 | \$ 36,284 | \$ 50,317 |
| Board-designated endowment funds | 157,636 | - | - | 157,636 |
| Total Funds | \$ 157,636 | \$ 14,033 | \$ 36,284 | \$ 207,953 |

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Iona University

Notes to Financial Statements (in thousands)

The following tables summarize changes in endowment net assets:

| <i>Year ended June 30, 2024</i> | Without Donor Restrictions | With Donor Restrictions | | Total |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|---------------|
| | | Purpose- Restricted | Perpetual-in- Nature | |
| Endowment Net Assets, | | | | |
| beginning of year | \$ 157,636 | \$ 14,033 | \$ 36,284 | \$ 207,953 |
| Investment return: | | | | |
| Interest and dividends, net of fees | 36 | 121 | - | 157 |
| Investment return | 14,173 | 5,357 | - | 19,530 |
| Total Return on Investments | 14,209 | 5,478 | - | 19,687 |
| Contributions | - | - | 3,449 | 3,449 |
| Appropriations for expenditure | (7,822) | (1,842) | - | (9,664) |
| Transfers and other changes | 10,815 | 223 | (1,556) | 9,482 |
| Endowment Net Assets, | | | | |
| end of year | \$ 174,838 | \$ 17,892 | \$ 38,177 | \$ 230,907 |

| <i>Year ended June 30, 2023</i> | Without Donor Restrictions | With Donor Restrictions | | Total |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|---------------|
| | | Purpose- Restricted | Perpetual-in- Nature | |
| Endowment Net Assets, | | | | |
| beginning of year | \$ 148,625 | \$ 11,819 | \$ 32,073 | \$ 192,517 |
| Investment return: | | | | |
| Interest and dividends, net of fees | (137) | 44 | - | (93) |
| Investment return | 10,053 | 3,725 | - | 13,778 |
| Total Return on Investments | 9,916 | 3,769 | - | 13,685 |
| Contributions | - | - | 4,072 | 4,072 |
| Appropriations for expenditure | (7,999) | (1,694) | - | (9,693) |
| Transfers and other changes | 7,094 | 139 | 139 | 7,372 |
| Endowment Net Assets, | | | | |
| end of year | \$ 157,636 | \$ 14,033 | \$ 36,284 | \$ 207,953 |

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Iona University

Notes to Financial Statements (in thousands)

From time-to-time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. These deficiencies generally result from unfavorable market fluctuations that occur shortly after the investment of new contributions that are perpetual-in-nature and the continued appropriation for certain programs that are deemed prudent by the Board of Trustees. At June 30, 2024 and 2023, there were cumulative deficiencies of this nature of \$0 and \$1, respectively.

7. Land, Buildings and Equipment, Net

Land, buildings and equipment consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|---|-------------------|-------------------|
| Buildings | \$ 232,724 | \$ 230,209 |
| Improvements | 78,886 | 75,769 |
| Equipment | 10,907 | 9,278 |
| | 322,517 | 315,256 |
| Accumulated depreciation and amortization | (142,989) | (133,166) |
| Buildings and equipment, net | 179,528 | 182,090 |
| Land | 20,974 | 20,974 |
| Construction in-progress | 11,000 | 9,008 |
| Artwork and collections | 100 | 100 |
| Land, Buildings and Equipment, Net | \$ 211,602 | \$ 212,172 |

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$9,823 and \$9,461, respectively.

The University has commitments of \$3,202 to complete various construction projects as of June 30, 2024, primarily related to Residence Hall upgrades and dining hall renovation on the New Rochelle campus.

The University recognizes a liability for the fair value of conditional asset retirement obligations if the respective fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. As of June 30, 2024 and 2023, the University has recognized a liability of approximately \$243 and \$231, respectively, representing the fair value of these conditional asset retirement obligations associated with potential legal environmental remediation costs. This liability is included in accounts payable and accrued expenses on the accompanying statements of financial position. The accretion-related adjustment to these conditional asset retirement obligations was \$0 for the years ended June 30, 2024 and 2023.

