




The University of Tulsa

Independent Auditor's Reports, Consolidated Financial Statements, and Supplementary Information

June 30, 2024 and 2023



The University of Tulsa
Contents
June 30, 2024 and 2023

Independent Auditor's Report	1
Consolidated Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	5
Statements of Functional Expenses.....	7
Statements of Cash Flows	9
Notes to Financial Statements	11
Supplementary Information	
Consolidating Schedules of Financial Position	42
Consolidating Schedules of Activities	44

Independent Auditor's Report

Board of Trustees
The University of Tulsa
Tulsa, Oklahoma

Opinion

We have audited the consolidated financial statements of The University of Tulsa (University), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Tulsa, Oklahoma
October 30, 2024**

The University of Tulsa
Consolidated Statement of Financial Position
June 30, 2024 and 2023
(in Thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,016	\$ 26,064
Investments – short-term	1,005	-
Accounts receivable, net	16,122	10,889
Deposits with trustee – current	8,454	8,225
Inventories	269	292
Prepaid expenses and deferred charges	7,146	5,307
Contributions receivable, net – current	<u>15,780</u>	<u>8,731</u>
Total Current Assets	63,792	59,508
Contributions receivable, net	19,657	23,446
Student loans receivable, net	1,609	2,924
Investments	633,307	640,427
Educational plant, net	371,029	357,463
Right-of-use assets – operating leases	2,960	4,261
Beneficial interest in funds held by others	<u>620,439</u>	<u>599,328</u>
Total Assets	<u><u>\$ 1,712,793</u></u>	<u><u>\$ 1,687,357</u></u>

The University of Tulsa
Consolidated Statement of Financial Position
June 30, 2024 and 2023
(in Thousands)

(Continued)

	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 8,186	\$ 8,008
Accrued expenses	7,052	8,549
Notes and mortgages payable, net – current	211	215
Deposits payable	1,625	1,836
Deferred revenue	3,112	3,221
Advances under grants and contracts	3,673	3,747
Bonds payable, net – current	8,405	8,090
Operating lease liabilities – current	1,327	1,450
Postretirement benefit obligation – current	537	568
Total Current Liabilities	34,128	35,684
Notes and mortgages payable, net	37,913	2,385
Advances under federal loan programs	415	2,167
Bonds payable, net	65,870	74,386
Postretirement benefit obligation	4,612	5,038
Operating lease liabilities	1,623	2,801
Other noncurrent liabilities	451	466
Total Liabilities	145,012	122,927
Net Assets		
Without donor restrictions	223,019	214,240
With donor restrictions	1,344,762	1,350,190
Total Net Assets	1,567,781	1,564,430
Total Liabilities and Net Assets	\$ 1,712,793	\$ 1,687,357

The University of Tulsa
Consolidated Statement of Activities
Year Ended June 30, 2024
(in Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Student tuition and fees	\$ 54,043	\$ -	\$ 54,043
Sales and services of educational departments and public services	8,320	-	8,320
Sales and services of auxiliary enterprises, net	35,034	-	35,034
Research services and sponsored projects	18,179	525	18,704
Gifts, grants, and pledges	7,841	20,416	28,257
Contributions from nonfinancial assets	-	578	578
Endowment income	17,569	30,552	48,121
Nonendowment investment gain	617	70	687
Distributions from beneficial interest in funds held by others	31,540	1,024	32,564
Other	6,362	1	6,363
Net assets released from restriction	72,393	(72,393)	-
Total Revenues, Gains, and Other Support	251,898	(19,227)	232,671
Expenses			
Instruction	61,545	-	61,545
Research	22,180	-	22,180
Public services	13,939	-	13,939
Academic support	35,882	-	35,882
Student services	22,885	-	22,885
Institutional support and other	41,600	-	41,600
Auxiliary enterprises	50,354	-	50,354
Total Expenses	248,385	-	248,385
Operating Income (Loss)	3,513	(19,227)	(15,714)
Other Income (Expense)			
Net endowment gain (loss) in excess of income designated for operations	(111)	2,430	2,319
Gifts for capital acquisitions and endowments	1,093	16,571	17,664
Collection items purchased not capitalized	(12)	-	(12)
Other permanently restricted income, net	-	14	14
Adjustment of unrecognized postretirement costs	90	-	90
Increase in fair value of beneficial interest in funds held by others	-	21,111	21,111
Inherent contribution – Fab Lab Tulsa	4,584	-	4,584
Nonoperating contribution expense – Gilcrease	(26,705)	-	(26,705)
Released from restriction – nonoperating	26,327	(26,327)	-
Total Other Income (Expense)	5,266	13,799	19,065
Increase (Decrease) in Net Assets	8,779	(5,428)	3,351
Net Assets, Beginning of Year	214,240	1,350,190	1,564,430
Net Assets, End of Year	\$ 223,019	\$ 1,344,762	\$ 1,567,781

The University of Tulsa
Consolidated Statement of Activities
Year Ended June 30, 2023
(in Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Student tuition and fees	\$ 65,101	\$ -	\$ 65,101
Sales and services of educational departments and public services	7,888	-	7,888
Sales and services of auxiliary enterprises, net	32,633	-	32,633
Research services and sponsored projects	16,505	508	17,013
Gifts, grants, and pledges	9,127	8,586	17,713
Contributions from nonfinancial assets	-	200	200
Endowment income	12,074	33,428	45,502
Nonendowment investment gain	1,659	58	1,717
Distributions from beneficial interest in funds held by others	32,108	191	32,299
Other	2,808	9	2,817
Net assets released from restriction	57,944	(57,944)	-
Total Revenues, Gains, and Other Support	237,847	(14,964)	222,883
Expenses			
Instruction	61,688	-	61,688
Research	20,733	-	20,733
Public services	12,874	-	12,874
Academic support	27,749	-	27,749
Student services	20,317	-	20,317
Institutional support and other	39,821	-	39,821
Auxiliary enterprises	39,580	-	39,580
Total Expenses	222,762	-	222,762
Operating Income (Loss)	15,085	(14,964)	121
Other Income (Expense)			
Net endowment loss in excess of income designated for operations	(368)	(28,714)	(29,082)
Gifts for capital acquisitions and endowments	3	22,888	22,891
Collection items purchased not capitalized	(45)	-	(45)
Other permanently restricted income, net	-	15	15
Change in donor restrictions	(2)	2	-
Adjustment of unrecognized postretirement costs	1,817	-	1,817
Increase in fair value of beneficial interest in funds held by others	-	7,327	7,327
Total Other Income (Expense)	1,405	1,518	2,923
Increase (Decrease) in Net Assets	16,490	(13,446)	3,044
Net Assets, Beginning of Year	197,750	1,363,636	1,561,386
Net Assets, End of Year	\$ 214,240	\$ 1,350,190	\$ 1,564,430

The University of Tulsa
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024
(in Thousands)

	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support and Other	Auxiliary Enterprises	Total
Salaries and wages	\$ 36,807	\$ 10,313	\$ 6,118	\$ 12,856	\$ 7,921	\$ 10,037	\$ 11,825	\$ 95,877
Employee benefits	9,692	2,153	1,515	9,233	2,085	758	3,057	28,493
Professional services	894	1,625	2,150	3,066	3,650	11,959	3,041	26,385
Travel	1,343	538	151	789	588	339	5,772	9,520
Entertainment	231	109	344	427	1,195	1,056	532	3,894
Memberships	257	85	594	518	122	296	142	2,014
Interest	-	52	-	-	-	3,661	-	3,713
Depreciation	4,385	1,433	294	1,395	1,108	1,417	5,458	15,490
Operation and maintenance of physical plant	6,568	2,388	398	1,393	1,393	994	6,766	19,900
Supplies and other	1,368	3,484	2,375	6,205	4,823	11,083	13,761	43,099
Nonoperating contribution expense	-	-	-	-	-	26,705	-	26,705
	61,545	22,180	13,939	35,882	22,885	68,305	50,354	275,090
Less nonoperating expense	-	-	-	-	-	(26,705)	-	(26,705)
Total expenses included in the expenses section on the statement of activities	\$ 61,545	\$ 22,180	\$ 13,939	\$ 35,882	\$ 22,885	\$ 41,600	\$ 50,354	\$ 248,385

See Notes to Consolidated Financial Statements

The University of Tulsa
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023
(in Thousands)

	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support and Other	Auxiliary Enterprises	Total
Salaries and wages	\$ 33,619	\$ 9,312	\$ 5,769	\$ 11,495	\$ 7,424	\$ 9,674	\$ 11,301	\$ 88,594
Employee benefits	12,677	1,991	1,813	3,809	2,078	3,491	2,973	28,832
Professional services	713	1,513	2,042	1,836	4,255	10,382	2,490	23,231
Travel	1,219	469	130	535	404	303	4,232	7,292
Entertainment	125	136	180	201	694	1,049	412	2,797
Memberships	303	57	610	663	135	551	186	2,505
Interest	-	-	-	-	-	3,059	-	3,059
Depreciation	4,234	1,212	310	1,381	1,105	574	5,519	14,335
Operation and maintenance of physical plant	7,881	2,591	506	1,707	577	1,181	2,433	16,876
Supplies and other	917	3,452	1,514	6,122	3,645	9,557	10,034	35,241
Total expenses included in the expenses section on the statement of activities	\$ 61,688	\$ 20,733	\$ 12,874	\$ 27,749	\$ 20,317	\$ 39,821	\$ 39,580	\$ 222,762

