KPMG

PACIFIC UNIVERSITY

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

PACIFIC UNIVERSITY

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Trustees
Pacific University:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

Report on Summarized Comparative Information

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

KPMG LLP

Portland, Oregon
November 20, 2024

PACIFIC UNIVERSITY

Statement of Financial Position

June 30, 2024
(with comparative financial information as of June 30, 2023)

Assets		2024	2023
Cash and cash equivalents	$	42,975,771	45,845,587
Accounts, contributions, and notes receivable, net		16,571,750	17,734,558
Inventories		382,807	374,289
Prepaid expenses and other assets		3,927,941	4,766,082
Deposits		985,523	863,807
Investments		66,612,754	60,907,555
Funds held in trust by other		26,776,626	25,959,423
Operating lease right of use asset		27,743,633	29,775,169
Property, plant, and equipment, net		147,885,686	141,816,314
Total assets	$	333,862,491	328,042,784
Liabilities and Net Assets			
Accounts payable and accrued liabilities	$	4,422,232	3,692,075
Notes payable to bank		865,265	997,811
Salaries payable and compensated absences		3,289,553	3,194,303
Deferred revenues		8,070,191	9,028,172
Refundable deposits		2,763,980	2,363,691
Operating lease liability		29,701,355	31,859,455
Finance lease obligations		26,069	37,617
Other liabilities		1,205,053	1,729,658
Long-term debt		71,947,925	75,153,092
Funds held for federal loan programs		4,795,170	5,106,800
Total liabilities		127,086,793	133,162,674
Net assets:			
Without donor restrictions		108,013,339	107,821,075
With donor restrictions		98,762,359	87,059,035
Total net assets		206,775,698	194,880,110
Total liabilities and net assets	$	333,862,491	328,042,784

See accompanying notes to financial statements.

PACIFIC UNIVERSITY

Statement of Activities

Year ended June 30, 2024
(with comparative financial information for the year ended June 30, 2023)

	2024	2023
Changes in net assets without donor restrictions:		
Revenues and gains:		
Tuition and fees	$ 147,785,559	145,374,761
Scholarships and fellowships	(46,859,561)	(43,653,818)
Net tuition and fees	100,925,998	101,720,943
Contributions	875,522	384,336
Contracts and other exchange transactions	2,844,592	2,144,916
Investment return, net of expenses	2,803,123	3,263,040
Sales of services at clinics	2,149,719	3,195,107
Sales of services of auxiliary enterprises	15,726,426	13,865,945
Total unrestricted revenues and gains	125,325,380	124,574,287
Net assets released from restrictions	8,276,947	7,651,487
Total revenues and gains and net assets released from restrictions	133,602,327	132,225,774
Expenses and losses:		
Program expenses:		
Instruction	46,332,894	50,395,244
Academic support	19,643,907	19,763,569
Clinics	6,282,978	5,611,507
Student services	17,328,931	17,569,556
Auxiliary enterprises	14,180,311	13,470,350
Support expense:		
Institutional support	28,924,527	24,168,251
Allocable expenses:		
Operation and maintenance of plant	4,675,161	3,784,950
Interest	2,669,328	2,796,041
Depreciation and amortization	7,310,900	7,270,806
Less allocated expenses	(14,655,389)	(13,851,797)
Total expenses and losses	132,693,548	130,978,477
Changes in net assets without donor restrictions	908,779	1,247,297
Changes in net assets with donor restrictions:		
Contributions	11,622,302	8,020,363
Investment return, net of expenses	7,320,506	3,086,162
Change in value of split-interest agreements	320,948	106,956
Net assets released from restrictions (note 6)	(8,276,947)	(7,651,487)
Changes in net assets with donor restrictions	10,986,809	3,561,994
Total increase in net assets	11,895,588	4,809,291
Net assets at beginning of year	194,880,110	190,070,819
Net assets at end of year	$ 206,775,698	194,880,110

See accompanying notes to financial statements.

PACIFIC UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2024
(with comparative financial information for the year ended June 30, 2023)

		2024	2023
Cash flows from operating activities:			
Change in net assets	$	11,895,588	4,809,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		7,310,900	7,270,806
Net realized and unrealized (gains) losses on investments		(7,430,840)	(2,587,912)
Actuarial adjustments		60,381	(12,383)
Contributions and net gains on investments restricted to long-term purposes		(2,290,002)	(2,670,437)
Changes in operating assets and liabilities that provided (used) cash:			
Accounts and notes receivable		1,162,808	(4,401,045)
Inventories, prepaid expenses, and other assets		829,623	615,451
Accounts payable and accrued liabilities		796,379	(1,261,372)
Deferred revenues		(957,981)	(65,567)
Refundable deposits and other liabilities		(2,218,549)	(2,257,565)
U.S. government grants refundable		(311,630)	109
Operating leases		2,031,536	2,559,341
Net cash provided by operating activities		10,878,213	1,998,717
Cash flows from investing activities:			
Purchase of property, plant, and equipment		(13,641,272)	(5,799,724)
Purchases of investments securities		(19,003,926)	(17,178,103)
Proceeds from sale and maturity of investment securities		19,912,364	16,415,808
Net cash (used in) investing activities		(12,732,834)	(6,562,019)
Cash flows from financing activities:			
Principal payments on note payable		(132,546)	(127,855)
Contributions and net gains on investments restricted to long-term purposes		2,290,002	2,670,437
Payments on long-term debt		(2,944,167)	(2,670,600)
Principal payments on right-of-use financing leases		(11,548)	(22,425)
Annuity disbursements		(95,220)	—
Net cash provided by (used in) financing activities		(893,479)	(150,443)
Net (decrease) in cash and cash equivalents		(2,748,100)	(4,713,745)
Cash and cash equivalents at beginning of year		46,709,394	51,423,139
Cash and cash equivalents at end of year	$	43,961,294	46,709,394
Reconciliation of cash and cash equivalents:			
Cash and cash equivalents	$	42,975,771	45,845,587
Cash equivalents held in deposits		985,523	863,807
Total	$	43,961,294	46,709,394
Supplemental cash flow disclosure:			
Cash paid for interest	$	2,669,328	2,796,041