The University also owns two parcels of land valued at \$4 at both June 30, 2024 and 2023, that are held-for-sale and are included within prepaid expenses and other assets in the accompanying statements of financial position.

Iona University

Notes to Financial Statements (in thousands)

8. Accounts Receivables from Students and Contributions Receivable

Student accounts receivable are net of an allowance for credit losses of \$4,633 and \$5,020 at June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, the University did not originate or have any loans outstanding from students funded solely with institutional resources. The beginning net accounts receivable balance for the year ended June 30, 2023 was \$3,068.

Contributions receivable consisted primarily of amounts to be collected in future years in connection with the University's fundraising campaigns and initiatives, as follows:

| <i>June 30,</i> | 2024 | 2023 |
|---------------------------------------|-----------------|-----------------|
| Amounts expected to be collected in: | | |
| Less than one year | \$ 2,978 | \$ 1,637 |
| Between one year and five years | 5,378 | 2,521 |
| More than five years | 3,670 | 2,716 |
| | 12,026 | 6,874 |
| Discount to present value (5.0%) | (2,127) | (1,330) |
| Allowance on contributions receivable | (780) | (398) |
| Contributions Receivable, Net | \$ 9,119 | \$ 5,146 |

Contributions receivable, net, include amounts due from one donor representing approximately 44% and 77% of the gross receivable balances at June 30, 2024 and 2023, respectively.

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Iona University

Notes to Financial Statements (in thousands)

9. Deferred Revenues, Student Deposits and Other Advances

Student deposits represent payments received prior to the start of the academic term. The following table depicts activities for deferred revenues, student deposits and other advances:

| | Tuition | Vendor Advances | Other | Total |
|-------------------------------|----------|--------------------|--------|-----------|
| Balance, June 30, 2022 | \$ 1,667 | \$ 1,186 | \$ 599 | \$ 3,452 |
| Revenue recognized | (1,667) | (237) | (456) | (2,360) |
| Cash received in advance | 1,527 | - | 598 | 2,125 |
| Balance, June 30, 2023 | 1,527 | 949 | 741 | 3,217 |
| Revenue recognized | (1,527) | (1,390) | (613) | (3,530) |
| Cash received in advance | 1,715 | 7,950 | 721 | 10,386 |
| Balance, June 30, 2024 | \$ 1,715 | \$ 7,509 | \$ 849 | \$ 10,073 |

The balance of deferred tuition revenue at June 30, 2024, less any refunds issued, will be recognized as revenue over the academic year beginning July 1, 2024, as services are rendered.

Vendor advances consist of incentive payments. The balance of \$7,509 at June 30, 2024 will be recognized as the performance obligation for auxiliary revenue is met during the term of the agreement that expires in 2030.

Board fees collected for Spring 2024 that were deferred as of June 30, 2024 will be recognized as auxiliary revenue in Fall 2024.

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Iona University

Notes to Financial Statements (in thousands)

10. Deposits Held by Bond Trustees

In connection with the issuance of long-term debt by the Dormitory Authority of the State of New York (the Authority) and the City of New Rochelle Corporation for Local Development (NRLDC), the University is required to maintain certain deposits with bond trustees.

Deposits held by the bond trustees consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|----------------------|-----------------|-----------------|
| 2015A: | | |
| Debt service | \$ - | \$ 2,125 |
| Debt service reserve | 2,946 | 2,946 |
| 2021A: | | |
| Debt service | 408 | 408 |
| 2021B: | | |
| Debt service | 255 | 256 |
| 2022: | | |
| Construction fund | - | 4 |
| Debt service | 1,565 | 1,542 |
| Total | \$ 5,174 | \$ 7,281 |

Deposits held by bond trustees are considered Level 1 securities. Fair values for these securities were as follows:

| <i>June 30,</i> | 2024 | 2023 |
|-----------------------------|-------------|-------------|
| Funds held by bond trustee: | | |
| Money market | \$ 5,174 | \$ 7,281 |

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Iona University

Notes to Financial Statements (in thousands)