The University of Tulsa
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(in Thousands)

	2024	2023
Operating Activities		
Increase in net assets	\$ 3,351	\$ 3,044
Items not requiring (providing) cash		
Depreciation	15,490	14,335
Provision (credit) for uncollectible accounts	(1,057)	552
Loss on disposal of educational plant	911	206
Inherent contribution – Fab Lab Tulsa	(4,584)	-
Amortization of bond issuance costs	94	65
Amortization of bond discounts and premiums, net	(70)	(118)
Net realized and unrealized gains on investments	(46,965)	(11,082)
Contributions restricted for endowment	(10,644)	(10,124)
Contributions received for purchases of educational plant	(5,927)	(12,767)
Change in fair value of beneficial interest in funds held by others	(21,111)	(7,327)
Noncash operating lease expense	1,301	1,821
Changes in operating assets and liabilities		
Accounts receivable	(2,529)	1,623
Inventories	23	(36)
Prepaid expenses and deferred charges	(1,839)	(964)
Contributions receivable	(1,954)	3,187
Student loans receivable	710	(1,470)
Accounts payable	173	3,361
Accrued expenses	(1,497)	(166)
Deposits payable	(211)	(600)
Deferred revenue	(109)	(2,448)
Advances under grants and contracts	(74)	632
Postretirement benefit obligation	(457)	(2,045)
Operating lease liabilities	(1,301)	(1,831)
Other noncurrent liabilities	(1,767)	(1,327)
Net Cash Used in Operating Activities	(80,043)	(23,479)
Investing Activities		
Changes in deposits with trustee	(229)	4,190
Proceeds from sale of investments	89,186	198,295
Purchases of investments	(36,106)	(162,932)
Student loans collected	605	757
Cash acquired in acquisition of Fab Lab Tulsa	335	-
Proceeds from sale of educational plant	-	1,006
Purchases of educational plant	(25,046)	(28,876)
Net Cash Provided by Investing Activities	28,745	12,440

The University of Tulsa
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(in Thousands)

(Continued)

	2024	2023
Financing Activities		
Principal payments on notes and mortgages payable	\$ (51,564)	\$ (54)
Proceeds from issuance of notes and mortgages payable	84,753	2,603
Principal payments on bonds payable	(8,225)	(14,270)
Contributions received for endowment	7,350	11,502
Contributions received for purchases of educational plant	7,936	2,740
Net Cash Provided by Financing Activities	40,250	2,521
Decrease in Cash and Cash Equivalents	(11,048)	(8,518)
Cash and Cash Equivalents, Beginning of Year	26,064	34,582
Cash and Cash Equivalents, End of Year	\$ 15,016	\$ 26,064
Supplemental Cash Flows Information		
Interest paid	\$ 3,823	\$ 3,407
Contributed nonfinancial assets	\$ 578	\$ 200

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of Tulsa is an independent comprehensive institution providing undergraduate, graduate, and professional education in a variety of multicultural programs. The University of Tulsa has an undergraduate enrollment of approximately 2,600 students and a graduate and law enrollment of approximately 1,100 students.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The University of Tulsa, The Gilcrease Museum Management Trust (Trust), Blackrock Properties, LLC (Blackrock), Heart of Tulsa Event Services, LLC (Heart of Tulsa), and effective January 1, 2024, Fab Lab Tulsa, Inc. (Fab Lab Tulsa) and FLT Holdings, Inc. (FLT Holdings) (collectively, University). Effective July 1, 2008, The University of Tulsa formed the Trust and entered into a Management Agreement with the City of Tulsa and the Board of Trustees of the Thomas Gilcrease Institute of American History and Art to manage and operate the Gilcrease Museum. The University has agreed that it will incorporate fundraising for the endowment and operations of the Gilcrease Museum into its fundraising efforts and will separately account for such funds and manage the investment of such funds within the University's policies. The Trust is consolidated due to The University of Tulsa's control and economic interest in it. The University is the sole member of Blackrock and Heart of Tulsa. Effective January 1, 2024, the University acquired the net assets of Fab Lab Tulsa and FLT Holdings. The University is the sole member of Fab Lab Tulsa and Fab Lab Tulsa is the sole member of FLT Holdings. All material intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Basis of Financial Statements

The accompanying consolidated financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

With Donor Restrictions – Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. Such net assets also include the University's beneficial interests in irrevocable agreements held by others.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Operating Income (Loss)

The operating income (loss) reflected in the accompanying consolidated statements of activities excludes net endowment loss in excess of income designated for operations, changes in the fair value of beneficial interest in funds held by others, gifts for capital acquisitions and endowments, collection items purchased not capitalized, other permanently restricted income (loss), adjustments of unrecognized postretirement costs, changes in donor restrictions, other reclassifications, inherent contribution – Fab Lab Tulsa, nonoperating contribution expense – Gilcrease, and net assets released from restriction for nonoperating purposes.

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, but excluding cash and cash equivalents in deposits held by trustee, are considered to be cash and cash equivalents. At June 30, 2024 and 2023, cash equivalents consisted primarily of money market accounts with brokers. At June 30, 2024, the University's cash accounts did not exceed federally insured limits.

Accounts Receivable

Accounts receivable include student accounts, grants, and other receivables. Student accounts receivable represent amounts due for tuition, fees, and room and board from currently enrolled and former students. Credit is extended to students and collateral is not required. Accounts receivable are stated at the amount of consideration due from students, which the University has an unconditional right to receive. The University provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Accounts outstanding beyond the end of the semester are considered past due. Students whose accounts are not current are not allowed to enroll in classes for the following semester and a hold is placed on the account. It is the University's policy to pursue collection of accounts unless the amount is legally discharged. Accounts with no payment activity in more than two years are written off as uncollectible.

Student Loans Receivable

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at estimated net realizable value. Loans are made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for credit losses, if deemed necessary, which is based upon a review of outstanding loans, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. For the Federal Perkins Loan Program, the federal government bears the risk of loss of uncollectible loans provided the University performs required collection due diligence procedures. Delinquent loans are written off based on individual credit evaluation and specific circumstances of the student.

Deposits with Trustee

Deposits with trustee consist of the unexpended bond proceeds, debt service funds for bonds payable, and proceeds from promissory notes. These funds are invested in cash equivalents and will be used for required bond reserves or payment of debt service.

Inventories

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out basis.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Contributions

Contributions are initially recorded at fair value. Unconditional promises to give are recorded net of an allowance for doubtful receivables estimated based on such factors as prior collections history, types of contributions, and the nature of the fundraising activity. Amounts due in more than one year are recorded at net realizable discounted cash flow using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same period are recorded as contributions without donor restrictions.

Gifts of land, buildings, and equipment and other long-lived assets are recorded at their estimated fair value on the date of gift and are reported as support without donor restrictions unless explicit donor stipulations specify how or how long the donated assets must be used, in which case the gift is reported as support with donor restrictions.

Conditional promises to give are recorded when conditions are met.

Investments

The University's investments in common stocks and mutual funds with readily determinable fair values and investments in debt securities, including corporate obligations, commercial paper, and U.S. Treasury obligations, are reported at fair value in the accompanying consolidated statements of financial position. Nonmarketable investments in hedge funds and private equities are recorded at net asset value (NAV) reported by the sponsor or manager of the investor entity, as a practical expedient, to determine fair value of the investments. Other investments are reported at amounts that are not materially different from their fair value.

The University's investments are exposed to various risks, such as fluctuating interest rates, credit quality, overall market volatility, and uncertainty regarding the time required to realize returns from alternative investments that are not traded in public markets. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of activities. Significant fluctuations in fair values could occur from year to year, and the amounts the University will ultimately realize could differ materially.

Income and gains or losses on investments are generally reported as follows:

- Increases in net assets with donor restrictions if the terms of the gift that gave rise to the investment or applicable law require income and gains or losses be added to the principal of a permanent endowment
- Other investment return is reflected in the accompanying consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions

Educational Plant

Plant facilities, including library books, are stated at cost less accumulated depreciation or, if received as a gift, at fair value or appraised value at the date received less accumulated depreciation. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Generally, improvements, renovations, and equipment purchases in excess of \$5 are capitalized. All computers are capitalized, regardless of cost.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Depreciation is recognized on a straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements	10–20 years
Furniture, fixtures, equipment, and library books	5–20 years

The University records impairments to its educational plant when, and if, it becomes probable that the carrying value of these assets will not be fully recovered over the estimated lives of the assets. Impairments, if any, are recorded to reduce the carrying value of the asset to the net realizable value determined by management based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were required during the years ended June 30, 2024 or 2023.