See accompanying notes to financial statements.

(1) Organization and History

Pacific University (the University) was established through an act passed by the Legislative Assembly of the Territory of Oregon on September 26, 1849, for the purpose of establishing a seminary of learning, in Washington County, for the instruction of persons of both sexes in science and literature.

The University is a diverse learning community offering a unique combination of undergraduate, graduate and professional programs. It is a private organization operating as an independent 501(c)(3), and is a fully accredited institution of higher education. The University strives to provide an education of exceptional quality in liberal arts and sciences and selected professional programs to prepare students for service to a changing community, nation, and world. The University's historic main campus is located in Forest Grove, with its Health Professions Campus in Hillsboro. The University also maintains campuses, offices, or clinical sites in Portland, Beaverton, Cornelius, Woodburn and Eugene, Oregon.

Colleges of the University consist of the College of Arts and Sciences, which includes the School of Social Sciences, the School of Arts and Humanities, the School of Natural Sciences. Additionally, the University offers a Master of Social Work and a Master of Fine Arts in Writing program. The College of Education offers programs in the undergraduate and graduate level and includes the School of Communication Sciences and Disorders and the School of Learning and Teaching. The College of Health Professions has programs at the undergraduate, graduate and professional level, and includes the following Schools: the School of Occupational Therapy, the School of Physical Therapy and Athletic Training, the School of Professional Psychology, the School of Physician Assistant Studies, the School of Dental Health Sciences, the School of Pharmacy, the School of Audiology, and the School of Healthcare Administration and Leadership. In addition, the University includes the College of Optometry and the College of Business.

(2) Summary of Significant Accounting Policies

(a) Accrual Basis

The financial statements of the University have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

(b) Basis of Presentation

Net assets and 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:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions or donor-restricted contributions whose restrictions are met in the same reporting period.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the University and/or the passage of time, and net assets subject to donor-imposed restrictions that they be permanently maintained by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions except for actuarial adjustments on funds restricted by donors. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restrictions or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the unconditional promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, including a factor for estimating credit risk of the donor. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. Restrictions related to contributions for the purchase of capital additions are released when the asset is placed in service.

Income and net gains on investments of endowment and similar funds are reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment, or if the terms of the gift impose restrictions on the use of the income or net realizable gains, or if endowment income has not yet been appropriated for expenditure
- As increases in net assets without donor restrictions in all other cases

(c) Board-Designated Reserves

Board-designated reserves represent unrestricted "operating" funds transferred to "long-term investment" for investment in the endowment pool. The University's Board of Trustees must approve all quasi-endowment activity.

(d) Split-Interest Agreements

The University has been named as a beneficiary for various split-interest agreements that name third parties as co-beneficiaries. The University has reflected appropriate liabilities for such agreements in the statement of financial position. The University uses an actuarial method of recording certain split-interest arrangements. Under this method, the present value of the payments to beneficiaries is determined based on published actuarial factors for ages of the beneficiaries discounted using the risk-free rate adjusted for mortality uncertainties. The present value of those payments is recorded as a liability and the remainder as net assets with donor restrictions depending on donor-imposed restrictions. Annual adjustments are made between the liability and the net assets to record actuarial gains and losses. The discount rate used by the University in calculating the present value of all split-interest agreements was 5% at June 30, 2024 and June 30, 2023. The assets associated with split-interest agreements are recorded at fair value as of June 30, 2024 and 2023.

(e) Cash Equivalents

Cash equivalents of $21,202,479 and $10,259,363 as of June 30, 2024 and 2023, respectively, consist of short-term, highly liquid investments with original maturities at purchase of three months or less.

(f) Investments

Investments in marketable equity securities with readily determinable fair values, all investments in debt securities, and all other investments are carried at fair value. In conjunction with the application of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, the University applies the measurement provisions of ASC Subtopic 820-10, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, to certain investments in funds that do not have readily determinable fair values, including private investments, hedge funds, and real estate. Net asset value (NAV) may not equal fair value that would be calculated pursuant to ASC Topic 820.

Realized and unrealized gains and losses arising from the sale, collection, or other disposition of investments (also called net appreciation), as well as all dividends, interest, and other investment income, are shown in the statement of activities. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets with donor restrictions, and are released from restriction when appropriate expenditures occur.