11. Long-Term Debt

Land, buildings and equipment include various facilities financed through revenue obligations of the Authority and NRLDC. The following debt obligations were outstanding:

| <i>June 30,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| (a) Revenue bonds of 2015A, 5.0% (net of unamortized premium of \$2,592 and \$2,801, respectively) | \$ 44,757 | \$ 46,011 |
| (b) Revenue bonds of 2021A, 5.0% (net of unamortized premium of \$3,399 and \$3,531, respectively) | 19,388 | 19,521 |
| (c) Revenue bonds of 2021B, 4.13% | 12,125 | 12,125 |
| (d) Revenue bonds of 2022, 5.0% (net of unamortized premium of \$2,117 and \$2,449, respectively) | 17,242 | 18,679 |
| (e) Note payable, 2.24% | 8,422 | 9,890 |
| (f) Loan payable, 0.0% (net of unamortized discount of \$823 and \$0, respectively) | 4,320 | - |
| Unamortized debt issuance costs | (1,133) | (1,220) |
| Long-Term Debt and Other Obligations, Net | \$ 105,121 | \$ 105,006 |

- (a) On May 6, 2015, NRLDC issued \$44,755 tax-exempt revenue bonds (Series 2015A Bonds) on behalf of the University. The proceeds of this issue are to be used for (a) the construction of a seven-story residence hall, (b) upgrades and improvements in existing residence halls, (c) the repayment of the note payable for the acquisition of the project site, (d) the refunding of the University's Revenue Bond of 2013, (e) funding a portion of debt service reserve fund requirement, and (f) paying certain costs and expenses incidental to the issuance of the Series 2015A Bonds. Of the Series 2015A Bonds, \$20,025 of the bonds will mature serially through 2035, of which \$17,435 was outstanding as of June 30, 2024. In addition, \$10,865 and \$13,865 of the bonds are due by July 1, 2040 and July 1, 2045, respectively.
- (b) On December 1, 2021, the Authority issued \$15,990 of tax-exempt revenue bonds (Series 2021A Bonds) on behalf of the University. The proceeds of this issue are to be used for (a) financing or refinancing the cost of the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping real property located in Bronxville, New York; and (b) paying all or a portion of the costs incidental to the issuance of the Bonds. Of the Revenue Bonds of 2021A, \$5,100 of the bonds will mature by July 1, 2046 and the remaining \$10,890 will mature by July 1, 2051.
- (c) On December 1, 2021, the Authority issued \$12,125 of taxable revenue bonds (Series 2021B Bonds) on behalf of the University. The proceeds of this issue are to be used for (a) financing or refinancing the cost of the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping real property located in Bronxville, New York; and (b) paying all or a portion of the costs incidental to the issuance of the Bonds. Of the Revenue Bonds of 2021B, \$12,125 of the bonds will mature by July 1, 2049.

Iona University

Notes to Financial Statements (in thousands)

- (d) On April 5, 2022, the Authority issued \$16,230 of tax-exempt revenue bonds (Series 2022 Bonds) on behalf of the University. The proceeds of this issue are to be used for the purpose of refunding all of the outstanding DASNY Iona University Revenue Bonds of 2012A and Iona University Revenue Bonds of 2012B. Of the Revenue Bonds of 2022, \$13,830 of the bonds will mature serially through 2033, of which \$12,725 was outstanding as of June 30, 2024. In addition, \$1,050 and \$1,350 of the bonds are due by July 1, 2037 and July 1, 2042, respectively.
- (e) On October 21, 2019, the University entered into a \$15,000 bank loan, the proceeds of which are for working-capital purposes and ongoing construction of the LaPenta School of Business. Interest is fixed at 2.24%. The loan is amortized over ten years. The loan is secured by the University's investments.
- (f) On July 1, 2023, the University received a \$6,000 interest-free loan from its dining services vendor, the proceeds of which are for working-capital purposes and construction of a new dining facility on campus. The loan is repaid over seven years, the term of the agreement. If the agreement is terminated prior to the complete repayment of the loan, the entire remaining balance of the loan, as of the date of termination of the agreement, will become immediately due and payable. An imputed interest rate of 5.92% was assumed to calculate the effective interest expense and discount on the loan.