Beneficial Interest in Funds Held by Others

Beneficial interest in funds held by others represents amounts held for the beneficial interest of the University under irrevocable perpetual agreements between donors and third-party trustees or agents. The University's interest is recorded at the fair value of the net assets of the funds held by others, with net increases or decreases in net assets being reported as changes to net assets with donor restrictions. The amounts the University will ultimately realize could differ materially, and significant fluctuations in fair values could occur from year to year.

Advances Under Grants and Contracts

Grants and contracts consist primarily of contractual agreements with governmental and private entities for the performance of research services and other sponsored programs. Revenues are generally recognized as the University meets the conditions prescribed by the grant agreement by performing the contracted services or incurring expenses eligible for reimbursement. Advances are generally considered refundable in the unlikely event specified services are not performed.

Advances Under Federal Loan Programs

Funds provided by the U.S. government primarily under the Federal Perkins Loan Program are loaned to qualified students. These funds are ultimately refundable to the government. No new loans are allowed under this program after fiscal year 2018.

Tuition and Auxiliary Enterprises Revenue, Tuition Discounts, Financial Aid, and Deferred Revenue

Tuition revenue and auxiliary enterprises are recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration to which the University expects to be entitled in exchange for providing tuition and auxiliary enterprises, which include housing and dining, athletics, and other revenue. The University determines the transaction price based on standard charges for goods and services provided reduced by discounts provided for scholarships and other price concessions provided to students. Tuition discounts granted to employees and their dependents are recorded as compensation expense in the appropriate functional expense classification. Deferred revenue, primarily tuition, includes those payments received before services or products are provided by the University.

Collections, Works of Art, and Historical Treasures

The University's collections, which were acquired through purchases and contributions since the University's inception, are not recognized as assets on the accompanying consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the accompanying

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The University's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Certain collection items are subject to requirements that proceeds from their sales are to be used to acquire other items for collections.

Expenses and Other Activity

Expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions for which donor-imposed conditions are met are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Net assets released from restrictions represent satisfaction of purpose restrictions or passage of the stipulated time period on expenditures made pursuant to donor specifications. Investment income, contributions, and distributions restricted for scholarships and financial aid are released from restrictions as awards are made by the University in accordance with its policies governing the administration of financial aid and the requirements of donors.

The costs of providing the various programs and supporting activities of the University have been summarized on a functional basis in the accompanying consolidated statements of activities. The accompanying consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated based on total personnel costs or other systematic bases. Fundraising expense incurred was \$7,895 and \$7,650 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as the University maintains its tax exemption, it will not be subject to income tax. However, the University is subject to federal income tax on any unrelated business taxable income.

Subsequent Events

Subsequent events have been evaluated through October 30, 2024, which is the date the consolidated financial statements were issued.

Note 2. Affiliation with Fab Lab Tulsa, Inc.

On January 1, 2024, the University acquired the net assets of Fab Lab Tulsa and its subsidiary, FLT Holdings, through an Affiliation Agreement. Fab Lab Tulsa is a nonprofit organization established for empowering the community by providing education, community, workforce, and business programming that teaches innovation, design-thinking, problem-solving, and change-making through the access of digital fabrication tools, equipment, and technology. The University acquired the organization to help with the management of operations and leverage Fab Lab Tulsa's facilities for educational purposes. The acquisition was accomplished by the University becoming the sole member of Fab Lab Tulsa, and no consideration was or will be transferred for the acquisition.

No acquisition-related costs were incurred during the year ended June 30, 2024 related to the affiliation with Fab Lab Tulsa.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The following table summarizes the amounts of assets acquired and liabilities assumed recognized at January 1, 2024:

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed

Cash and cash equivalents	\$	335
Accounts receivable, net		9
Notes receivable		1,659
Property, plant, and equipment, net		4,921
Accounts payable		2
Accrued payable		3
Long-term liabilities		2,335
		<u>2,335</u>
Total identifiable net assets – contributions received	\$	<u>4,584</u>

The acquisition resulted in an inherent contribution received of \$3,575, which represents the net recognized amount of the identifiable assets required over the liabilities assumed. This amount has been included as inherent contribution – Fab Lab Tulsa on the accompanying consolidated statement of activities.

Fab Lab Tulsa contributed revenues of \$196, deficiency of revenues over expenses of \$266, and increases to changes in net assets without and with donor restrictions of \$3,259 and \$50, respectively, to the University for the period from January 1, 2024 through June 30, 2024.

Note 3. Receivables

Accounts receivable at June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Current		
Student tuition and fees, net of allowance for doubtful accounts; 2024 – \$452, 2023 – \$611	\$ 4,057	\$ 5,282
Government receivables	471	414
Accrued interest	326	288
Federal and nonfederal research receivables	3,326	2,835
Other receivables	7,942	2,070
	<u>\$ 16,122</u>	<u>\$ 10,889</u>
Noncurrent		
Student loans, net of allowance for doubtful accounts; 2024 – \$399, 2023 – \$399	<u>\$ 1,609</u>	<u>\$ 2,924</u>

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The aging of the student loan portfolio as of June 30 is presented as follows:

	Not in Repayment	Current	Less than 240 Days Past Due	Greater than 240 Days but Less than 2 Years Past Due	Greater than 2 Years but Less than 5 Years Past Due	Greater than 5 Years Past Due	Total
2024							
Federal Perkins loans	\$ 451	\$ 1,364	\$ 129	\$ 21	\$ 43	\$ -	\$ 2,008
As a percentage of total loan portfolio	22.5%	67.9%	6.4%	1.0%	2.1%	0.0%	
2023							
Federal Perkins loans	\$ 709	\$ 2,295	\$ 148	\$ 68	\$ 77	\$ 26	\$ 3,323
As a percentage of total loan portfolio	21.3%	69.1%	4.5%	2.0%	2.3%	0.8%	

The allowance for estimated losses on loans as of June 30:

	Federal Perkins Loans	
	2024	2023
Allowance for loans collectively evaluated for impairment	\$ 399	\$ 399
Loans collectively evaluated for impairment	\$ 2,008	\$ 3,323
Allowance as a percentage of loans collectively evaluated for impairment	20%	12%

The following presents the recorded investment by credit quality indicator as of June 30:

	Federal Perkins Loans	
	2024	2023
Performing	\$ 1,815	\$ 3,004
Nonperforming	193	319
	<u>\$ 2,008</u>	<u>\$ 3,323</u>

For student loans, the credit quality indicator's performance is determined by delinquency status and, for federal Perkins loans, origination and servicing of the loan. Delinquency status is updated monthly by the University's third-party loan servicer. Federal Perkins loans that are originated and serviced properly under U.S. Department of Education regulations can be assigned to the U.S. Department of Education when deemed no longer collectible. The University believes that all federal Perkins loan balances were originated properly and have been serviced in accordance with U.S. Department of Education regulations.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Contributions receivable at June 30 consisted of the following:

	2024			2023		
	Less than 1 Year	1–5 Years	More than 5 Years	Less than 1 Year	1–5 Years	More than 5 Years
Unconditional promises	\$ 16,569	\$ 21,884	\$ 929	\$ 9,373	\$ 26,566	\$ 996
Less unamortized discount and allowance for doubtful accounts	(789)	(2,905)	(251)	(642)	(3,844)	(272)
	<u>\$ 15,780</u>	<u>\$ 18,979</u>	<u>\$ 678</u>	<u>\$ 8,731</u>	<u>\$ 22,722</u>	<u>\$ 724</u>

Contributions that are expected to be received in more than one year have been discounted to present value using a rate of 4% for the years ended June 30, 2024 and 2023.

Note 4. Endowment Investments, Investments, and Investments Held by Others

The fair value of investments at June 30 consisted of the following:

	2024	2023
Beneficial interest in funds held by others	\$ 620,439	\$ 599,328
Endowment investments	634,312	638,151
Nonendowment investments	-	4,284
	<u>\$ 1,254,751</u>	<u>\$ 1,241,763</u>

Investments are classified in the accompanying consolidated statements of financial position as follows:

	2024	2023
Cash and cash equivalents	\$ -	\$ 2,008
Investments – short-term	1,005	-
Investments	633,307	640,427
Beneficial interest in funds held by others	620,439	599,328
	<u>\$ 1,254,751</u>	<u>\$ 1,241,763</u>

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

At June 30, the fair value of endowment assets, including beneficial interest in funds held by others for the University's benefit, consisted of the following:

	<u>2024</u>	<u>2023</u>
Beneficial interest in funds held by others		
J.A. and Leta M. Chapman 1949 Trust	\$ 46,311	\$ 44,734
J.A. and Leta M. Chapman Charitable Trust	345,991	334,354
Leta McFarlin Chapman Memorial Trust	172,480	166,975
Pauline McFarlin Walter Memorial Trust	43,305	41,877
Jay P. Walker Charitable Trust	4,103	3,960
Virginia Mayo Ownby Memorial Trust	4,112	3,725
Doris K. Catlett Trust	2,274	1,980
Other	1,863	1,723
	<u>620,439</u>	<u>599,328</u>
Other endowment assets		
Cash and cash equivalents	15,016	22,091
Contributions receivable	20,276	4,429
Investments	634,312	638,151
	<u>669,604</u>	<u>664,671</u>
Total endowment assets	<u>\$ 1,290,043</u>	<u>\$ 1,263,999</u>

Endowment investments include perpetual endowments included in net assets with donor restrictions; gifts, gains, and term endowments included in net assets with donor restrictions; and designated endowments and related gains included in net assets without donor restrictions.