(g) Inventory

Inventory consists primarily of eyeglass frames, which are stated at the lower of cost or net realizable value under the first-in, first-out method.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at date of acquisition or, in the case of gifts, fair value on the date received. Normal repair and maintenance expenses and equipment replacement costs under $5,000 are expensed as incurred. Costs related to leasehold improvements under $50,000 are expensed as incurred. Estimated useful lives used to calculate depreciation are as follows:

Land improvements and buildings	30 to 50 years
Building improvements	10 to 20 years
Library books	15 years
Furniture and equipment	3 to 10 years

Depreciation is calculated using the straight-line method. The capitalized cost of assets acquired under capital leases is amortized using the straight-line method over the terms of the related leases or useful life, whichever is shorter. Land and artifacts are not depreciated.

(Continued)

(i) Revenue Recognition and Deferred Revenue

The University recognizes tuition revenue over the academic year, based on the percentage-of-completion method. Deferred revenue consists primarily of prepayments of tuition and fees related to future academic periods.

(j) Debt Issuance Costs

Legal, accounting fees, printing costs, and other expenses associated with the issuance of the 2015, 2016, 2021A, and 2022A City of Forest Grove, Oregon, Pacific University Campus Improvement and Refunding Bonds are being amortized using a method that approximates the effective interest method over the term of the bonds. During the current fiscal year, the University amortized $79,258 of debt issuance costs. The remaining unamortized debt issuance costs at June 30, 2024 and 2023 for all Series totaled $910,778 and $990,036, respectively, and are included as a reduction in long-term debt in the accompanying statements of financial position.

(k) Income Taxes

The Internal Revenue Service has recognized the University as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC except to the extent of unrelated business income under Sections 511 through 515. Management believes that unrelated business income tax, if any, is immaterial, and therefore, no tax provision has been made.

The University accounts for income taxes in accordance with FASB ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a threshold of more likely than not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. FASB ASC 740-10 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure.

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include investments and actuarial estimates.

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(3) Liquidity and Availability

At June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

		2024	2023
Financial assets:			
Cash and cash equivalents	$	42,975,771	45,845,587
Notes and accounts receivable, net		16,571,750	17,734,558
Investments		66,612,754	60,907,555
Funds held in trust by others		26,776,626	25,959,423
Total financial assets		152,936,901	150,447,123
Less those unavailable for general expenditure within one year:			
Receivables expected to be collected in more than one year		(7,959,872)	(6,402,949)
Employee 457B plan investments		(1,119,629)	(1,133,463)
Donor imposed restrictions:			
Endowments and other perpetual gifts and earnings		(52,022,688)	(46,846,747)
Other donor restricted funds		(7,094,003)	(6,015,090)
Funds held in trust by others		(26,776,626)	(25,959,423)
Financial assets available to meet cash needs for expenditures within one year	$	57,964,083	64,089,451

(4) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

		2024	2023
Student services	$	8,860,079	8,101,728
Instruction and research		3,490,261	3,343,570
Academic support		11,773,325	11,167,645
Clinics		229,800	226,904
Institutional support		6,753,039	6,481,975
Operation and maintenance of plant		213,816	185,356
Scholarships and fellowships		35,261,618	33,708,665
Split-interest agreements		5,238,243	4,962,050
Endowment earnings		17,024,510	13,141,800
Capital		9,917,668	5,739,342
	$	98,762,359	87,059,035

(5) Endowments

The University's endowment consists of approximately 300 individual funds, which are both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and, (d) earnings not yet appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with the UPMIFA, the University considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University

Investment Policies of the University

Endowment funds are invested on the basis of a total return policy to provide income and to realize appreciation on invested assets. Under this policy, a portion of realized and unrealized gains, in addition to interest and dividend income, can be used to support operations. The investment policy creates a framework to provide growth and stability consistent with the current needs of the University, while promoting growth of the endowment for the future. The income and appreciation used to support operations are allocated from funds that have a fair value in excess of historical value and are utilized in accordance with donor-imposed restrictions.

The University spends endowment income and appreciation within a spending policy that preserves principal in accordance with the UPMIFA. Based on an annual Board approved spending rate, the policy of spending endowment income is to spend up to 5.0% of the average net assets using a three-year moving average value at July 1, each year. For the years ended June 30, 2024 and 2023, the approved spending rate was 4.0%.

(Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. The value of donor restricted endowment funds, with a fair value that is less than the original gift amount, at June 30, are listed in the table below.

These deficiencies resulted from unfavorable market fluctuations and were immaterial in the years ended June 30, 2024 and 2023.