As security for its obligations under the Revenue Bonds of 2015A, the University has granted to the NRLDC a first mortgage on the project and a security interest in room rents, tuition, and fees. There is no security interest on the 2021A, 2021B or 2022 Bonds, as they are general, unsecured obligations of Iona.

The University is required to maintain certain liquidity and debt service financial covenants, for the Series 2015A Bonds and its note payable that were satisfied as of June 30, 2024. There were no financial covenants required for the 2021A, 2021B or 2022 Bonds.

In addition, the University is required to maintain a debt service fund under the Revenue Bonds of 2015A, 2021A and 2021B as well as 2022, as long as the bonds issued for the University shall remain outstanding. At June 30, 2024 and 2023, cash and securities held by trustees included debt service funds of \$5,174 and \$7,281, respectively.

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Iona University

Notes to Financial Statements (in thousands)

Maturities of the bonds and notes payable are as follows as of June 30, 2024:

| <i>Year ending June 30,</i> | Principal |
|--|-------------------|
| 2025 | \$ 4,610 |
| 2026 | 4,759 |
| 2027 | 4,904 |
| 2028 | 5,070 |
| 2029 | 5,232 |
| Thereafter | 74,395 |
| | 98,970 |
| Net unamortized original issue premium/discount | 7,284 |
| Unamortized debt issuance costs | (1,133) |
| Long-Term Debt and Other Obligations, Net | \$ 105,121 |

Interest expense under these debt obligations for the years ended June 30, 2024 and 2023 was \$4,649 and \$4,509, respectively.

The University has a revolving credit line that permits the University to borrow up to \$15,000. Advances on the credit line bear interest at the Prime Rate set by the Bank or the BSBY Rate plus 0.70%. At May 31, 2024 and 2023, the University did not have any amounts outstanding on the line of credit.

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Iona University

Notes to Financial Statements (in thousands)

12. Expenses by Natural and Functional Classification

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the University. These expenses include depreciation and amortization, interest, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage occupancy. Interest is allocated based on the functional categories that have benefitted from the proceeds of external debt. Total expenses include all operating expenses and the net periodic pension cost other than service cost.

Expenses by natural and functional classification are as follows:

| Year ended June 30, 2024 | Program Activities | | | | | Supporting Activities | | Total |
|--|--------------------|------------------|------------------|-----------------------|---------------|------------------------------|----------------------------|-------------------|
| | Instruction | Academic Support | Student Services | Auxiliary Enterprises | Research | Institutional Administration | Operations and Maintenance | |
| Salaries and benefits | \$ 32,041 | \$ 4,295 | \$ 17,211 | \$ 2,911 | \$ 321 | \$ 12,737 | \$ 3,777 | \$ 73,293 |
| Depreciation and amortization | 2,529 | 1,274 | 1,574 | 3,856 | - | 590 | - | 9,823 |
| Cafeteria expense | 141 | 22 | 489 | 8,263 | - | 228 | - | 9,143 |
| Insurance and utilities | 2 | - | 510 | - | - | 65 | 5,300 | 5,877 |
| Professional services | 307 | 214 | 1,059 | - | 30 | 2,493 | 909 | 5,012 |
| Interest expense | 157 | 53 | 53 | 4,300 | - | 86 | - | 4,649 |
| Traveling and training | 465 | 101 | 2,481 | 12 | 15 | 173 | 5 | 3,252 |
| Student activities | 565 | 15 | 2,278 | 16 | 39 | 14 | - | 2,927 |
| Publications and advertising | 259 | 84 | 1,862 | 1 | - | 676 | 6 | 2,888 |
| Furniture, equipment and books | 632 | 1,037 | 226 | 34 | 16 | 529 | 316 | 2,790 |
| Repairs and maintenance | 4 | 7 | 218 | 35 | - | 25 | 2,380 | 2,669 |
| Provision for bad debts | - | - | - | - | - | 1,199 | - | 1,199 |
| Rental expense | 136 | 2 | 248 | 54 | - | 313 | 11 | 764 |
| Federal CARES Act payments to students | - | - | - | - | - | - | - | - |
| Other expenses | 386 | 193 | 1,075 | 73 | 24 | 218 | 185 | 2,154 |
| | 37,624 | 7,297 | 29,284 | 19,555 | 445 | 19,346 | 12,889 | 126,440 |
| Operations and maintenance | 2,526 | 2,011 | 2,165 | 5,375 | - | 812 | (12,889) | - |
| Total Expenses | \$ 40,150 | \$ 9,308 | \$ 31,449 | \$ 24,930 | \$ 445 | \$ 20,158 | \$ - | \$ 126,440 |