The University's endowments consist of 892 individual funds established for a variety of purposes, as well as the beneficial interest in 15 funds managed by outside trustees or agents to function as endowments. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Laws

The University interprets the *Uniform Prudent Management of Institutional Funds Act of 2006* (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 endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as a permanent endowment is classified as net assets with donor restrictions until these amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

In accordance with UPMIFA, the University considers the following factors in making a determination 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
7. The investment policies of the University

Funds with Deficiencies

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. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions (referred to as underwater endowments) were \$0 as of June 30, 2024 and 2023.

In accordance with the terms of donor gift instruments, the University is permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair value of the original amount of the gift.

Strategies Employed for Achieving Objectives

Certain of the University's external investment managers are authorized to use specified derivative financial instruments in managing the assets under their control, subject to restrictions and limitations adopted by the Board of Trustees. From time to time, the managers may enter into forward currency contracts to hedge currency exchange risk on investments in foreign securities and other future contracts to adjust asset allocation for a more efficient portfolio. The managers settle these contracts on a net basis and, accordingly, the cash requirements are substantially less than the contract amounts. Changes in the fair value of the derivative contracts are included in investment income and are not significant for the years ended June 30, 2024 or 2023.

Spending Policy and How Investment Objectives Relate to the Spending Policy

The University's endowment spending policy has two components. The first component uses the previous year's spending rate and adjusts it for inflation, which is defined as the previous calendar year's Consumer Price Index increase plus 1%. This component is 70% of the calculation. The second component uses the average endowment market value as of September 30 and December 31 of the preceding year and multiplies the result by a fixed percentage, which was 5% for the years ended June 30, 2024 and 2023. The second component is the remaining 30% of the calculation.

In establishing this policy, the University considered the long-term expected return on its endowments. Accordingly, over the long term, the University expects the current spending policy to allow its endowments to grow at or near the inflation rate, as represented by the Consumer Price Index, before the effect of new gifts. This is consistent with the University's objective 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.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The annual withdrawal includes amounts for operations and amounts utilized in accordance with the terms of donor-restricted and board-designated endowments. During 2024 and 2023, the board approved an additional withdrawal of \$12,000 and \$11,800, respectively to pay down University debt.

Endowment net asset composition by type of fund as of June 30 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Pure endowment funds	\$ -	\$ 637,511	\$ 637,511
Quasi-endowment funds	9,112	20,904	30,016
Term endowment funds	-	2,078	2,078
Beneficial interest in funds held by others	-	620,438	620,438
	<u>\$ 9,112</u>	<u>\$ 1,280,931</u>	<u>\$ 1,290,043</u>
2023			
Pure endowment funds	\$ -	\$ 627,051	\$ 627,051
Quasi-endowment funds	8,089	27,316	35,405
Term endowment funds	-	2,215	2,215
Beneficial interest in funds held by others	-	599,328	599,328
	<u>\$ 8,089</u>	<u>\$ 1,255,910</u>	<u>\$ 1,263,999</u>

Quasi-endowment funds include donor-restricted contributions that have been designated by the Board of Trustees as endowment net assets.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ 8,323	\$ 1,267,178	\$ 1,275,501
Total investment return	11,706	12,041	23,747
Transfers	132	-	132
Contributions	5	10,119	10,124
Distributions from beneficial interest in funds held by others	32,108	191	32,299
Use of endowment assets for expenditures Annual transfer for operations	(44,185)	(33,619)	(77,804)
Endowment net assets, June 30, 2023	<u>\$ 8,089</u>	<u>\$ 1,255,910</u>	<u>\$ 1,263,999</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 8,089	\$ 1,255,910	\$ 1,263,999
Total investment return	17,458	54,093	71,551
Transfers	41	(9,164)	(9,123)
Contributions	1,093	10,644	11,737
Distributions from beneficial interest in funds held by others	31,540	1,024	32,564
Use of endowment assets for expenditures Annual transfer for operations	(49,109)	(31,576)	(80,685)
Endowment net assets, June 30, 2024	<u>\$ 9,112</u>	<u>\$ 1,280,931</u>	<u>\$ 1,290,043</u>

Beneficial interest in funds held by others is a resource that is neither in the possession of, nor under the control of, the University. It is held and administered by external fiscal agents with the income distributed to the University according to the terms of the gift instruments. Only the distributions from these funds are expendable.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Investment return on beneficial interest in funds held by others is as follows, including a percentage of the prior year's ending balance of the beneficial interest:

	2024		2023	
Beneficial interest in funds held by others				
Distributions of income	\$ 32,564	5.4%	\$ 32,299	5.5%
Increase in fair value	21,111	3.5%	7,327	1.2%
Total investment return on beneficial interest in funds held by others	<u>\$ 53,675</u>	<u>9.0%</u>	<u>\$ 39,626</u>	<u>6.7%</u>

Note 5. Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the University's assets that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions, as of June 30:

	Total	Fair Value Measurements			Unfunded Commitments	Redemption or Liquidation	Days' Notice
		Level 1	Level 2	Level 3			
2024							
Cash equivalents	\$ 10,254	\$ 10,254	\$ -	\$ -	N/A	N/A	N/A
Fixed income	38,658	38,658	-	-	N/A	N/A	N/A
Equities	5,956	5,956	-	-	N/A	N/A	N/A
Mutual funds	3,829	3,829	-	-	N/A	N/A	N/A
Real estate measured at NAV (A)	4,222	-	-	-	None	Illiquid	Illiquid
Private equities measured at NAV (A)	339,689	-	-	-	\$ 101,790	Illiquid	Illiquid
Hedge funds							
Equity long/short measured at NAV (A)	92,739	-	-	-	None	Daily/Monthly	10 to 120
Multistrategy measured at NAV (A)	146,910	-	-	-	None	Monthly	90
Life income	42	-	42	-	N/A	N/A	N/A
Life insurance	467	-	467	-	N/A	N/A	N/A
Beneficial interest in funds held by others	620,439	-	-	620,439	N/A	N/A	N/A
	<u>\$ 1,263,205</u>	<u>\$ 58,697</u>	<u>\$ 509</u>	<u>\$ 620,439</u>			

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

	Total	Fair Value Measurements			Unfunded Commitments	Redemption or Liquidation	Days' Notice
		Level 1	Level 2	Level 3			
2023							
Cash equivalents	\$ 9,965	\$ 9,965	\$ -	\$ -	N/A	N/A	N/A
Fixed income	36,125	36,125	-	-	N/A	N/A	N/A
Equities	8,491	8,491	-	-	N/A	N/A	N/A
Mutual funds	300	300	-	-	N/A	N/A	N/A
Real estate measured at NAV (A)	5,495	-	-	-	None	Illiquid	Illiquid
Private equities measured at NAV (A)	345,658	-	-	-	\$ 116,333	Illiquid	Illiquid
Hedge funds							
Equity long/short measured at NAV (A)	90,107	-	-	-	None	Daily/Monthly	10 to 120
Multistrategy measured at NAV (A)	154,015	-	-	-	None	Monthly	90
Life income	39	-	39	-	N/A	N/A	N/A
Life insurance	465	-	465	-	N/A	N/A	N/A
Beneficial interest in funds held by others	599,328	-	-	599,328	N/A	N/A	N/A
	<u>\$ 1,249,988</u>	<u>\$ 54,881</u>	<u>\$ 504</u>	<u>\$ 599,328</u>			

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

Alternative investments measured at NAV per share include:

- **Real Estate** – This category primarily includes producing and nonproducing mineral interests of property in Texas and New Mexico.
- **Private Equities** – This category includes investments made primarily through private investment funds. The private investment funds may invest in real estate, oil and gas, venture capital, and private equity, among others. Generally, these investments cannot be redeemed. Instead, the nature of the investments in this category is that distributions are received through the liquidation of underlying assets of the funds. This is expected to occur as investments are liquidated or the fund is dissolved.
- **Hedge Funds – Equity Long/Short** – This category includes investments made primarily through private investment funds but also includes investments in securities and derivative contracts. The private investment funds may employ leverage, sell securities short, purchase and sell options, and invest in futures contracts. Investors may redeem daily to quarterly with 10 to 120 days' notice.
- **Hedge Funds – Multistrategy** – This category includes investments made primarily through private investment funds. The private investment funds invest across multiple sectors, including long/short equity, long-biased equity, and credit. The private investment funds may employ leverage, sell securities short, purchase and sell options, and invest in futures contracts. Investors may redeem monthly with 90 days' notice.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The University's assets measured at fair value are reported in the accompanying consolidated statements of financial position at June 30 as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ -	\$ 2,008
Investments – short-term	1,005	-
Deposits with trustee – current	8,454	8,225
Investments	633,307	640,427
Beneficial interest in funds held by others	620,439	599,328
	<u>\$ 1,263,205</u>	<u>\$ 1,249,988</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

When quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Beneficial Interest in Funds Held by Others

Fair value is estimated at the University's percentage of the fair value of the underlying assets held in trust. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

Balance, July 1, 2022	\$ 592,001
Net appreciation	<u>7,327</u>
Balance, June 30, 2023	599,328
Net appreciation	<u>21,111</u>
Balance, June 30, 2024	<u>\$ 620,439</u>
The amount of total net gains for the year ended June 30, 2023 included in change in net assets that are attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2023	
	<u>\$ 7,327</u>
The amount of total net gains for the year ended June 30, 2024 included in change in net assets that are attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2024	
	<u>\$ 21,111</u>

Uncertainty of Fair Value Measurement

The following is a description of the uncertainty of the fair value measurement at the reporting date from the use of significant unobservable inputs, whether those inputs reasonably could have been different at the reporting date, the inter-relationships among the unobservable inputs used in the recurring fair value measurement, and how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

Beneficial Interest in Funds Held by Others

The significant unobservable inputs used in the fair value measurement of the University's beneficial interest in funds held by others are discount rates and market return rates. The discount rate is the interest rate utilized to discount future cash flows in a present value cash flow calculation. The discount rate used often represents the return market participants would demand on similar assets. Therefore, significant increases (decreases) in the discount used would result in (lower) higher fair value measurements.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Note 6. Educational Plant

Net investment in educational plant consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 97,257	\$ 90,103
Buildings and leasehold improvements	458,076	446,813
Furniture, fixtures, and equipment	77,083	70,185
Library books	<u>35,367</u>	<u>38,585</u>
	667,783	645,686
Less accumulated depreciation	<u>296,754</u>	<u>288,223</u>
	<u><u>\$ 371,029</u></u>	<u><u>\$ 357,463</u></u>

Depreciation expense was \$15,490 and \$14,335 for the years ended June 30, 2024 and 2023, respectively.

Note 7. Bonds, Notes, and Mortgages Payable

Bonds

Bonds payable consisted of the following at June 30:

- TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2013 (2013 Series Bonds)
- TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2015 (2015 Series Bonds)
- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2017 (2017 Series Bonds)
- TIA Revenue Refunding Bonds (The University of Tulsa) Series 2019 (2019 Series Bonds)

TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2013 Dated November 7, 2013

The proceeds from these bonds were used to build a student dormitory to house approximately 330 students. The bonds were issued in parity with the 2006 Series Bonds and are secured by future housing fee revenues from the new dormitory as well as the existing apartments.

The 2013 Series Bonds maturing October 1 in each of the years 2033 and 2038 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Maturities, interest rates, and outstanding principal amounts at June 30, 2024 are as follows:

Serial Bond, due October 1, 2024	5.00%	\$	1,130
Serial Bond, due October 1, 2025	5.00%		1,185
Serial Bond, due October 1, 2026	3.75%		1,245
Serial Bond, due October 1, 2027	4.00%		1,290
Term Bond, due October 1, 2033	4.50%		9,010
Term Bond, due October 1, 2038	4.75%		9,615
Unamortized bond issuance costs			(168)
Unamortized net bond discount/premiums			(393)
			<u>22,914</u>
2013 Series Bonds		\$	<u>22,914</u>

TIA Student Housing Revenue Bonds (The University of Tulsa) Series 2015 Dated November 5, 2015

The proceeds from these bonds were used to advance refund \$27,935 in aggregate principal amount of the 2006 Series Bonds maturing October 1, 2015 through 2037. The bonds are secured by future revenues from the apartments built with the 2006 Series Bond proceeds.

The 2015 Series Bonds maturing October 1 in each of the years 2034 and 2037 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

Maturities, interest rates, and outstanding principal amounts at June 30, 2024 are as follows:

Serial Bond, due October 1, 2024	3.00%	\$	1,170
Serial Bond, due October 1, 2025	3.00%		1,210
Serial Bond, due October 1, 2026	3.00%		1,240
Serial Bond, due October 1, 2027	3.13%		1,280
Serial Bond, due October 1, 2028	3.25%		1,320
Serial Bond, due October 1, 2029	3.25%		1,360
Serial Bond, due October 1, 2030	3.38%		1,410
Term Bond, due October 1, 2034	3.75%		6,155
Term Bond, due October 1, 2037	4.00%		5,260
Unamortized bond issuance costs			(151)
Unamortized net bond discount/premiums			(97)
			<u>20,157</u>
2015 Series Bonds		\$	<u>20,157</u>

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2017 Dated December 14, 2017

The proceeds from these bonds were used to advance refund \$20,715 in aggregate principal amount of the 2006 Series Bonds maturing October 1, 2018 through 2031.

The 2017 Series Bonds maturing October 1, 2031 (the Term Bonds) are subject to mandatory sinking fund redemption in part by TIA prior to their scheduled maturity at a redemption price equal to 100% of the principal amount, without premium, plus accrued but unpaid interest to the redemption date.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Maturities, interest rates, and outstanding principal amounts at June 30, 2024 are as follows:

Serial Bond, due October 1, 2024	5.00%	\$	1,460
Serial Bond, due October 1, 2025	5.00%		1,450
Term Bond, due October 1, 2031	5.00%		7,505
Term Bond, due October 1, 2031	3.85%		2,060
Unamortized bond issuance costs			(118)
Unamortized net bond discount/premiums			451
			<u>451</u>
2017 Series Bonds		\$	<u>12,808</u>

TIA Revenue Refunding Bonds (The University of Tulsa) Series 2019 Dated August 1, 2019

The proceeds from these bonds were used to advance refund \$27,155 in aggregate principal amount of the 2009 Series Bonds maturing October 1, 2019 through 2027.

Maturities, interest rates, and outstanding principal amounts at June 30, 2024 are as follows:

Serial Bond, due October 1, 2024	2.25%	\$	2,393
Serial Bond, due April 1, 2025	2.25%		2,392
Serial Bond, due October 1, 2025	2.25%		2,440
Serial Bond, due April 1, 2026	2.25%		2,440
Serial Bond, due October 1, 2026	2.25%		2,490
Serial Bond, due April 1, 2027	2.25%		2,490
Serial Bond, due October 1, 2027	2.25%		4,125
Deferred bond issuance costs			(374)
			<u>(374)</u>
2019 Series Bonds		\$	<u>18,396</u>

Total bonds outstanding at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
2013 Series Bonds	\$ 22,914	\$ 23,906
2015 Series Bonds	20,157	21,254
2017 Series Bonds	12,808	14,122
2019 Series Bonds	<u>18,396</u>	<u>23,194</u>
	74,275	82,476
Less current portion	<u>8,405</u>	<u>8,090</u>
Total long-term portion	<u>\$ 65,870</u>	<u>\$ 74,386</u>

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The annual sinking fund redemption requirements for the bonds are as follows:

	2013 Series	2015 Series	2017 Series	Total
2025	\$ -	\$ -	\$ -	\$ -
2026	-	-	-	-
2027	-	-	1,455	1,455
2028	-	-	1,435	1,435
2029	1,340	-	1,500	2,840
2030–2034	7,670	4,530	5,175	17,375
2035–2039	9,615	6,885	-	16,500
	<u>\$ 18,625</u>	<u>\$ 11,415</u>	<u>\$ 9,565</u>	<u>\$ 39,605</u>

The University is subject to various financial and related covenants contained in the bond agreements.

The University is in compliance with the alternate calculation of the available funds ratio requirement, as defined in the bond agreements, at June 30, 2024 and 2023.

Notes and Mortgages Payable

Notes and mortgages payable consisted of the following at June 30:

	2024	2023
The University has purchased certain properties for academic and community outreach purposes. The related notes and mortgages mature in various years through 2051 and bear interest at 1.72% to 3.09%. The notes are secured by the related properties	\$ 4,565	\$ 2,600
Revolving line of credit with BOKF, NA dba Bank of Oklahoma for up to \$75,000; interest is due monthly at the Adjusted Term SOFR (beginning April 2023) plus 2.00% (7.45% at June 30, 2024) and One-Month LIBOR plus 2.00% (7.20% at June 30, 2023); the line is unsecured; due July 2024	33,559	-
	<u>38,124</u>	<u>2,600</u>
Less current portion	<u>211</u>	<u>215</u>
	<u>\$ 37,913</u>	<u>\$ 2,385</u>

Total interest costs incurred on indebtedness during the years ended June 30, 2024 and 2023 were \$3,713 and \$3,059, respectively.