Endowment net asset composition by fund type, excluding funds held in trust, as of June 30, 2024 and 2023 is as follows:

		2024		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$	—	52,022,688	52,022,688
Board-designated endowment funds		12,788,679	—	12,788,679
Total funds	$	12,788,679	52,022,688	64,811,367

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$	—	46,846,747	46,846,747
Board-designated endowment funds		12,617,926	—	12,617,926
Total funds	$	12,617,926	46,846,747	59,464,673

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2022	$	12,503,384	44,625,036	57,128,420
Investment return:				
Net investment income		470,594	1,590,963	2,061,557
Net (depreciation) appreciation of investments		237,236	906,744	1,143,980
Contributions		—	1,411,373	1,411,373
Other reclassifications and transfers		(68,425)	27,464	(40,961)
Appropriation of endowment assets for expenditure		(524,863)	(1,714,833)	(2,239,696)
Endowment net assets, June 30, 2023		12,617,926	46,846,747	59,464,673
Investment return:				
Net investment income		265,529	1,034,147	1,299,676
Net (depreciation) appreciation of investments		1,250,995	4,647,556	5,898,551
Contributions		—	1,094,032	1,094,032
Asset reclassifications and transfers		(43,533)	43,533	—
Other reclassifications and transfers		(833,368)	200,379	(632,989)
Appropriation of endowment assets for expenditure		(468,870)	(1,843,706)	(2,312,576)
Endowment net assets, June 30, 2024	$	12,788,679	52,022,688	64,811,367

(6) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restriction during the years ended:

		2024	2023
Purpose restrictions accomplished:			
Instruction and research	$	1,984,892	1,500,671
Academic support		390,234	406,759
Clinics		11,717	3,102
Student services		2,082,465	2,800,745
Scholarships and fellowships		3,068,348	2,800,749
Endowment and split-interest agreements		739,291	139,461
	$	8,276,947	7,651,487

(7) Investments

The University applies FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized at fair value in the financial statements on a recurring basis.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They may include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. A description of the valuation methodologies and redemption frequency used for assets measured at fair value is as follows:

- Level 1 assets include investments in fixed income securities, equity securities, exchange-traded funds, and mutual funds that are traded in active markets for which closing prices are readily available. These investments can be traded daily with a trade settlement between one and three days.
- Level 2 assets include investments in government and corporate bonds. These investments use other observable inputs to measure fair value, such as dealer market prices for comparable investments based on interest rates, spreads, and various trade activity in this market.
- Level 3 assets include funds held in trust, which are not under the control of the University. The fair value of funds held in trust are based on a combination of Level 1 inputs, observable market values of the trusts' investment portfolios, and Level 3, significant unobservable inputs. The significant unobservable inputs to fair value include the future distributions the University expects to receive over the term of the agreement.
- The University uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value, including investments in hedge funds and private equity. The practical expedient used by the University is the net asset value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. Management reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions of similar securities, completed or pending third-party transactions in the underlying security or comparable entities, offerings in the capital markets, and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence. Investments valued based on NAV are not included in the fair value hierarchy table below.

		2024			
		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:					
Equity securities	$	2,139,176	2,139,176	—	—
Mutual funds and exchange traded funds:					
Fixed income		14,881,367	14,881,367	—	—
Large cap		17,466,139	17,466,139	—	—
Mid cap		1,407,406	1,407,406	—	—
Small cap		21,564	21,564	—	—
International		10,672,660	10,672,660	—	—
Commodities		11,019	11,019	—	—
Hard assets		1,409,784	1,409,784	—	—
REITs		1,654,420	1,654,420	—	—
		49,663,535	49,663,535	—	—
Funds held in trust by others		26,776,626	—	—	26,776,626
Sub-total assets at fair value	$	76,440,161	49,663,535	—	26,776,626
Assets at NAV:					
Private equity		10,716,997			
Hedge funds		4,603,492			
Real estate		1,628,730			
Assets at NAV		16,949,219			
Total assets	$	93,389,380			

	2023			
	Total	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Equity securities	$ 2,589,182	2,589,182	—	—
Mutual funds and exchange traded funds:				
Fixed income	14,413,071	14,413,071	—	—
Large cap	14,991,062	14,991,062	—	—
Mid cap	1,653,363	1,653,363	—	—
Small cap	19,779	19,779	—	—
International	9,171,420	9,171,420	—	—
Commodities	13,468	13,468	—	—
Hard assets	1,335,886	1,335,886	—	—
REITs	1,545,949	1,545,949	—	—
	45,733,180	45,733,180	—	—
Funds held in trust by others	25,959,423	—	—	25,959,423
Sub-total assets at fair value	$ 71,692,603	45,733,180	—	25,959,423
Assets at NAV:				
Private equity	9,745,267			
Hedge funds	4,096,864			
Real estate	1,332,244			
Assets at NAV	15,174,375			
Total assets	$ 86,866,978			

Changes in Level 3 investments for the years ended June 30, 2024 and 2023 are as follows:

Ending balance at June 30, 2022	$	25,179,765
Net realized and unrealized gain		1,147,227
Purchases		564,206
Sales		(931,775)
Ending balance at June 30, 2023		25,959,423
Net realized and unrealized gain		460,868
Purchases		—
Sales/Distributions		356,335
Ending balance at June 30, 2024	$	26,776,626

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2024 and 2023.