Iona University

Notes to Financial Statements (in thousands)

| Year ended June 30, 2023 | Program Activities | | | | | Supporting Activities | | Total |
|--|--------------------|------------------|------------------|-----------------------|---------------|------------------------------|----------------------------|-------------------|
| | Instruction | Academic Support | Student Services | Auxiliary Enterprises | Research | Institutional Administration | Operations and Maintenance | |
| Salaries and benefits | \$ 29,778 | \$ 4,621 | \$ 15,114 | \$ 2,699 | \$ 255 | \$ 12,095 | \$ 3,804 | \$ 68,366 |
| Depreciation and amortization | 2,199 | 1,269 | 1,566 | 3,839 | - | 588 | - | 9,461 |
| Cafeteria expense | 111 | 31 | 363 | 6,242 | - | 141 | - | 6,888 |
| Insurance and utilities | 2 | - | 554 | - | - | 33 | 5,390 | 5,979 |
| Professional services | 385 | 251 | 908 | - | 10 | 2,894 | 847 | 5,295 |
| Interest expense | 184 | 54 | 54 | 4,128 | - | 89 | - | 4,509 |
| Traveling and training | 431 | 92 | 2,724 | 22 | 27 | 151 | 7 | 3,454 |
| Student activities | 485 | 15 | 2,329 | 13 | 1 | 62 | - | 2,905 |
| Publications and advertising | 149 | 567 | 1,448 | 4 | - | 661 | 1 | 2,830 |
| Furniture, equipment and books | 418 | 1,045 | 188 | 35 | 40 | 367 | 690 | 2,783 |
| Repairs and maintenance | 5 | 5 | 260 | 34 | - | 231 | 2,850 | 3,385 |
| Provision for bad debts | - | - | - | - | - | 897 | - | 897 |
| Rental expense | 203 | 6 | 470 | 52 | - | 198 | 8 | 937 |
| Federal CARES Act payments to students | - | - | 526 | - | - | - | - | 526 |
| Other expenses | 441 | 179 | 1,110 | 61 | 51 | 355 | 20 | 2,217 |
| | 34,791 | 8,135 | 27,614 | 17,129 | 384 | 18,762 | 13,617 | 120,432 |
| Operations and maintenance | 2,669 | 2,124 | 2,288 | 5,678 | - | 858 | (13,617) | - |
| Total Expenses | \$ 37,460 | \$ 10,259 | \$ 29,902 | \$ 22,807 | \$ 384 | \$ 19,620 | \$ - | \$ 120,432 |

13. Program and Supporting Services Expenses

Expenses are presented in the accompanying statement of activities in functional categories recommended by the National Association of University and University Business Officers. The University's programs include instruction, academic support, student services, institutional support, auxiliary enterprises and research. Certain expenses, including interest, depreciation and amortization and operation and maintenance of plant, are allocated to these functional areas based on the nature of the respective buildings' use. Fundraising costs incurred by the University's advancement office approximated \$2,727 and \$2,455 in 2024 and 2023, respectively, and are included in institutional support within the accompanying statements of activities.

Iona University

Notes to Financial Statements (in thousands)

14. Retirement Plans

The University has a defined contribution retirement plans covering substantially all of its employees. Total retirement expense amounted to \$2,486 and \$2,462 for the years ended June 30, 2024 and 2023, respectively.

15. Postretirement Benefits

In addition to the retirement benefits discussed in Note 14, the University sponsors an unfunded defined benefit plan to provide certain healthcare and life insurance benefits for retirees hired prior to July 1, 2002.