A component of the notes payable above includes a \$655 loan to FLT Holdings as part of a New Markets Tax Credit transaction. As a part of this transaction, this loan will be forgiven after a seven-year period, which will end in 2028.

In July 2024, the revolving line of credit noted above was renewed through July 2027.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Required maturities of all long-term debt, including bonds payable, at June 30, 2024 are as follows:

2025	\$ 8,616
2026	9,675
2027	9,220
2028	44,205
2029	2,840
Thereafter	<u>38,693</u>
	113,249
Unamortized debt issuance costs	(811)
Unamortized net bond discount/premiums	<u>(39)</u>
	<u><u>\$ 112,399</u></u>

Note 8. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Restricted for time or purpose		
Capital construction	\$ 10,471	\$ 35,882
Operating, including term and quasi endowments	74,945	86,671
Perpetual	<u>1,259,346</u>	<u>1,227,637</u>
	<u><u>\$ 1,344,762</u></u>	<u><u>\$ 1,350,190</u></u>

Included in perpetual above are cumulative gains on pure endowments of \$233,321 and \$233,098 for the years ended June 30, 2024 and 2023, respectively, that can be appropriated into operations based on the spending policy in Note 4.

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 are designated for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 179,923	\$ 164,501
Designated by the Board for operating reserve	33,984	41,650
Designated by the Board for endowment	<u>9,112</u>	<u>8,089</u>
	<u><u>\$ 223,019</u></u>	<u><u>\$ 214,240</u></u>

Note 9. Revenue Recognition

Tuition and Auxiliary Enterprises Revenue

Revenue from contracts with students for tuition and auxiliary enterprises is reported at the amount that reflects the consideration to which the University expects to be entitled in exchange for providing instruction and housing, food, and other services. These amounts are due from students, third-party payers, and others and include variable consideration for institutional scholarships and awards.

Revenue is recognized as performance obligations are satisfied over time, which is ratably over the academic term. Generally, the University bills students prior to the beginning of the semester.

Refunds are issued in the case of withdrawals either before the semester begins or early in the semester. Because of the timing of the published refund schedule, all refunds are recognized before the end of the fiscal year.

Tuition and auxiliary services revenue are considered to be separate performance obligations. The University allocates the fees charged to students to tuition and housing, food, and other services based on stand-alone charges to students for tuition and those services besides housing. The University uses the adjusted market assessment approach to estimate the stand-alone selling price for housing.

Sponsored Research Revenue

The University receives sponsored research funding from various governmental, corporate, and other private sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large.

Revenues from exchange (reciprocal) transactions are recognized as performance obligations are satisfied over time, which in most cases are as related costs are incurred.

Revenues from nonexchange transactions (contributions) may be subject to conditions in the form of a barrier to entitlement or a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Sales and Services of Educational Departments and Public Services and Other Revenue

Performance obligations are determined based on the nature of the goods or services provided by the University in accordance with the contract. Sales and services of educational departments revenue and public services revenue relate mostly to miscellaneous sales from the University and Gilcrease Museum. These revenues are recognized as sales occur or services are performed as these goods or services were transferred at a point in time and the University does not believe it is required to provide additional goods or services related to that sale. Revenue recognized at a point in time is not significant. Any other revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The University believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Transaction Price and Recognition

The University determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the University's policies for granting certain merit-based aid. The University determines the estimates of explicit price concessions based on its discount policies and merit awards. The University determines its estimates of implicit price concessions based on its historical collection experience with each type of student or customer. From time to time, the University will incur student credit balances and student deposits, which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenue and are recorded as liabilities until they are refunded. No material liabilities existed at June 30, 2024 or 2023.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, the University has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction and housing to students. The performance obligations for these contracts are generally completed when the academic term is completed.

During the years ended June 30, 2024 and 2023, the University recognized revenue of \$6,924 and \$8,784, respectively, that was recognized as a contract liability at the beginning of the year. This liability is included in deferred revenue and advances under grants and contracts on the accompanying consolidated statements of financial position.

The University expects to recognize \$6,374 of tuition and auxiliary enterprises and research and sponsored projects revenue in fiscal year 2025 when the summer 2024 academic term is completed.

The University's net tuition and fees are comprised of the following components for the years ended June 30:

	2024	2023
Student tuition and fees	\$ 146,968	\$ 151,564
University-funded scholarships	(57,789)	(60,540)
University-funded athletic scholarships	(11,810)	(12,543)
Scholarships funded by other sources	(23,326)	(13,380)
	<u>\$ 54,043</u>	<u>\$ 65,101</u>
Student tuition and fees, net of student financial aid		

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Scholarships funded by other sources are comprised of the following sources for the years ended June 30:

	2024	2023
Endowments	\$ 11,416	\$ 8,439
Endowments and gifts	2,478	1,360
Endowments and trusts	1,228	783
Gifts	8,187	2,701
Trusts	17	97
	<u>\$ 23,326</u>	<u>\$ 13,380</u>

The University has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the various service lines.

Disaggregation of Revenue

The composition of revenue by material revenue category for the years ended June 30 is as follows:

	2024	2023
Student tuition and fees	<u>\$ 54,043</u>	<u>\$ 65,101</u>
Sales and services of educational departments and public services		
Gilcrease Museum	\$ 3,766	\$ 3,556
University School	2,924	2,495
Other	1,630	1,837
	<u>\$ 8,320</u>	<u>\$ 7,888</u>
Sales and services of auxiliary enterprises, net		
Student housing and dining	\$ 21,078	\$ 20,620
Athletics	13,724	11,898
Other	232	115
	<u>\$ 35,034</u>	<u>\$ 32,633</u>
Research services and sponsored projects		
Federal	\$ 11,288	\$ 9,121
State	315	416
Private	7,101	7,476
	<u>\$ 18,704</u>	<u>\$ 17,013</u>

Financing Component

The University has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from students and third parties for the effects of a significant financing

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

component due to the University's expectation that the period between the time the service is provided to a student and the time the student or a third-party payer pays for that service will be one year or less.

Additionally, some sponsored research revenue contracts require more than one year to complete. In these cases, the financing component is not deemed to be material.

Note 10. Retirement Plans

Full-time faculty and staff are eligible to participate in a contributory retirement and annuity program through the Teachers Insurance and Annuity Association of America and the College Retirement Equities Fund (TIAA/CREF) immediately upon hire into an eligible position. The University matching contribution, as defined below, is not effective until the first of the month following their date of hire. The University has no liability other than annual contributions. Annual contributions are based upon a percentage of employee compensation. Individual contracts are issued under the program and there is immediate vesting of both the University's and employees' contributions. Effective July 1, 2022, University contributions to the plan are based on up to 5% of employee contributions. University contributions to this program were \$2,798 and \$2,409 during the years ended June 30, 2024 and 2023, respectively.

Note 11. Postretirement Benefits

Employees who retire and have met minimum service requirements are eligible to receive postretirement benefits in the form of health insurance coverage for themselves and their dependents until they reach the age of 70. The University recognizes postretirement benefits on an accrual basis as employees perform services to earn such benefits.

The University uses a June 30 measurement date for the postretirement benefit plan. The following table sets forth the funded status of the postretirement benefit plan at June 30:

	2024	2023
Accumulated postretirement benefit obligation		
Retirees	\$ 1,668	\$ 1,877
Fully eligible plan participants	767	829
Other active plan participants	2,714	2,900
Accumulated postretirement benefits	5,149	5,606
Plan assets, at fair value	-	-
Accumulated postretirement benefit obligation in excess of plan assets	5,149	5,606
Current portion of postretirement benefit accrual	(537)	(568)
Total long-term portion of postretirement benefit accrual	<u>\$ 4,612</u>	<u>\$ 5,038</u>
Amounts recognized in nonoperating activities		
Net actuarial gain	\$ 90	\$ 1,817
Net gain recognized in nonoperating activities	<u>\$ 90</u>	<u>\$ 1,817</u>

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Postretirement benefit expense for the year ended June 30, 2024 was \$178 and included \$316 service cost, \$284 interest cost, and \$(422) amortization gains. Postretirement benefit expense for the year ended June 30, 2023 was \$506 and included \$427 service cost, \$345 interest cost, and \$(266) amortization gains.

Benefits paid to participants during 2024 and 2023 were \$968 and \$1,000, respectively.

For measurement purposes, a 7.25% annual rate of increase in the per capita cost of covered medical care benefits was assumed for the year ended June 30, 2024; the rate was assumed to decrease 0.25% per year to 4.5% for 2036 and remain at that level thereafter. The medical care cost trend rate assumption has an effect on the amounts reported.

The weighted-discount rate used in determining the accumulated postretirement benefit obligation was 5.48% and 5.34% for the years ended June 30, 2024 and 2023, respectively.