		2024					
Category of investment	**Significant investment strategy**		**Fair value**	**Unfunded commitments**	**Redemption period**	**Number of days notice**	**Lockup period**
Hedge funds	Diversified Strategies	$	4,603,492	—	Quarterly	75	No lockup
Private Equity	Asia Focused-Fund of Funds		785,444	53,749	N/A	N/A	N/A
Private Equity	Buyout		52,509	23,482	N/A	N/A	N/A
Private Equity	Fund of Funds		6,890,585	2,135,293	N/A	N/A	N/A
Private Equity	Hedge Grow th		28,777	—	N/A	N/A	N/A
Private Equity	Special Opportunity		55,108	—	N/A	N/A	N/A
Private Equity	Private Credit		2,904,574	741,520	N/A	N/A	N/A
Real Estate	Private Real Estate		1,628,730	1,126,442	N/A	N/A	N/A
		$	16,949,219	4,080,486			

		2023					
Category of investment	**Significant investment strategy**		**Fair value**	**Unfunded commitments**	**Redemption period**	**Number of days notice**	**Lockup period**
Hedge funds	Diversified Strategies	$	4,096,864	—	Quarterly	75	No lockup
Private Equity	Asia Focused-Fund of Funds		930,288	64,016	N/A	N/A	N/A
Private Equity	Buyout		36,165	38,406	N/A	N/A	N/A
Private Equity	Fund of Funds		6,152,867	1,447,300	N/A	N/A	N/A
Private Equity	Hedge Grow th		26,342	—	N/A	N/A	N/A
Private Equity	Special Opportunity		57,054	—	N/A	N/A	N/A
Private Equity	Private Credit		2,542,551	871,516	N/A	N/A	N/A
Real Estate	Private Real Estate		1,332,244	1,819,377	N/A	N/A	N/A
		$	15,174,375	4,240,615			

At June 30, 2024 and 2023, the University held $12,345,727 and $11,077,511, respectively, in private equity and real estate alternative investments that are subject to periodic redemption. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds, NAV is used as a practical expedient to measure fair value at June 30, 2024 and 2023. These partnerships liquidate upon the termination date as stated in the partnership agreement. Therefore, private equity investments are considered illiquid investments. The University's private equity limited partnerships had termination dates between 1 and 12 years following June 30, 2024.

(8) Split-Interest Agreements

The following schedule summarizes investment income activity occurring within the split interest agreement accounts:

		2024	2023
Dividends and interest	$	103,323	136,193
Net realized gain(loss)		20,671	26,593
Net unrealized gain(loss)		498,089	306,421
Total	$	622,083	469,207

(9) Accounts, Contributions, and Notes Receivable

Accounts, contributions, and notes receivable consist of the following at June 30, 2024 and 2023:

		2024	2023
Student accounts receivable, net of defaulted accounts	$	2,086,399	1,911,467
Accounts in collections		1,487,636	1,043,334
Clinic receivable		480,068	1,367,072
Perkins loans		1,291,195	2,293,649
Health professional loans		4,582,478	3,927,950
Grants and contracts receivable		2,394,018	6,148,600
Pledges and contributions receivable, net of discounts of $614,211 and $32,908, as of June 30, 2024 and 2023, respectively		3,294,389	154,942
Other receivables		1,413,639	1,456,346
		17,029,822	18,303,360
Less allowance for doubtful accounts		(458,072)	(568,802)
	$	16,571,750	17,734,558

All federal Perkins Loans 24 months or more past due as of April 1, 2023 were processed for assignment to the Department of Education on May 25, 2023. Many of the loans were accepted by the Department on September 22, 2023. The University worked with borrowers and others to update the records of several borrowers who were 24 months or more past due, to update their status to Total and Permanent Disability.

Federal Perkins Loans (Perkins) and Health Professional Loans (HPL) generally are payable including interest at 5% over approximately 10 years following university attendance. Principal payments, interest, and losses due to cancellation are shared by the University and the U.S. government in proportion to their share of funds provided. The Perkins program provides for cancellation of loans if the student is employed in certain occupations following graduation (employment cancellations). Such employment cancellations are absorbed in full by the U.S. government.

Contributions Receivable

Included in accounts receivable are the following unconditional promises to give as of June 30, 2024 and 2023:

		2024	2023
Unconditional promises to give before unamortized discount and allowance for uncollectibles	$	3,908,600	187,850
Less unamortized discount		(614,211)	(32,908)
Allowance for uncollectible		(195,430)	(9,393)
Net unconditional promises to give	$	3,098,959	145,549

		2024	2023
Amounts due in:			
Amounts receivable in less than one year	$	1,037,100	6,500
Amounts receivable in one to five years		2,871,500	181,350
	$	3,908,600	187,850

Contributions receivable due in excess of one year are discounted between 3.98% and 9.09% at June 30, 2024. Contributions receivable due in excess of one year are discounted between 4.57% and 5.46% at June 30, 2023.

(10) Financing Receivables

The University's financing receivables consist of a revolving loan fund for Federal Perkins Loans and Health Professional Loans for which the University acts as an agent for the federal government and institutional receivables created by the University to assist students in funding their education. The institutional receivables are valued based on the outstanding principal balance, less an allowance for estimated losses. For Federal Perkins Loans and Health Professional Loans, interest earned on outstanding loan balances is recorded based on the terms of the individual loan agreements and continues to accrue even when past due. Interest is not assessed on institutional receivables. Institutional receivables are recorded under accounts, contributions, and notes receivable, net on the balance sheet.