The University recognizes the funded status (the difference between the fair value of plan assets and the benefit obligation) of its postretirement plans in the statements of financial position, with a corresponding adjustment to net assets without donor restrictions. Net periodic benefit cost is recognized within operating activities, and actuarial gains and losses other than net periodic benefit cost are recognized as non-operating changes in net assets without donor restrictions.

The following tables provide a reconciliation of the changes in benefit obligation and fair value of plan assets, and funded status:

| <i>Year ended June 30,</i> | 2024 | 2023 |
|---|-----------------|-----------------|
| Change in Benefit Obligation | | |
| Benefit Obligation, beginning of year | \$ 5,961 | \$ 6,377 |
| Service cost | 122 | 147 |
| Interest cost | 221 | 272 |
| Plan participant contributions | 260 | 300 |
| Actuarial gain | (2,694) | (194) |
| Benefits paid | (590) | (941) |
| Benefit Obligation, end of year | \$ 3,280 | \$ 5,961 |
| Change in Plan Assets | | |
| Fair Value of Plan Assets, beginning of year | \$ - | \$ - |
| Employer contributions | 330 | 641 |
| Plan participant contributions | 260 | 300 |
| Benefits paid | (590) | (941) |
| Fair Value of Plan Assets, end of year | \$ - | \$ - |

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Iona University

Notes to Financial Statements (in thousands)

The following tables provide the components of net periodic benefit cost:

| <i>Year ended June 30,</i> | 2024 | 2023 |
|--|-----------------|-----------------|
| Components of net periodic cost: | | |
| Service cost | \$ 122 | \$ 147 |
| Interest cost | 221 | 272 |
| Recognized net loss | (605) | (445) |
| Net Periodic Benefit Cost | \$ (262) | \$ (26) |
| <i>As of and for the year ended June 30,</i> | 2024 (%) | 2023 (%) |
| Weighted-average assumptions: | | |
| Discount rate - benefit obligation | 5.35 | 4.90 |
| Discount rate - net periodic cost | 4.83 | 4.50 |

For measurement purposes, an annual rate of increase in the per-capita cost of covered healthcare benefits of 5.5% and 5.0% was assumed for the years ended June 30, 2024 and 2023, respectively.

Assumed healthcare trend rates have a significant effect on the amounts reported for postretirement plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

| | 1% Increase | | 1% Decrease | |
|---|-------------|-------------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Effect on total of service and interest cost components | \$ 13 | \$ 7 | \$ (17) | \$ (8) |
| Effect on postretirement benefit obligation | \$ 133 | \$ 83 | \$ (158) | \$ (84) |

At June 30, 2024 and 2023, net gain not yet recognized as a component of net periodic benefit cost was \$(5,146) and \$(3,057), respectively.

The University expects to contribute \$235 to these postretirement plans in fiscal year 2025.

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Iona University

Notes to Financial Statements (in thousands)

As of June 30, 2024, the benefits expected to be paid are as follows:

| <i>Year ending June 30,</i> | <i>Expected Benefits</i> | |
|-----------------------------|--------------------------|-------|
| 2025 | \$ | 235 |
| 2026 | | 254 |
| 2027 | | 259 |
| 2028 | | 261 |
| 2029 | | 263 |
| 2030 and thereafter | | 1,338 |

16. Leases

The University has entered into a number of lease agreements under which it is the lessee.

The financing leases consist of equipment leases. The operating leases consist of vehicle and building leases.

All of the University's leases include fixed rental payments, but some of the leases also include variable rental payments.

As of June 30, 2024, lease liabilities have been determined using weighted-average discount rates ranging from 2.42% to 6.10%. The rate implicit in the University's leases is not readily determinable. Accordingly, the University used its estimated incremental borrowing rates at the time the leases were signed. The rate of interest used on the leases represent either the rate on its existing loan payable or, for newer leases, the rate from an existing revolving line of credit. The remaining weighted-average term of the University's finance leases and operating leases is approximately two and ten years, respectively.