Gross benefit payments, which reflect expected future service, are expected to be paid as follows:

	Postretirement Benefits
2025	\$ 551
2026	505
2027	476
2028	448
2029	440
2030–2034	<u>2,485</u>
	<u><u>\$ 4,905</u></u>

Contributions expected to be paid to the plan are consistent with the benefits above.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Note 12. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or board designations limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Total financial assets	\$ 1,331,389	\$ 1,320,034
Externally imposed restrictions		
Beneficial interest in funds held by others	620,439	599,328
Deposits with trustee	8,454	8,225
Endowment investments	604,296	602,746
Nonendowment investments	-	4,284
Other endowment assets		
Cash and cash equivalents	15,016	22,091
Contributions receivable	<u>20,276</u>	<u>4,429</u>
Net financial assets after externally imposed restrictions	62,908	78,931
Internal designations		
Quasi-endowments	30,016	35,405
Other noncurrent assets		
Contributions receivable	4,939	23,769
Student loans receivable, net	<u>1,609</u>	<u>2,924</u>
Financial assets available to meet cash needs for general expenditures within one year	26,344	16,833
Funding available from line of credit to meet cash needs for general expenditures within one year	<u>41,441</u>	<u>75,000</u>
Total financial assets and line of credit available to meet cash needs for general expenditures within one year	<u>\$ 67,785</u>	<u>\$ 91,833</u>

The University receives significant contributions restricted by donors and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2024 and 2023, restricted contributions of \$10,222 and \$3,979, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

The University's endowment funds consist of donor-restricted endowments and funds designated by the Board of Trustees as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The quasi-endowment funds of \$29,944 and \$35,405 at June 30, 2024 and 2023, respectively, are subject to an annual spending rate described in Note 4. The remaining amount could be made available if necessary. To help manage unanticipated liquidity needs, the University has a committed line of credit in the amount of \$75,000. As of June 30, 2024 and 2023, \$41,287 and \$75,000, respectively, of the line of credit remained available to draw down.

Included above, the Board of Trustees has also designated an operating reserve of \$33,984 and \$41,650 at June 30, 2024 and 2023, respectively, that can be made available for general expenditures, as necessary.

The University does not have a formal liquidity policy. However, the University forecasts and monitors its future cash flows on a monthly basis in order to ensure continued prudent levels of liquidity.

Note 13. Commitments, Contingencies, and Concentrations

The University is subject to various legal proceedings and claims that arise in the ordinary course of business. Management of the University believes the amount of ultimate liability with respect to these actions will be immaterial.

Certain land included in educational plant may not be sold, assigned, conveyed, leased, or transferred without prior approval of the Tulsa Development Authority (TDA). In addition, the land may not be used for any purposes other than those purposes specified in the Urban Renewal Plan agreed to by TDA and the University.

The University conducts certain programs pursuant to grants and contracts funded and subject to audit by various federal and state agencies. Amounts questioned as a result of audits, if any, may result in reimbursements to these governmental agencies. Management of the University believes the amounts questioned, if any, will be immaterial.

The University began participation in the Federal Direct Student Loan Program (Program) as mandated by the *Health Education Reconciliation Act of 2010* effective July 1, 2010. The total amount loaned under the Program during the years ended June 30, 2024 and 2023 was \$26,217 and \$29,273, respectively, and is not included in the accompanying consolidated financial statements. The University performs certain administrative functions in accordance with federal regulations. If the University fails to perform these functions, it may be liable to the federal government for a portion of the outstanding loans. Management of the University believes that it has satisfactorily administered this program and that the University's liability, if any, will be immaterial.

Approximately 12% of all contributions were received from one donor in 2024. Approximately 46% of all contributions receivable were from three donors at June 30, 2024. Approximately 26% of all contributions were received from two donors in 2023.

Note 14. Leases

Accounting Policies

The University determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use assets and lease liabilities on the accompanying consolidated statements of financial position. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease measured on a discounted basis. The University determines lease classification as operating or finance at the lease commencement date.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

The University combines lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use assets and lease liabilities for its office buildings. The University allocates the consideration to the lease and nonlease components using their relative stand-alone values.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The right-of-use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The University has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the University is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The University has elected not to record leases with an initial term of 12 months or less on the accompanying consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The University has entered into the following lease arrangements:

Finance Leases

The University has no leases classified as finance at the lease commencement date.

Operating Leases

The University has leases for building space that expire in various years through 2025. These leases generally contain renewal options and require the University to pay all executory costs (property taxes, maintenance, and insurance). Certain lease payments have an escalating fee schedule of a 2% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. A portion of the leased space is subleased under leases expiring in 2025.

The University has an operating lease for solar panels that expires in 2036. The University has an operating lease for equipment for student housing that expires in 2024. Additionally, the University has operating leases for copiers and office equipment that expire in years through 2029.

All Leases

The University has no material related-party leases. The University's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of June 30, 2024, the University has not entered into additional operating and finance leases that have not yet commenced.

The University of Tulsa
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(in Thousands)

Quantitative Disclosures

The lease cost and other required information for the years ended June 30 are:

	2024	2023
Lease cost		
Operating lease cost	\$ 1,475	\$ 1,574
Sublease income	(330)	(323)
Total lease cost	<u>\$ 1,145</u>	<u>\$ 1,251</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 1,301	\$ 1,831
Weighted-average remaining lease term		
Operating leases	5.72 years	5.54 years
Weighted-average discount rate		
Operating leases	1.57%	0.84%

Future minimum lease payments and reconciliation to the accompanying consolidated statements of financial position at June 30, 2024 are as follows:

2025	\$ 1,327
2026	700
2027	122
2028	113
2029	92
Thereafter	728
Total future undiscounted lease payments	<u>3,082</u>
Less interest	<u>132</u>
Operating lease liabilities	<u>\$ 2,950</u>

Note 15. Conditional Gifts

The University has received the following conditional promises to give at June 30 that are not recognized in the accompanying consolidated financial statements:

	2024	2023
Contingent on research costs incurred		
Federal agencies	\$ 23,943	\$ 17,095
Private nonprofit organizations	92	253
State agencies	66	289
	<u>\$ 24,101</u>	<u>\$ 17,637</u>

Note 16. Related-Party Transactions

The University had contributions receivable from related parties of \$1,030 and \$9,777 at June 30, 2024 and 2023, respectively. Contributions received from related parties were \$1,653 and \$2,152 for the years ended June 30, 2024 and 2023, respectively. Pledge payments were received from related parties of \$3,041 and \$3,387 for the years ended June 30, 2024 and 2023, respectively.

Supplementary Information

The University of Tulsa
Consolidating Schedule of Financial Position
June 30, 2024
(in Thousands)

	The University of Tulsa	The Gilcrease Museum Management Trust	Fab Lab Tulsa, Inc.	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,216	\$ 8,412	\$ 388	\$ 15,016
Investments – short-term	1,005	-	-	1,005
Accounts receivable, net	14,461	-	1,661	16,122
Deposits with trustee – current	8,454	-	-	8,454
Inventories	253	16	-	269
Prepaid expenses and deferred charges	7,114	32	-	7,146
Contributions receivable, net – current	11,636	4,144	-	15,780
Total Current Assets	49,139	12,604	2,049	63,792
Contributions receivable, net	9,230	10,427	-	19,657
Student loans receivable, net	1,609	-	-	1,609
Investments	598,139	35,168	-	633,307
Educational plant, net	366,184	110	4,735	371,029
Right-of-use assets – operating leases	2,956	4	-	2,960
Beneficial interest in funds held by others	620,282	157	-	620,439
Total Assets	\$ 1,647,539	\$ 58,470	\$ 6,784	\$ 1,712,793
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 8,048	\$ 121	\$ 17	\$ 8,186
Accrued expenses	6,800	137	115	7,052
Notes and mortgages payable, net – current	211	-	-	211
Deposits payable	1,625	-	-	1,625
Deferred revenue	3,112	-	-	3,112
Advances under grants and contracts	3,673	-	-	3,673
Bonds payable, net – current	8,405	-	-	8,405
Operating lease liabilities – current	1,323	4	-	1,327
Postretirement benefit obligation – current	523	14	-	537
Total Current Liabilities	33,720	276	132	34,128
Notes and mortgages payable, net	35,579	-	2,334	37,913
Advances under federal loan programs	415	-	-	415
Bonds payable, net	65,870	-	-	65,870
Postretirement benefit obligation	4,492	120	-	4,612
Operating lease liabilities	1,623	-	-	1,623
Other noncurrent liabilities	451	-	-	451
Total Liabilities	142,150	396	2,466	145,012
Net Assets				
Without donor restrictions	215,250	3,501	4,268	223,019
With donor restrictions	1,290,139	54,573	50	1,344,762
Total Net Assets	1,505,389	58,074	4,318	1,567,781
Total Liabilities and Net Assets	\$ 1,647,539	\$ 58,470	\$ 6,784	\$ 1,712,793