The availability of funds for loans under the Federal Perkins Loan program and the Health Professional Loan program is dependent on reimbursements to the pool from repayments on outstanding loans; however, no new Perkins loans are being issued. Funds held in the Federal loan programs of $4,795,170 and $5,106,800 for the years ended June 30, 2024 and June 30, 2023, respectively, are ultimately refundable to the government and are classified as a liability in the statements of financial position.

Balances of financing receivables as of June 30, 2024 and 2023 consist of the following:

		Perkins loans	HPL loans	Institutional receivables	Total
Receivable	$	1,291,195	4,582,478	3,574,035	9,447,708
Less allowance		—	—	(114,338)	(114,338)
Balance at June 30, 2024	$	1,291,195	4,582,478	3,459,697	9,333,370

		Perkins loans	HPL loans	Institutional receivables	Total
Receivable	$	2,293,649	3,927,950	2,954,800	9,176,399
Less allowance		—	—	(114,338)	(114,338)
Balance at June 30, 2023	$	2,293,649	3,927,950	2,840,462	9,062,061

For each class of financing receivables, the following tables present the credit quality indicator as determined by the delinquency status of the loan as of June 30, 2024 and 2023. The delinquency status is updated monthly by the University’s loan servicer.

		Perkins loans	HPL loans	Institutional receivables	Total
Performing	$	1,270,600	3,689,103	2,086,399	7,046,102
Nonperforming (defaulted)		20,595	893,575	1,487,636	2,401,806
Balance at June 30, 2024	$	1,291,195	4,582,678	3,574,035	9,447,908

		Perkins loans	HPL loans	Institutional receivables	Total
Performing	$	2,011,581	3,879,530	1,911,466	7,802,577
Nonperforming (defaulted)		282,068	48,420	1,043,334	1,373,822
Balance at June 30, 2023	$	2,293,649	3,927,950	2,954,800	9,176,399

The aging of financing receivables as of June 30, 2024 and 2023 is as follows:

		2024					
Aging		31–60	61–90	91+	Total past due	Total current	Total
Perkins	$	1,080,219	11,902	178,479	1,270,600	20,595	1,291,195
HPL		—	—	4,582,478	4,582,478	—	4,582,478
Institutional		545,645	548,643	1,851,485	2,945,773	628,262	3,574,035
Total	$	1,625,864	560,545	6,612,442	8,798,851	648,857	9,447,708

		2023					
Aging		31–60	61–90	91+	Total past due	Total current	Total
Perkins	$	5,215	1,817	275,036	282,068	2,011,581	2,293,649
HPL		178	89	48,153	48,420	3,879,530	3,927,950
Institutional		763,008	8,334	1,706,562	2,477,904	476,896	2,954,800
Total	$	768,401	10,240	2,029,751	2,808,392	6,368,007	9,176,399

Allowances for estimated losses are established based on prior collection experience and observed trends in the rate of default, as well as a consideration of current economic trends and indicators. For Institutional receivables, receivables balances are written off when they are deemed to be ultimately uncollectible. Since student loans under the Perkins loan program and Health Professions loan program can be assigned back to the government when no longer collectible, in these cases a loan write-off will reduce the amount refundable to the government. Due to this reduction of the liability, the University does not maintain an allowance for doubtful accounts for Perkins or Health Professions loans.

Changes in the allowance for estimated losses on financing receivables held under Institutional loans (receivables) as of June 30, 2024 and 2023 are as follows:

		2024	2023
Beginning balance	$	114,338	114,338
Write-off		—	(61,800)
Recovery		—	—
Provision		—	61,800
Ending balance	$	114,338	114,338

(11) Property, Plant, and Equipment

The University’s property, plant, and equipment consist of the following at June 30, 2024 and 2023:

		2024		
		Cost	Accumulated depreciation	Net carrying value
Land	$	7,321,595	—	7,321,595
Land improvements		9,453,979	(3,699,660)	5,754,319
Building and improvements		197,819,629	(85,307,352)	112,512,277
Furniture and equipment		26,946,009	(22,495,471)	4,450,538
Library books		3,349,899	(2,941,100)	408,799
Artifacts		441,626	—	441,626
Construction in progress		16,996,532	—	16,996,532
	$	262,329,269	(114,443,583)	147,885,686

		2023		
		Cost	Accumulated depreciation	Net carrying value
Land	$	7,321,595	—	7,321,595
Land improvements		9,431,766	(3,259,287)	6,172,479
Building and improvements		197,034,987	(79,907,553)	117,127,434
Furniture and equipment		24,775,979	(21,213,564)	3,562,415
Library books		3,300,921	(2,790,834)	510,087
Artifacts		438,391	—	438,391
Construction in progress		6,683,913	—	6,683,913
	$	248,987,552	(107,171,238)	141,816,314

(Continued)

Leased property included above and recorded under financing leases as of June 30, 2024 and 2023 is as follows:

		2024	2023
Classes of property:			
Furniture and equipment	$	2,183,184	2,183,184
Less accumulated amortization		(2,183,184)	(2,164,455)
	$	—	18,729

(12) Asset Retirement Obligations

The University has asset retirement obligations arising from regulatory requirements to perform cleanup related to asbestos found in buildings owned by the University. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of estimated cash flows. The corresponding asset retirement costs are capitalized as a part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful life. They are included in other liabilities in the statement of financial position. The University has recorded $745,021 and $754,595 as of June 30, 2024 and 2023, respectively, related to asset retirement obligations.