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

Lease costs were as follows:

| <i>Year ended June 30,</i> | 2024 | | 2023 | |
|-------------------------------------|-------------|-----|-------------|-----|
| Operating Lease Cost | | | | |
| Fixed rent expense | \$ | 259 | \$ | 248 |
| Finance Lease Cost | | | | |
| Amortization of right-of-use assets | | 166 | | 166 |
| Net Lease Cost | \$ | 425 | \$ | 414 |

Iona University

Notes to Financial Statements (in thousands)

Amounts recognized as right-of-use assets related to finance leases are included in land, buildings and equipment, net in the accompanying statements of financial position, while related finance lease liabilities are included in accounts payable and accrued expenses. Right-of-use assets, net relating to finance leases totaled \$77 and \$243 as of June 30, 2024 and 2023, respectively. Liabilities related to finance leases totaled \$77 and \$243 as of June 30, 2024 and, 2023, respectively.

Amounts recognized as right-of-use assets related to operating leases are included in prepaid expenses and other assets in the accompanying statements of financial position, while related operating lease liabilities are included in accounts payable and accrued expenses. Right-of-use assets, net relating to operating leases totaled \$2,154 and \$271 as of June 30, 2024 and 2023, respectively. Liabilities related to operating leases totaled \$2,154 and \$271 as of June 30, 2024 and, 2023, respectively.

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

| <i>Year ended June 30,</i> | 2024 | 2023 |
|--|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 259 | \$ 248 |
| Financing cash flows from finance leases | 166 | 166 |
| Non-cash investing and financing activities additions to ROU assets obtained from: | | |
| New operating lease liabilities | 2,138 | 31 |

Future minimum lease payments due under financing and operating leases as of June 30, 2024 were as follows:

| <i>Year ending June 30,</i> | Financing Leases | Operating Leases |
|-----------------------------|-------------------------|-------------------------|
| 2025 | \$ 44 | \$ 265 |
| 2026 | 33 | 266 |
| 2027 | - | 267 |
| 2028 | - | 274 |
| 2029 | - | 281 |
| 2030 and thereafter | - | 1,550 |
| Total Lease Payments | \$ 77 | \$ 2,903 |

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Iona University

Notes to Financial Statements (in thousands)

17. Related-Party Transactions

Related-party receivables consisted of the following:

| <i>June 30,</i> | 2024 | 2023 |
|---------------------------------|-------------|-------------|
| Related-party receivables: | | |
| Contributions receivable, net | \$ 4,549 | \$ 4,466 |
| Total related-party receivables | \$ 4,549 | \$ 4,466 |

There were no other significant related-party transactions as of and for the years ended June 30, 2024 and 2023.

18. Subsequent Events

The University has evaluated its June 30, 2024 financial statements for subsequent events through October 28, 2024, the date the financial statements were available to be issued and none were identified.

Supplementary Information

Iona University

Title IV Strength Factor Score

Year Ended June 30, 2024

(in thousands)