The University of Tulsa
Consolidating Schedule of Financial Position
June 30, 2023
(in Thousands)

	The University of Tulsa	The Gilcrease Museum Management Trust	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ (4,099)	\$ 30,163	\$ 26,064
Accounts receivable, net	10,889	-	10,889
Deposits with trustee – current	8,225	-	8,225
Inventories	264	28	292
Prepaid expenses and deferred charges	5,272	35	5,307
Contributions receivable, net – current	3,527	5,204	8,731
Total Current Assets	24,078	35,430	59,508
Contributions receivable, net	11,485	11,961	23,446
Student loans receivable, net	2,924	-	2,924
Investments	606,505	33,922	640,427
Educational plant, net	357,361	102	357,463
Right-of-use assets – operating leases	4,259	2	4,261
Beneficial interest in funds held by others	599,257	71	599,328
Total Assets	\$ 1,605,869	\$ 81,488	\$ 1,687,357
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 7,888	\$ 120	\$ 8,008
Accrued expenses	8,353	196	8,549
Notes and mortgages payable, net – current	215	-	215
Deposits payable	1,833	3	1,836
Deferred revenue	3,218	3	3,221
Advances under grants and contracts	3,747	-	3,747
Bonds payable, net – current	8,090	-	8,090
Operating lease liabilities – current	1,448	2	1,450
Postretirement benefit obligation – current	554	14	568
Total Current Liabilities	35,346	338	35,684
Notes and mortgages payable, net	2,385	-	2,385
Advances under federal loan programs	2,167	-	2,167
Bonds payable, net	74,386	-	74,386
Postretirement benefit obligation	4,914	124	5,038
Operating lease liabilities	2,801	-	2,801
Other noncurrent liabilities	466	-	466
Total Liabilities	122,465	462	122,927
Net Assets			
Without donor restrictions	207,843	6,397	214,240
With donor restrictions	1,275,561	74,629	1,350,190
Total Net Assets	1,483,404	81,026	1,564,430
Total Liabilities and Net Assets	\$ 1,605,869	\$ 81,488	\$ 1,687,357

The University of Tulsa
Consolidating Schedule of Activities
Year Ended June 30, 2024
(in Thousands)

	The University of Tulsa		The Gilcrease Museum Management Trust		Fab Lab Tulsa, Inc.		Eliminations		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenues, Gains, and Other Support										
Student tuition and fees	\$ 54,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,043	\$ -
Sales and services of educational departments and public services	4,501	-	3,766	-	53	-	-	-	8,320	-
Sales and services of auxiliary enterprises, net	35,034	-	-	-	-	-	-	-	35,034	-
Research services and sponsored projects	18,110	525	69	-	-	-	-	-	18,179	525
Gifts, grants, and pledges	7,141	20,140	611	226	89	50	-	-	7,841	20,416
Contributions from nonfinancial assets	-	578	407	-	-	-	(407)	-	-	578
Endowment income	16,642	29,864	927	688	-	-	-	-	17,569	30,552
Nonendowment investment gain	317	2	296	68	4	-	-	-	31,540	70
Distributions from beneficial interest in funds held by others	31,540	1,024	-	-	-	-	-	-	6,17	1,024
Other	6,362	1	-	-	-	-	-	-	6,362	1
Net assets released from restriction	71,556	(71,556)	837	(837)	-	-	-	-	72,393	(72,393)
Total Revenues, Gains, and Other Support	245,246	(19,422)	6,913	145	146	50	(407)	-	251,898	(19,227)
Expenses										
Instruction	61,545	-	-	-	-	-	-	-	61,545	-
Research	22,180	-	-	-	-	-	-	-	22,180	-
Public services	7,131	-	6,753	-	462	-	(407)	-	13,939	-
Academic support	35,882	-	-	-	-	-	-	-	35,882	-
Student services	22,885	-	-	-	-	-	-	-	22,885	-
Institutional support and other	41,600	-	-	-	-	-	-	-	41,600	-
Auxiliary enterprises	50,354	-	-	-	-	-	-	-	50,354	-
Total Expenses	241,577	-	6,753	-	462	-	(407)	-	248,385	-
Operating Income (Loss)	3,669	(19,422)	160	145	(316)	50	-	-	3,513	(19,227)
Other Income (Expense)										
Net endowment gain (loss) in excess of income designated for operations	18	2,403	(129)	27	-	-	-	-	(111)	2,430
Gifts for capital acquisitions and endowments	1,093	10,359	-	6,212	-	-	-	-	1,093	16,571
Collection items purchased not capitalized	(12)	12	-	(12)	-	-	-	-	(12)	-
Other permanently restricted income, net	-	14	-	-	-	-	-	-	-	14
Adjustment of unrecognized postretirement costs	90	-	-	-	-	-	-	-	90	-
Increase in fair value of beneficial interest in funds held by others	-	21,025	-	86	-	-	-	-	-	21,111
Transfers to the University	2,549	187	(2,549)	(187)	-	-	-	-	-	-
Inherent contribution – Fab Lab Tulsa	-	-	-	-	4,584	-	-	-	4,584	-
Nonoperating contribution expense – Gilcrease	-	-	(26,705)	-	-	-	-	-	(26,705)	-
Released from restriction – nonoperating	-	-	26,327	(26,327)	-	-	-	-	26,327	(26,327)
Total Other Income (Expense)	3,738	34,000	(3,056)	(20,201)	4,584	-	-	-	5,266	13,799
Increase (Decrease) in Net Assets	7,407	14,578	(2,896)	(20,056)	4,268	50	-	-	8,779	(5,428)
Net Assets, Beginning of Year	207,843	1,275,561	6,397	74,629	-	-	-	-	214,240	1,350,190
Net Assets, End of Year	\$ 215,250	\$ 1,290,139	\$ 3,501	\$ 54,573	\$ 4,268	\$ 50	\$ -	\$ -	\$ 223,019	\$ 1,344,762

The University of Tulsa
Consolidating Schedule of Activities
Year Ended June 30, 2023
(in Thousands)

	The University of Tulsa		The Gilcrease Museum Management Trust		Eliminations		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenues, Gains, and Other Support								
Student tuition and fees	\$ 65,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,101	\$ -
Sales and services of educational departments and public services	4,332	-	3,556	-	-	-	7,888	-
Sales and services of auxiliary enterprises, net	32,633	-	-	-	-	-	32,633	-
Research services and sponsored projects	16,260	508	245	-	-	-	16,505	508
Gifts, grants, and pledges	8,336	5,356	791	3,230	-	-	9,127	8,586
Contributions from nonfinancial assets	-	200	415	-	(415)	-	-	200
Endowment income	11,212	32,636	862	792	-	-	12,074	33,428
Nonendowment investment gain	1,653	-	6	58	-	-	1,659	58
Distributions from beneficial interest in funds held by others	32,108	191	-	-	-	-	32,108	191
Other	2,808	9	-	-	-	-	2,808	9
Net assets released from restriction	56,837	(56,837)	1,107	(1,107)	-	-	57,944	(57,944)
Total Revenues, Gains, and Other Support	231,280	(17,937)	6,982	2,973	(415)	-	237,847	(14,964)
Expenses								
Instruction	61,688	-	-	-	-	-	61,688	-
Research	20,733	-	-	-	-	-	20,733	-
Public services	7,413	-	5,876	-	(415)	-	12,874	-
Academic support	27,749	-	-	-	-	-	27,749	-
Student services	20,317	-	-	-	-	-	20,317	-
Institutional support and other	39,821	-	-	-	-	-	39,821	-
Auxiliary enterprises	39,580	-	-	-	-	-	39,580	-
Total Expenses	217,301	-	5,876	-	(415)	-	222,762	-
Operating Income (Loss)	13,979	(17,937)	1,106	2,973	-	-	15,085	(14,964)
Other Income (Expense)								
Net endowment gain (loss) in excess of income designated for operations	512	(28,048)	(880)	(666)	-	-	(368)	(28,714)
Gifts for capital acquisitions and endowments	3	12,614	-	10,274	-	-	3	22,888
Collection items purchased not capitalized	(45)	45	-	(45)	-	-	(45)	-
Other permanently restricted income, net	-	15	-	-	-	-	-	15
Change in donor restrictions	(2)	2	-	-	-	-	(2)	2
Adjustment of unrecognized postretirement costs	1,817	-	-	-	-	-	1,817	-
Increase in fair value of beneficial interest in funds held by others	-	7,322	-	5	-	-	-	7,327
Total Other Income (Expense)	2,285	(8,050)	(880)	9,568	-	-	1,405	1,518
Increase (Decrease) in Net Assets	16,264	(25,987)	226	12,541	-	-	16,490	(13,446)
Net Assets, Beginning of Year	191,579	1,301,548	6,171	62,088	-	-	197,750	1,363,636
Net Assets, End of Year	\$ 207,843	\$ 1,275,561	\$ 6,397	\$ 74,629	\$ -	\$ -	\$ 214,240	\$ 1,350,190