(13) Notes Payable and Long-Term Debt

Long-term debt consists of the following at June 30, 2024 and 2023:

The 2016 Campus Improvement Refunding Revenue Bonds, the 2015 Campus Improvement and Refunding Revenue Bonds and the 2021A and 2022A Campus Improvement and Refunding Revenue Bonds are subject to certain restrictive covenants. Required deposits held by the trustee at June 30, 2024 and 2023 for future debt service payments were $819,426 and $697,709, respectively. In 2016 Campus Improvement and Refunding Revenue Bonds were sold as a direct placement and are subject to certain restrictive covenants. As of June 30, 2024 and 2023, required deposits held for the Series 2016 bonds were $98,522 at the end of June 30 for both years.

		2024	2023
City of Forest Grove, Oregon, Pacific University Campus Improvement and Refunding Revenue Bonds, Series 2022A, principal due yearly (in varying amounts) through May 1, 2040, with fixed interest rates averaging 3.18%, secured by unrestricted revenues and a trust deed on the Hillsboro Campus	$	28,845,000	28,845,000
Unamortized premium on 2022A		3,677,470	3,914,727
Unamortized debt issuance costs on 2022A		(435,169)	(463,245)
City of Forest Grove, Oregon, Pacific University Campus Improvement and Refunding Revenue Bonds, Series 2021A, principal due yearly (in varying amounts) through May 1, 2026, with fixed interest rates averaging 2.23%, secured by unrestricted revenues and a trust deed on the Hillsboro Campus		1,145,000	1,465,000
Unamortized debt issuance costs on 2021A		(34,910)	(61,093)
City of Forest Grove, Oregon, Pacific University Campus Improvement and Refunding Revenue Bonds, Series 2016, principal due yearly (in varying amounts) through November 1, 2036, with fixed interest rate of 2.98% in years 1–15, and a repricing for years 15–20, secured by unrestricted revenues		12,258,962	13,063,129
Unamortized debt issuance costs on 2016		(114,328)	(123,598)
City of Forest Grove, Oregon, Pacific University Campus Improvement and Refunding Revenue Bonds, Series 2015, principal due yearly (in varying amounts) through May 1, 2045, with fixed interest rates averaging 3.92%, secured by unrestricted revenues and a trust deed on the Hillsboro Campus		24,795,000	26,615,000
Unamortized premium on 2015		2,137,271	2,240,272
Unamortized debt issuance costs on 2015		(326,371)	(342,100)
	$	71,947,925	75,153,092

The University had a revolving line of credit in the amount of $6,000,000, which expired in April 2024. The borrowings were available to use for general operating expenses. Any borrowings pursuant to the revolving line of credit bear interest at a fully floating variable interest rate equal to each bank's prime lending rate. As of June 30, 2024 and 2023, the University had no amounts outstanding under this line of credit.

The University has one term note payable with an outstanding amount at June 30, 2024 and 2023, of $865,265 and $997,811, respectively. The note requires monthly principal and interest payments and matures April 30, 2030. The use of the borrowings was for capital projects. The fixed interest rate on the amount outstanding as of June 30, 2024, is 3.63%.

The following table shows principal payment requirements subsequent to June 30, 2024:

Year ending June 30:		
2025	$	3,153,444
2026		3,283,455
2027		3,039,221
2028		3,203,109
2029		3,318,109
Thereafter		51,046,624
		67,043,962
Unamortized bond premium		5,814,741
Unamortized debt issuance costs		(910,778)
	$	71,947,925

(14) Related-Party Transactions

In March 2006, the University entered into a 30-year lease agreement with the Oak Tree Foundation (the Foundation), an Oregon nonprofit corporation formed in 1994 to benefit the University by providing financing and management assistance in on-campus and off-campus housing for University students, to lease a newly constructed residence hall. The Foundation has leased from the University the ground on which the residence hall was constructed for a term of 99 years.

In June 2007, the University entered into a second 30-year lease agreement with the Foundation to lease a second residence hall. The Foundation has leased from the University the ground on which the residence hall was constructed for a term of 99 years.

The Foundation is governed by a seven-member board of which there are four independent members and three members from the University. In accordance with FASB ASC Section 958-810-15, *Omnibus Changes to Consolidation and Equity Method Guidance for Not-for-Profit Organizations*, the University is not required to consolidate the Foundation.

The future aggregate minimum operating lease payments the University has committed to pay the Foundation under the 2006 and 2007 lease agreements are as follows:

Year ending June 30:		
2025	$	2,508,564
2026		2,509,440
2027		2,517,132
2028		2,521,104
2029		2,521,344
Thereafter		19,548,312
	$	32,125,896

The University's future aggregate minimum lease receipts from the Foundation under both 99-year ground lease Agreements are as follows:

Year ending June 30:		
2025	$	134,307
2026		138,340
2027		142,486
2028		146,389
2029		142,309
Thereafter		44,173,139
	$	44,876,970

(15) Expenses by Natural and Functional Classification

The financial statements report compensation, benefits, and services to the appropriate direct program. The table below has certain categories of expenses that are attributable to one or more program or supporting functions of the University allocated to these functional programs. These expenses include facility operations and maintenance, depreciation and amortization, and interest. These costs are allocated based on a cost allocation method.