| Reference | Ratio/Variable Description | Data | Strength Factor | Strength Factor Calculation | Strength Factor Weight | Weighted Strength Factor |
|---|--|--------------|------------------------------|-----------------------------|------------------------|--------------------------|
| Primary Reserve Ratio | | | | | | |
| Statement of Financial Position | Net assets without donor restrictions | + \$ 261,693 | | | | |
| Statement of Financial Position | Net assets with donor restrictions | + 79,204 | | | | |
| Note 5 | Net assets with donor restrictions: restricted in perpetuity | - 38,177 | | | | |
| N/A | Annuities, term endowment, and life income funds with donor restrictions | - - | | | | |
| N/A | Intangible assets | - - | | | | |
| Note A to this Schedule | Property, plant and equipment, net | - 213,756 | | | | |
| Statement of Financial Position | Post-employment and defined benefit pension liabilities | + 3,280 | | | | |
| Note B to this Schedule | All debt obtained for long-term purposes, not to exceed net property, plant and equipment | + 107,352 | | | | |
| Note 17 | Unsecured related-party receivables | - 4,549 | | | | |
| | Numerator total | \$ 195,047 | | | | |
| Statement of Activities - Total Operating Expenses Plus Nonoperating Expenses | All expenses and losses without donor restrictions less any losses without donor restriction on investments, post-employment and defined benefit pensions, and annuities | + \$ 128,051 | | | | |
| | Denominator total | \$ 128,051 | | | | |
| | Primary Reserve Ratio: | 1.52 | 10.00 | 3.00 | 0.40 | 1.20 |
| Equity Ratio | | | | | | |
| Statement of Financial Position | Net assets without donor restrictions | + \$ 261,693 | | | | |
| Statement of Financial Position | Net assets with donor restrictions | + 79,204 | | | | |
| N/A | Intangible assets | - - | | | | |
| Note 17 | Unsecured related-party receivables | - 4,549 | | | | |
| | Numerator total | \$ 336,348 | | | | |
| Statement of Financial Position | Total assets | + \$ 479,839 | | | | |
| N/A | Intangible assets | - - | | | | |
| Note 17 | Unsecured related-party receivables | - 4,549 | | | | |
| | Denominator total | \$ 475,290 | | | | |
| | Equity Ratio: | 0.71 | 6.00 | 3.00 | 0.40 | 1.20 |
| Net Income Ratio | | | | | | |
| Statement of Activities | Change in net assets without donor restrictions | + \$ 9,579 | | | | |
| | Numerator total | \$ 9,579 | | | | |
| Statement of Activities | Total revenues without donor restriction, including net assets released from restrictions and gains | + \$ 137,630 | | | | |
| | Denominator total | \$ 137,630 | | | | |
| | Net Income Ratio: | 0.07 | 1 + (50x) | 3.00 | 0.20 | 0.60 |
| | | | Strength Factor Score | | 3.00 | |

See accompanying notes to Title IV Strength Factor Score.

Iona University

Notes to Title IV Strength Factor Score Year Ended June 30, 2024 (in thousands)

Note A. Property, Plant and Equipment, Net

The following table summarizes property, plant and equipment, net, as presented on the accompanying Title IV Strength Factor Score schedule as of:

| <i>June 30,</i> | <i>2024</i> |
|---|-------------------|
| Land, buildings and equipment as presented in the consolidated statements of financial position: | |
| Pre-Implementation: | |
| Land, buildings, and equipment, net | \$ 100,661 |
| Post-Implementation: | |
| Land, buildings, and equipment, net: | |
| With outstanding debt for original purchase | 79,363 |
| With outstanding debt for original purchase (Right-of-use assets, net - Financing)** | 77 |
| Without outstanding debt for original purchase | 20,501 |
| Construction in-process | 11,000 |
| Total land, buildings and equipment as presented in the consolidated financial statements* | 211,602 |
| Right-of-use assets, net - Operating*** - With outstanding debt for original purchase - post implementation | 2,154 |
| Total Property, Plant and Equipment, Net | \$ 213,756 |

*Total land, buildings and equipment, net, agrees to the statement of financial position as of June 30, 2024 and includes right-of-use assets from financing lease agreements.

**Right-of-use assets from financing lease agreements are included within land, buildings, and equipment on the statement of financial position and agree to Note 16 to the financial statements as of June 30, 2024.

***Right-of-use assets from operating lease agreements are included within prepaid expenses and other assets on the statement of financial position and agree to Note 16 to the financial statements as of June 30, 2024.

Note B. Long-Term Debt for Long-Term Purposes

The following table summarizes long-term debt for long-term purposes as presented on the accompanying Title IV Strength Factor Score schedule as of:

| <i>June 30,</i> | <i>2024</i> |
|--|-------------------|
| Long-term debt, net | |
| Pre-implementation | \$ 44,341 |
| Post-implementation | 60,780 |
| Total long-term debt, net, as presented in the presented in the financial statements**** | 105,121 |
| Financing lease obligations - post-implementation***** | 77 |
| Operating lease obligations - post-implementation***** | 2,154 |
| Total Long-Term Debt for Long-Term Purposes | \$ 107,352 |

****Total long-term debt, net, agrees to the statement of financial position as of June 30, 2024.

*****Both operating and financing lease obligations are included in accounts payable and accrued expenses on the statement of financial position and agree to Note 16 to the financial statements as of June 30, 2024.