Expenses by functional classification for the years ended June 30, 2024 and 2023 consist of the following:

	Program services						Support services	2024
	Instruction & Research	Academic support	Clinics	Student services	Auxiliary enterprises	Total program	Institutional support	Total
Compensation	$ 27,973,048	9,853,321	2,525,465	7,828,023	2,849,315	51,029,172	10,289,118	61,318,290
Employee benefits	9,563,831	3,237,690	796,088	2,496,598	867,068	16,961,275	5,876,535	22,837,810
Depreciation and amortization	2,552,763	1,082,303	346,168	954,757	781,280	5,717,271	1,593,629	7,310,900
Interest	932,055	395,166	126,391	348,597	285,258	2,087,467	581,670	2,669,137
Facility operations and maintenance	1,632,436	692,109	221,367	610,546	499,612	3,656,070	1,019,091	4,675,161
Service, supplies and other expenses	3,678,761	4,383,318	2,267,499	5,090,410	8,897,778	24,317,766	9,564,484	33,882,250
	$ 46,332,894	19,643,907	6,282,978	17,328,931	14,180,311	103,769,021	28,924,527	132,693,548

	Program services						Support services	2023
	Instruction & Research	Academic support	Clinics	Student services	Auxiliary enterprises	Total program	Institutional support	Total
Compensation	$ 30,589,913	10,277,056	2,263,358	9,154,039	2,610,509	54,894,875	10,753,415	65,648,290
Employee benefits	8,466,401	3,448,087	1,016,494	2,581,929	2,811,128	18,324,039	4,070,715	22,394,754
Depreciation and amortization	2,670,948	1,106,760	325,505	826,794	686,987	5,616,994	1,292,548	6,909,542
Interest	1,461,462	612,671	180,883	459,448	377,170	3,091,634	689,567	3,781,201
Facility operations and maintenance	1,360,672	494,089	144,727	567,612	303,237	2,870,337	573,422	3,443,759
Service, supplies and other expenses	5,845,848	3,824,906	1,680,540	3,979,734	6,681,319	22,012,347	6,788,584	28,800,931
	$ 50,395,244	19,763,569	5,611,507	17,569,556	13,470,350	106,810,226	24,168,251	130,978,477

(16) Funds Held in Trust by Others

Funds held in trust by others represent assets held and administered by trustees other than the University. The University as a beneficiary derives income or a residual interest from the assets of such funds after the passage of time or occurrence of specified future events. When the University is notified that funds have been put in a trust held by others and is designated as beneficiary, contribution income is recognized as an increase in net assets with donor restrictions at the estimated present value of future cash flows to be received by the University.

The University has an irrevocable interest in six trusts held by others in perpetuity with the University receiving income distributions annually. The fair value at June 30, 2024 and 2023 was $22,919,173 and $21,976,286 respectively. In addition, there are six trusts held by others in life income annuities with assets with a fair value of $3,857,453 and $3,983,137 at June 30, 2024 and 2023, respectively.

(17) Employee Retirement Plan

The University makes contributions to employees' defined contribution retirement plan covering substantially all full-time personnel. The University contributes a rate of 9% towards employees' monthly compensation. Aggregate expense for the years ended June 30, 2024 and 2023 under the plan was $4,637,305 and $4,752,126, respectively.

(18) Leases

(a) Operating Leases and Lease Commitments

The University has several noncancelable operating leases used for instructional activities and certain equipment, in addition to the capital leases described in Note 14. The weighted average term of operating leases was 12 years, with discount rates averaging 3.65%.

Pacific University incurred the following lease expenses for the years ended June 30, 2024 and June 30, 2023:

		2024	2023
Finance lease expense:			
Amortization of ROU assets	$	14,546	22,425
Interest on lease liabilities		1,790	1,283
Total finance lease expense		16,336	23,708
Operating lease expense		3,830,886	3,975,489
Total lease expense	$	3,847,222	3,999,197

The future aggregate minimum operating lease payments are as follows:

Year ending June 30:		
2025	$	3,905,356
2026		3,822,257
2027		3,358,764
2028		3,074,421
2029		2,922,871
Thereafter		19,289,528
Interest component		(6,671,842)
	$	29,701,355

(b) Financing Leases

Financing leases are included in property, plant and equipment, net of depreciation. The weighted average terms of financing leases were 3 years. The weighted average discount rate was 3.48%.

The future minimum lease payments under capital leases are as follows:

Year ending June 30:		
2025	$	12,687
2026		12,687
2027		3,595
2028		329
Total minimum lease payments		29,298
Less amount representing interest		(3,229)
Present value of net minimum lease payment	$	26,069

(19) Commitments and Contingencies

The University receives and expends moneys under federal grant programs and is subject to audits by cognizant governmental agencies. Management believes that any liabilities arising from such audits will not have a material effect on the University.

(20) Subsequent Events

The University evaluated subsequent events after the balance sheet date of June 30, 2024 through November 20, 2024, which was the date the financial statements were issued.